



# MIDLAND COLLEGE

## Financial Statements and Independent Auditor's Report

*For the Fiscal Years Ended*  
**AUGUST 31, 2022 AND 2021**

**#StartStriveSucceed**





# MIDLAND COLLEGE DISTRICT

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# MIDLAND COLLEGE DISTRICT

## ORGANIZATIONAL DATA

As of August 31, 2022

### BOARD OF TRUSTEES

#### Officers

Mr. Paul Morris	Chairperson
Mr. Steve Kiser	Vice-Chairperson
Ms. Charlene McBride	Secretary

#### Members

		Term Expires
Mr. Stephen N. Castle	Midland, Texas	2024
Ms. Linda Cowden	Midland, Texas	2022
Mr. Scott Lynch	Midland, Texas	2026
Mr. Scott Kidwell	Midland, Texas	2026
Mr. Steven C. Kiser	Midland, Texas	2022
Mr. G. Larry Lawrence	Midland, Texas	2022
Ms. Charlene R. McBride	Midland, Texas	2024
Mr. Paul L. Morris	Midland, Texas	2024
Mr. Adrian Carrasco	Midland, Texas	2026

### ADMINISTRATIVE OFFICERS

Dr. Steve Thomas	President
Mr. Rick Bender	Vice President of Administrative Services
Dr. Damon Kennedy	Vice President of Instruction
Mr. Shawn Shreves	Vice President of Information Technology
Mr. Michael Dixon	Vice President of Student Services
Dr. Deana Savage	Special Advisor to the President
Ms. Rebecca Bell	Executive Director of Institutional Advancement
Mr. Joseph Butts	Executive Director of Facilities
Ms. Lauren Callo	Director of Accounting
Ms. Daisy DeLucas	Associate Director of Accounting



## INDEPENDENT AUDITOR'S REPORT

The Board of Trustees  
Midland College District  
Midland, Texas

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the business-type activities of Midland College District (the "District"), as of and for the years ended August 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of August 31, 2022 and 2021, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor’s Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. Supplemental Schedules A through D, as required by the Texas Higher Education Coordinating Board's (THECB) *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*; and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are also presented for additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Supplemental Schedules A through D, and the Schedule of Expenditures of Federal Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Midland, Texas  
December 12, 2022



**MIDLAND COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Overview of the Financial Statements and Financial Analysis**

The Management's Discussion and Analysis is designed to provide an easy to read analysis of Midland College District's financial activities for the years ended August 31, 2022, 2021 and 2020. This overview is based on facts, decisions and conditions known as of the date of the independent auditor's report. There are three financial statements presented: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows. These statements provide both long-term and short-term financial information on the District as a whole and should be read in conjunction with the notes to the basic financial statements.

Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the preparers.

**Financial and Enrollment Highlights**

- The District's total net position was \$105.6 million in 2022 compared to \$92.6 million in 2021. Financial standing was strengthened as total net position increased by approximately \$13 million during fiscal year 2022 and by approximately \$2.3 million during fiscal year 2021.
- Unrestricted net position decreased by \$426 thousand in 2022 and increased by \$2 million in 2021. Unrestricted net position after adjustments to exclude the effects of postemployment benefits increased by approximately \$1.2 million in 2022 and \$5 million in 2021.
- The net assessed valuation of the District decreased by approximately \$1.7 billion or 4.8%, from 2021 to 2022 and increased by \$1.2 billion or 3% from 2020 to 2021. Taxable values were approximately \$36.1 billion in 2022 and \$37.9 billion in 2021.
- Bonded indebtedness decreased by approximately \$3.5 million in fiscal year 2022 and by approximately \$3.5 million during fiscal year 2021.
- Duplicated head count of students in credit hour programs increased by approximately 1.3% in 2022 and decreased by approximately 19.4% in 2021. Contact hours for students registered in both credit and noncredit programs increased by approximately 4.2% in 2022 and decreased by approximately 9.5% in 2021.

**The Statements of Net Position**

The Statements of Net Position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector organizations. Net position - the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources is one way to measure the financial health of the District. The purpose of the Statements of Net Position is to present a fiscal snapshot of the District.

From the data presented, readers of the Statements of Net Position are able to determine the resources that are available to continue the operations of the institution. Readers are also able to determine the amount the institution owes vendors, bondholders and lending institutions.

**MIDLAND COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Condensed Statement of Net Position**  
(in thousands)

	Fiscal Year			Increase/Decrease	
	2022	2021	2020	2020 to 2021	2019 to 2020
<b>Assets</b>					
Current Assets	\$ 53,931	\$ 55,935	\$ 52,872	\$ (2,004)	\$ 3,063
Other Noncurrent Assets	18,161	7,242	7,766	10,919	(524)
Capital Assets - (Non-current)	101,291	99,013	101,715	2,278	(2,702)
<b>Total Assets</b>	<b>173,383</b>	<b>162,190</b>	<b>162,353</b>	<b>11,193</b>	<b>(163)</b>
<b>Deferred Outflows of Resources Liabilities</b>	<b>15,793</b>	<b>13,973</b>	<b>16,851</b>	<b>1,820</b>	<b>(2,878)</b>
<b>Liabilities</b>					
Current Liabilities	12,663	12,621	14,552	42	(1,931)
Net Pension Liability	5,381	11,914	10,751	(6,533)	1,163
Other Post Employment Benefits	37,417	32,829	29,159	4,588	3,670
Other Noncurrent Liabilities	15,398	19,084	22,509	(3,686)	(3,425)
<b>Total Liabilities</b>	<b>70,859</b>	<b>76,448</b>	<b>76,971</b>	<b>(5,589)</b>	<b>(523)</b>
<b>Deferred Inflows of Resources Net Position</b>	<b>12,722</b>	<b>7,087</b>	<b>11,911</b>	<b>5,635</b>	<b>(4,824)</b>
<b>Net Position</b>					
Net Investment in Capital Assets	84,213	78,312	77,776	5,901	536
Restricted-Nonexpendable	5,209	5,341	5,366	(132)	(25)
Restricted-Expendable	17,172	9,547	9,837	7,625	(290)
Unrestricted	(999)	(573)	(2,656)	(426)	2,083
<b>Total Net Position</b>	<b>\$ 105,595</b>	<b>\$ 92,627</b>	<b>\$ 90,323</b>	<b>\$ 12,968</b>	<b>2,304</b>
Current Ratio	4.26	4.43	3.63		

**Assets**

Total assets were relatively unchanged from 2020 to 2021 but increased by approximately 6.9% from 2021 to 2022. Cash and investments increased by approximately \$1.1 million in 2021 and by \$7.2 million in 2022. These increases were the result of cash flows from non-capital financing activities. Shifts between cash equivalents and short-term and long-term investments occurred as investments were transferred in response to changing interest rates and project considerations.

**Liabilities**

Total liabilities decreased by approximately \$5.6 million in 2022 and by approximately \$523 thousand in 2021. In 2022 the district's proportionate share of pension liability was reduced \$6.5 million. The decrease was partially offset by an increase of \$4.6 million in deferred inflows related to pensions. Additionally, bonded indebtedness was reduced by \$3.5 million dollars in both 2022 and 2021.

**Net Position**

Net position represents the District's equity, some of which is restricted for certain uses and some of which is unrestricted. Net position is divided into three major categories. The first category, net investment in capital assets, reflects the institution's equity in property, plant and equipment. The next category, restricted net position, is further divided into nonexpendable and expendable. The corpus, or nonexpendable restricted resources, is only available for investment purposes. Expendable restricted net position is available for expenditure by the institution, but must be spent for purposes determined by donors and/or external entities that have placed time or purpose restrictions on the use of the funds. The final category is unrestricted net position, which is available to the institution for any lawful purpose.

**MIDLAND COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

In 2015, the District adopted GASB 68, *Accounting and Financial Reporting for Pensions*. The adoption of this new accounting standard required the recognition of a cumulative effective adjustment, which resulted in the reduction of the beginning unrestricted net position by approximately \$7.3 million. In 2018, the District adopted GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Because of the adoption of this standard, unrestricted net position was reduced for a cumulative effective adjustment of approximately \$26.5 million. In each year following the initial adoption of these standards the District has recorded substantial adjustments to reflect its proportionate share of the changes in the related multiemployer benefit systems. The accounting for post-employment benefits has significantly impacted the District's financial statement presentation and has confused and obscured the presentation of the District's core financial operations. Financial analysts often eliminate post-employment balances in order to better evaluate the financial condition of governmental entities. As a result of the required post-employment accounting standards, most governmental entities reflect a deficit in their unrestricted net position. Expendable net position, specifically unrestricted net position is an important indicator of an entity's financial stability.

While the relationship of expendable net position to operating expenses is important, the change in expendable net position over a period of years is also important. The following table reflects net position by category and additionally presents net position both before and after adjustments for post-employment benefits.

**Schedule of Net Position**  
**Adjusted for the Effects of Pensions and Other Postemployment Benefits**  
(in thousands)

	2022	2021	2020	2019	2018
<b>Schedule of Net Position</b>					
Net investment in capital assets	\$ 84,213	\$ 78,312	\$ 77,776	\$ 71,521	\$ 66,158
Restricted-Nonexpendable	5,209	5,341	5,366	5,298	5,168
Restricted-Expendable	17,172	9,547	9,837	11,396	6,026
Unrestricted	(A) (999)	(573)	(2,656)	(2,475)	(1,813)
<b>Total Net Position</b>	<u>105,595</u>	<u>92,627</u>	<u>90,323</u>	<u>85,740</u>	<u>75,539</u>
<b>Postemployment Adjustments:</b>					
Add:					
Compensable Absences-Current	802	892	949	834	872
Compensable Absences-Noncurrent	1,245	1,397	1,233	1,192	1,227
Other Postemployment Benefits Liability-Current (GASB 75)	785	1,133	954	401	115
Other Postemployment Benefits Liability-Noncurrent (GASB 75)	37,417	32,829	29,159	26,853	22,544
Net Pension Liability (GASB 68)	5,381	11,914	10,751	11,381	6,689
Deferred Inflows-Other Postemployment Benefits (GASB 75)	6,155	5,070	9,246	10,549	5,010
Deferred Inflows- Pensions (GASB 68)	6,567	2,017	2,665	1,745	2,648
Deduct:					
Deferred Outflows-Other Postemployment Benefits (GASB 75)	(11,523)	(8,502)	(10,970)	(10,917)	(2,704)
Deferred Outflows -- Pensions (GASB 68)	(3,632)	(4,794)	(4,948)	(5,487)	(2,133)
<b>Net Effect of Pensions and Other Postemployment Obligations</b>	(B) <u>43,197</u>	<u>41,956</u>	<u>39,039</u>	<u>36,551</u>	<u>34,268</u>
<b>Schedule of Net Position (Adjusted for Postemployment Obligations)</b>					
Net investment in capital assets	84,213	78,312	77,776	71,521	66,158
Restricted-Nonexpendable	5,209	5,341	5,366	5,298	5,168
Restricted-Expendable	17,172	9,547	9,837	11,396	6,026
Unrestricted (Adjusted)	(A+B) 42,198	41,383	36,383	34,076	32,454
<b>Net Position Adjusted for Postemployment Obligations</b>	<u>\$ 148,792</u>	<u>\$ 134,583</u>	<u>\$ 129,362</u>	<u>\$ 122,291</u>	<u>\$ 109,806</u>

As reflected in the preceding schedule, total net position and adjusted unrestricted net position have increased in each of the last four years. Unrestricted net position (after adjustment for post-employment benefits) represents approximately 66% of the 2022 operating expenses and expendable net position represents approximately 92% of those expenses.

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

The Statements of Revenues, Expenses and Changes in Net Position present the operating results of the District, as well as the non-operating revenues and expenses. Generally, operating revenues are those revenues received in exchange for the District providing goods and services. Operating expenses are those amounts paid to acquire or produce the goods and services in return for the operating revenues. Non-operating revenues are funds received with no direct relationship to the goods and services being provided. Accordingly, state appropriations and ad valorem taxes, while budgeted for operations,



**MIDLAND COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

are classified as non-operating revenue for financial reporting purposes. Accordingly, governmental entities typically report an operating loss for financial reporting purposes.

Revenues and expenses should be considered in total when assessing the change in the District's financial position. When total revenues exceed total expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. Further detail is presented in the Statements of Revenues, Expenses and Changes in Net Position and notes to the financial statements.

The following table reflects a summary of the Statements of Revenues, Expenses and Changes in Net Position for the years ended August 31, 2022, 2021 and 2020. This summary indicates the operating loss and the overall increase in net position for each of the years displayed.

Major changes in operating and non-operating revenue are as follows:

**Condensed Schedule of Revenues, Expenses and Changes in Net Position**  
(in thousands)

	Fiscal Year			Changes	
	2022	2021	2020	2021 to 2022	2020 to 2021
<b>Operating Revenues and Expenses:</b>					
Operating revenues	\$ 21,954	\$ 18,739	\$ 16,277	\$ 3,215	\$ 2,462
Operating expenses	64,257	65,085	64,118	(828)	967
Operating Loss	(42,303)	(46,346)	(47,841)	4,043	1,495
<b>Non-Operating Revenues (Expenses):</b>					
State appropriations	7,344	8,798	9,409	(1,454)	(611)
Ad valorem taxes	36,196	35,642	33,981	554	1,661
Federal, non-operating	4,176	3,585	4,018	591	(433)
Gifts/Contributions in aid of construction	8,386	1,345	5,168	7,041	(3,823)
Interest on capital related debt	(474)	(875)	(848)	401	(27)
Other non-operating revenues	(357)	156	695	(513)	(539)
<b>Total Non-Operating Revenues, Net</b>	<b>55,271</b>	<b>48,651</b>	<b>52,423</b>	<b>6,620</b>	<b>(3,772)</b>
Increase in net position	12,968	2,305	4,582	10,663	(2,277)
<b>Net Position Beginning of Year (Restated)</b>	<b>92,627</b>	<b>90,322</b>	<b>85,740</b>	<b>2,305</b>	<b>10,201</b>
<b>Net Position End of Year</b>	<b>\$ 105,595</b>	<b>\$ 92,627</b>	<b>\$ 90,322</b>	<b>\$ 12,968</b>	<b>\$ 2,305</b>

**2021 to 2022 Changes in Revenues**

Total revenues increased by approximately \$9.8 million including an increase in operating revenues of approximately \$3.2 million. This increase is primarily attributable to federal grant revenues related to COVID-19 relief. Non-operating revenues increased by approximately \$6.6 million. This increase is because gift income exceeded the prior year by approximately \$6.9 million and ad valorem taxes were \$554 thousand more in 2022 than 2021.

Total ad valorem tax revenues were approximately \$554 thousand or 1.6 % higher in 2022 compared to 2021. The net assessed valuation of the District decreased in 2022 by approximately \$1.7 billion or 4.8%. The total 2022 tax rate for the District was \$0.1012 per \$100 of valuation compared to \$0.0922 for 2021.

