

# Midland College



## Financial Statements and Report of Independent Certified Public Accountants

August 31, 2010

## TABLE OF CONTENTS

	<b>Page</b>
ORGANIZATIONAL DATA	1
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON BASIC FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION	2
MANAGEMENT DISCUSSION AND ANALYSIS FISCAL YEAR ENDING August 31, 2010	4
FINANCIAL STATEMENTS:	
Statements of Net Assets – Exhibit 1	18
Statements of Revenues, Expenses and Changes in Net Assets – Exhibit 2	20
Statements of Cash Flows – Exhibit 3	22
Notes to Financial Statements	24
REQUIRED SUPPLEMENTAL INFORMATION:	
Schedule of Detailed Operating Revenues – Schedule A	45
Schedule of Operating Expenses by Object – Schedule B	47
Schedule of Non-Operating Revenues and Expenses – Schedule C	48
Schedule of Net Assets by Source and Availability – Schedule D	49
Schedule of Expenditures of Federal Awards – Schedule E	50
Schedule of Expenditures of State Awards – Schedule F	53
SINGLE AUDIT REPORTS:	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with <i>Government Auditing Standards</i>	54
Report of Independent Certified Public Accountants on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the Provisions of the State of Texas Single Audit Circular	56
Schedule of Findings and Questioned Costs	58
STATISTICAL SUPPLEMENT	
Statistical Supplement 1-19	62

**MIDLAND COLLEGE DISTRICT**

**ORGANIZATIONAL DATA**

**As of August 31, 2010**

**BOARD OF TRUSTEES**

**Officers**

Mr. Kenneth A. Peeler	President
Mr. Steven C. Kiser	Vice-President
Ms. Charlene R. McBride	Secretary

**Members**

		Term Expires
Mr. Stephen N. Castle	Midland, Texas	2012
Ms. Linda Cowden	Midland, Texas	2010
Mr. Neil Florer	Midland, Texas	2012
Mr. Will R. Green	Midland, Texas	2014
Mr. Steven C. Kiser	Midland, Texas	2010
Mr. G. Larry Lawrence	Midland, Texas	2010
Ms. Charlene R. McBride	Midland, Texas	2012
Mr. Kenneth A. Peeler	Midland, Texas	2014
Mr. Ralph Way	Midland, Texas	2014

**ADMINISTRATIVE OFFICERS**

Dr. Steve Thomas	President
Dr. Richard C. Jolly	Executive Vice President
Mr. Rick Bender	Vice President of Administrative Services
Ms. Rita Nell Diffie	Vice President of Student Services
Dr. Rex Peebles	Vice President of Instruction
Dr. Eileen F. Piwetz	Vice President of Institutional Advancement
Mr. Dennis Sever	Vice President of Information Technology & Facilities
Mr. Bob Vincent	Director of Accounting



# JOHNSON MILLER & CO., CPA's PC

*Certified Public Accountants*

*A Professional Corporation*

*An Independent Member Of BDO Seidman Alliance*

Midland, Texas  
Odessa, Texas  
Hobbs, New Mexico

## **Report of Independent Certified Public Accountants on Basic Financial Statements and Supplemental Information**

The Board of Trustees  
Midland College District  
Midland, Texas

We have audited the accompanying financial statements of Midland College District (the "District") as of and for the years ended August 31, 2010 and 2009 which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the District as of August 31, 2010 and 2009, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 9, 2010 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

he Management's Discussion and Analysis on pages 4 through 17 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it. The statistical section on pages 62 through 80 have been furnished to us and were not subjected to the audit procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion on the statistical sections.

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *Provisions of the State of Texas Single Audit Circular*, and is not a required part of the basic purpose financial statements. In addition, the supplementary data presented in schedules A, B, C and D is presented for additional purposes and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in blue ink that reads "Johnson Miller & Co., CPA's PC". The signature is written in a cursive, flowing style.

Midland, Texas  
December 9, 2010

**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, 2010, 2009 and 2008. 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 Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets and the Statement 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 assets exceeded liabilities by approximately \$75.9 million and \$71.3 million for the fiscal years ended August 31, 2010 and 2009, respectively. Of these amounts, unrestricted net assets were \$10.9 million for fiscal year 2010 and \$10.7 million for fiscal year 2009.
- The District's financial position as a whole was strengthened as total net assets increased by approximately \$4.6 million during fiscal year 2010 and by approximately \$3.8 million during fiscal year 2009. Of these amounts, unrestricted net assets increased by approximately \$131,000 and \$101,000 for fiscal years 2010 and 2009, respectively.
- The total taxable value of the District increased by approximately \$655 million, or 6.3%, from 2009 to 2010. Taxable values were approximately \$11 billion and \$10.4 billion in 2010 and 2009, respectively.
- Capital assets increased by approximately \$8.6 million during fiscal year 2010 and by approximately \$12.5 million during fiscal year 2009.
- Bonds and notes payable decreased by approximately \$2 million in fiscal year 2010 and by approximately \$2.3 million during fiscal year 2009.
- During fiscal year 2010 the unduplicated head count increased by 1,118 students, duplicated head count increased by 1,831 students and contact hours increased by approximately 249,000.
- During fiscal year 2009 the unduplicated head count increased by 155 students, duplicated head count increased by 368 students and contact hours decreased by approximately 35,000.

**The Statement of Net Assets**

The Statement of Net Assets includes all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector organizations. Net assets - the difference between assets and liabilities – are one way to measure the financial health of the District. The purpose of the Statement of Net Assets is to present a fiscal snapshot of the District.

From the data presented, readers of the Statement of Net Assets are able to determine the resources that are available to continue the operations of the institution. Readers are also able to determine the amount the institution owes vendors, bondholders and lending institutions. Finally, the Statement of Net Assets provides a picture of the net assets and their availability for expenditure by the institution.

<b>Condensed Statement of Net Assets</b>					
<b>(in thousands)</b>					
	<b>August 31,</b>			<b>Increase/(Decrease)</b>	
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2009 to</b>	<b>2008 to</b>
				<b>2010</b>	<b>2009</b>
<b>Assets</b>					
Current Assets	\$ 25,673	24,275	24,209	1,398	66
Non-current Assets	9,866	17,495	27,246	(7,629)	(9,751)
Capital Assets (Non-current)	100,455	91,810	79,281	8,645	12,529
<b>Total Assets</b>	<b>\$ 135,994</b>	<b>133,580</b>	<b>130,736</b>	<b>2,414</b>	<b>2,844</b>
<b>Liabilities:</b>					
Current Liabilities	\$ 10,973	11,086	9,983	(113)	1,103
Non-current Liabilities	49,153	51,189	53,205	(2,036)	(2,016)
<b>Total Liabilities</b>	<b>\$ 60,126</b>	<b>62,275</b>	<b>63,188</b>	<b>(2,149)</b>	<b>(913)</b>
<b>Net Assets:</b>					
Invested in capital assets, net of related debt	\$ 55,616	51,224	45,506	4,392	5,718
Restricted-Nonexpendable	4,793	4,644	4,400	149	244
Restricted-Expendable	4,594	4,702	7,008	(108)	(2,306)
Unrestricted	10,865	10,735	10,634	130	101
<b>Total Net Assets</b>	<b>\$ 75,868</b>	<b>71,305</b>	<b>67,548</b>	<b>4,563</b>	<b>3,757</b>

Net assets are divided into three major categories. The first category, invested in capital assets, net of debt, reflects the institution's equity in property, plant and equipment. The next category, restricted net assets, is divided into nonexpendable and expendable. The corpus, or nonexpendable restricted resources, is only available for investment purposes. Expendable restricted net assets are available for expenditure by the institution, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets, which are available to the institution for any lawful purpose. As of August 31, 2010, assets of the District exceeded liabilities by approximately \$75.9 million. Of this amount, approximately \$10.9 million is unrestricted and may be used to meet ongoing obligations.

**The Statement of Net Assets (Continued)**

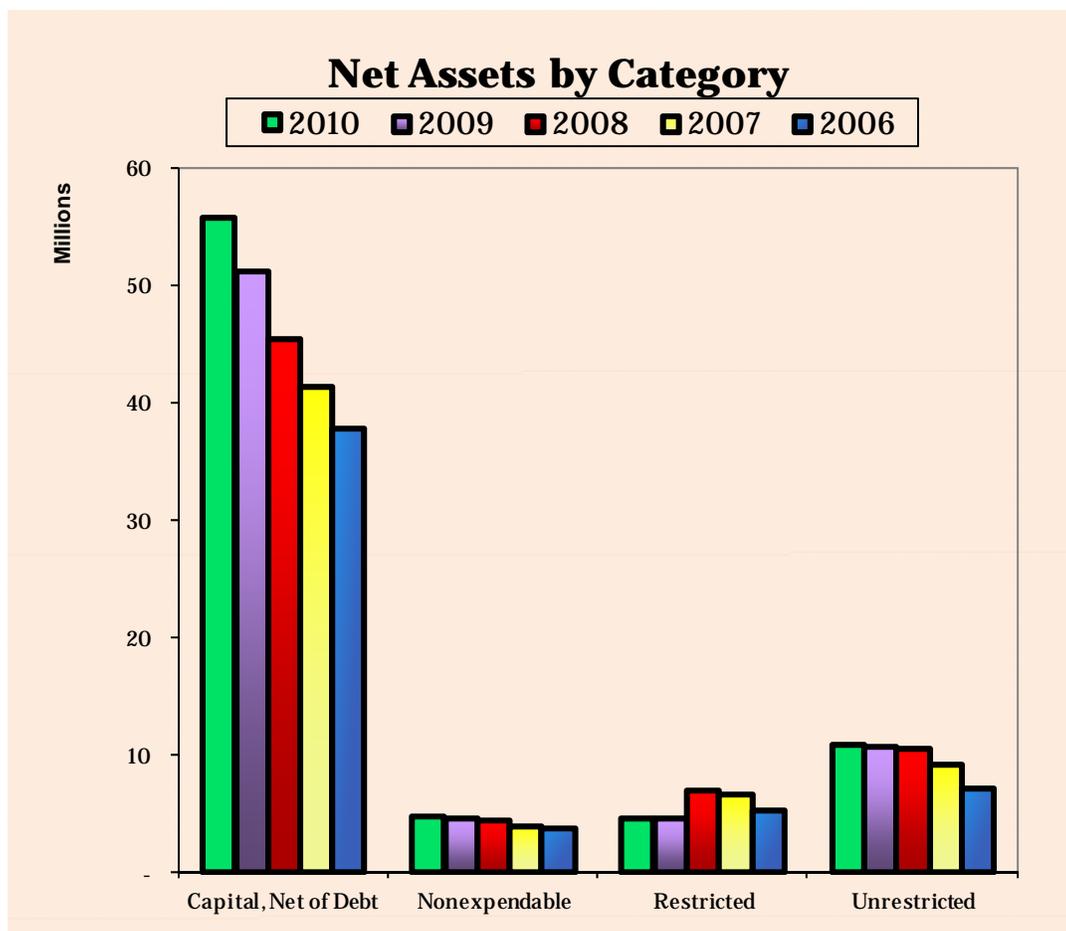
In 2010 the District's assets increased by approximately \$2.4 million while liabilities decreased by approximately \$2.1 million, resulting in an increase in net assets of approximately \$4.6 million. Major changes in the Statement of Net Assets are as follows:

- Capital assets increased by approximately \$8.6 million. The increase includes additions of approximately \$11.6 million, less depreciation of approximately \$2.8 million. Additions include the construction of new facilities primarily funded by the 2005 series general obligation bond.
- Restricted cash, cash equivalents and restricted short-term investments decreased as funds were expended on construction projects.
- Bonds and notes payable decreased by approximately \$2 million as a result of scheduled debt service payments.

In 2009 the District's assets increased by approximately \$2.8 million while liabilities decreased by approximately \$913,000, resulting in an increase in net assets of approximately \$3.8 million. Major changes in the Statement of Net Assets are as follows:

- Capital assets increased by approximately \$12.5 million. The increase includes additions of approximately \$15.1 million, less depreciation of approximately \$2.5 million. Additions include the construction of new facilities primarily funded by the 2005 series general obligation bond.
- Restricted cash and cash equivalents and restricted short-term investments decreased as funds were expended on construction projects.
- Bonds and notes payable decreased by approximately \$2.3 million as a result of scheduled debt service payments.

The following graph illustrates the comparative changes in net assets by category over the past five years. The District's financial position is strong and stable, as reflected in the chart. Unrestricted net assets are critical to support the District's overall mission, therefore it is important that unrestricted net assets be adequately maintained. The chart illustrates that unrestricted net assets have grown in a consistent manner and that the District has not been required to use these resources to fund operations. The growth in Capital, net of debt, reflects the substantial investments the District has made in its physical plant. Restricted net assets represent balances of funds that have been received to fund specific projects. Accordingly, these balances will increase and decrease as funds are received and subsequently disbursed to fund these projects.



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

The Statement of Revenues, Expenses and Changes in Net Assets 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.

**Statement of Revenues, Expenses and Changes in Net Assets (Continued)**

The following chart reflects a summary of the Statement of Revenues, Expenses and Changes in Net Assets for the years ended August 31, 2010, 2009 and 2008. This summary indicates the operating loss and the overall increase in net assets for each of the years displayed.

<b>Summary of Statement of Revenues, Expenses and Changes in Net Assets</b>			
(in thousands)			
	<b>2010</b>	<b>2009</b>	<b>2008</b>
Operating Revenues	\$ 18,694	15,518	14,265
Operating Expenses	(53,145)	(48,018)	(45,293)
Operating Loss	<b>\$ (34,451)</b>	<b>(32,500)</b>	<b>(31,028)</b>
Non-operating revenues	\$ 41,573	43,140	40,154
Non-operating expenses	(2,559)	(6,883)	(2,939)
Increase in Net Assets	<b>\$ 4,563</b>	<b>3,757</b>	<b>6,187</b>

**Revenues**

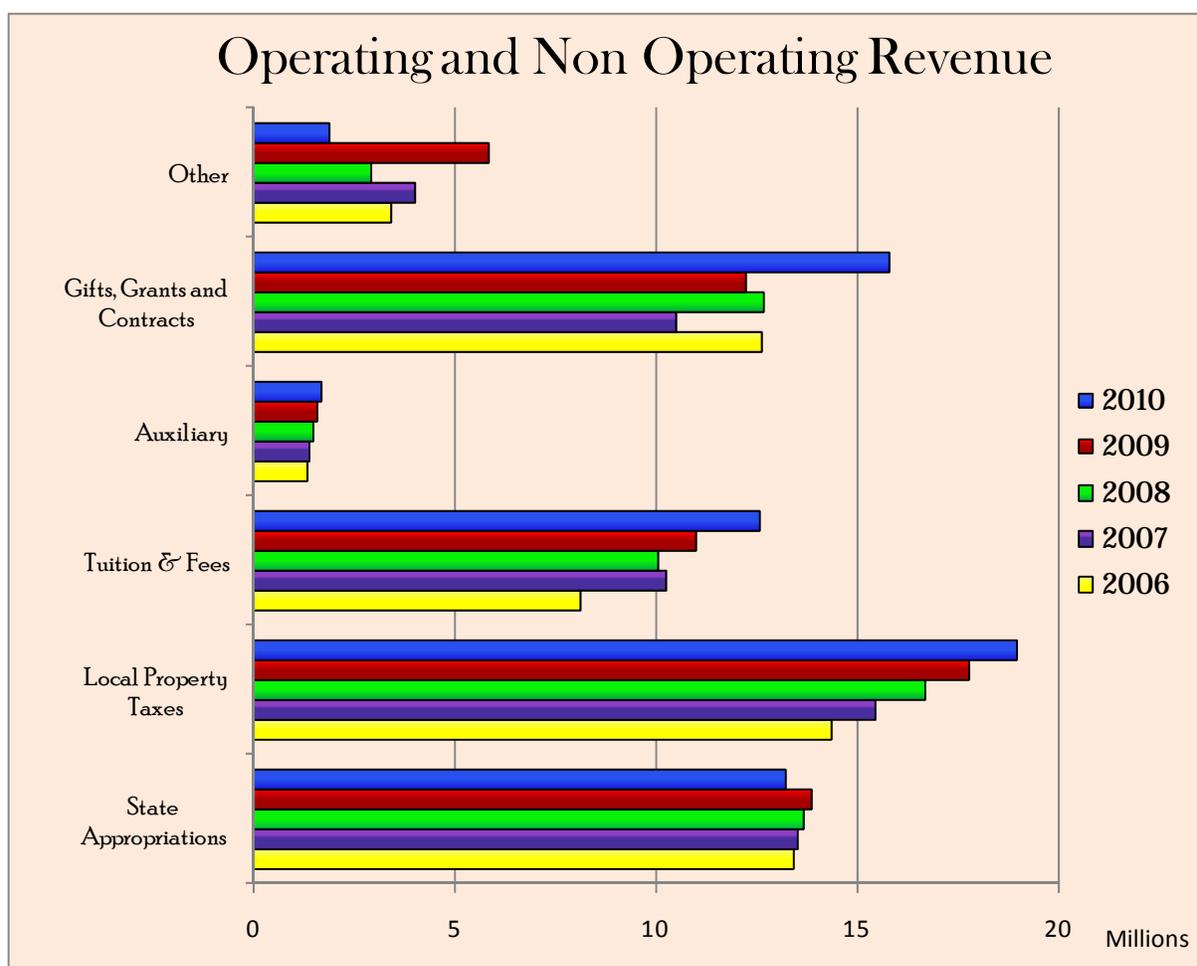
Major changes in operating and non-operating revenue are as follows:

- Gross tuition and fee revenue for 2010 exceeded 2009 amounts by approximately \$1.6 million, or 15%. This increase is attributed to (1) a significant growth in enrollment, and (2) an increase in tuition and fee rates. The unduplicated head count exceeded the prior year by approximately 12% and contact hours were approximately 9% higher in 2010 compared to 2009. In-district tuition and fee rates increased by approximately 5% while out-of-district and nonresident rates each increased approximately 7%. (Statistical Supplements #4, #6 and #19).
- Gross tuition and fee revenue for 2009 increased by approximately \$942,000, or 9%, compared to 2008. This increase is attributed to (1) enrollment growth, and (2) higher tuition and fee rates. The 2009 unduplicated head count exceeded the prior year by approximately 2%, and contact hours exceeded the prior year by approximately 3%. In-district tuition and fee rates increased by approximately 8% while out-of-district and nonresident rates exceeded the prior year by approximately 19% and 15%, respectively. (Statistical Supplements #4, #6 and #19)
- State appropriated revenue for 2010 was approximately \$656,000 less than 2009, due to a 5% reduction in formula funding imposed by the legislature.

