

# Midland College



## **Financial Statements & Report of Independent Certified Public Accountants**

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**August 31, 2015**

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**MIDLAND COLLEGE DISTRICT**

**ORGANIZATIONAL DATA**

**As of August 31, 2015**

**BOARD OF TRUSTEES**

**Officers**

Mr. Stephen N. Castle	President
Mr. G. Larry Lawrence	Vice-President
Ms. Linda Cowden	Secretary

**Members**

		Term Expires
Mr. Stephen N. Castle	Midland, Texas	2018
Ms. Linda Cowden	Midland, Texas	2016
Mr. Will R. Green	Midland, Texas	2020
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	2020
Mr. Ralph Way	Midland, Texas	2020
Open	Midland, Texas	2018

**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
Dr. Deana Savage	Special Advisor to the President
Ms. Kathy Fletcher	Executive Director of Institutional Advancement
Ms. Lauren Callo	Director of Accounting



**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, 2015 and 2014, 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, 2015 and 2014, 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.

## **Emphasis of a Matter**

As discussed in Note 12 to the financial statements, in 2015, the District adopted new accounting guidance prescribed by GASB #68 for its pension plan - a multiple employer, cost-sharing, defined benefit pension plan that has a special funding situation. Because GASB #68 implements new measurement criteria and reporting provisions, significant information has been added to the financial statements. Note 12 and the Required Supplementary Schedules disclose the District's net pension liability and deferred outflows and inflows of resources related to the District's pension plan. Note 2 discloses the adjustment to the District's beginning net position. Our opinion is not modified with respect to the matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management discussion and on pages 5-19 and the required supplementary schedules on pages 49-51 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 66 through 74 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.

**Other Matters (Continued)**

*Other Information (Continued)*

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.

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 11, 2015, 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 11, 2015

## **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, 2015, 2014 and 2013. This overview is based on facts, decisions and conditions known as of the date of the independent auditor's report. There are three financial statements presented: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows. These statements provide both long-term and short-term financial information on the District as a whole and should be read in conjunction with the notes to the basic financial statements.

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

## **Change in Accounting Principle**

The District adopted GASB 68, *Accounting and Financial Reporting for Pensions – as amended by GASB 27*, in 2015. The adoption of this standard has resulted in dramatic changes in the presentation of the District's Statement of Net Position. Furthermore, due to the nature of the standard it was not possible to restate the 2014 financial statements. The district has elected to restate the beginning 2015 net position and present the 2014 financial statements without restatement. Accordingly, non-current liabilities, unrestricted net position, deferred outflows of resources and deferred inflow of resources are not consistent with the 2014 presentation.

## **Financial and Enrollment Highlights**

- The District's total net position was \$89.3 million and \$92.2 million for the fiscal years ended August 31, 2015 and 2014, respectively. The 2015 beginning net position (prior year ending net position) was adjusted to \$84.9 in accordance with the adoption of GASB 68.
- The District's financial standing was strengthened as total net position increased by approximately \$4.4 million during fiscal year 2015 and by approximately \$3.2 million during fiscal year 2014. Of these amounts, unrestricted net position increased by approximately \$584 thousand and \$1.5 million for fiscal years 2015 and 2014, respectively.
- The net assessed valuation of the tax district increased by approximately \$2.5 billion or 13.7%, from 2014 to 2015 and by \$2.2 billion or 14.2% from 2013 to 2014. Taxable values were approximately \$20.3 billion in 2015 and \$17.9 billion in 2014.
- Bonded indebtedness decreased by approximately \$3 million in fiscal year 2015 and by approximately \$2.8 million during fiscal year 2014.
- During fiscal year 2015 the unduplicated head count of credit students decreased by 10, duplicated head count of credit students increased by 58, and total contact hours decreased by approximately 229,000.

**Financial and Enrollment Highlights (Continued)**

- During fiscal year 2014 the unduplicated head count of credit students decreased by approximately 1,094, duplicated head count of credit students decreased by 1,635, and total contact hours decreased by approximately 209,000.

**The Statements of Net Position**

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

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

<b>Condensed Statements of Net Position</b>					
(in thousands)					
	<b>Fiscal Year</b>			<b>Increase/(Decrease)</b>	
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2014 to</b>	<b>2013 to</b>
			<b>(as restated)</b>	<b>2015</b>	<b>2014</b>
<b>Assets</b>					
Current Assets	\$ 30,315	23,261	33,425	7,054	(10,164)
Non-current Assets	11,278	17,491	5,504	(6,213)	11,987
Capital Assets - (Non-current)	102,416	102,082	102,526	334	(444)
<b>Total Assets</b>	<b>\$ 144,009</b>	<b>142,834</b>	<b>141,455</b>	<b>1,175</b>	<b>1,379</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 2,901</b>	<b>2,003</b>	<b>-</b>	<b>898</b>	<b>2,003</b>
<b>Liabilities:</b>					
Current Liabilities	\$ 11,005	12,425	10,986	(1,420)	1,439
Non-current Liabilities	44,617	40,243	41,508	4,374	(1,265)
<b>Total Liabilities</b>	<b>\$ 55,622</b>	<b>52,668</b>	<b>52,494</b>	<b>2,954</b>	<b>174</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 1,961</b>	<b>-</b>	<b>-</b>	<b>1,961</b>	<b>-</b>
<b>Net Position:</b>					
Invested in capital assets, net of related debt	\$ 64,808	61,459	59,087	3,349	2,372
Restricted-Nonexpendable	5,307	5,346	5,412	(39)	(66)
Restricted-Expendable	5,195	4,667	5,272	528	(605)
Unrestricted	14,017	20,697	19,190	(6,680)	1,507
<b>Total Net Position</b>	<b>\$ 89,327</b>	<b>92,169</b>	<b>88,961</b>	<b>(2,842)</b>	<b>3,208</b>
<b>Current Ratio</b>	<b>2.75</b>	<b>1.87</b>	<b>3.04</b>		

## **The Statements of Net Position (Continued)**

Net position is divided into three major categories. The first category, invested in capital assets, net of debt, reflects the institution's equity in property, plant and equipment. The next category, restricted net 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 funds. The final category is unrestricted net position, which is available to the institution for any lawful purpose. As of August 31, 2015, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows by approximately \$89.3 million. Of this amount, approximately \$14 million is unrestricted and may be used to meet ongoing obligations.

As a result of the adoption of Governmental Accounting Standards Statement Number 68 ("GASB 68") in 2015, the District recognized its proportionate share of the deferred outflows, deferred inflows and net pension liability related to its participation in the Texas Teacher's Retirement System. As of August 31, 2015, the District has recognized a net pension liability of approximately \$6.4 million, deferred outflows of resources of approximately \$1.2 million, deferred inflow of resources of approximately \$2 million, and a reduction to the beginning unrestricted net position of approximately \$7.3 million. Taking into account the cumulative effect of the change in accounting principle, total net position increased by approximately \$4.5 million. Of this amount, unrestricted net position increased approximately \$584 thousand.

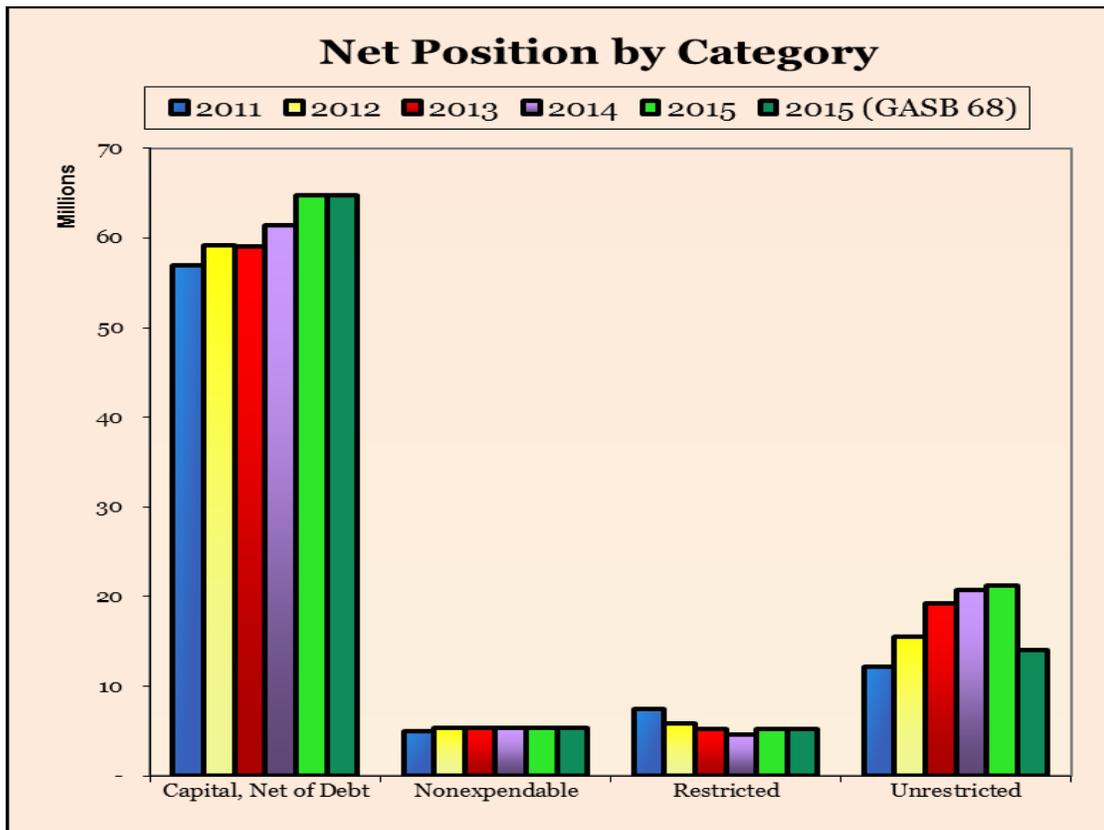
Deferred outflows on the pensions plan are related to changes in actuarial assumptions that occur at the plan level, differences in expected and actual economic experience at the plan level, contributions made to the Teacher Retirement System (TRS) after the measurement date, and the difference between the employer's contributions and their proportionate share of contributions. Deferred inflows for the pension plan are related to the difference between projected and actual investment earnings and the difference between the employer's contributions and their proportionate share of contributions. The net pension liability of \$6,410,732 was measured at August 31, 2014 and was established per amounts recorded in TRS' Comprehensive Annual Financial Statement and TRS' Audited 2014 GASB 68 Allocation Schedules. Information regarding the recording of deferred outflows related to pensions, deferred inflows related to pensions, and the net pension liability can be found in Note 12 in the accompanying Notes to the Financial Statements.

In 2015 total assets increased by approximately \$1.2 million while total liabilities increased by approximately \$3.0 million. The increase in liabilities includes the accounting change recognizing a net pension liability of \$6.4 million. Without this accounting change, liabilities would have decreased by approximately 3.5 million, which is principally related to approximately \$3 million of scheduled debt service payments.

In 2014 the District's assets increased by approximately \$1.4 million while liabilities increased by approximately \$174 thousand, resulting in an increase in net position of approximately \$3.2 million. Major changes in the Statement of Net Position included a decrease in capital assets of approximately \$444 thousand. This decrease is primarily the result of additions totaling approximately \$3.3 million, less depreciation charges totaling approximately \$3.8 million. Additions included restrooms 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.