**2020 to 2021 Changes in Revenues**

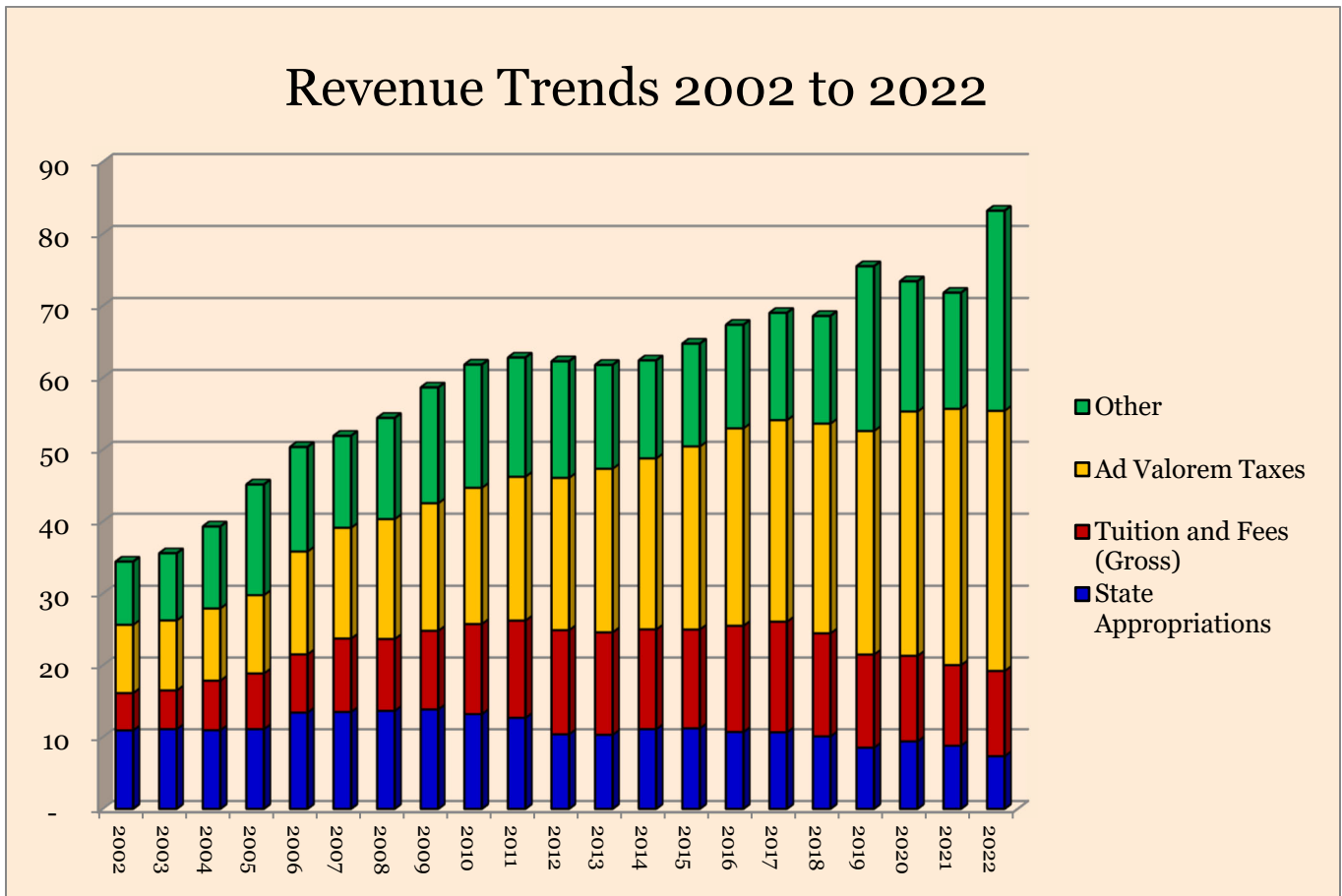
Total revenues increased by approximately \$1.3 million. Of this amount, operating revenues increased by approximately \$2.5 million and non-operating revenues decreased by approximately \$3.8 million. The increase in operating revenues increased because the District received Federal HEERF funds to support its response to the COVID-19 pandemic. This increase was offset by a \$1.2 million decrease in gross tuition and fee revenue which was the result of enrollment declines

**MIDLAND COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

related to the pandemic. The decrease in non-operating revenue is related to a non-recurring contribution in aid of construction received in 2021.

Total ad valorem tax revenues were approximately \$1.7 million or 5% higher in 2021 compared to 2020. The net assessed valuation of the District increased in 2021 by approximately \$1.2 billion or 3.3%. The total 2021 tax rate for the District was \$0.092208 per \$100 of valuation compared to \$0.091210 for 2020.

Local ad valorem taxes have become the District's largest and most reliable revenue source as state support for higher education has generally declined over the last several decades. State appropriations as a percentage of total revenues has consistently declined.



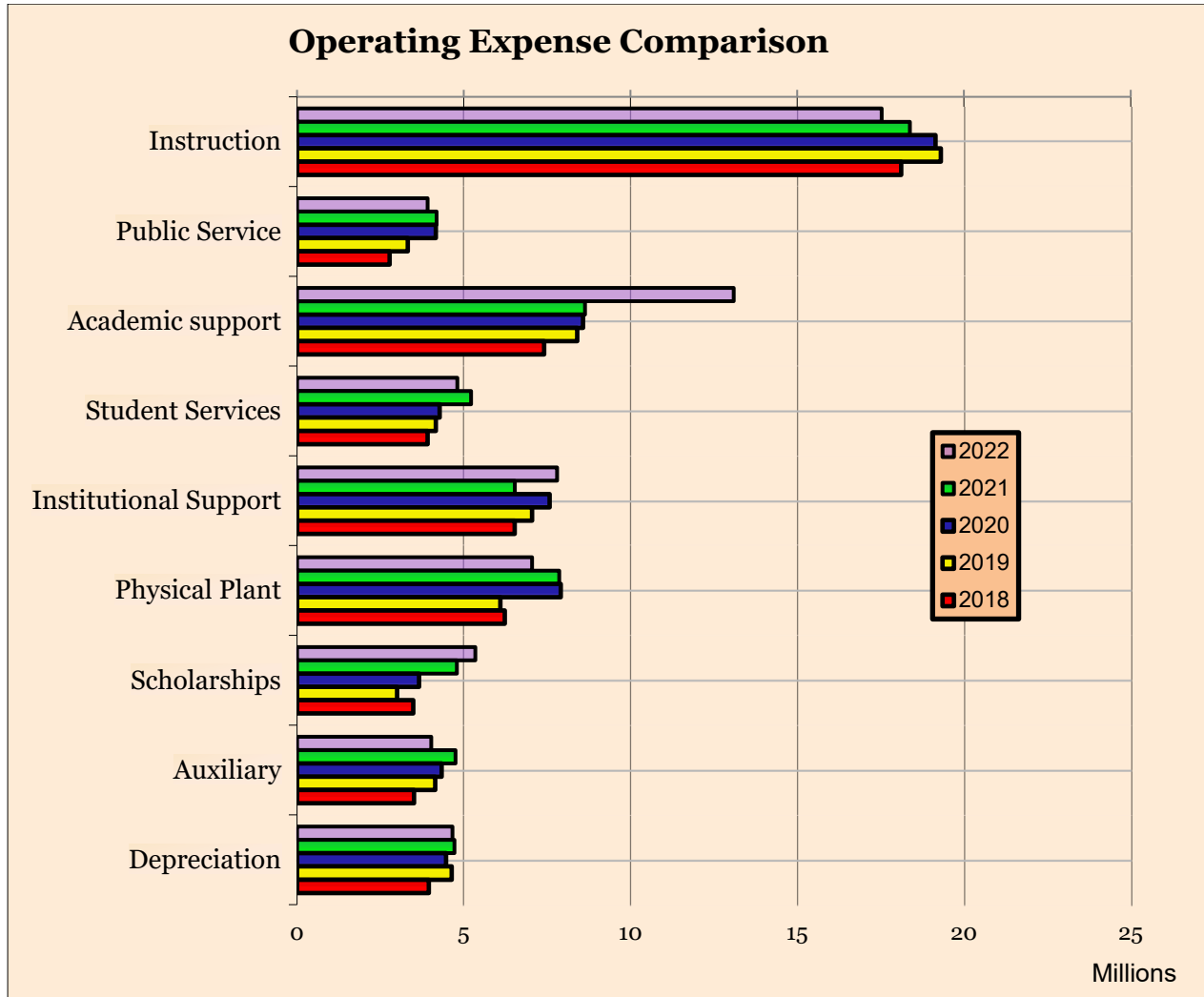
The following table illustrates revenue by source in 2022 compared to 2002.

	Percentage of Total Revenues	
	2022	2002
State Appropriations	9%	30%
Local Property Taxes	43%	26%
Tuition and Fees (Gross)	14%	14%
Gifts Grants & Contracts	29%	23%
Auxiliary Services	2%	3%
Other	3%	4%
	<u>100%</u>	<u>100%</u>

**MIDLAND COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Operating Expenses by Functional Classification**

Functional classifications are the traditional categories that have been used to report expenses in financial statements. These categories represent the types of programs and services provided. The following chart shows the District's 2022 expenses compared to the 2021, 2020, 2019, and 2018 expenses.



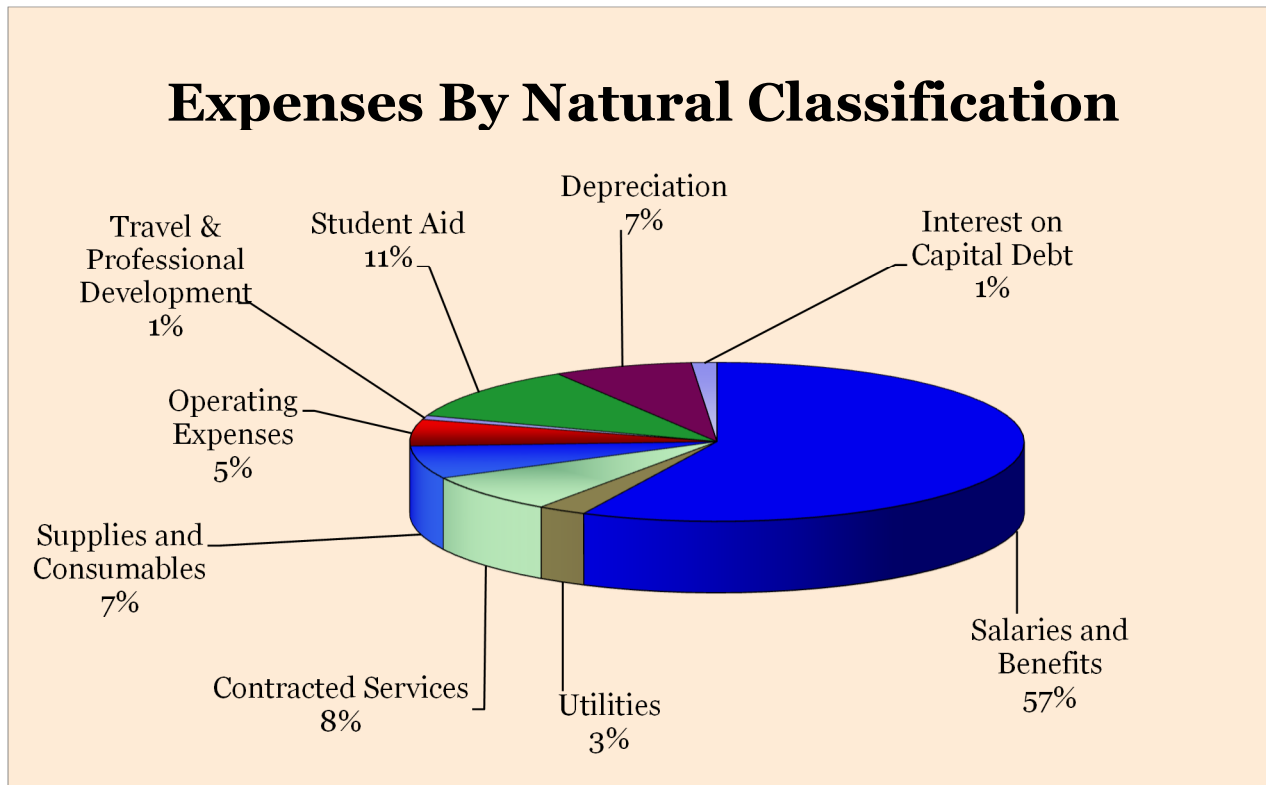
Total operating expenses were \$828 thousand less in 2022 than in 2021. Of this amount, unrestricted expenses increased by approximately \$1.9 million, restricted expenses decreased by approximately \$1.9 million, auxiliary enterprises expenses decreased by \$726 thousand and depreciation expense decreased by approximately \$57 thousand.

Total operating expenses were approximately \$967 thousand more in 2021 than in 2020. Several categories of expenses decreased from the prior year; however, scholarship and fellowships increased from the prior year by approximately \$1.1 million or 31%. This increase is the result of HEERF funds granted to students in 2022.

**MIDLAND COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Expenses by Natural Classification**

The following chart reflects expenditures by natural classification (object).



**Statements of Cash Flows**

The Statements of Cash Flows provides information about cash receipts and cash payments during the year. These statements also help users assess the District's ability to generate net cash flow needed to meet its obligations as they come due and its need for external financing.

**Summary of Statement of Cash Flows**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Cash Provided By (Used in):				
Operating Activities	\$ (37,507,395)	\$ (41,306,692)	\$ (43,599,147)	\$ (23,296,045)
Non-Capital Financing Activities	53,191,715	45,412,570	44,161,011	42,332,811
Capital and Related Financing Activities	(8,188,227)	(3,227,876)	(4,890,836)	(4,676,882)
Investing Activities	(36,252,129)	15,577,128	5,130,171	(6,369,185)
Changes in Cash and Cash Equivalents	<u>\$ (28,756,036)</u>	<u>\$ 16,455,130</u>	<u>\$ 801,199</u>	<u>\$ 7,990,699</u>

The primary cash receipts from operating activities consist of tuition and fees, housing, board and grant revenue. Cash outlays include payment of wages, benefits, supplies, utilities and scholarships. State appropriations and ad valorem taxes are the primary source of non-capital financing. Accounting standards require that these sources of revenue be reported in the statements as non-operating, even though they are considered to be operating revenues in the District's budget.

Cash flows from Capital and Related Financing Activities include proceeds from the issuance of debt, principal and interest disbursements and payments for buildings and other capital acquisitions.

**MIDLAND COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

Cash flows from investing activities represent the annual effect of the purchase, sale and maturity of investments, along with interest received from those investments. During 2021 and 2020 the proceeds of matured investments were reinvested in instruments with maturities of less than ninety days. In 2022 cash equivalents were reduced by investing activities as funds were transferred into investments with maturities exceeding ninety days.

**Capital Assets and Debt Administration**

The following table reflects the District's year-end capital asset balances, net of accumulated depreciation. Capital asset additions in 2022 totaled approximately \$7.2 million including approximately \$5 million in construction in progress for the Pre-K Academy and Center for Teaching Excellence. Capital additions in 2021 were approximately \$2 million. Depreciation expense was approximately \$4.7 million and \$4.7 million in 2022 and 2021 respectively.

**Schedule of Capital Assets**  
**(in thousands)**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Land	\$ 2,550	\$ 2,550	\$ 2,550	\$ 2,550
Library Books & Collections	474	457	438	434
Construction in Progress	5,045	74	31	4,807
Buildings & Improvements	82,044	83,990	86,163	77,594
Land Improvements	6,403	7,009	7,615	7,997
Furniture, Equipment, Vehicles	4,775	4,933	4,918	5,195
	<u>\$ 101,291</u>	<u>\$ 99,013</u>	<u>\$ 101,715</u>	<u>\$ 98,577</u>

During fiscal year 2022 the District issued General Obligation Refunding Bonds, Series 2001 for the purpose of refunding the 2012 Series General Obligation Bonds. In December of 2021, Moody's Investors Service ("Moody's") and Standard and Poor's (S&P) confirmed their bond ratings of "Aa2" and "AA", respectively.

In 2016 Refunding Bonds were issued for the purpose of refunding a portion of the 2008 Revenue Bonds. Outstanding debt was approximately \$17.8 million and \$21.3 million as of August 31, 2022 and 2021, respectively.

**Schedule of Outstanding Debt**  
**(in thousands)**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
General Obligation Bonds	\$ 11,690	\$ 14,231	\$ 16,806	\$ 19,310
Revenue Bonds	6,125	7,045	7,965	8,870
	<u>\$ 17,815</u>	<u>\$ 21,276</u>	<u>\$ 24,771</u>	<u>\$ 28,180</u>



**MIDLAND COLLEGE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

**Economic Factors That Will Affect the Future**

The 2022-2023 budget was adopted by the Board of Trustees on August 17, 2022. The unrestricted (operating) portion of the budget increased by 2.5% over the 2021 -2022 budget.

