

COASTAL BEND COLLEGE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2010

COASTAL BEND COLLEGE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED AUGUST 31, 2010

TABLE OF CONTENTS

ORGANIZATIONAL DATA	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor's Report.....	1
Management's Discussion and Analysis (Required Supplementary Information).....	3
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibits	
1 Statement of Net Assets	11
2 Statement of Revenues, Expenses, and Changes in Net Assets.....	12
3 Statement of Cash Flows	13
Notes to the Basic Financial Statements	14
OTHER SUPPLEMENTARY INFORMATION SECTION	
<u>Schedules</u>	
A Schedule of Operating Revenues.....	29
B Schedule of Operating Expenses by Object.....	30
C Schedule of Non-Operating Revenues and Expenses.....	31
D Schedule of Net Assets by Source and Availability	32
E Schedule of Expenditures of Federal Awards	33
F Schedule of Expenditures of State Awards	35
<u>Single Audit Section</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	37
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	39
Schedule of Findings and Questioned Costs	41
Schedule of Corrective Action Plan.....	43
Summary Schedule of Prior Audit Findings	44
<u>Statistical Supplement</u>	
SS1 - Net Assets by Component.....	48
SS2 - Revenues by Source	49
SS3 - Program Expenses by Function	50
SS4 - Tuition and Fees.....	51
SS5 - Assessed Value and Taxable Assessed Value of Property	52
SS6 - State Appropriation per FTSE and Contact Hour.....	53
SS7 - Principal Taxpayers.....	54
SS8 - Property Tax Levies and Collections.....	55
SS9 - Ratios of Outstanding Debt.....	56
SS10 - Legal Debt Margin Information	57
SS11 - Pledged Revenue Coverage	58

SS12 - Demographic and Economic Statistics – Taxing District.....	59
SS13 - Principal Employers.....	60
SS14 - Faculty, Staff, and Administrators Statistics.....	61
SS15 - Enrollment Details	62
SS16 - Student Profile.....	64
SS17 - Transfers to Senior Institutions.....	66
SS18 - Capital Asset Information	67

ORGANIZATIONAL DATA

This page is left blank intentionally.

COASTAL BEND COLLEGE
ORGANIZATIONAL DATA
FOR THE FISCAL YEAR 2010

BOARD OF TRUSTEES

		Term Expires <u>May 31</u>
Mr. Paul A. Jaure	Chairman	2014
Mr. Carroll Wayne Lohse	Vice-Chairman	2012
Mrs. Louise W. Hall	Secretary	2014
Mr. Douglas L. Arnold	Member	2014
Mrs. Emilia H. Dominguez	Member	2016
Mrs. Laura Fischer	Member	2012
Mr. Victor Gomez	Member	2016

PRINCIPAL ADMINISTRATIVE OFFICERS

Dr. Thomas B. Baynum	President
Ms. Ruth Cude	Dean of Administrative Services
Ms. Velma Elizalde	Dean of Student Services
Ms. Glynis Strause	Dean of Institutional Services
Mr. Robert Aguilar	Controller

This page is left blank intentionally.

FINANCIAL SECTION

This page is left blank intentionally.

Lovvorn & Kieschnick, LLP
418 Peoples Street, Suite 308
Corpus Christi, Texas 78401

Independent Auditor's Report

Board of Trustees
Coastal Bend College
Beeville, Texas 78102

Members of the Board of Trustees:

We have audited the accompanying statements of net assets of Coastal Bend College (College) as of August 31, 2010 and 2009 and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coastal Bend College, as of August 31, 2010 and 2009, and the respective changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2010 on our consideration of Coastal Bend College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Coastal Bend College's basic financial statements. The supplemental schedules and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic 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 provisions of the State of Texas, *Uniform Grant and Contract Management Standards (UGCMS)* and are also not a required part of the basic financial statements of the College. The supplemental schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Lovvorn + Kieschnick, LLP

Lovvorn & Kieschnick, LLP
November 15, 2010

Management's Discussion and Analysis

This page is left blank intentionally.

Overview of Discussion and Analysis

Coastal Bend College is pleased to present its financial statements for 2010 which are in conformance with Governmental Accounting Standards Board (GASB) standards. There are three financial statements presented: (a) the Statement of Net Assets, (b) the Statement of Revenues, Expenses, and Changes in Net Assets, and (c) the Statement of Cash Flows. These financial statements are intended to provide both long-term and short-term financial information on the College as a whole and should be read in conjunction with the Notes to the Financial Statements. Specifically,

The Statement of Net Assets is equivalent to a balance sheet for a for-profit entity. It is a snapshot of the financial status of the college on a specific date.

The Statement of Revenues, Expenses, and Changes in Net Assets is equivalent to an income statement for a for-profit entity, showing the results of operations of the college for the last fiscal year.

The Statement of Cash Flows attempts to show the change in cash and cash equivalents over the course of the last fiscal year.

The Notes to the Financial Statements describe some of the accounting policies and assumptions used by the college in preparing the other basic statements and as such serve as an integral part of the basic financial statements.

The following discussion and analysis provides an overview of the College's financial activities for the years ending August 31, 2010, 2009, and 2008.

Financial Highlights

Discussion of the Statement of Net Assets

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector organizations. Net assets – the difference between assets and liabilities – are one way to measure the financial health of the College. The purpose of the Statement of Net Assets is to present to the readers of the financial statements a fiscal snapshot of the College. From the data presented, readers of the Statement of Net Assets are able to determine the resources that are available to continue the operations of the College. Readers are also able to determine the amounts the College owes vendors, bondholders and lending institutions. Finally, the Statement of Net Assets provides a picture of the net assets and their availability for expenditure by the institution.

Coastal Bend College

Management's Discussion and Analysis

Fiscal Year Ended August 31, 2010

UNAUDITED

The College's financial position as a whole was moderately strengthened during the year ending August 31, 2010, when compared to the snapshot from August 31, 2009.

Overall, current assets, which include cash and cash equivalents, short-term investments, accounts receivable, inventories and prepaid expenses, increased by \$560,523. This increase was due primarily to the increase in prepaid expenses from registration for Fall, 2010. Current assets are assets that can be accessed to operate the College. Noncurrent assets, which include restricted cash and cash equivalents, endowment investments, other long-term investments, deferred charges, and capital assets, increased by \$792,871. This decrease was due to the maturing of long-term investments.

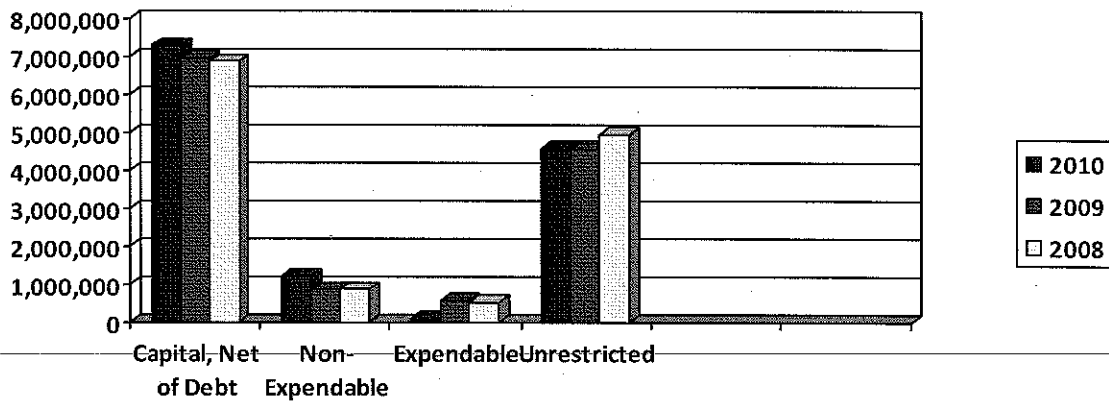
At the same time, current liabilities, which include accounts payable, funds held for others, deferred revenues, and bonds payable (current portion), increased by \$1,328,660. This increase is due to an increase in deferred revenues. Deferred revenues occur when payment is received before services are performed.

Non-current liabilities, which include accrued compensable absences and bonds payable, remained almost the same as the August 31, 2009 snapshot, decreasing by \$179,863. As one would expect the bonds payable decreased after our annual payment and the accrued compensable absences increased slightly as employees gained seniority with the institution.

Below is a condensed version of the institution's assets and liabilities:

	2010	2009	2008
Total Current Assets	9,533,564	8,973,041	5,570,814
Total Noncurrent Assets	14,294,068	13,501,197	14,503,656
Total Assets	23,827,632	22,474,238	20,074,470
Total Current Liabilities	7,196,879	5,868,219	3,425,337
Total Noncurrent Liabilities	3,439,546	3,619,409	3,809,841
Total Liabilities	10,636,425	9,487,628	7,235,178
Total Net Assets	13,191,207	12,986,610	12,839,292

Thus, the total net assets as of August 31, 2010 indicate a moderate increase of \$204,597 over the institution's net assets as of August 31, 2009. The change resulted from a combination of an increase in invested in capital assets, net of related debt, changes in net assets in endowment, debt service and scholarships, and a decrease in unrestricted assets as demonstrated in the chart below:



Discussion of the Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the operating results of the College as well as the non-operating revenues and expenses. For the purpose of this statement, the category Operating Revenues includes tuition and fees (net of discounts), governmental grants not related to Title IV and non-governmental grants, sales and services of educational activities, auxiliary enterprises (net of discounts) and general operating revenues. The category of non-operating revenues includes state allocations, maintenance ad valorem taxes, gifts, investment income, interest on capital related debt, and grants for Title IV and other non-operating revenues. Please note that state allocations and ad valorem taxes, while budgeted for operations, are considered non-operating revenue according to generally accepted accounting principles.

Coastal Bend College

Management's Discussion and Analysis

Fiscal Year Ended August 31, 2010

UNAUDITED

A chart of the Summary of Revenues, Expenses and Changes in Net Assets follows:

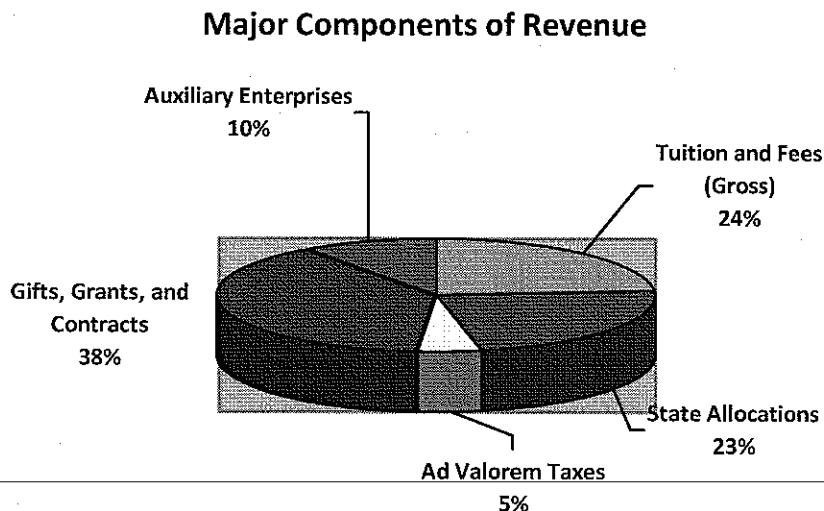
	2010	2009	2008
Operating Revenues	9,114,226	6,946,030	15,478,060
Operating Expenses	(32,430,955)	(29,709,315)	(25,637,290)
Operating Loss	(23,316,729)	(22,763,285)	(10,159,230)
Non-operating Revenues	23,521,326	22,910,603	10,231,741
Increase in Net Assets	204,597	147,318	72,511

Revenue

The chart below reflects operating revenues for all sources, before discounting. The five primary sources of operating revenue for the institution continue to be: a) gifts, grants and contracts; (b) state allocations; (c) tuition and fees, (d) ad valorem taxes; and (e) auxiliary enterprises. A chart of the major components of revenue (operating and non-operating combined) follows:

Major Revenue Components	2010	2009	2008
Tuition and Fees (Gross)	9,378,979	7,979,609	7,222,069
State Allocations	9,128,309	8,672,464	8,313,429
Ad Valorem Taxes	1,914,136	1,786,167	1,678,336
Gifts, Grants, and Contracts			
Federal	14,132,974	13,583,693	9,590,718
State	898,920	772,950	753,272
Local	9,081	21,084	51,566
Private (Operating and Non-Operating)	226,592	136,838	220,647
Total Gifts, Grants, and Contracts	15,267,567	14,514,565	10,616,203
Auxiliary Enterprises	3,956,249	2,197,018	1,752,062

The following chart helps to visualize the major revenue components as they contribute to the total revenue sources of the College:



For the fiscal year ending August 31, 2010, gross tuition and fee revenue was approximately \$9,378,979 or \$1,399,370 higher than in fiscal year 2009. Factors contributing to the 2010 increase included continued moderate increases in science and mathematics courses as students worked to complete prerequisite coursework for the Radiologic Technology program (added during the 2007-2008 academic year) and the Registered Nursing program, which did not begin until Fall 2008 but for which prerequisite coursework began in the 2007-2008 academic year. Other factors include the economic environment of 2010 and the return of many to school to increase wage earning capacity or to secure basic skills for a new career. All tuition and fees for registrations for Fall 2011 are shown in fiscal year 2011, not in fiscal year 2010.