**The Statements of Net Position (Continued)**

The following chart illustrates the comparative changes in net position by category over the past five 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 below 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 increase and decrease as funds are received and subsequently disbursed. Because the adoption of GASB 68 did not allow for restatement of prior years, the 2015 net position is shown with and without the effect of the new accounting principle. This presentation demonstrates that the decrease in unrestricted net position is solely the result of the change in accounting principal.



**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.

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

The following table reflects a summary of the Statements of Revenues, Expenses and Changes in Net Position for the years ended August 31, 2015, 2014 and 2013. This summary indicates the operating loss and the overall increase in net position for each of the years displayed.

<b>Condensed Schedule of Revenues, Expenses and Changes in Net Position</b>					
(in thousands)					
	<b>Fiscal Year</b>			<b>Changes</b>	
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2014 to 2015</b>	<b>2013 to 2014</b>
<b>Operating revenues and expenses:</b>					
Operating revenues (see detail below)	\$ 16,386	17,406	17,943	(1,020)	(537)
Operating expenses	53,868	53,100	52,266	768	834
Operating loss	(37,482)	(35,694)	(34,323)	(1,788)	(1,371)
<b>Non-operating revenues (expenses):</b>					
State appropriations	11,221	11,106	10,324	115	782
Ad valorem taxes	25,454	23,785	22,757	1,669	1,028
Federal, non-operating	4,290	4,017	4,153	273	(136)
Gifts	2,297	1,491	1,798	806	(307)
Interest on capital related debt	(1,527)	(1,641)	(1,696)	114	55
Other non-operating revenues	167	145	460	22	(315)
Total non-operating revenues, net	41,902	38,903	37,796	2,999	1,107
Increase in net position	4,420	3,209	3,473	1,211	(264)
Net position - beginning of year (restated)	84,906	88,961	85,488	(4,055)	3,473
Net position - end of year	<u>\$ 89,326</u>	<u>92,170</u>	<u>88,961</u>	<u>(2,844)</u>	<u>3,209</u>

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

	<b>Operating Revenues</b>					
	(In thousands)					
	<b>2015</b>		<b>2014</b>		<b>2013</b>	
	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>
Net Tuition and fees	\$ 9,232	56.4%	9,778	56.2%	10,272	57.2%
Grants and Contracts	4,627	28.2%	5,206	29.9%	5,430	30.3%
Auxiliary enterprises	1,153	7.0%	1,180	6.8%	1,192	6.6%
Other operating revenues	1,375	8.4%	1,242	7.1%	1,050	5.9%
	<b>\$ 16,387</b>	<b>100.0%</b>	<b>17,406</b>	<b>100.0%</b>	<b>17,944</b>	<b>100.0%</b>

**Revenues**

The following table illustrates the decrease in tuition and fee revenue over the past three years. While in-district students represent the largest number of students, out-of-district tuition revenue represents a slightly higher percentage of revenue due to the higher tuition rate charged to out-of-district students.

	<b>Tuition and Fees</b>					
	(In thousands)					
	<b>2015</b>		<b>2014</b>		<b>2013</b>	
	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>	<b>Amount</b>	<b>% of Total</b>
In-district tuition	\$ 3,368	24.4%	3,471	25.0%	3,442	24.1%
Out-of-district tuition	3,805	27.6%	3,855	27.7%	3,949	27.6%
Non-resident tuition	825	6.0%	751	5.4%	647	4.5%
TPEG set aside-credit programs	326	2.4%	362	2.6%	368	2.6%
<b>Total tuition-credit programs</b>	<b>8,324</b>	<b>60.4%</b>	<b>8,439</b>	<b>60.7%</b>	<b>8,406</b>	<b>58.8%</b>
Mandatory fees	2,560	18.6%	2,242	16.1%	2,368	16.6%
Other fees	1,217	8.8%	1,233	8.9%	1,347	9.4%
<b>Total credit programs tuition and fees</b>	<b>12,101</b>	<b>87.8%</b>	<b>11,914</b>	<b>85.7%</b>	<b>12,121</b>	<b>84.8%</b>
Continuing Education and Workforce Training	1,604	11.6%	1,894	13.6%	2,065	14.5%
TPEG set aside non-credit programs	76	0.6%	93	0.7%	100	0.7%
<b>Gross tuition and fees</b>	<b>\$ 13,781</b>	<b>100.0%</b>	<b>13,901</b>	<b>100.0%</b>	<b>14,286</b>	<b>100.0%</b>

**Revenues (Continued)**

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

**2014 to 2015 Changes**

Operating revenues decreased by approximately \$1 million in 2015. Of this amount net tuition and fees decreased by approximately \$546 thousand and grants and contracts decreased by approximately \$579 thousand.

The decrease in tuition and fees for 2015 is the result of decreases in enrollment. Contact hours were down from the prior year by 9.1%. Tuition rates for in-district students increased by approximately 4% from the prior year and the rates for most out-of-district and non-resident students increased by approximately 2.5% and 1.9% respectively.

Total ad valorem taxes were approximately \$1.7 million or 7% higher in 2015 as compared to 2014. The increase in tax revenue recognized is the result of a \$2.5 billion, or 13.7% increase in the net assessed valuation of the district. The total tax rate for the district was \$0.1244 per \$100 of valuation. This represented a decrease of approximately 6.6% from the prior year.

Revenue from gifts, grants and contracts (operating and non-operating) were approximately \$468 thousand more in 2015 than the prior year. The increase in 2015 can primarily be attributed to an increase in Pell grants. This reverses a three year trend of declining Pell grants.

**2013 to 2014 Changes**

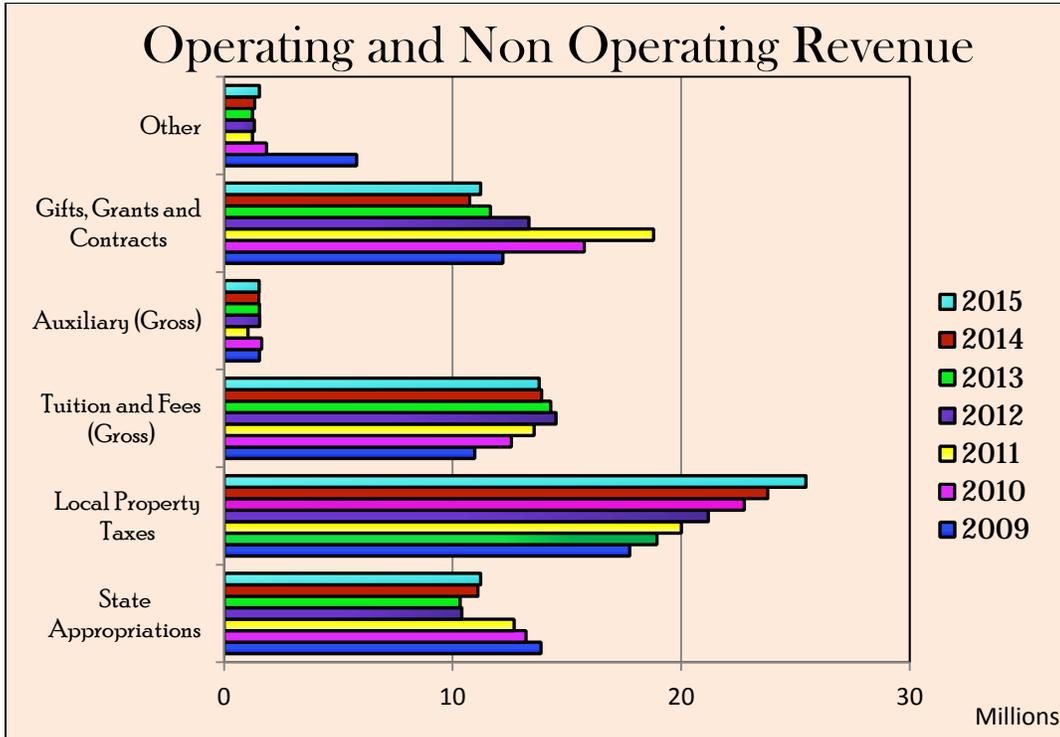
Tuition and fee revenue for 2014 decreased by approximately \$494 thousand or 4.8%. Contact hours were down from the prior year by approximately 7.6%. Tuition rates for in-district students increased by approximately 4.2% from the prior year and the rates for most out-of-district and non-resident students increased by approximately 6.1% and 4.6% respectively.

State appropriated revenues for 2014 exceeded the 2013 amounts by approximately \$782 thousand or 7.6%.

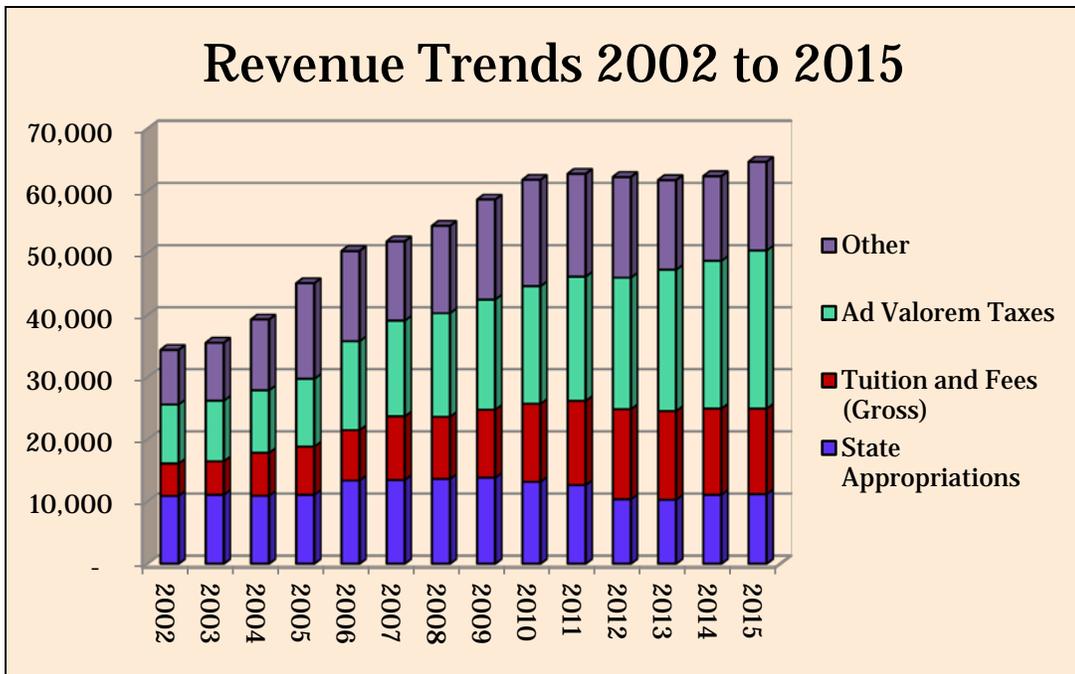
Total ad valorem taxes were approximately \$1 million or 4.5% higher in 2014 as compared to 2013. The increase in tax revenue is the result of a \$2.2 billion, or 14.2% increase in the net assessed valuation of the district. The total tax rate for the district was \$0.1332 per \$100 of valuation. This represented a decrease of approximately 7.6% from the prior year.

**Revenues (Continued)**

The following presentation graphically displays short-term revenue trends.

