



FINANCIAL STATEMENTS and INDEPENDENT AUDITOR'S REPORT

For the Fiscal Years Ended August 31, 2024 and 2023



W. Taylor

HONOR THE PAST. REIMAGINE THE FUTURE.

 **REIMAGINE**
MIDLAND COLLEGE

MIDLAND COLLEGE DISTRICT

TABLE OF CONTENTS

	<u>Page</u>	<u>Exhibit/ Schedule</u>
Organizational Data	1	
Independent Auditor's Report	3	
Management's Discussion and Analysis	7	
Financial Statements:		
Statements of Net Position	18	1
Statements of Revenues, Expenses and Changes in Net Position	20	2
Statements of Cash Flows	21	3
Notes to Financial Statements	23	
Required Supplementary Information:		
Schedule of District's Proportionate Share of Net Pension Liability	56	
Schedule of District's Pensions Contributions - Teacher Retirement System of Texas	57	
Schedule of District's Proportionate Share of Net OPEB Liability Employees Retirement System of Texas State Retiree Health Plan	58	
Schedule of District's OPEB Contributions Employees Retirement System of Texas - State Retiree Health Plan	59	
Schedules:		
Schedule of Detailed Operating Revenues	62	A
Schedule of Operating Expenses by Object	63	B
Schedule of Non-Operating Revenues and Expenses	64	C
Schedule of Net Position by Source and Availability	65	D
Schedule of Expenditures of Federal Awards	66	E
Notes to Schedule of Expenditures of Federal Awards	67	
Schedule of Expenditures of State Awards	68	F
Notes to Schedule of Expenditures of State Awards	68	
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 <i>Government Auditing Standards</i>	71	
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance	73	
Schedule of Findings and Questioned Costs	76	
Statistical Supplement:		
Net Position by Component	80	1
Revenues by Source	82	2
Program Expense by Function	83	3
Tuition and Fees	84	4
Assessed Value and Taxable Assessed Value of Property	85	5
State Appropriation per FTSE and Contact Hour	86	6
Faculty, Staff, and Administrators	87	7
Schedule of Capital Asset Information	88	8
Head County Enrollment Trend - Credit Hour Student Only	89	9

MIDLAND COLLEGE DISTRICT

ORGANIZATIONAL DATA

As of August 31, 2024

BOARD OF TRUSTEES

Officers

Mr. Steve Kiser	Chairperson
Mrs. Charlene McBride	Vice-Chairperson
Mr. Steve Castle	Secretary

Members

		Term Expires
Mr. Stephen N. Castle	Midland, Texas	2024
Ms. Linda Cowden	Midland, Texas	2028
Mr. Scott Lynch	Midland, Texas	2026
Mr. Scott Kidwell	Midland, Texas	2026
Mr. Steven C. Kiser	Midland, Texas	2028
Mr. G. Larry Lawrence	Midland, Texas	2028
Ms. Charlene R. McBride	Midland, Texas	2024
Mr. Mike Oestmann	Midland, Texas	2024
Mr. Adrian Carrasco	Midland, Texas	2026

ADMINISTRATIVE OFFICERS

Dr. Damon Kennedy	President
Mr. Jeff Chambers	Vice President of Administrative Services
Dr. Michael Dixon	Provost
Mr. Tom Glenn	Vice President of Strategy & Analytics
Dr. Frank De La O	Vice President of Instruction
Dr. Deana Savage	Chief of Staff
Ms. Rebecca Bell	Executive Director of Institutional Advancement
Mr. Joseph Butts	Executive Director of Capital Improvements
Mr. Derek Gasch	Vice President of Operations
Mr. Joseph Granado	Vice President of Student Services
Ms. Lauren Callo	Director of Accounting
Ms. Daisy DeLucas	Associate Director of Accounting



INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Midland College District

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, 2024 and 2023, 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, 2024 and 2023, 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 statistical section 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 16, 2024 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 16, 2024



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, 2024, 2023 and 2022. 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 \$145.6 million in 2024 compared to \$134.6 million in 2023. Financial standing was strengthened as total net position increased by approximately \$11 million during fiscal year 2024 and by approximately \$28 million during fiscal year 2023.
- Unrestricted net position increased by \$3 million in 2024 and increased by \$5.3 million in 2023. Unrestricted net position after adjustments to exclude the effects of postemployment benefits increased by approximately \$5 million in 2024 and \$7 million in 2023.
- The net assessed valuation of the District increased by approximately \$7.4 billion or 15.6%, from 2023 to 2024 and increased by approximately \$11.2 billion or 31%, from 2022 to 2023. Taxable values were approximately \$54.7 billion in 2024 and \$47.3 billion in 2023.
- Bonded indebtedness decreased by approximately \$4.1 million in fiscal year 2024 and by approximately \$3.8 million during fiscal year 2023.
- Duplicated head count of students in credit hour programs increased 2.65% 2024 and decreased by approximately 1.5% in 2023.

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	
	2024	2023	2022	2023 to 2024	2022 to 2023
Assets					
Current Assets	\$ 66,468	\$ 55,102	\$ 53,807	\$ 11,366	\$ 1,295
Other Noncurrent Assets	13,071	18,195	18,203	(5,124)	(8)
Capital Assets - (Non-current)	129,399	129,320	102,730	79	26,590
Total Assets	208,938	202,617	174,740	6,321	27,877
Deferred Outflows of Resources Liabilities	10,983	15,641	15,793	(4,658)	(152)
Liabilities					
Current Liabilities	12,155	14,298	12,852	(2,143)	1,446
Net Pension Liability	12,937	11,549	5,381	1,388	6,168
Other Post Employment Benefits	26,521	28,957	37,417	(2,436)	(8,460)
Other Noncurrent Liabilities	8,069	12,102	15,850	(4,033)	(3,748)
Total Liabilities	59,682	66,906	71,500	(7,224)	(4,594)
Deferred Inflows of Resources Net Position	14,689	16,788	12,847	(2,099)	3,941
Net Position					
Net Investment in Capital Assets	118,901	114,710	84,213	4,191	30,497
Restricted-Nonexpendable	5,056	5,220	5,209	(164)	11
Restricted-Expendable	13,618	9,738	17,172	3,880	(7,434)
Unrestricted	7,975	4,896	(408)	3,079	5,304
Total Net Position	\$ 145,550	\$ 134,564	\$ 106,186	\$ 10,986	\$ 28,378
Current Ratio	5.47	3.85	4.19		

Assets

Total assets increased by approximately 13.8% from 2022 to 2023 and again increased by approximately 3.1% from 2023 to 2024. Cash and investments remained relatively unchanged in 2023 and increased 13.6% in 2024. 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 \$7.2 million in 2024 and by approximately \$4.6 million in 2023. In 2024 the district's proportionate share of pension liability was increased \$1.4 million. The increase was offset by a decrease of \$2.4 million in the district's proportionate share of other post-employment benefits. Additionally, bonded indebtedness was reduced by \$3.8 million in 2024 and \$4 million in 2023.

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)					
	2024	2023	2022	2021	2020
Schedule of Net Position					
Net investment in capital assets	\$ 118,901	\$ 114,710	\$ 84,213	\$ 78,312	\$ 77,776
Restricted-Nonexpendable	5,056	5,220	5,209	5,341	5,366
Restricted-Expendable	13,618	9,738	17,172	9,547	9,837
Unrestricted	(A) 7,975	4,896	(408)	(573)	(2,656)
Total Net Position	<u>145,550</u>	<u>134,564</u>	<u>106,186</u>	<u>92,627</u>	<u>90,323</u>
Postemployment Adjustments:					
Add:					
Compensable Absences-Current	1,055	795	802	892	949
Compensable Absences-Noncurrent	1,448	1,290	1,245	1,397	1,233
Other Postemployment Benefits Liability-Current (GASB 75)	763	773	785	1,133	954
Other Postemployment Benefits Liability-Noncurrent (GASB 75)	26,521	28,957	37,417	32,829	29,159
Net Pension Liability (GASB 68)	12,937	11,549	5,381	11,914	10,751
Deferred Inflows - Other Postemployment Benefits (GASB 75)	11,086	11,621	6,155	5,070	9,246
Deferred Inflows - Pensions (GASB 68)	3,603	5,116	6,567	2,017	2,665
Deduct:					
Deferred Outflows - Other Postemployment Benefits (GASB 75)	(3,584)	(7,103)	(11,523)	(8,502)	(10,970)
Deferred Outflows - Pensions (GASB 68)	(7,189)	(8,150)	(3,632)	(4,794)	(4,948)
Net Effect of Pensions and Other Postemployment Obligations	<u>(B) 46,640</u>	<u>44,848</u>	<u>43,197</u>	<u>41,956</u>	<u>39,039</u>
Schedule of Net Position (Adjusted for Postemployment Obligations)					
Net investment in capital assets	118,901	114,710	84,213	78,312	77,776
Restricted-Nonexpendable	5,056	5,220	5,209	5,341	5,366
Restricted-Expendable	13,618	9,738	17,172	9,547	9,837
Unrestricted (Adjusted)	(A+B) 54,615	49,744	42,198	41,383	36,383
Net Position Adjusted for Postemployment Obligations	<u>\$ 192,190</u>	<u>\$ 179,412</u>	<u>\$ 148,792</u>	<u>\$ 134,583</u>	<u>\$ 129,362</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 70% of the 2024 operating expenses and expendable net position represents approximately 87% 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, are classified as non-operating revenue for financial reporting purposes. Accordingly, governmental entities typically report an operating loss for financial reporting purposes.

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

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, 2024, 2023 and 2022. 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	
	2024	2023	2022	2023 to 2024	2022 to 2023
Operating Revenues and Expenses:					
Operating revenues	\$ 19,731	\$ 18,426	\$ 21,952	\$ 1,305	\$ (3,526)
Operating expenses	78,479	68,339	64,316	10,140	4,023
Operating Loss	(58,748)	(49,913)	(42,364)	(8,835)	(7,549)
Non-Operating Revenues (Expenses):					
State appropriations	12,803	9,695	7,344	3,108	2,351
Ad valorem taxes	41,734	38,044	36,196	3,690	1,848
Federal, non-operating	5,917	4,778	4,176	1,139	602
Gifts/Contributions in aid of construction	6,239	23,901	8,270	(17,662)	15,631
Interest on capital related debt	(312)	(402)	(473)	90	71
Other non-operating revenues	3,353	2,275	(242)	1,078	2,517
Total Non-Operating Revenues, Net	69,734	78,291	55,271	(8,557)	23,020
Increase in net position	10,986	28,378	12,907	(17,392)	15,471
Net Position Beginning of Year (Restated)	134,564	106,186	93,279	28,378	12,907
Net Position End of Year	\$ 145,550	\$ 134,564	\$ 106,186	\$ 10,986	\$ 28,378

2023 to 2024 Changes in Revenues

Total revenues decreased by approximately \$7.3 million, primarily due to lower gifts and contributions in aid of construction, in non-operating revenues of \$18.4 million. This decrease was offset by an increase of ad valorem taxes of \$3.7 million.

Total ad valorem tax revenues were 8.84% higher in 2024 compared to 2023. The net assessed valuation of the District increased by approximately \$7.4 billion or 15.6%. The total 2024 tax rate for the District was \$0.07741 per \$100 of valuation compared to \$0.08000 for 2023.

