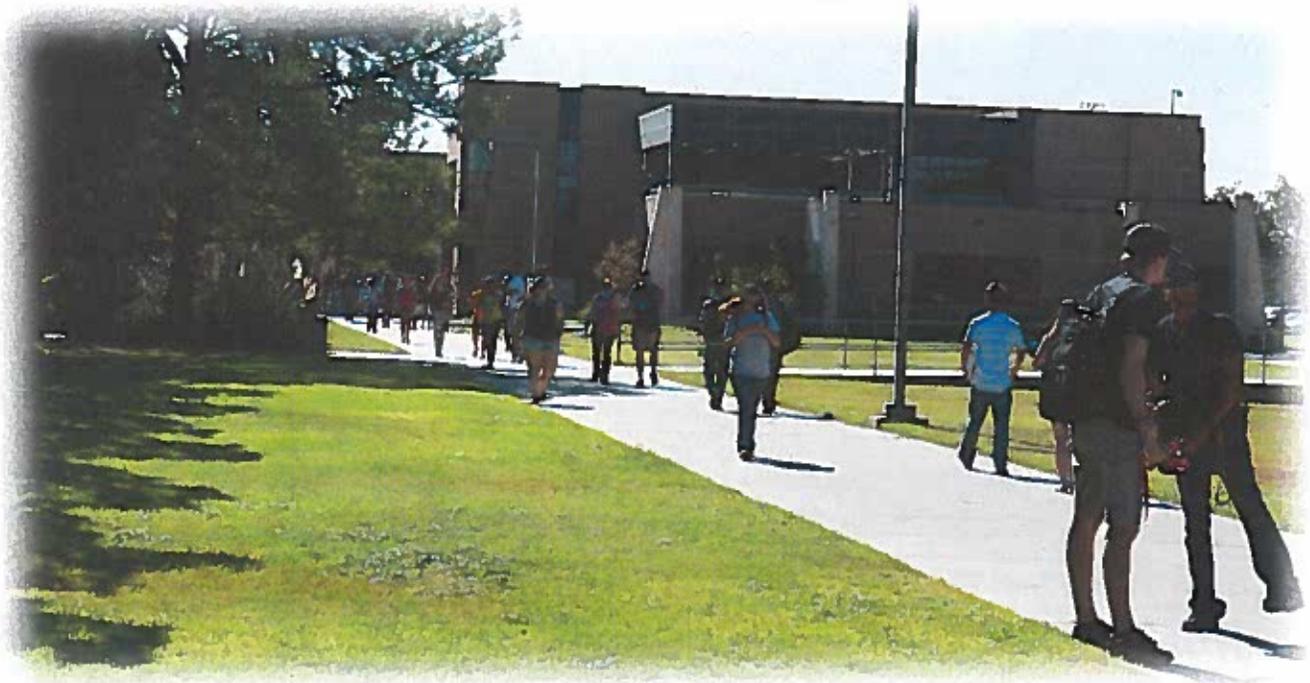


Midland College



Financial Statements & Report of Independent Certified Public Accountants

August 31, 2014

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MIDLAND COLLEGE DISTRICT

ORGANIZATIONAL DATA

As of August 31, 2014

BOARD OF TRUSTEES

Officers

Ms. Charlene R. McBride	President
Mr. Stephen N. Castle	Vice-President
Mr. G. Larry Lawrence	Secretary

Members

		Term Expires
Mr. Stephen N. Castle	Midland, Texas	2018
Ms. Linda Cowden	Midland, Texas	2016
Mr. Neil Florer	Midland, Texas	2018
Mr. Will R. Green	Midland, Texas	2014
Mr. Steven C. Kiser	Midland, Texas	2016
Mr. G. Larry Lawrence	Midland, Texas	2016
Ms. Charlene R. McBride	Midland, Texas	2018
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
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 Alliance USA

Midland, Texas
Odessa, Texas
Hobbs, New Mexico

Independent Auditors' Report

The Board of Trustees
Midland College District
Midland, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Midland College District (the "District") as of and for the years ended August 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of August 31, 2014 and 2013, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and on pages 5-17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The organizational data and statistical supplement on page 1 and pages 57 through 65 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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 also 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.

The schedules of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Matters (Continued)

Other Information (Continued)

The organizational data and statistical supplement have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report December 4, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Midland, Texas
December 4, 2014

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, 2014, 2013 and 2012. This overview is based on facts, decisions and conditions known as of the date of the independent auditors' report. There are three financial statements presented: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows. These statements provide both long-term and short-term financial information on the District as a whole and should be read in conjunction with the notes to the basic financial statements.

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

Financial and Enrollment Highlights

- The District's assets exceeded liabilities by approximately \$92.2 million and \$89 million for the fiscal years ended August 31, 2014 and 2013, respectively. Of these amounts, unrestricted net position was \$20.7 million for fiscal year 2014 and \$19.2 million for fiscal year 2013.
- The District's financial standing was strengthened as total net position increased by approximately \$3.2 million during fiscal year 2014 and by approximately \$3.4 million during fiscal year 2013. Of these amounts, unrestricted net position increased by approximately \$1.5 million and \$3.7 million for fiscal years 2014 and 2013, respectively.
- The net assessed valuation of the District increased by approximately \$2.2 billion or 14.2%, from 2013 to 2014 and by \$3.1 billion or 25% from 2012 to 2013. Taxable values were approximately \$17.9 billion in 2014 and \$15.7 billion in 2013.
- Bonds payable decreased by approximately \$2.8 million in fiscal year 2014 and by approximately \$2.7 million during fiscal year 2013.
- During fiscal year 2014 the unduplicated head count of credit students decreased by 1,094 students, duplicated head count of credit students decreased by 1,635, and total contact hours decreased by approximately 209,000.
- During fiscal year 2013 the unduplicated head count of credit students decreased by 240 students, duplicated head count of credit students decreased by 652, and contact hours decreased by approximately 108,000.

The Statements of Net Position

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

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

Condensed Statements of Net Position
(in thousands)

	August 31,			Increase/(Decrease)	
	2014	2013 (as restated)	2012	2013 to 2014	2012 to 2013
Assets					
Current Assets	\$ 23,261	33,425	29,966	(10,164)	3,459
Non-current Assets	17,491	5,504	7,513	11,987	(2,009)
Capital Assets - (Non-current)	102,082	102,526	103,396	(444)	(870)
Total Assets	\$ 142,834	141,455	140,875	1,379	580
Liabilities:					
Current Liabilities	\$ 12,166	10,986	10,706	1,180	280
Non-current Liabilities	38,499	41,508	44,272	(3,009)	(2,764)
Total Liabilities	\$ 50,665	52,494	54,978	(1,829)	(2,484)
Net Position:					
Invested in capital assets, net of related debt	\$ 61,459	59,087	59,196	2,372	(109)
Restricted-Nonexpendable	5,346	5,412	5,374	(66)	38
Restricted-Expendable	4,667	5,272	5,850	(605)	(578)
Unrestricted	20,697	19,190	15,477	1,507	3,713
Total Net Position	\$ 92,169	88,961	85,897	3,208	3,064

Current Ratio

1.91 3.04 2.80

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

The Statements of Net Position (Continued)

institution for any lawful purpose. As of August 31, 2014, assets of the District exceeded liabilities by approximately \$92.2 million. Of this amount, approximately \$20.7 million is unrestricted and may be used to meet ongoing obligations.

In 2014 the District's assets increased by approximately \$1.4 million while liabilities decreased by approximately \$1.8 million, resulting in an increase in net position of approximately \$3.2 million. Major changes in the Statements of Net Position are as follows:

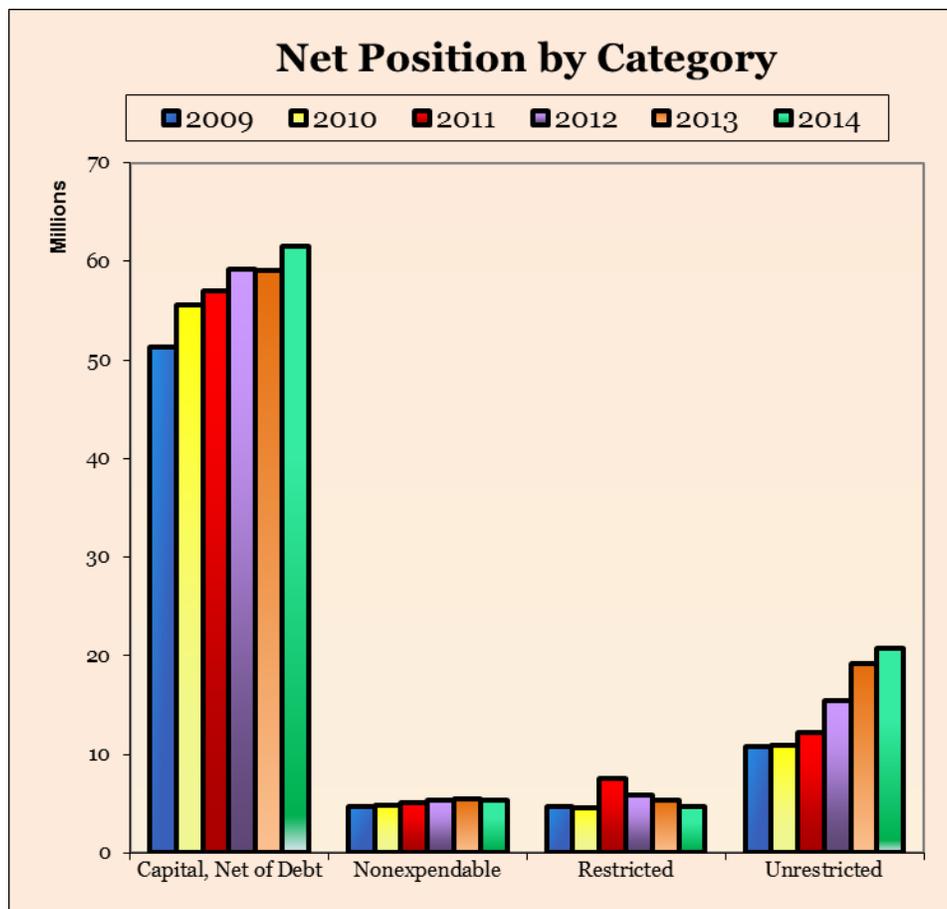
- Capital assets decreased by approximately \$444 thousand. The decrease is primarily the result of additions totaling approximately \$3.3 million less depreciation charges totaling approximately \$3.8 million. Additions included restroom additions at the softball complex, leasehold improvements at Christiansen Stadium and the addition of new indoor and outdoor lighting systems.
- Bonds payable decreased by approximately \$2.8 million as a result of scheduled debt service payments.

In 2013 the District's assets increased by approximately \$580 thousand while liabilities decreased by approximately \$2.5 million, resulting in an increase in net position of approximately \$3.4 million. Major changes in the Statements of Net Position are as follows:

- Capital assets decreased by approximately \$870 thousand. The decrease is the result of depreciation charges totaling approximately \$3.8 million, disposals of approximately \$751 thousand, and additions of approximately \$3.3 million. Additions included renovation of the Davidson Health Sciences Building, campus automated door lock system and the addition of an emergency entrance to the F. Marie Hall SimLife Center.
- Bonds payable decreased by approximately \$2.7 million as a result of scheduled debt service payments.

The following chart illustrates the comparative changes in net position by category over the past six years. The District's financial position is strong and stable as reflected in the chart. Unrestricted net position is critical to support the District's overall mission, therefore it is important that unrestricted net position be adequately maintained. The chart illustrates that unrestricted net position has grown in a consistent manner and that the District has not been required to use these resources to fund operations. The growth in Invested in Capital, net of debt, reflects the substantial investments the District has made in its physical plant. Restricted net position represents 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 specific projects.

The Statements of Net Position (Continued)



Statements of Revenues, Expenses and Changes in Net Position

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

The following chart reflects a summary of the Statements of Revenues, Expenses and Changes in Net Position for the years ended August 31, 2014, 2013 and 2012. This summary indicates the operating loss and the overall increase in net position for each of the years displayed.