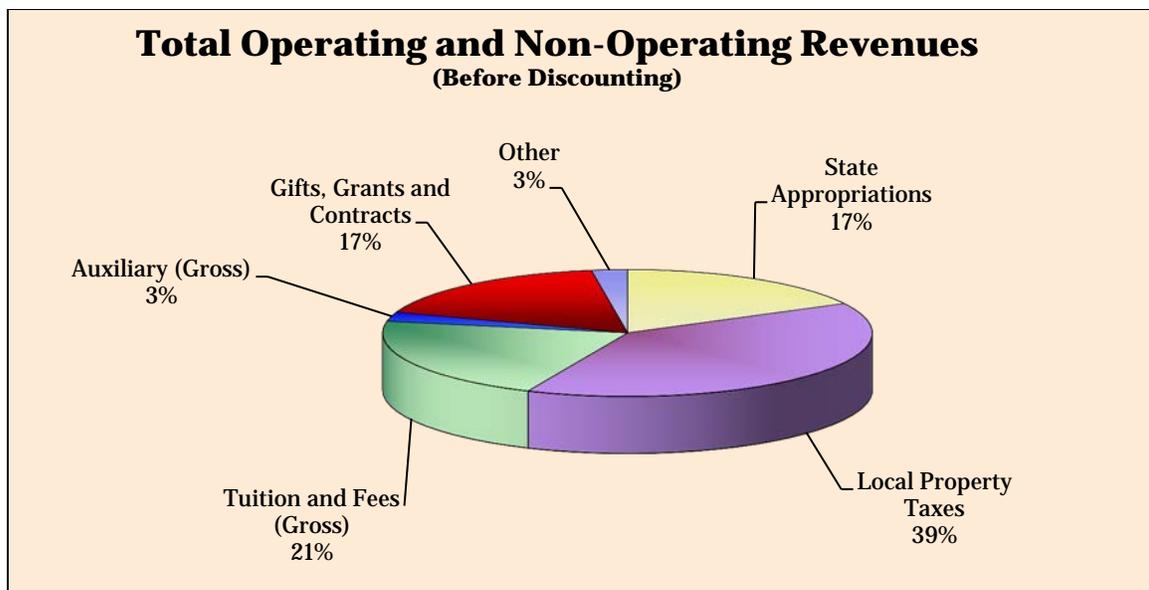


The following chart graphically illustrates the changes in revenues from 2002 through 2015.



**Revenues (Continued)**

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.



The following table illustrates the composition of total revenue for 2015 compared to 2002.

	Percentage of Total Revenues	
	2015	2002
State Appropriations	17%	30%
Local Property Taxes	39%	26%
Tuition and Fees (Gross)	21%	14%
Gifts Grants & Contracts	17%	23%
Auxiliary Services	3%	3%
Other	3%	4%
	<u>100%</u>	<u>100%</u>

**Operating Expenses by Functional Classification**

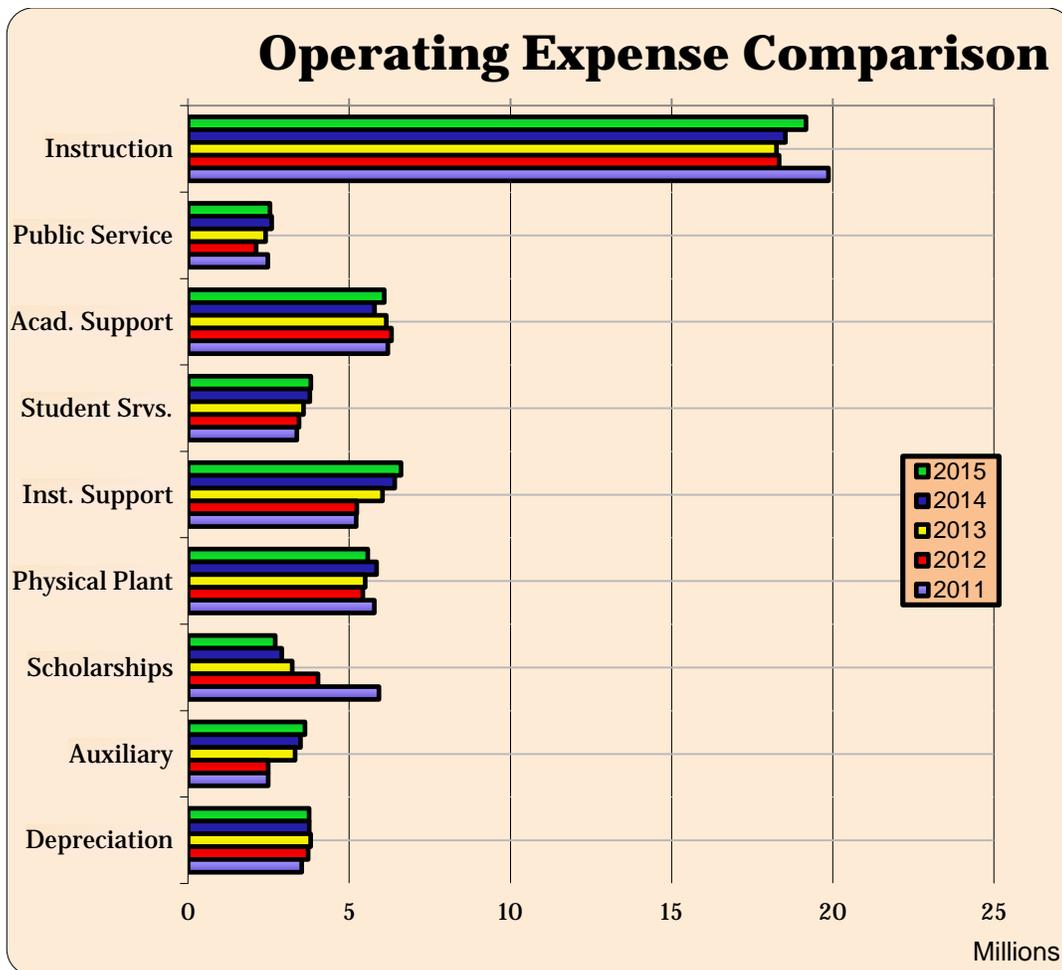
Functional classifications are the traditional categories that have been used to show expenses. They represent the type of programs and services provided. The following chart shows the District's 2015 expenses compared to the 2014, 2013, 2012 and 2011 expenses.

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.

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

Total operating expenses were approximately \$768 thousand (1.4%) more in 2015 than in 2014. Of this amount, unrestricted operating expenses increased by \$856 thousand, restricted expenses decreased by approximately \$223 thousand, auxiliary expenses increased by \$139 thousand and depreciation expense decreased slightly. The increase in unrestricted expenses is primarily due to increases in salary and benefits. Unrestricted salaries and wages were approximately \$923 thousand more in 2015 than in 2014.

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.



**Statements of Cash Flows**

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

<b>Summary of Statement of Cash Flows</b>			
	<b>2015</b>	<b>2014</b>	<b>2013</b> <b>(as restated)</b>
Cash Provided By (Used in):			
Operating Activities	\$ (32,538,766)	(29,184,753)	(28,589,532)
Non-Capital Financing Activities	37,963,225	35,407,922	34,702,578
Capital and Related Financing Activities	(5,287,154)	(4,595,721)	(4,172,947)
Investing Activities	4,492,833	(53,705)	1,713,541
Changes in Cash and Cash Equivalents	<u>\$ 4,630,138</u>	<u>1,573,743</u>	<u>3,653,640</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 following table reflects the District’s year-end capital asset balances, net of accumulated depreciation. Capital asset additions totaled approximately \$4.1 million and \$3.2 million in 2015 and 2014, respectively.

<b>Schedule of Capital Assets</b> <b>(in thousands)</b>					
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Land	\$2,552	2,552	2,552	2,551	2,553
Library Books & Collections	450	464	481	450	505
Construction in Progress	3,178	1,506	1,266	921	3,143
Buildings & Improvements	82,993	84,421	85,088	85,325	83,329
Land Improvements	6,470	6,066	6,421	6,411	5,503
Furniture, Equipment, Vehicles	6,773	7,073	6,718	7,738	6,642
	<u>\$102,416</u>	<u>102,082</u>	<u>102,526</u>	<u>103,396</u>	<u>101,675</u>

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

During 2015, Moody’s Investors Service (“Moody’s”) and Standard and Poor’s (S&P) confirmed their bond ratings of “Aa2” and “AA”, respectively.

The District had outstanding debt of approximately \$39.2 million and \$42.5 million as of August 31, 2015 and 2014, respectively.

<b>Schedule of Outstanding Debt (in thousands)</b>				
	<b>2015</b>	<b>2014</b>	<b>2013</b>	
General Obligation Bonds	\$ 27,833	30,418	32,843	
Revenue Bonds	11,340	12,029	12,683	
	<u>\$ 39,173</u>	<u>42,447</u>	<u>45,526</u>	

**Financial Performance Indicators**

	<u>Midland College</u>				<u>Texas Community College Average</u>
	2015	2014	2013	2012	2014
<u>Return on Net Position</u>					
Without GASB 68 Restatement	4.8%	3.6%	4.0%	5.2%	3.0%
With GASB 68 Restatement	5.2%	-	-	-	-
<u>Operating Margin</u>	5.2%	3.5%	4.0%	4.4%	5.9%
<u>Primary Reserve Ratio</u>					
Without GASB 68 Restatement	0.48	0.46	0.45	0.40	0.44
With GASB 68 Restatement	0.35	-	-	-	-
<u>Equity Ratio</u>					
Without GASB 68 Restatement	67%	65%	63%	61%	49%
With GASB 68 Restatement	62%	-	-	-	-
<u>Viability Ratio</u>					
Without GASB 68 Restatement	2.43	2.04	1.87	1.56	1.16
With GASB 68 Restatement	1.64	-	-	-	-
<u>Leverage Ratio</u>					
Without GASB 68 Restatement	0.12	0.13	0.13	0.15	0.28
With GASB 68 Restatement	0.13	-	-	-	-
<u>Composite Financial Index (CFI)</u>					
Without GASB 68 Restatement	4.53	3.80	3.72	4.00	3.27
With GASB 68 Restatement	3.56	-	-	-	-

## **Financial Performance Indicators (Continued)**

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.

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 general obligation debt is serviced from dedicated tax assessments and not from existing resources the THECB has elected to use benchmark rates that do not include general obligation debt. In order to draw comparisons with prior years, the ratios have been computed with and without the adjustments related to GASB 68. The minimum standards used by the THECB do not yet take into consideration the GASB 68 restatement.

**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 2014-15 are positive and therefore meet the standard. The results also compare favorably 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 balance sheet.

**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 balance sheet oriented ratio is another indicator of Midland College's strong financial position.

## **Financial Performance Indicators (Continued)**

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. Since general obligation debt is serviced by dedicated tax assessments, the THECB has elected to exclude general obligation debt from this calculation

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 economic condition of the District is heavily influenced by the economic positions of the State of Texas and the local economy. After a period of historic growth, the local economy has entered into a period of contraction as a result of slowing activity in the petroleum industry. The 2015-16 assessed valuation of the tax district continued a thirteen year trend of historic growth; however, the rate of growth going forward will likely mitigate to some extent.

After experiencing a four year period of decreasing enrollment, the 2015-16 enrollment data indicates that this trend has reversed. The District's enrollment tends to be inversely related to the local economy.

The 2015-16 state formula appropriations decreased by approximately 10% and similar decreases were incurred for staff benefits funding. The 2016-17 appropriations will approximate the 2015-16 amounts. State support for community college education statewide continues to trend downward. Midland College, along with all Texas community colleges, will continue to face the growing challenge of providing quality educational services and workforce training in the face of diminishing state resources.