**Revenues (Continued)**

- In 2009 the District received an appropriation for nursing growth of approximately \$125,000 and state retirement fund payments increased by approximately \$81,000. There were no increases in formula appropriations in 2009. Overall, 2009 state appropriations exceeded the prior year by approximately \$206,000, or 1.51%.

The following presentation graphically displays short-term revenue trends.



- Property tax revenue for maintenance and operations in 2010 exceeded the prior year by approximately \$1.1 million, or 7%, while 2009 revenues exceeded 2008 amounts by approximately \$1.1 million, or 8%. Revenues are higher primarily as a result of increases in the net assessed values of the District of approximately 6% and 19% for 2010 and 2009, respectively. The maintenance and operations portion of the tax rate was \$0.1446 per \$100 of valuation for both 2010 and 2009.

**Revenues (Continued)**

- Property tax revenue for debt service was approximately \$99,000 more in 2010 than 2009, and the 2009 revenue was approximately \$31,000 less than the 2008 revenue. The debt service portion of the tax rate was \$0.0273 and \$0.0283 per \$100 of valuation for 2010 and 2009, respectively.
- Revenues from gifts, grants and contracts are not consistent from year to year, as private funds are given for specific purposes and many government grants are non-recurring. In 2010 federal grant revenues (operating and non-operating) exceeded 2009 amounts by approximately \$3.9 million. This increase is due in large part to 2010 Pell awards exceeding the prior year by approximately \$2.2 million. In addition, the District received reimbursements under a Higher Education - Rural Science Education Cooperative Hispanic Serving Institutions grant for purchases of laboratory equipment. In 2009 federal grants and contracts exceeded the prior year by approximately \$1.3 million. This increase is attributed to the District receiving a Title V Hispanic Serving Institutions grant and a Rural Science Education Hispanic Servicing Institutions grant.
- During 2009, the District recognized Other Non-Operating Revenue of approximately \$4 million, exceeding the prior year by approximately \$3.5 million. This is primarily the result of proceeds received pursuant to an agreement, whereby funds were received from Texas Tech Health Sciences Center to expand their facility on the Midland College campus. This amount is offset by a similar amount of Other Non-Operating Expenses. Other Non-Operating Revenue decreased in 2010 by approximately \$3.6 million as a result of the project being completed.

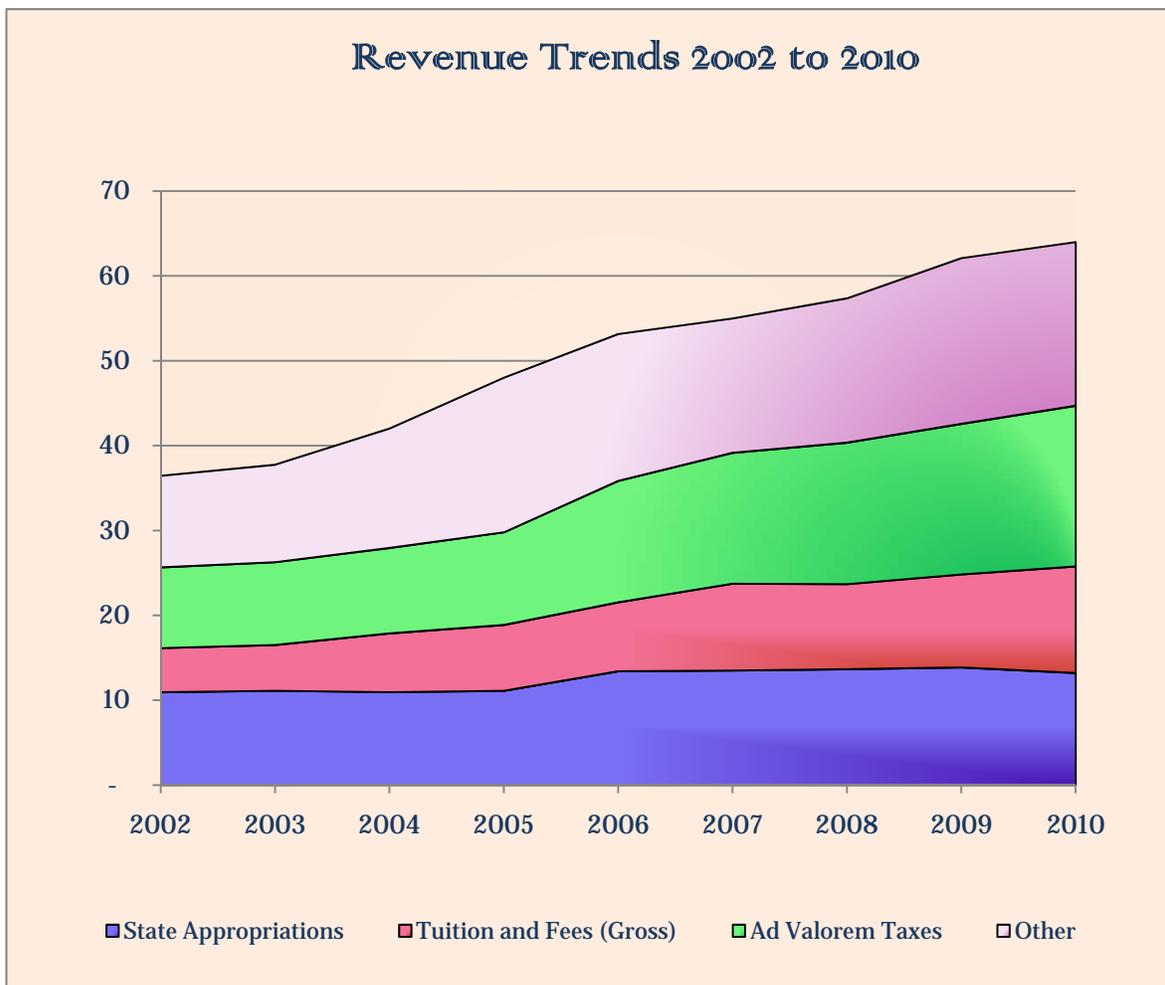
The preceding discussion illustrates short-term trends in institutional funding. A review of longer term trends indicate that although state appropriations have risen in total over time, the rate of increase has not kept pace with other sources of income. As a result, state appropriations represent a declining portion of total institutional revenues, resulting in more dependence on local revenue sources. Statistical Supplement #2, in the back of this report, indicates the following percentage increases in revenue from 2002 through 2010.

Tuition and fees	164%
State appropriations	21%
Property tax (excluding tax for 2005 bond)	67%
Property tax (including tax for 2005 bond)	99%

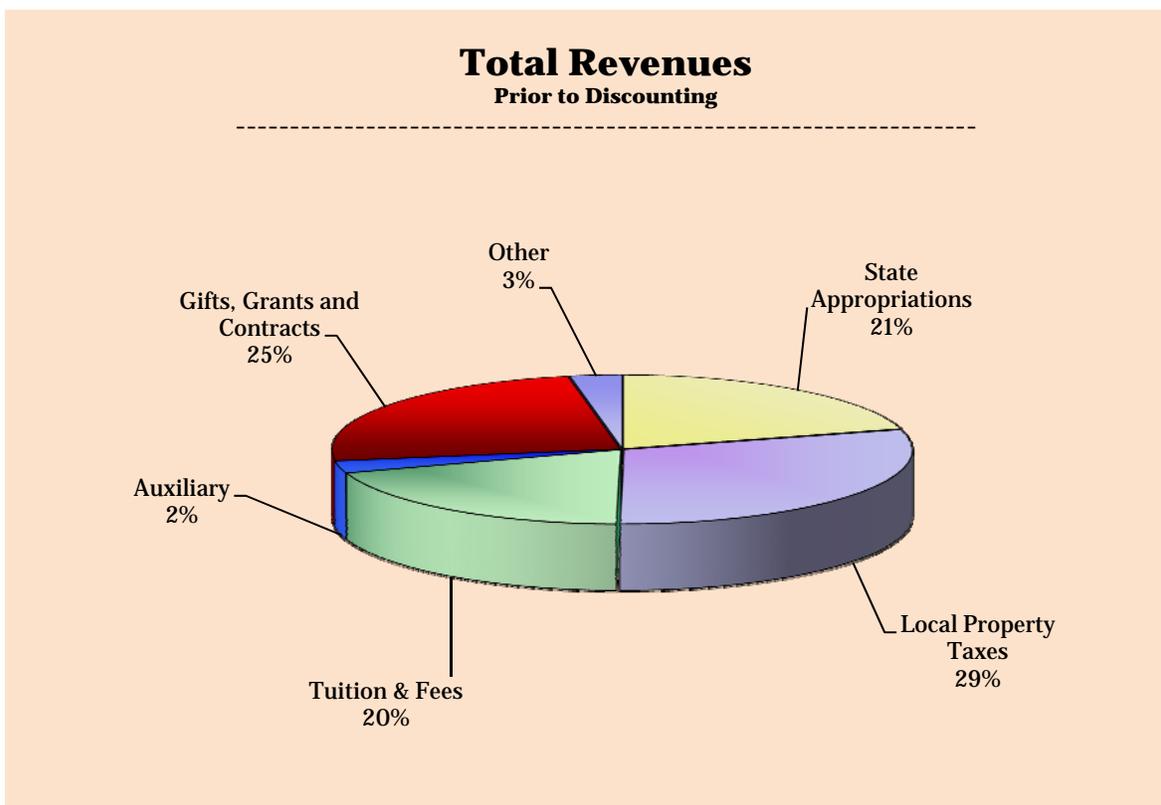
During the same period of time (2002 through 2010), student contact hours increased 24% and annual unduplicated credit student headcount increased 46%. (Statistical Supplements #6 and #19)

**Revenues (Continued)**

The following chart graphically illustrates the changes in revenues from 2002 through 2010.



The chart on the following page reflects revenues from all sources. For purposes of this presentation, tuition, fees and auxiliary revenues are shown prior to scholarship discounts. The Statements of Revenues, Expenses and Changes in Net Assets reflect these revenues net of scholarships.



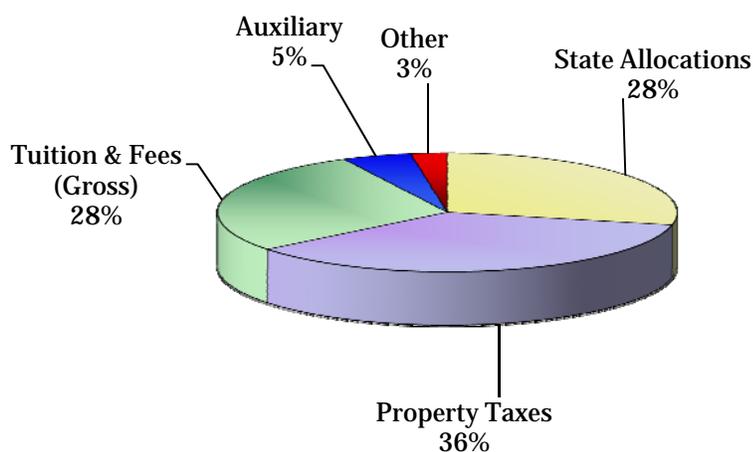
The following table illustrates the composition of total revenue for 2010 compared to 2002.

	Percentage of Total Revenues	
	2010	2002
State Appropriations	21%	30%
Local Property Taxes	29%	26%
Tuition and Fees (Gross)	20%	14%
Gifts Grants & Contracts	25%	23%
Auxiliary Services	2%	3%
Other	3%	4%
	<b>100%</b>	<b>100%</b>

A substantial portion of scholarships and capital projects are funded from private gifts, grants and contracts. This includes a growing amount of instructional equipment and operating costs which are funded from annual grants made by the Midland College Foundation, Inc. While each year the District receives substantial revenue from private sources, the amounts are not consistent from year-to-year.

Restricted resources are important to accomplish specific objectives; however, unrestricted resources are critical to ensure that the institution's core mission is supported. Many revenues have donor or grantor restrictions with respect to how the funds can be used. The following chart reflects the source of funds supporting only the District's unrestricted operations. Benefits provided by the state are considered restricted, but are included in the graphic because they support the District's unrestricted operations.

### Unrestricted Revenue Plus State Paid Benefits



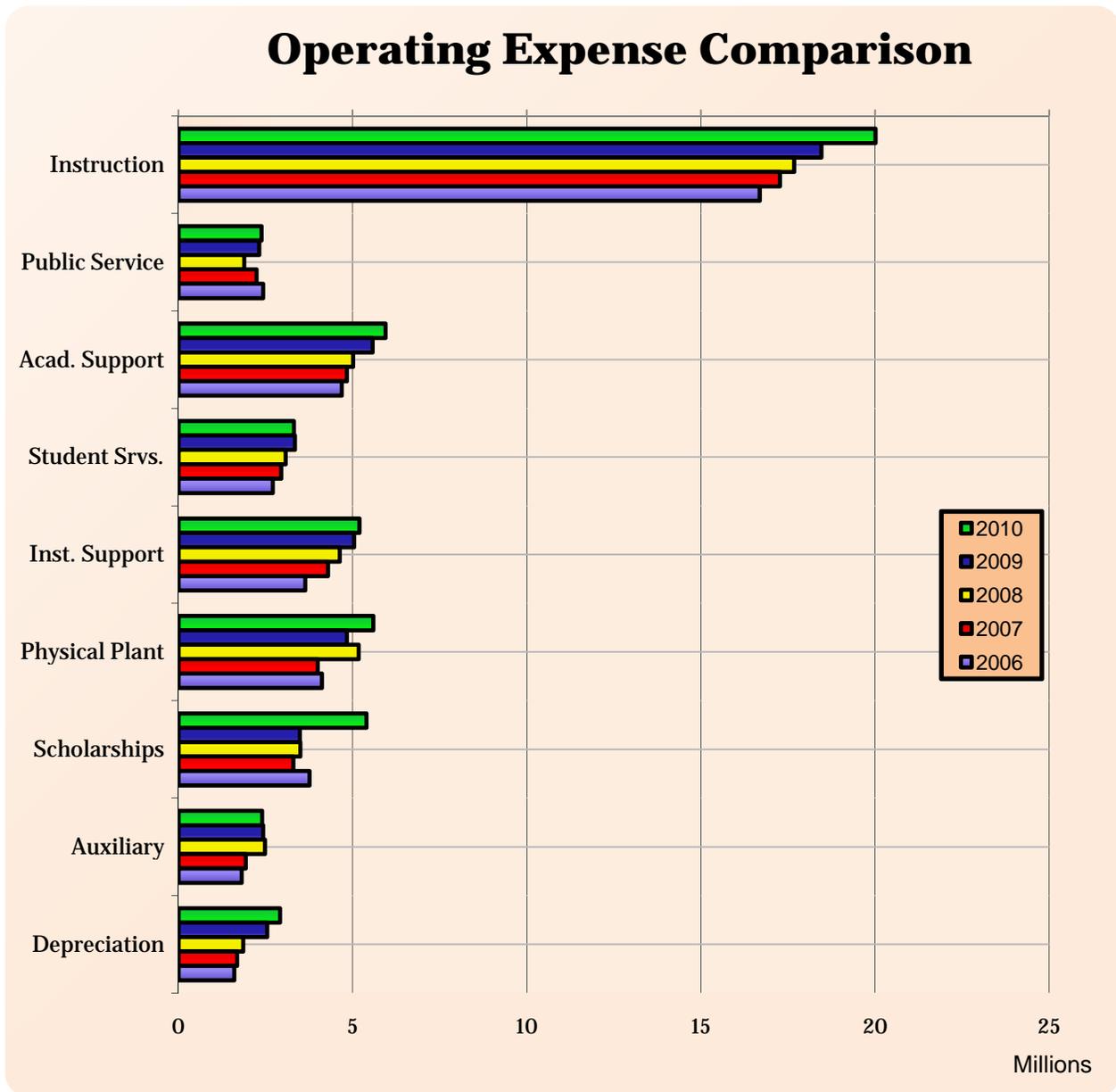
### Operating Expenses by Functional Classification

Functional classifications are the traditional categories that have been used to show expenses. They represent the type of programs and services provided. The chart on the following page shows the District's 2010 expenses compared to the 2009, 2008, 2007 and 2006 expenses.

Total operating expenses for 2010 exceeded 2009 by approximately \$5.1 million, or 10.6%. As a part of this increase, unrestricted and auxiliary expenses rose by \$2.2 million (6.2%) and restricted expenses rose by approximately \$2.6 million (19%). Included in the higher unrestricted expenses was an increase of approximately \$832,000 in salaries and benefits, largely attributed to a 3% across the board salary increase. Other factors that contributed to the increase included technology expenditures made as a part of a process to upgrade the District's technology infrastructure. Approximately \$770,000 was expended to replace computers in labs, faculty offices and staff offices. In addition, approximately \$731,000 was expended to upgrade network hardware. Depreciation expense exceeded the prior year by approximately \$367,000 as a result of bond projects being completed and new assets being placed in service. Restricted expenses exceed the prior year primarily because of a substantial increase in federal Pell grants and the receipt of several new grants in 2010.

**Operating Expenses by Functional Classification (Continued)**

During 2009 total operating expenses increased from the prior year by approximately \$2.7 million, or 6%. As a part of this increase, unrestricted expenses rose by approximately \$1.8 million, or 6%, and restricted expenses grew by approximately \$337,000, or 3%. Salaries and benefits increased from the prior year by approximately \$2.2 million, or 8%. During 2009, full-time faculty, administrative and professional employees received a 5% salary increase and clerical and service personnel received a 6% salary increase. Increases in unrestricted salaries and benefits account for approximately 94% of the total change in unrestricted expenses.



**Statement of Cash Flows**

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also helps users assess the District's ability to generate net cash flows needed to meet its obligations as they come due and its need for external financing.