2022 to 2023 Changes in Revenues

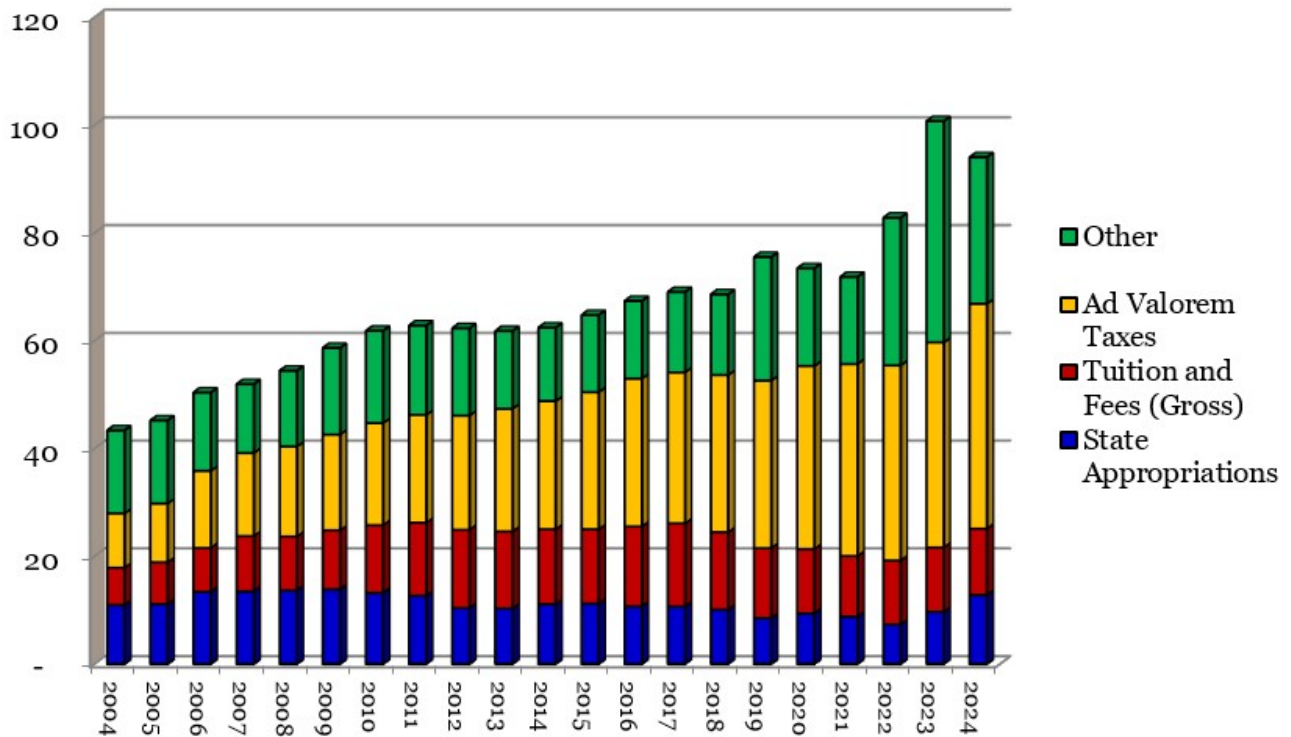
Total revenues increased by approximately \$19 million which was lowered by operating revenues of approximately \$3.5 million. Non-operating revenues increased by approximately \$23 million. This increase is because gift income exceeded the prior year by approximately \$15.6 million and ad valorem taxes were \$1.84 million more in 2023 than 2022.

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

Total ad valorem tax revenues were 5.1 % higher in 2023 compared to 2022. The net assessed valuation of the District increased by approximately \$11.2 billion or 31%. The total 2023 tax rate for the District was \$0.8000 per \$100 of valuation compared to \$0.1012 for 2021.

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 until 2023. With the new performance model, Midland College saw an increase in 2024.

Revenue Trends 2004 to 2024



The following table illustrates revenue by source in 2024 compared to 2023.

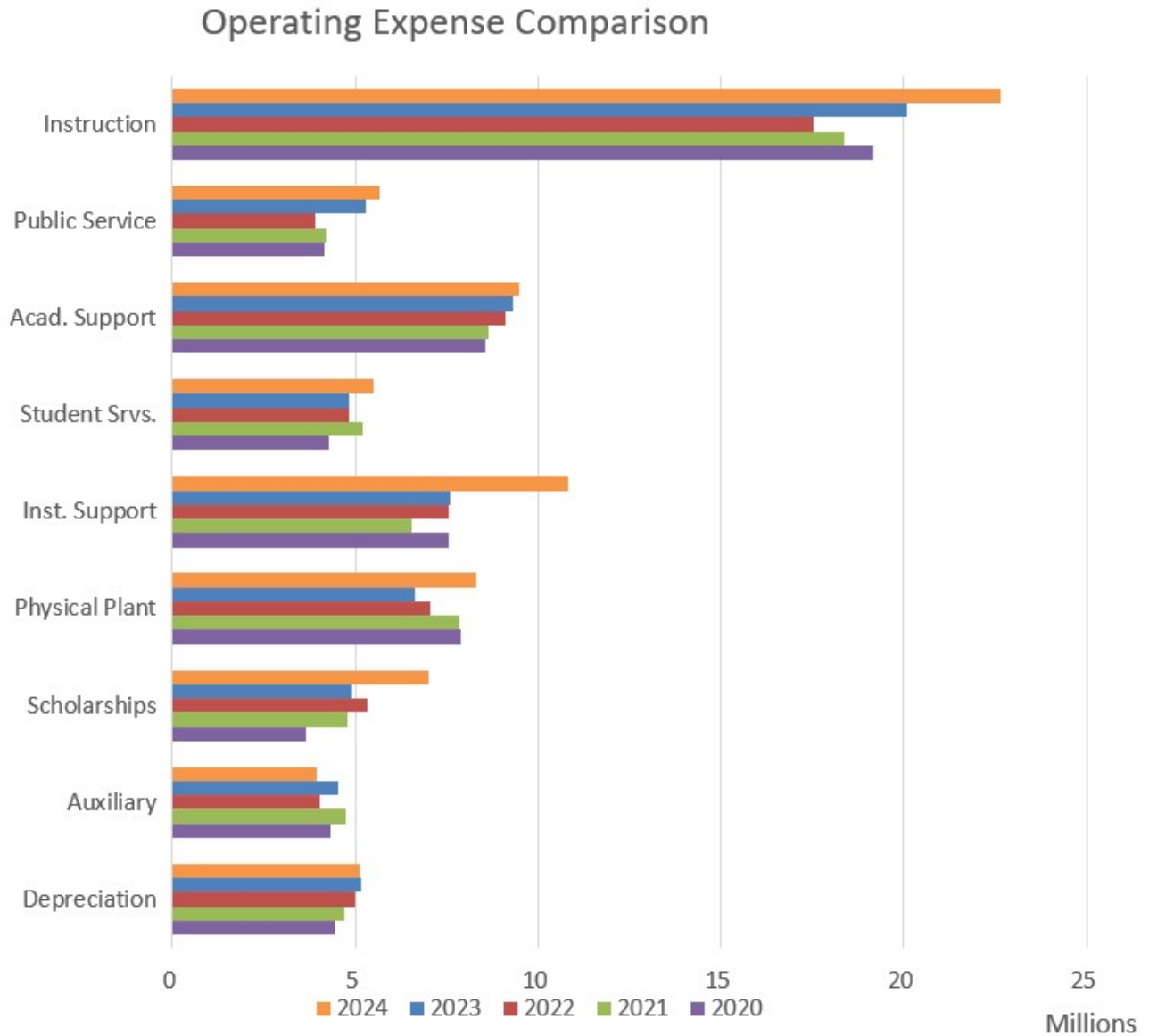
Percentage of Total Revenues

	2024	2023
State Appropriations	14%	10%
Local Property Taxes	45%	38%
Tuition and Fees (Gross)	13%	12%
Gifts Grants & Contracts	22%	35%
Auxiliary Services	1%	1%
Other	5%	4%
	100%	100%

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 2024 expenses compared to the 2023, 2022, 2021, and 2020 expenses.



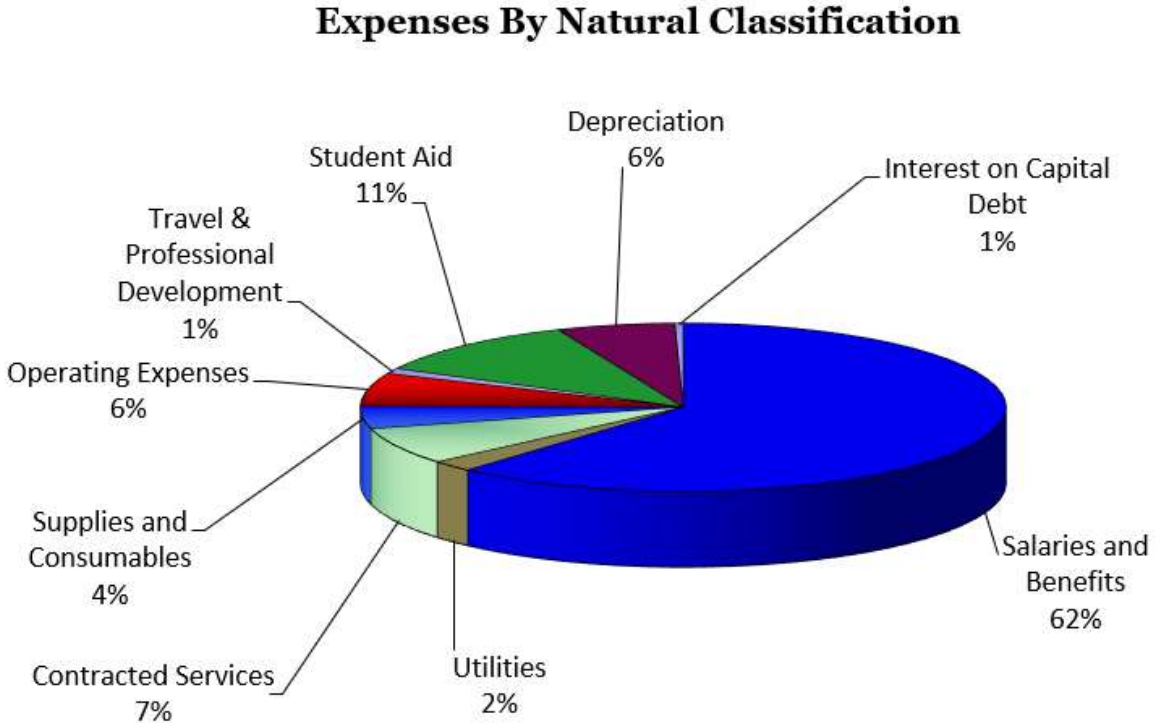
Total operating expenses were \$10 million more in 2024 than in 2023. Of this amount, unrestricted expenses increased by approximately \$8.7 million, restricted expenses increased by approximately \$2 million, auxiliary enterprises expenses decreased by \$600 thousand and depreciation and amortization expense remained virtually unchanged.

Total operating expenses were \$4 million more in 2023 than in 2022. Of this amount, unrestricted expenses increased by approximately \$110 thousand, restricted expenses increased by approximately \$3.3 million, auxiliary enterprises expenses increased by \$513 thousand and depreciation and amortization expense increased by approximately \$167 thousand.

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
(in thousands)

	2024	2023	2022	2021
Cash Provided By (Used in):				
Operating Activities	\$ (50,141)	\$ (38,732)	\$ (36,825)	\$ (41,307)
Non-Capital Financing Activities	56,495	49,091	46,714	45,413
Capital and Related Financing Activities	(605)	(12,402)	(2,312)	(3,228)
Investing Activities	12,516	5,845	(36,333)	15,577
Changes in Cash and Cash Equivalents	\$ 18,264	\$ 3,802	\$ (28,756)	\$ 16,455

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.

Capital Assets and Debt Administration

The following table reflects the District's year-end capital asset balances, net of accumulated depreciation and amortization. Capital asset additions in 2024 totaled approximately \$5.2 million. Capital additions in 2023 were \$31.7 million including approximately \$30.2 million in construction in progress for the Pre-K Academy and Center for Teaching Excellence. Depreciation and amortization expense was approximately \$5.1 million and \$4.8 million in 2023 and 2022 respectively.

Schedule of Capital Assets
(in thousands)

	2024	2023	2022	2021
Land	\$ 2,550	\$ 2,550	\$ 2,550	\$ 2,550
Library Books & Collections	447	479	474	457
Construction in Progress	1,492	35,240	5,045	74
Buildings & Improvements	106,751	79,186	82,044	83,990
Land Improvements	11,300	5,748	6,403	7,009
Furniture, Equipment, Vehicles	5,777	4,404	4,775	4,933
RTU lease assets	406	533	270	-
RTU subscription assets	677	1,180	1,170	-
	<u>\$ 129,400</u>	<u>\$ 129,320</u>	<u>\$ 102,731</u>	<u>\$ 99,013</u>

For more information on capital assets, see Note 8 to the financial statements.

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. Total outstanding debt was approximately \$10 million and \$13.9 million as of August 31, 2024 and 2023, respectively.

Schedule of Outstanding Debt
(in thousands)

	2024	2023	2022	2021
General Obligation Bonds	\$ 5,881	\$ 8,783	\$ 11,690	\$ 14,231
Revenue Bonds	4,175	5,160	6,125	7,045
	<u>\$ 10,056</u>	<u>\$ 13,943</u>	<u>\$ 17,815</u>	<u>\$ 21,276</u>

For more information on long-term debt, see Note 9 to the financial statements.

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

Economic Factors That Will Affect the Future

The 2024-2025 budget was adopted by the Board of Trustees on August 20, 2024. The total operating portion of the budget increased by 5.9% over the 2023-2024 budget.

The 2024 certified taxable values increased by approximately 15.6% from the prior year. This increase was in part related to an increase in crude oil production. The district adopted a tax rate of 8.298 cents per hundred dollars of valuation which was 7.1% above the no-new-revenue tax rate and 7.2% above the 2023-2024 rate of 7.741 cents per hundred dollars of valuation. The 2023-2024 tax levy is approximately \$3.3 million more than the 2022- 2023 levy.