Statements of Revenues, Expenses and Changes in Net Position (Continued)

Summary of Statements of Revenues, Expenses and Changes in Net Position			
(in thousands)			
	2014	2013	2012
		(as restated)	
Operating Revenues	\$ 17,406	17,943	17,455
Operating Expenses	(53,100)	(52,267)	(51,325)
Operating Loss	\$ (35,694)	(34,324)	(33,870)
Non-operating revenues	\$ 40,543	39,492	40,131
Non-operating expenses	(1,641)	(1,696)	(2,025)
Increase in Net Position	\$ 3,208	3,472	4,236

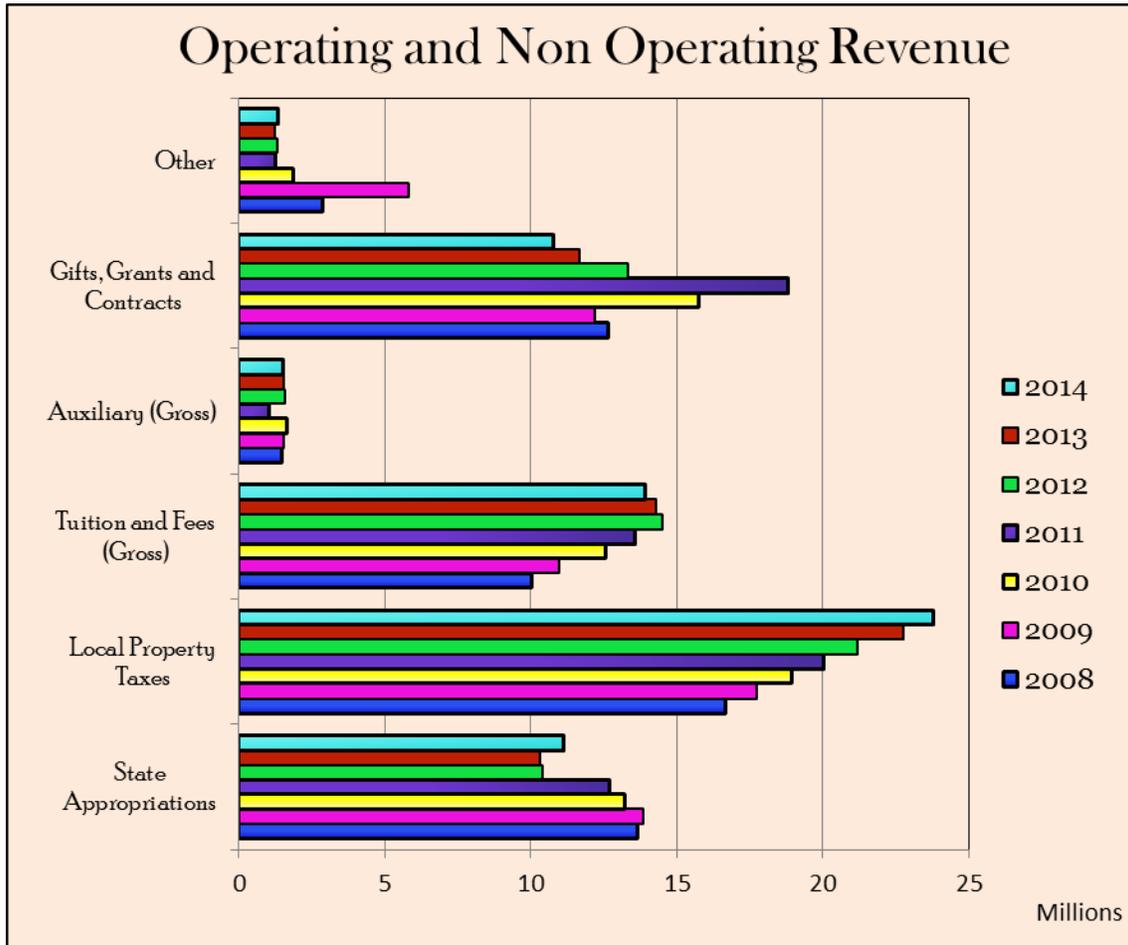
Revenues

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

- Tuition and fee revenue for 2014 decreased by approximately \$494 thousand or 4.8%. Contact hours were down from the prior year by approximately 7.6%. Tuition rates for in-district students increased by approximately 4.2% from the prior year and the rates for most out-of-district and non-resident students increased by approximately 6.1% and 4.6% respectively.
- State appropriated revenues for 2014 exceeded the 2013 amounts by \$783 thousand or 7.6%
- Total ad valorem taxes were approximately \$1 million or 4.5% higher in 2014 as compared to 2013. The increase in tax collections is the result of a \$2.2 billion, or 14.2% increase in the net assessed valuation of the district. The total tax rate for the district was 0.1332 per \$100 of valuation. This represented a decrease of approximately 7.6% from the prior year.
- Gross tuition and fee revenue for 2013 decreased by approximately \$292 thousand or 2%; however, net tuition and fees (tuition and fees less the financial aid applied to tuition and fees) increased by approximately \$169 thousand or 2%. Contact hours were down by approximately 4% from the prior year. Tuition and fee rates for in-district students remained unchanged from the prior year; however, tuition and fee rates for most out-of-district and non-resident students increased by approximately 9% and 6% respectively. Tuition for Pecos County students decreased by approximately 39% as a result of the citizens in that county passing a Branch Campus Maintenance Tax. (Statistical Supplements #4, and #6).
- Total state appropriated revenue for 2013 was mostly unchanged from the prior year.

Revenues (Continued)

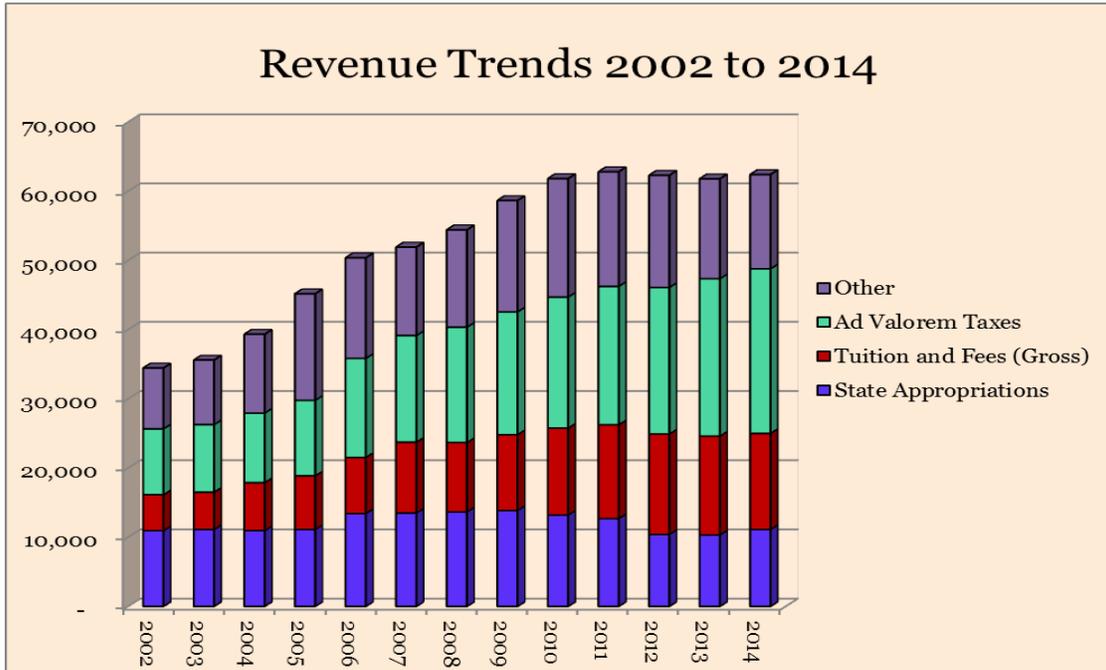
The following presentation graphically displays short-term revenue trends.



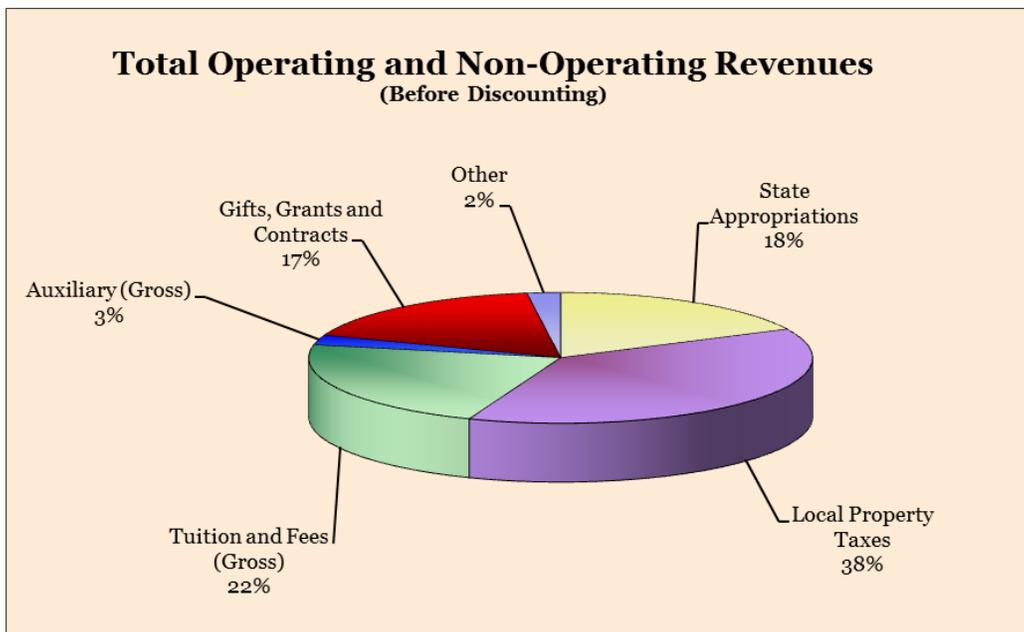
- Property tax revenue for maintenance and operations in 2014 exceeded the prior year by approximately \$1 million, or 4.9%, while 2013 revenues exceeded 2012 amounts by approximately \$1.8 million, or 10%. Revenues are higher as a result of increases in the net assessed valuation of the District of approximately 14.2% for 2014 and 25.3% for 2013. The combined tax rate was \$0.1332 per \$100 of valuation for 2014 and \$0.1442 per \$100 of valuation for 2013.
- Revenues from gifts, grants and contracts are not consistent from year-to-year, as private funds are given for specific purposes and many governmental grants are non-recurring. Revenue from gifts, grants and contracts have decreased for each of the last 3 years as Pell grants have declined and other federal grants have concluded.

Revenues (Continued)

The following chart graphically illustrates the changes in revenues from 2002 through 2014.



The following chart 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 Position reflect these revenues net of scholarships.



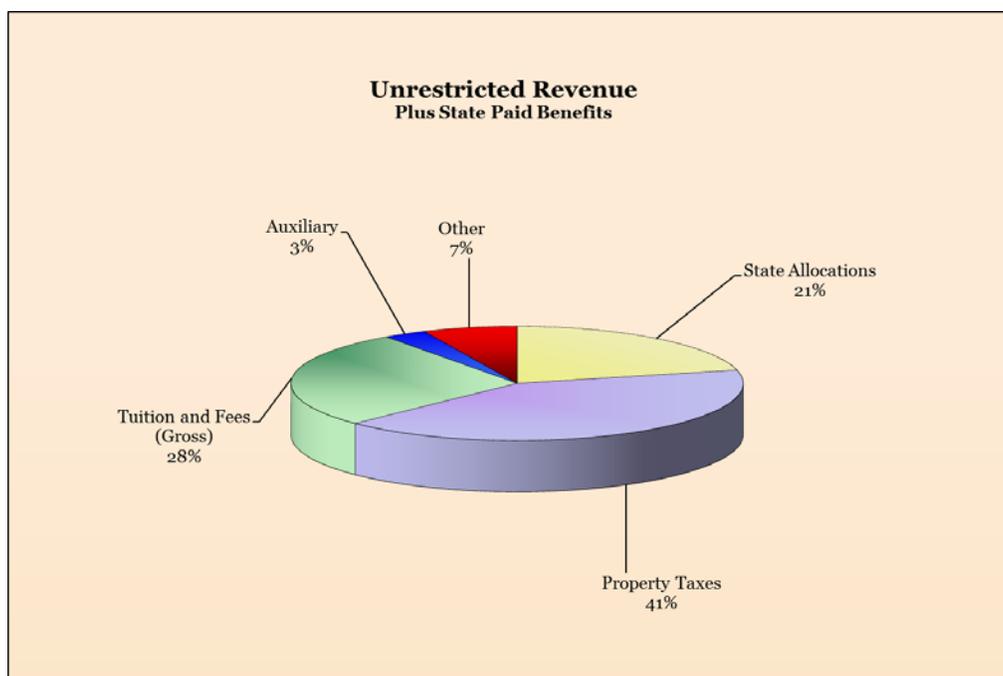
Revenues (Continued)

The following table illustrates the composition of total revenue for 2014 compared to 2002.