<b>Summary of Statement of Cash Flows</b>			
	<b>2010</b>	<b>2009</b>	<b>2008</b>
Cash Provided By (Used in):			
Operating Activities	\$ (28,008,376)	(26,194,566)	(25,046,553)
Non-Capital Financing Activities	33,673,988	30,093,719	29,196,973
Capital and Related Financing Activities	(11,548,111)	(14,571,196)	(13,038,642)
Investing Activities	617,403	5,440,847	25,592,538
Changes in Cash and Cash Equivalents	\$ (5,265,096)	(5,231,196)	16,704,316

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 allocations and ad valorem taxes were the primary source of non-capital financing. Accounting standards require that we reflect this source of revenue as non-operating, even though these resources are classified as operating revenues in the 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.

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 table below reflects the District's year-end capital asset balances, net of accumulated depreciation.

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

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Land	\$ 2,553	2,553	2,552	2,552
Library Books	479	477	482	478
Construction in Progress	13,716	16,599	32,175	12,005
Buildings	72,508	63,941	38,004	38,291
Land Improvements	5,313	3,136	1,694	1,630
Furniture, Equipment, Vehicles	5,886	5,104	4,374	3,513
	\$ 100,455	91,810	79,281	58,469

**Capital Assets and Debt Administration (Continued)**

Capital assets additions totaled approximately \$11.6 million and \$15 million in 2010 and 2009, respectively. During 2010 major additions and renovations were made to the Scharbauer Student Center, Cogdell Learning Center, Physical Education Building and a softball facility was constructed.

As of August 31, 2010 and 2009, the District's bond rating by Moody's Investors Service ("Moody's") and Standard and Poor's (S&P) is "Aa3" and "AA", respectively.

The District had outstanding debt of approximately \$50.3 million and \$52.3 million as of August 31, 2010 and 2009, respectively.

Schedule of Outstanding Debt  
(in thousands)

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
General Obligation Bonds	\$ 35,800	37,268	38,671	40,017
Revenue Bonds	14,482	15,027	15,735	7,331
Notes	-	-	150	266
	<b>\$ 50,282</b>	<b>52,295</b>	<b>54,556</b>	<b>47,614</b>

**Economic Factors That Will Affect the Future**

The District relies heavily on ad valorem taxes, state appropriations and tuition as its primary sources of operating revenue. The District has benefitted from increases in taxable values and this trend is expected to continue, albeit, at a much more moderate rate. Tuition revenues are higher as a result of enrollment and tuition rate increases. This source of revenue is also expected to continue to trend upward. Reductions to state appropriations have been imposed during the middle of the current biennium and management has been notified to expect additional mid-year adjustments to previously appropriated funds. As a result of a significant projected state revenue shortfall, appropriations for the 2012-13 biennium are expected to be reduced beyond the 2011 levels. State funding contractions will likely be long-term.

The District is prepared to adjust internal budgetary allocations and to consider increases in other revenue sources in order to absorb the impact of reductions in state funding, with the goal of minimizing its impact upon the core mission of the institution: instruction, student services and public service.

The institution's overall financial position and the local economy are strong. Midland County currently has the lowest unemployment rate in the state. Property values are stable and the tax base continues to expand. Increases in tuition and local property tax revenue continue to provide the offset for reduced state allocations. The District continues to receive the support of the Midland community, as indicated by its consistent national recognition for private financial support.

**Economic Factors That Will Affect the Future (Continued)**

The District is not aware of any additional facts, decisions or conditions that are expected to have a significant effect on the financial position or results of operations during 2010-11 or subsequent fiscal years.

---

Rick Bender  
Vice President of Administrative Services

## **FINANCIAL STATEMENTS**

**Midland College District**  
**STATEMENTS OF NET ASSETS**  
**Years ended August 31,**

**Exhibit 1**

	<u>2010</u>	<u>2009</u>
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents (Note 4)	\$ 5,368,995	3,548,310
Short-term investments (Note 4)	16,028,533	16,065,266
Accounts receivable, net (Notes 5 and 11)	2,357,800	2,957,681
Deferred charges (Note 2)	1,846,144	1,635,066
Inventories (Note 2)	4,016	5,324
Prepaid expenses	47,221	43,101
Deposits	<u>20,472</u>	<u>20,472</u>
<b>Total current assets</b>	<b><u>25,673,181</u></b>	<b><u>24,275,220</u></b>
<b>Non-current Assets:</b>		
Restricted cash and cash equivalents (Note 4)	4,936,293	12,022,074
Restricted short-term investments (Note 4)	-	841,514
Endowment investments (Note 4)	4,263,942	3,934,410
Deferred charges (Note 2)	471,637	513,685
Capital assets, net (Note 6)	100,455,279	91,810,164
Other assets-Split Interest Agreements (Note 20)	<u>194,047</u>	<u>183,063</u>
<b>Total non-current assets</b>	<b><u>110,321,198</u></b>	<b><u>109,304,910</u></b>
<b>Total Assets</b>	<b>\$ <u>135,994,379</u></b>	<b><u>133,580,130</u></b>
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Accounts payable (Note 11)	\$ 3,581,949	4,121,858
Accrued liabilities	780,761	710,733
Accrued compensable absences – current portion (Notes 7 and 14)	573,494	567,777
Funds held for others	63,243	53,773
Deferred revenues	3,807,876	3,561,603
Bonds payable – current portion (Notes 7, 8 and 9)	2,102,789	2,012,974
Deposits	<u>62,650</u>	<u>56,938</u>
<b>Total current liabilities</b>	<b><u>10,972,762</u></b>	<b><u>11,085,656</u></b>
<b>Non-current Liabilities:</b>		
Accrued compensable absences (Notes 7 and 14)	974,148	907,551
Bonds payable – non-current portion (Notes 7, 8 and 9)	<u>48,178,862</u>	<u>50,281,651</u>
<b>Total non-current liabilities</b>	<b><u>49,153,010</u></b>	<b><u>51,189,202</u></b>
<b>Total Liabilities</b>	<b><u>60,125,772</u></b>	<b><u>62,274,858</u></b>

**Midland College District****Exhibit 1****STATEMENTS OF NET ASSETS (CONTINUED)****Years ended August 31,**

	<u>2010</u>	<u>2009</u>
NET ASSETS:		
Invested in capital assets, net of related debt	55,616,005	51,224,283
Restricted for:		
Nonexpendable:		
Student aid	3,947,658	3,799,096
Instructional programs	845,644	845,129
Expendable:		
Student aid	2,739,994	2,953,452
Instructional programs	904,833	948,611
Capital projects	841,477	736,247
Debt service	107,427	63,472
Unrestricted	<u>10,865,569</u>	<u>10,734,982</u>
Total Net Assets (Schedule D)	<u>75,868,607</u>	<u>71,305,272</u>
Total Liabilities and Net Assets	\$ <u>135,994,379</u>	<u>133,580,130</u>

The notes to the financial statements are an integral part of these statements.

**Midland College District**

**Exhibit 2**

**STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS**

**Years ended August 31,**

	2010	2009
<b>REVENUES</b>		
Operating revenues		
Tuition and fees (net of discounts of \$3,201,236 and \$2,939,303, respectively)	\$ 9,364,568	8,024,336
Federal grants and contracts	4,843,758	3,202,155
State grants and contracts	565,098	271,003
Local grants and contracts	893,852	828,835
Non-governmental grants and contracts	577,642	722,307
Sales and services of educational activities	283,114	194,250
Investment income – program restricted	338,602	498,444
Auxiliary enterprises (net of discounts of \$517,014 and \$502,659, respectively)	1,132,532	1,039,502
General operating revenues	694,623	737,101
Total operating revenues (Schedule A)	18,693,789	15,517,933
<b>EXPENSES</b>		
Operating expenses		
Instruction	19,525,084	18,456,101
Public service	2,551,206	2,316,367
Academic support	6,165,862	5,572,162
Student services	3,404,560	3,342,205
Institutional support	5,194,819	5,039,769
Operation and maintenance of plant	5,594,092	4,834,757
Scholarships and fellowships (net of discounts of \$3,201,236 and \$2,693,697, respectively)	5,396,022	3,483,808
Auxiliary enterprises (net of discounts of \$517,014 and \$505,959, respectively)	2,400,809	2,426,878
Depreciation	2,912,237	2,545,458
Total operating expenses (Schedule B)	53,144,691	48,017,505
<b>OPERATING LOSS</b>	<b>(34,450,902)</b>	<b>(32,499,572)</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State appropriations	13,205,939	13,861,837
Maintenance ad valorem taxes	15,899,873	14,805,935
Debt service ad valorem taxes	3,035,776	2,936,716
Federal revenue, non-operating	6,123,404	3,873,174
Gifts	1,801,945	1,621,605
Investment income	67,907	334,486
Contributions in aid of construction	931,052	1,571,565
Other non-operating revenue	461,903	4,030,844
Interest on capital related debt	(2,032,603)	(1,913,087)
Gain (loss) on disposal of fixed assets	15,952	(31,952)
Additions to permanent endowments	29,485	103,463
Other non-operating expenses	(526,396)	(4,937,967)
Net non-operating revenues (Schedule C)	39,014,237	36,256,619

**Midland College District**

**Exhibit 2**

**STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS (CONTINUED)**

**Years ended August 31,**

	<u>2010</u>	<u>2009</u>
Increase in net assets	4,563,335	3,757,047
Net assets – beginning of year	<u>71,305,272</u>	<u>67,548,225</u>
Net assets – end of year	\$ <u>75,868,607</u>	<u>71,305,272</u>

The notes to the financial statements are an integral part of these statements.

**Midland College District**

**Exhibit 3**

**STATEMENTS OF CASH FLOWS**

**Years ended August 31,**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from students and other customers	\$ 10,990,460	9,431,658
Receipts from grants and contracts	7,761,718	4,108,413
Payments to suppliers for goods and services	(14,729,198)	(11,506,124)
Payments to or on behalf of employees	(27,194,892)	(25,836,415)
Payments for scholarships and fellowships	(5,674,922)	(3,533,687)
Other receipts	<u>838,458</u>	<u>1,141,589</u>
Net cash used by operating activities	<u>(28,008,376)</u>	<u>(26,194,566)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Receipts from state appropriations	9,923,523	10,500,481
Receipts from ad valorem taxes	15,861,638	14,814,505
Receipts from non-operating federal revenue	6,123,404	3,873,174
Receipts from gifts or grants for other than capital purposes	1,801,945	1,621,605
Receipts from student organizations and other agency transactions	46,894	42,990
Payments to student organizations and other agency transactions	(37,424)	(37,417)
Receipts from private gifts for endowment purposes	18,501	185,504
Other non-operating receipts	461,903	4,030,844
Other non-operating payments	<u>(526,396)</u>	<u>(4,937,967)</u>
Net cash provided by non-capital financing activities	<u>33,673,988</u>	<u>30,093,719</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Receipts from ad valorem taxes – debt services	3,028,248	2,935,874
Receipts from capital grants and gifts	931,052	1,571,565
Purchases of capital assets	(11,491,388)	(15,136,639)
Payments on capital debt – principal	(2,012,973)	(2,261,632)
Payments on capital debt – interest	<u>(2,003,050)</u>	<u>(1,680,364)</u>
Net cash used by financing activities	<u>(11,548,111)</u>	<u>(14,571,196)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	5,224,056	19,507,007
Interest on investments	68,688	339,973
Purchase of investments	<u>(4,675,341)</u>	<u>(14,406,133)</u>
Net cash provided by investing activities	<u>617,403</u>	<u>5,440,847</u>
(Decrease) in cash and cash equivalents	<u>(5,265,096)</u>	<u>(5,231,196)</u>
Cash and cash equivalents – September 1	<u>15,570,384</u>	<u>20,801,580</u>
Cash and cash equivalents – August 31	\$ <u>10,305,288</u>	<u>15,570,384</u>

**Midland College District****Exhibit 3****STATEMENTS OF CASH FLOWS (CONTINUED)****Years ended August 31,**

	<u>2010</u>	<u>2009</u>
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (34,450,902)	(32,499,572)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	2,912,237	2,545,458
Payments made directly by state for benefits	3,282,416	3,361,356
Changes in related assets and liabilities:		
Receivables, net	644,862	(752,079)
Deferred expenses	(213,289)	(46,634)
Inventories	1,308	211
Prepaid expenses	(1,909)	10,040
Accounts payable	(443,175)	1,207,084
Accrued liabilities	(58,512)	(1,788)
Compensated absences	72,315	75,202
Deferred revenue	<u>246,273</u>	<u>(93,844)</u>
Net cash used by operating activities	\$ <u>(28,008,376)</u>	<u>(26,194,566)</u>

The notes to the financial statements are an integral part of these statements.

## Midland College District

### NOTES TO FINANCIAL STATEMENTS

August 31, 2010 and 2009

#### 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 applies all applicable GASB pronouncements and all applicable Financial Accounting Standard Board (“FASB”) statements and interpretations issued on or before November 30, 1989, unless they conflict or contradict GASB pronouncements. The District has elected not to apply FASB guidance issued subsequent to November 30, 1989, unless specifically adopted by the GASB. The District is reported as a special-purpose government engaged in business-type activities.

##### *Tuition Discounting*

##### Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (“TPEG”), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.033). 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, 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.

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2010 and 2009

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *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.

##### *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.

##### *Pledges*

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

##### *Deferred Revenue and Expenditures*

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

Bond issuance costs are reflected as deferred charges under non-current assets.

##### *Inventories*

Inventories are stated at the lower of cost, determined using the first-in, first-out method, or market.

##### *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

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2010 and 2009

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *Budgetary Data (Continued)*

District's Board of Trustees. A copy of the approved budget must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library and Governor's Office of Budget and Planning by December 1.

##### *Capital Assets*

Capital assets are recorded at cost. Donated capital assets are valued at their estimated fair market value on the date received. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life in excess of one year. The District reports depreciation under a single-line as a business-type unit. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

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

##### *Estimates*

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

##### *Operating and Non-Operating Revenue and Expense Policy*

The District distinguishes operating revenues and expenses from non-operating items. The District reports as a BTA 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 college.

##### *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.

##### *Certain Reclassifications*

Certain reclassifications for 2009 have been made to conform to the 2010 presentation.

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2010 and 2009

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *New Accounting Pronouncements*

##### *GASBS No. 45*

In addition to pensions, many state and local governmental employers provide other postemployment benefits (OPEB) as part of the total compensation offered to attract and retain the services of qualified employees. OPEB includes *postemployment healthcare*, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This Statement establishes standards for the measurement, recognition and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

The approach followed in this Statement generally is consistent with the approach adopted in Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, with modifications to reflect differences between pension benefits and OPEB. Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses financial statement and disclosure requirements for reporting by administrators or trustees of OPEB plan assets or by employers or sponsors that include OPEB plan assets as trust or agency funds in their financial reports.

This Statement generally provides for prospective implementation—that is, that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year. Implementation is required in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999.

The definitions and cutoff points for that purpose are the same as those in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This Statement is effective for periods beginning after December 15, 2006, for *phase 1 governments* (those with total annual revenues of \$100 million or more); after December 15, 2007, for *phase 2 governments* (those with total annual revenues of \$10 million or more, but less than \$100 million); and after December 15, 2008, for *phase 3 governments* (those with total annual revenues of less than \$10 million). Earlier implementation is encouraged.

##### *GASBS No. 50*

GASB Statement 50, *Pension Disclosures*, became effective for periods beginning after June 15, 2007 and amends certain portions of GASB Statement 25 and Statement 27. This statement more closely aligns the financial reporting requirements for pensions with those for OPEB.

##### *GASBS No. 55*

GASB Statement 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is intended to establish the GAAP hierarchy for state and local governments in the GASB accounting literature instead of the audit literature (SAS No. 69). The ladder of the state and local government GAAP hierarchy is as follows:

*Category A*: Officially established accounting principles – GASB statements and interpretations

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2010 and 2009

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*New Accounting Pronouncements (Continued)*

*GASBS No. 55 (Continued)*

*Category B:* GASB technical bulletins and, if specifically made applicable to state and local governmental entities by the AICPA and cleared by the GASB, AICPA Industry Audit and Accounting Guides and AICPA Statements of Position

*Category C:* AICPA practice bulletins, if specifically made applicable to state and local governmental entities and cleared by the GASB, as well as consensus positions of a group of accountants organized by the GASB

*Category D:* Implementation guides (Q&A's) published by the GASB staff, as well as practices that are widely recognized and prevalent in state and local governments

If the accounting treatment for a transaction or event is not specified by a pronouncement or established in practice as described in categories A-D, an entity should consider accounting principles for similar transactions or events within categories A-D.

This pronouncement became effective in March 2009 upon its issuance.

*GASBS No. 56*

GASB Statement 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, is intended to incorporate accounting and financial reporting guidance previously only contained in the AICPA auditing literature. GASB No. 56 addresses the following three issues from the AICPA's literature:

*Related Party Transactions:* Requires disclosure if the substance of a particular transaction is significantly different from its form because of the involvement of related parties, financial statements should recognize the substance of the transaction, rather than merely its legal form.

*Subsequent Events:* GASB No. 56 describes two types of subsequent events:

Recognized events consist of those events that provide additional evidence with respect to conditions that existed at the date of the statement of net assets and affect the estimates inherent in the process of preparing financial statements. All information that becomes available prior to the issuance of the financial statements should be used in evaluating the conditions on which the estimates were based. The financial statements should be adjusted for any changes in estimates resulting from the use of such evidence.

Unrecognized events consist of those events that provide evidence with respect to conditions that did not exist at the date of the statement of net assets but arose subsequent to that date. These events should not result in adjustment of the financial statements. Some of these events, however, may be of such a nature that their disclosure is essential to a user's understanding of the financial statements.

Identifying recognized events that require adjustment of the financial statements calls for the exercise of professional judgment and knowledge of the facts and circumstances.

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2010 and 2009

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*New Accounting Pronouncements (Continued)*

*GASBS No. 56 (Continued)*

*Going Concern Considerations:* Continuation of a legally separate governmental entity as a going concern is assumed in financial reporting in the absence of significant information to the contrary. Information that may significantly contradict the going concern assumption would relate to a governmental entity's inability to continue to meet its obligations as they become due without substantial disposition of assets outside the ordinary course of governmental operations, restructuring of debt, submission to the oversight of a separate fiscal assistance authority or financial board review, or similar actions. Under GASB No. 56, financial statement preparers have a responsibility to evaluate whether there is substantial doubt about a government's ability to continue as a going concern for 12 months beyond the financial statement date. If it is determined that there is substantial doubt about a governmental entity's ability to continue as a going concern, the notes to the financial statements should include disclosure.