The District is not aware of any additional facts, decisions or conditions that are expected to have a significant impact on the financial position or results of operations during 2015-16 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,**

	<u>2015</u>	<u>2014</u>
<b>ASSETS:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 15,494,497	10,877,157
Short-term investments	9,903,473	8,006,240
Accounts receivable, net	2,312,322	1,976,731
Inventories	6,811	6,310
Prepaid expenses	2,577,448	2,374,465
Deposits	20,472	20,472
<b>Total current assets</b>	<u>30,315,023</u>	<u>23,261,375</u>
<b>Non-current Assets:</b>		
Restricted cash and cash equivalents	637,488	624,690
Endowment investments	5,296,632	4,973,372
Other long-term investments	5,291,933	11,843,861
Capital assets, net	102,416,050	102,082,299
Other assets-Split Interest Agreements	51,648	48,725
<b>Total non-current assets</b>	<u>113,693,751</u>	<u>119,572,947</u>
<b>Total Assets</b>	<u>144,008,774</u>	<u>142,834,322</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred outflows related to pensions	\$ 1,156,973	-
Deferred outflow on refunding of debt	1,744,057	2,003,312
<b>Total deferred outflows</b>	<u>2,901,030</u>	<u>2,003,312</u>
<b>Total of assets and deferred outflows of resources</b>	<u>\$ 146,909,804</u>	<u>144,837,634</u>
<b>LIABILITIES:</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 1,636,487	2,252,929
Accrued liabilities	2,417,248	1,864,009
Accrued compensable absences – current portion	644,250	614,039
Funds held for others	256,368	232,631
Unearned revenues	3,928,663	4,157,514
Bonds payable – current portion	2,082,230	3,274,124
Deposits	40,160	30,160
<b>Total current liabilities</b>	<u>11,005,406</u>	<u>12,425,406</u>
<b>Non-current Liabilities:</b>		
Accrued compensable absences	1,115,374	1,069,629
Net pension liability	6,410,732	-
Bonds payable – non-current portion	37,090,703	39,172,933
<b>Total non-current liabilities</b>	<u>44,616,809</u>	<u>40,242,562</u>
<b>Total Liabilities</b>	<u>55,622,215</u>	<u>52,667,968</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred inflows related to pensions	\$ 1,961,061	-

**Midland College District****Exhibit 1****STATEMENTS OF NET POSITION (CONTINUED)**

Years ended August 31,

	<u>2015</u>	<u>2014</u>
NET POSITION:		
Invested in capital assets, net of related debt	\$ 64,808,031	61,459,411
Restricted for:		
Nonexpendable:		
Student aid	4,458,652	4,498,447
Instructional programs	847,925	847,457
Expendable:		
Student aid	3,782,986	2,974,308
Instructional programs	1,284,074	1,228,690
Capital projects	766,942	788,685
Debt service	(639,413)	(324,229)
Unrestricted	<u>14,017,331</u>	<u>20,696,897</u>
 Total Net Position (Schedule D)	 <u>89,326,528</u>	 <u>92,169,666</u>
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ <u><u>146,909,804</u></u>	 <u><u>144,837,634</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,**

	2015	2014
<b>REVENUES</b>		
Operating revenues		
Tuition and fees (net of discounts of \$4,549,541 and \$4,122,761 , respectively)	\$ 9,231,626	9,778,001
Federal grants and contracts	1,459,586	1,532,215
State grants and contracts	556,875	880,887
Local grants and contracts	1,734,387	1,758,246
Non-governmental grants and contracts	876,017	1,034,641
Sales and services of educational activities	631,798	510,013
Investment income – program restricted	141,006	224,896
Auxiliary enterprises (net of discounts of \$377,323 and \$348,915, respectively)	1,152,738	1,180,034
General operating revenues	602,605	506,729
Total operating revenues (Schedule A)	16,386,638	17,405,662
<b>EXPENSES</b>		
Operating expenses		
Instruction	19,168,713	18,530,920
Public service	2,541,441	2,593,365
Academic support	6,085,354	5,784,740
Student services	3,808,437	3,776,995
Institutional support	6,604,957	6,411,527
Operation and maintenance of plant	5,574,170	5,847,844
Scholarships and fellowships (net of discounts of \$3,836,799 and \$3,635,664, respectively)	2,704,265	2,908,599
Auxiliary enterprises (net of discounts of \$377,323 and \$348,915, respectively)	3,626,536	3,487,785
Depreciation	3,754,347	3,757,846
Total operating expenses (Schedule B)	53,868,220	53,099,621
<b>OPERATING LOSS</b>	(37,481,582)	(35,693,959)
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State appropriations	11,220,596	11,106,290
Maintenance ad valorem taxes	22,447,041	20,910,228
Debt service ad valorem taxes	3,006,637	2,875,327
Federal revenue, non-operating	4,290,359	4,016,786
Gifts	2,297,273	1,490,596
Investment income	165,178	86,635
Contributions in aid of construction	925	20,825
Interest on capital related debt	(1,527,185)	(1,640,801)
(Loss) gain on disposal of fixed assets	(4,257)	18,408
Additions to permanent endowments	5,262	18,252
Net non-operating revenues (Schedule C)	41,901,829	38,902,546

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

	<u>2015</u>	<u>2014</u>
Increase in net position	4,420,247	3,208,587
Net position – beginning of year	92,169,666	88,961,079
Cumulative effect of change in accounting principle (Note 2)*	<u>(7,263,385)</u>	<u>-</u>
Net position – beginning of year – as restated	<u>84,906,281</u>	<u>88,961,079</u>
Net position – end of year	<u>\$ 89,326,528</u>	<u>92,169,666</u>

- \* In accordance with the provisions of Government Accounting Standards Board Statement No. 68, the District has elected to present the cumulative effect of the implementation of the statement all in fiscal year 2015 Statement of Revenues, Expenses and Changes in Net Position. Since community colleges do not have all of the audited beginning balances for deferred inflows of resources and deferred outflows of resources related to pensions required to properly restate the FY2014 financial statements, the restatement will be made directly to the beginning net position in the FY2015 financial statements as a cumulative effect of a change in accounting principle.

**Midland College District**  
**STATEMENTS OF CASH FLOWS**

**Exhibit 3**

**Years ended August 31,**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from students and other customers	\$ 10,696,474	11,528,313
Receipts from grants and contracts	4,543,437	5,210,921
Payments to suppliers for goods and services	(14,697,306)	(13,812,866)
Payments to or on behalf of employees	(31,054,495)	(29,903,707)
Payments for scholarships and fellowships	(2,586,097)	(2,898,973)
Other receipts	559,221	691,559
Net cash used in operating activities	(32,538,766)	(29,184,753)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Receipts from state appropriations	8,869,659	8,869,659
Receipts from ad valorem taxes – operating and maintenance	22,479,858	20,848,273
Receipts from non-operating federal revenue	4,290,359	4,016,786
Receipts from gifts or grants for other than capital purposes	2,297,273	1,490,596
Receipts from student organizations and other agency transactions	231,438	200,489
Payments to student organizations and other agency transactions	(207,701)	(33,375)
Receipts from private gifts for endowment purposes	2,339	15,494
Net cash provided by non-capital financing activities	37,963,225	35,407,922
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Receipts from ad valorem taxes – debt services	3,010,666	2,868,283
Receipts from capital grants and gifts	925	20,825
Purchases of capital assets	(4,092,355)	(3,296,015)
Payments on capital debt – principal	(2,629,000)	(2,504,000)
Payments on capital debt – interest	(1,577,390)	(1,684,814)
Net cash used in financing activities	(5,287,154)	(4,595,721)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	34,956,255	30,981,195
Interest on investments	161,399	(33,382)
Purchase of investments	(30,624,821)	(31,001,518)
Net cash provided by (used in) investing activities	4,492,833	(53,705)
Increase in cash and cash equivalents	4,630,138	1,573,743
Cash and cash equivalents – September 1	11,501,847	9,928,104
Cash and cash equivalents – August 31	\$ 16,131,985	11,501,847

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

	<u>2015</u>	<u>2014</u>
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (37,481,582)	(35,693,959)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	3,754,347	3,757,846
Payments made directly by state for benefits	2,350,937	2,236,631
Changes in related assets and liabilities:		
Receivables, net	(368,655)	(28,023)
Prepaid expenses	(202,983)	(7,991)
Inventories	(501)	(1,007)
Deferred outflows	(548,505)	-
Accounts payable	(593,877)	383,397
Accrued liabilities	(1,256,113)	67,493
Compensated absences	75,956	45,508
Unearned revenue	(228,851)	55,352
Deferred inflows	<u>1,961,061</u>	<u>-</u>
Net cash used by operating activities	\$ <u>(32,538,766)</u>	<u>(29,184,753)</u>

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

## Midland College District

### NOTES TO FINANCIAL STATEMENTS

August 31, 2015 and 2014

#### 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, 2015 and 2014

#### 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.

##### *Deferred Inflows*

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

##### *Deferred Outflows*

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

##### *Pledges*

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

##### *Unearned Revenue and Prepaid Expenditures*

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

##### *Inventories*

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

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2015 and 2014

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

##### *Investments*

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase. The District considers investments in public fund investment pools to be short-term.

##### *Budgetary Data*

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

##### *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.

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2015 and 2014

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

##### *Pensions*

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

##### *Prior Year Restatement*

Beginning net position as of September 1, 2014, has been restated as follows for the implementation of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, as amended by GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date.

Beginning Net Position	\$	92,169,666
Prior period adjustment – implementation of GASB 68:		
Net pension liability (measurement date as of August 31, 2014)		(7,871,853)
Deferred outflows – college contributions made during fiscal year 2014		<u>608,468</u>
Beginning Net Position, as restated	\$	<u>84,906,281</u>

##### *New Accounting Pronouncements*

##### *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.

##### *Reclassifications*

Certain reclassifications have been made to conform with the 2015 presentation.

#### 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.

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2015 and 2014

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

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

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

**Deposits:** At August 31, 2015 and 2014, the carrying amount of the District's deposits was \$9,636,613 and \$5,498,792, respectively; and bank balances equaled \$4,280,688 and \$5,364,491. Bank balances of \$724,415 and \$406,460 are covered by federal depository insurance and \$3,556,273 and \$4,958,031 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 \$840,323 and \$92,764 in state approved public investment pools at August 31, 2015 and 2014, respectively.

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

#### Cash and Deposits

	2015	2014
Bank Deposits		
Demand Deposits	\$ 2,001,454	487,948
Money Market Deposits	7,635,159	5,010,844
	9,636,613	5,498,792
Cash and Cash Equivalent:		
Petty Cash on Hand	6,200	6,200
Investments due within 90 days	6,489,172	5,996,855
	6,495,372	6,003,055
Total Cash and Deposits	\$ 16,131,985	11,501,847

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

Type of Security	August 31, 2015 Market Value	August 31, 2014 Market Value
U.S Government Securities	\$ 7,845,575	8,901,002
Public Funds Investment Pools	840,323	92,764
Municipal Bonds	8,750,312	6,798,707
Certificates of Deposit	9,545,000	9,031,000
Total Investments	\$ 26,981,210	24,823,473
Total Cash and Deposits	\$ 9,642,813	11,501,847
Total Investments	26,981,210	24,823,473
Total Deposits and Investments	\$ 36,624,023	36,325,320
Cash and Temporary Investments (Exhibit 1)	\$ 16,131,985	19,508,087
Investments (Exhibit 1)	20,492,038	16,817,233
Total Deposits and Investments	\$ 36,624,023	36,325,320

**Midland College District**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2015 and 2014**

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

As of August 31, 2015 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	\$ 840,323	840,323	-	-	-
U.S. Government Securities	7,845,575	3,047,847	2,240,298	2,557,430	-
Municipal Bonds	8,750,312	5,270,172	1,957,677	1,330,376	192,087
Certificates of Deposit	9,545,000	7,764,000	923,000	858,000	-
<b>Total Fair Value</b>	<b>\$ 26,981,210</b>	<b>16,922,342</b>	<b>5,120,975</b>	<b>4,745,806</b>	<b>192,087</b>

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
<b>Total Fair Value</b>	<b>\$ 24,823,473</b>	<b>8,360,999</b>	<b>6,319,581</b>	<b>8,846,578</b>	<b>1,296,315</b>

**Interest Rate Risk:** In order to limit exposure to fair value losses arising from increasing interest rates, the District has established maturity limitations for each fund group. Operating funds are primarily invested in instruments that offer high liquidity and have maturities corresponding with the short to intermediate operating needs of the District. Plant funds and other capital project funds have maturities which correspond to the associated project or debt service dates. Endowment funds are invested in long-term treasury 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 FNMA Bonds (7.6%) and FHLM Bonds (6.3%).