	Percentage of Total Revenues	
	2014	2002
State Appropriations	18%	30%
Local Property Taxes	38%	26%
Tuition and Fees (Gross)	22%	14%
Gifts, Grants and Contracts	17%	23%
Auxiliary Services	3%	3%
Other	2%	4%
	100%	100%

A substantial portion of scholarships and capital projects are funded from private gifts, grants and contracts. This includes 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.

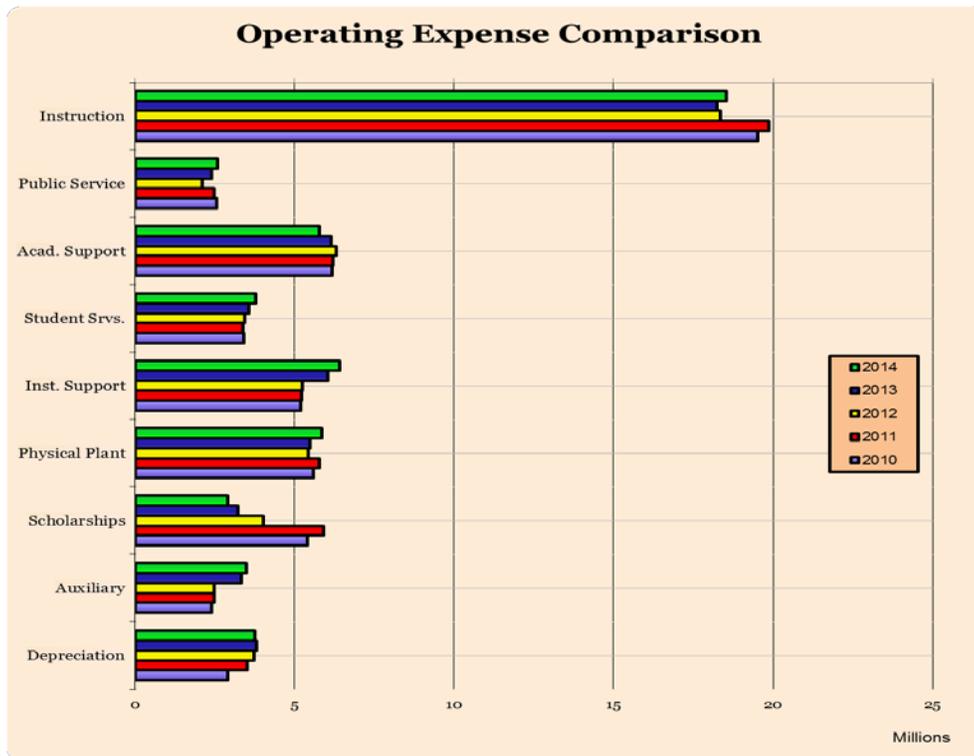


Operating Expenses by Functional Classification

Functional classifications are the traditional categories that have been used to show expenses. They represent the type of programs and services provided. The chart below shows the District’s 2014 expenses compared to the 2013, 2012, 2011 and 2010 expenses.

Total operating expenses were approximately \$833 thousand (1.6%) more in 2014 than in 2013. Of this amount, unrestricted operating expenses increased by \$1.5 million, restricted expenses decreased by approximately \$770 thousand, auxiliary expenses increased by \$167 thousand and depreciation expense increased by \$45 thousand. The increase in unrestricted expenses is primarily due to increases in salary and benefits. Unrestricted salaries and wages were \$888 thousand more in 2014 than in 2013. Additionally, major repairs resulted in an increase in physical plant operations by approximately \$354 thousand. Restricted expenses decreased as some federal grants ended and Pell grants decreased.

Total expenses were approximately \$657 thousand (1.2%) more in 2013 than in 2012. Of this amount, unrestricted operating expenses increased by \$1.7 million, restricted expenses decreased by approximately \$1.1 million and non-operating expenses decreased by \$285 thousand. Unrestricted expenses increased because of across the board salary increases and increases in spending on physical plant maintenance. Restricted expenses decreased primarily as a result of a dramatic decrease in Pell grants. The decrease in non-operating expenses is due to the decreasing interest costs on capital related debt.



Statements of Cash Flows

The Statements of Cash Flows provide information about cash receipts and cash payments during the year. These statements also help 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.

Summary of Statements of Cash Flows

	2014	2013 (as restated)	2012
Cash Provided By (Used in):			
Operating Activities	\$ (29,184,753)	(28,589,532)	(27,690,219)
Non-Capital Financing Activities	35,407,922	34,702,578	34,532,330
Capital and Related Financing Activities	(4,595,721)	(4,172,947)	(6,309,322)
Investing Activities	(53,705)	1,713,541	(2,807,901)
Changes in Cash and Cash Equivalents	<u>\$ 1,573,743</u>	<u>3,653,640</u>	<u>(2,275,112)</u>

The primary cash receipts from operating activities consist of tuition and fees, housing, board and grant revenue. Cash outlays include payment of wages, benefits, supplies, utilities and scholarships. State 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)**

	2014	2013	2012	2011	2010
Land	\$2,552	2,552	2,551	2,553	2,553
Library Books & Collections	464	481	450	505	479
Construction in Progress	1,506	1,266	921	3,143	13,716
Buildings	84,421	85,088	85,325	83,329	72,508
Land Improvements	6,066	6,421	6,411	5,503	5,313
Furniture, Equipment, Vehicles	7,073	6,718	7,738	6,642	5,886
	<u>\$102,082</u>	<u>102,526</u>	<u>103,396</u>	<u>101,675</u>	<u>100,455</u>

Capital Assets and Debt Administration (Continued)

Capital asset additions totaled approximately \$3.2 million and \$3.3 million in 2014 and 2013, respectively.

As of August 31, 2014 and 2013, the District’s bond rating by Moody’s Investors Service (“Moody’s”) and Standard and Poor’s (S&P) is “Aa2” and “AA”, respectively.

The District had outstanding debt of approximately \$40 million and \$43 million as of August 31, 2014 and 2013, respectively.

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

	2014	2013	2012	2011	2010
General Obligation Bonds	\$ 28,415	30,577	32,595	34,267	35,800
Revenue Bonds	12,029	12,683	13,316	13,912	14,482
	\$ 40,444	43,260	45,911	48,179	50,282

Financial Performance Indicators

For purposes of benchmarking financial position and the results of operations, Midland College uses financial ratios that have been developed for higher education and are now being used by the Texas Higher Education Coordinating Board (THECB) to evaluate the financial health of the state’s fifty community college districts.

	Midland College			Texas Community College Average
	2014	2013	2012	2013
<u>Return on Net Position</u>	3.6%	4.0%	5.2%	3.9%
<u>Operating Margin</u>				
Including General Obligation Debt	8.3%	8.7%	9.6%	7.7%
Excluding General Obligation Debt	3.5%	4.0%	4.4%	5.1%
<u>Primary Reserve Ratio</u>	0.46	0.45	0.40	0.39
<u>Equity Ratio</u>	65%	63%	61%	48%
<u>Viability Ratio</u>				
Including General Obligation Debt	0.66	0.59	0.48	0.43
Excluding General Obligation Debt	2.04	1.87	1.56	1.08
<u>Leverage Ratio</u>				
Including General Obligation Debt	0.41	0.45	0.50	0.85
Excluding General Obligation Debt	0.13	0.13	0.15	0.32
<u>Composite Financial Index (CFI)</u>				
Including General Obligation Debt	3.31	3.09	3.35	2.77
Excluding General Obligation Debt	3.78	3.72	4.00	3.06

Financial Performance Indicators (Continued)

The college compares the ratios from its current fiscal year with those of past years and with the most recent statewide averages for Texas community colleges. Since many institutions do not have general obligation debt, and since this debt is serviced from dedicated tax assessments and not from existing resources, some of the ratios are computed both with and without general obligation debt.

Return on Net Position – Measures total economic return during the fiscal year. This measure is similar to the return on equity ratio used in examining for-profit concerns and answers the question, “Are they better off financially than they were a year ago?” Midland College’s results for fiscal year 2013-14 are positive and therefore meet the standard. The results are also comparable with the most recent state average.

Operating Margin – indicates an operating surplus or deficit in the given fiscal year. This ratio is similar to a profit margin and answers the question, “Did they balance operating expenses with available revenue?” Depreciation expense is included to reflect the use of physical assets in measuring operating performance. Similar to the Return on Net Position ratio, any positive ratio meets the standard. Midland College’s results are considered strong. In addition to an overall positive operating margin, it is notable that the unrestricted net position has increased in each of the years presented.

Primary Reserve Ratio – measures financial strength and flexibility by comparing expendable net assets to total expenses. This answers the question, “How long can the institution survive without additional net assets generated by operating revenue?” The standard for this ratio is 0.14. This ratio indicates that Midland College’s strong financial position continues to improve.

Equity Ratio – measures capital resources available and a college’s ability to borrow. The U.S. Department of Education (DOE) introduced this ratio in place of the viability ratio for those institutions that do not have long-term debt. The DOE uses financial ratios, in part, to provide oversight to institutions participating in programs authorized under Title IV of the Higher Education Act. A ratio of 20% is the standard established by the THECB. This ratio, much like the Primary Reserve Ratio reflect Midland College’s strong net position.

Viability Ratio – measures the financial health of the institution by comparing total expendable net assets to total noncurrent liabilities. This ratio is similar to a coverage ratio in the private sector to indicate the ability of an organization to cover its long-term debt and answers the question, “How much of their debt can the institution pay off with existing resources?” A ratio of 0.42 is the standard established by the THECB. This net position oriented ratio is another indicator of Midland College’s strong financial position.

Leverage Ratio – measures the amount of debt in relation to net assets and provides an indication of the amount of interest and principal the institution must absorb in the future. This ratio is similar to the debt-to-equity ratio used in the private sector. The leverage ratio differs from the viability ratio in that the investment in physical assets is included as part of the numerator. The standard used by the THECB is less than 2.0. Midland College meets this standard and continues to see improvement as debt is retired.

Financial Performance Indicators (Continued)

Composite Financial Index (CFI) – measures the overall health of an institution by combining four ratios into one metric. The four core ratios include return on net assets, operating margin, primary reserve, and viability ratio. The CFI provides a balanced view of an institution’s finances since weakness in one measure can be offset by strength in another.

An index of 2.0 or greater is currently the standard used by the THECB. Midland College exceeds both the standard and the most recent average of the state’s community colleges. Midland College’s CFI is an indicator that the District has the financial capacity to carry out its mission. This metric has improved over each of the years presented.

Economic Factors That Will Affect the Future

The District’s three primary sources of revenue: ad valorem taxes, state appropriations, and tuition and fees are expected to remain stable in total. However, ad valorem taxes and student fees will likely continue to increase as a percentage of total funding, since the long-term trend of declining state appropriations on a per-contact hour basis is expected to continue. A strong local economy has resulted in large increases to the District’s assessed valuations, while simultaneously presenting challenges in terms of student enrollment and competition to attract and retain a quality workforce.

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 2014-15 or subsequent fiscal years.