This pronouncement became effective in March 2009 upon its issuance.

*GASBS No. 57*

GASB Statement 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, was issued in December 2009. GASB No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. GASB No. 57 establishes standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total members and by the agent multiple-employer OPEB plans in which they participate. GASB No. 57 also clarifies the requirements of GASB No.'s 43 and 45 related to the coordination of the timing and frequency of OPEB measurements by agent employers and the agent multiple-employer OPEB plans in which they participate. These requirements apply to all state and local governmental agent multiple-employer OPEB plans that are administered as trusts, or equivalent arrangements, and to state and local governmental employers that participate in such plans.

An agent employer with fewer than 100 total plan members in its individual-employer OPEB plan may elect to base its reported actuarial information on measurement calculations in accordance with the alternative measurement method, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which the employer participates.

Agent multiple-employer OPEB plans, who are required to obtain an actuarial valuation for purposes of measuring the actuarially determined information to be reported in the schedules of required supplementary information and related disclosures per GASB No. 43, can meet these reporting requirements by reporting aggregated individual-employer OPEB plan information determined by actuarial evaluations or measurements using the alternative method for individual-employer OPEB plans that are eligible.

If actuarially determined information about an agent employer's individual OPEB plan also is included in aggregated information reported by the agent multiple-employer OPEB plan, then the agent employer should obtain actuarial valuations of its individual-employer OPEB plan at least as frequently as is required for the agent multiple-employer OPEB plan in which it participates. The agent multiple-employer OPEB plan and each of its participating employers should obtain actuarial valuations as of the same actuarial valuation date.

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2010 and 2009

#### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*New Accounting Pronouncements (Continued)*

*GASBS No. 57 (Continued)*

The provisions of GASB No. 57 related to the use of the alternative measurement method became effective upon issuance. Those provisions related to the frequency and timing of measurements are effective for actuarial valuations first used to report funded status information in OPEB plan financial statements for periods beginning after June 15, 2011.

#### 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 (Chapter 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 fund, U.S. Government-backed obligations and commercial paper. All investments must be held by the financial institutions organized under Federal or State law.

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

**Deposits:** At August 31, 2010 and 2009, the carrying amount of the District's deposits was \$10,300,188 and \$15,565,284, respectively; and bank balances equaled \$9,892,232 and \$15,063,155. Bank balances of \$409,456 and \$413,609 are covered by federal depository insurance and \$9,482,776 and \$14,649,546 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 \$16,028,533 and \$15,840,506 in state approved public investment pools at August 31, 2010 and 2009, respectively.

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2010 and 2009**

**NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)**

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

**Cash and Deposits**

	<u>2010</u>	<u>2009</u>
Bank Deposits		
Demand Deposits	\$ 382,050	501,356
Money Market Deposits	<u>9,918,138</u>	<u>15,063,928</u>
	10,300,188	15,565,284
Petty Cash on Hand	<u>5,100</u>	<u>5,100</u>
Total Cash and Deposits	\$ <u>10,305,288</u>	<u>15,570,384</u>

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

<u>Type of Security</u>	<u>August 31, 2010</u> <u>Market Value</u>	<u>August 31, 2009</u> <u>Market Value</u>
U.S. Government Securities	\$ 4,263,942	3,934,410
Public Funds Investment Pools	16,028,533	15,840,506
Certificates of Deposit	<u>-</u>	<u>1,066,274</u>
Total Investments	\$ <u>20,292,475</u>	<u>20,841,190</u>
Total Cash and Deposits	\$ 10,305,288	15,570,384
Total Investments	<u>20,292,475</u>	<u>20,841,190</u>
Total Deposits and Investments	\$ <u>30,597,763</u>	<u>36,411,574</u>
Cash and Temporary Investments (Exhibit 1)	\$ 26,333,821	32,477,164
Investments (Exhibit 1)	<u>4,263,942</u>	<u>3,934,410</u>
Total Deposits and Investments	\$ <u>30,597,763</u>	<u>36,411,574</u>

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

<u>Investment Type</u>	<u>Investment Maturities in Years</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 5</u>	<u>5 to 10</u>
Public Funds Investment Pools	\$ 16,028,533	16,028,533	-	-	-
U.S. Government Securities	<u>4,263,942</u>	<u>407,656</u>	<u>738,360</u>	<u>1,442,189</u>	<u>1,675,737</u>
Total Fair Value	\$ <u>20,292,475</u>	<u>16,436,189</u>	<u>738,360</u>	<u>1,442,189</u>	<u>1,675,737</u>

As of August 31, 2009 the District had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities in Years</u>				
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 5</u>	<u>5 to 10</u>
Public Funds Investment Pools	\$ 15,840,506	15,840,506	-	-	-
U.S. Government Securities	3,934,410	307,280	422,720	1,482,485	1,721,925
Certificates of Deposit	<u>1,066,274</u>	<u>1,066,274</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fair Value	\$ <u>20,841,190</u>	<u>17,214,060</u>	<u>422,720</u>	<u>1,482,485</u>	<u>1,721,925</u>

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2010 and 2009

#### NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

**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 or agency securities. 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, 2010 and 2009 are reported below:

Investment Type	Credit Rating
U.S. Government Securities	S&P: AAA
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 Texas Daily Local Government Investment Pool (28%), TexPool Local Government Investment Pool (25%), TexSTAR Local Government Investment Pool (15%) and Lone Star Government Overnight Pool (11%).

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

#### NOTE 5 – 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, 2010:	
Assessed valuation of the District	\$ 12,219,385,190
Less exemptions	<u>1,197,660,762</u>
Net assessed valuation of the District	\$ <u>11,021,724,428</u>
At August 31, 2009:	
Assessed valuation of the District	\$ 11,660,356,970
Less exemptions	<u>1,293,328,536</u>
Net assessed valuation of the District	\$ <u>10,367,028,434</u>

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2010 and 2009**

**NOTE 5 – AD VALOREM TAXES RECEIVABLE (CONTINUED)**

At August 31, 2010:

	<u>Maintenance and Operations</u>	<u>Debt Service</u>	<u>Total</u>
Authorized tax rate per \$100 valuation (Maximum per enabling legislation)	\$ .3000	.50000	.8000
Assessed tax rate per \$100 valuation	\$ .1446	.0273	.1719

At August 31, 2009:

	<u>Maintenance and Operations</u>	<u>Debt Service</u>	<u>Total</u>
Authorized tax rate per \$100 valuation (Maximum per enabling legislation)	\$ .3000	.50000	.8000
Assessed tax rate per \$100 valuation	\$ .1446	.0283	.1729

Taxes levied for the years ended August 31, 2010 and 2009 are \$18,949,430 and \$17,925,318, 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.

At August 31, 2010:

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
<u>Taxes Collected</u>			
Current taxes collected	\$ 15,503,971	2,928,010	18,431,981
Delinquent taxes collected	396,846	74,947	471,793
Penalties and interest collected	<u>133,922</u>	<u>25,291</u>	<u>159,213</u>
Total collections	\$ <u>16,034,739</u>	<u>3,028,248</u>	<u>19,062,987</u>

At August 31, 2009:

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
<u>Taxes Collected</u>			
Current taxes collected	\$ 14,509,110	2,835,267	17,344,377
Delinquent taxes collected	394,124	77,640	471,764
Penalties and interest collected	<u>116,583</u>	<u>22,966</u>	<u>139,549</u>
Total collections	\$ <u>15,019,817</u>	<u>2,935,873</u>	<u>17,955,690</u>

Tax collections (including penalties, interest and delinquent collections) for the years ended August 31, 2010 and 2009 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.

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2010 and 2009**

**NOTE 5 – AD VALOREM TAXES RECEIVABLE (CONTINUED)**

Ad valorem taxes receivable includes the following:

	<u>2010</u>	<u>2009</u>
Current unrestricted fund	\$ 534,277	475,454
Debt service fund	85,718	74,137
	619,995	549,591
Allowance for uncollectible taxes	216,998	192,357
Net ad valorem taxes receivable	\$ 402,997	357,234

**NOTE 6 – CAPITAL ASSETS**

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

	<u>Balance September 1, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2010</u>
<b><u>Not Depreciated:</u></b>				
Land	\$ 2,553,002	-	-	2,553,002
Construction in process	16,598,846	6,493,591	9,376,199	13,716,238
Subtotal	19,151,848	6,493,591	9,376,199	16,269,240
<b><u>Other Capital Assets:</u></b>				
Buildings	80,767,992	10,183,990	-	90,951,982
Land improvements	3,468,262	2,366,043	-	5,834,305
Library books	1,760,185	62,950	-	1,823,135
Furniture, machinery, vehicles and other equipment	10,513,363	1,857,158	169,203	12,201,318
Subtotal	96,509,802	14,470,141	169,203	110,810,740
<b><u>Accumulated Depreciation:</u></b>				
Buildings	16,827,019	1,616,593	-	18,443,612
Land improvements	331,762	189,724	-	521,486
Library books	1,283,046	61,054	-	1,344,100
Furniture, machinery, vehicles and other equipment	5,409,659	1,044,866	139,022	6,315,503
Subtotal	23,851,486	2,912,237	139,022	26,624,701
Net other capital assets	72,658,316	11,557,904	30,181	84,186,039
Net capital assets	\$ 91,810,164	18,051,495	9,406,380	100,455,279

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2010 and 2009**

**NOTE 6 – CAPITAL ASSETS (CONTINUED)**

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

	<u>Balance September 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance August 31, 2009</u>
<b>Not Depreciated:</b>				
Land	\$ 2,552,246	756	-	2,553,002
Construction in process	<u>32,175,253</u>	<u>10,543,207</u>	<u>26,119,614</u>	<u>16,598,846</u>
Subtotal	<u>34,727,499</u>	<u>10,543,963</u>	<u>26,119,614</u>	<u>19,151,848</u>
<b>Other Capital Assets:</b>				
Buildings	53,366,437	27,401,555	-	80,767,992
Land improvements	1,905,398	1,562,864	-	3,468,262
Library books	1,703,542	56,643	-	1,760,185
Furniture, machinery, vehicles, and other equipment	<u>9,368,033</u>	<u>1,661,528</u>	<u>516,198</u>	<u>10,513,363</u>
Subtotal	<u>66,343,410</u>	<u>30,682,590</u>	<u>516,198</u>	<u>96,509,802</u>
<b>Accumulated Depreciation:</b>				
Buildings	15,362,347	1,464,672	-	16,827,019
Land improvements	211,601	120,161	-	331,762
Library books	1,222,067	60,979	-	1,283,046
Furniture, machinery, vehicles and other equipment	<u>4,994,258</u>	<u>899,646</u>	<u>484,245</u>	<u>5,409,659</u>
Subtotal	<u>21,790,273</u>	<u>2,545,458</u>	<u>484,245</u>	<u>23,851,486</u>
Net other capital assets	<u>44,553,137</u>	<u>28,137,132</u>	<u>31,953</u>	<u>72,658,316</u>
Net capital assets	\$ <u>79,280,636</u>	<u>38,681,095</u>	<u>26,151,567</u>	<u>91,810,164</u>

**NOTE 7 – LONG-TERM LIABILITIES**

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

	<u>Balance September 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance August 31, 2010</u>	<u>Current Portion</u>
<b>Bonds</b>					
General obligation bonds	\$ 37,267,625	-	1,467,974	35,799,651	1,532,789
Revenue bonds	<u>15,027,000</u>	-	<u>545,000</u>	<u>14,482,000</u>	<u>570,000</u>
Total bonds	<u>52,294,625</u>	-	<u>2,012,974</u>	<u>50,281,651</u>	<u>2,102,789</u>
<b>Other liabilities</b>					
Compensated absences	<u>1,475,328</u>	<u>150,960</u>	<u>78,646</u>	<u>1,547,642</u>	<u>573,494</u>
Total long-term liabilities	\$ <u>53,769,953</u>	<u>150,960</u>	<u>2,091,620</u>	<u>51,829,293</u>	<u>2,676,283</u>

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2010 and 2009**

**NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)**

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

	Balance September 1, 2008	Additions	Reductions	Balance August 31, 2009	Current Portion
<u>Bonds</u>					
General obligation bonds	\$ 38,671,288	-	1,403,663	37,267,625	1,467,974
Revenue bonds	<u>15,735,000</u>	-	<u>708,000</u>	<u>15,027,000</u>	<u>545,000</u>
Total bonds	<u>54,406,288</u>	-	<u>2,111,663</u>	<u>52,294,625</u>	<u>2,012,974</u>
<u>Notes</u>					
Equipment notes	<u>149,968</u>	-	<u>149,968</u>	-	-
<u>Other liabilities</u>					
Compensated absences	<u>1,400,125</u>	<u>228,046</u>	<u>152,843</u>	<u>1,475,328</u>	<u>567,777</u>
Total long-term liabilities	\$ <u>55,956,381</u>	<u>228,046</u>	<u>2,414,474</u>	<u>53,769,953</u>	<u>2,580,751</u>

**NOTE 8 – DEBT OBLIGATIONS**

Bonds Payable

Debt service requirements at August 31, 2010, were as follows:

For the Year Ended August 31,	Revenue Bonds		General Obligation Bonds		Total Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 570,000	701,885	1,532,789	1,470,856	2,102,789	2,172,741
2012	596,000	675,332	1,597,582	1,416,937	2,193,582	2,092,269
2013	633,000	647,437	1,673,424	1,358,509	2,306,424	2,005,946
2014	654,000	617,623	1,750,954	1,296,518	2,404,954	1,914,141
2015	689,000	583,693	1,834,516	1,228,654	2,523,516	1,812,347
2016-2020	3,750,000	2,387,008	10,620,717	4,918,210	14,370,717	7,305,218
2021-2025	4,390,000	1,408,641	13,626,651	2,287,520	18,016,651	3,696,161
2026-2028	<u>3,200,000</u>	<u>282,321</u>	<u>3,163,018</u>	<u>65,518</u>	<u>6,363,018</u>	<u>347,839</u>
Total	\$ <u>14,482,000</u>	<u>7,303,940</u>	<u>35,799,651</u>	<u>14,042,722</u>	<u>50,281,651</u>	<u>21,346,662</u>

**NOTE 9 – BONDS PAYABLE AND NOTES PAYABLE**

General information related to bonds and notes payable is summarized below:

1998 Revenue Bonds (O'Shaughnessy Residence Hall)

- District Building Revenue Bond, Series 1998
- The bond was used to build a women's resident hall.
- Issued on June, 1, 1998
- Original amount issued \$3,500,000; amount authorized \$3,500,000
- Source of payment – pledged revenues

Bonds payable are due in semi-annual installments varying from \$161,245 to \$162,050 at an interest rate of 4.5%. The final installment is due in 2013.

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2010 and 2009

#### NOTE 9 – BONDS PAYABLE AND NOTES PAYABLE (CONTINUED)

##### 1999 Revenue Bonds (Men's Residence Hall)

- District Building Revenue Bond, Series 1999
- The bond was used to build a men's residence hall.
- Issued on September 1, 1999
- Original amount issued \$3,500,000; amount authorized \$3,500,000
- Source of payment – pledged revenues

Bonds payable are due in semi-annual installments varying from \$162,737 to \$164,349 at an interest rate of 4.7%. The final installment is due in 2014.

##### 2003 Revenue Bond (Craddick Hall)

- District Building and Refunding Revenue Bond, Series 2003
- The bond was used to build a co-ed residence hall.
- Issued on May 20, 2003
- Original amount issued \$4,500,000; amount authorized \$4,500,000
- Source of payment – pledged revenues

Bonds payable are due in semi-annual installments varying from \$212,061 to \$213,915 at an interest rate of 4.89%. The final installment originally due in 2018 was paid in October 2008 due to a current refunding.

##### 2008 Revenue Bonds

- District Building Revenue Bond and Refunding, Series 2008
- The bond was used to complete construction and purchase equipment for college buildings and facilities.
- Issued on July 30, 2008
- Original amount issued, \$12,355,000; amount authorized, \$12,355,000
- Source of payment – pledged revenues

Bonds payable are due in semi-annual installments varying from \$133,418 to \$639,033, at an interest rate of 4.94%. The final installment is due in 2028.

##### 2005 General Obligation Bonds

- General Obligation Bonds, Series 2005
- The bonds will be used for construction & equipment of college buildings & facilities.
- Issued on July, 1 2005
- Original amount issued \$40,775,000: amount authorized \$41,769,999
- Bond issued at net premium of \$1,636,765
- Source of payment – Ad valorem taxes

Bonds payable are due in semi-annual installments varying from \$74,766 to \$3,234,766 with interest rates ranging from 3.5% to 5.0%. The final installment is due in 2026.

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2010 and 2009

#### NOTE 9 – BONDS PAYABLE AND NOTES PAYABLE (CONTINUED)

##### 2004 Equipment Purchase Note

- Note payable – American State Bank
- The note was used to purchase an airplane.
- Originated on September 16, 2004
- Original amount \$190,000
- Source of payment – Flight instruction fees

Note payable is due in monthly installments of \$3,430, at an interest rate of 3.15%. The note was paid in full in March 2009.

##### 2004 Equipment Purchase Note

- Note payable – American State Bank
- The note was used to purchase an airplane.
- Originated on November 3, 2004
- Original amount \$188,000
- Source of payment – Flight instruction fees

Note payable is due in monthly installments of \$3,395, at an interest rate of 3.15%. The note was paid in full in March 2009.

##### 2005 Equipment Purchase Note

- Note payable – American State Bank
- The note was used to purchase an airplane.
- Originated on January 12, 2005
- Original amount \$188,000
- Source of payment – Flight instruction fees

Note payable is due in monthly installments of \$3,394, at an interest rate of 3.15%. The note was paid in full in March 2009.