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

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2015 and 2014**

**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, 2015		
Assessed valuation of the District		\$ 21,632,033,264
Less exemptions		<u>1,308,136,128</u>
Net assessed valuation of the District		\$ <u>20,323,897,136</u>
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, 2015

	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	\$ .1097	.0147	.1244

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

Taxes levied for the years ended August 31, 2015 and 2014 are \$25,280,896 and \$23,804,745, 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, 2015

	Current Operations	Debt Service	Total
<u>Taxes Collected</u>			
Current taxes collected	\$ 22,046,361	2,952,608	24,998,969
Delinquent taxes collected	255,220	34,182	289,402
Penalties and interest collected	<u>178,276</u>	<u>23,876</u>	<u>202,152</u>
Total collections	\$ <u>22,479,857</u>	<u>3,010,666</u>	<u>25,490,523</u>

**Midland College District**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**August 31, 2015 and 2014**

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

At August 31, 2014

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
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>

Tax collections (including penalties, interest and delinquent collections) for the years ended August 31, 2015 and 2014 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>2015</u>	<u>2014</u>
Current unrestricted fund	\$ 510,673	561,160
Debt service fund	<u>72,590</u>	<u>78,787</u>
	583,263	639,947
Allowance for uncollectible taxes	<u>(204,142)</u>	<u>(223,982)</u>
 Net ad valorem taxes receivable	 \$ <u>379,121</u>	 <u>415,965</u>

**Midland College District**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**August 31, 2015 and 2014**

**NOTE 6 – CAPITAL ASSETS**

Capital assets activity for the year ended August 31, 2015, was as follows:

	Balance September 1, 2014	Increases	Decreases	Balance August 31, 2015
<u>Not Depreciated:</u>				
Land	\$ 2,551,660	-	-	2,551,660
Collectibles	42,000	-	-	42,000
Construction in process	1,505,514	3,010,934	1,338,625	3,177,823
Subtotal	<u>4,099,174</u>	<u>3,010,934</u>	<u>1,338,625</u>	<u>5,771,483</u>
<u>Other Capital Assets:</u>				
Buildings	110,909,126	92,638	10,126	110,991,638
Land improvements	7,885,900	763,216	-	8,649,116
Leasehold improvements	-	572,427	-	572,427
Library books	2,005,955	43,233	-	2,049,188
Furniture, machinery, vehicles and other equipment	16,677,321	974,024	331,567	17,319,778
Subtotal	<u>137,478,302</u>	<u>2,445,538</u>	<u>341,693</u>	<u>139,582,147</u>
<u>Accumulated Depreciation:</u>				
Buildings	26,487,817	2,081,784	-	28,569,601
Land improvements	1,820,332	358,828	-	2,179,160
Leasehold improvements	-	1,835	-	1,835
Library books	1,583,584	57,582	-	1,641,166
Furniture, machinery, vehicles and other equipment	9,603,444	1,254,318	311,944	10,545,818
Subtotal	<u>39,495,177</u>	<u>3,754,347</u>	<u>311,944</u>	<u>42,937,580</u>
Net other capital assets	<u>97,983,125</u>	<u>(1,308,809)</u>	<u>29,749</u>	<u>96,644,567</u>
Net capital assets	<u>\$ 102,082,299</u>	<u>1,702,125</u>	<u>1,368,374</u>	<u>102,416,050</u>

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

August 31, 2015 and 2014

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

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>

**NOTE 7 – LONG-TERM LIABILITIES**

Long-term liability activity for the year ended August 31, 2015, was as follows:

	Balance September 1, 2014	Additions	Reductions	Balance August 31, 2015	Current Portion
<u>Bonds</u>					
General obligation bonds	\$ 30,418,057	-	2,585,124	27,832,933	1,362,230
Revenue bonds	12,029,000	-	689,000	11,340,000	720,000
Total bonds	<u>42,447,057</u>	<u>-</u>	<u>3,274,124</u>	<u>39,172,933</u>	<u>2,082,230</u>
<u>Other liabilities</u>					
Compensated absences	1,683,668	153,512	77,556	1,759,624	644,250
Net pension liability	-	9,470,389	3,059,657	6,410,732	-
Total other liabilities	<u>1,683,668</u>	<u>9,623,901</u>	<u>3,137,213</u>	<u>8,170,356</u>	<u>644,250</u>
Total long-term liabilities	<u>\$ 44,130,725</u>	<u>9,623,901</u>	<u>6,411,337</u>	<u>47,343,289</u>	<u>2,726,480</u>

**Midland College District**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**August 31, 2015 and 2014**

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

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
<b>Bonds</b>					
General obligation bonds	\$ 32,843,281	-	2,425,224	30,418,057	2,585,124
Revenue bonds	12,683,000	-	654,000	12,029,000	689,000
Total bonds	<u>45,526,281</u>	<u>-</u>	<u>3,079,224</u>	<u>42,447,057</u>	<u>3,274,124</u>
<b>Other liabilities</b>					
Compensated absences	1,638,160	171,541	126,033	1,683,668	614,039
Total long-term liabilities	<u>\$ 47,164,441</u>	<u>171,541</u>	<u>3,205,257</u>	<u>44,130,725</u>	<u>3,888,163</u>

**NOTE 8 – DEBT OBLIGATIONS**

**Bonds Payable**

Debt service requirements at August 31, 2015, were as follows:

For the Year Ended August 31,	Revenue Bonds		General Obligation Bonds		Total Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
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	760,000	403,228	2,335,000	675,150	3,095,000	1,078,378
2021-2025	4,390,000	1,408,641	13,545,000	1,738,400	17,935,000	3,147,041
2026-2028	<u>3,200,000</u>	<u>282,321</u>	<u>3,055,000</u>	<u>45,825</u>	<u>6,255,000</u>	<u>328,146</u>
Total cash payments	<u>11,340,000</u>	<u>4,077,972</u>	<u>26,239,052</u>	<u>7,048,048</u>	<u>37,579,052</u>	<u>11,126,020</u>
Unamortized Prem/Disc	<u>-</u>	<u>-</u>	<u>1,593,881</u>	<u>(1,593,881)</u>	<u>1,593,881</u>	<u>(1,593,881)</u>
Total	<u>\$ 11,340,000</u>	<u>4,077,972</u>	<u>27,832,933</u>	<u>5,454,167</u>	<u>39,172,933</u>	<u>9,532,139</u>

**NOTE 9 – BONDS PAYABLE**

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

**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 was paid in 2014.

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2015 and 2014**

**NOTE 9 – BONDS PAYABLE (CONTINUED)**

**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 was paid in February 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.

**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

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2015 and 2014**

**NOTE 11 – DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES**

**Receivables**

Receivables at August 31, were as follows:

	2015	2014
Student Receivables	\$ 1,437,289	1,205,233
Taxes Receivable	583,263	639,947
State Receivable	144,649	210,016
Federal Receivable	297,994	305,946
Accounts Receivable	716,208	378,863
Interest Receivable	160,056	156,277
Subtotal	3,339,459	2,896,282
Allowance for Doubtful Accounts	(1,027,137)	(919,551)
<b>Total Receivables</b>	<b>\$ 2,312,322</b>	<b>1,976,731</b>

**Payables**

Payables at August 31, were as follows:

	2015	2014
Vendors Payable	\$ 1,506,774	2,115,084
Students Payable	129,713	137,845
<b>Total Payables</b>	<b>\$ 1,636,487</b>	<b>2,252,929</b>

**NOTE 12 – DEFINED BENEFIT PENSION PLAN**

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

**A. Plan Description**

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2015 and 2014

#### NOTE 12 – EMPLOYEES' RETIREMENT PLANS (CONTINUED)

##### **B. Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

##### **C. Benefits Provided**

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

##### **D. Contributions**

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. Effective September 1, 2013, Senate Bill (S.B.) 1812 limits the amount of the state's contribution rate to 50% of the cost of eligible employees in the reporting district.

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2015 and 2014**

**NOTE 12 – EMPLOYEES’ RETIREMENT PLANS (CONTINUED)**

**D. Contributions (Continued)**

Contribution Rates		
	<u>2014</u>	<u>2015</u>
Member	6.4%	6.7%
Non-Employer Contributing Entity (State) for *eligible employees	3.4%	3.4%
District *eligible employees	3.4%	3.4%
District for **non-eligible employees	6.8%	6.8%
2014 District Contributions	\$ 608,468	
2014 State of Texas On-behalf Contributions	\$ 409,792	

\*An eligible employee is defined as an employee eligible for state funding.

\*\* A non-eligible employee is defined as an employee that is not eligible for state funding, but is eligible for retirement benefits.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

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

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2015 and 2014

#### NOTE 12 – EMPLOYEES' RETIREMENT PLANS (CONTINUED)

##### E. Actuarial Assumptions

The total pension liability in the August 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2014
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	30 years
Asset Valuation Method	5 year Market Value
Discount Rate	8.00%
Long-term expected Investment Rate of Return*	8.00%
Salary Increases*	4.25% to 7.25%
Weighted-Average at Valuation Date	5.55%
Payroll Growth Rate	3.50%

*\*Includes Inflation of 3%*

The actuarial methods and assumptions are primarily based on a study of actual experience for the four year period ending August 31, 2010 and adopted on April 8, 2011. With the exception of the post-retirement mortality rates for healthy lives and a minor change to the expected retirement age for inactive vested members stemming from the actuarial audit performed in the Summer of 2014, the assumptions and methods are the same as used in the prior valuation. When the mortality assumptions were adopted in 2011 they contained a significant margin for possible future mortality improvement. As of the date of the valuation there has been a significant erosion of this margin to the point that the margin has been eliminated. Therefore, the post-retirement mortality rates for current and future retirees was decreased to add additional margin for future improvement in mortality in accordance with the Actuarial Standards of Practice No. 35.