Ad Valorem tax revenue for fiscal year 2010 exceeded the prior year by approximately \$127,169.

Operating Expenses by Functional Classification

Functional classifications, representing programs and services provided, are the traditional categories that have been used to show expenses. The chart below shows the 2010 expenses compared to the 2009 and 2008 expenses.

Coastal Bend College

Management's Discussion and Analysis

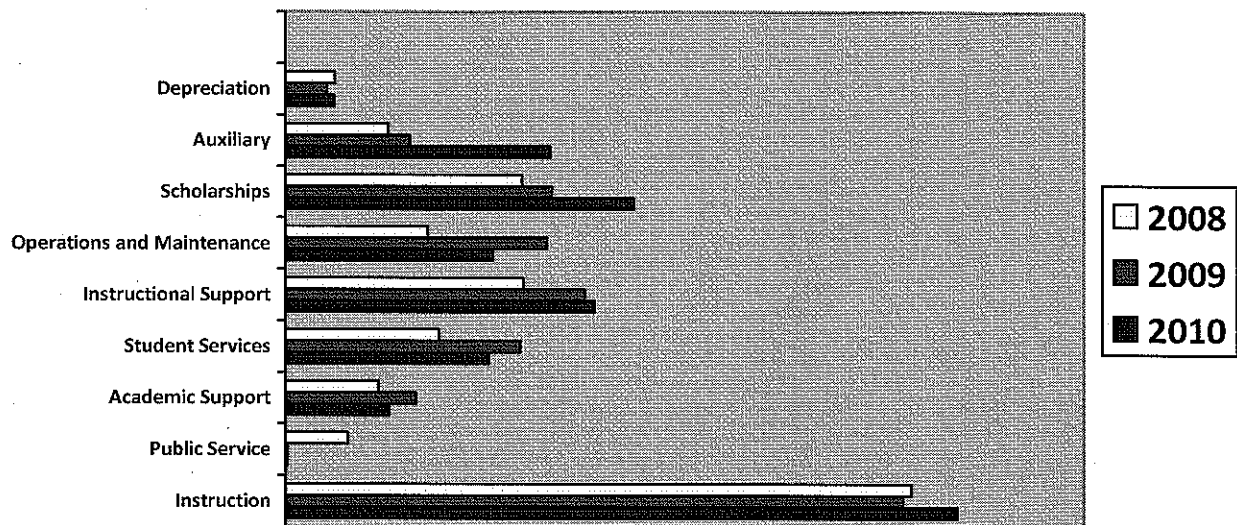
Fiscal Year Ended August 31, 2010

UNAUDITED

Functional Classifications	2010	2009	2008
Instruction	10,085,119	9,272,434	9,396,838
Public Service	20,660	27,788	930,136
Academic Support	1,548,109	1,954,966	1,385,429
Student Services	3,063,074	3,524,696	2,305,591
Institutional Support	4,641,443	4,492,951	3,568,962
Operation and Maintenance of Plant	3,118,147	3,936,838	2,137,999
Scholarships and Fellowships	5,235,197	4,008,699	3,552,763
Auxiliary Enterprises	3,985,528	1,866,460	1,614,768
Depreciation	733,678	624,482	744,804
Total Operating Expenses	32,430,955	29,709,315	25,637,290

As the chart below visually demonstrates, differences existed in functional totals between 2010, 2009, and 2008, the majority of the College operating expenses continue to be dedicated to instruction and instructional support. In 2010, the majority of the operating expenses were dedicated to instruction, scholarships, and instructional support.

Operating Expense Comparison



The increase in operating expenses between fiscal year 2009 and fiscal year 2010 was \$2,721,640. During academic year 2008-2009, total operating expenses increased from the prior

Coastal Bend College

Management's Discussion and Analysis

Fiscal Year Ended August 31, 2010

UNAUDITED

year by approximately \$4,072,025. Included in this amount are changes in academic and institutional support and operation of the physical facilities as well as the increased scholarships and fellowships.

Discussion of the Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement presents cash flows from four sources: (a) operating activities, (b) non-capital financing activities, (c) capital financing activities, and (d) investing activities.

A summary of the Statement of Cash Flows follows:

	2010	2009	2008
Operating Activities	(20,270,883)	(19,622,654)	(10,060,851)
Noncapital Financing Activities	20,668,260	20,900,301	10,278,077
Capital and Related Financing Activities	(1,196,710)	(649,292)	(526,142)
Investing Activities	461,309	276,859	194,545
Changes in Cash and Cash Equivalents	(338,024)	905,214	(114,371)

The primary cash flows from operating activities include cash receipts from students and other customers (e.g., tuition, housing, board) and grant and contract revenue. Cash outlays include payments to suppliers (supplies), employees (wages, benefits), and students (scholarships). Changes in the categories are primarily due to increased enrollment.

State appropriations and ad valorem taxes were the primary sources of non-capital financing. Accounting standards require that we reflect this source of revenue as non-operating even though these resources are classified as operating revenues in the College budget. Cash flows from Capital Financing Activities include payments of capital assets, and the principal and interest on capital debt. Finally, cash flows from investing activities represent the annual effect of the purchase, sale and maturity of investments.

Economic Factors that Will Affect the Future

Enrollment growth thus far for the 2010-2011 academic year is at 3.62% for Fall 2010, increasing enrollment from 4,196 in Fall 2009 to 4,196 in Fall 2010. Additionally, the growth in total contact hours has exceeded the growth in enrollment; thus students at the college are taking more hours, increasing contact hours from 840,216 in Fall 2009 to 870,200 in Fall 2010. This growth has a direct impact on tuition and fees.

Coastal Bend College

Management's Discussion and Analysis

Fiscal Year Ended August 31, 2010

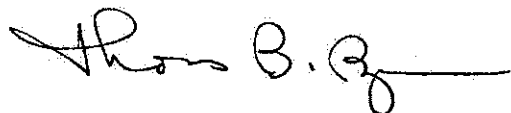
UNAUDITED

The college continues to experience growth from the health science programs as well as the Machinist Technology and Airframe and Power Plant Technology programs. While these are high cost programs in terms of faculty and equipment, we have been able to secure some grant funding to assist with the purchase of equipment in some areas and to assist with salaries in the nursing area.

The College continues to aggressively seek new programs or enhancement to existing programs through working with local businesses and the community. Oil and gas is once again a growing industry in the area and Coastal Bend College is working to determine how best to meet the needs of this market. The College also continues to look for alternative venues to the traditional "bricks and mortar" delivery of classes. Alternative schedules scheduling and distance learning will be enhanced in order to provide service to all markets.

The news from the State is that there will be continuing decreases in budgets for community colleges in this year and the coming biennium. The College will streamline processes and monitor budgets closely while seeking alternative funding and exploring new markets.

Financial information can be obtained from the Coastal Bend College business office via written request to 3800 Charco Road, Beeville, Texas 78102.



Dr. Thomas Baynum, President

Basic Financial Statements

This page is left blank intentionally.

Coastal Bend College

Exhibit 1

Statements of Net Assets
August 31, 2010 and 2009

ASSETS	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash and cash equivalents	\$ 1,056,665	\$ 1,475,134
Short term investments (See Note 4)	710,986	607,534
Accounts receivable (net)	5,043,440	5,839,732
Inventories	119,945	1,046,859
Prepaid expenses	2,602,528	3,782
Total Current Assets	9,533,564	8,973,041
Noncurrent Assets:		
Restricted cash and cash equivalents	267,382	186,936
Endowment Investments	635,070	514,263
Other long-term investments	2,768,288	2,302,048
Deferred charges	87,173	93,879
Capital assets (net) (See Note 5)	10,536,155	10,404,071
Total Noncurrent Assets	14,294,068	13,501,197
Total Assets	23,827,632	22,474,238
<hr/>		
LIABILITIES		
Current Liabilities:		
Accounts payable	1,746,584	1,281,080
Funds held for others	325,078	284,990
Deferred revenues	4,925,217	4,107,149
Bonds payable - current portion	200,000	195,000
Total Current Liabilities	7,196,879	5,868,219
Noncurrent Liabilities:		
Accrued compensable absences	389,546	369,409
Bonds payable (See Note 6)	3,050,000	3,250,000
Total Noncurrent Liabilities	3,439,546	3,619,409
Total Liabilities	10,636,425	9,487,628
<hr/>		
NET ASSETS		
Invested in capital assets, net of related debt	7,286,155	6,959,071
Restricted for:		
Non-Expendable		
Endowments	514,263	514,263
Expendable		
Scholarships	402,646	582,830
Debt service	391,469	362,489
Unrestricted	4,596,674	4,567,957
Total Net Assets (Schedule D)	\$ 13,191,207	\$ 12,986,610

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

**Statements of Revenues, Expenses and Changes in Net Assets
Years Ended August 31, 2010 and 2009**

Operating Revenues	<u>2010</u>	<u>2009</u>
Tuition and Fees (net of discounts of \$5,799,647 and \$4,629,142, respectively)	\$ 3,579,332	\$ 3,350,467
Federal Grants and Contracts	1,678,603	1,140,768
State Grants and Contracts	898,920	772,950
Local Grants and Contracts	9,081	21,084
Non-Governmental Grants and Contracts	224,192	129,373
Sales and Services of Educational Activities	202,197	138,699
Auxiliary Enterprises (net of discounts)	2,470,414	1,275,465
General Operating Revenues	51,487	117,224
Total Operating Revenues (Schedule A)	<u>9,114,226</u>	<u>6,946,030</u>
 Operating Expenses		
Instruction	10,085,119	9,272,434
Public Service	20,660	27,788
Academic Support	1,548,109	1,954,966
Student Services	3,063,074	3,524,696
Institutional Support	4,641,443	4,492,951
Operation and Maintenance of Plant	3,118,147	3,936,838
Scholarships and Fellowships	5,235,197	4,008,699
Auxiliary Enterprises	3,985,528	1,866,460
Depreciation	733,678	624,482
Total Operating Expenses (Schedule B)	<u>32,430,955</u>	<u>29,709,315</u>
 Operating Loss	 (23,316,729)	 (22,763,285)
 Non-Operating Revenues (Expenses)		
State Allocations	9,128,309	8,672,464
Maintenance Ad Valorem Taxes	1,914,136	1,786,167
Federal Revenue, Non Operating	12,454,371	12,419,180
Gifts	2,400	7,465
Investment income	141,309	134,200
Interest on Capital Related Debt	(133,222)	(144,750)
Other Non-Operating Revenues	46,661	47,320
Other Non-Operating Expenses	(32,638)	(11,443)
 Net Non-Operating Revenues (Schedule C)	 <u>23,521,326</u>	 <u>22,910,603</u>
 Increase (Decrease) in Net Assets	 204,597	 147,318
 Net Assets		
Net Assets - Beginning of Year	12,986,610	12,839,292
Net Assets - End of Year	<u>\$ 13,191,207</u>	<u>\$ 12,986,610</u>