Requests for Information

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

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

FINANCIAL STATEMENTS

Midland College District

Exhibit 1

STATEMENTS OF NET POSITION

Years ended August 31,

	2014	2013 (as restated)
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 10,877,157	8,176,434
Short-term investments	8,006,240	21,096,422
Accounts receivable, net	1,976,731	1,759,693
Deferred charges	2,257,599	2,265,392
Inventories	6,310	5,303
Prepaid expenses	116,866	101,082
Deposits	20,472	20,472
	23,261,375	33,424,798
Non-current Assets:		
Restricted cash and cash equivalents	624,690	1,751,670
Endowment investments	4,973,372	3,706,728
Other long-term investments	11,843,861	-
Capital assets, net	102,082,299	102,525,722
Other assets-Split Interest Agreements	48,725	45,967
	119,572,947	108,030,087
Total non-current assets	119,572,947	108,030,087
Total Assets	142,834,322	141,454,885
LIABILITIES:		
Current Liabilities:		
Accounts payable	2,252,929	1,852,239
Accrued liabilities	1,864,009	1,543,819
Accrued compensable absences – current portion	614,039	573,788
Funds held for others	232,631	65,517
Deferred revenues	4,157,514	4,102,162
Bonds payable – current portion	3,014,869	2,815,805
Deposits	30,160	32,360
	12,166,151	10,985,690
Total current liabilities	12,166,151	10,985,690
Non-current Liabilities:		
Accrued compensable absences	1,069,629	1,064,372
Bonds payable – non-current portion	37,428,876	40,443,744
	38,498,505	41,508,116
Total non-current liabilities	38,498,505	41,508,116
Total Liabilities	50,664,656	52,493,806

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

	<u>2014</u>	<u>2013</u> (as restated)
NET POSITION:		
Invested in capital assets, net of related debt	61,459,411	59,087,032
Restricted for:		
Nonexpendable:		
Student aid	4,498,447	4,572,423
Instructional programs	847,457	839,609
Expendable:		
Student aid	2,974,308	3,126,842
Instructional programs	1,228,690	1,220,466
Capital projects	788,685	894,746
Debt service	(324,229)	29,607
Unrestricted	<u>20,696,897</u>	<u>19,190,354</u>
 Total Net Position (Schedule D)	 <u>92,169,666</u>	 <u>88,961,079</u>
 Total Liabilities and Net Position	 \$ <u><u>142,834,322</u></u>	 <u><u>141,454,885</u></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 POSITION**

Years ended August 31,

	2014	2013 (as restated)
REVENUES		
Operating revenues		
Tuition and fees (net of discounts of \$4,122,761 and \$4,014,244, respectively)	\$ 9,778,001	10,272,180
Federal grants and contracts	1,532,215	2,384,137
State grants and contracts	880,887	614,072
Local grants and contracts	1,758,246	1,517,104
Non-governmental grants and contracts	1,034,641	914,759
Sales and services of educational activities	510,013	430,153
Investment income – program restricted	224,896	12,279
Auxiliary enterprises (net of discounts of \$348,915 and \$350,299, respectively)	1,180,034	1,191,628
General operating revenues	506,729	607,134
Total operating revenues (Schedule A)	17,405,662	17,943,446
EXPENSES		
Operating expenses		
Instruction	18,530,920	18,253,570
Public service	2,593,365	2,404,878
Academic support	5,784,740	6,148,342
Student services	3,776,995	3,581,015
Institutional support	6,411,527	6,031,236
Operation and maintenance of plant	5,847,844	5,494,064
Scholarships and fellowships (net of discounts of \$3,635,664 and \$3,519,412, respectively)	2,908,599	3,230,627
Auxiliary enterprises (net of discounts of \$348,915 and \$350,299, respectively)	3,487,785	3,320,027
Depreciation	3,757,846	3,802,719
Total operating expenses (Schedule B)	53,099,621	52,266,478
OPERATING LOSS	(35,693,959)	(34,323,032)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	11,106,290	10,323,766
Maintenance ad valorem taxes	20,910,228	19,930,539
Debt service ad valorem taxes	2,875,327	2,826,593
Federal revenue, non-operating	4,016,786	4,152,555
Gifts	1,490,596	1,797,929
Investment income	86,635	23,849
Contributions in aid of construction	20,825	26,880
Interest on capital related debt	(1,640,801)	(1,696,034)
Gain on disposal of fixed assets	18,408	165,293
Additions to permanent endowments	18,252	244,382
Net non-operating revenues (Schedule C)	38,902,546	37,795,752

Midland College District**Exhibit 2****STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION (CONTINUED)****Years ended August 31,**

	<u>2014</u>	<u>2013</u> (as restated)
Increase in net position	3,208,587	3,472,720
Net position – beginning of year	88,961,079	85,897,228
Prior period adjustment – expensed remaining bond issue costs	<u>-</u>	<u>(408,869)</u>
Net position – beginning of year – as restated	<u>88,961,079</u>	<u>85,488,359</u>
Net position – end of year	\$ <u>92,169,666</u>	<u>88,961,079</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,

	2014	2013 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 11,528,313	12,068,919
Receipts from grants and contracts	5,210,921	5,641,249
Payments to suppliers for goods and services	(13,812,866)	(13,824,497)
Payments to or on behalf of employees	(29,903,707)	(29,648,428)
Payments for scholarships and fellowships	(2,898,973)	(3,405,401)
Other receipts	691,559	578,626
Net cash used in operating activities	(29,184,753)	(28,589,532)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	8,869,659	8,561,237
Receipts from ad valorem taxes – operating and maintenance	20,848,273	19,947,644
Receipts from non-operating federal revenue	4,016,786	4,152,555
Receipts from gifts or grants for other than capital purposes	1,490,596	1,797,929
Receipts from student organizations and other agency transactions	200,489	44,289
Payments to student organizations and other agency transactions	(33,375)	(42,856)
Receipts from private gifts for endowment purposes	15,494	241,780
Net cash provided by non-capital financing activities	35,407,922	34,702,578
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from ad valorem taxes – debt services	2,868,283	2,837,935
Receipts from capital grants and gifts	20,825	26,880
Purchases of capital assets	(3,296,015)	(2,903,793)
Payments on capital debt – principal	(2,815,804)	(2,651,796)
Payments on capital debt – interest	(1,373,010)	(1,482,173)
Net cash used in financing activities	(4,595,721)	(4,172,947)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	30,981,195	4,500,000
Interest on investments	(33,382)	25,994
Purchase of investments	(31,001,518)	(2,812,453)
Net cash (used in) provided by investing activities	(53,705)	1,713,541
Increase in cash and cash equivalents	1,573,743	3,653,640
Cash and cash equivalents – September 1	9,928,104	6,274,464
Cash and cash equivalents – August 31	\$ 11,501,847	9,928,104

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

	<u>2014</u>	<u>2013</u> (as restated)
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (35,693,959)	(34,323,032)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	3,757,846	3,802,719
Payments made directly by state for benefits	2,236,631	1,762,529
Changes in related assets and liabilities:		
Receivables, net	(28,023)	269,410
Deferred expenses	7,793	(132,471)
Inventories	(1,007)	1,192
Prepaid expenses	(15,784)	(59,421)
Accounts payable	383,397	481,872
Accrued liabilities	67,493	(541,641)
Compensated absences	45,508	31,833
Deferred revenue	55,352	117,478
Net cash used by operating activities	\$ <u>(29,184,753)</u>	<u>(28,589,532)</u>

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

Midland College District

NOTES TO FINANCIAL STATEMENTS

August 31, 2014 and 2013

NOTE 1 – REPORTING ENTITY

Midland College District (the “District”) was established in 1972, in accordance with the laws of the State of Texas, to serve the educational needs of the public and the surrounding communities. The District is considered to be a special purpose, primary government according to the definition in Governmental Accounting Standards Board (“GASB”) Statement No. 14. While the District receives funding from local, state and federal sources, and must comply with the spending, reporting and record keeping requirements of these entities, it is not a component unit of any other governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Guidelines

The significant accounting policies followed by the District in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The District is reported as a special-purpose government engaged in business-type activities.

Tuition Discounting

Texas Public Education Grants

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (“TPEG”), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.033). When the award for tuition is used by the student, the amount is recorded as tuition and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Title IV, Higher Education Act 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, 2014 and 2013

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 restricted revenues prior to the fulfillment of all applicable eligibility requirements.

Deferred Revenue and Expenditures

Deferred revenue relates to student tuition and 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.

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, 2014 and 2013

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

Prior Year Restatement

In March of 2012 the GASB issued, Statement 65, *Items previously reported as assets and liabilities*, which is effective for periods beginning after December 15, 2012. In accordance with this statement, debt issuance costs are required to be expensed in the year they are incurred.

The financial statements for 2013 have been adjusted to remove the amortization (recognized as other non-operating expenses) and corresponding assets recorded in 2012 and prior. The effect of the restatement was to increase net income by \$44,313 for 2013 and to decrease net position by \$408,869. Net position at the beginning of 2013 has been adjusted for the effects of the restatement on prior years.

Midland College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2014 and 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

GASBS No. 68

GASB Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, was issued June 2012. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The provisions of Statement 68 are effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged.

GASBS No. 69

GASB Statement 69, *Government Combinations and Disposals of Government Operations*, was issued in January 2013. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfer of operations. The provisions of Statement 69 are effective for financial statements for reporting beginning after December 15, 2013, and should be applied on a prospective basis. Early application is encouraged.

NOTE 3 – AUTHORIZED INVESTMENTS

The Board of Trustees of the District has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act (Section 2256.001, Texas Government Code). The investments of the District are in compliance with Trustees' investment policies. Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit and (5) other instruments and obligations authorized by statute.

NOTE 4 – DEPOSITS AND INVESTMENTS

The District is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act of 1995 (Section 2256.001, Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the State of Texas or its agencies, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by this state or the United States or its instrumentalities, (5) obligations of political subdivisions rated not less than A by a national investment rating firm, (6) certificates of deposit, (7) repurchase agreements and (8) other instruments and obligations authorized by statute.

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

Midland College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2014 and 2013

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2014 and 2013, the carrying amount of the District's deposits was \$5,498,792 and \$9,921,904, respectively; and bank balances equaled \$5,364,491 and \$9,046,598. Bank balances of \$406,460 and \$398,699 are covered by federal depository insurance and \$4,958,031 and \$8,647,899 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 \$92,764 and \$21,096,422 in state approved public investment pools at August 31, 2014 and 2013, respectively.

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

Cash and Deposits

	2014	2013
Bank Deposits		
Demand Deposits	\$ 487,948	571,229
Money Market Deposits	5,010,844	9,350,675
	5,498,792	9,921,904
Cash and Cash Equivalent:		
Petty Cash on Hand	6,200	6,200
Investments due within 90 days	5,996,855	-
	6,003,055	6,200
Total Cash and Deposits	\$ 11,501,847	9,928,104

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	August 31, 2014 Market Value	August 31, 2013 Market Value
U.S Government Securities	\$ 8,901,002	3,657,053
Public Funds Investment Pools	92,764	21,096,422
Bond Mutual Funds	-	49,675
Municipal Bonds	6,798,707	-
Certificates of Deposit	9,031,000	-
Total Investments	\$ 24,823,473	24,803,150
Total Cash and Deposits	\$ 11,501,847	9,928,104
Total Investments	24,823,473	24,803,150
Total Deposits and Investments	\$ 36,325,320	34,731,254
Cash and Temporary Investments (Exhibit 1)	\$ 19,508,087	31,024,526
Investments (Exhibit 1)	16,817,233	3,706,728
Total Deposits and Investments	\$ 36,325,320	34,731,254

Midland College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2014 and 2013

NOTE 4 – DEPOSITS AND INVESTMENTS (CONTINUED)

As of August 31, 2014 the District had the following investments and maturities:

Investment Type	Investment Maturities in Years				
	Fair Value	Less than 1	1 to 2	2 to 5	5 to 10
Public Funds Investment Pools	\$ 92,764	92,764	-	-	-
U.S. Government Securities	8,901,002	1,112,803	1,591,746	5,362,498	833,955
Municipal Bonds	6,798,707	3,024,432	1,848,835	1,871,080	54,360
Certificates of Deposit	9,031,000	4,131,000	2,879,000	1,613,000	408,000
Total Fair Value	\$ 24,823,473	8,360,999	6,319,581	8,846,578	1,296,315

As of August 31, 2013 the District had the following investments and maturities:

Investment Type	Investment Maturities in Years				
	Fair Value	Less than 1	1 to 2	2 to 5	5 to 10
Public Funds Investment Pools	\$ 21,096,422	21,096,422	-	-	-
U.S. Government Securities	3,657,053	717,365	212,357	1,699,945	1,027,386
Bond Mutual Funds	49,675	-	49,675	-	-
Total Fair Value	\$ 24,803,150	21,813,787	262,032	1,699,945	1,027,386

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, 2014 and 2013 are reported below:

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

Concentration of Credit Risk: The District does not place a limit on the amount the District may invest in any one issuer. More than 5% of the District's investments are in FHLMC Bonds (8.1%), FNMA Bonds (7.2%) and FHLB Bonds (6.8%).