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2010 and 2009**

**NOTE 10 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES**

**Receivables**

Receivables at August 31, were as follows:

	<u>2010</u>	<u>2009</u>
Student Receivables	\$ 620,497	569,650
Taxes Receivable	619,995	549,591
State Receivable	186,721	133,459
Federal Receivable	973,351	1,032,849
Accounts Receivable	623,047	1,243,282
Interest Receivable	<u>42,932</u>	<u>43,713</u>
Subtotal	3,066,543	3,572,544
Allowance for Doubtful Accounts	<u>(708,743)</u>	<u>(614,863)</u>
<b>Total Receivables</b>	<b>\$ <u>2,357,800</u></b>	<b><u>2,957,681</u></b>

**Payables**

Payables at August 31, were as follows:

	<u>2010</u>	<u>2009</u>
Vendors Payable	\$ 3,446,724	3,959,563
Students Payable	<u>135,225</u>	<u>162,295</u>
<b>Total Payables</b>	<b>\$ <u>3,581,949</u></b>	<b><u>4,121,858</u></b>

**NOTE 11 – EMPLOYEES' RETIREMENT PLANS**

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

**Teacher Retirement System of Texas**

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

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2010 and 2009

#### NOTE 11 – EMPLOYEES' RETIREMENT PLANS (CONTINUED)

##### **Teacher Retirement System of Texas (Continued)**

*Funding Policy.* Contribution requirements are not actually determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or if the amortization period already exceeds 31 years, the period would be increased by such action. State law provides for a member contribution rate of 6.40% for the fiscal years 2010 and 2009 and a state contribution rate of 6.40% for September through December 2009 and 6.644% for the remainder of fiscal year 2010 and 6.58% for the fiscal year 2009. In certain instances the reporting district is required to make all or a portion of the state's 6.40% contribution for fiscal year 2010 and 6.58% for fiscal year 2009.

##### **Optional Retirement Plan**

*Plan Description.* Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. The Optional Retirement Program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

*Funding Policy.* Contribution requirements are not actually determined but are established and amended by Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.40% and 6.65%, respectively. The College contributes .91% for employees who were participating in the Optional Retirement Program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program.

The retirement expense to the State for the District was \$1,169,386 and \$1,296,000 for the fiscal years ended August 31, 2010 and 2009, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College.

The total payroll for all District employees was \$23,889,503 and \$23,010,000 for fiscal years 2010 and 2009, respectively. The total payroll of employees covered by the Teacher Retirement System was \$12,148,870 and \$11,887,000 and the total payroll of employees covered by the Optional Retirement System was \$8,300,318 and \$7,812,000 for fiscal years 2010 and 2009, respectively.

#### NOTE 12 – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the state provides certain health care and life insurance benefits for retired employees. Almost all of the employees may become eligible for those benefits if they reach normal retirement age while working for the state. Those and similar benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution was \$2,113,030 and \$2,065,163 for the years ended August 31, 2010 and 2009, respectively, for retired and active employees. The cost of providing these benefits for retirees is not separable from the cost of providing benefits for the active employees.

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2010 and 2009**

**NOTE 13 – COMPENSATED ABSENCES**

Accumulated unpaid vacation pay is accrued as incurred in accordance with NCGA Statement 4, *Accounting and Financial Reporting for Claims and Judgments and Compensated Absences*.

Employees can earn annual vacation leave at the rate of 10 days per year for the first 10 years up to a maximum of 20 days per year after 20 years of service. There is no requirement that annual leave be taken, but the maximum permissible accumulation is 15 days for employees with less than ten years of service. Employees with 10-20 years of service may accumulate up to 22-1/2 days and employees with over 20 years of service may accumulate up to 30 days. 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 \$573,000 and \$543,000 on August 31, 2010 and 2009, respectively.

Employees earn sick leave at the rate of 1-1/2 days per month for the first six months of employment, and at a rate of one day for each month thereafter. Sick days may be accumulated up to 90 days. Upon retirement, or upon termination with 10 years or more service, the employee may be paid for any accumulated sick leave in excess of 30 days, at a rate of 1/2 of the employee's current base salary. If an employee terminates prior to 10 years of service, all accumulated sick leave is forfeited. The accrued sick leave amounted to approximately \$957,000 and \$932,000 on August 31, 2010 and 2009, respectively.

**NOTE 14 – SELF INSURED WORKERS COMPENSATION**

Effective December 1991 through August 1996, the District participated in a public entity risk pool for workers compensation. The participants of the pool include several other community and junior college districts and public school districts. Effective September 1996, the District has worker's compensation insurance through a fully funded insurance provider. The District maintains a liability for any outstanding claims incurred from December 1991 through August 1996 based on the administrator's evaluation.

The plan provided coverage to each participant in amounts up to the lesser of each participant's individual loss fund or \$200,000. The District's loss fund at August 31, 2010 and 2009 was \$1,358 and \$1,593, respectively. Each workers compensation claim in excess of \$200,000 is covered by a "stop-loss" policy. The plan does not provide for any other type of insurance. The District retains no risk of loss for any other types of claims as the District purchases insurance from commercial insurance carriers for all other types of risk coverage. As of August 31, 2010, the District had an estimated claims accrual of approximately \$1,358 for workers compensation claims and had paid claims in 2010 totaling approximately \$208.

**NOTE 15 – FUND BALANCES**

Ending fund balances at August 31 were as follows:

	<u>2010</u>	<u>2009</u>
Current funds:		
Fund balance, unrestricted	\$ 9,679,154	9,548,567
Fund balance, auxiliary enterprises	1,186,415	1,186,415
Fund balance, restricted	<u>4,593,731</u>	<u>4,701,782</u>
Total, current fund balance	15,459,300	15,436,764
Fund balance, endowment and similar funds	4,793,302	4,644,225
Fund balance, plant funds	<u>55,616,005</u>	<u>51,224,283</u>
Fund balance, primary government	\$ <u>75,868,607</u>	<u>71,305,272</u>

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2010 and 2009

#### NOTE 16 – LITIGATION

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

#### NOTE 17 – CONTRACTS AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are report 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 awards fund already committed, e.g., multi-year awards, or funds awarded during fiscal years 2010 and 2009 for which monies have not been received nor funds expended total \$2,292,510 and \$884,526. Of these amounts, \$2,163,124 and \$884,526 were from Federal Contract and Grant Awards; and \$129,386 and \$-0- were from State Contract and Grant Awards for the fiscal years ended 2010 and 2009, respectively.

#### NOTE 18 – INCOME TAXES

The District is exempt from income taxes under Internal Revenue Code Section 115, Income of States Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The District had no unrelated business income tax liability for the years ended August 31, 2010 and 2009.

#### NOTE 19 – SPLIT INTEREST AGREEMENTS

The District has a beneficial interest in a split interest agreement in which it will receive 25% of the remaining assets upon the death of the lead beneficiaries. During the year ended August 31, 2009 the District received \$143,394 due to the death of a lead beneficiary. The District recognized \$10,984 and \$10,362 representing the discounted present value of the expected distributions for the years ended August 31, 2010 and 2009, respectively.

#### NOTE 20 – COMMITMENTS

As of August 31, 2010, the District has awarded the following contracts for construction projects:

Pevehouse Administration Building Renovations	\$	357,400
Roofing – Seven Campus Buildings		126,091
PE Building		5,320,055
Scharbauer Student Center		6,014,807
Al G. Langford Chaparral Center Electrical Upgrade		300,000
Softball Field		570,719
Magnetic Door Locks		266,905
Campus Network Upgrade		107,114

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2010 and 2009

#### NOTE 21 – RELATED PARTY

Midland College Foundation, Inc. (the “Foundation”), an independent corporation organized for the purpose of fund raising to benefit the District, made contributions of \$1,429,138 and \$2,128,624 in fiscal years 2010 and 2009, respectively. The Foundation advanced funds to the District for the completion of the expansion of the Cogdell Learning Center. Future allocations from a Federal Title V grant will be used to repay the funds advanced. At year end 2010, \$553,968 was payable to the Foundation for this advance. Two trustees of the District are also on the Board of Directors of the Foundation.

#### NOTE 22 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (IN ACCORDANCE WITH GASB STATEMENT NO. 45)

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

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

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

The employer’s share of the cost of retiree healthcare coverage for the current year is known as the implicit rate subsidy. It is the difference between the claims costs for the retirees and the amounts contributed by the retirees. The ERS Board of Trustees sets the employer contribution rate based on the implicit rate subsidy which is actuarially determined in accordance with the parameters of GASB Statement No. 45.

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

The District’s contributions to SRHP for the years ended August 31, 2010, 2009 and 2008 were \$44,138, \$34,612 and \$32,809, respectively, which equaled the required contributions each year.

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2010 and 2009**

**NOTE 22 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (IN ACCORDANCE WITH GASB STATEMENT NO. 45) (CONTINUED)**

In addition to the SRHP, the District also contributes funds for dental and life insurance benefits for retirees. The District's contributions for the years ended August 31, 2010, 2009 and 2008 were \$35,683, \$32,665 and \$30,401, respectively, which equaled the required contributions each year.

**NOTE 23 – SUBSEQUENT EVENTS**

Management of the District has performed an evaluation of the District's activity through December 9, 2010, the date these financial statements were available for issuance and noted no significant event that would require recording or disclosure.

**REQUIRED SUPPLEMENTAL INFORMATION**

Midland College District

Schedule A

SCHEDULE OF DETAILED OPERATING REVENUES

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2010 Total</u>	<u>2009 Memorandum Total</u>
<b>Tuition:</b>						
State funded credit courses:						
In-district resident tuition	\$ 3,362,478	-	3,362,478	-	3,362,478	2,869,570
Out-of-district resident tuition	3,096,876	-	3,096,876	-	3,096,876	2,575,462
Non-resident tuition	536,578	-	536,578	-	536,578	489,387
TPEG – credit (set aside) *	354,040	-	354,040	-	354,040	301,261
State-funded continuing education	1,091,552	-	1,091,552	-	1,091,552	1,064,904
TPEG – non-credit (set aside) *	69,674	-	69,674	-	69,674	67,973
Non-state funded continuing educational programs	<u>272,594</u>	<u>-</u>	<u>272,594</u>	<u>-</u>	<u>272,594</u>	<u>247,776</u>
Total tuition	<u>8,783,792</u>	<u>-</u>	<u>8,783,792</u>	<u>-</u>	<u>8,783,792</u>	<u>7,616,333</u>
<b>Fees:</b>						
General use fee	1,903,199	-	1,903,199	-	1,903,199	1,720,818
Lab fees	456,882	-	456,882	-	456,882	396,522
Distance learning fee	735,431	-	735,431	-	735,431	563,416
Installment plan fees	30	-	30	-	30	65
Private flight instruction	559,508	-	559,508	-	559,508	565,274
Other	<u>126,962</u>	<u>-</u>	<u>126,962</u>	<u>-</u>	<u>126,962</u>	<u>101,211</u>
Total fees	<u>3,782,012</u>	<u>-</u>	<u>3,782,012</u>	<u>-</u>	<u>3,782,012</u>	<u>3,347,306</u>
<b>Scholarship allowances and discounts:</b>						
Scholarships	(1,190,691)	-	(1,190,691)	-	(1,190,691)	(1,283,053)
Remissions and exemptions - state	(148,778)	-	(148,778)	-	(148,778)	(170,433)
Remissions and exemptions - local	(71,785)	-	(71,785)	-	(71,785)	(71,872)
Title IV federal grants	(1,340,483)	-	(1,340,483)	-	(1,340,483)	(1,146,866)
TPEG awards	(204,011)	-	(204,011)	-	(204,011)	(141,938)
Other state grants	(218,897)	-	(218,897)	-	(218,897)	(103,133)
Other local grants	<u>(26,591)</u>	<u>-</u>	<u>(26,591)</u>	<u>-</u>	<u>(26,591)</u>	<u>(22,008)</u>
Total scholarship allowances	<u>(3,201,236)</u>	<u>-</u>	<u>(3,201,236)</u>	<u>-</u>	<u>(3,201,236)</u>	<u>(2,939,303)</u>
Total net tuition and fees	<u>9,364,568</u>	<u>-</u>	<u>9,364,568</u>	<u>-</u>	<u>9,364,568</u>	<u>8,024,336</u>

**Midland College District**

**Schedule A**

**SCHEDULE OF DETAILED OPERATING REVENUES (CONTINUED)**

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2010 Total</u>	<u>2009 Memorandum Total</u>
<b>Additional operating revenues:</b>						
Federal grants and contracts	-	4,843,758	4,843,758	-	4,843,758	3,202,155
State grants and contracts	-	565,098	565,098	-	565,098	271,003
Local grants and contracts	619,692	274,160	893,852	-	893,852	828,835
Non-governmental grants and contracts	321,360	246,072	567,432	10,210	577,642	722,307
Sales and services of educational activities	283,114	-	283,114	-	283,114	194,250
Investment income (program restricted)	-	320,583	320,583	18,019	338,602	498,444
General operating revenues	<u>538,212</u>	<u>156,411</u>	<u>694,623</u>	<u>-</u>	<u>694,623</u>	<u>737,101</u>
Total additional operating revenues	<u>1,762,378</u>	<u>6,406,082</u>	<u>8,168,460</u>	<u>28,229</u>	<u>8,196,689</u>	<u>6,454,095</u>
<b>Auxiliary enterprises:</b>						
Bookstore **	-	-	-	278,749	278,749	217,337
Residential/food service (net of discounts of \$517,014 and \$502,659, respectively)	-	-	-	692,350	692,350	695,459
Athletics	-	-	-	20,737	20,737	20,629
Other	-	-	-	<u>140,696</u>	<u>140,696</u>	<u>106,077</u>
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,132,532</u>	<u>1,132,532</u>	<u>1,039,502</u>
Total Operating Revenues (Exh. 2)	\$ <u>11,126,946</u>	<u>6,406,082</u>	<u>17,533,028</u>	<u>1,160,761</u>	<u>18,693,789</u> (Exhibit 2)	<u>15,517,933</u> (Exhibit 2)

\* In accordance with Education Code 56.033, \$423,714 and \$369,233 for years ended August 31, 2010 and 2009, respectively, of tuition was set aside for Texas Public Education grants (TPEG).

\*\* 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 B**

**SCHEDULE OF OPERATING EXPENSES  
BY OBJECT**

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

	Operating Expenses			2010 Total	2009 Memorandum Total
	Salaries and Wages	Benefits State	Local		
Unrestricted - Educational Activities					
Instruction	\$ 12,504,330	-	1,635,908	2,055,679	16,195,917
Public service	631,367	-	96,980	180,666	909,013
Academic support	2,799,426	-	388,946	1,314,930	4,503,302
Student services	1,839,467	-	210,014	335,704	2,385,185
Institutional support	2,831,851	-	385,918	1,457,646	4,675,415
Operation and maintenance of plant	908,138	-	373,020	4,274,874	5,556,032
Scholarships and fellowships	-	-	-	19,424	19,424
<b>Total Unrestricted Educational Activities</b>	<b>21,514,579</b>	<b>-</b>	<b>3,090,786</b>	<b>9,638,923</b>	<b>34,244,288</b>
Restricted – Educational Activities					
Instruction	377,553	2,023,570	32,569	895,475	3,329,167
Public service	420,937	-	98,009	1,123,247	1,642,193
Academic support	383,731	343,187	99,257	836,385	1,662,560
Student services	234,672	382,162	69,736	332,805	1,019,375
Institutional support	-	519,404	-	-	519,404
Operation and maintenance of plant	-	14,095	-	23,965	38,060
Scholarships and fellowships	-	-	-	5,376,598 *	5,376,598
<b>Total Restricted Educational Activities</b>	<b>1,416,893</b>	<b>3,282,418</b>	<b>299,571</b>	<b>8,588,475</b>	<b>13,587,357</b>
<b>Total Educational Activities</b>	<b>22,931,472</b>	<b>3,282,418</b>	<b>3,390,357</b>	<b>18,227,398</b>	<b>47,831,645</b>
Auxiliary Enterprises	768,623	-	185,842	1,446,344 **	2,400,809
Depreciation Expense – Buildings and other real estate improvements	-	-	-	1,806,317	1,806,317
Depreciation Expense – Equipment and furniture	-	-	-	1,105,920	1,105,920
<b>Total Operating Expenses</b>	<b>\$ 23,700,095</b>	<b>3,282,418</b>	<b>3,576,199</b>	<b>22,585,979</b>	<b>53,144,691</b>
				(Exhibit 2)	(Exhibit 2)

\* net of discounts of \$3,201,236

\*\* net of discounts of \$517,014

Midland College District

Schedule C

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2010 Total</u>	<u>2009 Memorandum Total</u>
<b>NON-OPERATING REVENUES:</b>					
State appropriations					
Education and general state support	\$ 9,339,756	-	-	9,339,756	9,876,868
State group insurance	-	2,113,030	-	2,113,030	2,065,163
State retirement matching	-	1,169,386	-	1,169,386	1,296,193
Professional nursing shortage reduction	-	110,000	-	110,000	124,911
American Airpower Heritage Museum	-	473,767	-	473,767	498,702
Total state appropriations	<u>9,339,756</u>	<u>3,866,183</u>	<u>-</u>	<u>13,205,939</u>	<u>13,861,837</u>
Maintenance ad valorem taxes	15,899,873	-	-	15,899,873	14,805,935
Debt service ad valorem taxes	-	3,035,776	-	3,035,776	2,936,716
Federal Revenue, non-operating	-	6,123,404	-	6,123,404	3,873,174
Gifts	764,091	1,037,854	-	1,801,945	1,621,605
Investment income	49,761	18,146	-	67,907	334,486
Gain on sale of assets	15,952	-	-	15,952	-
Contributions in aid of construction	-	931,052	-	931,052	1,571,565
Additions to permanent endowments	-	29,485	-	29,485	103,463
Other non-operating revenue	-	461,903	-	461,903	4,030,844
Total non-operating revenues	26,069,433	15,503,803	-	41,573,236	43,139,625
<b>NON-OPERATING EXPENSES:</b>					
Interest on capital related debt	(2,032,603)	-	-	(2,032,603)	(1,913,087)
Loss on disposal of capital assets	-	-	-	-	(31,952)
Other non-operating expense	(22,446)	(503,950)	-	(526,396)	(4,937,967)
Total non-operating expenses	<u>(2,055,049)</u>	<u>(503,950)</u>	<u>-</u>	<u>(2,558,999)</u>	<u>(6,883,006)</u>
Net non-operating revenues	\$ <u>24,014,384</u>	<u>14,999,853</u>	<u>-</u>	<u>39,014,237</u> (Exhibit 2)	<u>36,256,619</u> (Exhibit 2)