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

Coastal Bend College

EXHIBIT 3

**Statements of Cash Flows
Years Ended August 31, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from students and other customers	\$ 6,867,998	\$ 4,051,338
Receipts from grants and contracts	4,387,628	1,445,944
Payments to suppliers for goods and services	(11,140,868)	(8,292,229)
Payments to or on behalf of employees	(16,501,838)	(15,035,313)
Payments for scholarships and fellowships	(3,935,290)	(1,792,393)
Other receipts	51,487	-
Net cash used by operating activities	<u>(20,270,883)</u>	<u>(19,622,654)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipts from state allocations	6,346,072	8,313,430
Receipts from ad valorem taxes	1,935,472	1,779,106
Receipts from Non operating federal revenue	12,454,371	10,856,635
Payments for collection of taxes	(57,602)	(22,235)
Receipts from student organizations and other agency transactions	-	166
Payments to student organizations and other agency transactions	(10,380)	(26,800)
Other receipts	327	-
Net cash provided by noncapital financing activities	<u>20,668,260</u>	<u>20,900,301</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
Purchases of capital assets	(865,762)	(320,105)
Payments on capital debt - principal	(195,000)	(190,000)
Payments on capital debt - interest	(135,948)	(139,187)
Net cash used by capital and related financing activities	<u>(1,196,710)</u>	<u>(649,292)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	320,000	205,000
Interest on investments	141,309	71,962
Purchase of investments	-	(103)
Net cash provided by investing activities	<u>461,309</u>	<u>276,859</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(338,024)</u>	<u>905,214</u>
CASH AND CASH EQUIVALENTS—September 1	<u>1,662,071</u>	<u>756,856</u>
CASH AND CASH EQUIVALENTS	<u>\$ 1,324,047</u>	<u>\$ 1,662,070</u>
RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating loss	\$ (25,260,927)	\$ (22,763,285)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation expense	733,678	624,482
Payments made directly by state for benefits	1,728,155	-
Changes in assets and liabilities:		
Receivables (net)	(796,292)	980,796
Inventories	(629,351)	(616,063)
Prepaid expenses	2,479,478	(2,229)
Accounts payable	465,504	291,219
Funds Held for Others	40,088	-
Compensated absences	150,716	(60,945)
Deferred revenue	818,068	1,923,373
Net cash used by operating activities	<u>\$ (20,270,883)</u>	<u>\$ (19,622,654)</u>

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

This page is left blank intentionally.

NOTES TO THE BASIC FINANCIAL STATEMENTS

This page is left blank intentionally.

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

1. Reporting Entity

Coastal Bend College (the College) was established in 1965, in accordance with the laws of the state of Texas, to serve the educational needs of Bee County 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 No. 14 *The Financial Reporting Entity*. 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.

Component Unit

The Coastal Bend College Foundation (the Foundation) is a nonprofit organization with the purpose of supporting the educational and other activities of the College. The Foundation solicits donations and acts as coordinator of gifts made by other parties. The Foundation is considered a blended component unit of the College, as a majority of the members of the Foundation are also Trustees of the College and the College is able to impose its will on the Foundation, as defined in Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The financial statements of the Foundation are not material to the financial statements of the College and have not been included in the basic financial statements.

Complete financial statements for the Foundation may be obtained at the Dean of Administrative Services, Coastal Bend College, 3800 Charco Rd., Beeville, Texas 78102.

2. Summary of Significant Accounting Policies

Report 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 Standard 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

Texas Public Education Grants

Certain tuition amounts are required to be set aside for 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 §56.0333). When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

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 restricted revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

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 and fee revenue and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Basis of Accounting

The financial statements of the College have been prepared on the accrual basis 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.

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 1st.

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 time of purchase. The governing board has designated public funds investment pools comprised of MBIA Government Pool, Logic and TexPool to be short-term investments. Long-term investments have an original maturity of greater than one year at the time of purchase.

Inventories

Inventories consist of bookstore stock and are valued at cost under the "first-in, first-out" method and are charged to expense as consumed.

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 to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are charged to operating expense in the year in which the expense incurred.

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

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

Buildings and Improvements	20-50 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years
Library Books	15 years

Deferred Revenues

Tuition and fees of \$4,925,217 and \$4,107,149 have been reported as deferred revenues at August 31, 2010 and 2009, respectively.

Estimates

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

Operating and Non-Operating Revenue and Expense Policy

The College distinguishes operating revenues and expenses from non-operating items. The College reports as a BTA and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. 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, Federal Pell grants, all Title IV student financial aid grants, and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

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.

4. Deposits and Investments

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

Cash and Deposits		
	2010	2009
Bank Deposits		
Demand Deposits	1,319,058	1,656,560
Cash and Cash Equivalents		
Petty Cash on Hand	5,510	5,510
Total Cash and Deposits	1,324,568	1,662,070

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

During the year ended August 31, 2010, deposits were entirely covered by FDIC insurance or by pledged collateral held by the College's agent bank in the College's name.

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	Market Value August 31, 2010	Market Value August 31, 2009
Investments		
U.S. Agencies	329,385	644,942
Fixed Annuities	2,279,199	2,166,894
Money Market Fund	635,070	297,289
Investment Pools	710,985	157,085
Certificates of Deposit	159,705	157,635
Total Investments	4,114,344	3,423,845
Total Cash and Deposits	1,324,047	1,662,070
Total Deposits and Investments	5,438,391	5,085,915
Cash and Cash Equivalents	(Exhibit 1) 1,056,665	1,475,134
Short Term Investments	(Exhibit 1) 710,986	607,534
Restricted Cash and Cash Equivalents	(Exhibit 1) 267,382	186,936
Endowment Investments	(Exhibit 1) 635,070	514,263
Other Long-term Investments	(Exhibit 1) 2,768,288	2,302,048
Total Deposits and Investments	(Exhibit 1) 5,438,391	5,085,915

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

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less than 1	1 to 3	4 to 5
U.S. Agencies	329,385	4,476	324,909	-
Fixed Annuities	2,279,199	-	2,279,199	-
Certificate of Deposit	159,705	159,705	-	-
Investment Pools:				
Investment in TexPool	52,677	52,677	-	-
Investment in Texas Class	605,625	605,625	-	-
Investment in LOGIC Pool	52,683	52,683	-	-
Money Market Fund	635,070	635,070	-	-
Total Fair Value	4,114,344	1,510,236	2,604,108	-

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

Interest Rate Risk

In accordance with state law and College policy, the College does not purchase any investments with maturities greater than 10 years.

Credit Risk

In accordance with state law and the College's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at **least A-1 or P-1**, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A. The College's investments in investment pools were rated AAA. The College's investments in New Era Life Insurance Company Guaranteed Investment Contracts, Liberty Bankers Life Insurance Company Guaranteed Investment Contracts and Philadelphia American Life Insurance Company Guaranteed Investment Contracts were secured by FDIC and NCUSIF. The College's investments in FHLB and FNMA were rated AAA and AA2 respectively. The College's investment in Wells Fargo Bank, NA Money Market Fund was secured by FDIC.

Concentration of Credit Risk

The College does not place a limit on the amount the College may invest in any one issuer. More than 5% of the College's investments are in Liberty Bankers Life Insurance Company Guaranteed Investment Contracts (15%), New Era Life Insurance Company Guaranteed Investment Contracts (37%), Wells Fargo Bank, NA Money Market Fund (15%), Texas Class (15%) and FNMA (8%).

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College does not have a custodial credit risk.

The local government investment pools such as TexPool, Texas Class and Logic Pool are not evidenced by securities in physical form. They are managed conservatively to provide safe, efficient and liquid investments to Texas governmental entities. The pools both seek to maintain a \$1 value per share as required by the Texas Public Funds Investment Act.

Federated Investors manages the assets, provides participant services, and arranges for all custody and other functions in support of TexPool operations under a contract with the State Comptroller of Public Accounts. The state comptroller maintains oversight responsibility for TexPool, including the ability to influence operations, designation of management and accountability for fiscal matters. Although TexPool is not registered with the SEC as an investment company, it operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. GASB 31 allows 2a7-like pools to use amortized cost (which excludes unrealized gains and losses) rather than market value to report net assets to compute share price. The fair value of the College's position in TexPool is the same as the value of TexPool shares.

Logic Pool is co-administered by JPMorgan Chase and First Southwest Asset Management, Inc. The fair value of funds in Logic Pool is also the same as the value of Logic Pool shares.

Texas Class is administered by Cutwater Investor Services Corporation. The fair value of the funds in Texas Class is also the same fair value as Texas Class shares.

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

5. Capital Assets

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

	Balance August 31, 2009	Increases	Decreases	Balance August 31, 2010
<u>Not Depreciated</u>				
Land	476,889	-	-	476,889
Subtotal	476,889	-	-	476,889
<u>Other Capital Assets</u>				
Buildings and Improvements	18,062,352	65,928	-	18,128,280
Furniture, Machinery, Vehicles and Other Equipment	1,751,371	379,571	-	2,130,942
Telecommunications and Peripheral Equipment	2,160,558	420,263	-	2,580,821
Library Books	1,269,374	-	-	1,269,374
Subtotal	23,243,655	865,762	-	24,109,417
<u>Accumulated Depreciation</u>				
Buildings and Improvements	(9,471,362)	(375,615)	-	(9,846,977)
Furniture, Machinery, Vehicles, and Other Equipment	(1,254,729)	(73,716)	-	(1,328,445)
Telecommunications and Peripheral Equipment	(1,694,073)	(233,440)	-	(1,927,513)
Library Books	(896,309)	(50,907)	-	(947,216)
Subtotal	(13,316,473)	(733,678)	-	(14,050,151)
Net Other Capital Assets	9,927,182	132,084	-	10,059,266
Net Capital Assets	10,404,071	132,084	-	10,536,155

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

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

	Balance August 31, 2008	Increases	Decreases	Balance August 31, 2009
<u>Not Depreciated</u>				
Land	476,889	-	-	476,889
Subtotal	476,889	-	-	476,889
<u>Other Capital Assets</u>				
Buildings and Improvements	17,796,879	265,473	-	18,062,352
Furniture, Machinery, Vehicles and Other Equipment	1,722,445	28,926	-	1,751,371
Telecommunications and Peripheral Equipment	1,850,400	310,158	-	2,160,558
Library Books	1,250,003	19,371	-	1,269,374
Subtotal	22,619,727	623,928	-	23,243,655
<u>Accumulated Depreciation</u>				
Buildings and Improvements	(9,103,846)	(367,516)	-	(9,471,362)
Furniture, Machinery, Vehicles, and Other Equipment	(1,155,612)	(99,117)	-	(1,254,729)
Telecommunications and Peripheral Equipment	(1,591,539)	(102,534)	-	(1,694,073)
Library Books	(840,998)	(55,311)	-	(896,309)
Subtotal	(12,691,995)	(624,478)	-	(13,316,473)
Net Other Capital Assets	9,927,732	(550)	-	9,927,182
Net Capital Assets	10,404,621	(550)	-	10,404,071

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

6. Long-term Liabilities

Long-term liability activity for the year ended August 31, 2010 was as follows:

	Balance August 31, 2009	Additions	Reductions	Balance August 31, 2010	Current Portion
Bonds					
Revenue Bonds	3,445,000	-	195,000	3,250,000	200,000
Other Liabilities:					
Compensated Absences	369,409	150,719	130,582	389,546	-
Total	<u>3,814,409</u>	<u>150,719</u>	<u>325,582</u>	<u>3,639,546</u>	<u>200,000</u>

Long-term liability activity for the year ended August 31, 2009 was as follows:

	Balance August 31, 2008	Additions	Reductions	Balance August 31, 2009	Current Portion
Bonds					
Revenue Bonds	3,635,000	-	190,000	3,445,000	195,000
Other Liabilities:					
Compensated Absences	364,841	65,514	60,946	369,409	-
Total	<u>3,999,841</u>	<u>65,514</u>	<u>250,946</u>	<u>3,814,409</u>	<u>195,000</u>

7. Debt Obligations

Debt service requirements for the revenue bonds at August 31, 2010 were as follows:

For The Year Ended August 31	Principal	Interest	Total
2011	200,000	127,150	327,150
2012	205,000	120,150	325,150
2013	215,000	112,975	327,975
2014	220,000	105,450	325,450
2015	230,000	97,310	327,310
2016-2020	1,280,000	346,895	1,626,895
2021-2023	900,000	76,760	976,760
Totals	<u>3,250,000</u>	<u>986,690</u>	<u>4,236,690</u>

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

8. Bonds Payable

General information related to bonds payable is summarized below:

- Bond Issue Name: Coastal Bend College Combined Fee Revenue Bonds, Series 2003
- Purpose of Bond Issue: To improve, construct, acquire, enlarge, equip and maintain certain property, buildings and facilities.
- Issue Date: August 12, 2003
- Original Amount of Issue; Amount Authorized: \$4,505,000.
- Interest Rates: 2.00% to 3.90%
- Source of Revenue for Debt Service: Pledged registration fees, out of district fees, student service fees and course fees.

9. Employees' Retirement Plan

The State of Texas has joint contributory retirement plans for almost all its employees.

Teacher Retirement System of Texas

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6 percent of the member's annual compensation and a state contribution rate of not less than 6 percent and not more than 10 percent 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 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 percent for Fiscal Years 2010, 2009 and 2008 and a state contribution rate of 6.644 percent for Fiscal Year 2010; 6.58 percent for Fiscal Year 2009; and 6 percent for Fiscal Year 2008. In certain instances the reporting district is required to make all or a portion of the state's 6.644 percent for Fiscal Year 2010; 6.58 percent for Fiscal Year 2009; and 6 percent for Fiscal Year 2008.

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

Optional Retirement Plan

Plan Description. 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 legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.4% and 6.65%, respectively. The college contributes 1.92% 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 \$492,468 and \$554,603 for the fiscal years ended August 31, 2010 and 2009, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the college.

The total payroll for all college employees was \$13,290,700 and \$12,203,127 for fiscal years 2010 and 2009, respectively. The total payroll of employees covered by the Teacher Retirement System was \$8,317,734 and \$7,438,716, and the total payroll of employees covered by the Optional Retirement Program was \$3,194,057 and \$3,060,992 for fiscal years 2010 and 2009, respectively.

10. Deferred Compensation Program

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001. The plan is essentially an unfunded promise to pay by the employer to each of the plan participants.

11. Compensated Absences

Full-time employees earn annual leave of 10 days per year. The College's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum carryover of 20 days. Employees with at least three months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognized an accrued liability of \$241,600 and \$237,265 for the unpaid annual leave for 2010 and 2009. Sick leave, which can be accumulated to a maximum of 90 days, is earned at the rate of one day per month. It is paid to an employee who misses work because of illness. Employees with at least 10 years of service who terminate their employment are entitled to payment for all accumulated sick leave up to the maximum allowed. Annual sick leave of \$147,946 was recognized for 2010 and \$132,144 for 2009.

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

12. Operating Lease Commitments and Rental Agreement

Included in current expenses is \$225,788 for rent paid or due under operating leases.

Future minimum lease rental payments under non-cancelable operating leases having an initial term in excess of one year as of August 31, 2010 are as follows:

Year Ended	Minimum Future Lease Payments
2011	243,140
2012	261,824
2013	281,945
TOTAL	786,909

13. Funds Held in Trust by Others

The balances, or transactions of funds, held in trust by others on behalf of Coastal Bend College are not reflected in the financial statements. At August 31, 2010 and 2009 there was one fund for the benefit of the College. The assets of this fund are administered by an appointed plan administrator.

14. Contract and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expensed, but not collected are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expensed, 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. Contract and grant awards already committed, e.g. multi-year awards, or funds awarded during fiscal years 2010 and 2009 for which monies have not been received nor funds expended totaled \$447,459 and \$864,739. These amounts were entirely from Federal Contract and Grant Awards for the fiscal years ended 2010 and 2009, respectively.

15. Post Retirement Health 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 these benefits if they reach normal retirement age while working for the State. These 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 was \$385.38 per month for the year ended August 31, 2010 (\$360.54 per month for 2009) and totaled \$761.69 for 2010 (\$1,113,202 for the year ended 2009). The cost of providing those benefits for 102 retirees in the year ended 2010 was \$538,220 (retiree benefits for 102 retirees cost \$508,844 in 2009). For 247 active employees, the cost of providing benefits was \$492,477 for the year ended 2010 (active employee benefits for 256 employees cost \$949,001 for the year ended 2009).

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

16. 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.

At August 31,

	2010	2009
Assessed Valuation of the District:	2,070,091,110	1,954,214,840
Less: Exemptions	863,863,273	760,138,329
Less: Abatements	697,780	3,520,080
Net Assessed Valuation of the District	1,205,530,057	1,190,556,431

2010

	Current Operations	Debt Service	Total
Tax Rate per \$100 valuation authorized (Maximum per enabling legislation)	0.50	0.50	1.00
Tax Rate per \$100 valuation of assessed	0.16800	-	0.16800

2009

	Current Operations	Debt Service	Total
Tax Rate per \$100 valuation authorized (Maximum per enabling legislation)	0.50	0.50	1.00
Tax Rate per \$100 valuation of assessed	0.15222	-	0.15222

Taxes levied for the years ended August 31, 2010 and 2009 amounted to \$1,941,213 and \$1,808,330, respectively (which includes any penalty and interest assessed if applicable). 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.

2010

Taxes Collected	Operations	Debt Service	Total
Current Taxes Collected	1,844,361	-	1,844,361
Delinquent Taxes Collected	38,239	-	38,239
Penalties and Interest Collected	31,536	-	31,536
Total Collections	1,914,136	-	1,914,136

2009

Taxes Collected	Operations	Debt Service	Total
Current Taxes Collected	1,728,932	-	1,728,932
Delinquent Taxes Collected	30,027	-	30,027
Penalties and Interest Collected	20,147	-	20,147
Total Collections	1,779,106	-	1,779,106

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

Tax collections for the years ended August 31, 2010 and 2009 were 98.61% and 98.38% respectively of the current tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

17. 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 subjected to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The College had no unrelated business income tax liability for the years ended August 31, 2010 and 2009.

18. Commitments and Contingencies

1. Contingencies

The College participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the College has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the College, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Pending Lawsuits and Claims

On August 31, 2010, various lawsuits and claims involving Coastal Bend 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.

19. Disaggregation of Receivables and Payables Balances

Receivables

Receivables at August 31, 2010 and 2009, were as follows:

	2010	2009
Student Receivables	1,717,594	1,753,775
Taxes Receivable	137,069	115,734
Tuition Sponsor Receivable	430,163	216,984
Contract and Grant Receivable	2,713,455	3,773,868
Interest Receivable	34,614	41,065
Other Receivables	110,641	29,441
Subtotal	5,143,536	5,930,867
Allowance for Doubtful Accounts	(100,096)	(91,135)
TOTAL RECEIVABLES	5,043,440	5,839,732

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

Payables

Payables at August 31, 2010 and 2009 were as follows:

	2010	2009
Vendors Payable	1,661,481	1,174,144
Interest Payable	5,297	5,562
Other Payable	79,806	101,374
TOTAL PAYABLES	1,746,584	1,281,080

20. Risk Management

The College is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2010, the College purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

21. Postemployment Benefits Other than Pensions

(In accordance with GASB Statement 45)

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

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

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

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

COASTAL BEND COLLEGE
Notes to Financial Statements
August 31, 2010 and 2009

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 thirty years.

The College's contributions to SRHP for the years ended August 31, 2010, 2009, and 2008, were \$47,752, \$39,737, and \$33,776, respectively, which equaled the required contributions each year.

This page is left blank intentionally.

OTHER SUPPLEMENTARY INFORMATION

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

This page is left blank intentionally.

Schedules

Schedule of Operating Revenues

Year Ended August 31, 2010 (With Memorandum Totals for the Year Ended August 31, 2009)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2010 Total	2009 Total
Tuition:						
State funded credit courses:						
In-district resident tuition	\$ 1,607,001	\$ -	\$ 1,607,001	\$ -	\$ 1,607,001	\$ 1,033,773
Out-of-district resident tuition	2,652,615	-	2,652,615	-	2,652,615	2,459,666
Non-resident tuition	15,157	-	15,157	-	15,157	71,295
TPEG - credit (set aside) *	124,370	-	124,370	-	124,370	200,000
State-funded continuing education	-	-	-	-	-	-
TPEG - non-credit (set aside) *	-	-	-	-	-	-
Non-state funded educational programs	108,625	-	108,625	-	108,625	120,068
Total Tuition	<u>4,507,768</u>	<u>-</u>	<u>4,507,768</u>	<u>-</u>	<u>4,507,768</u>	<u>3,884,802</u>
Fees:						
Out of District Fees	3,016,403	-	3,016,403	-	3,016,403	2,625,189
Distance Learning Fees	236,570	-	236,570	-	236,570	179,718
Installment Plan Fees	-	-	-	5,140	5,140	8,380
Dual Credit Student Fees	315,173	-	315,173	-	315,173	269,721
Individual Course Fees	844,214	-	844,214	-	844,214	649,254
Registration Fees	453,711	-	453,711	-	453,711	362,545
Total Fees	<u>4,866,071</u>	<u>-</u>	<u>4,866,071</u>	<u>5,140</u>	<u>4,871,211</u>	<u>4,094,807</u>
Scholarship allowances and discounts:						
Remissions and exemptions - state	(64,108)	-	(64,108)	-	(64,108)	(132,207)
Title IV federal grants	(5,143,278)	-	(5,143,278)	-	(5,143,278)	(3,690,556)
Other federal grants	(94,747)	-	(94,747)	-	(94,747)	(87,065)
TPEG awards	(131,074)	-	(131,074)	-	(131,074)	(170,020)
Other state grants	(365,134)	-	(365,134)	-	(365,134)	(415,340)
Other local grants	(1,306)	-	(1,306)	-	(1,306)	(133,954)
Total Scholarship Allowances	<u>(5,799,647)</u>	<u>-</u>	<u>(5,799,647)</u>	<u>-</u>	<u>(5,799,647)</u>	<u>(4,629,142)</u>
Total net tuition and fees	<u>3,574,192</u>	<u>-</u>	<u>3,574,192</u>	<u>5,140</u>	<u>3,579,332</u>	<u>(3,350,467)</u>
Additional operating revenues:						
Federal grants and contracts	-	1,678,603	1,678,603	-	1,678,603	1,140,768
State grants and contracts	-	898,920	898,920	-	898,920	772,950
Local grants and contracts	-	9,081	9,081	-	9,081	21,084
Non-governmental grants and contracts	-	224,192	224,192	-	224,192	129,373
Sales and services of educational activities	202,197	-	202,197	-	202,197	138,699
General operating revenues	51,487	-	51,487	-	51,487	117,224
Total additional operating revenues	<u>253,684</u>	<u>2,810,796</u>	<u>3,064,480</u>	<u>-</u>	<u>3,064,480</u>	<u>2,320,098</u>
Auxiliary Enterprises:						
Bookstore	-	-	-	3,237,412	3,237,412	1,784,535
Less Discounts	-	-	-	(1,353,290)	(1,353,290)	(812,488)
Student Housing	-	-	-	576,149	576,149	291,922
Less Discounts	-	-	-	(132,545)	(132,545)	(109,065)
Child Care Center	-	-	-	142,688	142,688	120,561
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,470,414</u>	<u>2,470,414</u>	<u>1,275,465</u>
Total Operating Revenues	<u>\$ 3,827,876</u>	<u>\$ 2,810,796</u>	<u>\$ 6,638,672</u>	<u>\$ 2,475,554</u>	<u>\$ 9,114,226</u>	<u>\$ 6,946,030</u>

