



MIDLAND COLLEGE

Financial Statements and Independent Auditor's Report

for the Fiscal Years Ended
AUGUST 31, 2021 AND 2020

#StartStriveSucceed

MIDLAND COLLEGE DISTRICT

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Years Ended August 31, 2021 and 2020
with Report of Independent Auditors

Table of Contents

Organizational Data.....	1
Report of Independent Auditors.....	2
Management’s Discussion and Analysis For the Year Ended August 31, 2021	5
Financial Statements:	
Statements of Net Position – Exhibit 1.....	18
Statements of Revenues, Expenses and Changes in Net Position – Exhibit 2	20
Statements of Cash Flows – Exhibit 3	22
Notes to Financial Statements	24
Required Supplementary Information:	
Schedule of District’s Proportionate Share of Net Pension Liability.....	59
Schedule of District’s Contributions for Pensions - Teacher Retirement System of Texas.....	60
Schedule of District's Proportionate Share of Net OPEB Liability Employees Retirement System of Texas State Retiree Health Plan.....	61
Schedule of District's Proportionate Contributions for OPEB Employees Retirement System of Texas State Retiree Health Plan.....	63

MIDLAND COLLEGE DISTRICT
FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

Years Ended August 31, 2021 and 2020
with Report of Independent Auditors

Table of Contents – continued

Schedules:	
Schedule of Detailed Operating Revenues – Schedule A	65
Schedule of Operating Expenses by Object – Schedule B	67
Schedule of Non-Operating Revenues and Expenses – Schedule C.....	68
Schedule of Net Position by Source and Availability – Schedule D	69
Schedule of Expenditures of Federal Awards – Schedule E.....	70
Schedule of Expenditures of State Awards – Schedule F	73
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 <i>Government Auditing Standards</i>	75
Independent Auditors’ Report on Compliance for Each Major Program and Internal Control Over Compliance Required by the Uniform Guidance.....	77
Schedule of Findings and Questioned Costs.....	79
Statistical Supplement	
Statistical Supplement 1-9	81

MIDLAND COLLEGE DISTRICT

ORGANIZATIONAL DATA

As of August 31, 2021

BOARD OF TRUSTEES

Officers

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

Members

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

ADMINISTRATIVE OFFICERS

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

REPORT OF INDEPENDENT AUDITORS

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, 2021 and 2020, 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 opinion.

Opinion

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, 2021 and 2020, and the respective changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and on pages 5-16 and the Schedule of District's Proportionate Share of Net Pension Liability and Schedule of District's Contributions for Pensions Teacher Retirement System of Texas on pages 59-60 and the Schedule of District's Proportionate Share of Net OPEB Liability Employees Retirement System of Texas State Retiree Health Plan and Schedule of District's Proportionate Contributions for OPEB Employees Retirement System of Texas State Retiree Health Plan, pages 61-64, 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 audit was 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 81 through 90 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement of Federal Awards* (Uniform Guidance), 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 financial statements. In addition, the supplementary data presented in schedules A, B, C, and D, as required by the Texas Higher Education Coordinating Board's (THECB) *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*, 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, Schedules E on pages 70, 71, and 72, F on page 73 and Schedules A, B, C and D on pages 65 through 69 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 and Schedules A, B, C and D 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 14, 2021, 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Whitley Penn LLP

Midland, Texas
December 14, 2021

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, 2021, 2020 and 2019. This overview is based on facts, decisions and conditions known as of the date of the independent auditor's report. There are three financial statements presented: the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows. These statements provide both long-term and short-term financial information on the District as a whole and should be read in conjunction with the notes to the basic financial statements.