##### F. Discount Rate

The discount rate used to measure the total pension liability was 8.0%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2014 are summarized below:

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

August 31, 2015 and 2014

**NOTE 12 – EMPLOYEES’ RETIREMENT PLANS (CONTINUED)**

**F. Discount Rate (Continued)**

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Expected Contribution to Long-Term Portfolio Returns*
<b>Global Equity:</b>			
U.S.	18.0%	4.6%	1.0%
Non-U.S. Developed	13.0%	5.1%	0.8%
Emerging Markets	9.0%	5.9%	0.7%
Directional Hedge Funds	4.0%	3.2%	0.1%
Private Equity	13.0%	7.0%	1.1%
<b>Stable Value:</b>			
U.S. Treasuries	11.0%	0.7%	0.1%
Absolute Value Hedge Funds	-	1.8%	-
Stable Value Hedge Funds	4.0%	3.0%	0.1%
Cash	1.0%	-0.2%	-
<b>Real Return:</b>			
Global Inflation Linked Bonds	3.0%	0.9%	-
Real Assets	16.0%	5.1%	1.1%
Energy and Natural Resources	3.0%	6.6%	0.2%
Commodities	-	1.2%	-
<b>Risk Parity:</b>			
Risk Parity	5.0%	6.7%	0.3%
Inflation expectation	-	-	2.2%
Alpha	-	-	1.0
<b>Total</b>	<b>100.0%</b>		<b>8.7%</b>

\* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

*Source: Teacher Retirement System of Texas 2014 Comprehensive Annual Financial Report*

**G. Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the 2014 Net Pension Liability.

	1% Decrease in Discount Rate (7.0%)	Discount Rate (8.0%)	1% Increase in Discount rate (9.0%)
The District's proportionate share of the net pension liability: \$	11,455,590	6,410,732	2,638,119

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2015 and 2014

#### NOTE 12 – EMPLOYEES’ RETIREMENT PLANS (CONTINUED)

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

At August 31, 2014, the District reported a liability of \$ 6,410,732 for its proportionate share of the TRS’s net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

The District’s proportionate share of the collective net pension liability	\$	6,410,732
State’s proportionate share that is associated with the District		4,326,729
Total		<u>\$ 10,737,461</u>

The net pension liability was measured as of August 31, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer’s proportion of the net pension liability was based on the employer’s contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2013 thru August 31, 2014.

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

There was a change in employer contribution requirements that occurred after the measurement date of the net pension liability and the employer’s reporting date. A 1.5% contribution for employers not paying Old Age Survivor and Disability Insurance (OASDI) on certain employees went into law effective 09/01/2014. The amount of the expected resultant change in the employer’s proportion cannot be determined at this time.

For the year ended August 31, 2015, the District recognized pension expense of \$409,792 and revenue of \$409,792 for support provided by the State.

At August 31, 2015, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 99,144	-
Changes in actuarial assumptions	416,705	-
Difference between projected and actual investment earnings	-	1,959,381
Changes in proportion and difference between the employer’s contributions and proportionate share of contributions	-	1,680
Contributions paid to TRS subsequent to the measurement date	641,124	-
Total	<u>\$ 1,156,973</u>	<u>1,961,061</u>

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2015 and 2014**

**NOTE 12 – EMPLOYEES’ RETIREMENT PLANS (CONTINUED)**

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

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

<u>Year ended August 31:</u>	<u>Pension Expense Amount</u>
2016	\$ 403,105
2017	403,105
2018	403,105
2019	403,105
2020	-
Thereafter	-

**NOTE 13 – OTHER RETIREMENT PLAN**

**Optional Retirement Plan**

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

*Funding Policy.* Contribution requirements are not actuarially determined but are established and amended by Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.6% for 2015 and 2014, but was funded at 3.3% after the reduction in accordance with Senate Bill (S.B.) 1812. 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. Effective September 1, 2013, Senate Bill (S.B.) 1812 limits the amount of the state’s contribution to 50% of the cost of eligible employees in the reporting district.

The retirement expense for the Optional Retirement Program to the State for the District was \$216,514 and \$221,224 for the fiscal years ended August 31, 2015 and 2014, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the District.

The total payroll for all District employees was \$25,634,213 and \$24,718,403 for fiscal years 2015 and 2014, respectively. The total payroll of employees covered by the Optional Retirement Program was \$7,111,749 and \$7,104,269 for fiscal years 2015 and 2014, respectively.

**NOTE 14 – 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 \$1,728,041 and \$1,610,026 for the years ended August 31, 2015 and 2014, 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, 2015 and 2014

#### NOTE 15 – 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 \$635,000 and \$602,000 on August 31, 2015 and 2014, 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 \$1,085,000 and \$1,040,000 on August 31, 2015 and 2014, respectively.

#### NOTE 16 – 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, 2015 and 2014 was \$2,011 and \$2,053, 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, 2015, the District had an estimated claims accrual of approximately \$2,011 for workers compensation claims and had paid claims in 2015 totaling approximately \$46.

## Midland College District

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

August 31, 2015 and 2014

#### NOTE 17 – FUND BALANCES

Ending fund balances at August 31 were as follows:

	<u>2015</u>	<u>2014</u>
Current funds:		
Fund balance, unrestricted	\$ 12,830,916	19,510,482
Fund balance, auxiliary enterprises	1,186,415	1,186,415
Fund balance, restricted	<u>5,194,589</u>	<u>4,667,454</u>
Total current fund balance	19,211,920	25,364,351
Fund balance, endowment and similar funds	5,306,577	5,345,904
Fund balance, plant funds	<u>64,808,031</u>	<u>61,459,411</u>
Fund balance, primary government	<u>\$ 89,326,528</u>	<u>92,169,666</u>

#### NOTE 18 – 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 19 – 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 2015 and 2014 for which monies have not been received nor funds expended total \$1,277,482 and \$1,993,909, respectively. All of these amounts were from federal contract and grant awards.

#### NOTE 20 – 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, 2015 and 2014.

#### NOTE 21 – 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 \$2,923 and \$2,758 representing the discounted present value of the expected distributions for the years ended August 31, 2015 and 2014, respectively. The contribution receivable was approximately \$51,600 and \$48,700 as of August 31, 2015 and 2014, respectively.

**Midland College District**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**August 31, 2015 and 2014**

**NOTE 22 – COMMITMENTS**

As of August 31, 2015, the District has awarded the following contracts for construction projects:

Residence Halls HVAC	\$	162,800
Chevron Phase II Energy Savings		2,819,125

**NOTE 23 – 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 \$2,279,703 and \$1,564,821 in fiscal years 2015 and 2014, respectively. Two trustees of the District are also on the Board of Directors of the Foundation.

**NOTE 24 – 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, 2015 and 2014**

**NOTE 24 – 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, 2015, 2014 and 2013 were \$89,778, \$73,519 and \$66,540, 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, 2015, 2014 and 2013 were \$48,080, \$45,602 and \$44,819, respectively, which equaled the required contributions each year.

**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.

	<u>2015</u>	<u>2014</u>
County or Independent School District:	Collections (including penalties and interest)	Collections (including penalties and interest)
Pecos County	\$ 1,040,704	1,045,612

**NOTE 26 – SUBSEQUENT EVENTS**

Management of the District has performed an evaluation of the District's activity through December 11, 2015, the date these financial statements were available for issuance and noted no significant event that would require recording or disclosure.

**REQUIRED SUPPLEMENTARY SCHEDULES**

**Midland College District**

**SCHEDULE OF DISTRICT'S SHARE OF NET PENSION LIABILITY**

**For the Year Ended August 31, 2015**

<b>Fiscal year ending August 31,*</b>		<b>2015**</b>
TRS net position as percentage of total pension liability		83.25 %
The District's proportionate share of collective net pension liability (%)		.024 %
The District's proportionate share of collective net pension liability (\$)	\$	6,410,732
Portion of NECE's total proportionate share of NPL associated with the District		4,326,729
Total	\$	<u>10,737,461</u>
District's covered payroll amount	\$	15,256,625
Ratio of: ER proportionate share of collective NPL/ER's covered payroll amount		42 %

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

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

**Midland College District**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**For the Year Ended August 31, 2015**

<b>Fiscal year ending August 31,*</b>	<b>2015**</b>
Legally required contributions	\$ 606,222
Actual contributions	<u>606,222</u>
Contributions deficiency (excess)	-
District's covered employee payroll amount	15,256,625
Ratio of: Actual contributions/ER covered payroll amount	3.97 %

\*The amounts presented above are as of the District's most recent fiscal year-end.

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

## **Midland College District**

### **NOTES TO REQUIRED SUPPLEMENTARY SCHEDULES**

**For the Year Ended August 31, 2015**

#### **Changes of Benefit Terms Include:**

- Information about factors that significantly affect trends in the amounts reported in the RSI schedules should be presented (for example COLA increases)

#### **Changes of Assumptions**

There were no changes of assumptions for the year ended August 31, 2015.

**REQUIRED SUPPLEMENTAL INFORMATION**

**Midland College District**

**Schedule A**

**SCHEDULE OF DETAILED OPERATING REVENUES**

**Year Ended August 31, 2015  
(With Memorandum Totals for the Year Ended August 31, 2014)**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2015 Total	2014 Memorandum Total
<b>Tuition:</b>						
State funded credit courses:						
In-district resident tuition	\$ 3,368,258	-	3,368,258	-	3,368,258	3,471,055
Out-of-district resident tuition	3,805,039	-	3,805,039	-	3,805,039	3,855,066
Non-resident tuition	824,486	-	824,486	-	824,486	750,710
TPEG – credit (set aside) *	325,628	-	325,628	-	325,628	361,752
State-funded continuing education	1,192,919	-	1,192,919	-	1,192,919	1,461,841
TPEG – non-credit (set aside) *	76,144	-	76,144	-	76,144	93,180
Non-state funded continuing educational programs	248,035	-	248,035	-	248,035	264,348
Total tuition	<u>9,840,509</u>	<u>-</u>	<u>9,840,509</u>	<u>-</u>	<u>9,840,509</u>	<u>10,257,952</u>
<b>Fees:</b>						
General use fee	2,560,128	-	2,560,128	-	2,560,128	2,241,573
Lab fees	508,984	-	508,984	-	508,984	553,669
Distance learning fee	721,200	-	721,200	-	721,200	695,777
Other	150,346	-	150,346	-	150,346	151,791
Total fees	<u>3,940,658</u>	<u>-</u>	<u>3,940,658</u>	<u>-</u>	<u>3,940,658</u>	<u>3,642,810</u>
<b>Scholarship allowances and discounts:</b>						
Bad debt allowance	(88,106)	-	(88,106)	-	(88,106)	(34,905)
Scholarships	(1,936,443)	-	(1,936,443)	-	(1,936,443)	(1,861,119)
Remissions and exemptions - state	(264,175)	-	(264,175)	-	(264,175)	(195,472)
Remissions and exemptions - local	(360,374)	-	(360,374)	-	(360,374)	(256,720)
Title IV federal grants	(1,750,462)	-	(1,750,462)	-	(1,750,462)	(1,617,262)
TPEG awards	(80,129)	-	(80,129)	-	(80,129)	(81,037)
Other state grants	(69,852)	-	(69,852)	-	(69,852)	(67,490)
Other local grants	-	-	-	-	-	(8,756)
Total scholarship allowances	<u>(4,549,541)</u>	<u>-</u>	<u>(4,549,541)</u>	<u>-</u>	<u>(4,549,541)</u>	<u>(4,122,761)</u>
Total net tuition and fees	<u>9,231,626</u>	<u>-</u>	<u>9,231,626</u>	<u>-</u>	<u>9,231,626</u>	<u>9,778,001</u>