Midland College District

Schedule D

SCHEDULE OF NET ASSETS BY SOURCE AND AVAILABILITY

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

	Detail by Source				Available for Current Operations		
	Unrestricted	Restricted Expendable	Non- Expendable	Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
Current:							
Unrestricted	\$ 9,507,453	-	-	-	9,507,453	9,507,453	-
Board designated	171,701	-	-	-	171,701	171,701	-
Restricted	-	4,486,304	-	-	4,486,304	4,486,304	-
Auxiliary enterprises	1,186,415	-	-	-	1,186,415	1,186,415	-
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Endowment:							
True	-	-	4,793,302	-	4,793,302	-	4,793,302
Plant:							
Debt service	-	107,427	-	-	107,427	-	107,427
Investment in plant	-	-	-	55,616,005	55,616,005	-	55,616,005
Total Net Assets, August 31, 2010	10,865,569	4,593,731	4,793,302	55,616,005	75,868,607 (Exhibit 1)	15,351,873	60,516,734
Total Net Assets, August 31, 2009	10,734,982	4,701,782	4,644,225	51,224,283	71,305,272 (Exhibit 1)	15,373,292	55,931,980
Net Increase (Decrease) in Net Assets	\$ 130,587	(108,051)	149,077	4,391,722	4,563,335 (Exhibit 2)	(21,419)	4,584,754

**Midland College District**

**Schedule E**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended August 31, 2010**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Document/ Pass-Through Grantor's Number</u>	<u>Pass-Through Disbursement and Expenditures</u>
<b>U.S. Department of Education</b>			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Education			
Opportunity Grant	84.007	PO7A094070	\$ 58,489
Stafford Loans	84.032	-	382,691
Federal College Work-Study Program	84.033	PO33A094070	119,478
Federal Pell Grant Program	84.063	PO63P093245	5,460,131
Academic Competiveness Grant	84.375	P375A093245	90,731
Higher Education – Institution Aid –			
Rural Science Education Cooperative Hispanic			
Serving Institutions	84.031C	PO31C080077	1,616,176
Higher Education – Institutional Aid –			
Title V Cooperative Hispanic Serving			
Institutions	84.031S	PO31S080021	583,985
TRIO Cluster:			
Student Support Services	84.042A	PO42A050380	264,866
Upward Bound	84.047A	PO47A090014	231,836
Fund for the Improvement of Post Secondary			
Education – State of the Art Equipment for the			
Advanced Technology Center	84.116Z	P116Z090026	282,849
Pass-Through From:			
Texas Education Agency			
Adult Basic Education – Federal/Corrections	84.002	104100017110280	166,214
Texas Higher Education Coordinating Board			
Carl Perkins – Voc. Ed. – Basic	84.048	104230	237,595
Carl Perkins – Voc. Ed. – Basic Reserve	84.048	104404	34,038
Carl Perkins – WECM	84.048	101204	<u>98,998</u>
Subtotal – CFDA 84.048			370,631
Leveraging Education Assistance			
Partnership (LEAP)	84.069A	-	5,199
Special Leveraging Education Assistance			
Partnership (SLEAP)	84.069B	-	6,685
Carl Perkins – Voc. Ed. Tech Prep.	84.243	101715	234,759
ARRA – State Fiscal Stabilization	84.397A	-	157,691
Texas Tech University			
ARRA – State Fiscal Stabilization	84.397A	ALEW041836	<u>195,396</u>
Total U.S. Department of Education			\$ <u>10,227,807</u>

**Midland College District**

**Schedule E**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**Year Ended August 31, 2010**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Document/ Pass-Through Grantor's Number</u>	<u>Pass-Through Disbursement and Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-Through From:			
Texas Tech University Area Health Education Centers Point of Service Maintenance and Enhancement	93.107	1-U77HP16497-01-00	\$ 73,737
Texas Education Agency Adult Basic Education – Federal TANF	93.558	103625017110262	29,503
Pitt Community College ARRA-Health Information Technology Professionals in Healthcare	93.721	90CC007801	<u>58,060</u>
Total Department of Health and Human Services			<u>161,300</u>
<u>U.S. Department of Housing and Urban Development</u>			
Hispanic Serving Institutions Assisting Communities	14.514	HSIAC-07-TX-29	216,089
<u>U.S. Department of Labor</u>			
Pass-Through From:			
Texas Workforce Commission ARRA-WIA Dislocated Workers	17.260	1110XSD000	326,541
Permian Basin Regional Planning Commission ARRA-Program of Competitive Grants for Worker Training & Placement in High Growth & Emerging Industry Sectors	17.275	SG/DFA-PY08-19	<u>12,603</u>
Total U.S. Department of Labor			<u>339,144</u>
<u>National Science Foundation</u>			
Pass-Through From:			
University of Texas System Alliance for Minority Participation	47.076	HRD-0703584	<u>22,822</u>
Total Federal Financial Assistance			\$ <u>10,967,162</u>

**Midland College District**

**Schedule E**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**Year Ended August 31, 2010**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Document/ Pass-Through Grantor's Number</u>	<u>Pass-Through Disbursement and Expenditures</u>
--	------------------------------------	--	---

*Note 1: Federal Assistance Reconciliation*

Federal Grants and Contracts revenue – per Schedule A			\$ 4,843,758
Non-Operating Federal Revenue from Schedule C			<u>6,123,404</u>
 Total Federal Revenues per Schedule of Expenditures of Federal Awards			\$ <u><u>10,967,162</u></u>

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 followed all applicable guidelines issued by various entities in the preparation of the schedule.

*Note 2: Amounts passed-through by the District*

The following amounts were passed-through to the listed sub-recipients by the college. These amounts were from the Rural Science Education Cooperative Grant program CFDA 84.031C from U.S. Department of Education.

Sul Ross University			\$ <u>405,813</u>
 Total amount passed-through Midland College District			\$ <u><u>405,813</u></u>

The following amounts were passed-through to the listed sub-recipients by the District. These amounts were from the Carl Perkins – Voc. Ed. Tech Prep Grant program CFDA 84.243 from the Texas Higher Education Coordinating Board.

Howard College			\$ 78,047
Odessa Junior College			<u>83,068</u>
 Total amounts passed-through Midland College District			\$ <u><u>161,115</u></u>

**Midland College District**

**Schedule F**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS**

**Year Ended August 31, 2010**

State Grantor/Pass-Through Grantor/ Program Title	Grant/Contract Number	Pass-Through Disbursement and Expenditures
<b>Direct Programs:</b>		
Comptroller of Public Accounts		
JET – Diesel	3595-6	\$ 15,496
JET – Nursing	3572-31	<u>27,250</u>
Subtotal Comptroller of Public Accounts		42,746
 Texas Education Agency		
Adult Basic Education	100100017110280	27,433
 Texas Higher Education Coordinating Board		
Intensive College Readiness Program	-	12,285
Nursing Shortage Reduction	-	66,906
P-16 College Readiness	-	2,866
Texas College Work Study	-	14,696
Texas Grant	-	240,166
Texas Education Opportunity Grant	-	<u>73,664</u>
Subtotal Texas Higher Education Coordinating Board		410,583
 Texas Workforce Commission		
Skills Development	1110XSD000	<u>119,518</u>
 Total State Financial Assistance		\$ <u><u>600,280</u></u>
 <i>Note 1: State Assistance Reconciliation</i>		
Total State Financial Assistance		\$ 600,280
P-16 College Readiness revenue received in prior year		(2,866)
Nursing Shortage Reduction revenue reported on Schedule C		(66,906)
Intensive College Readiness program receipts in excess of expenditures		<u>34,590</u>
 <b>Total State Revenues per Schedule A</b>		 \$ <u><u>565,098</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.

## **SINGLE AUDIT REPORTS**



**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit Performed  
in Accordance with Government Auditing Standards**

The Board of Trustees  
Midland College District  
Midland, Texas

We have audited the financial statements of Midland College District (the "District") as of and for the year ended August 31, 2010, and have issued our report thereon dated December 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Compliance and Other Matters (Continued)**

We have performed tests designed to verify the District's compliance with the requirements of the Public Funds Investment Act. During the year ended August 31, 2010, no instances of noncompliance were found.

This report is intended for the information of the District's trustees, audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Johnson Miller & Co., CPA's PC*

Midland, Texas  
December 9, 2010



# JOHNSON MILLER & CO., CPA's PC

*Certified Public Accountants*

*A Professional Corporation*

*An Independent Member Of BDO Seidman Alliance*

Midland, Texas  
Odessa, Texas  
Hobbs, New Mexico

**Report of Independent Certified Public Accountants on  
Compliance With Requirements That Could Have a Direct and  
Material Effect on Each Major Program and on Internal  
Control Over Compliance in Accordance with OMB Circular A-133  
and the Provisions of the State of Texas Single Audit Circular**

The Board of Trustees  
Midland College District  
Midland, Texas

### **Compliance**

We have audited Midland College District's (the "District") compliance with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *Provisions of the State of Texas Single Audit Circular* that could have a direct and material effect on each of the District's major federal and state programs for the year ended August 31, 2010. The District's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2010.

### **Internal Control Over Compliance**

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

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

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

This report is intended for the information of the District's trustees, audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Johnson Miller & Co., CPA's PC*

Midland, Texas  
December 9, 2010

**Midland College District**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**August 31, 2010**

The Board of Trustees  
Midland College District  
Midland, Texas

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

<u>Type of Auditor's Report issued</u>	Unqualified
Internal control over financial reporting:	
Material Weaknesses Identified?	No
Significant Deficiencies Identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No
<u>Federal and State Awards</u>	
Internal control over major programs:	
Material Weaknesses Identified?	No
Significant Deficiencies Identified that are not considered to be material weaknesses?	None reported
Type of Auditor's Report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

**Midland College District**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**August 31, 2010**

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Student Financial Aid Cluster:
84.007	Federal Supplemental Education Opportunity Grant
84.032	Stafford Loans
84.033	Federal College Workstudy Program
84.063	Federal Pell Grant Program
84.375	Academic Competitiveness Grant
84.002	Adult Basic Education – Federal/Corrections
93.558	Adult Basic Education – Federal TANF
84.048	Carl Perkins – Voc. Ed. – Basic
84.048	Carl Perkins – Voc. Ed. Basic Reserve
84.048	Carl Perkins – WECM
84.243	Carl Perkins – Voc. Ed Tech Prep
17.260	Texas Workforce Commission ARRA – WIA Dislocated Workers
14.514	Hispanic Serving Institutions Assisting Communities
84.397A	Texas Tech University ARRA – State Fiscal Stabilization

Identification of Major Programs:

<u>Grant Contract Numbers</u>	<u>Name of State Program or Cluster</u>
	Texas Higher Education Coordinating Board:
-	Texas Grant
-	Texas Education Opportunity Grant
1110X5D000	Texas Workforce Commission Skills Development

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

Auditee qualified as low-risk auditee? Yes

Section II – FINANCIAL STATEMENT FINDINGS No matters were reported.

**Midland College District**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**August 31, 2010**

**Section III – Federal or State Award Findings and Questioned Costs**

No matters were reported.

**Midland College District**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

**August 31, 2009**

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**STATISTICAL SUPPLEMENT**

**Midland College District  
Statistical Supplement 1  
Net Assets by Component  
Fiscal Years 2002-2010**

(unaudited)  
(amounts expressed in thousands)

	<b>For the Fiscal Year Ended August 31,</b>									
	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2002</b>
Invested in capital assets, net of related debt	\$ 55,616	51,224	45,506	41,441	37,892	34,671	31,788	29,545	29,793	
Restricted - expendable	4,594	4,702	7,008	6,680	5,225	3,395	2,723	3,387	2,811	
Restricted - nonexpendable	4,793	4,644	4,400	3,965	3,795	3,167	3,069	3,053	3,037	
Unrestricted	10,866	10,735	10,634	9,275	7,096	6,228	5,807	4,825	4,805	
<b>Total primary government net assets</b>	<b>\$ 75,869</b>	<b>71,305</b>	<b>67,548</b>	<b>61,361</b>	<b>54,008</b>	<b>47,461</b>	<b>43,387</b>	<b>40,810</b>	<b>40,446</b>	

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

**Midland College District  
Statistical Supplement 2  
Revenues by Source  
Fiscal Years 2002-2010  
(unaudited)**

		For the Year Ended August 31, (amounts in 000's)								
		2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and Fees (net of discounts)	\$	9,365	8,024	7,522	7,603	5,803	5,344	4,617	3,564	3,541
Federal Grants and Contracts		4,844	3,202	2,013	2,690	3,867	4,036	3,875	2,997	2,351
State Grants and Contracts		565	271	278	183	275	228	289	983	1,856
Local Grants and Contracts		894	829	861	736	612	756	633	399	470
Non-Governmental Grants and Contracts		578	722	1,073	699	796	271	152	119	26
Sales and services of educational activities		283	194	200	217	240	239	236	353	407
Investment income-program restricted		339	499	615	624	306	171	223	230	296
Auxiliary enterprises (net of discounts)		1,132	1,040	1,030	942	859	873	824	699	794
Other operating revenues		694	737	673	698	614	473	520	574	487
<b>Total Operating Revenues</b>		<b>18,694</b>	<b>15,518</b>	<b>14,265</b>	<b>14,392</b>	<b>13,372</b>	<b>12,393</b>	<b>11,369</b>	<b>9,918</b>	<b>10,228</b>
State Appropriations		13,206	13,862	13,656	13,498	13,418	11,113	10,954	11,117	10,941
Ad Valorem Taxes		18,936	17,743	16,676	15,419	14,312	10,917	10,068	9,763	9,519
Federal Revenue, non-operating		6,123	3,873	3,780	3,849	4,303	4,678	4,581	3,871	2,834
Gifts		1,802	1,622	1,505	1,443	1,882	2,138	1,176	833	837
Investment income		68	334	1,389	2,456	2,201	215	87	102	89
Contributions in aid of construction		931	1,572	2,313	731	176	3,557	1,048	-	-
Gain on disposal of fixed assets		16	-	-	-	16	-	-	-	-
Additions to permanent endowments		29	103	348	145	700	171	52	-	-
Other non-operating revenues		462	4,031	487	-	-	-	-	-	-
<b>Total Non-Operating Revenues</b>		<b>41,573</b>	<b>43,140</b>	<b>40,154</b>	<b>37,541</b>	<b>37,008</b>	<b>32,789</b>	<b>27,966</b>	<b>25,686</b>	<b>24,220</b>
<b>Total Revenues</b>	<b>\$</b>	<b>60,267</b>	<b>58,658</b>	<b>54,419</b>	<b>51,933</b>	<b>50,380</b>	<b>45,182</b>	<b>39,335</b>	<b>35,604</b>	<b>34,448</b>

		For the Year Ended August 31, (% of total)								
		2010	2009	2008	2007	2006	2005	2004	2003	2002
Tuition and Fees (net of discounts)		15.55%	13.68%	13.83%	14.64%	11.52%	11.84%	11.74%	10.01%	10.28%
Federal Grants and Contracts		8.03%	5.45%	3.69%	5.17%	7.67%	8.93%	9.85%	8.42%	6.82%
State Grants and Contracts		0.94%	0.46%	0.51%	0.35%	0.55%	0.50%	0.73%	2.76%	5.39%
Local Grants and Contracts		1.48%	1.40%	1.57%	1.41%	1.20%	1.67%	1.61%	1.12%	1.36%
Non-Governmental Grants and Contracts		0.96%	1.23%	1.97%	1.35%	1.58%	0.60%	0.39%	0.33%	0.08%
Sales and services of educational activities		0.47%	0.33%	0.37%	0.42%	0.48%	0.53%	0.60%	0.99%	1.18%
Investment income-program restricted		0.56%	0.85%	1.13%	1.20%	0.61%	0.38%	0.57%	0.65%	0.86%
Auxiliary enterprises (net of discounts)		1.88%	1.77%	1.89%	1.81%	1.71%	1.93%	2.09%	1.96%	2.30%
Other operating revenues		1.15%	1.26%	1.24%	1.34%	1.22%	1.05%	1.32%	1.62%	1.42%
<b>Total Operating Revenues</b>		<b>31.02%</b>	<b>26.43%</b>	<b>26.20%</b>	<b>27.69%</b>	<b>26.54%</b>	<b>27.43%</b>	<b>28.90%</b>	<b>27.86%</b>	<b>29.69%</b>
State Appropriations		21.91%	23.64%	25.10%	26.00%	26.63%	24.60%	27.85%	31.22%	31.76%
Ad Valorem Taxes		31.42%	30.26%	30.65%	29.70%	28.41%	24.16%	25.60%	27.42%	27.63%
Federal Revenue, non-operating		10.16%	6.60%	6.95%	7.41%	8.54%	10.35%	11.65%	10.87%	8.23%
Gifts		2.99%	2.77%	2.77%	2.78%	3.74%	4.73%	2.99%	2.34%	2.43%
Investment income		0.11%	0.57%	2.55%	4.73%	4.37%	0.48%	0.22%	0.29%	0.26%
Contributions in aid of construction		1.54%	2.68%	4.25%	1.41%	0.35%	7.87%	2.66%	-	-
Gain on disposal of fixed assets		0.03%	-	-	-	0.03%	-	-	-	-
Additions to permanent endowments		0.05%	0.18%	0.64%	0.28%	1.39%	0.38%	0.13%	-	-
Other non-operating revenues		0.77%	6.87%	0.89%	-	-	-	-	-	-
<b>Total Non-Operating Revenues</b>		<b>68.98%</b>	<b>73.57%</b>	<b>73.80%</b>	<b>72.31%</b>	<b>73.46%</b>	<b>72.57%</b>	<b>71.10%</b>	<b>72.14%</b>	<b>70.31%</b>
<b>Total Revenues</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

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

**Midland College District  
Statistical Supplement 3  
Program Expenses by Function  
Fiscal Years 2002-2010  
(unaudited)**