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

Financial and Enrollment Highlights

- The District's total net position was \$92.6 million in 2021 compared to \$90.3 million in 2020. Financial standing was strengthened as total net position increased by approximately \$2.3 million during fiscal year 2021 and by approximately \$4.6 million during fiscal year 2020.
- Unrestricted net position increased by \$2 million in 2021 and decreased by \$181 thousand in 2020. Unrestricted net position after adjustments to exclude the effects of postemployment benefits results in an increase of approximately \$5 million in 2021 and \$2.3 million in 2020.
- The net assessed valuation of the District increased by approximately \$1.2 billion or 3%, from 2020 to 2021 and increased by \$9.9 billion or 37% from 2019 to 2020. Taxable values were approximately \$37.9 billion in 2021 and \$36.6 billion in 2020.
- Bonded indebtedness decreased by approximately \$3.5 million in fiscal year 2021 and by approximately \$3.4 million during fiscal year 2020.
- Contact hours decreased by approximately 19% in 2021 and by approximately 13% in 2020.

The Statements of Net Position

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

The Statements of Net Position (Continued)

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.

Condensed Statements of Net Position					
(in thousands)					
	Fiscal Year			Increase/(Decrease)	
	2021	2020	2019	2020 to 2021	2019 to 2020
Assets					
Current Assets	\$ 55,935	52,872	51,887	3,063	985
Other Noncurrent Assets	7,242	7,766	12,276	(524)	(4,510)
Capital Assets - (Non-current)	99,013	101,715	98,577	(2,702)	3,138
Total Assets	162,190	162,353	162,740	(163)	(387)
Deferred Outflows of Resources	13,973	16,851	17,630	(2,878)	(779)
Liabilities:					
Current Liabilities	12,621	14,552	18,137	(1,931)	(3,585)
Net Pension Liability	11,914	10,751	11,381	1,163	(630)
Other Post Employment Benefits	32,829	29,159	26,853	3,670	2,306
Other Noncurrent Liabilities	19,084	22,509	25,964	(3,425)	(3,455)
Total Liabilities	76,448	76,971	82,335	(523)	(5,364)
Deferred Inflows of Resources	7,087	11,911	12,294	(4,824)	(383)
Net Position:					
Net Investment in Capital Assets	78,312	77,776	71,521	536	6,255
Restricted-Nonexpendable	5,341	5,366	5,298	(25)	68
Restricted-Expendable	9,547	9,837	11,396	(290)	(1,559)
Unrestricted	(573)	(2,656)	(2,475)	2,083	(181)
Total Net Position	\$ 92,627	90,323	85,740	2,304	4,583
Current Ratio	4.43	3.63	2.86		

In 2021 current assets increased by approximately \$3.1 million and noncurrent assets decreased by approximately \$3.2 million. Total assets were relatively unchanged.

Current liabilities decreased by \$1.9 million in 2021 while noncurrent liabilities increased by \$1.4 million. Total liabilities decreased by \$523 thousand.

Current cash and investments increased by approximately \$1.7 million and prepaid expenses increased by approximately \$1 million in 2021 resulting in the increase in current assets. The increase in cash and investments was principally the result of cash generated from operating activities and non-capital financing activities. The increase in prepaid expenses relates to increases in 2021-2022 insurance premiums and software maintenance agreements that were paid in 2021.

The Statements of Net Position (Continued)

During 2020 total cash and investments decreased as funds were used to relieve construction liabilities accrued at the end of 2019 and to complete the June & Frank Cowden Dining Hall. In addition, cash and investments were reduced to fund roofing repairs on most of the main campus buildings and to fund paving projects. Roofing repairs were funded by insurance proceeds received in 2019, and paving projects were funded by a 2019 grant from the Midland County Commissioners Court.

In 2021 capital asset additions totaled approximately \$2 million and depreciation expenses totaled approximately \$4.7 million, resulting in the decrease in capital assets of approximately \$2.7 million.

Capital assets increased in 2020 by approximately \$3.1 million. This included \$7.7 million in capital additions net of depreciation totaling approximately \$4.5 million.

In 2021, the District's proportionate share of OPEB liability was 0.1028% compared to 0.0871% in 2020. As a result, the District reported approximately \$34 million as its proportionate share of OPEB liability. This is an increase of approximately \$3.8 million from the prior year. This increase is offset by a decrease of approximately \$4.2 million in related deferred inflows and a decrease of approximately \$2.5 million in related deferred outflows. The District's pension liability increased by approximately \$1.2 million and bonded indebtedness was reduced by \$3.5 million in 2021.