The District has increased enrollment for the 3rd fall in a row. The fall 2024 student headcount is approximately 10.2% higher than the fall 2023 student headcount and the fall 2022 fall enrollment was approximately 1.4% higher than the fall 2022 student headcount and the fall 2022 fall enrollment. For the fall 2024 semester, approximately 67.3% of sections are being delivered in the traditional face-to-face format.

The State of Texas has revamped the appropriations formula for Texas Community Colleges for the 2023-2024/2024-2025 biennium. While the District is still diligently adapting to a performance-based model, Midland College is estimated to receive an increase of \$2.3 million in 2024-2025, or 28.2%, over the prior year formula. However, the increase is contingent on a supplemental request of the State of Texas, to be reviewed early next year, and, thus, was not budgeted within the 2024-2025 operating budget.

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 2024-2025 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.



Jeff Chambers
Vice President of Administrative Services



FINANCIAL STATEMENTS

MIDLAND COLLEGE DISTRICT
STATEMENTS OF NET POSITION
August 31, 2024 and 2023

Exhibit 1
Page 1 of 2

	<u>2024</u>	<u>2023</u>
Assets and Deferred Outflows		
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 36,921,073	\$ 19,171,100
Short-term investments	25,028,456	28,676,507
Accounts receivable, net	2,641,125	4,174,881
Inventories	8,800	10,166
Prepaid expenses	1,848,488	3,006,061
Deposits	20,472	20,472
Lease receivable	-	42,294
Total current assets	<u>66,468,414</u>	<u>55,101,481</u>
Non-current Assets:		
Restricted cash and cash equivalents	1,376,856	862,509
Endowment investments	6,421,770	6,415,867
Other long-term investments	5,263,406	10,908,430
Net capital assets	129,398,776	129,320,388
Other assets-split interest agreements	9,018	8,612
Total non-current assets	<u>142,469,826</u>	<u>147,515,806</u>
Total Assets	<u>208,938,240</u>	<u>202,617,287</u>
Deferred Outflows		
Deferred outflows on refunding of debt	209,579	387,200
Deferred outflows related to pensions	7,188,825	8,150,072
Deferred outflows related to other post-employment benefits	3,584,099	7,103,421
Total Deferred Outflows	<u>10,982,503</u>	<u>15,640,693</u>
Liabilities, Deferred Inflows, and Net Position		
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 2,795,011	\$ 4,225,837
Accrued liabilities	1,794,985	1,102,039
Accrued compensable absences – current portion	1,054,742	794,533
Net other post-employment benefits liability – current portion	763,127	772,911
Funds held for others and agencies	230,283	214,724
Unearned revenues	1,290,747	2,887,018
Bonds payable – current portion	3,932,147	3,887,904
Lease liability - current portion	126,808	122,434
Subscription liability - current portion	125,851	264,378
Deposits	40,980	26,174
Total current liabilities	<u>12,154,681</u>	<u>14,297,952</u>
Non-current Liabilities:		
Accrued compensable absences – non-current portion	1,448,262	1,289,536
Net pension liability	12,937,115	11,548,704
Net other post-employment benefits liability – non-current portion	26,520,504	28,956,858
Bonds payable – non-current portion	6,123,438	10,055,586
Lease liability – non-current portion	294,685	419,808
Subscription liability – non-current portion	203,190	337,598
Total non-current liabilities	<u>47,527,194</u>	<u>52,608,090</u>
Total Liabilities	<u>59,681,875</u>	<u>66,906,042</u>

MIDLAND COLLEGE DISTRICT
STATEMENTS OF NET POSITION
August 31, 2024 and 2023

Exhibit 1
Page 2 of 2

	<u>2024</u>	<u>2023</u>
Liabilities, Deferred Inflows, and Net Position (continued)		
Deferred Inflows of Resources:		
Deferred inflows related to pensions	\$ 3,602,666	\$ 5,115,716
Deferred inflows related to other post-employment benefits	11,085,952	11,620,993
Deferred inflows related to leases	-	50,968
Total Deferred Inflows of Resources	<u>14,688,618</u>	<u>16,787,677</u>
Net Position:		
Net investment in capital assets	118,901,014	114,709,984
Restricted for:		
Nonexpendable:		
Endowments	5,055,853	5,220,427
Expendable:		
Student aid	5,229,622	5,237,513
Instructional programs	8,388,963	4,500,080
Unrestricted	7,974,798	4,896,257
Total Net Position	<u>\$ 145,550,250</u>	<u>\$ 134,564,261</u>

MIDLAND COLLEGE DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended August 31, 2024 and 2023

Exhibit 2

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Tuition and fees, net of discounts of \$4,086,251 and \$3,539,784 for the years ended August 31, 2024 and 2023, respectively	\$ 8,237,583	\$ 8,411,529
Federal grants and contracts	2,984,496	2,032,741
State grants and contracts	736,945	377,310
Local grants and contracts	1,589,495	2,475,272
Non-governmental grants and contracts	3,405,317	1,356,185
Sales and services of educational activities	693,491	524,600
Investment income – program restricted	(476,231)	1,594,246
Auxiliary enterprises	881,941	770,099
General operating revenues	<u>1,678,237</u>	<u>883,848</u>
Total Operating Revenues (Schedule A)	<u>19,731,274</u>	<u>18,425,830</u>
Operating Expenses		
Instruction	22,629,418	20,089,496
Public service	5,666,328	5,310,115
Academic support	9,488,164	9,314,891
Student services	5,491,286	4,831,766
Institutional support	10,820,577	7,580,404
Operation and maintenance of plant	8,311,000	6,624,299
Scholarships and fellowships, net of discounts	6,999,862	4,897,335
Auxiliary enterprises, net of discounts	3,943,939	4,542,109
Depreciation and amortization	<u>5,128,837</u>	<u>5,148,310</u>
Total Operating Expenses (Schedule B)	<u>78,479,411</u>	<u>68,338,725</u>
Operating Loss	<u>(58,748,137)</u>	<u>(49,912,895)</u>
Non-Operating Revenues (Expenses)		
State appropriations	12,803,313	9,694,569
Maintenance ad valorem taxes	38,785,628	35,069,160
Debt service ad valorem taxes	2,948,654	2,974,982
Federal revenue, non-operating	5,917,338	4,777,559
Gifts	2,346,140	1,632,913
Investment income	3,314,288	2,231,671
Contributions in aid of construction	3,892,526	22,267,883
Interest on capital related debt	(311,973)	(402,054)
Gain (loss) on disposal of fixed assets	24,107	(5,952)
Additions to permanent endowments	<u>14,105</u>	<u>50,103</u>
Net Non-Operating Revenues (Schedule C)	<u>69,734,126</u>	<u>78,290,834</u>
Increase in net position	10,985,989	28,377,939
Net Position – Beginning of Year	<u>134,564,261</u>	<u>106,186,322</u>
Net Position – End of Year	<u>\$ 145,550,250</u>	<u>\$ 134,564,261</u>

MIDLAND COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended August 31, 2024 and 2023

Exhibit 3

	<u>2024</u>	<u>2023</u>
Cash Flows From Operating Activities		
Receipts from students and other customers	\$ 8,032,489	\$ 9,882,124
Receipts from grants and contracts	8,680,858	7,185,129
Payments to suppliers for goods and services	(21,308,728)	(16,599,696)
Payments to or on behalf of employees	(41,209,169)	(36,128,425)
Payments for scholarships and fellowships	(5,467,345)	(4,947,865)
Other (disbursements), receipts	1,130,525	1,877,118
Net Cash Used In Operating Activities	<u>(50,141,370)</u>	<u>(38,731,615)</u>
Cash Flows From Non-Capital Financing Activities		
Receipts from state appropriations	9,487,800	7,397,327
Receipts from ad valorem taxes – operating and maintenance	38,714,241	35,082,904
Receipts from non-operating federal revenue	5,917,338	4,777,559
Receipts from gifts or grants for other than capital purposes	2,346,140	1,632,913
Receipts from student organizations and other agency transactions	227,924	212,315
Payments to student organizations and other agency transactions	(212,315)	(205,465)
Receipts from private gifts for endowment purposes	13,702	193,534
Net Cash Provided By Non-Capital Financing Activities	<u>56,494,830</u>	<u>49,091,087</u>
Cash Flows From Capital And Related Financing Activities		
Receipts from ad valorem taxes – debt services	2,977,570	2,977,101
Receipts from capital grants and gifts	5,640,099	20,395,726
Purchases of capital assets	(5,183,118)	(31,744,159)
Payments on capital debt – principal	(3,570,000)	(3,415,000)
Payments on capital debt – interest	(469,460)	(615,908)
Net Cash Used In Capital And Related Financing Activities	<u>(604,909)</u>	<u>(12,402,240)</u>
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	26,183,397	26,711,580
Interest on investments	3,228,597	2,026,673
Purchase of investments	(16,896,225)	(22,893,414)
Net Cash Provided By (Used In) Investing Activities	<u>12,515,769</u>	<u>5,844,839</u>
Change in cash and cash equivalents	18,264,320	3,802,071
Cash And Cash Equivalents – Beginning	<u>20,033,609</u>	<u>16,231,538</u>
Cash And Cash Equivalents – Ending	<u>\$ 38,297,929</u>	<u>\$ 20,033,609</u>
Reconciliation Of Net Operating Loss To Net Cash Used In Operating Activities:		
Operating loss	\$ (58,748,137)	\$ (49,912,895)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation/amortization expense	5,128,837	5,148,310
Payments made directly by state for benefits	3,315,513	2,297,243
Changes in related assets and liabilities:		
Receivables, net	(254,977)	647,939
Prepaid expenses	1,375,088	(27,588)
Inventories	1,366	(8,719)
Deferred outflows	4,480,569	(98,395)
Accounts payable	(1,598,074)	1,565,171
Accrued liabilities	(565,163)	(2,263,571)
Compensated absences	418,935	37,038
Unearned revenue	(1,596,271)	(56,916)
Deferred inflows	(2,099,056)	3,940,768
Net Cash Used In Operating Activities	<u>\$ (50,141,370)</u>	<u>\$ (38,731,615)</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.

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.

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.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the District as assets with an initial, individual cost that equals or exceeds \$5,000 and an estimated useful life more than one year. As the District constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Depreciation and amortization expense is computed using the straight-line method over the following estimated useful lives of the assets:

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
RTU Lease Assets	Depends on lease term
RTU Subscription Assets	Depends on term of arrangement

Leases

Lessee:

The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the statement of net position. The District recognizes lease liabilities with an initial, individual value of \$20,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payment to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonable certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Leases (continued)

Lessor

The District is a lessor for a noncancellable lease of the bookstore. The District recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscription Based Information Technology Arrangements (SBITA)

The District has several subscription-based information technology arrangements for software services. The District recognizes a subscription liability and an intangible right-to-use subscription asset in the statement of net position. The District recognizes lease liabilities with an initial, individual value of \$20,000 or more.

At the commencement of an arrangement, the District initially measures the subscription liability at the present value of payments expected to be made during the arrangement term. Subsequently, the subscription liability is reduced by the principal portion of arrangement payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for arrangement payments made at or before the commencement date, plus certain applicable initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over term of the arrangement.

Key estimates and judgments related to subscriptions include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) arrangement term, and (3) arrangement payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The arrangement term includes the noncancellable period of the subscription. Arrangement payments included in the measurement of the subscription liability are composed of fixed payments.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Subscription Based Information Technology Arrangements (SBITA) (continued)

The District monitors changes in circumstances that would require a remeasurement of its subscription arrangements and will remeasure the subscription asset and liability if certain changes that occur are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

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.

Reclassification

Certain items in the August 31, 2023 financial statements have been reclassified for comparability purposes with the August 31, 2024 financial statements. These reclassifications had no effect on previously reported changes in net position or on net position.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Implementation of New Accounting Pronouncements

GASB issued Statement No. 100, Accounting Changes and Error Corrections - an Amendment of GASB Statement No. 62, in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2024.

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.

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.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 4 - Deposits and Investments (continued)

Deposits: At August 31, 2024 and 2023, the carrying amount of the District’s deposits was \$28,680,771 and \$16,495,311, respectively; and bank balances equaled \$17,021,337 and \$11,474,627. Bank balances of \$532,252 and \$647,427 are covered by federal depository insurance and \$16,489,085 and \$10,867,200 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 \$18,689,308 and \$11,779,016 in state approved public investment pools at August 31, 2024 and 2023, respectively.