For the Year Ended August 31,

	(amounts in 000's)									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2002
Instruction	\$ 20,010	18,456	17,676	17,266	16,686	16,042	13,840	14,014	13,513	13,513
Public service	2,382	2,316	1,887	2,242	2,430	2,195	2,054	2,699	1,964	1,964
Academic support	5,943	5,572	5,014	4,834	4,688	4,465	4,433	2,580	3,529	3,529
Student services	3,312	3,342	3,077	2,948	2,706	2,608	2,393	2,444	2,399	2,399
Institutional support	5,195	5,040	4,630	4,292	3,908	3,526	3,266	3,015	2,952	2,952
Operation and maintenance of plant	5,594	4,835	5,173	4,000	4,118	3,581	3,142	3,383	4,385	4,385
Scholarships & fellowships(net of discounts)	5,396	3,484	3,498	3,296	3,760	3,905	4,099	3,610	2,798	2,798
Auxiliary enterprises (net of discounts)	2,401	2,427	2,482	1,929	1,813	1,753	1,639	1,480	1,326	1,326
Depreciation	2,912	2,545	1,856	1,680	1,599	1,520	1,477	1,299	1,236	1,236
<b>Total Operating Expenses</b>	<b>53,145</b>	<b>48,017</b>	<b>45,293</b>	<b>42,487</b>	<b>41,708</b>	<b>39,595</b>	<b>36,343</b>	<b>34,524</b>	<b>34,102</b>	<b>34,102</b>
Interest on capital related debt	2,933	1,913	1,919	2,017	2,083	501	462	483	331	331
Loss on disposal of fixed assets	-	32	28	13	-	6	6	21	69	69
Other non-operating expenses	526	4,938	992	63	41	8	-	39	12	12
<b>Total Non-Operating Expenses</b>	<b>2,559</b>	<b>6,883</b>	<b>2,929</b>	<b>2,093</b>	<b>2,124</b>	<b>515</b>	<b>468</b>	<b>543</b>	<b>412</b>	<b>412</b>
<b>Total Expenses</b>	<b>\$ 55,704</b>	<b>54,900</b>	<b>48,232</b>	<b>44,580</b>	<b>43,832</b>	<b>40,110</b>	<b>36,811</b>	<b>35,067</b>	<b>34,514</b>	<b>34,514</b>

For the Year Ended August 31,

	(% of total)									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2002
Instruction	35.92%	33.61%	36.64%	38.74%	38.07%	40.00%	37.60%	39.96%	39.15%	39.15%
Public service	4.28%	4.22%	3.91%	5.03%	5.54%	5.47%	5.58%	7.70%	5.69%	5.69%
Academic support	10.67%	10.15%	10.40%	10.84%	10.70%	11.13%	12.04%	7.36%	10.23%	10.23%
Student services	5.94%	6.09%	6.38%	6.61%	6.17%	6.50%	6.50%	6.97%	6.95%	6.95%
Institutional support	9.33%	9.18%	9.60%	9.63%	8.92%	8.79%	8.87%	8.60%	8.55%	8.55%
Operation and maintenance of plant	10.04%	8.81%	10.72%	8.97%	9.39%	8.93%	8.54%	9.65%	12.70%	12.70%
Scholarships and fellowships	9.69%	6.35%	7.25%	7.39%	8.58%	9.74%	11.14%	10.29%	8.12%	8.12%
Auxiliary enterprises	4.31%	4.42%	5.15%	4.33%	4.14%	4.37%	4.45%	4.22%	3.84%	3.84%
Depreciation	5.23%	4.64%	3.85%	3.77%	3.65%	3.79%	4.01%	3.70%	3.58%	3.58%
<b>Total Operating Expenses</b>	<b>95.41%</b>	<b>87.47%</b>	<b>93.90%</b>	<b>95.31%</b>	<b>95.16%</b>	<b>98.72%</b>	<b>98.73%</b>	<b>98.45%</b>	<b>98.81%</b>	<b>98.81%</b>
Interest on capital related debt	3.65%	3.48%	3.98%	4.52%	4.75%	1.25%	1.25%	1.38%	0.96%	0.96%
Loss on disposal of fixed assets	-	0.06%	0.06%	0.03%	-	0.01%	0.02%	0.06%	0.20%	0.20%
Other non-operating expenses	0.94%	8.99%	2.06%	0.14%	0.09%	0.02%	-	0.11%	0.03%	0.03%
<b>Total Non-Operating Expenses</b>	<b>4.59%</b>	<b>12.53%</b>	<b>6.10%</b>	<b>4.69%</b>	<b>4.84%</b>	<b>1.28%</b>	<b>1.27%</b>	<b>1.55%</b>	<b>1.19%</b>	<b>1.19%</b>
<b>Total Expenses</b>	<b>100.00%</b>									

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

**Midland College District  
Statistical Supplement 4  
Tuition and Fees  
Last Ten Academic Years  
(unaudited)**

Academic Year (Fall)	Resident Fees per Semester Credit Hour (SCH)									
	Registration Fee	In-District Tuition	Out-of-District Tuition	Technology Fees	Student Activity Fees	General Use Fee	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2009-10	\$ -	\$ 46	\$ 68	\$ -	-	14	\$ 720	\$ 984	5.26%	6.49%
2008-09	-	43	63	-	-	14	684	924	7.55%	18.46%
2007-08	-	43	55	-	-	10	636	780	-	-
2006-07	-	43	55	-	-	10	636	780	17.78%	14.04%
2005-06	-	37	49	-	-	8	540	684	-	14.00%
2004-05	-	37	42	-	-	8	540	600	4.65%	4.17%
2003-04	-	36	41	-	-	7	516	576	16.22%	23.08%
2002-03	-	31	33	-	-	6	444	468	-	-
2001-02	-	31	33	-	-	6	444	468	8.82%	8.33%
2000-01	-	28	30	-	-	6	408	432	12.40%	11.63%

Academic Year (Fall)	Non-Resident Fees per Semester Credit Hour (SCH)									
	Registration Fee	Non-Resident Tuition Out of State	Non-Resident Tuition International	Technology Fees	Student Activity Fees	General Use Fee	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2009-10	\$ -	\$ 101	\$ 101	\$ -	-	14	\$ 1,380	\$ 1,380	6.48%	6.48%
2008-09	-	94	94	-	-	14	1,296	1,296	14.89%	14.89%
2007-08	-	84	84	-	-	10	1,128	1,128	-	-
2006-07	-	84	84	-	-	10	1,128	1,128	9.30%	9.30%
2005-06	-	78	78	-	-	8	1,032	1,032	2.38%	2.38%
2004-05	-	76	76	-	-	8	1,008	1,008	23.53%	23.53%
2003-04	-	61	61	-	-	7	816	816	15.25%	15.25%
2002-03	-	53	53	-	-	6	708	708	-	-
2001-02	-	53	53	-	-	6	708	708	5.36%	5.36%
2000-01	-	50	50	-	-	6	672	672	46.41%	46.41%

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

**Midland College District  
Statistical Supplement 5  
Assessed Value and Taxable Assessed Value of Property  
Last Ten Fiscal Years**

(amounts expressed in thousands)

Direct Rate

Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2009-10	\$ 12,219,385	\$ 1,197,661	\$ 11,021,724	90.20%	\$ 0.144600	\$ 0.027328	\$ 0.171928
2008-09	11,660,357	1,293,329	10,367,028	88.91%	0.144600	0.028310	0.172910
2007-08	9,672,151	977,526	8,694,625	89.89%	0.157154	0.033966	0.191120
2006-07	7,985,268	536,613	7,448,655	93.28%	0.167481	0.038719	0.206200
2005-06	6,772,061	462,783	6,309,278	93.17%	0.179400	0.045300	0.224700
2004-05	6,120,653	461,916	5,658,737	92.45%	0.190600	-	0.190600
2003-04	5,668,701	456,955	5,211,746	91.94%	0.185200	0.005400	0.190600
2002-03	5,515,729	443,637	5,072,092	91.96%	0.185200	0.005400	0.190600
2001-02	5,580,072	412,052	5,168,020	92.62%	0.177800	0.005400	0.183200
2000-01	4,941,048	401,771	4,539,277	91.87%	0.157200	0.006100	0.163300

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

**Midland College District  
Statistical Supplement 6  
State Appropriation per FTSE and Contact Hours  
Last Ten Fiscal Years  
(unaudited)**

Fiscal Year	State Appropriation (000's)	FTSE (1)	State Appropriation per FTSE	Appropriation per Contact Hour		
				Academic Contact Hours (a) (000's)	Voc/Tech Contact Hours (a,b) (000's)	Total Contact Hours (000's)
2009-10	\$ 9,340	4,348	\$ 2,148	1,898	1,032	2,930
2008-09	9,877	3,989	2,476	1,742	939	2,681
2007-08	9,877	3,988	2,477	1,673	973	2,646
2006-07	9,371	4,041	2,319	1,715	944	2,659
2005-06	9,371	4,012	2,336	1,691	936	2,627
2004-05	8,039	4,031	1,994	1,682	943	2,625
2003-04	8,079	3,967	2,037	1,671	885	2,556
2002-03	7,870	3,686	2,135	1,539	853	2,392
2001-02	8,499	3,607	2,356	1,485	875	2,360
2000-01	8,102	3,395	2,386	1,390	820	2,210

(a) Source CBM001  
(b) Source CBM00A

Notes:

(1) FTSE is calculated by the following formula:

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

	Voc-Tech Contact Hrs (000's)		Total
	Credit	CE	
09-10	879	153	1032
08-09	782	157	939
07-08	779	194	973
06-07	740	204	944
05-06	717	219	936
04-05	716	227	943
03-04	650	235	885
02-03	660	193	853
01-02	620	255	875
00-01	633	187	820

**Midland College District  
Statistical Supplement 7  
Principal Taxpayers  
Last Ten Tax Years  
(unaudited)**

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Pioneer Natural Res	Oil & Gas	539,294	625,549	488,618	481,708	357,957	268,212	241,937	254,337	290,553	141,512
Chevron USA Inc	Oil & Gas	154,984	194,148	185,222	178,526	159,643	125,693	64,441	-	-	-
LCX Energy LLC	Oil & Gas	142,070	180,265	150,369	146,258	-	-	-	-	-	-
Endeavor Energy Res LP	Oil & Gas	150,342	178,262	130,594	144,955	85,373	491,153	34,054	30,006	26,246	-
BP America Prod Co	Oil & Gas	106,426	93,550	85,107	79,680	71,756	54,782	59,521	67,940	-	-
Oxy USA WTP LP	Oil & Gas	93,564	97,815	-	-	39,428	28,040	29,764	27,465	22,159	-
TRA Midland Properties	Investment	71,206	66,020	-	-	-	-	-	-	-	-
COG Operating LLC	Oil & Gas	64,612	-	-	-	-	-	-	-	-	-
TXU Electric Delivery Co	Utility	63,775	67,490	64,594	63,446	-	-	-	-	-	-
Borets-Weatherford (SOS)	Oil & Gas	56,909	-	-	-	-	-	-	-	-	-
Big Dog Drilling Co	Oil & Gas	-	83,559	-	-	-	-	-	-	-	-
Dawson Geophysical	Oil & Gas	-	67,634	74,273	55,815	-	-	-	-	-	-
Henry Petroleum LP	Oil & Gas	-	59,226	61,276	61,276	40,159	-	-	-	-	-
Southwestern Bell Tele	Utility	-	52,745	48,996	44,193	38,984	35,964	41,213	48,549	31,898	-
Mobil Producing Tx & NM-Dev/Gas	Oil & Gas	-	47,193	50,716	50,716	50,653	55,870	62,096	61,201	59,099	-
Perenco LLC	Oil & Gas	-	-	-	-	73,253	50,758	26,302	-	-	-
Oncor Elec Delivery LP	Utility	-	-	-	-	61,072	59,315	57,366	59,376	58,982	56,895
Mobil Producing Tx & NM	Oil & Gas	-	-	-	-	-	-	-	-	28,539	18,254
Texaco E & P Inc	Oil & Gas	-	-	-	-	-	-	-	-	130,609	64,697
CMS Oil & Gas Company	Oil & Gas	-	-	-	-	-	-	-	-	24,667	-
Midland Park Mall LP	Retail	-	-	-	-	-	-	34,499	96,992	-	24,340
ARCO Permian	Oil & Gas	-	-	-	-	-	-	-	24,571	113,906	51,537
AT & T Communications	Utility	-	-	-	-	-	-	-	-	24,306	24,306
Duke Energy Fld Svc	Oil & Gas	-	-	-	-	-	-	-	-	-	18,905
<b>Totals</b>		<b>\$ 1,443,182</b>	<b>1,654,292</b>	<b>1,335,941</b>	<b>1,311,376</b>	<b>977,304</b>	<b>753,441</b>	<b>639,718</b>	<b>688,653</b>	<b>805,315</b>	<b>491,443</b>
<b>Total Taxable Assessed Value</b>		<b>\$ 10,367,028</b>	<b>8,694,625</b>	<b>7,448,655</b>	<b>6,309,278</b>	<b>5,658,737</b>	<b>5,211,746</b>	<b>5,072,092</b>	<b>5,168,021</b>	<b>4,539,277</b>	<b>4,463,637</b>

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Pioneer Natural Res	Oil & Gas	5.20%	6.03%	4.71%	4.65%	6.33%	5.15%	4.77%	4.92%	6.40%	3.17%
Chevron USA Inc	Oil & Gas	1.49%	1.79%	1.79%	1.72%	2.70%	2.41%	1.27%	-	-	-
LCX Energy LLC	Oil & Gas	1.37%	1.74%	1.45%	1.41%	-	-	-	-	-	-
Endeavor Energy Res LP	Oil & Gas	1.45%	1.72%	1.26%	1.40%	1.51%	0.94%	0.67%	0.58%	0.58%	-
BP America Prod Co	Oil & Gas	1.03%	0.90%	0.82%	0.77%	1.27%	1.05%	1.17%	1.31%	1.07%	-
Oxy USA Inc	Oil & Gas	0.90%	0.94%	0.82%	0.77%	0.70%	0.54%	0.59%	0.53%	0.49%	-
TRA Midland Properties	Investment	0.62%	0.64%	-	-	-	-	-	-	-	-
COG Operating LLC	Oil & Gas	0.62%	0.65%	0.62%	0.61%	-	-	-	-	-	-
TXU Electric Delivery Co	Utility	0.55%	-	-	-	-	-	-	-	-	-
Borets-Weatherford (SOS)	Oil & Gas	-	0.81%	-	-	-	-	-	-	-	-
Big Dog Drilling Co	Oil & Gas	-	0.65%	0.70%	0.54%	-	-	-	-	-	-
Dawson Geophysical	Oil & Gas	-	0.57%	0.59%	0.56%	0.71%	-	-	-	-	-
Henry Petroleum LP	Oil & Gas	-	0.51%	0.47%	0.49%	0.91%	0.97%	1.10%	1.20%	1.32%	-
Southwestern Bell Tele	Utility	-	0.40%	0.40%	0.49%	0.79%	0.97%	0.52%	0.86%	1.07%	-
Mobil Producing Tx & NM-Dev/Gas	Oil & Gas	-	-	-	-	1.08%	1.14%	1.13%	1.15%	1.30%	1.27%
Perenco LLC	Oil & Gas	-	-	-	-	-	0.53%	0.68%	1.88%	2.88%	1.45%
Oncor Elec Delivery LP	Utility	-	-	-	-	-	-	-	0.48%	0.54%	-
Mobil Producing Tx & NM	Oil & Gas	-	-	-	-	-	-	-	-	-	0.55%
Texaco E & P Inc	Oil & Gas	-	-	-	-	-	-	-	-	-	0.54%
CMS Oil & Gas Company	Oil & Gas	-	-	-	-	-	-	-	-	-	1.15%
Midland Park Mall LP	Retail	-	-	-	-	-	-	-	-	-	0.42%
AT & T Communications	Utility	-	-	-	-	-	-	-	-	-	-
ARCO Permian	Oil & Gas	-	-	-	-	-	-	-	-	-	-
Duke Energy Fld Svc	Oil & Gas	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>		<b>13.92%</b>	<b>15.95%</b>	<b>12.89%</b>	<b>12.65%</b>	<b>17.28%</b>	<b>13.70%</b>	<b>12.61%</b>	<b>13.33%</b>	<b>17.75%</b>	<b>10.99%</b>

**Midland College District  
Statistical Supplement 8  
Property Tax Levies and Collections  
Last Ten Tax Years**

(unaudited)  
(amounts expressed in thousands)

Fiscal Year Ended	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections- Year of Levy (c)	Percentages	Prior Collections of Prior Levies* (d)	Current Collections of Prior Levies* (e)	Total Collections (c+d+e)	Cumulative Collections of Adjusted Levy
2009-10	\$ 18,949	\$ (7)	\$ 18,942	\$ 18,643	98.42%	\$ -	\$ -	18,643	98.42%
2008-09	17,925	10	17,935	17,574	97.99%	-	185	17,759	99.02%
2007-08	16,617	(13)	16,604	16,326	98.33%	182	36	16,544	99.64%
2006-07	15,359	(6)	15,353	15,142	98.63%	204	12	15,358	100.03%
2005-06	14,177	(8)	14,169	13,979	98.66%	213	4	14,196	100.19%
2004-05	10,786	-	10,786	10,576	98.05%	193	(2)	10,767	99.82%
2003-04	9,933	47	9,980	9,750	97.70%	219	(3)	9,966	99.86%
2002-03	9,667	36	9,703	9,469	97.59%	184	(4)	9,649	99.44%
2001-02	9,468	(12)	9,456	9,225	97.56%	188	1	9,414	99.56%
2000-01	7,413	(8)	7,405	7,253	97.95%	135	-	7,388	99.77%

\* "Collections for prior Years" does not include penalties or interest. It includes taxes only.

Source: Local Tax Assessor/Collector's and District records.