In 2020, the District's proportionate share of OPEB liability was 0.0871% compared to .0920% in 2019. This resulted in the District reporting approximately \$30.1 million as its proportionate share of OPEB liability. This is a \$2.9 million increase from the prior year. The District's pension liability decreased by approximately \$630 thousand and bonded indebtedness decreased by approximately \$3.4 million in 2020.

Net Position

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

Net Position (Continued)

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

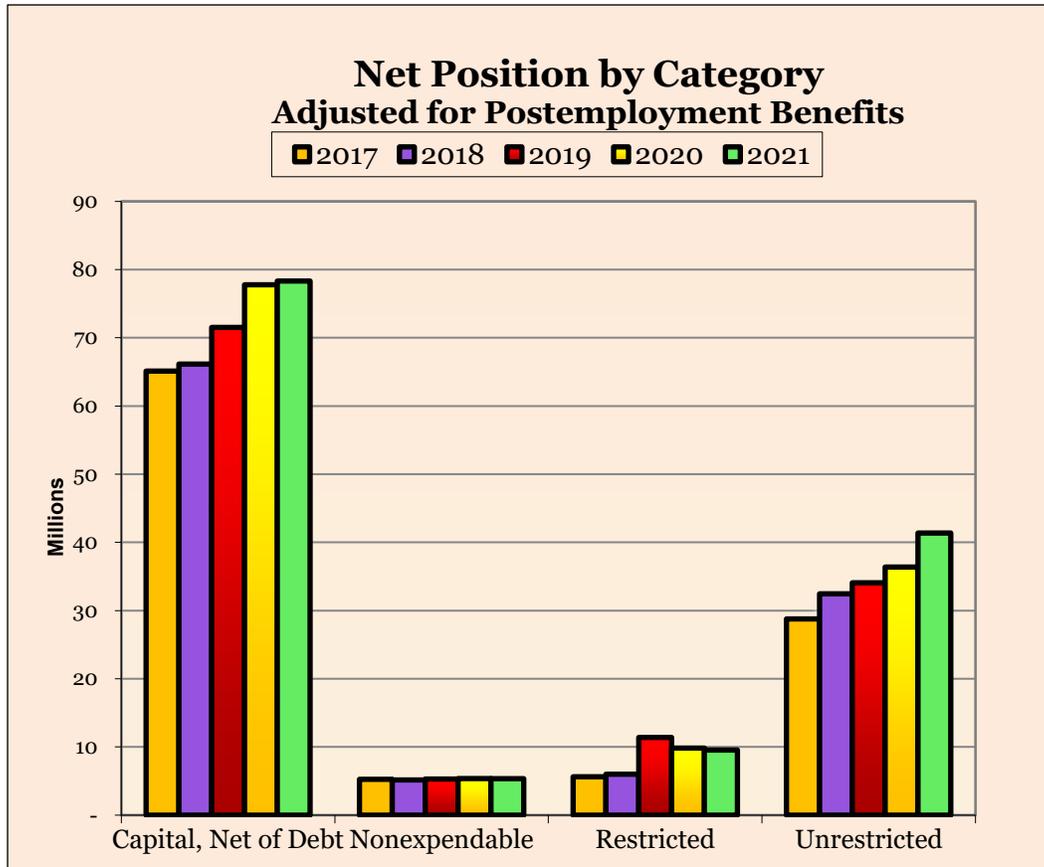
While the relationship of expendable net position to operating expenses is important, the change in expendable net position over a period of years is also important. The following table reflects net position by category and additionally presents net position both before and after adjustments for post-employment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