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

Cash and Cash Equivalents

	<u>2024</u>	<u>2023</u>
Bank Deposits:		
Demand Deposits	\$ 5,471,244	\$ 1,192,897
Money Market Deposits	23,209,527	15,302,414
	<u>28,680,771</u>	<u>16,495,311</u>
Cash and Cash Equivalent:		
Petty Cash on Hand	7,126	8,157
Investments due within 90 days	9,610,032	3,530,141
	<u>9,617,158</u>	<u>3,538,298</u>
Total Cash and Cash Equivalents	<u>\$ 38,297,929</u>	<u>\$ 20,033,609</u>

Reconciliation of Deposits and Investments to Exhibit 1

<u>Type of Security</u>	<u>August 31, 2024</u>	<u>August 31, 2023</u>
	<u>Market Value</u>	<u>Market Value</u>
U.S Government Securities	\$ 15,202,562	\$ 24,353,375
Public Funds Investment Pools	18,689,309	11,779,016
Municipal Bonds	395,936	3,053,455
Certificates of Deposit	2,160,000	5,739,000
Oil & Gas	265,825	1,075,958
Total Investments	<u>\$ 36,713,632</u>	<u>\$ 46,000,804</u>
Total Cash and Cash Equivalents	\$ 38,297,929	\$ 20,033,609
Total Investments	36,713,632	46,000,804
Total Deposits and Investments	<u>\$ 75,011,561</u>	<u>\$ 66,034,413</u>
Cash and Temporary Investments (Exhibit 1)	\$ 38,297,929	\$ 20,033,609
Investments (Exhibit 1)	36,713,632	46,000,804
Total Deposits and Investments	<u>\$ 75,011,561</u>	<u>\$ 66,034,413</u>

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 4 - Deposits and Investments (continued)

As of August 31, 2024 the District had the following investments and maturities:

Investment Type	Fair Value	Less than 1	1 to 2	2 to 5	5 to 10
Public Funds Investment Pools	\$ 18,689,309	\$ 18,689,309	\$ -	\$ -	\$ -
U.S. Government Securities	15,202,562	4,853,184	5,036,645	4,707,374	605,359
Municipal Bonds	395,936	180,347	-	215,589	-
Certificates of Deposit	2,160,000	2,160,000	-	-	-
Oil & Gas	265,825	265,825	-	-	-
Total Fair Value	\$ 36,713,632	\$ 26,148,665	\$ 5,036,645	\$ 4,922,963	\$ 605,359

As of August 31, 2023 the District had the following investments and maturities:

Investment Type	Fair Value	Less than 1	1 to 2	2 to 5	5 to 10
Public Funds Investment Pools	\$ 11,779,016	\$ 11,779,016	\$ -	\$ -	\$ -
U.S. Government Securities	24,353,375	9,399,935	6,384,750	8,298,248	270,442
Municipal Bonds	3,053,455	1,881,007	963,221	209,227	-
Certificates of Deposit	5,739,000	-	5,739,000	-	-
Oil & Gas	1,075,958	1,075,958	-	-	-
Total Fair Value	\$ 46,000,804	\$ 24,135,916	\$ 13,086,971	\$ 8,507,475	\$ 270,442

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.

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, 2024 and 2023 are reported below:

Investment Type	Credit Rating
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 (65.98%) and US Treasury Notes (32.56%).

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

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 5 - Fair Value of Financial Instruments

GASB Statement No. 72, *Fair Value Measurement and Application*, provides a framework for measuring fair value for certain investments. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets of liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the government can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The District had the following investments measured at fair value at August 31, 2024 and 2023:

Investment Type	Quoted Prices in			2024
	Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
U.S. Government Securities	\$ 15,202,562	\$ -	\$ -	\$ 15,202,562
Public Funds Investment Pools	18,689,309	-	-	18,689,309
Municipal Bonds	395,936	-	-	395,936
Certificates of Deposit	-	2,160,000	-	2,160,000
Oil & Gas	-	-	265,825	265,825
Total	\$ 34,287,807	\$ 2,160,000	\$ 265,825	\$ 36,713,632

Investment Type	Quoted Prices in			2023
	Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
U.S. Government Securities	\$ 24,353,375	\$ -	\$ -	\$ 24,353,375
Public Funds Investment Pools	11,779,016	-	-	11,779,016
Municipal Bonds	3,053,455	-	-	3,053,455
Certificates of Deposit	-	5,739,000	-	5,739,000
Oil & Gas	-	-	1,075,958	1,075,958
Total	\$ 39,185,846	\$ 5,739,000	\$ 1,075,958	\$ 46,000,804

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, 2024	
Assessed valuation of the District	\$ 56,730,975,040
Less exemptions	<u>(2,071,210,864)</u>
Net Assessed Valuation of the District	<u><u>\$ 54,659,764,176</u></u>
At August 31, 2023	
Assessed valuation of the District	\$ 49,082,032,636
Less exemptions	<u>(1,764,432,395)</u>
Net Assessed Valuation of the District	<u><u>\$ 47,317,600,241</u></u>

At August 31, 2024

	<u>Maintenance and Operation</u>	<u>Debt Service</u>	<u>Total</u>
Authorized tax rate per \$100 valuation (Maximum per enabling legislation)	\$ 0.0719	\$ 0.0055	\$ 0.0774
Assessed tax rate per \$100 valuation	\$ 0.0719	\$ 0.0055	\$ 0.0774

At August 31, 2023

	<u>Maintenance and Operation</u>	<u>Debt Service</u>	<u>Total</u>
Authorized tax rate per \$100 valuation (Maximum per enabling legislation)	\$ 0.0775	\$ 0.0063	\$ 0.0838
Assessed tax rate per \$100 valuation	\$ 0.0737	\$ 0.0063	\$ 0.0800

Taxes levied for the years ended August 31, 2024 and 2023 are \$42,312,886 and \$37,854,107, 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, 2024

Taxes Collected	Current		Total
	Operations	Debt Service	
Current taxes collected	\$ 38,206,424	\$ 2,904,620	\$ 41,111,044
Delinquent taxes collected	357,263	27,161	384,424
Penalties and interest collected	221,941	16,873	238,814
Total Collections	\$ 38,785,628	\$ 2,948,654	\$ 41,734,282

At August 31, 2023

Taxes Collected	Current		Total
	Operations	Debt Service	
Current taxes collected	\$ 34,609,084	\$ 2,935,953	\$ 37,545,037
Delinquent taxes collected	236,049	20,024	256,073
Penalties and interest collected	224,027	19,005	243,032
Total Collections	\$ 35,069,160	\$ 2,974,982	\$ 38,044,142

Tax collections (including penalties, interest and delinquent collections) for the years ended August 31, 2024 and 2023 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:

	2024	2023
Current unrestricted fund	\$ 1,208,583	\$ 1,098,757
Debt service fund	56,559	101,043
	1,265,142	1,199,800
Allowance for uncollectible taxes	(442,800)	(419,930)
Net ad valorem taxes receivable	\$ 822,342	\$ 779,870

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 7 – Lease Receivable

In March 2021, the District entered into a 3-year agreement lease as the lessor for the use of the bookstore. An initial receivable was recorded in the amount of \$199,942. The lease expired during 2024 and as of August 31, 2024, the value of the lease receivable and deferred inflows of resources were \$0.

Note 8 - Capital Assets

Capital assets activity for the year ended August 31, 2024, was as follows:

	Balance September 1, 2023	Increases	Decreases	Balance August 31, 2024
Not Depreciated/Amortized:				
Land	\$ 2,550,242	\$ -	\$ -	\$ 2,550,242
Collectibles	49,000	-	-	49,000
Construction in process	35,240,074	4,014,440	37,762,394	1,492,120
Subtotal	37,839,316	4,014,440	37,762,394	4,091,362
Other Capital Assets:				
Buildings	127,449,852	30,890,897	-	158,340,749
Land improvements	12,478,662	5,551,744	-	18,030,406
Leasehold improvements	572,427	-	-	572,427
Library books	2,494,333	19,904	-	2,514,237
Furniture, machinery, vehicles and other equipment	21,565,173	2,497,331	683,658	23,378,846
RTU lease assets	664,337	6,865	-	671,202
RTU subscription assets	1,851,094	-	276,141	1,574,953
Subtotal	167,075,878	38,966,741	959,799	205,082,820
Accumulated Depreciation/Amortization:				
Buildings	48,658,213	3,303,997	-	51,962,210
Land improvements	6,730,397	-	-	6,730,397
Leasehold improvements	177,966	22,016	-	199,982
Library books	2,064,003	52,515	-	2,116,518
Furniture, machinery, vehicles and other equipment	17,162,241	1,113,964	673,252	17,602,953
RTU lease assets	130,996	134,224	-	265,220
RTU subscription assets	670,990	502,121	274,985	898,126
Subtotal	75,594,806	5,128,837	948,237	79,775,406
Net Other Capital Assets	91,481,072	33,837,904	11,562	125,307,414
Net Capital Assets	\$ 129,320,388	\$ 37,852,344	\$ 37,773,956	\$ 129,398,776

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 - Capital Assets (continued)

Capital assets activity for the year ended August 31, 2023, was as follows:

	Balance September 1, 2022	Increases	Decreases	Balance August 31, 2023
Not Depreciated/Amortized:				
Land	\$ 2,550,250	\$ -	\$ 8	\$ 2,550,242
Collectibles	49,000	-	-	49,000
Construction in process	5,045,281	30,194,793	-	35,240,074
Subtotal	7,644,531	30,194,793	8	37,839,316
Other Capital Assets:				
Buildings	127,449,852	-	-	127,449,852
Land improvements	12,478,662	-	-	12,478,662
Leasehold improvements	572,427	-	-	572,427
Library books	2,439,149	55,184	-	2,494,333
Furniture, machinery, vehicles and other equipment	21,143,934	712,292	291,053	21,565,173
RTU lease assets	294,917	369,420	-	664,337
RTU subscription assets	1,459,735	441,984	50,625	1,851,094
Subtotal	165,838,676	1,578,880	341,678	167,075,878
Accumulated Depreciation/Amortization:				
Buildings	45,821,725	2,836,488	-	48,658,213
Land improvements	6,075,803	654,594	-	6,730,397
Leasehold improvements	155,950	22,016	-	177,966
Library books	2,014,657	49,346	-	2,064,003
Furniture, machinery, vehicles and other equipment	16,369,268	1,048,568	255,595	17,162,241
RTU lease assets	25,203	105,793	-	130,996
RTU subscription assets	290,110	431,505	50,625	670,990
Subtotal	70,752,716	5,148,310	306,220	75,594,806
Net Other Capital Assets	95,085,960	(3,569,430)	35,458	91,481,072
Net Capital Assets	\$ 102,730,491	\$ 26,625,363	\$ 35,466	\$ 129,320,388

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 9 - Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2024, was as follows:

	Balance September 1, 2023	Additions	Reductions	Balance August 31, 2024	Current Portion
Bonds					
General obligation bonds	\$ 8,783,490	\$ -	\$ 2,902,905	\$ 5,880,585	\$ 2,927,147
Revenue bonds	5,160,000	-	985,000	4,175,000	1,005,000
Total Bonds	<u>13,943,490</u>	<u>-</u>	<u>3,887,905</u>	<u>10,055,585</u>	<u>3,932,147</u>
Other Liabilities					
Compensated absences	2,084,069	420,165	1,230	2,503,004	1,054,742
RTU lease liability	542,242	2,224	122,973	421,493	126,808
RTU subscription liability	601,976	-	272,935	329,041	125,851
Net pension liability	11,548,704	2,356,522	968,111	12,937,115	-
Net OPEB liability	29,729,769	1,998,905	4,445,043	27,283,631	763,127
Total Other Liabilities	<u>44,506,760</u>	<u>4,777,816</u>	<u>5,810,292</u>	<u>43,474,284</u>	<u>2,070,528</u>
Total Long-Term Liabilities	<u>\$ 58,450,250</u>	<u>\$ 4,777,816</u>	<u>\$ 9,698,197</u>	<u>\$ 53,529,869</u>	<u>\$ 6,002,675</u>

Long-term liability activity for the year ended August 31, 2023, was as follows:

	Balance September 1, 2022	Additions	Reductions	Balance August 31, 2023	Current Portion
Bonds					
General obligation bonds	\$ 11,689,536	\$ -	\$ 2,906,046	\$ 8,783,490	\$ 2,902,904
Revenue bonds	6,125,000	-	965,000	5,160,000	985,000
Total Bonds	<u>17,814,536</u>	<u>-</u>	<u>3,871,046</u>	<u>13,943,490</u>	<u>3,887,904</u>
Other Liabilities					
Compensated absences	2,047,031	57,378	20,340	2,084,069	794,533
RTU lease liability	277,375	369,420	104,553	542,242	122,434
RTU subscription liability	361,340	441,984	201,348	601,976	264,378
Net pension liability	5,380,931	7,075,504	907,731	11,548,704	-
Net OPEB liability	38,201,849	2,526,438	10,998,518	29,729,769	772,911
Total Other Liabilities	<u>46,268,526</u>	<u>10,470,724</u>	<u>12,232,490</u>	<u>44,506,760</u>	<u>1,954,256</u>
Total Long-Term Liabilities	<u>\$ 64,083,062</u>	<u>\$ 10,470,724</u>	<u>\$ 16,103,536</u>	<u>\$ 58,450,250</u>	<u>\$ 5,842,160</u>

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 10 – Right-to-Use Lease Liability

The District is under contract for noncancellable leases that convey control of the right-to-use lease assets. The lease liabilities outstanding as of August 31, 2024, are as follows:

Description	Term		Interest Rate	Lease Liability		Lease Asset	
	Start Date	End Date		Original Amount	Outstanding Balance	Value of Lease Asset	Accumulated Amortization
Equipment - Washers & Dryers	08/15/21	08/15/31	6.25%	\$ 86,314	\$ 65,567	\$ 86,314	\$ 26,210
Equipment - Postage Machine	06/30/21	06/30/26	5.90%	28,733	14,060	35,049	22,581
Equipment - Copiers	Various	Various	2.16% - 2.37%	384,639	234,473	380,182	151,583
Vehicle	03/31/23	03/31/29	2.68%	138,584	100,290	138,584	39,987
Building	09/01/20	09/01/25	5.90%	26,067	7,103	31,073	24,859
				<u>\$ 664,337</u>	<u>\$ 421,493</u>	<u>\$ 671,202</u>	<u>\$ 265,220</u>

All amounts paid were previously included in the measurement of the lease liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any lease term and there were no impairment losses related to lease assets.