The 2022-2023 certified taxable values increased by approximately 29% from the prior year. This increase was in large part related to a rebound in crude oil prices and an increase in production. The district adopted a tax rate of eight cents per hundred dollars of valuation which was 2.8% above the no-new-revenue tax rate but 20.9% below the 2021-2022 rate of \$10.1151 cents per hundred dollars of valuation. The 2022-2023 tax levy is approximately \$1.4 million more than the 2021-2022 levy.

The District completed refunding of the 2012 General Obligation Bonds. Moody's Investors Service ("Moody's") and Standard and Poor's (S&P) each confirmed their earlier ratings of Aa2 and AA respectively.

The District's continued emergence from pandemic conditions is reflected in continuing increases in enrollment. The fall 2022 student headcount is approximately 4% higher than the fall 2021 student headcount and the fall 2021 fall enrollment was approximately 6% higher than the 2020 fall enrollment. For the fall 2022 semester, approximately 57% of sections are being delivered in the traditional face-to-face format.

The District began construction of two projects in fiscal year 2021-2022. The first project is the renovation of the former Jack E. Brown Dining Hall in order to house the Petroleum Professional Development Center. This project has an estimated cost of \$4 million. In addition, the District began construction of the Pre-K Academy and Center of Teaching Excellence. This facility has an estimated cost of \$31.5 million. Both projects are being funded primarily from private donations; however, \$5 million of unrestricted resources have been transferred to these projects.

The District is not aware of any additional facts, decisions or conditions that are expected to have a significant impact on the financial position or results of operations during 2022-2023 or subsequent fiscal years.

**Requests for Information**

This annual financial report is designed to provide interested stakeholders with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning the information provided in this report or requests for additional information should be addressed to the Vice President of Administrative Services at Midland College, 3600 N. Garfield, Midland, TX 79705.

/S/Rick Bender  
Rick Bender  
Vice President of Administrative Services



**FINANCIAL STATEMENTS**

**MIDLAND COLLEGE DISTRICT**  
**STATEMENTS OF NET POSITION**  
**August 31, 2022 and 2021**

**Exhibit 1**  
**Page 1 of 2**

	<u>2022</u>	<u>2021</u>
<b>Assets and Deferred Outflows</b>		
<b>Assets:</b>		
Current Assets:		
Cash and cash equivalents	\$ 15,567,820	\$ 40,740,687
Short-term investments	32,473,841	10,955,930
Accounts receivable, net	2,784,806	1,711,188
Inventories	1,447	2,619
Prepaid expenses	3,082,370	2,504,319
Deposits	20,472	20,472
Total current assets	<u>53,930,756</u>	<u>55,935,215</u>
Non-current Assets:		
Restricted cash and cash equivalents	663,718	4,246,887
Endowment investments	6,147,976	2,843,861
Other long-term investments	11,197,154	77,808
Net capital assets	101,291,152	99,013,028
Other assets-split interest agreements	152,043	73,264
Total non-current assets	<u>119,452,043</u>	<u>106,254,848</u>
<b>Total Assets</b>	<u>173,382,799</u>	<u>162,190,063</u>
<b>Deferred Outflows On Refunding Of Debt</b>		
Deferred outflows on refunding of debt	637,705	677,132
Deferred outflows related to pensions	3,631,678	4,793,524
Deferred outflows related to other post-employment benefits	11,523,420	8,501,818
<b>Total Deferred Outflows</b>	<u>15,792,803</u>	<u>13,972,474</u>
<b>Total Assets and Deferred Outflows</b>	<u>\$189,175,602</u>	<u>\$ 176,162,537</u>
<b>Liabilities, Deferred Inflows, and Net Position</b>		
<b>Liabilities:</b>		
Current Liabilities:		
Accounts payable	\$ 3,289,755	\$ 2,578,641
Accrued liabilities	948,999	716,404
Accrued compensable absences – current portion	802,309	892,037
Net other post-employment benefits liability – current portion	785,111	1,132,855
Funds held for others and agencies	207,846	281,216
Unearned revenues	2,943,934	3,399,106
Bonds payable – current portion	3,660,612	3,588,860
Deposits	24,174	31,477
Total current liabilities	<u>12,662,740</u>	<u>12,620,596</u>
Non-current Liabilities:		
Accrued compensable absences – non-current portion	1,244,722	1,397,113
Net pension liability	5,380,931	11,914,165
Net other post-employment benefits liability – non-current portion	37,416,738	32,829,257
Bonds payable – non-current portion	14,153,924	17,687,118
Total non-current liabilities	<u>58,196,315</u>	<u>63,827,653</u>
<b>Total Liabilities</b>	<u>70,859,055</u>	<u>76,448,249</u>

**MIDLAND COLLEGE DISTRICT**  
**STATEMENTS OF NET POSITION**  
**August 31, 2022 and 2021**

**Exhibit 1**  
**Page 2 of 2**

	<u>2022</u>	<u>2021</u>
<b>Liabilities, Deferred Inflows, and Net Position (continued)</b>		
<b>Deferred Inflows of Resources:</b>		
Deferred inflows related to pensions	\$ 6,566,748	\$ 2,017,338
Deferred inflows related to other post-employment benefits	<u>6,154,706</u>	<u>5,069,690</u>
<b>Total Deferred Inflows of Resources</b>	<u>12,721,454</u>	<u>7,087,028</u>
<b>Net Position:</b>		
Net investment in capital assets	84,213,090	78,312,313
Restricted for:		
Nonexpendable:		
Endowments	5,209,432	5,341,279
Expendable:		
Student aid	3,550,266	3,170,845
Instructional programs	13,621,316	6,375,883
Unrestricted	<u>(999,011)</u>	<u>(573,060)</u>
<b>Total Net Position</b>	<u>105,595,093</u>	<u>92,627,260</u>
<b>Total Liabilities, Deferred Inflows, and Net Position</b>	<u>\$189,175,602</u>	<u>\$176,162,537</u>



**MIDLAND COLLEGE DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**August 31, 2022 and 2021**

*Exhibit 2*

	<u>2022</u>	<u>2021</u>
<b>Operating Revenues</b>		
Tuition and fees, net of discounts	\$ 6,760,745	\$ 7,682,236
Federal grants and contracts	7,918,507	4,116,755
State grants and contracts	691,555	488,554
Local grants and contracts	1,803,293	1,758,610
Non-governmental grants and contracts	1,532,455	2,371,328
Sales and services of educational activities	567,440	567,393
Investment income – program restricted	(56,476)	212,599
Auxiliary enterprises	830,566	796,705
General operating revenues	<u>1,905,768</u>	<u>744,839</u>
<b>Total Operating Revenues (Schedule A)</b>	<u>21,953,853</u>	<u>18,739,019</u>
<b>Operating Expenses</b>		
Instruction	17,535,562	18,380,798
Public service	3,915,942	4,184,614
Academic support	9,097,640	8,634,125
Student services	4,812,024	5,220,004
Institutional support	7,800,540	6,532,742
Operation and maintenance of plant	7,050,347	7,860,975
Scholarships and fellowships	5,350,649	4,795,683
Auxiliary enterprises	4,028,272	4,753,732
Depreciation	<u>4,665,585</u>	<u>4,722,295</u>
<b>Total Operating Expenses (Schedule B)</b>	<u>64,256,561</u>	<u>65,084,968</u>
<b>Operating Loss</b>	<u>(42,302,708)</u>	<u>(46,345,949)</u>
<b>Non-Operating Revenues (Expenses)</b>		
State appropriations	7,343,778	8,798,090
Maintenance ad valorem taxes	33,294,526	32,775,147
Debt service ad valorem taxes	2,901,347	2,866,877
Federal revenue, non-operating	4,176,174	3,584,811
Gifts	8,269,925	1,344,450
Investment income	(155,255)	114,525
Interest on capital related debt	(473,485)	(875,325)
Gain (Loss) on disposal of fixed assets	(201,777)	26,269
Additions to permanent endowments	<u>115,308</u>	<u>15,970</u>
<b>Net Non-Operating Revenues (Schedule C)</b>	<u>55,270,541</u>	<u>48,650,814</u>
Increase in net position	12,967,833	2,304,865
<b>Net Position – Beginning of Year</b>	<u>92,627,260</u>	<u>90,322,395</u>
<b>Net Position – End of Year</b>	<u>\$ 105,595,093</u>	<u>\$ 92,627,260</u>

**MIDLAND COLLEGE DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**August 31, 2022 and 2021**

**Exhibit 3**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Receipts from students and other customers	\$ 7,555,587	\$ 9,767,152
Receipts from grants and contracts	11,486,189	8,521,400
Payments to suppliers for goods and services	(18,037,872)	(17,864,132)
Payments to or on behalf of employees	(34,780,713)	(34,665,714)
Payments for scholarships and fellowships	(5,500,858)	(4,869,108)
Other (disbursements), receipts	<u>1,770,272</u>	<u>(2,196,290)</u>
<b>Net Cash Used In Operating Activities</b>	<u>(37,507,395)</u>	<u>(41,306,692)</u>
<b>Cash Flows From Non-Capital Financing Activities</b>		
Receipts from state appropriations	7,397,327	8,051,661
Receipts from ad valorem taxes – operating and maintenance	33,383,260	32,482,318
Receipts from non-operating federal revenue	4,176,174	3,584,811
Receipts from gifts or grants for other than capital purposes	8,269,925	1,344,450
Receipts from student organizations and other agency transactions	205,465	276,965
Payments to student organizations and other agency transactions	(276,965)	(339,458)
Receipts from private gifts for endowment purposes	<u>36,529</u>	<u>11,823</u>
<b>Net Cash Provided By Non-Capital Financing Activities</b>	<u>53,191,715</u>	<u>45,412,570</u>
<b>Cash Flows From Capital And Related Financing Activities</b>		
Receipts from ad valorem taxes – debt services	2,869,305	2,884,633
Purchases of capital assets	(7,145,886)	(1,993,921)
Payments on capital debt – principal	(3,520,000)	(3,365,000)
Payments on capital debt – interest	<u>(391,646)</u>	<u>(753,588)</u>
<b>Net Cash Used In Capital And Related Financing Activities</b>	<u>(8,188,227)</u>	<u>(3,227,876)</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sales and maturities of investments	11,421,520	35,507,142
Interest on investments	(310,757)	256,900
Purchase of investments	<u>(47,362,892)</u>	<u>(20,186,914)</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>	<u>(36,252,129)</u>	<u>15,577,128</u>
Change in cash and cash equivalents	<u>(28,756,036)</u>	<u>16,455,130</u>
<b>Cash And Cash Equivalents – Beginning</b>	<u>44,987,574</u>	<u>28,532,444</u>
<b>Cash And Cash Equivalents – Ending</b>	<u>\$ 16,231,538</u>	<u>\$ 44,987,574</u>
<b>Reconciliation Of Net Operating Loss To Net Cash Used In Operating Activities:</b>		
Operating loss	\$ (42,302,708)	\$ (46,345,949)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense	4,665,585	4,722,295
Payments made directly by state for benefits	(53,549)	746,429
Changes in related assets and liabilities:		
Receivables, net	(679,329)	(311,428)
Prepaid expenses	(905,633)	(935,688)
Inventories	1,172	(81)
Deferred outflows	(1,859,756)	2,622,157
Accounts payable	697,023	520,545
Accrued liabilities	(2,007,335)	4,735,123
Compensated absences	(242,119)	107,613
Unearned revenue	(455,172)	(2,343,904)
Deferred inflows	<u>5,634,426</u>	<u>(4,823,804)</u>
<b>Net Cash Used In Operating Activities</b>	<u>\$ (37,507,395)</u>	<u>\$ (41,306,692)</u>



**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1 - Reporting Entity**

Midland College District (the "District") was established in 1972, in accordance with the laws of the State of Texas, to serve the educational needs of the public and the surrounding communities. The District is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board ("GASB") Statement No. 14. While the District 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.

**Note 2 - Summary of Significant Accounting Policies**

**Reporting Guidelines**

The significant accounting policies followed by the District 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 District is reported as a special-purpose government engaged in business-type activities ("BTA").

**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 §56.033). 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 (HEA) Program Funds*

Certain Title IV HEA Program funds are received by the District to pass through to the student. These funds are initially received by the District 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.

*Other Tuition Discounts*

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

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Encumbrances outstanding at year end, that were provided for in the subsequent year's budget, are reported as designations of net assets since they do not constitute expenditures or liabilities.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

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

**Cash and Cash Equivalents**

The District'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.

**Deferred Inflows**

In addition to liabilities, the District is aware that the statement of Net Position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so, is not recognized as an inflow of resources (revenue) until that time. Governments are permitted only to report deferred inflows in circumstances specifically authorized by GASB.

**Deferred Outflows**

In addition to assets, the District is aware that the statement of Net Position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so, will not be recognized as an outflow of resources (expense) until then. Governments are permitted only to report deferred outflows in circumstances specifically authorized by GASB.

**Pledges**

The District recognizes pledges in the financial statements when all applicable eligibility requirements, including time requirements, are met. Pledges are reported as restricted revenues prior to the fulfillment of all applicable eligibility requirements.

**Unearned Revenue and Prepaid Expenditures**

Unearned revenue relates to student tuition and fees received during the current fiscal period for classes to be held in the following period. Similarly, prepaid expenditures represent funds expended in the current period relating to the following period.

**Inventories**

Inventories consist of consumable physical plant and food service supplies. Inventories are stated at the lower of cost or market, determined using the first in, first out method. They are charged to expense as consumed.

**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. Long-term investments have an original maturity of greater than one year at the time of purchase. The District considers investments in public fund investment pools to be short-term.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

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

**Budgetary Data**

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

**Capital Assets**

Capital assets are recorded at cost. Donated capital assets are valued at their acquisition value on the date received. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. The District reports depreciation under a single-line 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	50 years
Facilities and Other Improvements	20 years
Library Books	15 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years

**Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America 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 District distinguishes operating revenues and expenses from non-operating items. The District reports as a business type activity and as a single, proprietary fund. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues are tuition and related fees. The major non-operating revenues are state appropriations and property tax collections. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. The operations of the dining hall and bookstore are not performed by the District.

**Characterization of Title IV Grant Revenue**

In response to guidance provided by the Government Accounting Standards Board (GASB) as question/answer 7.72.10 in the Implementation Guide, revenue received for federal Title IV grant programs (i.e. Pell grants) is now characterized as non-operating revenue as opposed to operating revenue.

**Pensions**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

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

**Reclassification**

Certain items in the August 31, 2021 financial statements have been reclassified for comparability purposes with the August 31, 2022 financial statements. These reclassifications had no effect on previously reported changes in net position or on net position.

**Implementation of New Accounting Pronouncements**

GASB Statement No. 87, *Leases*, was issued in June 2017 and was effective for periods beginning after June 15, 2021. This Statement established a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has evaluated the effects of this standard and has determined that this Statement does not impact to the financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32* was issued in June 2020. This Statement provides guidance regarding the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The Statement will also enhance (1) information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Paragraphs 4 and 5 of the Statement were effective immediately whereas the remaining requirements of this Statement are effective for periods beginning after June 15, 2021. The District has evaluated the effects of this standard and has determined that this Statement does not impact to the financial statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report* was issued in October 2021 and establishes the term annual comprehensive financial report and its acronym ACFR. This new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement is effective for fiscal years ending after December 15, 2021. Management has evaluated the implementation of this statement and determined that it is not applicable to the District.

**Note 3 - Authorized Investments**

The Board of Trustees of the District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act (Section 2256.001, Texas Government Code). The investments of the District are in compliance with Trustees' investment policies. 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.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 4 - Deposits and Investments**

The District is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act of 1995 (Section 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) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by this state or the United States or its instrumentalities, (5) obligations of political subdivisions rated not less than A by a national investment rating firm, (6) certificates of deposit, (7) repurchase agreements and (8) other instruments and obligations authorized by statute.

**Cash and Short-Term Investments:** Investment policies for cash and short-term investments, as set forth by the Board of Trustees, authorize the District to invest in interest-bearing time deposits, short-term cash funds, money market funds, intermediate cash funds, U.S. Government-backed obligations, municipal bonds and commercial paper. All investments must be held by the financial institutions organized under Federal or State law.