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

Midland College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2014 and 2013

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, 2014		
Assessed valuation of the District		\$ 18,998,198,190
Less exemptions		<u>1,121,399,547</u>
Net assessed valuation of the District		\$ <u>17,876,798,643</u>
At August 31, 2013		
Assessed valuation of the District		\$ 16,560,424,641
Less exemptions		<u>902,788,092</u>
Net assessed valuation of the District		\$ <u>15,657,636,549</u>

At August 31, 2014

	Maintenance and Operation	Debt Service	Total
Authorized tax rate per \$100 valuation (Maximum per enabling legislation)	\$.3000	.5000	.8000
Assessed tax rate per \$100 valuation	\$.1172	.0160	.1332

At August 31, 2013

	Maintenance and Operation	Debt Service	Total
Authorized tax rate per \$100 valuation (Maximum per enabling legislation)	\$.3000	.5000	.8000
Assessed tax rate per \$100 valuation	\$.1264	.0178	.1442

Taxes levied for the years ended August 31, 2014 and 2013 are \$23,804,745 and \$22,575,180, 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, 2014

<u>Taxes Collected</u>	Current Operations	Debt Service	Total
Current taxes collected	\$ 20,702,649	2,827,668	23,530,317
Delinquent taxes collected	196,650	26,861	223,511
Penalties and interest collected	<u>152,277</u>	<u>20,799</u>	<u>173,076</u>
Total collections	\$ <u>21,051,576</u>	<u>2,875,328</u>	<u>23,926,904</u>

Midland College District
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
August 31, 2014 and 2013

NOTE 5 – AD VALOREM TAXES RECEIVABLE (CONTINUED)

At August 31, 2013

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 19,515,455	2,753,524	22,268,979
Delinquent taxes collected	426,539	60,183	486,722
Penalties and interest collected	<u>171,722</u>	<u>24,229</u>	<u>195,951</u>
 Total collections	 \$ <u>20,113,716</u>	 <u>2,837,936</u>	 <u>22,951,652</u>

Tax collections (including penalties, interest and delinquent collections) for the years ended August 31, 2014 and 2013 were in excess of 100% of the respective year tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

Ad valorem taxes receivable includes the following:

	<u>2014</u>	<u>2013</u>
Current unrestricted fund	\$ 561,160	465,845
Debt service fund	<u>78,787</u>	<u>67,951</u>
	639,947	533,796
Allowance for uncollectible taxes	<u>(223,982)</u>	<u>(186,829)</u>
 Net ad valorem taxes receivable	 \$ <u>415,965</u>	 <u>346,967</u>

Midland College District
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
August 31, 2014 and 2013

NOTE 6 – CAPITAL ASSETS

Capital assets activity for the year ended August 31, 2014, was as follows:

	Balance September 1, 2013	Increases	Decreases	Balance August 31, 2014
<u>Not Depreciated:</u>				
Land	\$ 2,551,660	-	-	2,551,660
Collectibles	42,000	-	-	42,000
Construction in process	1,266,339	1,619,415	1,380,240	1,505,514
Subtotal	<u>3,859,999</u>	<u>1,619,415</u>	<u>1,380,240</u>	<u>4,099,174</u>
<u>Other Capital Assets:</u>				
Buildings	109,497,035	1,412,091	-	110,909,126
Land improvements	7,885,900	-	-	7,885,900
Library books	1,964,456	41,499	-	2,005,955
Furniture, machinery, vehicles and other equipment	15,219,129	1,627,449	169,257	16,677,321
Subtotal	<u>134,566,520</u>	<u>3,081,039</u>	<u>169,257</u>	<u>137,478,302</u>
<u>Accumulated Depreciation:</u>				
Buildings	24,409,364	2,078,453	-	26,487,817
Land improvements	1,464,652	355,680	-	1,820,332
Library books	1,525,454	58,130	-	1,583,584
Furniture, machinery, vehicles and other equipment	8,501,327	1,265,583	163,466	9,603,444
Subtotal	<u>35,900,797</u>	<u>3,757,846</u>	<u>163,466</u>	<u>39,495,177</u>
Net other capital assets	<u>98,665,723</u>	<u>(676,807)</u>	<u>5,791</u>	<u>97,983,125</u>
Net capital assets	<u>\$ 102,525,722</u>	<u>942,608</u>	<u>1,386,031</u>	<u>102,082,299</u>

Midland College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2014 and 2013

NOTE 6 – CAPITAL ASSETS (CONTINUED)

Capital assets activity for the year ended August 31, 2013, was as follows:

	Balance September 1, 2012	Increases	Decreases	Balance August 31, 2013
<u>Not Depreciated:</u>				
Land	\$ 2,551,412	248	-	2,551,660
Collectibles	42,000	-	-	42,000
Construction in process	920,542	2,489,849	2,144,052	1,266,339
Subtotal	<u>3,513,954</u>	<u>2,490,097</u>	<u>2,144,052</u>	<u>3,859,999</u>
<u>Other Capital Assets:</u>				
Buildings	107,705,513	1,791,522	-	109,497,035
Land improvements	7,533,370	352,530	-	7,885,900
Library books	1,917,247	47,209	-	1,964,456
Furniture, machinery, vehicles and other equipment	15,727,160	722,799	1,230,830	15,219,129
Subtotal	<u>132,883,290</u>	<u>2,914,060</u>	<u>1,230,830</u>	<u>134,566,520</u>
<u>Accumulated Depreciation:</u>				
Buildings	22,380,297	2,029,067	-	24,409,364
Land improvements	1,122,192	342,460	-	1,464,652
Library books	1,466,898	58,556	-	1,525,454
Furniture, machinery, vehicles and other equipment	8,031,440	1,372,636	902,749	8,501,327
Subtotal	<u>33,000,827</u>	<u>3,802,719</u>	<u>902,749</u>	<u>35,900,797</u>
Net other capital assets	<u>99,882,463</u>	<u>(888,659)</u>	<u>328,081</u>	<u>98,665,723</u>
Net capital assets	\$ <u>103,396,417</u>	<u>1,601,438</u>	<u>2,472,133</u>	<u>102,525,722</u>

NOTE 7 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended August 31, 2014, was as follows:

	Balance September 1, 2013	Additions	Reductions	Balance August 31, 2014	Current Portion
<u>Bonds</u>					
General obligation bonds	\$ 30,576,549	-	2,161,804	28,414,745	2,325,869
Revenue bonds	12,683,000	-	654,000	12,029,000	689,000
Total bonds	<u>43,259,549</u>	<u>-</u>	<u>2,815,804</u>	<u>40,443,745</u>	<u>3,014,869</u>
<u>Other liabilities</u>					
Compensated absences	1,638,160	171,541	126,033	1,683,668	614,039
Total long-term liabilities	\$ <u>44,897,709</u>	<u>171,541</u>	<u>2,941,837</u>	<u>42,127,413</u>	<u>3,628,908</u>

Midland College District
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
August 31, 2014 and 2013

NOTE 7 – LONG-TERM LIABILITIES (CONTINUED)

Long-term liability activity for the year ended August 31, 2013, was as follows:

	Balance September 1, 2012	Additions	Reductions	Balance August 31, 2013	Current Portion
Bonds					
General obligation bonds	\$ 32,595,346	-	2,018,797	30,576,549	2,161,805
Revenue bonds	13,316,000	-	633,000	12,683,000	654,000
Total bonds	<u>45,911,346</u>	<u>-</u>	<u>2,651,797</u>	<u>43,259,549</u>	<u>2,815,805</u>
Other liabilities					
Compensated absences	1,606,327	227,097	195,264	1,638,160	573,788
Total long-term liabilities	<u>\$ 47,517,673</u>	<u>227,097</u>	<u>2,847,061</u>	<u>44,897,709</u>	<u>3,389,593</u>

NOTE 8 – DEBT OBLIGATIONS

Bonds Payable

Debt service requirements at August 31, 2014, were as follows:

For the Year Ended August 31,	Revenue Bonds		General Obligation Bonds		Total Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 689,000	583,693	1,940,000	993,850	2,629,000	1,577,543
2016	720,000	551,428	889,052	2,063,048	1,609,052	2,614,476
2017	755,000	515,366	2,050,000	916,100	2,805,000	1,431,466
2018	795,000	477,698	2,135,000	843,075	2,930,000	1,320,773
2019	720,000	439,290	2,230,000	766,450	2,950,000	1,205,740
2020-2024	4,185,000	1,617,850	12,930,000	2,277,650	17,115,000	3,895,500
2025-2028	4,165,000	476,340	6,005,000	181,725	10,170,000	658,065
Total cash payments	<u>12,029,000</u>	<u>4,661,665</u>	<u>28,179,052</u>	<u>8,041,898</u>	<u>40,208,052</u>	<u>12,703,563</u>
Unamortized Prem/Disc	<u>-</u>	<u>-</u>	<u>235,693</u>	<u>(235,693)</u>	<u>235,693</u>	<u>(235,693)</u>
Total	<u>\$ 12,029,000</u>	<u>4,661,665</u>	<u>28,414,745</u>	<u>7,806,205</u>	<u>40,443,745</u>	<u>12,467,870</u>

NOTE 9 – BONDS 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 was paid in 2013.

Midland College District
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
August 31, 2014 and 2013

NOTE 9 – BONDS 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.

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 were used for constructing and equipping college buildings and 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 partial interest rates ranging from 3.5% to 5.0%. The final installment was originally due in 2026, but due to refunding the final installment will now be in 2015.

2012 General Obligation Refunding Bonds

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

Bonds payable are due at semi-annual installments varying from \$648,181 to \$3,234,766 with interest rates ranging from 2% to 22.9%. The average coupon rate is 3.7%. The final installment is due in 2026.

Midland College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2014 and 2013

NOTE 10 – DEFEASED BONDS OUTSTANDING

Bond Issue	Year Refunded	Par Value Outstanding
General Obligation Bonds Series 2005	2012	\$26,840,000
Total		\$26,840,000

NOTE 11 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES

Receivables

Receivables at August 31, were as follows:

	2014	2013
Student Receivables	\$ 1,205,233	973,876
Taxes Receivable	639,947	533,796
State Receivable	210,016	130,117
Federal Receivable	305,946	342,168
Accounts Receivable	378,863	570,669
Interest Receivable	156,277	36,260
Subtotal	2,896,282	2,586,886
Allowance for Doubtful Accounts	(919,551)	(827,193)
Total Receivables	\$ 1,976,731	1,759,693

Payables

Payables at August 31, were as follows:

	2014	2013
Vendors Payable	\$ 2,115,084	1,716,228
Students Payable	137,845	136,011
Total Payables	\$ 2,252,929	1,852,239

NOTE 12 – 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 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, under the TRS Publications heading.

Midland College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2014 and 2013

NOTE 12 – EMPLOYEES' RETIREMENT PLANS (CONTINUED)

Teacher Retirement System of Texas (Continued)

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by the Texas state legislature. The state funding policy is as follows: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10% of the aggregate annual compensation of all members of the system; (2) A state statute prohibits benefit improvements or contribution reductions if, as a result of a 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 2014 and 2013 and a state contribution rate of 6.8% and 6.4% for fiscal years 2014 and 2013, respectively. Senate Bill (S.B.) 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of the cost of eligible employees in the reporting district.

Optional Retirement Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.6% and 6.65%, respectively. The District contributes .71% for employees who were participating in the Optional Retirement Program prior to September 1, 1995, and .2% for all other employees. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. Senate Bill (S.B.) 1812, effective September 1, 2013, limits the amount of the state's contribution to 50% of the cost of eligible employees in the reporting district.

The total payroll for all District employees was \$24,718,403 and \$24,008,318 for fiscal years 2014 and 2013, respectively. The total payroll of employees covered by the Teacher Retirement System was \$14,206,012 and \$13,300,981 and the total payroll of employees covered by the Optional Retirement Program was \$7,104,269 and \$7,231,688 for fiscal years 2014 and 2013, respectively.

The retirement expense for both the Teacher Retirement System and the Optional Retirement Program to the State for the District was \$626,605 and \$556,473 for the fiscal years ended August 31, 2014 and 2013, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the District.

NOTE 13 – 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 \$1,610,026 and \$1,206,056 for the years ended August 31, 2014 and 2013, 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, 2014 and 2013

NOTE 14 – 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*.

To accrue vacation, an individual must be employed on a full-time basis for a twelve-month appointment. Employees can earn annual vacation leave at the rate of 80 hours per year for the first 9 years up to a maximum of 160 hours per year after 20 years of service. There is no requirement that annual leave be taken, but the maximum permissible accumulation is 120 hours for employees with less than 10 years of service. Employees with 10-19 years of service may accumulate up to 180 hours and employees with 20 years of service or more may accumulate up to 240 hours. At termination, employees are paid for any accumulated annual vacation leave not to exceed their annual entitlement. The liability for accumulated unpaid vacation leave was approximately \$602,000 and \$575,000 on August 31, 2014 and 2013, respectively.