The future principal and interest lease payments as of August 31, 2024, were as follows:

For the Year Ended August 31,	RTU Lease Liability		
	Principal	Interest	Total
2025	\$ 126,808	\$ 11,824	\$ 138,632
2026	121,126	8,045	129,171
2027	118,095	4,690	122,785
2028	24,342	2,384	26,726
2029	10,039	1,661	11,700
2030-2031	21,083	1,343	22,426
Total	<u>\$ 421,493</u>	<u>\$ 29,947</u>	<u>\$ 451,440</u>

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 11 - Subscription Liability

The District is under contract for noncancellable subscriptions that convey control of the right-to-use software. The subscription liabilities outstanding as of August 31, 2024, are as follows:

Description	Term		Interest Rate	Subscription Liability		Subscription Asset	
	Start Date	End Date		Original Amount	Outstanding Balance	Value of Subscription Asset	Accumulated Amortization
Professional Software	06/25/22	06/25/25	2.01%	\$ -	\$ -	\$ 87,912	\$ 63,980
Educational Software	09/01/21	09/01/26	0.58%	-	-	706,996	424,198
Professional Software	03/26/22	03/26/25	0.43%	-	-	173,835	140,838
Professional Software	11/10/22	11/10/25	3.24%	25,116	8,369	25,001	15,070
Professional Software	02/01/22	09/01/27	0.83%	136,292	78,011	135,826	61,920
Professional Software	12/31/22	12/31/27	3.31%	248,261	158,168	248,434	85,296
Professional Software	06/01/23	06/01/26	2.36%	92,283	58,245	92,856	38,690
Educational Software	09/01/21	04/01/26	0.58%	104,343	26,248	104,093	68,134
				<u>\$ 606,295</u>	<u>\$ 329,041</u>	<u>\$ 1,574,953</u>	<u>\$ 898,126</u>

All amounts paid were previously included in the measurement of the subscription liability and there were no other related outflows of resources for the period such as variable payments or termination penalties. In addition, there were no commitments incurred prior to commencement of any subscription term and there were no impairment losses related to subscription assets.

The future principal and interest subscription payments as of August 31, 2024, were as follows:

For the Year Ended August 31,	RTU Subscription Liability		
	Principal	Interest	Total
2025	\$ 125,851	\$ 7,676	\$ 133,527
2026	93,503	4,985	98,488
2027	85,484	2,734	88,218
2028	24,203	798	25,001
Total	<u>\$ 329,041</u>	<u>\$ 16,193</u>	<u>\$ 345,234</u>

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 12 - Debt and Obligations

Bonds Payable

Debt service requirements at August 31, 2024, were as follows:

For the Year Ended August 31,	Revenue Bonds		General Obligation Bonds		Total Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,005,000	\$ 88,032	\$ 2,735,000	\$ 212,875	\$ 3,740,000	\$ 300,907
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	4,175,000	213,414	5,625,000	285,125	9,800,000	498,539
Unamortized Premium	-	-	255,585	(255,585)	255,585	(255,585)
Total	\$ 4,175,000	\$ 213,414	\$ 5,880,585	\$ 29,540	\$ 10,055,585	\$ 242,954

Note 13 - 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. The outstanding principal balance as of August 31, 2024 and 2023 is \$5,625,000 and \$8,210,000, respectively.

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 2028. The outstanding principal balance as of August 31, 2024 and 2023 is \$4,175,000 and \$5,160,000, respectively.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 14 - Disaggregation of Receivables and Payables Balances

Receivables

Receivables at August 31, were as follows:

	<u>2024</u>	<u>2023</u>
Student Receivables	\$ 2,391,271	\$ 1,511,802
Taxes Receivable	1,265,142	1,199,800
State Receivable	72,297	65,489
Federal Receivable	271,703	249,925
Accounts Receivable	1,365,174	3,239,068
Interest Receivable	480,374	394,884
Subtotal	<u>5,845,961</u>	<u>6,660,968</u>
Allowance for Doubtful Accounts	<u>(3,204,836)</u>	<u>(2,486,087)</u>
Total Receivables	<u>\$ 2,641,125</u>	<u>\$ 4,174,881</u>

Payables

Payables at August 31, were as follows:

	<u>2024</u>	<u>2023</u>
Vendors Payable	\$ 2,795,011	\$ 4,225,837
Students Payable	-	-
Total Payables	<u>\$ 2,795,011</u>	<u>\$ 4,225,837</u>

Note 15 - 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 15 - 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 2023 through 2025.

	<u>September 1, 2023</u> <u>to August 31, 2024</u>	<u>September 1, 2022</u> <u>to August 31, 2023</u>
Member	8.25%	8.00%
Non-Employer Contributing Entity (State)	8.25%	8.00%
District	8.25%	8.00%
District Contributions	\$	885,312
State of Texas On-behalf Contributions		705,460
Member Contributions		1,212,688

Contributors to the plan include members, employers, and the State of Texas as the only non- employer contributing entity. The State contributes to the Plan in accordance with state statutes and the General Appropriations Act (GAA).

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 15 - 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, there is a surcharge an employer is subject to.

- All public schools, charter schools, and regional educational service centers must contribute 1.8% of the member's salary beginning in fiscal year 2023, gradually increasing to 2% in fiscal year 2025.
- 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.

E. Actuarial Assumptions

The total pension liability in the August 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2022 rolled forward to August 31, 2023
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return*	7.00%
	4.13% - The 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
Municipal Bond Rate*	AA Index"
Last year ending August 31 Projection period (100 years)	2122
Inflation	2.30%
Salary Increases	2.95% to 8.95% including inflation
Benefit changes during the year	None
Ad-hoc post-employment benefit changes	None

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2022. A full description is available in the actuarial valuation report dated November 22, 2022.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the 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 were primarily based on a study of actual experience for the four-year period ending August 31, 2021 and were adopted in July 2022.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 15 - Defined Benefit Pension Plan (continued)

E. Actuarial Assumptions (continued)

The post-retirement mortality rates for healthy lives were based on the 2021 TRS of Texas Healthy Pensioners Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published projection scale ("U-MP"). The active mortality rates were based on the published PUB(2010) Mortality Tables for Teachers, below median, also with full generational mortality.

F. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. 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 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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 7.00 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.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 15 - Defined Benefit Pension Plan (continued)

F. Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2023, are summarized below:

Asset Class	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity:			
USA	18.00%	4.00%	1.00%
Non-U.S. Developed	13.00%	4.50%	0.90%
Emerging Markets	9.00%	4.80%	0.70%
Private Equity *	14.00%	7.00%	1.50%
Stable Value:			
Government Bonds	16.00%	2.50%	0.50%
Absolute Return *	0.00%	3.60%	0.00%
Stable Value Hedge Funds	5.00%	4.10%	0.20%
Real Return:			
Real Estate	15.00%	4.90%	1.10%
Energy, Natural Resources, and Infrastructure	6.00%	4.80%	0.40%
Commodities	0.00%	4.40%	0.00%
Risk Parity:	8.00%	4.50%	0.40%
Asset Allocation Leverage			
Cash	2.00%	3.70%	0.00%
Asset Allocation Leverage	-6.00%	4.40%	-0.10%
Inflation Expectation	-		2.30%
Volatility Drag ****	-		-0.90%
Total	100.00%		8.00%

* Absolute Return includes Credit Sensitive Investments

** Target allocations are based on the FY2023 policy model

*** Capital Market Assumptions come from Aon Hewitt (as of 8/31/2023)

**** The volatility drag results from conversions between arithmetic and geometric mean returns

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 15 - Defined Benefit Pension Plan (continued)

G. Discount rate Sensitivity Analysis

The following table represents the net pension liability of the plan using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease in Discount - Rate 6.00%	Discount Rate 7.00%	1% Increase in Discount rate 8.00%
The District's proportionate share of the net pension liability:	\$ 19,341,705	\$ 12,937,115	\$ 7,611,697

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

At August 31, 2024, the District reported a liability of \$12,937,115 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	\$ 12,937,115
State's proportionate share that is associated with the District	9,427,245
Total	\$ 22,364,360

The net pension liability was measured as of August 31, 2022, 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, 2021, thru August 31, 2022.

At the measurement date of August 31, 2023, the College's proportion of the collective net pension liability was .018833964%, which was a decrease of 0.0006190% from its proportion measured as of August 31, 2022.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

The actuarial assumptions and methods are the same as used in the determination of the prior year's net pension liability.

The Texas 2023 Legislature passed legislation that provides a one-time stipend to certain retired teachers. The stipend was paid to retirees beginning in September of 2023. The Legislature appropriated funds to pay for this one-time stipend so there will be no impact on the net pension liability of TRS. In addition, the Legislature also provided for a cost of living adjustment (COLA) to retirees which was approved during the November 2023 election which will be paid in January 2024. Therefore, this contingent liability was not reflected as of August 31, 2023.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 15 - Defined Benefit Pension Plan (continued)

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

For the year ended August 31, 2024, the District recognized pension expense of \$2,031,515 as well as on-behalf revenue and pension expense of \$705,460 representing pension expense incurred by the State on-behalf of the District.

At August 31, 2024, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 460,954	\$ 156,654
Changes in actuarial assumptions	1,223,598	299,442
Net difference between projected and actual investment earnings	4,042,458	2,159,793
Changes in proportion and difference between the employer’s contributions and proportionate share of contributions	249,127	986,777
Contributions paid to TRS subsequent to the measurement date*	1,212,688	-
Total	<u>\$ 7,188,825</u>	<u>\$ 3,602,666</u>

* The \$1,212,688 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, 2025.

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:

<u>Year Ended August 31:</u>	<u>Pension Expense Amount</u>
2025	\$ 489,008
2026	236,693
2027	1,336,051
2028	297,245
2029	14,474
	<u>\$ 2,373,471</u>

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 16 - 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 6.65% and 6.60%, respectively. The District contributes 1.65% for employees who were participating in the Optional Retirement Program prior to September 1, 1995, and 1.65% 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 \$167,246 and \$165,664 for the fiscal years ended August 31, 2024 and 2023, 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 \$33,704,457 and \$29,028,070 for fiscal years 2024 and 2023, respectively. The total payroll of employees covered by the Optional Retirement Program was \$5,556,649 and \$5,485,019 for fiscal years 2024 and 2023, respectively.

Note 17 - 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 Annual Comprehensive Financial Report (ACFR) 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 17 - 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.

	<u>2024</u>	<u>2023</u>
Retiree only	\$ 625.00	\$ 625.00
Retiree & Spouse	1,340.38	1,339.90
Retiree & Children	1,104.22	1,103.58
Retiree & Family	1,820.22	1,818.66

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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Employers	\$ 229,119	\$ 221,404
Members (employees)	139,641	138,353
Nonemployer Contributing Entity (State of Texas)	17,069	15,451

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 17 - Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2023 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, 2023
Actuarial cost method	Entry Age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	3.81%
Projected annual salary increase (includes inflation)	2.30% to 8.95%
Annual healthcare trend rate	<u>Health Select</u> : 5.60% for FY2025, 5.30% for FY2026, 5.00% for FY2027, 4.75% for FY2028, 4.60% for FY2029, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2032 and later years
	<u>Health Select Medicare Advantage</u> : 16.40% for FY2025, 8.40% for FY2026, 5.00% for FY2027, 4.75% for FY2028, 4.60% for FY2029 decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2032 and later years
	<u>Pharmacy</u> : 10.00% for FY2025, 10.00% for FY2026, decreasing 100 basis points per year to 5.00% for FY2031 and 4.30% for FY2032 and later years
Inflation assumption rate	2.30%
Ad hoc post-employment 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 2021.
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.