**Investments:** Investment policies as set forth by the Board of Trustees also authorize the District to invest in bonds or other securities.

**Deposits:** At August 31, 2022 and 2021, the carrying amount of the District’s deposits was \$15,479,409 and \$44,488,063, respectively; and bank balances equaled \$10,865,984 and \$23,733,865. Bank balances of \$577,291 and \$608,340 are covered by federal depository insurance and \$10,288,693 and \$23,125,526 were covered by collateral pledged in the District’s name. The collateral was held by the District or by its Agent. There were no uncollateralized bank balances at either year end. (This would have included any bank balance that was collateralized with securities held by the pledging financial institution’s department or agent but not in the District’s name). The District held \$17,537,016 and \$10,995,930 in state approved public investment pools at August 31, 2022 and 2021, respectively.

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

**Cash and Deposits**

	<u>2022</u>	<u>2021</u>
Bank Deposits:		
Demand Deposits	\$ 4,932,309	\$ 2,591,976
Money Market Deposits	<u>10,547,100</u>	<u>41,896,087</u>
	<u>15,479,409</u>	<u>44,488,063</u>
Cash and Cash Equivalent:		
Petty Cash on Hand	8,129	7,511
Investments due within 90 days	<u>744,000</u>	<u>492,000</u>
	<u>752,129</u>	<u>499,511</u>
<b>Total Cash and Deposits</b>	<u>\$ 16,231,538</u>	<u>\$ 44,987,574</u>



**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

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

**Reconciliation of Deposits and Investments to Exhibit 1**

<b>Type of Security</b>	<b>August 31, 2022 Market Value</b>	<b>August 31, 2021 Market Value</b>
U.S Government Securities	\$ 17,612,152	\$ 1,387,591
Public Funds Investment Pools	17,537,016	10,955,930
Municipal Bonds	8,428,803	1,534,078
Certificates of Deposit	6,241,000	492,000
<b>Total Investments</b>	<b>\$ 49,818,971</b>	<b>\$ 14,369,599</b>
Total Cash and Deposits	\$ 16,231,538	\$ 44,495,574
Total Investments	49,818,971	14,369,599
<b>Total Deposits and Investments</b>	<b>\$ 66,050,509</b>	<b>\$ 58,865,173</b>
Cash and Temporary Investments (Exhibit 1)	\$ 16,231,538	\$ 44,987,574
Investments (Exhibit 1)	49,818,971	13,877,599
<b>Total Deposits and Investments</b>	<b>\$ 66,050,509</b>	<b>\$ 58,865,173</b>

As of August 31, 2022 the District had the following investments and maturities:

**Investment Maturities in Years**

<b>Investment Type</b>	<b>Fair Value</b>	<b>Less than 1</b>	<b>1 to 2</b>	<b>2 to 5</b>	<b>5 to 10</b>
Public Funds Investment Pools	\$ 17,537,016	\$ 17,537,016	\$ -	\$ -	\$ -
U.S. Government Securities	17,612,152	5,878,044	3,404,331	7,970,162	359,615
Municipal Bonds	8,428,803	4,173,752	3,056,497	1,198,554	-
Certificates of Deposit	6,241,000	6,241,000	-	-	-
Total Fair Value	<b>\$ 49,818,971</b>	<b>\$ 33,829,812</b>	<b>\$ 6,460,828</b>	<b>\$ 9,168,716</b>	<b>\$ 359,615</b>

As of August 31, 2021 the District had the following investments and maturities:

**Investment Maturities in Years**

<b>Investment Type</b>	<b>Fair Value</b>	<b>Less than 1</b>	<b>1 to 2</b>	<b>2 to 5</b>	<b>5 to 10</b>
Public Funds Investment Pools	\$ 10,955,930	\$ 10,955,930	\$ -	\$ -	\$ -
U.S. Government Securities	1,387,591	126,104	202,634	611,290	447,563
Municipal Bonds	1,534,078	435,340	1,098,738	-	-
Certificates of Deposit	492,000	492,000	-	-	-
Total Fair Value	<b>\$ 14,369,599</b>	<b>\$ 12,009,374</b>	<b>\$ 1,301,372</b>	<b>\$ 611,290</b>	<b>\$ 447,563</b>

**Interest Rate Risk:** In order to limit exposure to fair value losses arising from increasing interest rates, the District has established maturity limitations for each fund group. Operating funds are primarily invested in instruments that offer high liquidity and have maturities corresponding with the short to intermediate operating needs of the District. Plant funds and other capital project funds have maturities which correspond to the associated project or debt service dates. Endowment funds are invested in long-term treasury, agency, municipal securities, and certificate of deposit. In addition, state law limits the maturities of collateralized mortgage obligations to no more than 10 years and limits maturities of commercial paper and banker's acceptances to no more than 270 days. Repurchase agreements are limited to 2 years and reverse repurchase agreements are not to exceed 90 days.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

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

**Credit Risk:** In accordance with state law and the District’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 of states, agencies, counties, cities and other political subdivisions must be rated at least A. Applicable credit ratings of investments at August 31, 2022 and 2021 are reported below:

<u>Investment Type</u>	<u>Credit Rating</u>
Municipal Bonds	S&P: A thru AAA
U.S. Government Securities	S&P: AA+
TexPool	S&P: AAAm
Lone Star Government Overnight	S&P: AAAm
TexSTAR	S&P: AAAm
Texas Daily	S&P: AAAm

**Concentration of Credit Risk:** The District does not place a limit on the amount the District may invest in any one issuer. More than 5% of the District’s investments are in FHLB Bonds (87.74%) and US Treasury Notes (10.09%).

**Custodial Credit Risk:** The District’s investments have no custodial credit risk

**Note 5 - Fair Value of Financial Instruments**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value measurements were arrived at using the following inputs at August 31, 2022 and 2021:

<u>Investment Type</u>	<u>Quoted Prices in</u>			<u>2022</u>
	<u>Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>	
U.S. Government Securities	\$ 17,612,152	\$ -	\$ -	\$ 17,612,152
Public Funds Investment Pools	17,537,016	-	-	17,537,016
Municipal Bonds	8,428,803	-	-	8,428,803
Certificates of Deposit	-	6,241,000	-	6,241,000
<b>Total</b>	<b>\$ 43,577,971</b>	<b>\$ 6,241,000</b>	<b>\$ -</b>	<b>\$ 49,818,971</b>

<u>Investment Type</u>	<u>Quoted Prices in</u>			<u>2021</u>
	<u>Active Markets for Identical Assets Level 1</u>	<u>Significant Other Observable Inputs Level 2</u>	<u>Significant Unobservable Inputs Level 3</u>	
U.S. Government Securities	\$ 1,387,591	\$ -	\$ -	\$ 1,387,591
Public Funds Investment Pools	10,955,930	-	-	10,955,930
Municipal Bonds	1,534,078	-	-	1,534,078
Certificates of Deposit	-	492,000	-	492,000
<b>Total</b>	<b>\$ 13,877,599</b>	<b>\$ 492,000</b>	<b>\$ -</b>	<b>\$ 14,369,599</b>

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 6 - AD Valorem Taxes Receivable**

The District'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, 2022	
Assessed valuation of the District	\$ 37,930,122,386
Less exemptions	<u>(1,802,803,268)</u>
Net assessed valuation of the District	<u>\$ 36,127,319,118</u>
At August 31, 2021	
Assessed valuation of the District	\$ 39,582,767,699
Less exemptions	<u>(1,728,002,750)</u>
Net assessed valuation of the District	<u>\$ 37,854,764,949</u>

At August 31, 2022

	<u>Maintenance and Operation</u>	<u>Debt Service</u>	<u>Total</u>
Authorized tax rate per \$100 valuation (Maximum per enabling legislation)	\$ 0.3000	\$ 0.5000	\$ 0.8000
Assessed tax rate per \$100 valuation	\$ 0.0931	\$ 0.0080	\$ 0.1012

At August 31, 2021

	<u>Maintenance and Operation</u>	<u>Debt Service</u>	<u>Total</u>
Authorized tax rate per \$100 valuation (Maximum per enabling legislation)	\$ 0.3000	\$ 0.5000	\$ 0.8000
Assessed tax rate per \$100 valuation	\$ 0.0847	\$ 0.0075	\$ 0.0922

Taxes levied for the years ended August 31, 2022 and 2021 are \$36,543,085 and \$34,925,816, respectively. 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.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 6 - AD Valorem Taxes Receivable (continued)**

At August 31, 2022

<u>Taxes Collected</u>	<b>Current</b>		<b>Total</b>
	<b>Operations</b>	<b>Debt Service</b>	
Current taxes collected	\$ 32,505,805	\$ 2,832,616	\$ 35,338,421
Delinquent taxes collected	520,922	45,394	566,316
Penalties and interest collected	267,799	23,337	291,136
Total collections	<u>\$ 33,294,526</u>	<u>\$ 2,901,347</u>	<u>\$ 36,195,873</u>

At August 31, 2021

<u>Taxes Collected</u>	<b>Current</b>		<b>Total</b>
	<b>Operations</b>	<b>Debt Service</b>	
Current taxes collected	\$ 31,919,310	\$ 2,834,635	\$ 34,753,945
Delinquent taxes collected	338,483	30,059	368,542
Penalties and interest collected	224,524	19,939	244,463
Total collections	<u>\$ 32,482,317</u>	<u>\$ 2,884,633</u>	<u>\$ 35,366,950</u>

Tax collections (including penalties, interest and delinquent collections) for the years ended August 31, 2022 and 2021 were in excess of 100% of the respective year 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.

Ad valorem taxes receivable includes the following:

	<b>2022</b>	<b>2021</b>
Current unrestricted fund	\$ 1,119,901	\$ 1,314,223
Debt service fund	104,303	55,008
	<u>1,224,204</u>	<u>1,369,231</u>
Allowance for uncollectible taxes	(428,471)	(479,230)
Net ad valorem taxes receivable	<u>\$ 795,733</u>	<u>\$ 890,001</u>

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 7 - Capital Assets**

Capital assets activity for the year ended August 31, 2022, was as follows:

	<b>Balance September 1, 2021</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance August 31, 2022</b>
<b>Not Depreciated:</b>				
Land	\$ 2,550,250	\$ -	\$ -	\$ 2,550,250
Collectibles	49,000	-	-	49,000
Construction in process	74,201	4,971,080	-	5,045,281
<b>Subtotal</b>	<b>2,673,451</b>	<b>4,971,080</b>	<b>-</b>	<b>7,644,531</b>
<b>Other Capital Assets:</b>				
Buildings	126,662,990	1,086,862	300,000	127,449,852
Land improvements	12,478,662	-	-	12,478,662
Leasehold improvements	572,427	-	-	572,427
Library books	2,374,138	65,011	-	2,439,149
Furniture, machinery, vehicles and other equipment	20,418,388	1,044,927	319,381	21,143,934
<b>Subtotal</b>	<b>162,506,605</b>	<b>2,196,800</b>	<b>619,381</b>	<b>164,084,024</b>
<b>Accumulated Depreciation:</b>				
Buildings	43,112,310	2,847,915	138,500	45,821,725
Land improvements	5,469,529	606,274	-	6,075,803
Leasehold improvements	133,933	22,017	-	155,950
Library books	1,966,049	48,608	-	2,014,657
Furniture, machinery, vehicles and other equipment	15,485,207	1,140,770	256,709	16,369,268
<b>Subtotal</b>	<b>66,167,028</b>	<b>4,665,584</b>	<b>395,209</b>	<b>70,437,403</b>
<b>Net Other Capital Assets</b>	<b>96,339,577</b>	<b>(2,468,784)</b>	<b>224,172</b>	<b>93,646,621</b>
<b>Net Capital Assets</b>	<b>\$ 99,013,028</b>	<b>\$ 2,502,296</b>	<b>\$ 224,172</b>	<b>\$ 101,291,152</b>

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 7 - Capital Assets (continued)**

Capital assets activity for the year ended August 31, 2021, was as follows:

	<b>Balance September 1, 2020</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance August 31, 2021</b>
<b>Not Depreciated:</b>				
Land	\$ 2,550,250	\$ -	\$ -	\$ 2,550,250
Collectibles	49,000	-	-	49,000
Construction in process	30,979	733,274	690,052	74,201
<b>Subtotal</b>	<b>2,630,229</b>	<b>733,274</b>	<b>690,052</b>	<b>2,673,451</b>
<b>Other Capital Assets:</b>				
Buildings	125,972,938	690,052	-	126,662,990
Land improvements	12,478,662	-	-	12,478,662
Leasehold improvements	572,427	-	-	572,427
Library books	2,304,628	69,510	-	2,374,138
Furniture, machinery, vehicles and other equipment	19,383,663	1,238,508	203,783	20,418,388
<b>Subtotal</b>	<b>160,712,318</b>	<b>1,998,070</b>	<b>203,783</b>	<b>162,506,605</b>
<b>Accumulated Depreciation:</b>				
Buildings	40,270,100	2,842,210	-	43,112,310
Land improvements	4,863,339	606,190	-	5,469,529
Leasehold improvements	111,915	22,018	-	133,933
Library books	1,915,351	50,698	-	1,966,049
Furniture, machinery, vehicles and other equipment	14,467,109	1,201,179	183,081	15,485,207
<b>Subtotal</b>	<b>61,627,814</b>	<b>4,722,295</b>	<b>183,081</b>	<b>66,167,028</b>
<b>Net Other Capital Assets</b>	<b>99,084,504</b>	<b>(2,724,225)</b>	<b>20,702</b>	<b>96,339,577</b>
<b>Net Capital Assets</b>	<b>\$ 101,714,733</b>	<b>\$ (1,990,951)</b>	<b>\$ 710,754</b>	<b>\$ 99,013,028</b>

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 8 - Long-Term Liabilities**

Long-term liability activity for the year ended August 31, 2022, was as follows:

	<b>Balance September 31, 2021</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance August 31, 2022</b>	<b>Current Portion</b>
<b>Bonds</b>					
General obligation bonds	\$ 14,230,978	\$ 11,689,536	\$ 14,230,978	\$ 11,689,536	\$ 2,695,612
Revenue bonds	7,045,000	-	920,000	6,125,000	965,000
<b>Total Bonds</b>	<b>21,275,978</b>	<b>11,689,536</b>	<b>15,150,978</b>	<b>17,814,536</b>	<b>3,660,612</b>
<b>Other Liabilities</b>					
Compensated absences	2,289,150	2,080	244,199	2,047,031	802,309
Net pension liability	11,914,165	-	6,533,234	5,380,931	-
Net OPEB liability	33,962,112	6,249,222	2,009,485	38,201,849	785,111
<b>Total Other Liabilities</b>	<b>48,165,427</b>	<b>6,251,302</b>	<b>8,786,918</b>	<b>45,629,811</b>	<b>1,587,420</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 69,441,405</b>	<b>\$ 17,940,838</b>	<b>\$ 23,937,896</b>	<b>\$ 63,444,347</b>	<b>\$ 5,248,032</b>

Long-term liability activity for the year ended August 31, 2021, was as follows:

	<b>Balance September 31, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance August 31, 2021</b>	<b>Current Portion</b>
<b>Bonds</b>					
General obligation bonds	\$ 16,805,708	\$ -	\$ 2,574,730	\$ 14,230,978	\$ 2,653,860
Revenue bonds	7,965,000	-	920,000	7,045,000	935,000
<b>Total Bonds</b>	<b>24,770,708</b>	<b>-</b>	<b>3,494,730</b>	<b>21,275,978</b>	<b>3,588,860</b>
<b>Other Liabilities</b>					
Compensated absences	2,181,538	108,920	1,308	2,289,150	892,037
Net pension liability	10,751,196	2,080,820	917,851	11,914,165	-
Net OPEB liability	30,113,175	10,177,421	6,328,484	33,962,112	1,132,855
<b>Total Other Liabilities</b>	<b>43,045,909</b>	<b>12,367,161</b>	<b>7,247,643</b>	<b>48,165,427</b>	<b>2,024,892</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 67,816,617</b>	<b>\$ 12,367,161</b>	<b>\$ 10,742,373</b>	<b>\$ 69,441,405</b>	<b>\$ 5,613,752</b>

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 9 - Debt Obligations**

Bonds Payable

Debt service requirements at August 31, 2022, were as follows:

For the Year Ended August 31,	Revenue Bonds		General Obligation Bonds		Total Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 965,000	\$ 132,075	\$ 2,450,000	\$ 266,500	\$ 3,415,000	\$ 398,575
2024	985,000	110,250	2,585,000	205,250	3,570,000	315,500
2025	1,005,000	88,032	2,735,000	140,625	3,740,000	228,657
2026	1,030,000	65,250	2,890,000	72,250	3,920,000	137,500
2027	1,050,000	41,963	-	-	1,050,000	41,963
2028	1,090,000	18,169	-	-	1,090,000	18,169
Total cash payments	6,125,000	455,739	10,660,000	684,625	16,785,000	1,140,364
Unamortized Premium	-	-	1,029,536	(1,029,536)	1,029,536	(1,029,536)
Total	\$ 6,125,000	\$ 455,739	\$ 11,689,536	\$ (344,911)	\$ 17,814,536	\$ 110,828

**Note 10 - Bonds Payable**

2021 General Obligation Refunding Bonds

- General Obligation Refunding Bonds, Series 2021.
- The bonds were used to refund the General Obligation Bonds, Series 2012.
- Issued December 2, 2021.
- Original amount issued \$10,685,000; amount authorized \$10,685,000.
- Bond issued at a net premium of \$1,296,589.
- Source of payment – Ad valorem taxes.