Employees earn sick leave at the rate of 12 hours per month for the first six months of employment, and at a rate of 8 hours for each month thereafter. Sick days may be accumulated up to 720 hours. Upon retirement, or upon termination with 10 years or more service, the employee may be paid for any accumulated sick leave in excess of 240 hours, at a rate of 1/2 of the employee's current base hourly rate. If an employee terminates prior to 10 years of continuous full-time service, all accumulated sick leave is forfeited. The accrued sick leave amounted to approximately \$1,040,000 and \$1,020,000 on August 31, 2014 and 2013, respectively.

NOTE 15 – 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 workers 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, 2014 and 2013 was \$2,053 and \$2,260, 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, 2014, the District had an estimated claims accrual of approximately \$2,053 for workers compensation claims and had paid claims in 2014 totaling approximately \$210.

Midland College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2014 and 2013

NOTE 16 – FUND BALANCES

Ending fund balances at August 31 were as follows:

	<u>2014</u>	<u>2013</u>
Current funds:		
Fund balance, unrestricted	\$ 19,510,482	18,003,939
Fund balance, auxiliary enterprises	1,186,415	1,186,415
Fund balance, restricted	<u>4,667,454</u>	<u>5,271,661</u>
Total current fund balance	25,364,351	24,462,015
Fund balance, endowment and similar funds	5,345,904	5,412,032
Fund balance, plant funds	<u>61,459,411</u>	<u>59,451,588</u>
Fund balance, primary government	<u>\$ 92,169,666</u>	<u>89,325,635</u>

NOTE 17 – 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 18 – CONTRACTS AND GRANT AWARDS

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant award funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2014 and 2013 for which monies have not been received nor funds expended total \$1,993,909 and \$1,412,244, respectively. All of these amounts were from federal contract and grant awards.

NOTE 19 – 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, 2014 and 2013.

NOTE 20 – 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. The District recognized \$2,758 and \$2,602 representing the discounted present value of the expected distributions for the years ended August 31, 2014 and 2013, respectively. The contribution receivable was approximately \$48,700 and \$46,000 as of August 31, 2014 and 2013, respectively.

Midland College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2014 and 2013

NOTE 21 – COMMITMENTS

As of August 31, 2014, the District has awarded the following contracts for construction projects:

Christensen Stadium Painting	\$	111,240
Truck Driving Facilities		253,873
Chevron Phase I Energy Savings-Lighting		761,640
Chevron Phase II Energy Savings		2,789,310

NOTE 22 – 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 \$1,564,821 and \$1,852,450 in fiscal years 2014 and 2013, respectively. Two trustees of the District are also on the Board of Directors of the Foundation.

NOTE 23 – 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.

Midland College District

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2014 and 2013

NOTE 23 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (IN ACCORDANCE WITH GASB STATEMENT NO. 45) (CONTINUED)

The District's contributions to SRHP for the years ended August 31, 2014, 2013 and 2012 were \$73,519, \$66,540 and \$62,441, respectively, which equaled the required contributions each year.

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, 2014, 2013 and 2012 were \$45,602, \$44,819 and \$41,422, respectively, which equaled the required contributions each year.

NOTE 24 – CONTINGENCY

Texas Constitution article 16, section 67(b)(3) provides that the State of Texas must contribute "not less than six percent nor more than ten percent of the aggregate compensation paid to individuals participating in the system," referring to the State's Teacher Retirement System (TRS) including the related faculty Optional Retirement Program (ORP).

During the 2011 legislative session, the Texas Legislature appropriated retirement funds for various types of educational institutions other than community and junior colleges in satisfaction of this requirement, but the community college appropriations restricted the State's contribution to TRS/ORP on behalf of community colleges to only six percent of each district's unrestricted general revenue appropriation for each year of the biennium state budget.

For the fiscal year ending August 31, 2012, there was no pending litigation to resolve the constitutional funding requirements nor had there been an attempt to collect any shortfall contributions from any community college district.

The District had recorded a liability of approximately \$447,249 for the fiscal year ending August 31, 2012, pending the resolution of this issue. During the fiscal year ending August 31, 2013, the issue was resolved and the District paid the contribution at issue to TRS. No liability existed at fiscal year-end 2013.

NOTE 25 – BRANCH CAMPUS MAINTENANCE TAX

A branch campus maintenance tax that is established by election is levied by Pecos County. It is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the county. Collections are transferred to the college to be used for operation of a Branch Campus at Fort Stockton, Texas. This revenue is reported under Local Grants and Contracts. This tax was levied for the first time for fiscal year 2013.

	2014	2013
County or Independent School District:	Collections (including penalties and interest)	Collections (including penalties and interest)
Pecos County	\$ 1,045,612	999,001

NOTE 26 – SUBSEQUENT EVENTS

Management of the District has performed an evaluation of the District's activity through December 4, 2014, 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, 2014
(With Memorandum Totals for the Year Ended August 31, 2013)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2014 Total	2013 Memorandum Total
Tuition:						
State funded credit courses:						
In-district resident tuition	\$ 3,471,055	-	3,471,055	-	3,471,055	3,441,969
Out-of-district resident tuition	3,855,066	-	3,855,066	-	3,855,066	3,949,174
Non-resident tuition	750,710	-	750,710	-	750,710	646,492
TPEG – credit (set aside) *	361,752	-	361,752	-	361,752	367,663
State-funded continuing education	1,461,841	-	1,461,841	-	1,461,841	1,546,997
TPEG – non-credit (set aside) *	93,180	-	93,180	-	93,180	100,144
Non-state funded continuing educational programs	264,348	-	264,348	-	264,348	293,728
Total tuition	<u>10,257,952</u>	<u>-</u>	<u>10,257,952</u>	<u>-</u>	<u>10,257,952</u>	<u>10,346,167</u>
Fees:						
General use fee	2,241,573	-	2,241,573	-	2,241,573	2,368,148
Lab fees	553,669	-	553,669	-	553,669	615,783
Distance learning fee	695,777	-	695,777	-	695,777	748,297
Private flight instruction	-	-	-	-	-	11,057
Other	151,791	-	151,791	-	151,791	196,972
Total fees	<u>3,642,810</u>	<u>-</u>	<u>3,642,810</u>	<u>-</u>	<u>3,642,810</u>	<u>3,940,257</u>
Scholarship allowances and discounts:						
Bad debt allowance	(34,905)	-	(34,905)	-	(34,905)	(51,724)
Scholarships	(1,861,119)	-	(1,861,119)	-	(1,861,119)	(1,736,946)
Remissions and exemptions - state	(195,472)	-	(195,472)	-	(195,472)	(168,675)
Remissions and exemptions - local	(256,720)	-	(256,720)	-	(256,720)	(274,432)
Title IV federal grants	(1,617,262)	-	(1,617,262)	-	(1,617,262)	(1,463,064)
TPEG awards	(81,037)	-	(81,037)	-	(81,037)	(296,865)
Other state grants	(67,490)	-	(67,490)	-	(67,490)	(17,760)
Other local grants	(8,756)	-	(8,756)	-	(8,756)	(4,778)
Total scholarship allowances	<u>(4,122,761)</u>	<u>-</u>	<u>(4,122,761)</u>	<u>-</u>	<u>(4,122,761)</u>	<u>(4,014,244)</u>
Total net tuition and fees	<u>9,778,001</u>	<u>-</u>	<u>9,778,001</u>	<u>-</u>	<u>9,778,001</u>	<u>10,272,180</u>

Midland College District

Schedule A

SCHEDULE OF DETAILED OPERATING REVENUES (CONTINUED)

**Year Ended August 31, 2014
(With Memorandum Totals for the Year Ended August 31, 2013)**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2014 Total	2013 Memorandum Total
Additional operating revenues:						
Federal grants and contracts	70,116	1,462,099	1,532,215	-	1,532,215	2,384,137
State grants and contracts	-	880,887	880,887	-	880,887	614,072
Local grants and contracts	1,487,827	270,419	1,758,246	-	1,758,246	1,517,104
Non-governmental grants and contracts	648,128	370,793	1,018,921	15,720	1,034,641	914,759
Sales and services of educational activities	510,013	-	510,013	-	510,013	430,153
Investment income (program restricted)	215,855	-	215,855	9,041	224,896	12,279
General operating revenues	<u>377,590</u>	<u>129,139</u>	<u>506,729</u>	<u>-</u>	<u>506,729</u>	<u>607,134</u>
Total additional operating revenues	<u>3,309,529</u>	<u>3,113,337</u>	<u>6,422,866</u>	<u>24,761</u>	<u>6,447,627</u>	<u>6,479,638</u>
Auxiliary enterprises:						
Bookstore **	-	-	-	217,777	217,777	219,419
Residential/food service	-	-	-	1,194,254	1,194,254	1,166,676
Less discounts	-	-	-	(348,915)	(348,915)	(350,299)
Athletics	-	-	-	10,533	10,533	12,215
Other	-	-	-	106,385	106,385	143,617
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,180,034</u>	<u>1,180,034</u>	<u>1,191,628</u>
Total Operating Revenues (Exh. 2)	<u>\$ 13,087,530</u>	<u>3,113,337</u>	<u>16,200,867</u>	<u>1,204,795</u>	<u>17,405,662</u>	<u>17,943,446</u> (Exhibit 2)

* In accordance with Education Code 56.033, \$454,932 and \$467,807 of tuition for years ended August 31, 2014 and 2013, respectively, 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, 2014
(With Memorandum Totals for the Year Ended August 31, 2013)

	Operating Expenses				2014 Total	2013 Memorandum Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 11,894,361	-	2,680,167	1,963,717	16,538,245	16,109,243
Public service	1,077,574	-	119,155	198,194	1,394,923	1,099,546
Academic support	3,060,137	-	633,076	1,698,149	5,391,362	5,503,607
Student services	2,016,455	-	468,239	510,118	2,994,812	2,841,060
Institutional support	3,344,134	-	745,091	1,940,812	6,030,037	5,737,950
Operation and maintenance of plant	1,003,961	-	380,304	4,384,651	5,768,916	5,359,557
Scholarships and fellowships	-	-	-	24,467	24,467	11,375
Total Unrestricted Educational Activities	22,396,622	-	5,026,032	10,720,108	38,142,762	36,662,338
Restricted – Educational Activities						
Instruction	364,246	1,332,363	29,314	266,752	1,992,675	2,144,327
Public service	410,736	-	112,896	674,810	1,198,442	1,305,332
Academic support	65,650	214,141	18,374	95,213	393,378	644,735
Student services	189,840	268,956	58,370	265,017	782,183	739,955
Institutional support	-	381,490	-	-	381,490	293,286
Operation and maintenance of plant	-	39,682	-	39,246	78,928	134,507
Scholarships and fellowships	-	-	-	2,884,132 *	2,884,132	3,219,252
Total Restricted Educational Activities	1,030,472	2,236,632	218,954	4,225,170	7,711,228	8,481,394
Total Educational Activities	23,427,094	2,236,632	5,244,986	14,945,278	45,853,990	45,143,732
Auxiliary Enterprises	1,022,233	-	282,163	2,183,389 **	3,487,785	3,320,027
Depreciation Expense – Buildings and other real estate improvements	-	-	-	2,434,133	2,434,133	2,371,527
Depreciation Expense – Equipment and furniture	-	-	-	1,323,713	1,323,713	1,431,192
Total Operating Expenses	\$ 24,449,327	2,236,632	5,527,149	20,886,513	53,099,621 (Exhibit 2)	52,266,478 (Exhibit 2)

* Net of discounts of \$3,635,664

** Net of discounts of \$348,915

Midland College District

Schedule C

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

Year Ended August 31, 2014
(With Memorandum Totals for the Year Ended August 31, 2013)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2014 Total</u>	<u>2013 Memorandum Total</u>
NON-OPERATING REVENUES:					
State appropriations:					
Education and general state support	\$ 8,514,334	-	-	8,514,334	8,205,912
State group insurance	-	1,610,026	-	1,610,026	1,206,056
State retirement matching	-	626,605	-	626,605	556,473
American Airpower Heritage Museum	-	355,325	-	355,325	355,325
Total state appropriations	<u>8,514,334</u>	<u>2,591,956</u>	<u>-</u>	<u>11,106,290</u>	<u>10,323,766</u>
Maintenance ad valorem taxes	20,910,228	-	-	20,910,228	19,930,539
Debt service ad valorem taxes	-	2,875,327	-	2,875,327	2,826,593
Federal Revenue, non-operating	-	4,016,786	-	4,016,786	4,152,555
Gifts	-	1,490,596	-	1,490,596	1,797,929
Investment income	85,939	696	-	86,635	23,849
Gain on disposal of capital assets	18,408	-	-	18,408	165,293
Contributions in aid of construction	-	20,825	-	20,825	26,880
Additions (deductions) to permanent endowments	-	18,252	-	18,252	244,382
Total non-operating revenues	<u>29,528,909</u>	<u>11,014,438</u>	<u>-</u>	<u>40,543,347</u>	<u>39,491,786</u>
NON-OPERATING EXPENSES:					
Interest on capital related debt	-	(1,640,801)	-	(1,640,801)	(1,696,034)
Total non-operating expense	<u>-</u>	<u>(1,640,801)</u>	<u>-</u>	<u>(1,640,801)</u>	<u>(1,696,034)</u>
Net non-operating revenues	<u>\$ 29,528,909</u>	<u>9,373,637</u>	<u>-</u>	<u>38,902,546</u> (Exhibit 2)	<u>37,795,752</u> (Exhibit 2)