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.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 17 - Postemployment Benefits Other Than Pensions (continued)

Investment Policy. The State Retiree Health Plan (SRHP) is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The ERS’s Board of Trustees amended the investment policy statement in August 2022 to require that all funds in the SRHP be invested in cash and equivalent securities. The expected rate of return on these investments is currently 4.1%, in line with the prevailing returns on 90-day US treasury bills.

Discount Rate. Because the SRHP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bond rates. The discount rate used to determine the total OPEB liability as of the end of the measurement year was 3.59% to reflect the requirements of GASB 75. 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 SRHP are equal to projected benefit payments out of the plan. Because SRHP operates on a pay-as-you-go 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.

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 3.81% in measuring the net OPEB Liability.

	1% Decrease in Discount Rate 2.81%	Discount Rate 3.81%	1% Increase in Discount Rate 4.81%
District’s Proportionate share of the net OPEB liability (in thousands)	\$ 31,657	\$ 27,284	\$ 23,764

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 5.60% 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 (5.60%) in measuring the net OPEB liability.

	1% Decrease Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
District’s Proportionate share of the net OPEB liability (in thousands)	\$ 23,467	\$ 27,284	\$ 32,128

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

At August 31, 2024, the District reported a liability of \$29,729,769 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	\$ 27,283,631
State’s Proportionate share that is associated with District	19,121,228
	<u>\$ 46,404,859</u>

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 17 - 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 OPEB liability was measured as of August 31, 2023, 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, 2022, thru August 31, 2023.

At the measurement date of August 31, 2023, the employer’s proportion of the collective net OPEB liability was 0.1021142% which was 0.00225% lower compared to August 31, 2022.

For the year ended August 31, 2024, the District recognized OPEB expense of \$1,084,316 and revenue of \$751,076 for support provided by the State.

At August 31, 2024 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 721,635
Changes in actuarial assumptions	910,111	8,520,655
Difference between projected and actual investment return	3,449	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	2,125,917	1,843,662
Contributions subsequent to the measurement date*	544,622	-
Total	\$ 3,584,099	\$ 11,085,952

* The \$544,622 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, 2024.

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:

Year Ended August 31:	OPEB Expense Amount
2025	\$ (1,633,251)
2026	(1,971,947)
2027	(2,358,053)
2028	(1,745,495)
2029	(337,729)
	\$ (8,046,475)

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 18 - 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 \$939,554 and \$693,334 on August 31, 2024 and 2023, 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 \$1,448,262 and \$1,289,536 on August 31, 2024 and 2023, respectively. As of August 31, 2024 and 2023, non-exempt employees have accrued approximately \$115,188 and \$101,199, respectively, in compensatory time.

Note 19 - 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 20 - 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 2024 and 2023 for which monies have not been received nor funds expended total \$496,089 and \$558,120, respectively. All of these amounts were from federal contract and grant awards.

Note 21 - 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, 2024 and 2023.

Note 22 - 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 \$34,447 as of August 31, 2024. Midland College has received the majority of the expected distributions from Hodge, J Howard Unitrust. As of August 31, 2024 and 2023, the District has an outstanding receivable as of \$9,018 and \$8,612, respectively.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 23 - Commitments

As of August 31, 2024, the District has awarded the following contracts for projects that are in progress:

Mid-Tex - Children's Center Renovation	\$ 73,825
Mid-Tex - Concessions	<u>8,162</u>
	<u><u>\$ 81,987</u></u>

Note 24 - Related Party

Midland College Foundation, Inc. (the "Foundation"), an independent corporation, made contributions of \$9,642,592 and \$25,293,233 in fiscal years 2024 and 2023, respectively. Three trustees of the District are also on the Board of Directors of the Foundation.

The District does not have any other related party transactions to disclose.

Note 25 - 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>2024</u>	<u>2023</u>
County or Independent School District:	Collections (including penalties and interest)	Collections (including penalties and interest)
Pecos County	\$ 1,125,357	\$ 1,112,656



REQUIRED SUPPLEMENTARY INFORMATION

MIDLAND COLLEGE DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

For the Last Nine Measurement Years ²

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportionate share of collective net pension liability (%)	0.0188340%	0.0194529%	0.0211295%	0.0222454%	0.0206821%	0.0206770%	0.0209193%	0.0210081%	0.0214909%
District's proportionate share of collective net pension liability (\$)	\$ 12,937,115	\$ 11,548,704	\$ 5,380,931	\$ 11,914,165	\$ 10,751,196	\$ 11,381,158	\$ 6,688,879	\$ 7,938,654	\$ 7,596,747
State's proportionate share of net pension liability associated with District	9,427,245	8,273,922	3,387,838	6,673,683	7,275,293	7,908,667	4,490,670	5,568,440	5,178,200
Total	<u>\$ 22,364,360</u>	<u>\$ 19,822,626</u>	<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>
District's covered-employee payroll	\$ 20,941,095	\$ 19,773,566	\$ 19,107,864	\$ 18,447,862	\$ 17,447,336	\$ 16,884,581	\$ 16,349,262	\$ 16,106,059	\$ 15,256,625
District's proportionate share of collective net pension liability as a percentage of covered-employee payroll	61.78%	58.40%	28.16%	64.58%	61.62%	67.41%	40.91%	49.29%	49.79%
Plan fiduciary net position as percentage of the total pension liability	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

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

MIDLAND COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S PENSIONS CONTRIBUTIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
For the Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Legally required Pension contributions	\$ 1,212,688	\$ 985,892	\$ 907,836	\$ 902,798	\$ 918,712	\$ 720,736	\$ 701,445	\$ 685,906	\$ 686,879	\$ 606,222
Actual Pension contributions	1,212,688	985,892	907,836	902,798	918,712	720,736	701,445	685,906	686,879	606,222
Pension contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll amount	\$ 25,163,144	\$ 20,941,095	\$ 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	4.82%	4.71%	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

Note 1: Changes Since Prior Actuarial Valuation

The following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future female retirees assumed to be married and electing coverage for their spouse. Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Percentage of Higher Education vested terminated members assumed to have terminated less than one year before the valuation date.
- 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.
- Annual rate of increase in the Patient-Centered Outcomes Research Institute (PCORI) fee payable under the Affordable Care Act has been updated to reflect recent health plan experience and its effects on our short-term expectations.
- Assumed expenses directly related to the payment of GBP HealthSelect medical benefits have been updated to reflect recent contract revisions.
- The discount rate was changed from 2.20 percent to 2.14 percent as a result of requirements by GASB Statement 75 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.
- 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 FY2022, are provided for in the FY2022 Assumed Per Capita Health Benefit Costs. There were no benefit changes for HealthSelect retirees and the dependents for whom Medicare is primary.

Actuarial assumption changes are described in TRS's Annual Comprehensive Financial Report and the TRS Actuarial Valuation Report for the year ended August 31, 2023, which can be accessed at https://www.trs.texas.gov/Pages/about_publications.aspx.

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 Seven Measurement Years²**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportionate share of collective net OPEB liability (%)	0.1021142%	0.1043627%	0.1064845%	0.1027765%	0.0871263%	0.0920000%	0.0665013%
District's proportionate share of collective net OPEB liability (\$)	\$ 27,283,631	\$ 29,729,769	\$ 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	19,121,228	20,619,871	22,652,843	20,860,688	26,390,267	22,216,096	19,971,590
Total	<u>\$ 46,404,859</u>	<u>\$ 50,349,640</u>	<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	\$ 24,399,727	\$ 24,335,191	\$ 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	111.82%	122.17%	201.63%	149.37%	134.14%	122.50%	104.35%
Plan fiduciary net position as percentage of the total OPEB liability	0.63%	0.57%	0.38%	0.32%	0.17%	1.27%	2.04%

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

MIDLAND COLLEGE DISTRICT
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
EMPLOYEE RETIREMENT SYSTEM OF TEXAS - STATE RETIREE HEALTH PLAN
For the Last Eight Fiscal Years²

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Legally required OPEB contributions	\$ 544,622	\$ 533,715	\$ 463,653	\$ 494,837	\$ 464,487	\$ 1,346,051	\$ 1,238,174	\$ 1,197,854
Actual OPEB contributions	544,622	533,715	463,653	494,837	464,487	1,346,051	1,238,174	1,197,854
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll amount	\$ 28,179,722	\$ 24,399,727	\$ 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	1.93%	2.19%	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

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

Note 1 - Changes Since Prior Actuarial Valuation

The following changes since the prior actuarial valuation affected the measurement of the amounts reported in the required supplementary schedules:

- Demographic assumptions since the last valuation was prepared for this plan (including rates of retirement, disability, termination, and mortality, and assumed salary increases) for Higher Education members have been updated to reflect assumptions recently adopted by the TRS Trustees. These new assumptions were adopted to reflect an experience study on the TRS retirement plan performed by the TRS retirement plan actuary.

In addition, the following assumptions have been updated since the previous valuation to reflect recent plan experience and expected trends:

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Proportion of future retirees assumed to cover dependent children.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act has been updated to reflect the most recent available information.
- The discount rate was changed from 2.14% to 3.59% as a result of requirements by GASB No. 75 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.

Actuarial assumption changes are described in ERS's Annual Comprehensive Financial Report and the ERS Actuarial Valuation Report for the year ended August 31, 2023, which can be accessed at <https://ers.texas.gov/about-ers/reportsandstudies/gasb-requirements>.



SCHEDULES

MIDLAND COLLEGE DISTRICT
SCHEDULE OF DETAILED OPERATING REVENUES
Year Ended August 31, 2024
(With Memorandum Totals for the Year Ended August 31, 2023)

Schedule A

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2024	2023
Tuition:						
State funded credit courses:						
In-district resident tuition	\$ 4,250,148	\$ -	\$ 4,250,148	\$ -	\$ 4,250,148	\$ 3,944,149
Out-of-district resident tuition	2,899,059	-	2,899,059	-	2,899,059	2,862,043
Non-resident tuition	543,832	-	543,832	-	543,832	536,209
TPEG – credit (set aside) ¹	374,772	-	374,772	-	374,772	355,740
State-funded continuing education	1,261,244	-	1,261,244	-	1,261,244	1,325,761
TPEG – non-credit (set aside) ¹	92,327	-	92,327	-	92,327	84,623
Non-state funded continuing educational programs	204,236	-	204,236	-	204,236	187,501
Total Tuition	9,625,618	-	9,625,618	-	9,625,618	9,296,026
Fees:						
General use fee	2,067,324	-	2,067,324	-	2,067,324	2,006,697
Lab fees	525,555	-	525,555	-	525,555	548,727
Other fees	105,337	-	105,337	-	105,337	99,863
Total Fees	2,698,216	-	2,698,216	-	2,698,216	2,655,287
Scholarship Allowances and Discounts:						
Scholarships	(1,478,943)	-	(1,478,943)	-	(1,478,943)	(1,420,777)
Remissions and exemptions - state	(225,997)	-	(225,997)	-	(225,997)	(214,223)
Title IV federal grants	(2,008,815)	-	(2,008,815)	-	(2,008,815)	(1,638,675)
Other federal grants	(950)	-	(950)	-	(950)	(5,574)
TPEG awards	(291,430)	-	(291,430)	-	(291,430)	(240,596)
Other state grants	(76,780)	-	(76,780)	-	(76,780)	(8,034)
Other local grants	(3,336)	-	(3,336)	-	(3,336)	(11,905)
Total Scholarship Allowances	(4,086,251)	-	(4,086,251)	-	(4,086,251)	(3,539,784)
Total Net Tuition and Fees	8,237,583	-	8,237,583	-	8,237,583	8,411,529
Additional Operating Revenues:						
Federal grants and contracts	87,813	2,896,683	2,984,496	-	2,984,496	2,032,741
State grants and contracts	-	736,945	736,945	-	736,945	377,310
Local grants and contracts	1,223,036	366,459	1,589,495	-	1,589,495	2,475,272
Non-governmental grants and contracts	77,100	3,295,717	3,372,817	32,500	3,405,317	1,356,185
Sales and services of educational activities	693,491	-	693,491	-	693,491	524,600
Investment income (program restricted)	-	(483,288)	(483,288)	7,057	(476,231)	1,594,246
General operating revenues	1,366,209	312,028	1,678,237	-	1,678,237	883,848
Total Additional Operating Revenues	3,447,649	7,124,544	10,572,193	39,557	10,611,750	9,244,202
Auxiliary Enterprises:						
Bookstore ²	-	-	-	64,687	64,687	58,517
Residential/food service	-	-	-	1,231,915	1,231,915	1,164,926
Less discounts	-	-	-	(490,054)	(490,054)	(479,319)
Athletics	-	-	-	25,653	25,653	4,745
Other	-	-	-	49,740	49,740	21,230
Total Net Auxiliary Enterprises	-	-	-	881,941	881,941	770,099
Total Operating Revenues	\$ 11,685,232	\$ 7,124,544	\$ 18,809,776	\$ 921,498	\$ 19,731,274	\$ 18,425,830
					(Exhibit 2)	(Exhibit 2)

¹ In accordance with Education Code 56.033, \$467,099 and \$440,363 of tuition for years ended August 31, 2024 and 2023, respectively, was set aside for Texas Public Education grants (TPEG).