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

	For the Years Ended August 31 (amounts expressed in thousands)									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
<b>General Bonded Debt</b>										
General Obligation Bonds	\$ 35,800	37,268	38,671	40,017	41,307	42,391	-	-	-	-
Contractual Obligation Bonds	-	-	-	-	-	-	-	-	270	525
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds Restricted for Debt Service	(128)	(85)	(174)	(95)	(110)	(246)	-	-	(4)	(5)
Net General Bonded Debt	35,672	37,183	38,497	39,922	41,197	42,145	-	-	266	520
<b>Other Debt</b>										
Revenue Bonds	14,482	15,027	15,735	7,331	8,035	8,708	9,351	9,964	9,850	6,220
Notes	-	-	150	266	378	487	109	213	311	398
Capital Lease Obligations	-	-	-	-	-	-	-	-	-	-
Total Outstanding Debt	\$ 50,154	52,210	54,382	47,519	49,610	51,340	9,460	10,177	10,427	7,138
Per Capita	\$ 379.05	404.23	431.32	382.05	408.38	428.04	79.73	86.70	89.85	61.78
Per Student	11,536	13,087	13,638	11,759	12,365	12,736	2,385	2,760	2,891	2,103
As a % of Taxable Assessed Value	0.46%	0.50%	0.63%	0.64%	0.79%	0.91%	0.18%	0.20%	0.20%	0.16%

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

**Midland College District  
Statistical Supplement 10  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(unaudited)**

	For the Years Ended August 31 (amounts expressed in thousands)									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Taxable Assessed Value	\$ 11,021,724	10,367,028	8,694,625	7,448,655	6,309,278	5,658,737	5,211,746	5,072,092	5,168,020	4,539,277
<b>General Obligation Bonds</b>										
Statutory Tax Levy Limit for Debt Service	\$ 55,109	51,835	43,473	37,243	31,546	28,294	26,059	25,360	25,840	22,696
Less: Funds Restricted for Repayment of										
General Obligation Bonds	(128)	(85)	(174)	(95)	(110)	(246)	-	-	-	-
Total Net General Obligation Debt	54,981	51,750	43,299	37,148	31,436	28,048	26,059	25,360	25,840	22,696
Current Year Debt Service Requirements	2,989	2,970	2,955	2,937	2,991	-	-	-	-	-
Excess of Statutory Limit for Debt Service	\$ 51,992	48,780	40,344	34,211	28,445	28,048	26,059	25,360	25,840	22,696
Over Current Requirements										
Net Current Requirements										
as a % of Statutory Limit	5.19%	5.57%	6.40%	7.63%	9.13%	0.00%	0.00%	0.00%	0.00%	0.00%

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

**Midland College District  
Statistical Supplement 11  
Pledged Revenue Coverage  
Last Ten Fiscal Years  
(unaudited)**

Revenue Bonds		Pledged Revenues (\$000 omitted)				Debt Service Requirements (\$000 omitted)			
		Fiscal Year Ended August 31	Tuition, Fees & Other Rev	General Use Fee	Operating Expense	Total	Principal	Interest	Total
	2010	\$ 5,259	\$ 1,903	-	\$ 7,162	\$ 545	\$ 727	\$ 1,272	5.63
	2009	4,762	1,721	-	6,483	708	555	1,263	5.13
	2008	5,205	1,285	-	6,490	739	339	1,078	6.02
	2007	-	1,281	-	1,281	704	373	1,077	1.19
	2006	-	1,119	-	1,119	673	405	1,078	1.04
	2005	-	1,111	-	1,111	643	435	1,078	1.03
	2004	-	1,002	-	1,002	613	465	1,078	0.93
	2003	-	828	-	828	386	397	783	1.06
	2002	-	763	-	763	370	282	652	1.17
	2001	-	730	-	730	354	299	653	1.12

**Contractual Obligation Bonds**

Fiscal Year Ended August 31	Ad Valorem Taxes		Interest Income	Operating Expense	Total	Principal	Interest	Total	Coverage Ratio
2010	\$ -	\$ -	-	-	-	\$ -	-	\$ -	0.00
2009	-	-	-	-	-	-	-	-	0.00
2008	-	-	-	-	-	-	-	-	0.00
2007	-	-	-	-	-	-	-	-	0.00
2006	-	-	-	-	-	-	-	-	0.00
2005	-	-	-	-	-	-	-	-	0.00
2004	-	-	-	-	-	-	-	-	0.00
2003	286	-	-	-	286	270	6	276	1.04
2002	275	-	-	-	275	255	17	272	1.01
2001	277	-	-	-	277	245	27	272	1.02

**Midland College District  
Statistical Supplement 12  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(unaudited)**

Calendar Year	District Population (a)	District Personal Income		District Unemployment Rate (a)
		Income (a) (000's)	Per Capita (a) (000's)	
2009	132,316	\$ 6,541,864	\$ 49,441	5.6%
2008	129,159	6,970,441	53,968	2.9%
2007	126,082	6,252,428	49,590	2.9%
2006	123,391	6,067,540	49,173	3.4%
2005	120,628	5,140,616	42,615	3.7%
2004	119,249	4,543,467	38,101	4.4%
2003	118,014	4,022,393	34,084	4.9%
2002	116,987	3,796,682	32,454	4.8%
2001	115,782	4,038,379	34,879	3.8%
2000	115,478	4,092,309	35,438	4.2%

**Sources:**

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

**Notes:**

(a) Numbers used above are for Midland County, and includes Greenwood ISD which is not in our district, as we are unable to obtain district specific information.

**Midland College District  
Statistical Supplement 13  
Principal Employers  
Current & Prior Fiscal Years  
(unaudited)**

Employer	2010			2009			2008			2007			2006		
	Number of Employees	Percentage of Total Employment (A)	Number of Employees	Percentage of Total Employment (A)	Number of Employees	Percentage of Total Employment (A)	Number of Employees	Percentage of Total Employment (A)	Number of Employees	Percentage of Total Employment (A)	Number of Employees	Percentage of Total Employment (A)	Number of Employees	Percentage of Total Employment (A)	
Midland Independent School District	3,000	4.23%	2,887	4.07%	2,836	4.16%	2,826	4.15%	2,847	4.80%	2,847	4.15%	2,847	4.80%	
Midland Memorial Hospital	1,500	2.11%	1,645	2.32%	1,600	2.35%	1,500	2.20%	1,382	2.33%	1,382	2.20%	1,382	2.33%	
Midland College	1,183	1.67%	1,170	1.65%	1,230	1.81%	1,258	1.85%	1,262	2.13%	1,262	1.85%	1,262	2.13%	
City Of Midland	980	1.38%	937	1.32%	917	1.35%	962	1.41%	881	1.49%	881	1.41%	881	1.49%	
Midland County	624	0.88%	608	0.86%	678	0.99%	583	0.86%	560	0.94%	560	0.86%	560	0.94%	
Pioneer Natural Gas Resources	600	0.85%	-	-	-	-	-	-	-	-	-	-	-	-	
Texas Health & Human Services Call Center	500	0.70%	440	0.62%	-	-	-	-	-	-	-	-	-	-	
Key Energy	480	0.68%	480	0.68%	564	0.83%	500	0.73%	2,200	3.71%	2,200	0.73%	2,200	3.71%	
Basic Energy Services	476	0.67%	429	0.60%	-	-	-	-	-	-	-	-	-	-	
Warren Equipment Companies	464	0.65%	620	0.87%	534	0.78%	620	0.91%	629	1.06%	629	0.91%	629	1.06%	
Halliburton	-	-	400	0.56%	-	-	-	-	-	-	-	-	-	-	
Dawson Geophysical	-	-	-	-	1,451	2.13%	1,200	1.76%	609	1.03%	609	1.76%	609	1.03%	
Patterson-UTI Drilling Co.	-	-	-	-	-	-	750	1.10%	-	-	-	1.10%	-	-	
Cingular Wireless LLC	-	-	-	-	-	-	600	0.88%	-	-	-	0.88%	-	-	
Oxy Permian Basin	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total</b>	<b>9,807</b>	<b>13.82%</b>	<b>9,616</b>	<b>13.55%</b>	<b>9,810</b>	<b>14.40%</b>	<b>10,799</b>	<b>15.85%</b>	<b>12,270</b>	<b>20.70%</b>	<b>12,270</b>	<b>15.85%</b>	<b>12,270</b>	<b>20.70%</b>	

**Source:**  
Midland Development Corporation  
Midland Chamber of Commerce - Economic Development

**Note: A**  
Percentages are calculated using the midpoints of the ranges.  
This institution began presenting this schedule in 2006.

**Midland College District  
Statistical Supplement 14  
Faculty, Staff, and Administrators Statistics  
Last Ten Fiscal Years  
(unaudited)**

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Faculty</b>										
Full-Time	154	155	141	134	129	119	116	110	109	100
Part-Time	184	160	156	135	120	135	125	129	134	134
<b>Total</b>	<b>338</b>	<b>315</b>	<b>297</b>	<b>269</b>	<b>249</b>	<b>254</b>	<b>241</b>	<b>239</b>	<b>243</b>	<b>234</b>

<b>Percent</b>										
Full-Time	45.6%	49.2%	47.5%	49.8%	51.8%	46.9%	48.1%	46.0%	44.9%	42.7%
Part-Time	54.4%	50.8%	52.5%	50.2%	48.2%	53.1%	51.9%	54.0%	55.1%	57.3%

<b>Staff and Administrators</b>										
Full-Time	254	256	249	239	241	237	226	209	206	181
Part-Time	357	320	375	358	369	354	356	361	342	335
<b>Total</b>	<b>611</b>	<b>576</b>	<b>624</b>	<b>597</b>	<b>610</b>	<b>591</b>	<b>582</b>	<b>570</b>	<b>548</b>	<b>516</b>

<b>Percent</b>										
Full-Time	41.6%	44.4%	39.9%	40.0%	39.5%	40.1%	38.8%	36.7%	37.6%	35.1%
Part-Time	58.4%	55.6%	60.1%	60.0%	60.5%	59.9%	61.2%	63.3%	62.4%	64.9%

Students per Full-Time Faculty	40.5	37.3	40.7	43.4	43.3	46.5	46.5	45.8	46.4	48.4
Students per Full-Time Staff Member	24.5	22.6	23.0	24.3	23.2	23.3	23.9	24.1	24.6	26.8
Average Annual Faculty Salary	\$55,216	54,623	52,021	50,636	49,335	49,446	47,783	47,498	47,196	44,264

<b>Notes:</b>										
Fall Headcount	6,230	5,784	5,733	5,819	5,589	5,531	5,392	5,041	5,060	4,842

**Midland College District  
Statistical Supplement 15  
Enrollment Details  
Last Five Fiscal Years  
(unaudited)**

Student Classification	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent								
CE Students	1,248	16.69%	1,462	20.18%	1,671	22.61%	2,501	30.14%	2,311	29.27%
00-30 hours	4,826	64.55%	4,503	62.14%	4,425	59.87%	4,548	54.80%	4,397	55.69%
31-60 hours	920	12.30%	837	11.55%	878	11.88%	820	9.88%	642	8.13%
> 60 hours	484	6.47%	444	6.13%	417	5.64%	430	5.18%	545	6.90%
Total	7,478	100.00%	7,246	100.00%	7,391	100.00%	8,299	100.00%	7,895	100.00%

Semester Hour Load	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent								
CE Students	1248	16.69%	1462	20.18%	1671	22.61%	2501	30.14%	2311	29.27%
Less than 3	230	3.08%	67	0.92%	74	1.00%	69	0.83%	62	0.79%
3-5 semester hours	1,827	24.43%	1,868	25.78%	1,806	24.44%	1,752	21.11%	1,584	20.06%
6-8 semester hours	1,394	18.64%	1,277	17.62%	1,295	17.52%	1,265	15.24%	1,209	15.31%
9-11 semester hours	940	12.57%	771	10.64%	791	10.70%	745	8.98%	758	9.60%
12-14 semester hours	1,392	18.61%	1,391	19.20%	1,341	18.14%	1,493	17.99%	1,495	18.94%
15-17 semester hours	387	5.18%	353	4.87%	359	4.86%	394	4.75%	401	5.08%
18 & over	60	0.80%	57	0.79%	54	0.73%	80	0.96%	75	0.95%
Total	7,478	100.00%	7,246	100.00%	7,391	100.00%	8,299	100.00%	7,895	100.00%

Average course load

8.2

8.2

8.2

8.5

8.7

Tuition Status	Fall 2009		Fall 2008		Fall 2007		Fall 2006		Fall 2005	
	Number	Percent								
CE Students	1,248	16.68%	1,462	20.18%	1,671	22.61%	2,501	30.14%	2,311	29.27%
Texas Resident (in-District)	4,104	54.88%	3,720	51.34%	3,786	51.22%	3,846	46.34%	3,824	48.44%
Texas Resident (out-of-District)	1,947	26.04%	1,882	25.97%	1,711	23.15%	1,714	20.65%	1,675	21.22%
Non-Resident Tuition	179	2.39%	182	2.51%	223	3.02%	238	2.87%	85	1.08%
Total	7,478	100.00%	7,246	100.00%	7,391	100.00%	8,299	100.00%	7,895	100.00%

Data Source: CBM001  
CBM00A



**Midland College District  
Statistical Supplement 17  
Transfers to Senior Institutions  
2008 Fall Students as of Fall 2009  
(Includes only public senior colleges in Texas)**

	Transfer Student Count	Academic	Transfer Student Count	Technical	Transfer Student Count	Tech-Prep	Transfer Student Count	Total of all Midland Transfer Students	% of all Midland Transfer Students
1	433		4				0	437	22.16%
2	336		1				0	337	17.10%
3	255		15				4	274	13.90%
4	238		23				6	267	13.55%
5	102		0				3	105	5.33%
6	100		2				0	102	5.18%
7	84		1				1	86	4.36%
8	68		2				0	70	3.55%
9	67		0				0	67	3.40%
10	50		3				0	53	2.69%
11	29		6				0	35	1.78%
12	25		1				0	26	1.32%
13	16		1				0	17	0.86%
14	10		0				0	10	0.51%
15	10		0				0	10	0.51%
16	8		1				1	10	0.51%
17	9		0				0	9	0.46%
18	7		1				0	8	0.41%
19	7		0				0	7	0.36%
20	6		1				0	7	0.36%
21	4		0				0	4	0.20%
22	4		0				0	4	0.20%
23	3		0				1	4	0.20%
24	3		0				0	3	0.15%
25	2		1				0	3	0.15%
26	2		0				0	2	0.10%
27	2		0				0	2	0.10%
28	2		0				0	2	0.10%
29	2		0				0	2	0.10%
30	2		0				0	2	0.10%
31	2		0				0	2	0.10%
32	1		0				0	1	0.05%
33	1		0				0	1	0.05%
34	1		0				0	1	0.05%
35	0		1				0	1	0.05%
<b>Totals</b>	<b>1,891</b>		<b>64</b>				<b>16</b>	<b>1,971</b>	<b>100.00%</b>

**Midland College District  
Statistical Supplement 18  
Schedule of Capital Asset Information  
Fiscal Years 2002 to 2010**

	Fiscal Year									
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	
<b>Academic buildings</b>										
Square footage (in thousands)	22	20	19	19	19	19	17	16	16	
	520	494	489	410	410	382	375	368	368	
<b>Libraries</b>										
Square footage (in thousands)	1	1	1	1	1	1	1	1	1	1
Number of Volumes (in thousands)	52	52	50	50	50	50	50	50	50	50
	65	64	62	62	64	62	63	60	60	60
<b>Administrative and support buildings</b>										
Square footage (in thousands)	4	4	4	4	4	4	4	4	4	4
	58	58	58	58	58	58	58	58	58	58
<b>Dormitories</b>										
Square footage (in thousands)	3	3	3	3	3	3	3	3	3	2
Number of Beds	91	91	91	91	91	91	91	91	91	62
	286	286	286	286	286	286	286	286	286	192
<b>Apartments</b>										
Square footage (in thousands)	10	10	10	10	10	10	10	10	10	10
Number of beds	12	12	12	12	12	12	12	12	12	12
	20	20	20	20	20	20	20	20	20	20
<b>Dining Facilities</b>										
Square footage (in thousands)	1	1	1	1	1	1	1	1	1	1
Average daily customers	11	11	11	11	11	11	11	11	11	11
	650	579	579	579	532	532	532	532	532	357
<b>Athletic Facilities</b>										
Square footage (in thousands)	3	3	3	3	3	3	3	3	3	3
Multipurpose Center	118	118	117	117	117	117	117	117	117	117
Gymnasiums	1	1	1	1	1	1	1	1	1	1
Softball Dressing Facility	1	1	1	1	1	1	1	1	1	1
Baseball Practice Facility	1	1								
Tennis Pro Shop	1	1	1	1	1	1	1	1	1	1
<b>Plant facilities</b>										
Square footage (in thousands)	2	2	2	2	2	2	2	2	2	2
	26	26	26	26	26	26	26	26	26	26
<b>Chapel</b>										
Square footage (in thousands)	1	1	1	1	1	1	1	1	1	1
	2	2	2	2	2	2	2	2	2	2
<b>Childrens Center</b>										
Square footage (in thousands)	1	1	1	1	1	1	1	1	1	1
	11	11	6	6	6	6	6	6	6	6
<b>Transportation</b>										
Cars	4	3	3	6	6	6	7	6	6	6
Light Trucks/Vans	21	19	24	22	22	18	17	17	17	17
Heavy trucks	4	4	4	4	2	2	2	2	2	2
Buses	7	7	6	6	0	1	0	0	0	0

**Midland College District  
Statistical Supplement 19  
Head Count Enrollment Trend  
Credit Hour Students Only  
Last Ten Fiscal Years  
(Unaudited)**

Fiscal Year	Fall			Spring			Sum I		Sum II		Duplicated		Unduplicated	
											Total	Total	Total	Total
2000-01	4,842	4,954	1,439	1,042	1,042	1,042	12,277				6,870			
2001-02	5,065	5,109	1,596	1,249	1,249	1,249	13,019				6,948			
2002-03	5,041	5,410	1,707	1,380	1,380	1,380	13,538				7,606			
2003-04	5,392	5,666	1,974	1,410	1,410	1,410	14,442				8,086			
2004-05	5,531	5,797	1,881	1,548	1,548	1,548	14,757				8,456			
2005-06	5,589	5,923	2,356	1,974	1,974	1,974	15,842				8,591			
2006-07	5,819	6,076	2,158	2,184	2,184	2,184	16,237				9,039			
2007-08	5,733	6,288	2,381	2,411	2,411	2,411	16,813				9,453			
2008-09	5,784	6,321	2,530	2,546	2,546	2,546	17,181				9,608			
2009-10	6,230	6,803	3,080	2,899	2,899	2,899	19,012				10,726			

Data Source: CBM001