**Midland College District**

**Schedule A**

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

**Year Ended August 31, 2015  
(With Memorandum Totals for the Year Ended August 31, 2014)**

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2015 Total	2014 Memorandum Total
<b>Additional operating revenues:</b>						
Federal grants and contracts	63,979	1,395,607	1,459,586	-	1,459,586	1,532,215
State grants and contracts	-	556,875	556,875	-	556,875	880,887
Local grants and contracts	1,476,283	258,104	1,734,387	-	1,734,387	1,758,246
Non-governmental grants and contracts	607,469	250,698	858,167	17,850	876,017	1,034,641
Sales and services of educational activities	631,798	-	631,798	-	631,798	510,013
Investment income (program restricted)	133,883	-	133,883	7,123	141,006	224,896
General operating revenues	401,678	200,927	602,605	-	602,605	506,729
Total additional operating revenues	<u>3,315,090</u>	<u>2,662,211</u>	<u>5,977,301</u>	<u>24,973</u>	<u>6,002,274</u>	<u>6,447,627</u>
<b>Auxiliary enterprises:</b>						
Bookstore **	-	-	-	219,128	219,128	217,777
Residential/food service	-	-	-	1,191,539	1,191,539	1,194,254
Less discounts	-	-	-	(377,323)	(377,323)	(348,915)
Athletics	-	-	-	11,578	11,578	10,533
Other	-	-	-	107,816	107,816	106,385
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,152,738</u>	<u>1,152,738</u>	<u>1,180,034</u>
Total Operating Revenues (Exh. 2)	<u>\$ 12,546,716</u>	<u>2,662,211</u>	<u>15,208,927</u>	<u>1,177,711</u>	<u>16,386,638</u>	<u>17,405,662</u>

\* In accordance with Education Code 56.033, \$401,772 and \$454,932 of tuition for years ended August 31, 2015 and 2014, 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, 2015  
(With Memorandum Totals for the Year Ended August 31, 2014)

	Operating Expenses				2015 Total	2014 Memorandum Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 12,530,948	-	2,850,223	1,716,863	17,098,034	16,538,245
Public service	1,023,162	-	84,297	223,628	1,331,087	1,394,923
Academic support	3,309,701	-	582,438	1,894,152	5,786,291	5,391,362
Student services	2,117,057	-	498,103	451,916	3,067,076	2,994,812
Institutional support	3,340,399	-	782,983	2,084,195	6,207,577	6,030,037
Operation and maintenance of plant	997,832	-	386,800	4,110,028	5,494,660	5,768,916
Scholarships and fellowships	-	-	-	14,032	14,032	24,467
<b>Total Unrestricted Educational Activities</b>	<b>23,319,099</b>	<b>-</b>	<b>5,184,844</b>	<b>10,494,814</b>	<b>38,998,757</b>	<b>38,142,762</b>
Restricted – Educational Activities						
Instruction	344,563	1,412,628	19,917	293,571	2,070,679	1,992,675
Public service	443,260	-	134,162	632,932	1,210,354	1,198,442
Academic support	15,874	204,301	3,526	75,362	299,063	393,378
Student services	186,736	294,222	56,267	204,136	741,361	782,183
Institutional support	-	397,380	-	-	397,380	381,490
Operation and maintenance of plant	-	42,406	-	37,104	79,510	78,928
Scholarships and fellowships	-	-	-	2,690,233 *	2,690,233	2,884,132
<b>Total Restricted Educational Activities</b>	<b>990,433</b>	<b>2,350,937</b>	<b>213,872</b>	<b>3,933,338</b>	<b>7,488,580</b>	<b>7,711,228</b>
<b>Total Educational Activities</b>	<b>24,309,532</b>	<b>2,350,937</b>	<b>5,398,716</b>	<b>14,428,152</b>	<b>46,487,337</b>	<b>45,853,990</b>
Auxiliary Enterprises	1,095,011	-	286,122	2,245,403 **	3,626,536	3,487,785
Depreciation Expense – Buildings and other real estate improvements	-	-	-	-	2,442,447	2,434,133
Depreciation Expense – Equipment and furniture	-	-	-	-	1,311,900	1,323,713
<b>Total Operating Expenses</b>	<b>\$ 25,404,543</b>	<b>2,350,937</b>	<b>5,684,838</b>	<b>16,673,555</b>	<b>53,868,220</b> (Exhibit 2)	<b>53,099,621</b> (Exhibit 2)

\* Net of discounts of \$3,836,799

\*\* Net of discounts of \$377,323

Midland College District

Schedule C

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

**Year Ended August 31, 2015**  
**(With Memorandum Totals for the Year Ended August 31, 2014)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2015 Total</u>	<u>2014 Memorandum Total</u>
NON-OPERATING REVENUES:					
State appropriations:					
Education and general state support	\$ 8,514,334	-	-	8,514,334	8,514,334
State group insurance	-	1,728,041	-	1,728,041	1,610,026
State retirement matching	-	622,896	-	622,896	626,605
American Airpower Heritage Museum	-	-	-	-	355,325
Permian Basin Petroleum Museum	-	355,325	-	355,325	-
Total state appropriations	<u>8,514,334</u>	<u>2,706,262</u>	<u>-</u>	<u>11,220,596</u>	<u>11,106,290</u>
Maintenance ad valorem taxes	22,447,041	-	-	22,447,041	20,910,228
Debt service ad valorem taxes	-	3,006,637	-	3,006,637	2,875,327
Federal Revenue, non-operating	-	4,290,359	-	4,290,359	4,016,786
Gifts	-	2,297,273	-	2,297,273	1,490,596
Investment income	164,346	832	-	165,178	86,635
Gain on disposal of capital assets	-	-	-	-	18,408
Contributions in aid of construction	-	925	-	925	20,825
Additions (deductions) to permanent endowments	-	5,262	-	5,262	18,252
Total non-operating revenues	<u>31,125,721</u>	<u>12,307,550</u>	<u>-</u>	<u>43,433,271</u>	<u>40,543,347</u>
NON-OPERATING EXPENSES:					
Interest on capital related debt	-	(1,527,185)	-	(1,527,185)	(1,640,801)
Loss on disposal of capital assets	(4,257)	-	-	(4,257)	-
Total non-operating expense	<u>(4,257)</u>	<u>(1,527,185)</u>	<u>-</u>	<u>(1,531,442)</u>	<u>(1,640,801)</u>
Net non-operating revenues	<u>\$ 31,121,464</u>	<u>10,780,365</u>	<u>-</u>	<u>41,901,829</u> (Exhibit 2)	<u>38,902,546</u> (Exhibit 2)

Midland College District

Schedule D

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY

Year Ended August 31, 2015  
(With Memorandum Totals for the Year Ended August 31, 2014)

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current:							
Unrestricted	\$ 12,830,916	-	-	-	12,830,916	12,830,916	-
Restricted	-	5,834,002	-	-	5,834,002	5,834,002	-
Auxiliary enterprises	1,186,415	-	-	-	1,186,415	1,186,415	-
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Endowment:							
True	-	-	5,306,577	-	5,306,577	-	5,306,577
Plant:							
Debt service	-	(639,413)	-	-	(639,413)	-	(639,413)
Investment in plant	-	-	-	64,808,031	64,808,031	-	64,808,031
Total Net Position August 31, 2015	14,017,331	5,194,589	5,306,577	64,808,031	89,326,528 (Exhibit 1)	19,851,333	69,475,195
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
Cumulative effect of change in accounting principal (Note 2)	(7,263,385)	-	-	-	(7,263,385)	(7,263,385)	-
Total Net Position, September 1, 2014 (As Restated)	13,433,512	4,667,454	5,345,904	61,459,411	84,906,281	18,425,195	66,481,086
Net Increase in Net Position	\$ 583,819	527,135	(39,327)	3,348,620	4,420,247 (Exhibit 2)	1,426,138	2,994,109

**Midland College District**

**Schedule E**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended August 31, 2015**

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	P007A144070	\$ 14,625
Federal College Work-Study Program	84.033	P033A144070	81,063
Federal Pell Grant Program	84.063	P063P143245	4,194,671
Federal Direct Student Loans	84.268	P268K153245	632,043
TRIO Cluster:			
Student Support Services	84.042A	P042A100039	236,024
Upward Bound	84.047A	P047A130770	250,224
Pass-Through From:			
Sul Ross State University			
Title V Cooperative Hispanic Institutions	84.031S	P031S100067	203,855
Texas Higher Education Coordinating Board			
Carl Perkins – Voc. Ed. – Basic	84.048	154248	120,367
Texas Workforce Commission			
Adult Basic Education – Federal/Corrections	84.002A	1114ABE001	20,096
Odessa College			
Adult Basic Education – Federal/Corrections	84.002A	1114AEL002	270,736
El Civics	84.002A	1114AEL002	33,326
			<hr/>
Subtotal CFDA 84.002A			324,158
			<hr/>
Total U.S. Department of Education			6,057,030
			<hr/>
<u>U.S. Department of Health and Human Services</u>			
Pass-Through From:			
Texas Tech University			
Area Health Centers Point of Service Maintenance & Enhancement	93.107	U77HP16497	94,868
Texas Workforce Commission			
Adult Basic Education – Federal TANF	93.558	1114ABE001	2,193
Adult Basic Education – Federal TANF	93.558	1114AEL002	17,531
			<hr/>
Subtotal CFDA 93.558			19,724
PBWDB Child Care Scholarship	93.596	128-14	30,627
PBWDB Child Care Scholarship	93.667	128-14	609
Area Health Education Center of Plains			
Rural HIT Workforce	93.912	R1RH26267	71,860
			<hr/>
Total Department of Health and Human Services			217,688
			<hr/>

**Midland College District**

**Schedule E**

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

**Year Ended August 31, 2015**

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	34,956
Housing Counseling	14.514	HC140821038	<u>15,224</u>
Total Department of U.S. Department of Housing and Urban Development			<u>50,180</u>
<u>U.S. Department of Labor</u>			
Development Training			
Pass-Through From:			
Permian Basin Workforce Development Board			
PBWD Scholarship	17.267	C125-13	593
PBWD Energy Scholarship	17.207	C126-15	<u>31,209</u>
Total U.S. Department of Labor			<u>31,802</u>
<u>National Science Foundation</u>			
Pass-Through From:			
University of Texas System			
LSAMP	47.076	HRD-12022008	25,192
Texas Tech University	47.076	21P344-02	<u>96</u>
Total National Science Foundation			<u>25,288</u>
Total Federal Financial Assistance			\$ <u>6,381,988</u>
<i>Note 1: Federal Assistance Reconciliation</i>			
Federal Grants and Contracts revenue – per Schedule A			\$ 1,395,607
Add: Indirect/Administrative Cost Recoveries-per Schedule A			63,979
Add: Non-Operating Federal Revenue from Schedule C			<u>4,290,359</u>
Total Federal Revenues per Statement of Revenues, Expenses and Changes in Net Position			<u>5,749,945</u>
Reconciling Item:			
Add: Federal Direct Student Loans			<u>632,043</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards			\$ <u>6,381,988</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, 2015**

State Grantor/Pass-Through Grantor/ Program Title	Grant/Contract Number	Pass-Through Disbursement and Expenditures
<b>Direct Programs:</b>		
Texas Comptroller of Public Accounts Jobs and Education for Texans Program	5464-11	\$ 174,496
Texas Workforce Commission Adult Basic Education	1114AEL002	61,310
Texas Higher Education Coordinating Board Intensive College Readiness Program		21,284
IP-AES Program		9,279
Texas College Work Study		15,942
Texas Grant		11,198
Texas Education Opportunity Grant		96,200
Subtotal Texas Higher Education Coordinating Board		<u>153,903</u>
<b>Pass-Through From:</b>		
Texas Tech University Area Health Education Center	04183-10	212,781
University of Texas Health Science Center	TSR Project 2015-17	1,277
Subtotal – Pass Through		<u>214,058</u>
<b>Total State Financial Assistance</b>		<b>\$ <u>603,767</u></b>
<b>Note 1: <u>State Assistance Reconciliation</u></b>		
Total State Financial Assistance		\$ 603,767
Intensive College Readiness-program receipts received in previous years		(21,284)
P-16 College Readiness receipts received in previous years		<u>(25,608)</u>
<b>Total State Revenues per Schedule A</b>		<b>\$ <u>556,875</u></b>

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

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

**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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon December 11, 2015.