² 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

Year Ended August 31, 2024

(With Memorandum Totals for the Year Ended August 31, 2023)

Schedule B

	Operating Expenses					
	Salaries and Wages	Benefits		Other Expenses	2024	2023
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 15,062,954	\$ -	\$ 3,468,998	\$ 2,046,606	\$ 20,578,558	\$ 18,226,815
Public service	2,146,586	-	705,272	274,705	3,126,563	1,923,535
Academic support	4,461,079	-	1,374,913	2,882,383	8,718,375	8,564,787
Student services	3,037,152	-	1,102,515	362,621	4,502,288	4,189,767
Institutional support	5,071,441	-	1,541,118	3,411,184	10,023,743	7,122,166
Operation and maintenance of plant	1,149,598	-	657,970	6,134,316	7,941,884	6,136,598
Scholarships and fellowships	-	-	-	1,600	1,600	38,828
Total Unrestricted Educational Activities	30,928,810	-	8,850,786	15,113,415	54,893,011	46,202,496
Restricted – Educational Activities						
Instruction	27,018	1,676,371	17,615	329,856	2,050,860	1,862,681
Public service	1,195,415	158,282	340,699	845,369	2,539,765	3,386,580
Academic support	1,500	536,922	317	231,050	769,789	750,104
Student services	263,963	419,483	64,506	241,046	988,998	641,999
Institutional support	-	524,455	-	272,379	796,834	458,238
Operation and maintenance of plant	-	-	-	369,116	369,116	487,701
Scholarships and fellowships	9,539	-	-	6,988,723	6,998,262	4,858,507
Total Restricted Educational Activities	1,497,435	3,315,513	423,137	9,277,539	14,513,624	12,445,810
Total Educational Activities	32,426,245	3,315,513	9,273,923	24,390,954	69,406,635	58,648,306
Auxiliary Enterprises	1,307,440	-	470,039	2,166,460	3,943,939	4,542,109
Depreciation Expense – Buildings and other real estate improvements	-	-	-	3,303,997	3,303,997	3,491,082
Depreciation Expense – Equipment and furniture	-	-	-	1,188,495	1,188,495	1,119,930
Amortization Expense - Leases	-	-	-	134,224	134,224	105,793
Amortization Expense - Subscriptions	-	-	-	502,121	502,121	431,505
Total Operating Expenses	\$ 33,733,685	\$ 3,315,513	\$ 9,743,962	\$ 31,686,251	\$ 78,479,411 (Exhibit 2)	\$ 68,338,725 (Exhibit 2)

MIDLAND COLLEGE DISTRICT

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

Year Ended August 31, 2024

(With Memorandum Totals for the Year Ended August 31, 2023)

Schedule C

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2024</u>	<u>2023</u>
Non-Operating Revenues					
State Appropriations:					
Education and general state support	\$ 9,179,946	\$ -	\$ -	\$ 9,179,946	\$ 7,089,473
State group insurance	-	1,718,571	-	1,718,571	1,383,202
State retirement matching	-	1,596,942	-	1,596,942	914,041
Permian Basin Petroleum Museum	-	307,854	-	307,854	307,853
Total State Appropriations	<u>9,179,946</u>	<u>3,623,367</u>	<u>-</u>	<u>12,803,313</u>	<u>9,694,569</u>
Maintenance ad valorem taxes	38,785,628	-	-	38,785,628	35,069,160
Debt service ad valorem taxes	-	2,948,654	-	2,948,654	2,974,982
Federal revenue, non-operating	-	5,917,338	-	5,917,338	4,777,559
Gifts	-	2,346,140	-	2,346,140	1,632,913
Investment income	3,211,865	-	102,423	3,314,288	2,231,671
Contributions in aid of construction	-	3,892,526	-	3,892,526	22,267,883
Additions to permanent endowments	-	14,105	-	14,105	50,103
Total Non-Operating Revenues	<u>41,997,493</u>	<u>15,118,763</u>	<u>102,423</u>	<u>57,218,679</u>	<u>69,004,271</u>
Non-Operating Expenses					
Interest on capital related debt	-	(311,973)	-	(311,973)	(402,054)
Gain (loss) on disposal of capital assets	24,107	-	-	24,107	(5,952)
Total Non-Operating Expense	<u>24,107</u>	<u>(311,973)</u>	<u>-</u>	<u>(287,866)</u>	<u>(408,006)</u>
Net Non-Operating Revenues	<u>\$ 51,201,546</u>	<u>\$ 18,430,157</u>	<u>\$ 102,423</u>	<u>\$ 69,734,126</u>	<u>\$ 78,290,834</u>
				(Exhibit 2)	(Exhibit 2)

MIDLAND COLLEGE DISTRICT

Schedule D

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY

Year Ended August 31, 2024

(With Memorandum Totals for the Year Ended August 31, 2023)

	<u>Detail by Source</u>				<u>Detail by Source</u>	<u>Available for Current Operations</u>	
	<u>Restricted</u>			<u>Capital Assets Net of Depreciation & Related Debt</u>	<u>Total</u>	<u>Yes</u>	<u>No</u>
	<u>Unrestricted</u>	<u>Expendable</u>	<u>Non- Expendable</u>				
Current:							
Unrestricted	\$ 8,126,885	\$ -	\$ -	\$ -	\$ 8,126,885	\$ 8,126,885	\$ -
Restricted	-	13,618,585	-	-	13,618,585	13,618,585	-
Auxiliary enterprises	166,502	-	-	-	166,502	166,502	-
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Endowment:							
TRUE	-	-	5,055,853	-	5,055,853	-	5,055,853
Plant:							
Debt service	(318,589)	-	-	-	(318,589)	(318,589)	-
Investment in plant	-	-	-	118,901,014	118,901,014	-	118,901,014
Total Net Position							
August 31, 2024	7,974,798	13,618,585	5,055,853	118,901,014	145,550,250	21,593,383	123,956,867
Total Net Position							
August 31, 2023	4,896,257	9,737,593	5,220,427	114,709,984	134,564,261	14,633,850	119,930,411
Net Increase (Decrease)							
in Net Position	\$ 3,078,541	\$ 3,880,992	\$ (164,574)	\$ 4,191,030	\$ 10,985,989	\$ 6,959,533	\$ 4,026,456

MIDLAND COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended August 31, 2024

Schedule E

Federal Grantor/Pass Through Grantor/ Program Title	Federal	Pass Through Entity Identifying Number	Direct Awards	Pass-through Awards	Federal Expenditures	Subrecipients Expenditures
	Assistance Listing Number					
U.S. Department of Education						
Direct Awards:						
<i>Federal Supplemental Educational Opportunity Grant</i>	84.007	N/A	\$ 143,131	\$ -	\$ 143,131	\$ -
<i>Federal College Work Study Program</i>	84.033	N/A	9,539	-	9,539	-
<i>Federal Pell Grant Program</i>	84.063	N/A	5,764,669	-	5,764,669	-
<i>Federal Direct Student Loans</i>	84.268	N/A	854,622	-	854,622	-
<i>Total Student Financial Assistance Cluster</i> <i>(ALN 84.007, 84.033, 84.063, 84.268)</i>			<u>6,771,961</u>	<u>-</u>	<u>6,771,961</u>	<u>-</u>
 Higher Education Emergency Relief Fund: <i>Education Stabilization Fund-Student COVID-19</i>	 84.425E	 N/A	 1,539,172	 -	 1,539,172	 -
Pass-through Texas Workforce Commission:						
<i>Adult Education and Literacy – AEL Combined</i>	84.002A	1118ALAF01	-	418,712	418,712	-
<i>Adult Education and Literacy – AEL Combined</i>	84.002A	2924ALA022	-	62,972	62,972	-
<i>Total ALN 84.002</i>			<u>-</u>	<u>481,684</u>	<u>481,684</u>	<u>-</u>
Pass-through Texas Higher Education Coordinating Board:						
<i>Career and Technical Education – Basic Grants</i>	84.048	2442020271	-	199,440	199,440	-
Total U.S. Department of Education			<u>8,311,133</u>	<u>681,124</u>	<u>8,992,257</u>	<u>-</u>
National Science Foundation						
Pass-through University of Texas at El Paso						
<i>Louis Stokes STEM Pathways and Research Alliance</i>	47.076	226100996B	-	25,964	25,964	-
Pass-through University of Texas at Austin						
<i>Advancing Energy & Resilience Technologies in the Permian Basin</i>	47.084	UTAUS-SUB00001067	-	38,524	38,524	-
<i>Total Research and Development Cluster (ALN 47.084, 47.076)</i>			<u>-</u>	<u>64,488</u>	<u>64,488</u>	<u>-</u>
Total National Science Foundation			<u>-</u>	<u>64,488</u>	<u>64,488</u>	<u>-</u>
U.S. Department of Health and Human Services						
Pass-through from Texas Tech University Health Sciences Center:						
<i>Model State Supported Area Health Education Centers</i>	93.107	U77HP16497	-	123,903	123,903	-
Pass-through from Texas Workforce Commission:						
<i>Adult Education and Literacy</i>	93.558	1118ALAE01	-	48,108	48,108	-
<i>TANF Cluster (ALN 93.558)</i>			<u>-</u>	<u>48,108</u>	<u>48,108</u>	<u>-</u>
Pass-through from Permian Basin Workforce Development Board						
<i>Child Care Scholarship Agreement - CCDF Cluster</i>	93.575	128-14	-	950	950	-
<i>Total CCDF Cluster (ALN 93.575)</i>			<u>-</u>	<u>950</u>	<u>950</u>	<u>-</u>
Pass-through from South Plains Community Action Association, Inc.						
Head Start Division:						
<i>Head Start Partnership Agreement 4/1/23-3/31/24</i>	93.600	06CH010880	-	285,202	285,202	-
<i>Head Start Partnership Agreement 4/1/24-3/31/25</i>	93.600	06CH010880	-	239,997	239,997	-
<i>Total Head Start Cluster (ALN 93.600)</i>			<u>-</u>	<u>525,199</u>	<u>525,199</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>-</u>	<u>698,160</u>	<u>698,160</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 8,311,133</u>	<u>\$ 1,443,772</u>	<u>\$ 9,754,905</u>	<u>\$ -</u>

MIDLAND COLLEGE DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2024

Note 1: Federal Assistance Reconciliation

Other Operating Revenues -Federal Grants and Contracts revenue – per Schedule A	\$ 2,896,683
Add: Indirect/Administrative Cost Recoveries-per schedule A	87,813
Add: Non-Operating Federal Revenue per Schedule C	<u>5,917,338</u>
Total Federal Revenues per Schedule A and C	<u>8,901,834</u>
 Reconciling Item:	
Add: Direct Student Loans	854,622
Reduce: OPEB for Medicare Part D RDS Payment	<u>(1,551)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u><u>\$ 9,754,905</u></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
Year Ended August 31, 2024

Schedule F

<u>State Grantor/Pass-Through Grantor/ Program Title</u>	<u>Grant/Contract Number</u>	<u>Pass-Through Disbursement and Expenditures</u>
Direct Programs:		
Texas Higher Education Coordinating Board:		
Texas College Work Study		\$ 4,000
Texas Education Opportunity Grant		535,382
Subtotal-Texas Higher Education Coordinating Board		<u>539,382</u>
Pass-Through from Texas Tech University Health Sciences Center:		
Area Health Education Center	CON3531002	<u>197,563</u>
Total State Financial Assistance		<u><u>\$ 736,945</u></u>
Note 1: State Assistance Reconciliation		
Total State Financial Assistance per Schedule of Expenditures of State Awards		\$ 736,945
Total State Revenues per Schedule A		<u><u>\$ 736,945</u></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 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

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, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon December 16, 2024.

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 or significant deficiencies 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 District'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 District'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 16, 2024

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

To the Board of Trustees
Midland College District

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, 2024. 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, 2024.

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.

To the Board of Trustees
Midland College District

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.