Midland College District

Schedule D

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY

**Year Ended August 31, 2014
(With Memorandum Totals for the Year Ended August 31, 2013)**

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current:							
Unrestricted	\$ 19,510,482	-	-	-	19,510,482	19,510,482	-
Restricted	-	4,991,683	-	-	4,991,683	4,991,683	-
Auxiliary enterprises	1,186,415	-	-	-	1,186,415	1,186,415	-
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Endowment:							
True	-	-	5,345,904	-	5,345,904	-	5,345,904
Plant:							
Debt service	-	(324,229)	-	-	(324,229)	-	(324,229)
Investment in plant	-	-	-	61,459,411	61,459,411	-	61,459,411
Total Net Position August 31, 2014	20,696,897	4,667,454	5,345,904	61,459,411	92,169,666 (Exhibit 1)	25,688,580	66,481,086
Total Net Position August 31, 2013 (as restated)	19,190,354	5,271,661	5,412,032	59,087,032	88,961,079 (Exhibit 1)	24,432,408	64,528,671
Net Increase in Net Position	\$ 1,506,543	(604,207)	(66,128)	2,372,379	3,208,587 (Exhibit 2)	1,256,172	1,952,415

Midland College District

Schedule E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Document/ Pass-Through Grantor's Number	Pass-Through Disbursement and Expenditures
<u>U.S. Department of Education</u>			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Education Opportunity Grant	84.007	P007A134070	\$ 61,718
Federal College Work-Study Program	84.033	P033A134070	81,063
Federal Pell Grant Program	84.063	P063P133245	3,874,005
Federal Direct Student Loans	84.268	P268K143245	704,156
Higher Education – Institutional Aid – Title V Cooperative Hispanic Serving			
	84.031S	P031S080021	56,789
TRIO Cluster:			
Student Support Services	84.042A	P042A100039	239,209
Upward Bound	84.047A	P047A130770	232,306
Pass-Through From:			
Sul Ross State University			
Title V Cooperative Hispanic Institutions	84.031S	P031S100067	365,254
Texas Higher Education Coordinating Board			
Carl Perkins – Voc. Ed. – Basic	84.048	142051	129,319
Statewide Data Systems	84.372	R372A090010	2,000
Texas Workforce Commission			
Adult Basic Education – Federal/Corrections	84.002A	1114ABE001	<u>187,399</u>
Total U.S. Department of Education			<u>5,933,218</u>
<u>U.S. Department of Health and Human Services</u>			
Pass-Through From:			
Area Health Education Center of Plains			
Rural HIT Workforce	93.912	R1RH26267	52,390
Texas Tech University			
Area Health Centers Point of Service Maintenance & Enhancement	93.107	U77HP16497	92,113
Texas Workforce Commission			
Adult Basic Education – Federal TANF	93.558	1114ABE001	<u>64,472</u>
Total U.S. Department of Health and Human Services			<u>208,975</u>

Midland College District

Schedule E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended August 31, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Document/ Pass-Through Grantor's Number	Pass-Through Disbursement and Expenditures
<u>U.S. Department of Housing and Urban Development</u> Hispanic Serving Institutions Assisting Communities	14.514	HSIAC-10-TX-04	60,824
<u>U.S. Department of Labor</u> Development Training Pass-Through From: Permian Basin Workforce Development Board PBWD Scholarship	17.267	C125-13	33,182
<u>National Science Foundation</u> Pass-Through From: University of Texas System LSAMP	47.076	HRD-12022008	<u>16,958</u>
Total Federal Financial Assistance			\$ <u>6,253,157</u>
<i>Note 1: <u>Federal Assistance Reconciliation</u></i>			
Federal Grants and Contracts revenue – per Schedule A			\$ 1,462,099
Add: Indirect/Administrative Cost Recoveries-per Schedule A			70,116
Add: Non-Operating Federal Revenue from Schedule C			<u>4,016,786</u>
Total Federal Revenues per Statement of Revenues, Expenses and Changes in Net Position			<u>5,549,001</u>
Reconciling Item: Add: Federal Direct Student Loans			<u>704,156</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards			\$ <u>6,253,157</u>

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

The expenditures included in the schedule are reported for the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the District for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the general purpose financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule.

Midland College District

Schedule F

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended August 31, 2014

State Grantor/Pass-Through Grantor/ Program Title	Grant/Contract Number	Pass-Through Disbursement and Expenditures
Direct Programs:		
Texas Comptroller of Public Accounts Jobs and Education for Texans Program	5464-11	\$ 58,282
Texas Workforce Commission Adult Basic Education	1114ABE001	53,887
Texas Workforce Commission Skills Development Fund	1113SDF001	292,571
Texas Higher Education Coordinating Board Intensive College Readiness Program		49,059
IP-AES Program		36,416
Texas College Work Study		17,132
Texas Grant		101,640
Texas Education Opportunity Grant		54,120
Subtotal Texas Higher Education Coordinating Board		<u>258,367</u>
Pass-Through From:		
Alamo Community College Alamo Training Program		74,305
Texas Tech University Area Health Education Center	04183-10	<u>212,284</u>
Total State Financial Assistance		\$ <u><u>949,696</u></u>

Note 1: State Assistance Reconciliation

Total State Financial Assistance	\$ 949,696
Intensive College Readiness-program returned funds to state	(1,000)
Intensive College Readiness-program receipts received in previous years	(49,059)
IP-AES-program receipts received in previous years	<u>(18,750)</u>
Total State Revenues per Schedule A	\$ <u><u>880,887</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



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

The Board of Trustees
Midland College District
Midland, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Midland College District (the "District"), as of and for the year ended August 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon December 4, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

We have performed tests designed to verify the District's compliance with the requirements of the Texas Public Funds Investment Act. During the year ended August 31, 2014, no instances of noncompliance were noted.

This report is intended solely for the information and use of management, the District's trustees, audit committee, 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 4, 2014



**Independent Auditors' Report 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

Report on Compliance for Each Major Federal or State Program

We have audited Midland College District's (the "District") compliance with the types of compliance requirements described in the *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, 2014. The District's major federal or state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal or state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal or state programs based on our audit of the types of compliance requirements referred to above. 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 Organizations* 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 on compliance for each major federal and state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal or State Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal or state programs for the year ended August 31, 2014.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal or state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal or state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 or a 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Midland, Texas
December 4, 2014

Midland College District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

August 31, 2014

The Board of Trustees
Midland College District
Midland, Texas

SECTION I - SUMMARY OF AUDITORS' RESULTS

<u>Type of Auditor's Report issued</u>	Unmodified
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?	No
Type of Auditor's Report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133 and State of Texas Single Audit Circular?	No
Any questioned costs?	No

Midland College District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

August 31, 2014

Identification of Major Programs:

CFDA Numbers

Name of Federal Program or Cluster

84.007

Student Financial Aid Cluster:

Federal Supplemental Education Opportunity Grant

84.033

Federal College Work-Study Program

84.063

Federal Pell Grant Program

84.268

Federal Direct Student Loans

84.002A

ABE Cluster:

Adult Basic Education – Federal/Corrections

93.558

Adult Basic Education – Federal TANF

84.048

Perkins Cluster:

Carl Perkins – Voc. Ed. – Basic

Name of State Program or Cluster

N/A

Texas Grant

N/A

Texas Workforce Commission Skills Development Fund

N/A

Texas Comptroller of Public Accounts Jobs and Education for Texans Program

Dollar threshold used to distinguish between type A and type B programs:

Federal programs threshold \$300,000;
State programs threshold \$300,000

Auditee qualified as low-risk auditee?

No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL OR STATE AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

Midland College District
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
August 31, 2013

Section III – Federal or State Award Findings and Questioned Costs

2013-01

Cluster of Federal Programs: Financial Aid
Federal Programs: Federal Pell Grant Program, CFDA# 84.063,
Federal Direct Student Loans, CFDA# 84.268
Grantor: U.S. Department of Education

The District's corrective action plan was implemented and the finding was not repeated in the current year.

2013-02

Federal Program: Federal Pell Grant Program, CFDA# 84.063
Grantor: U.S. Department of Education

The District's corrective action plan was implemented and the finding was not repeated in the current year.

2013-03

State Program: Texas Grant
Grantor: Texas Higher Education Coordinating Board

The District's corrective action plan was implemented and the finding was not repeated in the current year.

2013-04

State Program: Texas Grant
Grantor: Texas Higher Education Coordinating Board

The District's corrective action plan was implemented and the finding was not repeated in the current year.

2013-05

State Program: Texas Grant
Grantor: Texas Higher Education Coordinating Board

The District's corrective action plan was implemented and the finding was not repeated in the current year.

STATISTICAL SUPPLEMENT

**Midland College District
Statistical Supplement 1
Net Position by Component
Fiscal Years 2005-2014
(unaudited)**

For the Fiscal Year Ended August 31,

(amounts in 000's)

	2014	2013 (as restated)	2012	2011	2010	2009	2008	2007	2006	2005
Invested in capital assets, net of related debt	\$ 61,459	59,087	59,196	56,980	55,616	51,224	45,506	41,441	37,892	34,671
Restricted - expendable	4,667	5,272	5,850	7,485	4,594	4,702	7,008	6,680	5,225	3,395
Restricted - nonexpendable	5,346	5,412	5,374	5,016	4,793	4,644	4,400	3,965	3,795	3,167
Unrestricted	20,697	19,190	15,477	12,180	10,866	10,735	10,634	9,275	7,096	6,228
Total primary government net position	\$ 92,169	88,961	85,897	81,661	75,869	71,305	67,548	61,361	54,008	47,461

**Midland College District
Statistical Supplement 2
Revenues by Source
Fiscal Years 2005-2014
(unaudited)**

For the Year Ended August 31,

(amounts in 000's)

	2014	2013 (as restated)	2012	2011	2010	2009	2008	2007	2006	2005
Tuition and Fees (net of discounts)	\$ 9,778	10,272	10,103	9,595	9,365	8,024	7,522	7,603	5,803	5,344
Federal Grants and Contracts	1,532	2,384	2,693	3,787	4,844	3,202	2,013	2,690	3,867	4,036
State Grants and Contracts	881	614	517	653	565	271	278	183	275	228
Local Grants and Contracts	1,758	1,517	825	817	894	829	861	736	612	756
Non-Governmental Grants and Contracts	1,035	915	845	885	578	722	1,073	699	796	271
Sales and services of educational activities	510	430	432	399	283	194	200	217	240	239
Investment income-program restricted	225	12	203	277	339	499	615	624	306	171
Auxiliary enterprises (net of discounts)	1,180	1,192	1,251	1,042	1,132	1,040	1,030	942	859	873
Other operating revenues	507	607	586	499	694	737	673	698	614	475
Total Operating Revenues	17,406	17,943	17,455	17,954	18,694	15,518	14,265	14,392	13,372	12,393
State Appropriations	11,106	10,324	10,397	12,687	13,206	13,862	13,656	13,498	13,418	11,113
Ad Valorem Taxes	23,785	22,757	21,180	20,004	18,936	17,743	16,676	15,419	14,312	10,917
Federal Revenue, non-operating	4,017	4,153	5,599	6,850	6,123	3,873	3,780	3,849	4,303	4,678
Gifts	1,491	1,798	1,767	2,083	1,802	1,622	1,505	1,443	1,882	2,138
Investment income	87	24	26	33	68	334	1,389	2,456	2,201	215
Contributions in aid of construction	21	27	735	3,044	931	1,572	2,313	731	176	3,557
Gain on disposal of fixed assets	18	165	70	-	16	-	-	-	16	-
Additions to permanent endowments	18	244	357	161	29	103	348	145	700	171
Other non-operating revenues	-	-	-	-	462	4,031	487	-	-	-
Total Non-Operating Revenues	40,543	39,492	40,131	44,862	41,573	43,140	40,154	37,541	37,008	32,789
Total Revenues	\$ 57,949	57,435	57,586	62,816	60,267	58,658	54,419	51,933	50,380	45,182