The bonds payable are due in semi-annual installments carrying from \$15,000 to \$2,962,250 with interest rates ranging from 0.22% to 0.71%. The average coupon rate is 5%. The final installment is due in 2026. The refunding reduced its total debt service payment by \$557,716 and to obtain an economic gain (the difference between the present value savings on the new and old bonds) of \$542,608.

2012 General Obligation Refunding Bonds

- General Obligation Refunding Bonds, Series 2012
- The bonds were used for an advance refunding of the General Obligation Bonds, Series 2005.
- Issued May 23, 2012
- Original amount issued \$26,839,052; amount authorized \$26,839,052.
- Bond issued at a net premium of \$3,443,375.
- Source of payment – Ad valorem taxes

The bonds payable are due in semi-annual installments varying from \$679,550 to \$3,100,825 with interest rates ranging from 2% to 22.9%. The average coupon rate is 3.7%. These bonds were refunded with an advanced bond refunding. The refunding occurred on December 2, 2021 with the General Obligation Refunding Bonds, Series 2021.

2016 Revenue Refunding Bonds

- District Building Refunding Revenue Bonds, Series 2016
- The bonds were used for an advance refunding of the Revenue Refunding Bonds, Series 2008.
- Issued May 1, 2016
- Original amount issued \$9,710,000; amount authorized \$9,710,000.
- Source of payment – pledged revenues

The bonds payable are due in semi-annual installments varying from \$180,107 to \$551,231 with interest rate of 2.25%. The final installment is due in 2022.



**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 11 - Disaggregation of Receivables and Payables Balances**

**Receivables**

Receivables at August 31, were as follows:

	<u>2022</u>	<u>2021</u>
Student Receivables	\$ 1,347,700	\$ 1,474,522
Taxes Receivable	1,268,999	1,369,231
State Receivable	125,316	43,566
Federal Receivable	949,214	773,129
Accounts Receivable	1,129,304	465,335
Interest Receivable	<u>189,685</u>	<u>34,183</u>
Subtotal	5,010,218	4,159,966
Allowance for Doubtful Accounts	<u>(2,225,412)</u>	<u>(2,448,778)</u>
Total Receivables	<u>\$ 2,784,806</u>	<u>\$ 1,711,188</u>

**Payables**

Payables at August 31, were as follows:

	<u>2022</u>	<u>2021</u>
Vendors Payable	\$ 3,289,755	\$ 2,578,641
Students Payable	-	-
Total Payables	<u>\$ 3,289,755</u>	<u>\$ 2,578,641</u>

**Note 12 - Defined Benefit Pension Plan**

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

**A. Plan Description**

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system

**B. Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at Annual Comprehensive Financial Report Archived Editions (texas.gov) or by writing to TRS at 1000 Red River Street, Austin, Texas, 78701-2698.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 12 - Defined Benefit Pension Plan (continued)**

**C. Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member’s age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member’s age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description in (A) above.

Texas Government Code Section 821.006 prohibits benefit improvements if, as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years or, if the amortization period already exceeds 31 years, the period would be increased by such action.

**D. Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member’s annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2021 through 2025.

	<u>2022</u>	<u>2021</u>
Member	8.00%	7.70%
Non-Employer Contributing Entity (State)	7.75%	7.50%
District	7.75%	7.50%
2021 District Contributions	\$	821,218
2021 State of Texas On-behalf Contributions	\$	568,634
2021 Member Contributions	\$	1,471,304

The District’s contributions to the TRS plan in 2021 were \$902,798 as reported in the Schedule of District Contributions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2021 were \$568,634.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 12 - Defined Benefit Pension Plan (continued)**

**D. Contributions (continued)**

Public junior college or junior college districts are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

The total pension liability in the August 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2020 rolled forward to August 31, 2021
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return*	7.25%
Municipal Bond Rate*	1.95%
Last year ending August 31 Projection period (100 years)	2120
Inflation	2.30%
Salary Increases	3.05% to 9.05% including inflation
Ad-hoc post-employment benefit changes	None

\* Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

The actuarial methods and assumptions were selected by the TRS Board of Trustees based upon analysis and recommendations by the system's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2020.

**E. Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 8.50% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 12 - Defined Benefit Pension Plan (continued)**

**E. Discount Rate (continued)**

Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in TRS’ target asset allocation as of August 31, 2021, are summarized below:

<b>Asset Class</b>	<b>FY 2021 Target Allocation*</b>	<b>New Target Allocation**%</b>	<b>Long-Term Expected Geometric Real Rate of Return***</b>
<b>Global Equity:</b>			
USA	18.0%	3.6%	0.94%
Non-U.S. Developed	13.0%	4.4%	0.83%
Emerging Markets	9.0%	4.6%	0.74%
Directional Hedge Funds	0.0%	0.0%	0.00%
Private Equity	14.0%	6.3%	1.36%
<b>Stable Value:</b>			
U.S. Treasuries****	16.0%	-0.2%	0.01%
Stable Value Hedge Funds	5.0%	2.2%	0.12%
Absolute Return (Including Credit Sensitive Investments)	0.0%	1.1%	0.00%
<b>Real Return:</b>			
Global Inflation Linked Bonds****	0.0%	0.0%	0.00%
Real Assets	15.0%	4.5%	1.00%
Energy, Natural Resources and Infrastructure	6.0%	4.7%	0.35%
Commodities	0.0%	1.7%	0.00%
<b>Risk Parity:</b>			
Risk Parity	8.0%	2.8%	0.28% *****
<b>Asset Allocation Leverage</b>			
Cash	2.0%	-0.7%	-0.01%
Asset Allocation Leverage	-6.0%	-0.5%	0.03%
Inflation Expectation	0.0%	0.0%	2.20%
Volatility Drag	0.0%	0.0%	-0.95%
<b>Total</b>	<b>100.0%</b>		<b>6.90%</b>

\* FY 2021 Target Allocation based on the Strategic Asset Allocation dated 10/1/2020

\*\* New target allocation based on the Strategic Asset Allocation dated 10/1/2021

\*\*\* 10-Year annualized geometric nominal returns include the real rate of return and inflation o 2.1%

\*\*\*\* New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds

\*\*\*\*\* 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

Source: Teacher Retirement System of Texas 2021 Annual Comprehensive Financial Report

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 12 - Defined Benefit Pension Plan (continued)**

**F. Discount rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used 7.25% in measuring the 2021 Net Pension Liability.

	<b>1% Decrease in Discount - Rate 6.25%</b>	<b>Discount Rate 7.25%</b>	<b>1% Increase in Discount rate 8.25%</b>
The District's proportionate share of the net pension liability:	\$ 11,758,191	\$ 5,380,931	\$ 207,040

**G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At August 31, 2022, the District reported a liability of \$5,380,931 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

The District's proportionate share of the collective net pension liability	\$ 5,380,931
State's proportionate share that is associated with the District	<u>3,387,838</u>
Total	<u><u>\$ 8,768,769</u></u>

The net pension liability was measured as of August 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2020 through August 31, 2021.

At the measurement date of August 31, 2021 the employer's proportion of the collective net pension liability was 0.0211295%, which was a decrease of 0.0011159% from its proportion measured as of August 31, 2020.

**Changes Since the Prior Actuarial Valuation**

- Assumed rates of pre-retirement and post-disability mortality for all State Agency members, assumes rates of termination and retirement for certain CPO/CO members and assumed salary and aggregate payroll increases have been updated to reflect assumptions adopted by the ERS Trustees since the last valuation date. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.

**Economic Assumptions**

- Assumed per capita health benefit costs, and health benefit costs and retiree contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on short-term expectations.
- The Patient-Centered Outcome Research Institute (PCORI) fees payable under the Affordable Care Act have been updated since the previous valuation to reflect IRS Notice 2020-44 published June 8, 2020.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 12 - Defined Benefit Pension Plan (continued)**

**G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

- Assumed inflation has been updated to reflect an assumption adopted by the ERS Trustees since the last valuation date. This new assumption was adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.
- The discount rate was changed from 2.97 percent to 2.20 percent as a result of requirements by GASB Statement 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/ Aa (or equivalent) or higher in effect on the measurement date.

Changes in Benefit Terms Since the Prior Actuarial Valuation

- Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2021, are provided for in the FY2021 Assumed Per Capita Health Benefit Costs. There were no benefit changes for HealthSelect retirees and the dependents for whom Medicare is primary.

For the year ended August 31, 2022, the District recognized pension expense of \$98,161 as well as on-behalf revenue and pension expense of \$13,544 representing pension expense incurred by the State on-behalf of the District.

At August 31, 2022, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 9,005	\$ 378,822
Changes in actuarial assumptions	1,902,054	829,133
Net difference between projected and actual investment earnings	334,225	4,846,066
Changes in proportion and difference between the employer’s contributions and proportionate share of contributions	466,253	512,727
Contributions paid to TRS subsequent to the measurement date*	920,141	-
<b>Total</b>	<b>\$ 3,631,678</b>	<b>\$ 6,566,748</b>

\* The \$920,141 reported as Deferred Outflows of Resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended August 31, 2023.

The net amounts of the employer’s balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended August 31:</b>	<b>Pension Expense Amount</b>
2023	\$ (683,449)
2024	(675,009)
2025	(1,045,121)
2026	(1,329,225)
2027	(86,592)
Thereafter	(35,815)
	<b>\$ (3,855,211)</b>

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 13 - Other Retirement Plan**

**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 Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.6% and 6.65%, respectively. The District contributes .9% for employees who were participating in the Optional Retirement Program prior to September 1, 1995, and .9% for all other employees. 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. Effective September 1, 2013, Senate Bill (S.B.) 1812 limits the amount of the state's contribution to 50% of the cost of eligible employees in the reporting district.

The retirement expense for the Optional Retirement Program to the State for the District was \$703,920 and \$173,564 for the fiscal years ended August 31, 2022 and 2021, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the District.

The total payroll for all District employees was \$28,157,076 and \$27,435,841 for fiscal years 2022 and 2021, respectively. The total payroll of employees covered by the Optional Retirement Program was \$5,818,737 and \$5,699,465 for fiscal years 2022 and 2021, respectively.

**Note 14 - Postemployment Benefits Other Than Pensions**

**Plan Description.** The District participates in a cost-sharing, multiple-employer, other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

**OPEB Plan Fiduciary Net Position.** Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management>; or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377.

**Benefits Provided.** Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 14 - Postemployment Benefits Other Than Pensions (continued)**

**Contributions.** 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. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

The following table summarizes the maximum monthly employer contribution toward eligible retirees’ health and basic life premium. The District shall reimburse a portion of dental insurance, if enrolled, and for a maximum of the cost of retiree fixed optional life insurance coverage in the amount of \$10,000 until age 70, if enrolled. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

**Maximum Monthly Employer Contribution  
Retiree Health and Basic Life Premium  
Fiscal Year FY22**

Retiree only	\$	625
Retiree & Spouse		982
Retiree & Children		864
Retiree & Family		1,222

Contributions of premiums to the GBP plan for the current and prior fiscal year by source is summarized in the following table:

**Premium Contributions by Source  
Group Benefits Program Plan  
For the Years Ended August 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Employers	\$ 224,904	\$ 232,367
Members (employees)	134,517	130,910
Nonemployer Contributing Entity (State of Texas)	14,969	12,317

Source: ERS FY2021 Annual Comprehensive Financial Report

**Actuarial Assumptions.** The total OPEB liability was determined by an actuarial valuation as of August 31, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Assumptions  
ERS Group Benefits Program Plan**

Valuation date	August 31, 2021
Actuarial cost method	Entry Age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	2.14%



**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 14 - Postemployment Benefits Other Than Pensions (continued)**

Projected annual salary increase (includes inflation)	2.30% to 9.05%
Annual healthcare trend rate	5.25% for FY2023, 5.15% for FY2024, 5.00% for FY 2025, 4.75 for FY2026, 4.60% for FY2027, decreasing 10 basis points per year to 4.30% for 2030 and later years
Inflation assumption rate	2.30%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018.
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014.

Source: FY 2021 ERS Annual Comprehensive Financial Report

Many of the actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2010 to August 31, 2017 for higher education members.

**Investment Policy.** The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System’s Board of Trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4%.

**Discount Rate.** Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.20%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.14%, which amounted to a decrease of 0.06%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody’s Investors Service’s Aa2 rating and Standard & Poor’s Corp’s AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 14 - Postemployment Benefits Other Than Pensions (continued)**

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact on the District’s proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used 2.14% in measuring the net OPEB Liability.

	<b>1% Decrease in Discount Rate 1.14%</b>	<b>Discount Rate 2.14%</b>	<b>1% Increase in Discount Rate 3.14%</b>
District’s Proportionate share of the net OPEB liability (in thousands)	\$ 45,500	\$ 38,202	\$ 32,492

**Healthcare Trend Rate Sensitivity Analysis.** The initial healthcare trend rate is 5.25% and the ultimate rate is 4.3%. The following schedule shows the impact on the District’s proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (5.25%) in measuring the net OPEB liability.

	<b>1% Decrease Healthcare Cost Trend Rates (4.25% decreasing to 3.3%)</b>	<b>Current Healthcare Cost Trend Rates (5.25% decreasing to 4.3%)</b>	<b>1% Increase in Healthcare Cost trend Rates (6.25% decreasing to 5.3%)</b>
District’s Proportionate share of the net OPEB liability (in thousands)	\$ 31,990	\$ 38,202	\$ 46,341

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** At August 31, 2022, the District reported a liability of \$38,201,849 for its proportionate share of the ERS’s net OPEB liability. This liability reflects a reduction for State support provided to the District for OPEB. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

The District’s Proportionate share of the collective net OPEB liability	\$ 38,201,849
State’s Proportionate share that is associated with District	<u>22,652,843</u>
	<u>\$ 60,854,692</u>

The net OPEB liability was measured as of August 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer’s proportion of the net OPEB liability was based on the employer’s contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2020, thru August 31, 2021.

At the measurement date of August 31, 2021, the employer’s proportion of the collective net OPEB liability was 0.1064845% which was 0.0037080% higher compared to August 31, 2020.