**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*.

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, 2015, no instances of noncompliance were noted.

## **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.

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 11, 2015



**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, 2015. 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, 2015.

### **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 11, 2015

**Midland College District**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**August 31, 2015**

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?	None reported
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, 2015**

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
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
84.042A	TRIO Cluster: Student Support Services
84.047A	Upward Bound
84.048	Perkins Cluster: Carl Perkins – Voc. Ed. – Basic
	<u>Name of State Program or Cluster</u>
N/A	Texas Tech University Area Health Education Center
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?	Yes
SECTION II – FINANCIAL STATEMENT FINDINGS	No matters were reported.
SECTION III – FEDERAL OR STATE AWARDS FINDINGS AND QUESTIONED COSTS	No matters were reported.

**STATISTICAL SUPPLEMENT**

**Midland College District  
Statistical Supplement 1  
Net Position by Component  
Fiscal Years 2006-2015  
(unaudited)**

	<b>2015</b>	<b>2014</b>	<b>2013</b> (as restated)	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Invested in capital assets, net of related debt	\$ 64,808	61,459	59,087	59,196	56,980	55,616	51,224	45,506	41,441	37,892
Restricted - expendable	5,194	4,667	5,272	5,850	7,485	4,594	4,702	7,008	6,680	5,225
Restricted - nonexpendable	5,307	5,346	5,412	5,374	5,016	4,793	4,644	4,400	3,965	3,795
Unrestricted	14,017	20,697	19,190	15,477	12,180	10,866	10,735	10,634	9,275	7,096
<b>Total primary government net position</b>	<b>\$ 89,326</b>	<b>92,169</b>	<b>88,961</b>	<b>85,897</b>	<b>81,661</b>	<b>75,869</b>	<b>71,305</b>	<b>67,548</b>	<b>61,361</b>	<b>54,008</b>

**Midland College District  
Statistical Supplement 2  
Revenues by Source  
Fiscal Years 2006-2015  
(unaudited)**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Tuition and Fees (net of discounts)	\$ 9,232	9,778	10,272	10,103	9,595	9,365	8,024	7,522	7,603	5,803
Federal Grants and Contracts	1,459	1,532	2,384	2,693	3,787	4,844	3,202	2,013	2,690	3,867
State Grants and Contracts	557	881	614	517	653	565	271	278	183	275
Local Grants and Contracts	1,734	1,758	1,517	825	817	894	829	861	736	612
Non-Governmental Grants and Contracts	876	1,035	915	845	885	578	722	1,073	699	796
Sales and services of educational activities	632	510	430	432	399	283	194	200	217	240
Investment income-program restricted	141	225	12	203	277	339	499	615	624	306
Auxiliary enterprises (net of discounts)	1,153	1,180	1,192	1,251	1,042	1,132	1,040	1,030	942	859
Other operating revenues	603	507	607	586	499	694	737	673	698	614
<b>Total Operating Revenues</b>	<b>16,387</b>	<b>17,406</b>	<b>17,943</b>	<b>17,455</b>	<b>17,954</b>	<b>18,694</b>	<b>15,518</b>	<b>14,265</b>	<b>14,392</b>	<b>13,372</b>
State Appropriations	11,221	11,106	10,324	10,397	12,687	13,206	13,862	13,656	13,498	13,418
Ad Valorem Taxes	25,453	23,785	22,757	21,180	20,004	18,936	17,743	16,676	15,419	14,312
Federal Revenue, non-operating	4,290	4,017	4,153	5,599	6,850	6,123	3,873	3,780	3,849	4,303
Gifts	2,297	1,491	1,798	1,767	2,083	1,802	1,622	1,505	1,443	1,882
Investment income	165	87	24	26	33	68	334	1,389	2,456	2,201
Contributions in aid of construction	1	21	27	735	3,044	931	1,572	2,313	731	176
Gain on disposal of fixed assets	-	18	165	70	-	16	-	-	-	16
Additions to permanent endowments	5	18	244	357	161	29	103	348	145	700
Other non-operating revenues	-	-	-	-	-	462	4,031	487	-	-
<b>Total Non-Operating Revenues</b>	<b>43,432</b>	<b>40,543</b>	<b>39,492</b>	<b>40,131</b>	<b>44,862</b>	<b>41,573</b>	<b>43,140</b>	<b>40,154</b>	<b>37,541</b>	<b>37,008</b>
<b>Total Revenues</b>	<b>\$ 59,819</b>	<b>57,949</b>	<b>57,435</b>	<b>57,586</b>	<b>62,816</b>	<b>60,267</b>	<b>58,658</b>	<b>54,419</b>	<b>51,933</b>	<b>50,380</b>

**Midland College District  
Statistical Supplement 3  
Program Expenses by Function  
Fiscal Years 2006-2015  
(unaudited)**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
			(as restated)							
Instruction	\$ 19,169	18,531	18,254	18,336	19,866	19,525	18,456	17,676	17,266	16,686
Public service	2,542	2,593	2,405	2,112	2,475	2,551	2,316	1,887	2,242	2,430
Academic support	6,085	5,785	6,148	6,311	6,197	6,166	5,572	5,014	4,834	4,688
Student services	3,808	3,777	3,581	3,442	3,374	3,405	3,342	3,077	2,948	2,706
Institutional support	6,605	6,411	6,031	5,234	5,214	5,195	5,040	4,630	4,292	3,908
Operation and maintenance of plant	5,574	5,848	5,494	5,421	5,778	5,594	4,835	5,173	4,000	4,118
Scholarships & fellowships(net of discounts)	2,704	2,908	3,230	3,718	5,921	5,396	3,484	3,498	3,296	3,760
Auxiliary enterprises (net of discounts)	3,627	3,488	3,320	3,027	2,485	2,401	2,427	2,482	1,929	1,813
Depreciation	3,754	3,758	3,803	3,724	3,526	2,912	2,545	1,856	1,680	1,599
<b>Total Operating Expenses</b>	<b>53,868</b>	<b>53,099</b>	<b>52,266</b>	<b>51,325</b>	<b>54,836</b>	<b>53,145</b>	<b>48,017</b>	<b>45,293</b>	<b>42,487</b>	<b>41,708</b>
Interest on capital related debt	1,527	1,641	1,696	1,994	2,132	2,033	1,913	1,919	2,017	2,083
Loss on disposal of fixed assets	4	-	-	-	16	-	32	28	13	-
Other non-operating expenses	-	-	-	31	42	526	4,938	992	63	41
<b>Total Non-Operating Expenses</b>	<b>1,531</b>	<b>1,641</b>	<b>1,696</b>	<b>2,025</b>	<b>2,190</b>	<b>2,559</b>	<b>6,883</b>	<b>2,939</b>	<b>2,093</b>	<b>2,124</b>
<b>Total Expenses</b>	<b>\$ 55,399</b>	<b>54,740</b>	<b>53,962</b>	<b>53,350</b>	<b>57,026</b>	<b>55,704</b>	<b>54,900</b>	<b>48,232</b>	<b>44,580</b>	<b>43,832</b>

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

Resident Fees per Semester Credit Hour
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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
2014-15	\$ 56	\$ 103	\$ 22	\$ 936	\$ 1,500	4.00%	2.46%
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%

Non-Resident Fees per Semester Credit Hour
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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
2014-15	\$ 142	\$ 142	\$ 22	\$ 1,968	\$ 1,968	1.86%	1.86%
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%

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 Years**

Fiscal Year	(amounts expressed in thousands)			Ratio of Taxable Assessed Value to Assessed Value	thousands	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)		Total Taxes Assessed	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2014-15	\$ 21,632,033	\$ 1,308,136	\$ 20,323,897	93.95%	\$ 25,281	\$ 0.109700	\$ 0.014700	\$ 0.124400
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	0.117200	0.017790	0.134990
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

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
2014-15	\$ 8,514	3,742	\$ 2,275	1,594	696	2,290	\$ 3.72
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

(a) Source CBM001  
(b) Source CBM00A

Notes:

(1) FTSE is calculated by the following formula:

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

	Voc-Tech Contact Hrs (000's)		
	Credit	CE	Total
14-15	486	210	696
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

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

	Fiscal Year														
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Faculty</b>															
Full-Time	142	145	147	145	135	154	155	141	134	129	119	116	110	109	100
Part-Time	124	121	148	162	195	184	160	156	135	120	135	125	129	134	134
Total	266	266	295	307	330	338	315	297	269	249	254	241	239	243	234
<b>Percent</b>															
Full-Time	53.4%	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%
Part-Time	46.6%	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%
<b>Staff and Administrators</b>															
Full-Time	260	262	252	263	264	254	256	249	239	241	237	226	209	206	181
Part-Time	301	315	327	328	258	357	320	375	358	369	354	356	361	342	335
Total	561	577	579	591	522	611	576	624	597	610	591	582	570	548	516
<b>Percent</b>															
Full-Time	46.3%	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%
Part-Time	53.7%	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%
Students per Full-Time Faculty	32.5	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
Students per Full-Time Staff Member	17.8	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
Average Annual Faculty Salary	\$61,064	\$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
<b>Notes:</b>															
Fall Headcount	4618	5236	5531	6071	6358	6230	5784	5733	5819	5589	5531	5392	5041	5060	4842

**Midland College District  
Statistical Supplement 8  
Schedule of Capital Asset Information  
Fiscal Years 2006 to 2015**

	<b>Fiscal Year</b>									
	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
<b>Academic buildings</b>	22	22	22	22	22	22	20	19	19	19
Square footage (in thousands)	520	520	520	520	520	520	494	489	410	410
<b>Libraries</b>	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	52	52	52	52	52	52	52	50	50	50
<b>Administrative and support buildings</b>	5	5	5	5	5	4	4	4	4	4
Square footage (in thousands)	70	70	70	70	70	58	58	58	58	58
<b>Dormitories</b>	3	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	91	91	91	91	91	91	91	91	91	91
Number of Beds	286	286	286	286	286	286	286	286	286	286
<b>Apartments</b>	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
<b>Dining Facilities</b>	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	11	11	11	11	11	11	11	11	11	11
<b>Athletic Facilities</b>	6	6	6	6	6	5	5	3	3	3
Square footage (in thousands)	136	136	136	136	136	118	118	117	117	117
Multipurpose Center	1	1	1	1	1	1	1	1	1	1
Gymnasiums	2	2	2	2	2	1	1	1	1	1
Softball Dressing Facility	1	1	1	1	1	1	1			
Baseball Practice Facility	1	1	1	1	1	1	1			
Tennis Pro Shop	1	1	1	1	1	1	1	1	1	1
<b>Plant facilities</b>	2	2	2	2	2	2	2	2	2	1
Square footage (in thousands)	26	26	26	26	26	26	26	26	26	7
<b>Chapel</b>	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	2	2	2	2	2	2	2	2	2	2
<b>Childrens Center</b>	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	11	11	11	11	11	11	11	6	6	6
<b>Transportation</b>										
Cars	9	12	9	9	9	4	3	3	6	6
Light Trucks/Vans	20	25	22	22	22	21	19	24	22	22
Heavy trucks	8	6	5	4	4	4	4	4	4	2
Buses	8	8	7	7	7	7	7	6	6	0

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

<b>Fiscal Year</b>	<b>Fall</b>	<b>Spring</b>	<b>Sum I</b>	<b>Sum II</b>	<b>Duplicated Total</b>	<b>Unduplicated Total</b>
2014-15	4,618	6,527	3,533	2,422	17,100	9,512
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