**Midland College District
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2005-2014
(unaudited)**

For the Year Ended August 31,

(amounts in 000's)

	2014	2013 (as restated)	2012	2011	2010	2009	2008	2007	2006	2005
Instruction	\$ 18,531	18,254	18,336	19,866	19,525	18,456	17,676	17,266	16,686	16,042
Public service	2,593	2,405	2,112	2,475	2,551	2,316	1,887	2,242	2,430	2,195
Academic support	5,785	6,148	6,311	6,197	6,166	5,572	5,014	4,834	4,688	4,465
Student services	3,777	3,581	3,442	3,374	3,405	3,342	3,077	2,948	2,706	2,608
Institutional support	6,411	6,031	5,234	5,214	5,195	5,040	4,630	4,292	3,908	3,526
Operation and maintenance of plant	5,848	5,494	5,421	5,778	5,594	4,835	5,173	4,000	4,118	3,581
Scholarships & fellowships(net of discounts)	2,908	3,230	3,718	5,921	5,396	3,484	3,498	3,296	3,760	3,905
Auxiliary enterprises (net of discounts)	3,488	3,320	3,027	2,485	2,401	2,427	2,482	1,929	1,813	1,753
Depreciation	3,758	3,803	3,724	3,526	2,912	2,545	1,856	1,680	1,599	1,520
Total Operating Expenses	53,099	52,266	51,325	54,836	53,145	48,017	45,293	42,487	41,708	39,595
Interest on capital related debt	1,641	1,696	1,994	2,132	2,033	1,913	1,919	2,017	2,083	501
Loss on disposal of fixed assets	-	-	-	16	-	32	28	13	-	6
Other non-operating expenses	-	-	31	42	526	4,938	992	63	41	8
Total Non-Operating Expenses	1,641	1,696	2,025	2,190	2,559	6,883	2,939	2,093	2,124	515
Total Expenses	\$ 54,740	53,962	53,350	57,026	55,704	54,900	48,232	44,580	43,832	40,110

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

Resident Fees per Semester Credit Hour

Academic Year (Fall)	In-District Tuition	Out-of- District Tuition	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
2013-14	\$ 56	\$ 103	\$ 19	\$ 900	\$ 1,464	4.17%	6.09%
2012-13	53	96	19	864	1,380	0.00%	8.49%
2011-12	53	87	19	864	1,272	14.29%	21.84%
2010-11	49	73	14	756	1,044	5.00%	6.10%
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%
1999-00	17	19	6	363	387	-	-

Non-Resident Fees per Semester Credit Hour

Academic Year (Fall)	Non- Resident Tuition Out- of-State	Non- Resident Tuition International	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
2013-14	\$ 142	\$ 142	\$ 19	\$ 1,932	\$ 1,932	4.55%	4.55%
2012-13	135	135	19	1,848	1,848	6.21%	6.21%
2011-12	126	126	19	1,740	1,740	20.83%	20.83%
2010-11	106	106	14	1,440	1,440	4.35%	4.35%
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%
1999-00	25	25	6	459	459	-	-

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 Fifteen Fiscal (Unaudited) Years**

(amounts expressed in thousands)				thousands		Direct Rate		
Fiscal Year	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Total Taxes Assessed	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2013-14	\$ 18,998,198	\$ 1,121,399	\$ 17,876,799	94.10%	\$ 23,805	\$ 0.117200	\$ 0.016000	\$ 0.133200
2012-13	16,560,425	902,788	15,657,637	94.55%	22,575	0.126390	0.017790	0.144180
2011-12	13,392,179	894,062	12,498,117	93.32%	20,979	0.143800	0.024100	0.167900
2010-11	12,792,106	1,070,270	11,721,836	91.63%	19,915	0.143940	0.025960	0.169900
2009-10	12,219,385	1,197,661	11,021,724	90.20%	18,949	0.144600	0.027328	0.171928
2008-09	11,660,357	1,293,329	10,367,028	88.91%	17,925	0.144600	0.028310	0.172910
2007-08	9,672,151	977,526	8,694,625	89.89%	16,617	0.157154	0.033966	0.191120
2006-07	7,985,268	536,613	7,448,655	93.28%	15,359	0.167481	0.038719	0.206200
2005-06	6,772,061	462,783	6,309,278	93.17%	14,177	0.179400	0.045300	0.224700
2004-05	6,120,653	461,916	5,658,737	92.45%	10,786	0.190600	-	0.190600
2003-04	5,668,701	456,955	5,211,746	91.94%	9,933	0.185200	0.005400	0.190600
2002-03	5,515,729	443,637	5,072,092	91.96%	9,667	0.185200	0.005400	0.190600
2001-02	5,580,072	412,052	5,168,020	92.62%	9,443	0.177800	0.005400	0.183200
2000-01	4,941,048	401,771	4,539,277	91.87%	7,412	0.157200	0.006100	0.163300
1999-00	4,852,382	388,745	4,463,637	91.99%	7,289	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 Fifteen Fiscal Years
(unaudited)**

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			
	State Appropriation (000's)	FTSE (1)	State Appropriation per FTSE	Academic Contact Hours (a) (000's)	Voc/Tech Contact Hours (a,b) (000's)	Total Contact Hours (000's)	State Appropriation per Contact Hour
2013-14	\$ 8,514	3,807	\$ 2,236	1,700	819	2,519	\$ 3.38
2012-13	8,206	4,111	1,996	1,829	899	2,728	3.01
2011-12	8,526	4,289	1,988	1,874	962	2,836	3.01
2010-11	8,879	4,518	1,965	1,966	1,062	3,028	2.93
2009-10	9,340	4,348	2,148	1,898	1,032	2,930	3.19
2008-09	9,877	3,989	2,476	1,742	939	2,681	3.68
2007-08	9,877	3,988	2,477	1,673	973	2,646	3.73
2006-07	9,371	4,041	2,319	1,715	944	2,659	3.52
2005-06	9,371	4,012	2,336	1,691	936	2,627	3.57
2004-05	8,039	4,031	1,994	1,682	943	2,625	3.06
2003-04	8,079	3,967	2,037	1,671	885	2,556	3.16
2002-03	7,870	3,686	2,135	1,539	853	2,392	3.29
2001-02	8,499	3,607	2,356	1,485	875	2,360	3.60
2000-01	8,102	3,395	2,386	1,390	820	2,210	3.67
1999-00	8,147	3,259	2,500	1,308	856	2,164	3.76

(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	
13-14	564	255	819
12-13	631	268	899
11-12	750	212	962
10-11	863	199	1062
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
99-00	731	125	856

**Midland College District
Statistical Supplement 7
Faculty, Staff, and Administrators Statistics
Last Fifteen Academic Years
(unaudited)**

	Fiscal Year														
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Faculty															
Full-Time	145	147	145	135	154	155	141	134	129	119	116	110	109	100	94
Part-Time	121	148	162	195	184	160	156	135	120	135	125	129	134	134	141
Total	266	295	307	330	338	315	297	269	249	254	241	239	243	234	235
Percent															
Full-Time	54.5%	49.8%	47.2%	40.9%	45.6%	49.2%	47.5%	49.8%	51.8%	46.9%	48.1%	46.0%	44.9%	42.7%	40.0%
Part-Time	45.5%	50.2%	52.8%	59.1%	54.4%	50.8%	52.5%	50.2%	48.2%	53.1%	51.9%	54.0%	55.1%	57.3%	60.0%
Staff and Administrators															
Full-Time	262	252	263	264	254	256	249	239	241	237	226	209	206	181	179
Part-Time	315	327	328	258	357	320	375	358	369	354	356	361	342	335	327
Total	577	579	591	522	611	576	624	597	610	591	582	570	548	516	506
Percent															
Full-Time	45.4%	43.5%	44.5%	50.6%	41.6%	44.4%	39.9%	40.0%	39.5%	40.1%	38.8%	36.7%	37.6%	35.1%	35.4%
Part-Time	54.6%	56.5%	55.5%	49.4%	58.4%	55.6%	60.1%	60.0%	60.5%	59.9%	61.2%	63.3%	62.4%	64.9%	64.6%
Students per Full-Time Faculty	36.1	37.6	41.9	47.1	40.5	37.3	40.7	43.4	43.3	46.5	46.5	45.8	46.4	48.4	50.4
Students per Full-Time Staff Member	20.0	21.9	23.1	24.1	24.5	22.6	23.0	24.3	23.2	23.3	23.9	24.1	24.6	26.8	26.4
Average Annual Faculty Salary	\$58,940	57,463	52,169	55,834	55,216	54,623	52,021	50,636	49,335	49,446	47,783	47,498	47,196	44,264	41,864
Notes:															
Fall Headcount	5236	5531	6071	6358	6230	5784	5733	5819	5589	5531	5392	5041	5060	4842	4733

**Midland College District
Statistical Supplement 8
Schedule of Capital Asset Information
Fiscal Years 2005 to 2014
(unaudited)**

	Fiscal Year									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Academic buildings	22	22	22	22	22	20	19	19	19	19
Square footage (in thousands)	520	520	520	520	520	494	489	410	410	382
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	52	52	52	52	52	52	50	50	50	50
Admin and support buildings	5	5	5	5	4	4	4	4	4	4
Square footage (in thousands)	70	70	70	70	58	58	58	58	58	58
Dormitories	3	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	91	91	91	91	91	91	91	91	91	91
Number of Beds	286	286	286	286	286	286	286	286	286	286
Apartments	10	10	10	10	10	10	10	10	10	10
Square footage (in thousands)	12	12	12	12	12	12	12	12	12	12
Number of beds	20	20	20	20	20	20	20	20	20	20
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	11	11	11	11	11	11	11	11	11	11
Athletic Facilities	6	6	6	6	5	5	3	3	3	3
Square footage (in thousands)	136	136	136	136	118	118	117	117	117	117
Multipurpose Center	1	1	1	1	1	1	1	1	1	1
Gymnasiums	2	2	2	2	1	1	1	1	1	1
Softball Dressing Facility	1	1	1	1	1	1				
Baseball Practice Facility	1	1	1	1	1	1				
Tennis Pro Shop	1	1	1	1	1	1	1	1	1	1
Plant Facilities	2	2	2	2	2	2	2	2	1	1
Square footage (in thousands)	26	26	26	26	26	26	26	26	7	7
Chapel	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	2	2	2	2	2	2	2	2	2	2
Childrens Center	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	11	11	11	11	11	11	6	6	6	6
Transportation										
Cars	12	9	9	9	4	3	3	6	6	6
Light Trucks/Vans	25	22	22	22	21	19	24	22	22	18
Heavy trucks	6	5	4	4	4	4	4	4	2	2
Buses	8	7	7	7	7	7	6	6	0	1

**Midland College District
Statistical Supplement 9
Head Count Enrollment Trend
Credit Hour Students Only
(unaudited)**

Fiscal Year	Fall	Spring	Sum I	Sum II	Duplicated Total	Unduplicated Total
2013-14	5,236	6,276	3,220	2,310	17,042	9,522
2012-13	5,531	6,826	3,664	2,656	18,677	10,616
2011-12	6,071	6,976	3,572	2,710	19,329	10,856
2010-11	6,358	7,316	3,507	2,682	19,863	11,131
2009-10	6,230	6,803	3,080	2,899	19,012	10,726
2008-09	5,784	6,321	2,530	2,546	17,181	9,608
2007-08	5,733	6,288	2,381	2,411	16,813	9,453
2006-07	5,819	6,076	2,158	2,184	16,237	9,039
2005-06	5,589	5,923	2,356	1,974	15,842	8,591
2004-05	5,531	5,797	1,881	1,548	14,757	8,456
2003-04	5,392	5,666	1,974	1,410	14,442	8,086
2002-03	5,041	5,410	1,707	1,380	13,538	7,606
2001-02	5,065	5,109	1,596	1,249	13,019	6,948
2000-01	4,842	4,954	1,439	1,042	12,277	6,870
1999-00	4,733	4,749	1,530	797	11,809	6,656
1998-99	4,576	4,529	1,637	832	11,574	6,583
1997-98	4,228	3,996	1,484	762	10,470	6,136

Data Source: CBM001