For the year ended August 31, 2022, the District recognized OPEB expense of \$276,384 and revenue of \$276,384 for support provided by the State.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 14 - Postemployment Benefits Other Than Pensions (continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. (continued)**

Changes Since the Prior Actuarial Valuation – Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was decreased from 2.20% to 2.14% to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

Changes of Benefit Terms Since Prior Measurement Date – The following benefit revisions have been adopted since the prior valuation:

- An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary

At August 31, 2022 the District reported its proportionate share of the ERS plan’s collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ -	\$ 937,048
Changes in actuarial assumptions	2,615,448	4,254,831
Difference between projected and actual investment return	6,766	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	8,437,553	962,827
Contributions subsequent to the measurement date*	463,653	-
Total	<u>\$ 11,523,420</u>	<u>\$ 6,154,706</u>

\* The \$463,653 reported as Deferred Outflows of Resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the year ended August 31, 2022.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 14 - Postemployment Benefits Other Than Pensions (continued)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. (continued)**

The net amounts of the employer’s balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended August 31:</b>	<b>OPEB Expense Amount</b>
2023	\$ 1,300,646
2024	1,687,875
2025	987,829
2026	653,209
2027	275,502
	<u>\$ 4,905,061</u>

**Note 15 - Compensated Absences**

Financial Reporting for Claims and Judgments and Compensated Absences.

To accrue vacation, an individual must be employed on a full-time basis for a twelve-month appointment. Employees can earn annual vacation leave at the rate of 80 hours per year for the first 9 years up to a maximum of 160 hours per year after 20 years of service. There is no requirement that annual leave be taken, but the maximum permissible accumulation is 120 hours for employees with less than 10 years of service. Employees with 10-19 years of service may accumulate up to 180 hours and employees with 20 years of service or more may accumulate up to 240 hours. At termination, employees are paid for any accumulated annual vacation leave not to exceed their annual entitlement. The liability for accumulated unpaid vacation leave was approximately \$697,896 and \$746,531 on August 31, 2022 and 2021, respectively.

Employees earn sick leave at the rate of 12 hours per month for the first six months of employment, and at a rate of 8 hours for each month thereafter. Sick days may be accumulated up to 720 hours. Upon retirement, or upon termination with 10 years or more service, the employee may be paid for any accumulated sick leave in excess of 240 hours, at a rate of 1/2 of the employee’s current base hourly rate. If an employee terminates prior to 10 years of continuous full-time service, all accumulated sick leave is forfeited. The accrued sick leave amounted to approximately \$1,244,722 and \$1,397,113 on August 31, 2022 and 2021, respectively. As of August 31, 2022 and 2021, non-exempt employees have accrued approximately \$104,413 and \$145,506, respectively, in compensatory time.

**Note 16 - Litigation**

In the ordinary course of business, the District is involved with various claims and potential litigation. Management does not believe that any of these matters will have a material adverse effect on the financial position of the District.

**Note 17 - Contracts 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 expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant award funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2022 and 2021 for which monies have not been received nor funds expended total \$595,290 and \$686,037, respectively. All of these amounts were from federal contract and grant awards.

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (continued)**

**Note 18 - Income Taxes**

The District is exempt from income taxes under Internal Revenue Code Section 115, Income of States Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The District had no unrelated business income tax liability for the years ended August 31, 2022 and 2021.

**Note 19 - Split Interest Agreements**

On September 30, 2022 the administration of the Hodge J. Howard Unitrust transitioned to the Fiduciary Terminations and Transfers Team due to the death of Samuel P. Nesmith, the last living heir, which occurred on October 18, 2018. 25% of the Unitrust will be distributed to Midland College in accordance with the governing trust documents. The Fair Market Value of the Hodge, J Howard Unitrust was \$606,173 as of August 31, 2022. Midland College removed \$42,694 of the previously amortized amount and recognized \$152,043 as “Funds Held by Others.”

**Note 20 - Commitments**

As of August 31, 2022, the District has awarded the following contracts for projects that are in progress:

Adolfson & Peterson Construction - Pre-K Academy	\$ 24,969,298
Project Control - Pre-K Academy	176,000
Parkhill - Pre-K Academy	460,626
Calian Corp - Network Upgrade	160,280
Parkhill - Dining Hall	64,364

**Note 21 - Related Party**

Midland College Foundation, Inc. (the “Foundation”), an independent corporation organized for the purpose of fund raising to benefit the District, made contributions of \$10,178,215 and \$4,046,071 in fiscal years 2022 and 2021, respectively. Two trustees of the District is also on the Board of Directors of the Foundation.

**Note 22 - Branch Campus Maintenance Tax**

A branch campus maintenance tax that is established by election is levied by Pecos County. It 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 county. Collections are transferred to the District to be used for operation of a Branch Campus at Fort Stockton, Texas. This revenue is reported under Local Grants and Contracts.

	<u>2022</u>	<u>2021</u>
County or Independent School District:	Collections (including penalties and interest)	Collections (including penalties and interest)
Pecos County	\$ 1,110,430	\$ 1,118,875

**REQUIRED SUPPLEMENTARY INFORMATION**

**MIDLAND COLLEGE DISTRICT**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**For the Last Eight Measurement Years <sup>2</sup>**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportionate share of collective net pension liability (%)	0.0211295%	0.0222454%	0.0206821%	0.0206770%	0.0209193%	0.0210081%	0.0214909%	0.0240000%
District's proportionate share of collective net pension liability (\$)	\$ 5,380,931	\$ 11,914,165	\$ 10,751,196	\$ 11,381,158	\$ 6,688,879	\$ 7,938,654	\$ 7,596,747	\$ 6,410,732
State's proportionate share of net pension liability associated with District	<u>3,387,838</u>	<u>6,673,683</u>	<u>7,275,293</u>	<u>7,908,667</u>	<u>4,490,670</u>	<u>5,568,440</u>	<u>5,178,200</u>	<u>4,326,729</u>
Total	<u>\$ 8,768,769</u>	<u>\$ 18,587,848</u>	<u>\$ 18,026,489</u>	<u>\$ 19,289,825</u>	<u>\$ 11,179,549</u>	<u>\$ 13,507,094</u>	<u>\$ 12,774,947</u>	<u>\$ 10,737,461</u>
District's covered-employee payroll	\$ 19,107,864	\$ 18,447,862	\$ 17,447,336	\$ 16,884,581	\$ 16,349,262	\$ 16,106,059	\$ 15,256,625	\$ 14,206,012
District's proportionate share of collective net pension liability as a percentage of covered-employee payroll	28.16%	64.58%	61.62%	67.41%	40.91%	49.29%	49.79%	45.13%
Plan fiduciary net position as percentage of the total pension liability	75.24%	75.24%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

The amounts presented above are as of the measurement date of the collective net pension liability

<sup>2</sup> Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Note 1: Changes of Benefit Terms Include:**

Minor benefit revisions have been adopted since the prior valuation. These changes, which are not expected to have a significant impact on plan costs for FY2021, are provided for in the FY2021 Assumed Per Capita Health Benefit Costs. There were no benefit changes for Health Select retirees and the dependents for whom Medicare is primary.

**Note 2: Changes of Assumptions:**

The discount rate was changed from 2.97 percent to 2.20 percent as a result of requirements by GASB Statement 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/ Aa (or equivalent) or higher in effect on the measurement date.

**MIDLAND COLLEGE DISTRICT**  
**SCHEDULE OF DISTRICT'S PENSIONS CONTRIBUTIONS**  
**TEACHER RETIREMENT SYSTEM OF TEXAS**  
**For the Last Eight Fiscal Years<sup>2</sup>**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Legally required Pension contributions	\$ 907,836	\$ 902,798	\$ 918,712	\$ 720,736	\$ 701,445	\$ 685,906	\$ 686,879	\$ 606,222
Actual Pension contributions	<u>907,836</u>	<u>902,798</u>	<u>918,712</u>	<u>720,736</u>	<u>701,445</u>	<u>685,906</u>	<u>686,879</u>	<u>606,222</u>
Pension contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll amount	\$ 19,773,566	\$ 19,107,864	\$ 18,447,862	\$ 17,447,336	\$ 16,884,581	\$ 16,349,262	\$ 16,106,059	\$ 15,256,625
Contributions as a percentage of covered-employee payroll	4.59%	4.72%	4.98%	4.13%	4.15%	4.20%	4.26%	3.97%

The amounts presented above are as of the measurement date of the collective net pension liability

<sup>2</sup>Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



**MIDLAND COLLEGE DISTRICT**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY  
EMPLOYEES RETIREMENT SYSTEM OF TEXAS - STATE RETIREE HEALTH PLAN  
For the Last Five Measurement Years<sup>2</sup>**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportionate share of collective net OPEB liability (%)	<b>0.1064845%</b>	<b>0.1027765%</b>	<b>0.0871263%</b>	<b>0.0920000%</b>	<b>0.0665013%</b>
District's proportionate share of collective net OPEB liability (\$)	\$ 38,201,849	\$ 33,962,112	\$ 30,113,175	\$ 27,254,344	\$ 22,658,999
State's proportionate share of net OPEB liability associated with District	<u>22,652,843</u>	<u>20,860,688</u>	<u>26,390,267</u>	<u>22,216,096</u>	<u>19,971,590</u>
Total	<u>\$ 60,854,692</u>	<u>\$ 54,822,800</u>	<u>\$ 56,503,442</u>	<u>\$ 49,470,440</u>	<u>\$ 42,630,589</u>
District's covered-employee payroll	\$ 18,946,887	\$ 22,736,504	\$ 22,449,109	\$ 22,248,782	\$ 21,714,833
District's proportionate share of collective net OPEB liability as a percentage of covered-employee payroll	201.63%	149.37%	134.14%	122.50%	104.35%
Plan fiduciary net position as percentage of the total OPEB liability	0.38%	0.32%	0.17%	1.27%	2.04%

The amounts presented above are as of the measurement date of the collective net pension liability

<sup>2</sup>Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**Note 1: Changes of Benefit Terms Include:**

An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.

**Note 2: Changes of Assumptions:**

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at
  - which coverage can commence
- The percentage of future retirees assumed to be married and electing coverage for their spouse have been updated to reflect recent plan experience and expected trends.
- The discount rate assumption was decreased from 2.20% to 2.14% to utilize the updated yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

**MIDLAND COLLEGE DISTRICT**  
**SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS**  
**EMPLOYEE RETIREMENT SYSTEM OF TEXAS - STATE RETIREE HEALTH PLAN**  
**For the Last Six Fiscal Years<sup>2</sup>**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Legally required OPEB contributions	\$ 463,653	\$ 494,837	\$ 464,487	\$ 1,346,051	\$ 1,238,174	\$ 1,197,854
Actual OPEB contributions	<u>463,653</u>	<u>494,837</u>	<u>464,487</u>	<u>1,346,051</u>	<u>1,238,174</u>	<u>1,197,854</u>
Contributions deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll amount	\$ 24,335,191	\$ 18,946,887	\$ 22,736,504	\$ 22,449,109	\$ 22,248,782	\$ 21,714,833
Contributions as a percentage of covered-employee payroll	1.91%	2.61%	2.04%	6.00%	5.57%	5.52%

The amounts presented above are as of the District's respective fiscal year-end

<sup>2</sup>Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



## **SCHEDULES**

**MIDLAND COLLEGE DISTRICT**  
**SCHEDULE OF DETAILED OPERATING REVENUES**

Schedule A

Year Ended August 31, 2022

(With Memorandum Totals for the Year Ended August 31, 2021)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2022	2021
<b>Tuition:</b>						
State funded credit courses:						
In-district resident tuition	\$ 4,135,134	\$ -	\$ 4,135,134	\$ -	\$ 4,135,134	\$ 3,333,228
Out-of-district resident tuition	2,634,163	-	2,634,163	-	2,634,163	2,033,222
Non-resident tuition	516,606	-	516,606	-	516,606	511,130
TPEG – credit (set aside) <sup>1</sup>	360,214	-	360,214	-	360,214	545,354
State-funded continuing education	994,301	-	994,301	-	994,301	906,747
TPEG – non-credit (set aside) <sup>1</sup>	63,466	-	63,466	-	63,466	74,743
Non-state funded continuing educational programs	219,958	-	219,958	-	219,958	147,869
<b>Total Tuition</b>	<b>8,923,842</b>	<b>-</b>	<b>8,923,842</b>	<b>-</b>	<b>8,923,842</b>	<b>7,552,293</b>
<b>Fees:</b>						
General use fee	2,314,612	-	2,314,612	-	2,314,612	1,854,050
Lab fees	538,680	-	538,680	-	538,680	292,312
Distance learning fee	841	-	841	-	841	937,875
Other fees	97,911	-	97,911	-	97,911	99,375
<b>Total Fees</b>	<b>2,952,044</b>	<b>-</b>	<b>2,952,044</b>	<b>-</b>	<b>2,952,044</b>	<b>3,183,612</b>
<b>Scholarship Allowances and Discounts:</b>						
Scholarships	(751,886)	-	(751,886)	-	(751,886)	(751,271)
Remissions and exemptions - state	(192,273)	-	(192,273)	-	(192,273)	(214,838)
Remissions and exemptions - local	-	-	-	-	-	(175,868)
Title IV federal grants	(1,692,736)	-	(1,692,736)	-	(1,692,736)	(420,305)
Other federal grants	(516,626)	(1,543,115)	(2,059,741)	-	(2,059,741)	(1,225,126)
TPEG awards	(384,163)	-	(384,163)	-	(384,163)	(245,961)
Other state grants	(34,342)	-	(34,342)	-	(34,342)	(20,300)
Other local grants	-	-	-	-	-	-
<b>Total Scholarship Allowances</b>	<b>(3,572,026)</b>	<b>(1,543,115)</b>	<b>(5,115,141)</b>	<b>-</b>	<b>(5,115,141)</b>	<b>(3,053,669)</b>
<b>Total Net Tuition and Fees</b>	<b>8,303,860</b>	<b>(1,543,115)</b>	<b>6,760,745</b>	<b>-</b>	<b>6,760,745</b>	<b>7,682,236</b>
<b>Additional Operating Revenues:</b>						
Federal grants and contracts	65,259	7,853,248	7,918,507	-	7,918,507	4,116,755
State grants and contracts	-	691,555	691,555	-	691,555	488,554
Local grants and contracts	1,512,231	291,062	1,803,293	-	1,803,293	1,758,610
Non-governmental grants and contracts	41,575	1,461,680	1,503,255	29,200	1,532,455	2,371,328
Sales and services of educational activities	567,440	-	567,440	-	567,440	567,393
Investment income (program restricted)	-	(59,079)	(59,079)	2,603	(56,476)	212,599
General operating revenues	1,621,775	283,993	1,905,768	-	1,905,768	744,839
<b>Total Additional Operating Revenues</b>	<b>3,808,280</b>	<b>10,522,459</b>	<b>14,330,739</b>	<b>31,803</b>	<b>14,362,542</b>	<b>10,260,078</b>
<b>Auxiliary Enterprises:</b>						
Bookstore <sup>2</sup>	-	-	-	104,049	104,049	120,167
Residential/food service	-	-	-	1,013,620	1,013,620	763,573
Less discounts	-	-	-	(313,135)	(313,135)	(108,353)
Athletics	-	-	-	1,263	1,263	-
Other	-	-	-	24,769	24,769	21,318
<b>Total Net Auxiliary Enterprises</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>830,566</b>	<b>830,566</b>	<b>796,705</b>
<b>Total Operating Revenues</b>	<b>\$12,112,140</b>	<b>\$ 8,979,344</b>	<b>\$21,091,484</b>	<b>\$ 862,369</b>	<b>\$21,953,853</b>	<b>\$18,739,019</b>
					(Exhibit 2)	(Exhibit 2)

<sup>1</sup> In accordance with Education Code 56.033, \$423,680 and \$620,096 of tuition for years ended August 31, 2022 and 2021, respectively, was set aside for Texas Public Education grants (TPEG).

<sup>2</sup> The Midland College Bookstore is outsourced. Bookstore revenue is derived from lease payments. Accordingly, there are no scholarship allowances and discounts related to bookstore revenues.