(Exhibit 2)

(Exhibit 2)

* In accordance with Education Code 56.033, \$124,370 and \$200,000 for years August 31, 2010 and 2009, respectively, of tuition was set aside for Texas Public Education grants (TPEG)

Coastal Bend College

Schedule B

Schedule of Operating Expenses by Object
 Year Ended August 31, 2010 (with Memorandum Totals for the Year Ended August 31, 2009)

	Operating Expenses				2010 Total	2009 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 7,001,942	\$ -	\$ 150,511	\$ 743,970	\$ 7,896,423	\$ 7,439,390
Public Service	-	-	-	20,660	20,660	27,788
Academic Support	427,091	-	7,912	251,481	686,484	802,133
Student Services	527,547	-	68,240	232,999	828,786	1,221,025
Institutional Support	2,212,330	-	79,823	1,840,988	4,133,141	4,299,494
Operation and Maintenance of Plant	788,532	-	227,073	2,102,542	3,118,147	3,936,839
Scholarships and Fellowships	-	-	46,930	-	46,930	120,339
Total Unrestricted Educational Activities	10,957,442	-	580,489	7,061,152	16,730,571	17,847,008
Restricted - Educational Activities						
Instruction	\$ 265,907	\$ 1,283,419	\$ 47,072	\$ 592,298	\$ 2,188,696	\$ 1,833,044
Public Service	-	-	-	-	-	-
Academic Support	197,865	78,335	43,263	542,162	861,625	1,152,834
Student Services	1,270,552	96,760	180,412	686,564	2,234,288	2,303,671
Institutional Support	104,051	404,177	74	-	508,302	193,456
Operation and Maintenance of Plant	-	-	-	-	-	-
Scholarships and Fellowships	-	-	-	5,188,267	5,188,267	3,888,360
Total Restricted Educational Activities	1,838,375	1,862,692	270,821	7,009,291	10,981,178	9,371,365
Total Educational Activities	12,795,817	1,862,692	851,310	14,070,443	27,711,749	27,218,373
Auxiliary Enterprises	325,667	-	152,219	3,507,642	3,985,528	1,866,460
Depreciation Expense - Buildings and other real estate improvements	-	-	-	375,615	375,615	367,516
Depreciation Expense - Equipment and furniture	-	-	-	358,063	358,063	256,966
Total Operating Expenses	\$ 13,121,484	\$ 1,862,692	\$ 1,003,529	\$ 18,311,763	\$ 32,430,955	\$ 29,709,315
					(Exhibit 2)	(Exhibit 2)

Coastal Bend College

Schedule C

Schedule of Non-Operating Revenues and Expenses
 Year Ended August 31, 2010 (with Memorandum Totals for the Year Ended August 31, 2009)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2010 Total</u>	<u>2009 Total</u>
NON-OPERATING REVENUES:					
State Allocations:					
Education and general state support	\$ 7,265,617	\$ -		\$ 7,265,617	\$ 7,004,659
State group insurance		1,254,166		1,254,166	1,113,202
State retirement matching		608,526		608,526	554,603
Maintenance ad valorem taxes	1,914,136			1,914,136	1,786,167
Federal Revenue, Non operating	-	12,454,371		12,454,371	12,419,180
Gifts	2,400			2,400	7,465
Investment income	141,309		-	141,309	134,200
Gain on sale of investment				-	-
Contributions in aid of construction				-	-
Other non-operating revenue	46,661			46,661	47,320
Total non-operating revenues	9,370,123	14,317,063	-	23,687,186	23,066,796
NON-OPERATING EXPENSES:					
Interest on capital related debt		133,222		133,222	144,750
Loss on disposal of capital assets				-	
Other non-operating expense	32,638			32,638	11,443
Total non-operating expenses	32,638	133,222	-	165,860	156,193
Net non-operating revenues	9,337,485	14,183,841	-	23,521,326	22,910,603
				(Exhibit 2)	(Exhibit 2)

Schedule Of Net Assets by Source and Availability
 Year Ended August 31, 2010 (with Memorandum Totals for the Year Ended August 31, 2009)

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current:							
Unrestricted	\$ 2,198,005	\$ -	\$ -	\$ -	\$ 2,198,005	\$ 2,198,005	\$ -
Board Designated					-	-	-
Restricted - Scholarships		402,646			402,646	402,646	-
Auxiliary enterprises	778,279				\$ 778,279	778,279	-
Loan					-	-	-
Endowment:							
Quasi:							
Unrestricted					-	-	-
Restricted			514,263		514,263		514,263
Endowment							
True					-	-	-
Term (per instructions at maturity)					-	-	-
Life Income Contracts					-	-	-
Annuities					-	-	-
Plant:							
Unexpended	1,620,390				1,620,390	1,620,390	
Renewals					-	-	-
Debt Service		391,469	-		391,469		391,469
Investment in Plant				7,286,155	7,286,155		7,286,155
Total Net Assets, August 31, 2010	\$ 4,596,674	\$ 794,115	\$ 514,263	\$ 7,286,155	\$ 13,191,207	\$ 4,999,320	\$ 8,191,887
					(Exhibit 1)		
Total Net Assets, August 31, 2009	4,567,957	945,319	514,263	6,959,071	12,986,610	5,150,787	7,835,823
					(Exhibit 1)		
Net Increase (Decrease) in Net Assets	\$ 28,717	\$ (151,204)	\$ -	\$ 327,084	\$ 204,597	\$ (151,467)	\$ 356,064
					(Exhibit 2)		

Coastal Bend College

Schedule E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended August 31, 2010

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures and Pass Through Disbursements
U.S. Department of Education			
Direct Programs:			
Student Financial Aid Cluster			
SEOG	84.007		87,474
Federal College Workstudy Program	84.033		105,436
Federal Pell Grant	84.063		6,486,529
Direct Loans	84.268		4,348,550
Academic Competitiveness Grant	84.375		128,379
TRIO Cluster			
TRIO Student Support Services	84.042		287,847
TRIO Educational Talent Search	84.044		505,427
TRIO Upward Bound	84.047		350,375
TRIO Upward Bound GOST	84.047A		249,570
Title V	84.021S		762,024
Pass-Through From:			
Texas Education Agency			
Adult Basic Education	84.002		165,339
Texas Higher Education Coordinating Board			
Carl Perkins Vocational Education - Basic	84.048		205,878
State Fiscal Stabilization Fund Cluster			
ARRA - Substitute Formula Funding	84.397A		110,953
ARRA - Rider for Mobile Nursing Lab	84.397A		271,885
LEAP	84.069		5,410
SLEAP	84.069		6,956
Total U.S. Department of Education			<u>14,078,032</u>
Department of Health and Human Services			
TANF	93.558		54,942
Total Federal Financial Assistance		\$	<u>14,132,974</u>

Notes to Schedule on Following Page.

SCHEDULE E (Continued)

Note 1: Federal Assistance Reconciliation

Federal Grants and Contracts revenue - per Schedule A	\$ 1,678,603
Add: Federal Revenue--per Schedule C	12,454,371
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 14,132,974</u>

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

The expenditures included in the schedule are reported for the college's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the college for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. 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.

Coastal Bend College

SCHEDULE F

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED AUGUST 31, 2010

Grantor Agency/Program Title	Grant Contract Number	Expenditures
Texas Workforce Commission		
Skills Development	POT-	\$ 95,280
State Audit Education	88010044-1	21,385
Texas Higher Education Coordinating Board		
Texas College Work Study	9920050M	16,197
T.E.X.A.S. Grant		503,183
TX Educ Opportunity Grant Program		99,680
Professional Nursing Shortage Reduction		239,728
Dramatic Enrollment Growth		23,004
P-16		<u>4,015</u>
	SUB-TOTAL	885,807
Pass-Through From:		
Beeville Independent School District		
Summer Discovery		13,113
Saint Mary's ACS		
Summer Discovery Academy		22,028
Texas A&M HSC		
Dental Hygiene		<u>8,558</u>
Total State Financial Assistance		\$ <u><u>898,920</u></u>

Notes to Schedule on Following Page.

SCHEDULE F (Continued)

Note 1: State Assistance Reconciliation

State Revenues - per Schedule A	
State Financial Assistance	
Per Schedule of expenditures of state awards	\$ 898,920
State Financial Assistance	
Continuing Education tuition and fees included in Schedule A captioned "Tuition and Fees"	<u>0</u>
Total State Revenues per Schedule A	<u>\$ 898,920</u>

Note 2: Significant Accounting Policies Used in Preparing the Schedule

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

This page is left blank intentionally.

Single Audit Section

This page is left blank intentionally.

Lovvorn & Kieschnick, LLP
418 Peoples Street, Suite 308
Corpus Christi, Texas 78401

Independent Auditor's Report

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

Board of Trustees
Coastal Bend College
Beeville, Texas 78102

Members of the Board of Trustees:

We have audited the basic financial statements of Coastal Bend College (the College) as of and for the years ended August 31, 2010 and 2009, and have issued our report thereon dated November 15, 2010. We conducted our audits 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 and the provisions of the State of Texas, *Uniform Grant and Contract Management Standards (UGCMS)*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Coastal Bend College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Coastal Bend College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College'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 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 would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coastal Bend 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 and UGCMS*.

This report is intended solely for the information and use of management, others within the entity, the Board of Trustees, 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.

Respectfully submitted,

Lovvorn + Kieschnick, LLP

Lovvorn & Kieschnick, LLP
November 15, 2010

Lovvorn & Kieschnick, LLP
418 Peoples Street, Suite 308
Corpus Christi, Texas 78401

Independent Auditor's Report

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

Board of Trustees
Coastal Bend College
Beeville, Texas 78102

Members of the Board of Trustees:

Compliance

We have audited the compliance of Coastal Bend College (the College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the provisions of the State of Texas, *Uniform Grant and Contract Management Standards (UGCMS)* that are applicable to each of its major federal and state programs for the year ended August 31, 2010. The College's major federal and state programs are identified in the summary of auditor's result section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of the 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 provisions of the State of Texas, *Uniform Grant and Contract Management Standards (UGCMS)*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Coastal Bend College's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, Coastal Bend College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal and state programs for the year ended November 15, 2010.

Internal Control Over Compliance

The management of Coastal Bend College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Coastal Bend College's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Coastal Bend 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.

This report is intended solely for the information and use of management, others within the organization, the Board of Trustees, 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.