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 16, 2024

MIDLAND COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2024

I. Summary of Auditors' Results

Financial Statements

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

Federal Awards

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>Student Financial Assistance Cluster</i>	84.007, 84.033, 84.063, 84.268
---	--------------------------------

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)
Year Ended August 31, 2024

II. Financial Statement Findings

None noted.

III. Federal Award Findings and Questioned Costs

None noted.



STATISTICAL SUPPLEMENT

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

Table 1
Page 1 of 2

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net investment in capital assets	\$ 118,901	\$ 114,710	\$ 84,213	\$ 78,312	\$ 77,776
Restricted - expendable	13,619	9,738	17,172	9,547	9,836
Restricted - nonexpendable	5,056	5,220	5,209	5,341	5,366
Unrestricted	7,974	4,896	(408)	(573)	(2,656)
Total Primary Government Net Position	<u>\$ 145,550</u>	<u>\$ 134,564</u>	<u>\$ 106,186</u>	<u>\$ 92,627</u>	<u>\$ 90,322</u>

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

Table 1
Page 2 of 2

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net investment in capital assets	\$ 71,521	\$ 66,158	\$ 65,124	\$ 64,293	\$ 64,808
Restricted - expendable	11,396	6,025	5,649	5,297	5,194
Restricted - nonexpendable	5,298	5,168	5,245	5,296	5,307
Unrestricted	(2,475)	(1,813)	19,544	17,202	14,017
Total Primary Government Net Position	<u>\$ 85,740</u>	<u>\$ 75,538</u>	<u>\$ 95,562</u>	<u>\$ 92,088</u>	<u>\$ 89,326</u>

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

Table 2

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Tuition and Fees (net of discounts)	\$ 8,238	\$ 8,412	\$ 6,761	\$ 7,682	\$ 8,360	\$ 9,171	\$ 9,648	\$ 9,839	\$ 9,417	\$ 9,232
Federal Grants and Contracts	2,984	2,033	7,919	4,117	1,485	897	971	863	1,007	1,459
State Grants and Contracts	315	377	692	489	558	756	828	725	543	557
Local Grants and Contracts	2,011	2,475	1,803	1,759	1,629	5,398	1,934	1,567	1,621	1,734
Non-Governmental Grants and Contracts	3,405	1,356	1,532	2,371	2,050	5,918	1,299	1,326	1,498	876
Sales and services of educational activities	693	525	567	567	448	691	583	476	623	632
Investment income-program restricted	(476)	1,594	(56)	213	340	358	120	110	142	141
Auxiliary enterprises (net of discounts)	882	770	830	797	762	1,034	817	845	1,049	1,153
Other operating revenues	1,678	884	1,906	744	644	994	1,394	747	749	603
Total Operating Revenues	19,730	18,426	21,954	18,739	16,276	25,217	17,594	16,498	16,649	16,387
State Appropriations	12,803	9,695	7,344	8,798	9,409	8,526	10,098	10,680	10,709	11,221
Ad Valorem Taxes	41,734	38,044	36,196	35,642	33,980	31,104	29,169	28,023	27,458	25,453
Federal Revenue, non-operating	5,917	4,778	4,176	3,585	4,018	4,256	4,477	5,400	4,790	4,290
Gifts	2,346	1,633	1,792	1,344	1,145	1,412	1,724	2,094	1,744	2,297
Investment income	3,314	2,232	-	115	662	998	422	321	185	165
Contributions in aid of construction	3,893	22,268	6,478	-	4,023	3,600	-	-	-	1
Gain on disposal of fixed assets	24	-	-	26	-	-	-	-	-	-
Additions to permanent endowments	14	50	115	16	42	33	42	17	34	5
Total Non-Operating Revenues	70,045	78,700	56,101	49,526	53,279	49,929	45,932	46,535	44,920	43,432
Total Revenues	\$ 89,775	\$ 97,126	\$ 78,055	\$ 68,265	\$ 69,555	\$ 75,146	\$ 63,526	\$ 63,033	\$ 61,569	\$ 59,819

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

Table 3

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Instruction	\$ 22,629	\$ 20,089	\$ 17,536	\$ 18,381	\$ 19,148	\$ 19,308	\$ 18,118	\$ 20,526	\$ 19,694	\$ 19,169
Public service	5,666	5,310	3,916	4,185	4,163	3,323	2,777	2,911	2,776	2,542
Academic support	9,488	9,315	9,098	8,634	8,579	8,403	7,408	6,382	6,749	6,085
Student services	5,491	4,832	4,812	5,220	4,276	4,162	3,916	4,271	4,067	3,808
Institutional support	10,821	7,581	7,544	6,533	7,575	7,049	6,529	7,204	6,702	6,605
Operation and maintenance of plant	8,311	6,624	7,050	7,861	7,909	6,099	6,232	5,707	5,968	5,574
Scholarships & fellowships (net of discounts)	7,000	4,898	5,351	4,795	3,661	2,999	3,487	3,672	3,877	2,704
Auxiliary enterprises (net of discounts)	3,944	4,542	4,028	4,754	4,336	4,146	3,507	3,816	3,668	3,627
Depreciation and amortization	<u>5,129</u>	<u>5,148</u>	<u>4,981</u>	<u>4,722</u>	<u>4,471</u>	<u>4,637</u>	<u>3,954</u>	<u>3,729</u>	<u>3,720</u>	<u>3,754</u>
Total Operating Expenses	<u>78,479</u>	<u>68,339</u>	<u>64,316</u>	<u>65,085</u>	<u>64,118</u>	<u>60,126</u>	<u>55,928</u>	<u>58,218</u>	<u>57,221</u>	<u>53,868</u>
Interest on capital related debt	312	402	473	875	848	1,212	1,170	1,320	1,521	1,527
Loss on disposal of fixed assets	-	6	202	-	9	6	3	19	65	4
Other non-operating expenses	-	-	155	-	-	-	-	-	-	-
Total Non-Operating Expenses	<u>312</u>	<u>408</u>	<u>830</u>	<u>875</u>	<u>857</u>	<u>1,218</u>	<u>1,173</u>	<u>1,339</u>	<u>1,586</u>	<u>1,531</u>
Total Expenses	<u>\$ 78,791</u>	<u>\$ 68,747</u>	<u>\$ 65,146</u>	<u>\$ 65,960</u>	<u>\$ 64,975</u>	<u>\$ 61,344</u>	<u>\$ 57,101</u>	<u>\$ 59,557</u>	<u>\$ 58,807</u>	<u>\$ 55,399</u>

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		
2024	\$ 71	\$ 129	\$ 30	\$ 1,212	\$ 1,908	2.02%	2.58%
2023	69	125	30	1,188	1,860	1.02%	0.65%
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	0.00%	0.00%
2019	64	118	25	1,068	1,716	0.00%	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%

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		
2024	\$ 171	\$ 171	\$ 30	\$ 2,412	\$ 2,412	2.03%	2.03%
2023	167	167	30	2,364	2,364	0.51%	0.51%
2022	166	166	30	2,352	2,352	4.81%	4.81%
2021	162	162	25	2,244	2,244	1.08%	1.08%
2020	160	160	25	2,220	2,220	0.00%	0.00%
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%

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)	
2024	\$ 56,730,975	\$ 2,071,211	\$ 54,659,764	96.35%	\$ 39,404	0.071885	0.005525	0.077410	
2023	49,082,033	1,764,432	47,317,601	96.41%	36,009	0.073740	0.006270	0.080010	
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	

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 (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)	State Appropriation per Contact Hour
2024 *	\$ 8,305 **	\$ 3,175	\$ 2,616				
2023	7,089	3,092	2,293	1,157	779	1,936	3.66
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

* Appropriations no longer paid by contact hours starting in fiscal year 2023-2024

** Mental Health Workforce special funding excluded

(a) Source CBM001

(b) Source CBM00A

Notes:

(1) FTSE is calculated by the following formula:

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

2024 *	Voc-Tech Contact Hrs. (000's)			Performance Funding for 2023-2024			
	Credit	CE	Total	Outcome	Funding Amount	Raw Count	Weighted Count
				15 SCH Dual Credit	\$ 959	564	-
2023	614	165	779	GAI Transfer with 15 SCH	2,201	521	629
2022	522	131	653	GAI Co-Enrollment with 15 SCH	24	6	7
2021	509	102	611	Licensure/Certification (no credential)	56	56	-
2020	575	95	670	High-Demand Licensure/Certification	304	243	-
2019	567	133	700	Institutional Credential leading to Licensure (ICLC)	7	7	-
2018	565	171	736	High-Demand Institutional Credential	-	-	-
2017	603	129	732	Occupational Skills Award (OSA)	-	-	-
2016	561	206	767	High-Demand OSA	38	38	-
2015	486	210	696	Certificate I or II	711	326	406
				High-Demand Cert I or II	1,348	271	385
				Advanced Technical Certificate	-	-	-
				High-Demand ATC	-	-	-
				Associate Degree	1,522	334	435
				High-Demand Associate	986	145	219
				Bachelor's Degree	119	22	34
				High-Demand Bachelor's	32	4	7
					<u>8,307</u>		
				Special Funding - Mental Health Workforce	875		
				Total	<u>\$ 9,182</u>		

MIDLAND COLLEGE DISTRICT

FACULTY, STAFF, AND ADMINISTRATORS STATISTICS

Last Ten Fiscal Years (Unaudited)

Table 7

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Faculty										
Full-Time	124	122	122	125	125	137	141	134	133	142
Part-Time	86	100	83	82	112	111	153	146	157	124
Total	<u>210</u>	<u>222</u>	<u>205</u>	<u>207</u>	<u>237</u>	<u>248</u>	<u>294</u>	<u>280</u>	<u>290</u>	<u>266</u>
Percent										
Full-Time	59.0%	55.0%	59.5%	60.4%	52.7%	55.2%	48.0%	47.9%	45.9%	53.4%
Part-Time	41.0%	45.0%	40.5%	39.6%	47.3%	44.8%	52.0%	52.1%	54.1%	46.6%
Staff and Administrators										
Full-Time	263	231	218	236	241	264	284	287	276	260
Part-Time	259	269	286	233	288	382	285	311	157	301
Total	<u>522</u>	<u>500</u>	<u>504</u>	<u>469</u>	<u>529</u>	<u>646</u>	<u>569</u>	<u>598</u>	<u>433</u>	<u>561</u>
Percent					#					
Full-Time	50.4%	46.2%	43.3%	50.3%	45.6%	40.9%	49.9%	48.0%	63.7%	46.3%
Part-Time	49.6%	53.8%	56.7%	49.7%	54.4%	59.1%	50.1%	52.0%	36.3%	53.7%
Students per Full-Time Faculty	42.3	42.3	41.4	38.1	41.5	38.6	39.6	42.3	40.9	32.5
Students per Full-Time Staff Member	20.0	22.3	23.1	20.2	21.5	20.0	19.7	19.7	19.7	17.8
Average Annual Faculty Salary	\$ 70,807	\$ 67,935	\$ 64,503	\$ 64,503	\$ 65,433	\$ 64,725	\$ 62,257	\$ 62,257	\$ 61,444	\$ 61,064
Notes:										
Fall Headcount	5251	5160	5,045	4,763	5,184	5,282	5,589	5,664	5,439	4,618

MIDLAND COLLEGE DISTRICT
SCHEDULE OF CAPITAL ASSET INFORMATION
Last Ten Fiscal Years (Unaudited)

Table 8

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Academic Buildings	22	22	22	22	22	22	22	22	22	22
Square footage (in thousands)	560	560	560	560	560	560	520	520	520	520
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	52	52	52	52	52	52	52	52	52	52
Administrative and Support Buildings	7	7	7	7	7	5	5	5	5	5
Square footage (in thousands)	85	85	85	85	85	85	70	70	70	70
Dormitories	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
Apartments	11	11	11	11	11	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	22	22	20	20	20	20	20
Dining Facilities	3	3	1	1	1	1	1	1	1	1
Square footage (in thousands)	19	19	20	20	20	11	11	11	11	11
Athletic Facilities	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
Plant facilities	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	29	29	29	29	29	26	26	26	26	26
Chapel	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	2	2	2	2	2	2	2	2	2	2
Childrens Center	5	5	4	4	4	1	1	1	1	1
Square footage (in thousands)	69	69	15	15	15	15	11	11	11	11
Transportation										
Cars	10	10	12	13	14	16	11	12	11	9
Light Trucks/Vans	34	32	29	25	23	20	20	20	20	20
Heavy trucks	13	12	11	11	12	12	13	9	8	8
Buses	9	9	8	9	11	12	8	8	8	8

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

Table 9

Fiscal Year	Fall	Spring	Sum I	Sum II	Duplicated Total	Annual Unduplicated
2024	5,251	5,149	857	855	12,112	7,097
2023	5,160	5,022	773	773	11,728	6,909
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