**MIDLAND COLLEGE DISTRICT**  
**SCHEDULE OF OPERATING EXPENSES BY OBJECT**  
**For the Year Ended August 31, 2022**  
**(With Memorandum Totals for the Year Ended August 31, 2021)**

Schedule B

	Operating Expenses				2022	2021
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
<b>Unrestricted - Educational Activities</b>						
Instruction	\$ 13,158,355	\$ -	\$ 2,729,694	\$ 1,105,934	\$ 16,993,983	\$ 17,438,829
Public service	1,520,333	-	474,820	248,311	2,243,464	2,067,404
Academic support	4,016,877	-	1,337,807	3,295,251	8,649,935	8,189,429
Student services	2,521,625	-	1,022,114	1,058,069	4,601,808	3,840,330
Institutional support	3,818,915	-	1,235,355	2,474,892	7,529,162	6,358,651
Operation and maintenance of plant	1,065,759	-	771,317	4,458,451	6,295,527	6,600,282
Scholarships and fellowships	-	-	-	33,171	33,171	6,314
<b>Total Unrestricted Educational Activities</b>	<b>26,101,864</b>	<b>-</b>	<b>7,571,107</b>	<b>12,674,079</b>	<b>46,347,050</b>	<b>44,501,239</b>
<b>Restricted – Educational Activities</b>						
Instruction	30,089	(48,404)	18,320	541,574	541,579	941,969
Public service	692,986	24,953	141,796	812,743	1,672,478	2,117,210
Academic support	-	32,284	296	415,125	447,705	444,696
Student services	101,079	(44,165)	34,072	119,230	210,216	1,379,674
Institutional support	-	(18,217)	-	289,595	271,378	174,091
Operation and maintenance of plant	-	-	-	754,820	754,820	1,260,693
Scholarships and fellowships	-	-	-	5,317,478	5,317,478	4,789,369
<b>Total Restricted Educational Activities</b>	<b>824,154</b>	<b>(53,549)</b>	<b>194,484</b>	<b>8,250,565</b>	<b>9,215,654</b>	<b>11,107,702</b>
<b>Total Educational Activities</b>	<b>26,926,018</b>	<b>(53,549)</b>	<b>7,765,591</b>	<b>20,924,644</b>	<b>55,562,704</b>	<b>55,608,941</b>
Auxiliary Enterprises	1,194,581	-	502,530	2,331,161	4,028,272	4,753,732
Depreciation Expense – Buildings and other real estate improvements	-	-	-	3,454,189	3,454,189	3,470,417
Depreciation Expense – Equipment and furniture	-	-	-	1,211,396	1,211,396	1,251,878
<b>Total Operating Expenses</b>	<b>\$ 28,120,599</b>	<b>\$ (53,549)</b>	<b>\$ 8,268,121</b>	<b>\$ 27,921,390</b>	<b>\$ 64,256,561</b>	<b>\$ 65,084,968</b>
				(Exhibit 2)	(Exhibit 2)	

\* Net of discounts of \$3,915,220

\*\* Net of discounts of \$ 313,135

**MIDLAND COLLEGE DISTRICT**

*Schedule C*

**SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES**

*For the Year Ended August 31, 2022*

*(With Memorandum Totals for the Year Ended August 31, 2021)*

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2022</u>	<u>2021</u>
<b>Non-Operating Revenues</b>					
State appropriations:					
Education and general state support	\$ 7,089,473	\$ -	\$ -	\$ 7,089,473	\$ 7,727,605
State group insurance	-	(285,995)	-	(285,995)	(246,131)
State retirement matching	-	232,446	-	232,446	992,560
Permian Basin Petroleum Museum	-	307,854	-	307,854	324,056
<b>Total state appropriations</b>	<u>7,089,473</u>	<u>254,305</u>	<u>-</u>	<u>7,343,778</u>	<u>8,798,090</u>
Maintenance ad valorem taxes	33,294,526	-	-	33,294,526	32,775,147
Debt service ad valorem taxes	-	2,901,347	-	2,901,347	2,866,877
Federal revenue, non-operating	-	4,176,174	-	4,176,174	3,584,811
Gifts	50,000	8,219,925	-	8,269,925	1,344,450
Investment income	(204,498)	-	49,243	(155,255)	114,525
Gain on disposal of capital assets	-	-	-	-	26,269
Contributions in aid of construction	-	-	-	-	-
Additions to permanent endowments	-	115,308	-	115,308	15,970
<b>Total Non-Operating Revenues</b>	<u>33,140,028</u>	<u>15,412,754</u>	<u>49,243</u>	<u>48,602,025</u>	<u>40,728,049</u>
<b>Non-Operating Expenses</b>					
Interest on capital related debt	-	(473,485)	-	(473,485)	(875,325)
Loss on disposal of capital assets	(201,777)	-	-	(201,777)	-
<b>Total Non-Operating Expense</b>	<u>(201,777)</u>	<u>(473,485)</u>	<u>-</u>	<u>(675,262)</u>	<u>(875,325)</u>
<b>Net Non-Operating Revenues</b>	<u>\$ 40,027,724</u>	<u>\$ 15,193,574</u>	<u>\$ 49,243</u>	<u>\$ 55,270,541</u>	<u>\$ 48,650,814</u>
				(Exhibit 2)	(Exhibit 2)

**MIDLAND COLLEGE DISTRICT**

**SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY**

**For the Year Ended August 31, 2022**

**(With Memorandum Totals for the Year Ended August 31, 2021)**

*Schedule D*

	<u>Detail by Source</u>				<u>Detail by Source</u>	<u>Available for Current Operations</u>	
	<u>Unrestricted</u>	<u>Expendable</u>	<u>Non-Expendable</u>	<u>Capital Assets Net of Depreciation &amp; Related Debt</u>	<u>Total</u>	<u>Yes</u>	<u>No</u>
Current:							
Unrestricted	\$ (1,334,463)	\$ -	\$ -	\$ -	\$ (1,334,463)	\$ (1,334,463)	\$ -
Restricted	-	17,171,582	-	-	17,171,582	17,171,582	-
Auxiliary enterprises	686,777	-	-	-	686,777	686,777	-
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Endowment:							
TRUE	-	-	5,209,432	-	5,209,432	-	5,209,432
Plant:							
Debt service	(351,325)	-	-	-	(351,325)	(351,325)	-
Investment in plant	-	-	-	84,213,090	84,213,090	-	84,213,090
<b>Total Net Position</b>							
August 31, 2022	(999,011)	17,171,582	5,209,432	84,213,090	105,595,093	16,172,571	89,422,522
<b>Total Net Position</b>							
August 31, 2021	(573,060)	9,546,728	5,341,279	78,312,313	92,627,260	8,973,668	83,653,592
<b>Net Increase (Decrease) in Net Position</b>	<u>\$ (425,951)</u>	<u>\$ 7,624,854</u>	<u>\$ (131,847)</u>	<u>\$ 5,900,777</u>	<u>\$ 12,967,833</u>	<u>\$ 7,198,903</u>	<u>\$ 5,768,930</u>



**MIDLAND COLLEGE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended August 31, 2022**

Schedule E

Federal Grantor/Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Direct Awards	Pass-through Awards	Federal Expenditures	Subrecipients Expenditures
<b>U.S. Department of Education</b>						
<b>Direct Awards:</b>						
<i>Federal Supplemental Educational Opportunity Grant</i>	84.007	P007A214070	\$ 96,512	\$ -	\$ 96,512	\$ -
<i>Federal College Work Study Program</i>	84.033	P033A214070	24,214	-	24,214	-
<i>Federal Pell Grant Program</i>	84.063	P063P213245	4,055,448	-	4,055,448	-
<i>Federal Direct Student Loans</i>	84.268	P268K223245	1,148,704	-	1,148,704	-
<i>Total Student Financial Assistance Cluster</i> <i>(ALN 84.007, 84.033, 84.063, 84.268)</i>			<u>5,324,878</u>	<u>-</u>	<u>5,324,878</u>	<u>-</u>
<b>Higher Education Emergency Relief Fund:</b>						
<i>Education Stabilization Fund-Student COVID-19</i>	84.425E	P425E202001	1,667,721	-	1,667,721	-
<i>Education Stabilization Fund-Institution COVID-19</i>	84.425F	P425F202641	5,039,234	-	5,039,234	-
<i>Education Stabilization GEER COVID-19</i>	84.425C	25503	15,600	-	15,600	-
<i>Texas Reskilling and Upskilling for Education Institutional Capacity COVID-19</i>	84.425C	25735	104,473	-	104,473	-
<i>Total ALN 84.425</i>			<u>6,827,028</u>	<u>-</u>	<u>6,827,028</u>	<u>-</u>
<b>Pass-through Texas Workforce Commission:</b>						
<i>Adult Education and Literacy – AEL Combined</i>	84.002A	1118ALAD01	-	455,177	455,177	-
<i>Adult Education and Literacy – AEL Combined</i>	84.002A	1118ALAE01	-	71,418	71,418	-
<i>Total ALN 84.002</i>			<u>-</u>	<u>526,595</u>	<u>526,595</u>	<u>-</u>
<b>Pass-through Texas Higher Education Coordinating Board:</b>						
<i>Career and Technical Education – Basic Grants</i>	84.048	224242	-	195,380	195,380	-
<b>Total U.S. Department Of Education</b>			<u>12,151,906</u>	<u>721,975</u>	<u>12,873,881</u>	<u>-</u>
<b>National Science Foundation</b>						
<b>Pass-through University of Texas at El Paso</b>						
<i>LSAMP</i>	47.076	226100996B	-	63,878	63,878	-
<b>Total National Science Foundation</b>			<u>-</u>	<u>63,878</u>	<u>63,878</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>						
<b>Pass-through from Texas Tech University Health Sciences Center:</b>						
<i>Model State Supported Area Health Education Centers</i>	93.107	17082FBV-05	-	128,838	128,838	-
<b>Pass-through from Texas Workforce Commission:</b>						
<i>Adult Education and Literacy - TANF</i>	93.558	1118ALAD01	-	39,264	39,264	-
<i>Adult Education and Literacy - TANF</i>	93.558	1118ALAE01	-	1,050	1,050	-
<i>Total ALN 93.558</i>			<u>-</u>	<u>40,314</u>	<u>40,314</u>	<u>-</u>
<b>Pass-through from Permian Basin Workforce Development Board</b>						
<i>Child Care Scholarship Agreement - CCDF Cluster</i>	93.575	128-14	-	4,953	4,953	-
<b>Pass-through from South Plains Community Action Association, Inc.</b>						
<b>Head Start Division:</b>						
<i>Head Start CRRSA - COVID-19</i>	93.600	06HE000799-01-00	-	58	58	-
<i>Head Start Partnership Agreement 4/1/21-3/31/22</i>	93.600	06CH010880	-	74,150	74,150	-
<i>Head Start Partnership Agreement 4/1/22-3/31/23</i>	93.600	06CH010880	-	55,627	55,627	-
<i>Total Head Start Cluster (ALN 93.600)</i>			<u>-</u>	<u>129,835</u>	<u>129,835</u>	<u>-</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>-</u>	<u>303,940</u>	<u>303,940</u>	<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 12,151,906</u>	<u>\$ 1,089,793</u>	<u>\$ 13,241,699</u>	<u>\$ -</u>

**MIDLAND COLLEGE DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*For the Year Ended August 31, 2022*

**Note 1: Federal Assistance Reconciliation**

Other Operating Revenues -Federal Grants and Contracts revenue – per Schedule A	\$ 7,853,248
Add: Indirect/Administrative Cost Recoveries-per schedule A	65,259
Add: Non-Operating Federal Revenue per Schedule C	<u>4,176,174</u>
Total Federal Revenues per Schedule A and C	<u>12,094,681</u>
Reconciling Item:	
Add: Direct Student Loans	1,148,704
Reduce: OPEB for Medicare Part D RDS Payment	<u>(1,686)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 13,241,699</u>

**Note 2: Significant Accounting Policies used in Preparing the Schedule.**

The expenditures included in the schedule are reported for the District'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 District 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 general purpose 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 District has elected to use the 10 percent de minimis cost rate as permitted in the UG, Section 200.414. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule.

**MIDLAND COLLEGE DISTRICT**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
**For the Year Ended August 31, 2022**

Schedule F

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>Grant/Contract Number</u>	<u>Pass-Through Disbursement and Expenditures</u>
<b>Direct Programs:</b>		
Texas Higher Education Coordinating Board:		
Nursing Shortage Reduction FY 2017	16616	\$ 73,385
Texas College Work Study		10,856
Texas Education Opportunity Grant		<u>192,491</u>
Subtotal-Texas Higher Education Coordinating Board		<u>276,732</u>
<b>Pass-Through from Texas Tech University Health Sciences Center:</b>		
Area Health Education Center	CON3097606	<u>199,560</u>
<b>Total State Financial Assistance</b>		<b><u>\$ 476,292</u></b>
<b>Note 1: State Assistance Reconciliation</b>		
Total State Financial Assistance per Schedule of Expenditures of State Awards		\$ 476,292
TWC-Child Care Relief Funding - Reimbursement for operational expenditures during COVID		<u>215,263</u>
<b>Total State Revenues per Schedule A</b>		<b><u>\$ 691,555</u></b>

**Note 2: Significant Accounting Policies Used in Preparing the Schedule**

The expenditures included in the schedule are reported for the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds which have been expended by the District 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 District has followed all applicable guidelines issued by various entities in the preparation of the schedule.

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



**INDEPENDENT AUDITOR'S 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**

The Board of Trustees  
Midland College District  
Midland, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Midland College District (the "District"), as of and for the years ended August 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon December 12, 2022.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

The Board of Trustees  
Midland College District

**Purpose of this Report**

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

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

Midland, Texas  
December 12, 2022

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees  
Midland College District  
Midland, Texas

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

***Opinion On Each Major Program***

We have audited Midland College District (the “District”) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended August 31, 2022. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2022.

***Basis for Opinion On Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District’s federal programs.



### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Trustees  
Midland College District

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Whitley Penn LLP*

Midland, Texas  
December 12, 2022

**MIDLAND COLLEGE DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended August 31, 2022**

**I. Summary of Auditors' Results**

**Financial Statements**

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

**Federal Awards**

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Internal control over major programs:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) ?	No

**Identification of major programs:**

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
-------------------------------------------	----------------------------------------

**US Department of Education**

<i>Education Stabilization Fund-Student COVID-19</i>	84.425E
<i>Education Stabilization Fund-Institution COVID-19</i>	84.425F
<i>Education Stabilization GEER COVID-19</i>	84.425C
<i>Texas Reskilling and Upskilling for Education Institutional Capacity COVID-19</i>	84.425C

Dollar Threshold Considered Between Type A and Type B Federal Programs	\$750,000
Auditee qualified as low risk auditee?	Yes

**MIDLAND COLLEGE DISTRICT**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)***  
***For the Year Ended August 31, 2022***

**II. Financial Statement Findings**

None noted.

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

None noted.

**IV. State Award Findings and Questioned Costs**

None noted.