Lovvorn & Kieschnick, LLP

Lovvorn & Kieschnick, LLP
November 15, 2010

COASTAL BEND COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2010

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

One or more material weakness(es) identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weakness(es) identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Assistance Programs Cluster:
	Federal Supplemental Education Opportunity Grant Program
84.007	Federal Work Study Program
84.033	Federal Pell Grant Program
84.063	Federal Direct Loan Program
84.268	Academic Competitiveness Grant
84.375	State Fiscal Stabilization Cluster:
84.397A	Substitute Formula Funding
84.397A	Rider for Mobile Nursing Lab

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes X No

COASTAL BEND COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
FOR THE YEAR ENDED AUGUST 31, 2010

3. State Awards

Internal control over major programs:

One or more material weakness(es) identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with State of Texas Single Audit Circular Yes X No

Identification of major programs:

Grant Number

Name of State Program

N/A

T.E.X.A.S. Grant

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes X No

B. Financial Statement Findings

NONE

C. Federal/State Award Findings and Questioned Costs

NONE

COASTAL BEND COLLEGE
SCHEDULE OF CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2010

Corrective Action Plan

N/A No corrective action required

COASTAL BEND COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2010

Finding/Recommendation

Financial Statement Findings

Significant deficiencies identified that are not considered to be material weaknesses:

Reference number 09-1, reconciliations of bank accounts, accounts receivable, and accounts payable

- CRITERIA:** Accurate asset and liability information is essential in preparing reliable financial statements during the year and at year end. Management of the College is responsible for establishing and maintaining internal controls that ensure that reconciliations of the financial accounts are timely prepared.
- CONDITION:** During the audit, we noted that certain bank accounts, accounts receivable, and accounts payable were not being reconciled on a timely basis. Although the findings are similar to prior year findings, significant progress has been made in correcting the condition by a new Business Manager hired in July 2008.
- CAUSE:** A significant factor in the cause is that the condition is a carryover from 2007 and 2008, when the Business Office operated without experienced personnel in the vacated positions of Business Manager and Controller. This resulted in other Business Office personnel taking on extra duties in which they were not experienced.
- EFFECT:** Inaccurate account balances in the general ledger could cause the College's financial statements to be misstated during the year and at year end.
- RECOMMENDATION:** Management, with Board oversight, should ensure that internal controls are in place and are being adhered to for the timely reconciliation of bank accounts, accounts receivable, and accounts payable.

COASTAL BEND COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2010

**PRIOR YEAR
MANAGEMENT
RESPONSES:**

Contact Person: Ruth Cude, Dean of Administrative Services --

There has been significant progress made in the reconciliation of bank accounts, accounts receivable, and accounts payable. Posting of transactions from the main bank account into the general ledger has been automated so that cleared checks are posted daily. Posting from student receivables is now done on a daily basis. Posting from the third party deferred payment processor is also posted on a daily basis.

During the year, a systematic analysis of all transactions flowing into the bank accounts was undertaken. Several reports were written to enhance reconciliation between the student billing system and the general ledger. One individual is reviewing cash transactions on a daily basis so that any issues can be resolved quickly.

A review of accounts receivable during the year indicated that processes were not in place to follow up on billings and receivables. There were manual adjustments being made with no documentation or follow up. This process has now been changed and manual adjustments are no longer being made. In analyzing receivables, it was necessary to design various reports and to correct various transaction codes which control posting to the general ledger accounts. There is only one account receivable for which there is an aging report.

Accounts payable were analyzed during the year. The aging report does not currently support all types of payable accounts.

During Fiscal Year 2010, the Business Manager will take information gained from the analyses above and utilizing processes put into place during Fiscal Year 2009 will ensure that formal, current reconciliations are timely completed.

**CURRENT YEAR
STATUS:**

Corrective Action Plan has been implemented. Condition no longer exists.

COASTAL BEND COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2010

Reference number 09-2, financial reporting information

- CRITERIA:** Pertinent financial information should be identified, captured, and distributed in a form and timeframe that supports the achievement of financial reporting objectives.
- CONDITION:** During the course of our audit, various members of the audit team were unable to obtain requested financial information in a timely manner.
- CAUSE:** One factor causing this condition is the continuing issue of the reconciliation of accounts as listed in reference number 09-1. Also, we feel that another factor is the shortage of Business Office personnel with strong accounting skills. A shortage of personnel with strong accounting skills creates a barrier to establishing policies related to reliable financial reporting and implementing corresponding procedures resulting in management directive being carried out.
- EFFECT:** This condition contributed to the delay in having the College's Annual Financial Report completed in a timely manner. It could impede the achievement of other financial reporting objectives of the College.
- RECOMMENDATION:** Emphasis should be placed on completing the correction of the remaining reconciliation issues. Also, consideration should be given to hiring a controller with strong accounting skills to assist in the operations of the College Business Office and to help oversee the tasks of other Business Office personnel.

COASTAL BEND COLLEGE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2010

**PRIOR YEAR
MANAGEMENT
RESPONSES:**

Contact person: Ruth Cude, Dean of Administrative
Services --

During the audit, there were some requests for information in formats which were not readily available. This information was produced as quickly as possible. The main issue, though, was lack of accounting skills in the Business Office. Other than the Business Manager, there is no one with the ability to prepare reports or to review reports prepared by others. The Business Manager felt that staff in the Business Office could be developed to perform many of the reporting duties with oversight, but such is not the case. Another professional is needed to manage the Business Office.

**CURRENT YEAR
STATUS:**

Corrective Action Plan has been implemented. Condition no longer exists.

This page is left blank intentionally.

Statistical Supplement

Coastal Bend College
 Statistical Supplement 1
 Net Assets by Component
 Fiscal Years 2002 to 2010
 (unaudited)
 (amounts expressed in thousands)

	For the Fiscal Year Ended August 31,								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Invested in capital assets, net of related debt	\$ 7,286	\$ 6,959	\$ 6,870	\$ 7,234	\$ 7,564	\$ 7,334	\$ 7,193	\$ 8,369	\$ 8,088
Restricted - expendable	794	946	550	550	591	488	420	326	299
Restricted - nonexpendable	514	514	870	829	987	1,019	948	941	948
Unrestricted	4,597	4,568	4,549	4,154	4,771	4,893	5,009	3,146	5,278
Total primary government net assets	\$13,191	\$12,987	\$12,839	\$12,767	\$ 13,913	\$ 13,734	\$ 13,570	\$ 12,782	\$ 14,613

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

Coastal Bend College
Statistical Supplement 2
Revenues by Source
Fiscal Years 2002 to 2010
(unaudited)

	For the Year Ended August 31, (amounts expressed in thousands)								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and Fees (Net of Discounts)	\$3,579	\$3,351	\$3,807	\$3,667	\$3,213	\$3,488	\$2,944	\$2,585	\$2,360
Governmental Grants and Contracts									
Federal Grants and Contracts	1,679	1,141	9,591	8,626	8,939	8,259	7,662	6,934	5,717
State Grants and Contracts	899	773	753	475	430	403	374	1,017	578
Local Grants and Contracts	9	21	52	145	70				
Non-Governmental Grants and Contracts	224	129	88	92	223	242	55	219	128
Sales and services of educational activities	202	139	124	145	171	136	201	55	100
Auxiliary enterprises	2,470	1,275	1,014	1,137	1,153	1,164	1,173	1,198	1,009
Other Operating Revenues	52	117	49	40	16	11	24	52	113
Total Operating Revenues	9,114	6,946	15,478	14,327	14,215	13,703	12,433	12,080	10,005
State Appropriations	9,128	8,673	8,313	8,475	8,484	8,235	8,228	8,215	8,475
Ad Valorem Taxes	1,914	1,786	1,678	1,551	1,480	1,431	1,352	942	867
Federal Non-Operating Grants	12,454	12,419	0	0	-	-	-	-	-
Gifts	2	7	132	116	40	22	12	29	54
Investment income	142	134	233	535	295	218	510	389	374
Other non-operating revenues	47	47	30	31	26	-	33	11	-
Total Non-Operating Revenues	23,687	23,066	10,386	10,525	10,325	9,906	10,135	9,586	9,770
Total Revenues	\$ 32,801	\$ 30,012	\$ 25,864	\$ 24,853	\$ 24,540	\$ 23,609	\$ 22,568	\$ 21,646	\$ 19,775

	For the Year Ended August 31, (amounts expressed in thousands)								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and fees (net of discounts)	10.91%	11.17%	14.72%	14.75%	13.09%	14.77%	13.05%	11.94%	11.93%
Governmental grants and contracts									
Federal grants and contracts	5.12%	3.80%	37.08%	34.71%	36.43%	34.98%	33.95%	32.03%	28.91%
State grants and contracts	2.74%	2.58%	2.91%	1.91%	1.75%	1.71%	1.66%	4.70%	2.92%
Local grants and contracts	0.03%	0.07%	0.20%	0.58%	29.00%	0.00%	0.00%	0.00%	0.00%
Non-governmental grants and contracts	0.68%	0.43%	0.34%	0.37%	0.91%	1.03%	0.24%	1.01%	0.65%
Sales and services of educational activities	0.62%	0.46%	0.48%	0.59%	0.70%	0.58%	0.89%	0.25%	0.51%
Auxiliary enterprises	7.53%	4.25%	3.92%	4.57%	4.70%	4.93%	5.20%	5.53%	5.10%
Other operating revenues	0.16%	0.39%	0.19%	0.16%	0.07%	0.05%	0.11%	0.24%	0.57%
Total Operating Revenues	27.79%	23.14%	59.84%	57.65%	58%	58.04%	55.09%	55.71%	50.59%
State appropriations	27.82%	28.90%	32.14%	34.10%	35%	34.88%	36.46%	37.95%	42.86%
Ad valorem taxes	5.84%	5.95%	6.49%	6.24%	6.03%	6.06%	5.99%	4.35%	4.38%
Federal Non-Operating Grants	37.97%	41.38%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Gifts	0.01%	0.02%	0.51%	0.47%	0.16%	0.09%	0.05%	0.13%	0.27%
Investment income	0.43%	0.45%	0.90%	1.42%	1.20%	0.92%	2.26%	1.80%	1.89%
Other non-operating revenues	0.14%	0.16%	0.12%	0.12%	0.11%	0.00%	0.15%	0.05%	0.00%
Total Non-Operating Revenues	72.21%	76.86%	40.16%	42.35%	42.07%	41.96%	44.91%	44.29%	49.41%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Coastal Bend College
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2002 to 2010
(unaudited)

	For the Year Ended August 31,								
	(amounts expressed in thousands)								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	\$ 10,085	\$9,272	\$9,397	\$9,109	\$8,439	\$8,027	\$7,379	\$8,669	\$7,517
Public service	21	28	930	855	715	423	560	733	939
Academic support	1,548	1,955	1,385	1,639	1,517	1,612	1,485	1,774	1,457
Student services	3,063	3,525	2,305	2,555	2,583	2,505	2,326	2,084	2,034
Institutional support	4,641	4,493	3,569	3,348	3,240	2,687	2,473	3,050	2,744
Operation and maintenance of plant	3,118	3,937	2,138	2,170	2,333	2,026	2,178	2,190	1,788
Scholarships and fellowships	5,235	4,009	3,553	3,386	2,963	3,447	1,760	2,432	2,203
Auxiliary enterprises	3,986	1,866	1,615	2,063	1,707	1,856	1,882	2,158	1,571
Depreciation	734	624	745	706	713	675	993	388	350
Total Operating Expenses	32,431	29,709	25,637	25,831	24,210	23,258	21,036	23,478	20,603
Interest on capital related debt	133	145	145	156	152	156	160		2
Other Non-Operating Expenses	33	11	11	12	12	93			
Total Non-Operating Expenses	166	156	156	168	164	249	160	-	2
Total Expenses	\$32,597	\$29,865	\$25,793	\$25,999	\$ 24,374	\$ 23,507	\$ 21,196	\$ 23,478	\$ 20,605