## **STATISTICAL SUPPLEMENT**

**MIDLAND COLLEGE DISTRICT**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years (Unaudited)**

**Table 1**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u> <u>(as restated)</u>
Net investment in capital assets	\$ 84,213	\$ 78,312	\$ 77,776	\$ 71,521	\$ 66,158	\$ 65,124	\$ 64,293	\$ 64,808	\$ 61,459	\$ 59,087
Restricted - expendable	17,172	9,547	9,836	11,396	6,025	5,649	5,297	5,194	4,667	5,272
Restricted - nonexpendable	5,210	5,341	5,366	5,298	5,168	5,245	5,296	5,307	5,346	5,412
Unrestricted	(1,000)	(573)	(2,656)	(2,475)	(1,813)	19,544	17,202	14,017	20,697	19,190
<b>Total Primary Government Net Position</b>	<b>\$ 105,595</b>	<b>\$ 92,627</b>	<b>\$ 90,322</b>	<b>\$ 85,740</b>	<b>\$ 75,538</b>	<b>\$ 95,562</b>	<b>\$ 92,088</b>	<b>\$ 89,326</b>	<b>\$ 92,169</b>	<b>\$ 88,961</b>

**MIDLAND COLLEGE DISTRICT**  
**REVENUES BY SOURCE**  
**Last Ten Fiscal Years (Unaudited)**

**Table 2**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Tuition and Fees (net of discounts)	\$ 6,761	\$ 7,682	\$ 8,360	\$ 9,171	\$ 9,648	\$ 9,839	\$ 9,417	\$ 9,232	\$ 9,778	\$ 10,272
Federal Grants and Contracts	7,919	4,117	1,485	897	971	863	1,007	1,459	1,532	2,384
State Grants and Contracts	692	489	558	756	828	725	543	557	881	614
Local Grants and Contracts	1,803	1,759	1,629	5,398	1,934	1,567	1,621	1,734	1,758	1,517
Non-Governmental Grants and Contracts	1,532	2,371	2,050	5,918	1,299	1,326	1,498	876	1,035	915
Sales and services of educational activities	567	567	448	691	583	476	623	632	510	430
Investment income-program restricted	(56)	213	340	358	120	110	142	141	225	12
Auxiliary enterprises (net of discounts)	830	797	762	1,034	817	845	1,049	1,153	1,180	1,192
Other operating revenues	1,906	744	644	994	1,394	747	749	603	507	607
<b>Total Operating Revenues</b>	<b>21,954</b>	<b>18,739</b>	<b>16,276</b>	<b>25,217</b>	<b>17,594</b>	<b>16,498</b>	<b>16,649</b>	<b>16,387</b>	<b>17,406</b>	<b>17,943</b>
State Appropriations	7,344	8,798	9,409	8,526	10,098	10,680	10,709	11,221	11,106	10,324
Ad Valorem Taxes	36,196	35,642	33,980	31,104	29,169	28,023	27,458	25,453	23,785	22,757
Federal Revenue, non-operating	4,176	3,585	4,018	4,256	4,477	5,400	4,790	4,290	4,017	4,153
Gifts	8,270	1,344	1,145	1,412	1,724	2,094	1,744	2,297	1,491	1,798
Investment income	-	115	662	998	422	321	185	165	87	24
Contributions in aid of construction	-	-	4,023	3,600	-	-	-	1	21	27
Gain on disposal of fixed assets	-	26	-	-	-	-	-	-	18	165
Additions to permanent endowments	115	16	42	33	42	17	34	5	18	244
Other non-operating revenues	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Operating Revenues</b>	<b>56,101</b>	<b>49,526</b>	<b>53,279</b>	<b>49,929</b>	<b>45,932</b>	<b>46,535</b>	<b>44,920</b>	<b>43,432</b>	<b>40,543</b>	<b>39,492</b>
<b>Total Revenues</b>	<b>\$ 78,055</b>	<b>\$ 68,265</b>	<b>\$ 69,555</b>	<b>\$ 75,146</b>	<b>\$ 63,526</b>	<b>\$ 63,033</b>	<b>\$ 61,569</b>	<b>\$ 59,819</b>	<b>\$ 57,949</b>	<b>\$ 57,435</b>



**MIDLAND COLLEGE DISTRICT**  
**PROGRAM EXPENSES BY FUNCTION**  
**Last Ten Fiscal Years (Unaudited)**

**Table 3**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
										(as restated)
Instruction	\$ 17,536	\$ 18,381	\$ 19,148	\$ 19,308	\$ 18,118	\$ 20,526	\$ 19,694	\$ 19,169	\$ 18,531	\$ 18,254
Public service	3,916	4,185	4,163	3,323	2,777	2,911	2,776	2,542	2,593	2,405
Academic support	9,098	8,634	8,579	8,403	7,408	6,382	6,749	6,085	5,785	6,148
Student services	4,812	5,220	4,276	4,162	3,916	4,271	4,067	3,808	3,777	3,581
Institutional support	7,801	6,533	7,575	7,049	6,529	7,204	6,702	6,605	6,411	6,031
Operation and maintenance of plant	7,050	7,861	7,909	6,099	6,232	5,707	5,968	5,574	5,848	5,494
Scholarships & fellowships (net of discounts)	5,351	4,795	3,661	2,999	3,487	3,672	3,877	2,704	2,908	3,230
Auxiliary enterprises (net of discounts)	4,028	4,754	4,336	4,146	3,507	3,816	3,668	3,627	3,488	3,320
Depreciation	4,665	4,722	4,471	4,637	3,954	3,729	3,720	3,754	3,758	3,803
<b>Total Operating Expenses</b>	<b>64,257</b>	<b>65,085</b>	<b>64,118</b>	<b>60,126</b>	<b>55,928</b>	<b>58,218</b>	<b>57,221</b>	<b>53,868</b>	<b>53,099</b>	<b>52,266</b>
Interest on capital related debt	473	875	848	1,212	1,170	1,320	1,521	1,527	1,641	1,696
Loss on disposal of fixed assets	202	-	9	6	3	19	65	4	-	-
Other non-operating expenses	155	-	-	-	-	-	-	-	-	-
<b>Total Non-Operating Expenses</b>	<b>830</b>	<b>875</b>	<b>857</b>	<b>1,218</b>	<b>1,173</b>	<b>1,339</b>	<b>1,586</b>	<b>1,531</b>	<b>1,641</b>	<b>1,696</b>
<b>Total Expenses</b>	<b>\$ 65,087</b>	<b>\$ 65,960</b>	<b>\$ 64,975</b>	<b>\$ 61,344</b>	<b>\$ 57,101</b>	<b>\$ 59,557</b>	<b>\$ 58,807</b>	<b>\$ 55,399</b>	<b>\$ 54,740</b>	<b>\$ 53,962</b>

**MIDLAND COLLEGE DISTRICT**  
**TUITION AND FEES**  
*Last Ten Fiscal Years (Unaudited)*

**Table 4**

Academic Year (Fall)	In-District Tuition	Out-of-District Tuition	Resident-Lower Division Fees per Semester Credit Hour			Increase from Prior Year In- District	Increase from Prior Year Out- of-District
			General Use Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District		
2022	\$ 68	\$ 124	\$ 30	\$ 1,176	\$ 1,848	7.69%	6.21%
2021	66	120	25	1,092	1,740	2.25%	1.40%
2020	64	118	25	1,068	1,716	-	-
2019	64	118	25	1,068	1,716	-	1.42%
2018	64	116	25	1,068	1,692	3.49%	3.68%
2017	62	112	24	1,032	1,632	4.88%	3.03%
2016	58	108	24	984	1,584	5.13%	5.60%
2015	56	103	22	936	1,500	4.00%	2.46%
2014	56	103	19	900	1,464	4.17%	6.09%
2013	53	96	19	864	1,380	-	8.49%

Academic Year (Fall)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Non-Resident-Lower Division Fees per Semester Credit Hour			Increase from Prior Year Out of State	Increase from Prior Year International
			General Use Fee	Cost for 12 SCH Out of State	Cost for 12 SCH International		
2022	166	\$ 166	\$ 30	\$ 2,352	\$ 2,352	17.37%	17.37%
2021	162	162	25	2,244	2,244	1.08%	1.08%
2020	160	160	25	2,220	2,220	-	-
2019	160	160	25	2,220	2,220	1.09%	1.09%
2018	158	158	25	2,196	2,196	3.98%	3.98%
2017	152	152	24	2,112	2,112	2.33%	2.33%
2016	148	148	24	2,064	2,064	4.88%	4.88%
2015	142	142	22	1,968	1,968	1.86%	1.86%
2014	142	142	19	1,932	1,932	4.55%	4.55%
2013	135	135	19	1,848	1,848	6.21%	6.21%

Note: In addition students may incur course related fees such as laboratory fees, testing fees and certification fees.

**MIDLAND COLLEGE DISTRICT**  
**ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY**  
*Last Ten Fiscal Years (Unaudited)*

*Table 5*

Fiscal Year	(amounts expressed in thousands)				Direct Rate				
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Total Taxes Assessed	Maintenance & Operations (a)	Debt Service (a)	Total	(a)
2022	\$ 37,930,122	\$ 1,802,803	\$ 36,127,319	95.25%	\$ 36,295	0.093140	0.008011	0.101151	
2021	39,582,768	1,728,003	37,854,765	95.63%	35,367	0.084682	0.007526	0.092208	
2020	38,603,722	1,975,688	36,628,034	94.88%	33,864	0.083650	0.007560	0.091210	
2019	28,353,759	1,588,258	26,765,501	94.40%	31,280	0.104363	0.010358	0.114721	
2018	24,308,301	1,440,043	22,868,258	94.08%	29,132	0.113080	0.012170	0.125250	
2017	21,769,005	1,435,909	20,333,096	93.40%	27,879	0.123460	0.013650	0.137110	
2016	22,806,351	1,450,393	21,355,958	93.64%	26,894	0.112160	0.013770	0.125930	
2015	21,632,033	1,308,136	20,323,897	93.95%	25,281	0.109700	0.014700	0.124400	
2014	18,998,198	1,121,399	17,876,799	94.10%	23,805	0.117200	0.016000	0.133200	
2013	16,560,425	902,788	15,657,637	94.55%	22,575	0.117200	0.017790	0.134990	

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

**MIDLAND COLLEGE DISTRICT**  
**STATE APPROPRIATION PER FTSE AND CONTACT HOURS**  
**Last Ten Fiscal Years (Unaudited)**

**Table 6**

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			State Appropriation per Contact Hour
	State Appropriation (000's)	FTSE (1)	State Appropriation per FTSE	Academic Contact Hours (a) (000's)	Voc/Tech Contact Hours (a,b) (000's)	Total Contact Hours (000's)	
2022	\$ 7,089	\$ 2,995	\$ 2,367	1,070	653	1,723	4.11
2021	7,728	2,885	2,679	1,043	611	1,654	4.67
2020	7,728	3,125	2,473	1,158	670	1,828	4.23
2019	8,135	3,376	2,409	1,390	700	2,090	3.89
2018	8,135	2,829	2,875	1,449	736	2,185	3.72
2017	7,690	3,134	2,454	1,643	732	2,375	3.24
2016	7,679	3,742	2,052	1,684	767	2,451	3.13
2015	8,514	3,742	2,275	1,594	696	2,290	3.72
2014	8,514	3,807	2,236	1,700	819	2,519	3.38
2013	8,206	4,111	1,996	1,829	899	2,728	3.01

(a) Source CBM001  
(b) Source CBM00A

Notes:

(1) FTSE is calculated by the following formula:

$$\frac{(\text{Total Semester Hours Taken by Credit Students (a)})}{30} + \frac{(\text{Total Contact Hours Taken by CE Students (b)})}{900}$$

	Voc-Tech Contact Hrs (000's)		
	Credit	CE	Total
2022	522	131	653
2021	509	102	611
2020	575	95	670
2019	567	133	700
2018	565	171	736
2017	603	129	732
2016	561	206	767
2015	486	210	696
2014	564	255	819
2013	631	268	899

**MIDLAND COLLEGE DISTRICT**  
**FACULTY, STAFF, AND ADMINISTRATORS STATISTICS**  
**Last Ten Fiscal Years (Unaudited)**

**Table 7**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Faculty</b>										
Full-Time	122	125	125	137	141	134	133	142	145	147
Part-Time	83	82	112	111	153	146	157	124	121	148
Total	205	207	237	248	294	280	290	266	266	295
<b>Percent</b>										
Full-Time	59.5%	60.4%	52.7%	55.2%	48.0%	47.9%	45.9%	53.4%	54.5%	49.8%
Part-Time	40.5%	39.6%	47.3%	44.8%	52.0%	52.1%	54.1%	46.6%	45.5%	50.2%
<b>Staff and Administrators</b>										
Full-Time	218	236	241	264	284	287	276	260	262	252
Part-Time	286	233	288	382	285	311	157	301	315	327
Total	504	469	529	646	569	598	433	561	577	579
<b>Percent</b>										
Full-Time	43.3%	50.3%	45.6%	40.9%	49.9%	48.0%	63.7%	46.3%	45.4%	43.5%
Part-Time	56.7%	49.7%	54.4%	59.1%	50.1%	52.0%	36.3%	53.7%	54.6%	56.5%
Students per Full-Time Faculty	41.4	38.1	41.5	38.6	39.6	42.3	40.9	32.5	36.1	37.6
Students per Full-Time Staff Member	23.1	20.2	21.5	20.0	19.7	19.7	19.7	17.8	20.0	21.9
Average Annual Faculty Salary	\$64,503	\$ 64,503	\$ 65,433	\$ 64,725	\$ 62,257	\$ 62,257	\$ 61,444	\$ 61,064	\$ 58,940	\$ 57,463
<b>Notes:</b>										
Fall Headcount	5045	4,763	5,184	5,282	5,589	5,664	5,439	4,618	5,236	5,531

**MIDLAND COLLEGE DISTRICT**  
**FACULTY, STAFF, AND ADMINISTRATORS STATISTICS**  
**Last Ten Fiscal Years (Unaudited)**

**Table 8**

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
<b>Academic Buildings</b>	22	22	22	22	22	22	22	22	22	22
Square footage (in thousands)	560	560	560	560	520	520	520	520	520	520
<b>Libraries</b>	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	52	52	52	52	52	52	52	52	52	52
<b>Administrative and Support Buildings</b>	7	7	7	5	5	5	5	5	5	5
Square footage (in thousands)	85	85	85	85	70	70	70	70	70	70
<b>Dormitories</b>	3	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	91	91	91	91	91	91	91	91	91	91
Number of Beds	286	286	286	286	286	286	286	286	286	286
<b>Apartments</b>	11	11	11	10	10	10	10	10	10	10
Square footage (in thousands)	12	12	12	12	12	12	12	12	12	12
Number of beds	22	22	22	20	20	20	20	20	20	20
<b>Dining Facilities</b>	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	20	20	20	11	11	11	11	11	11	11
<b>Athletic Facilities</b>	6	6	6	6	6	6	6	6	6	6
Square footage (in thousands)	136	136	136	136	136	136	136	136	136	136
Multipurpose Center	1	1	1	1	1	1	1	1	1	1
Gymnasiums	2	2	2	2	2	2	2	2	2	2
Softball Dressing Facility	1	1	1	1	1	1	1	1	1	1
Baseball Practice Facility	1	1	1	1	1	1	1	1	1	1
Tennis Pro Shop	1	1	1	1	1	1	1	1	1	1
<b>Plant facilities</b>	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	29	29	29	26	26	26	26	26	26	26
<b>Chapel</b>	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	2	2	2	2	2	2	2	2	2	2
<b>Childrens Center</b>	4	4	4	1	1	1	1	1	1	1
Square footage (in thousands)	15	15	15	15	11	11	11	11	11	11
<b>Transportation</b>										
Cars	12	13	14	16	11	12	11	9	12	9
Light Trucks/Vans	29	25	23	20	20	20	20	20	25	22
Heavy trucks	11	11	12	12	13	9	8	8	6	5
Buses	8	9	11	12	8	8	8	8	8	7

**MIDLAND COLLEGE DISTRICT**  
**HEAD COUNT ENROLLMENT TREND**  
**CREDIT HOUR STUDENTS ONLY**  
**Last Ten Fiscal Years (Unaudited)**

*Table 9*

<u>Fiscal Year</u>	<u>Fall</u>	<u>Spring</u>	<u>Sum I</u>	<u>Sum II</u>	<u>Duplicated Total</u>	<u>Annual Unduplicated</u>
2022	5,045	5,074	798	798	11,715	7,012
2021	5,115	4,826	814	814	11,569	7,018
2020	5,131	6,029	1,592	1,593	14,345	7,656
2019	5,282	6,087	1,529	1,529	14,427	8,292
2018	5,589	6,405	1,418	1,418	14,830	8,448
2017	5,664	7,253	3,207	1,968	18,092	9,662
2016	5,439	7,136	3,727	2,353	18,655	10,183
2015	4,618	6,527	3,533	2,422	17,100	9,512
2014	5,236	6,276	3,220	2,310	17,042	9,522
2013	5,531	6,826	3,664	2,656	18,677	10,616
2012	6,071	6,976	3,572	2,710	19,329	10,856
2011	6,358	7,316	3,507	2,682	19,863	11,131
2010	6,230	6,803	3,080	2,899	19,012	10,726
2009	5,784	6,321	2,530	2,546	17,181	9,608
2008	5,733	6,288	2,381	2,411	16,813	9,453

Data Source:    CBM001