	For the Year Ended August 31,								
	(amounts expressed in thousands)								
	2010	2009	2008	2007	2006	2005	2004	2003	2002
Instruction	30.94%	31.05%	36.43%	35.04%	34.62%	34.15%	34.81%	36.92%	36.48%
Public service	0.06%	0.09%	3.61%	3.29%	2.93%	1.80%	2.64%	3.12%	4.56%
Academic support	4.75%	6.55%	5.37%	6.30%	6.22%	6.86%	7.01%	7.56%	7.07%
Student services	9.40%	11.80%	8.94%	9.83%	10.60%	10.66%	10.97%	8.88%	9.87%
Institutional support	14.24%	15.04%	13.84%	12.88%	13.29%	11.43%	11.67%	12.99%	13.32%
Operation and maintenance of plant	9.57%	13.18%	8.29%	8.35%	9.57%	8.62%	10.28%	9.33%	8.68%
Scholarships and fellowships	16.06%	13.42%	13.78%	13.02%	12.16%	14.66%	8.30%	10.36%	10.69%
Auxiliary enterprises	12.23%	6.25%	6.26%	7.93%	7.00%	7.90%	8.88%	9.19%	7.62%
Depreciation	2.25%	2.09%	2.89%	2.72%	2.93%	2.87%	4.68%	1.65%	1.70%
Total Operating Expenses	99.49%	99.48%	99.40%	99.35%	99.33%	98.94%	99.25%	100.00%	99.99%
Interest on capital related debt	0.41%	0.48%	0.56%	0.60%	0.62%	0.66%	0.75%	0.00%	0.01%
Other Non-Operating Expenses	0.10%	0.04%	0.04%	0.05%	0.05%	0.04%	0.00%	0.00%	0.00%
Total Non-Operating Expenses	0.51%	0.52%	0.60%	0.65%	0.67%	1.06%	0.75%	0.00%	0.01%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

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

Coastal Bend College
 Statistical Supplement 4
 Tuition and Fees
 Last Ten Academic Years
 (unaudited)

Resident
 Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase	
								Increase from Prior Year	Increase from Prior Year
2010	\$ 40	\$ 64	\$ 123	\$ 0	\$ 0	\$ 808	\$ 1,516	4.66%	2.43%
2009	40	61	120	0	0	772	1,480	10.29%	5.11%
2008	40	55	114	0	0	700	1,408	0.00%	0.00%
2007	40	55	114	0	0	700	1,408	0.00%	0.00%
2006	40	55	114	0	0	700	1,408	0.00%	0.00%
2005	40	55	114	0	0	700	1,408	13.64%	46.06%
2004	40	48	77	0	0	616	964	5.48%	9.05%
2003	20	44	69	0	3	584	884	32.73%	19.46%
2002	20	32	57	0	3	440	740	15.79%	19.35%
2001	20	27	47	0	3	380	620	10.47%	13.14%

Non - Resident
 Fees per Semester Credit Hour (SCH)

Academic Year (Fall)	Registration Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees	Student Activity Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase	
								Increase from Prior Year	Increase from Prior Year
2010	\$ 40	\$ 138	\$ 138	\$ 0	\$ 0	\$ 1,696	\$ 1,696	2.17%	2.17%
2009	40	135	135	0	0	1,660	1,660	4.53%	4.53%
2008	40	129	129	0	0	1,588	1,588	0.00%	0.00%
2007	40	129	129	0	0	1,588	1,588	0.00%	0.00%
2006	40	129	129	0	0	1,588	1,588	0.00%	0.00%
2005	40	129	129	0	0	1,588	1,588	34.58%	34.58%
2004	40	95	95	0	0	1,180	1,180	6.12%	6.12%
2003	20	91	91	0	0	1,112	1,112	19.31%	19.31%
2002	20	76	76	0	0	932	932	6.88%	6.88%
2001	20	71	71	0	0	872	872	55.71%	55.71%
2000	20	45	45	0	0	560	560	12.00%	12.00%

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

Coastal Bend College
Statistical Supplement 5
Assessed Value and Taxable Assessed Value of Property
Last Nine Fiscal Years
(unaudited)

Fiscal Year	(amounts expressed in thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2009-10	2,070,091,110	864,561,053	1,205,530,057	58.24%	\$ 0.168000	-	\$ 0.168000
2008-09	1,954,214,840	763,658,409	1,190,556,431	60.92%	0.152220	-	0.152220
2007-08	1,777,594,146	754,679,135	1,022,915,011	57.54%	0.163010	-	0.163010
2006-07	1,540,154,870	561,491,587	978,663,283	63.54%	0.153690	-	0.153690
2005-06	1,372,831,170	470,532,609	902,298,561	65.73%	0.161890	-	0.161890
2004-05	1,300,336,185	466,207,325	834,128,860	64.15%	0.161890	-	0.161890
2003-04	1,060,419,160	291,892,827	768,526,333	72.47%	0.177000	-	0.177000
2002-03	1,074,941,960	293,891,144	781,050,816	72.66%	0.177000	-	0.177000
2001-02	985,740,790	292,401,780	693,339,010	70.34%	0.125652	-	0.125652
2000-01	900,479,180	300,492,750	599,986,430	66.63%	0.139210	-	0.139210

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

Coastal Bend College
 Statistical Supplement 6
 State Appropriation per FTSE and Contact Hour
 Last Ten Fiscal Years
 (unaudited)
 (amounts expressed in thousands)

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			State Appropriation per Contact Hour
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	
2009-10	9,128,309	5,542.92	\$ 1,647	920,360	716,480	1,636,840	\$ 5.58
2008-09	8,672,464	6,373.00	1,361	1,046,734	629,300	1,676,034	5.17
2007-08	8,313,429	5,542.92	1,500	920,360	716,480	1,636,840	5.08
2006-07	8,474,596	5,217.47	1,624	836,584	539,808	1,376,392	6.16
2005-06	8,483,805	5,635.84	1,505	862,824	733,617	1,596,441	5.31
2004-05	8,234,860	6,504.59	1,266	999,711	936,008	1,935,719	4.25
2003-04	8,227,710	6,416.00	1,282	993,088	968,663	1,961,751	4.19
2002-03	8,215,244	6,300.33	1,304	1,070,799	947,717	2,018,516	4.07
2001-02	8,475,127	6,094.08	1,391	983,535	854,600	1,838,135	4.61
2000-01	8,310,271	6,087.00	1,365	988,479	916,527	1,905,006	4.36

Notes:

FTSE is defined as the number of full time students plus total hours taken part-time students divided by 12

(a) Source CBM001

(b) Source CBM00A

**Coastal Bend College
Statistical Supplement 7
Principal Taxpayers
Last Two Tax Years
(unaudited)**

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)	
		2010	2009
Wal-Mart Stores Texas LP		\$ 7,663	\$ 8,765
Beeville Investment Partners		7,821	8,576
Wal-Mart Stores Texas LP		6,874	8,397
Milagro Exploration LLC		-	5,405
H E Butt Grocery Co		4,962	8,220
First National Bank of Beeville		2,308	5,405
Dunn Howard L Estate		2,525	2,297
Aztec Chevrolet LLC		1,141	2,209
Beeville Properties LLC		1,804	1,804
SoTX Lodging Inc		1,676	1,636
Blackburn Linda K		901	836
Vrana Holdings LLC		308	320
Pilgrim Alan R & Robin B		350	320
Mendez Federico LLC		307	307
M & P Leasing LLC		-	273
French Ellison TRK CTR		-	225
Wright Westley & Nicole		-	210
Denham David I		222	202
martin Pat I		460	161
Govzales Jovita S Trustee		153	153
Totals		\$ 39,475	\$ 55,718
Taxable Assessed Value		\$1,205,530	\$1,190,556

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year	
		2010	2009
Wal-Mart Stores Texas LP		0.64%	0.74%
Beeville investment Partners		0.65%	0.72%
Wal-Mart Stores Texas LP		0.57%	0.71%
Milagro Exploration LLC		0.00%	0.45%
H E Butt Grocery Co		0.41%	0.69%
First National Bank of Beeville		0.19%	0.45%
Dunn Howard L Estate		0.21%	0.19%
Aztec Chevrolet LLC		0.09%	0.19%
Beeville Properties LLC		0.15%	0.15%
SoTX Lodging Inc		0.14%	0.14%
Blackburn Linda K		0.07%	0.07%
Vrana Holdings LLC		0.03%	0.03%
Pilgrim Alan R & Robin B		0.03%	0.03%
Mendez Federico LLC		0.03%	0.03%
M & P Leasing LLC		0.00%	0.02%
French Ellison TRK CTR		0.00%	0.02%
Wright Westley & Nicole		0.00%	0.02%
Denham David I		0.02%	0.02%
martin Pat I		0.04%	0.01%
Govzales Jovita S Trustee		0.01%	0.01%
Totals		3.27%	4.69%

Source: Local County Appraisal District

Note: This institution previously did not present this schedule and chose to implement prospectively.

Coastal Bend College
 Statistical Supplement 8
 Property Tax Levies and Collections
 Last Three Tax Years
 (unaudited)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Current Collections of Prior Levies (d)	Total Collections (C+D)	Cumulative Collections of Adjusted Levy
2010	\$ 1,982,383	\$ (41,170)	\$ 1,941,213	\$ 1,844,361	95.01%	\$ 38,239	\$ 1,882,600	96.98%
2009	1,809,971	(1,641)	1,808,330	1,728,932	95.61%	30,027	1,758,959	97.27%
2008	1,667,454	(15,094)	1,652,360	1,588,592	96.14%	48,965	1,637,557	99.10%

Tax years 2001-2007 are hidden due to lack of data, but can be displayed again once data is provided.

Source: Local Tax Assessor/Collector and District records.

- (a) As reported in notes to the financial statements for the year of the levy.
- (b) As of August 31st of the current reporting year.
- (c) Property tax only - does not include penalties and interest
- (d) Represents current year collections of prior years levies.

Note: This institution previously did not present this schedule and chose to implement prospectively.

Coastal Bend College
Statistical Supplement 9
Ratios of Outstanding Debt
Last Four Years
(unaudited)

	For the Year Ended August 31			
	(amounts expressed in thousands)			
	2010	2009	2008	2007
General Bonded Debt				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Notes	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-
Net general bonded debt	\$ -	\$ -	\$ -	\$ -
Other Debt				
Revenue bonds	\$ 3,250	\$ 3,445	\$ 3,635	\$ 3,820
Notes	-	-	-	-
Capital lease obligations	-	-	-	-
Total Outstanding Debt	\$ 3,250	\$ 3,445	\$ 3,635	\$ 3,820
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
General Bonded Debt Ratios				
Per Capita	\$ -	\$ -	\$ -	\$ -
Per FTSE	-	-	-	-
As a percentage of Taxable Assessed Value	0.00%	0.00%	0.00%	0.00%
Total Outstanding Debt Ratios				
Per Capita	\$ (1)	\$ (1)	\$ 105.66	\$ 116.86
Per FTSE	\$ 586.33	\$ 540.56	\$ 655.78	\$ 732.64
As a percentage of Taxable Assessed Value	0.27%	0.29%	0.36%	0.39%

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time-equivalent enrollment.

(1) Data not available.

Note: This institution previously did not present this schedule and has chosen to implement it prospectively.

Coastal Bend College
Statistical Supplement 10
Legal Debt Margin Information
Last Three Fiscal Years
(unaudited)

	For the Year Ended August 31		
	2010	2009	2008
Taxable Assessed Value	\$ 1,205,530,057	\$ 1,190,556,431	\$ 1,022,915,011
General Obligation Bonds			
Statutory Tax Levy Limit for Debt Service	6,027,650	5,952,782	5,114,575
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-
Total Net General Obligation Debt	6,027,650	5,952,782	5,114,575
Current Year Debt Service Requirements	-	-	-
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 6,027,650	\$ 5,952,782	\$ 5,114,575
Net Current Requirements as a % of Statutory Limit	0.00%	0.00%	0.00%

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.

Note: This institution previously did not present this schedule and chose to implement prospectively.

Coastal Bend College
 Statistical Supplement 11
 Pledged Revenue Coverage
 Last Ten Fiscal Years
 (unaudited)

Revenue Bonds

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)										Debt Service Requirements (\$000 omitted)			
	Out of										Principal	Interest	Total	Coverage Ratio
	Tuition	District Fees	Registration Fees	Laboratory Fees	Dormitory Fees	Interest Income	Cafeteria Commission	Bookstore Commission	Total					
2010	\$ 974	\$ 660	\$ 320	\$ 819						\$ 2,773	\$ 195	\$ 133	328	8.45
2009	917	656	362	649						2,584	190	139	329	7.85
2008	784	641	315	516						2,256	185	144	329	6.86
2007	770	612	313	441						2,136	180	149	329	6.49
2006	771	621	309	484						2,185	175	152	327	6.68
2005	826	358	346	460						1,990	170	156	326	6.10
2004	754	306	183	457						1,700	160	165	325	5.23
2003										-	-	-	-	0.00
2002						143		14		157	50	5	55	2.85
2001						138		14		152	45	5	50	3.04

Coastal Bend College
 Statistical Supplement 12
 Demographic and Economic Statistics-Taxing District
 Last Ten Fiscal Years
 (unaudited)

Calendar Year	District Population	District Personal Income (a) (thousands of dollars)	District Personal Income per Capita	District Unemployment Rate
2009	32,487	(1)	(1)	9.3
2008	32,661	(1)	(1)	6.3
2007	32,654	682,030	20,887	6.0
2006	33,176	629,290	19,366	6.4
2005	32,873	577,845	17,578	7.1
2004	33,018	551,887	16,715	7.8
2003	33,188	525,580	15,836	8.1
2002	32,279	497,470	15,412	7.2
2001	32,227	495,984	15,390	6.1
2000	32,270	483,187	14,973	6

Source:

Population from U.S. Bureau of the Census.
 Personal Income from U.S. Bureau of Economic Analysis.
 Unemployment rate from Texas WorkForce Commission.

Note:

(1) Not Yet Available

**Coastal Bend College
 Statistical Supplement 13
 Principal Employers
 (unaudited)**

Current Fiscal Year

Employer	Number of Employees	Percentage of Total Employment
TDCJ-McConnell Unit	622	6.22%
TDCJGarza Unit West	607	6.07%
TDCJ-Garza Unit East	406	4.06%
Beevill I. S. D.	550	5.50%
U. S. Army Aviation and Missile Command	300	3.00%
Christus Spohn Hospital	290	2.90%
Coastal Bend College	250	2.50%
H. E. B. Grocery	185	1.85%
Wal-Mart	140	1.40%
City of Beeville	125	1.25%
Skidmore-Tynan I.S.D.	110	1.10%
Total	3,585	35.87%

Nine Years Prior

Employer	Number of Employees	Percentage of Total Employment
(1)		

Source:

Texas Workforce Commission
 Bee Development Authority

Note:

This institution implemented this schedule prospectively.

(1) Information Not Available.

Coastal Bend College
Statistical Supplement 14
Faculty, Staff, and Administrators Statistics
Last Two Fiscal Years
(unaudited)

	<u>Fiscal Year</u>	<u>Fiscal Year</u>
	2010	2009
Faculty		
Full-Time	112	94
Part-Time	82	88
Total	<u>194</u>	<u>182</u>
Percent		
Full-Time	57.7%	51.6%
Part-Time	42.3%	48.4%
Staff and Administrators		
Full-Time	169	139
Part-Time	136	75
Total	<u>305</u>	<u>214</u>
Percent		
Full-Time	55.4%	65.0%
Part-Time	44.6%	35.0%
FTSE per Full-time Faculty	25.7	25.7
FTSE per Full-Time Staff Member	17.4	17.4
Average Annual Faculty Salary	\$ 41,915	\$ 42,681

Note: This institution previously did not present this schedule and chose to implement prospectively.

Coastal Bend College
 Statistical Supplement 15
 Enrollment Details
 Last Five Fiscal Years
 (unaudited)

Student Classification	Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent
00-30 hours	9613	77.53%	8374	77.66%	8408	84.04%
31-60 hours	1943	15.67%	1650	15.30%	1587	15.86%
>60 hours	843	6.80%	759	7.04%	10	0.10%
Total	12399	100%	10783	100%	10005	100%

Semester Hour Load	Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent
Less than 3	2005	16.17%	1637	15.18%	2027	20.26%
3-5 semester hours	3432	27.68%	3157	29.28%	2900	28.99%
6-8 semester hours	2533	20.43%	2174	20.16%	1877	18.76%
9-11 semester hours	1016	8.19%	870	8.07%	711	7.11%
12-14 semester hours	2809	22.66%	2319	21.51%	1894	18.93%
15-17 semester hours	504	4.06%	539	5.00%	485	4.85%
18 & over	100	0.81%	87	0.81%	111	1.11%
Total	12399	100%	10783	100%	10005	100%

Average course load

Tuition Status	Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent
Texas Resident (in-District)	4400	35.49%	3793	35.18%	3982	39.80%
Texas Resident (out-of-District)	7897	63.69%	6889	63.89%	5950	59.47%
Non-Resident Tuition	102	0.82%	101	0.94%	73	0.73%
Total	12399	100%	10783	100%	10005	100%

Fall 2006	
Number	Percent
7750	80.86%
1728	18.03%
107	1.12%
9585	100%

Fall 2005	
Number	Percent
8222	79.32%
1932	18.64%
211	2.04%
10365	100%

Fall 2006	
Number	Percent
1177	12.28%
2865	29.89%
1946	20.30%
740	7.72%
2105	21.96%
543	5.67%
209	2.18%
9585	100%

Fall 2005	
Number	Percent
1667	16.08%
2987	28.82%
1911	18.44%
912	8.80%
2108	20.34%
520	5.02%
260	2.51%
10365	100%

Fall 2006	
Number	Percent
3580	37.35%
5920	61.76%
85	0.89%
9585	100%

Fall 2005	
Number	Percent
4438	42.82%
5843	56.37%
84	0.81%
10365	100%

Coastal Bend College
 Statistical Supplement 16
 Student Profile
 Last Five Fiscal Years
 (unaudited)

Gender	Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent
Male	5198	41.92%	4421	41.00%	4403	44.01%
Female	7201	58.08%	6362	59.00%	5602	55.99%
Total	12399	100%	10783	100%	10005	100%

Ethnic Origin	Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent
White	3298	26.60%	2896	26.86%	2782	27.81%
Hispanic	8009	64.59%	6974	64.68%	6390	63.87%
African American	741	5.98%	642	5.95%	579	5.79%
Asian	104	0.84%	89	0.83%	99	0.99%
Foreign	32	0.26%	39	0.36%	29	0.29%
Native American	56	0.45%	36	0.33%	33	0.33%
Unknown	159	1.28%	107	0.99%	93	0.93%
Total	12399	100%	10783	100%	10005	100%

Age	Fall 2009		Fall 2008		Fall 2007	
	Number	Percent	Number	Percent	Number	Percent
Under 18	2656	21.42%	2324	21.55%	2168	21.67%
18 - 21	3852	31.07%	3414	31.66%	3017	30.15%
22 - 24	1051	8.48%	859	7.97%	835	8.35%
25 - 35	2794	22.53%	2362	21.90%	2214	22.13%
36 - 50	1581	12.75%	1433	13.29%	1429	14.28%
51 & over	465	3.75%	391	3.63%	342	3.42%
Total	12399	100%	10783	100%	10005	100%

Average Age	23	30	24
-------------	----	----	----

Fall 2006	
Number	Percent
4175	43.56%
5410	56.44%
9585	100%

Fall 2005	
Number	Percent
4911	47.38%
5454	52.62%
10365	100%

Fall 2006	
Number	Percent
2740	28.59%
6168	64.35%
470	4.90%
59	0.62%
37	0.39%
33	0.34%
78	0.81%
9585	100%

Fall 2005	
Number	Percent
2995	28.90%
6778	65.39%
384	3.70%
57	0.55%
42	0.41%
47	0.45%
62	0.60%
10365	100%

Fall 2006	
Number	Percent
1755	18.31%
3051	31.83%
949	9.90%
2045	21.34%
1425	14.87%
360	3.76%
9585	100%

Fall 2005	
Number	Percent
1398	13.49%
3294	31.78%
1068	10.30%
2474	23.87%
1735	16.74%
396	3.82%
10365	100%

Coastal Bend College
Statistical Supplement 17
Transfer to Senior Institutions
2009 Fall Students as of Fall 2009
(Includes only public senior colleges in Texas)
(Unaudited)

Institutions Attended, Fall 2009	Transfer student Count Acaademic	Transfer student Count Technical	Transfer student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
Aneglo State University	2			2	0.34%
Baylor College of Medicine - Academics				0	0.00%
Lamar University Institute of Technology	1			1	0.17%
Midwestern State University				0	0.00%
Prairie View A&M University				0	0.00%
San Houston State University	4			4	0.67%
Southwest Texas State University				0	0.00%
Stephen F. Austin State University	4			4	0.67%
Sul Ross State University	3			3	0.50%
Sul Ross State University - Rio Grande College				0	0.00%
Tarleton State University	1			1	0.17%
Texas A& M University - College Station	53		1	54	9.06%
Texas A& M University - Corpus Christi	88	7	5	100	16.78%
Texas A&M International University	5			5	0.84%
Texas A&M University - Galveston				0	0.00%
Texas A&M University - Kingsville	217	10	7	234	39.26%
Texas A&M University Commerce	1			1	0.17%
Texas A&M University System Health Science Center				0	0.00%
Texas Southern University					
Texas State University	56	4	1	61	10.23%
Texas Tech University	10	1		11	1.85%
Texas Tech University Health Science Center				0	0.00%
Texas Women's University				0	0.00%
University of Texas - Austin	28			28	4.70%
University of Houston	2			2	0.34%
University of Houston - Downtown	1		1	2	0.34%
University of Houston - University Park				0	0.00%
University of Houston - Victoria	12	1	2	15	2.52%
University of North Texas	5	1		6	1.01%
University of North Texas Health Science Center - Ft. Worth				0	0.00%
University of Texas - Arlington				0	0.00%
University of Texas - Brownsville	1			1	0.17%
University of Texas - Dallas	1			1	0.17%
University of Texas - El Paso				0	0.00%
University of Texas - Pan American	4			4	0.67%
University of Texas - San Antonio	50	1		51	8.56%
University of Texas - Tyler	2			2	0.34%
University of Texas Health Science Center - Houston	1			1	0.17%
University of Texas Health Science Center - San Antonio	1			1	0.17%
University of Texas Medical Branch Galveston				0	0.00%
University of Texas Southwestern Medical Center - Dallas				0	0.00%
University of Texas - Permian Basin	1			1	0.17%
West Texas A&M University				0	0.00%
				0	
	554	25	17	596	100%

Coastal Bend College
Statistical Supplement 18
Capital Asset Information
Last Two Fiscal Years
(unaudited)

	<i>Fiscal Year</i>	
	<u>2010</u>	<u>2009</u>
Academic buildings	11	11
Square footage (in thousands)	147	147
Libraries	2	2
Square footage (in thousands)	24	24
Number of Volumes (in thousands)	17,300	17,300
Administrative and support buildings	2	2
Square footage (in thousands)	18	18
Dormitories	1	1
Square footage (in thousands)	39	39
Number of Beds	140	140
Apartments	20	20
Square footage (in thousands)	10	10
Number of beds	40	40
Dining Facilities	1	1
Square footage (in thousands)	7	7
Average daily customers	400	125
Athletic Facilities	2	2
Square footage (in thousands)	29	29
Stadiums	1	1
Gymnasiums	1	1
Fitness Centers	1	1
Tennis Court	6	6
Plant facilities	1	1
Square footage (in thousands)	3	3
Transportation		
Cars	4	4
Light Trucks/Vans	10	8
Buses	-	-

Note:

This institution previously did not present this schedule and chose to implement prospectively.