Schedule of Net Position				
Adjusted for the Effects of Pensions and Other Postemployment Benefits				
(in thousands)				
	2020-2021	2019-2020	2018-2019	2017-2018
Schedule of Net Position				
Net investment in capital assets	\$ 78,312	77,776	71,521	66,158
Restricted-Nonexpendable	5,341	5,366	5,298	5,168
Restricted-Expendable	9,547	9,837	11,396	6,026
Unrestricted	(A) (573)	(2,656)	(2,475)	(1,813)
Total Net Position	92,627	90,323	85,740	75,539
Postemployment Adjustments:				
Add:				
Compensable Absences-Current	892	949	834	872
Compensable Absences-Noncurrent	1,397	1,233	1,192	1,227
Other Postemployment Benefits Liability-Current (GASB 75)	1,133	954	401	115
Other Postemployment Benefits Liability-Noncurrent (GASB 75)	32,829	29,159	26,853	22,544
Net Pension Liability (GASB 68)	11,914	10,751	11,381	6,689
Deferred Inflows-Other Postemployment Benefits (GASB 75)	5,070	9,246	10,549	5,010
Deferred Inflows- Pensions (GASB 68)	2,017	2,665	1,745	2,648
Deduct:				
Deferred Outflows-Other Postemployment Benefits (GASB 75)	(8,502)	(10,970)	(10,917)	(2,704)
Deferred Outflows--Pensions (GASB 68)	(4,794)	(4,948)	(5,487)	(2,133)
Net Effect of Pensions and Other Postemployment Obligations	(B) 41,956	39,039	36,551	34,268
Schedule of Net Position (Adjusted for Postemployment Obligations)				
Net investment in capital assets	78,312	77,776	71,521	66,158
Restricted-Nonexpendable	5,341	5,366	5,298	5,168
Restricted-Expendable	9,547	9,837	11,396	6,026
Unrestricted (Adjusted)	(A+B) 41,383	36,383	34,076	32,454
Net Position Adjusted for Postemployment Obligations	\$ 134,583	129,362	122,291	109,806

Net Position (Continued)

As reflected in the schedule above, total net position and unrestricted net position have increased in each of the last four years. Unrestricted net position (after adjustment for post-employment benefits) represents approximately 64% of the 2021 operating expenses and expendable net position (restricted and unrestricted) represents approximately 78% of those expenses.

The following chart graphically depicts the growth of adjusted net position by category.



Statements of Revenues, Expenses and Changes in Net Position

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

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

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

The following table reflects a summary of the Statements of Revenues, Expenses and Changes in Net Position for the years ended August 31, 2021, 2020 and 2019. This summary indicates the operating loss and the overall increase in net position for each of the years displayed.

Condensed Schedule of Revenues, Expenses and Changes in Net Position					
(in thousands)					
	Fiscal Year			Changes	
	2021	2020	2019	2020 to 2021	2019 to 2020
Operating Revenues and Expenses:					
Operating revenues	\$ 18,739	16,277	21,618	2,462	(5,341)
Operating expenses	65,085	64,118	60,126	967	3,992
Operating loss	(46,346)	(47,841)	(38,508)	1,495	(9,333)
Non-Operating Revenues (Expenses):					
State appropriations	8,798	9,409	8,526	(611)	883
Ad valorem taxes	35,642	33,981	31,104	1,661	2,877
Federal, non-operating	3,585	4,018	4,257	(433)	(239)
Gifts/Contributions in aid of construction	1,345	5,168	5,045	(3,823)	123
Interest on capital related debt	(875)	(848)	(1,213)	(27)	365
Other non-operating revenues	156	695	991	(539)	(296)
Total non-operating revenues, net	48,651	52,423	48,710	(3,772)	3,713
Increase in net position	2,305	4,582	10,202	(2,277)	(5,620)
Net position - beginning of year (restated)	90,322	85,740	75,539	4,582	10,201
Net position - end of year	\$ 92,627	90,322	\$ 85,741	2,305	4,581

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

2020 to 2021 Changes

Total revenues increased by approximately \$1.3 million in 2021. Of this amount, operating revenues increased by approximately \$2.5 million and non-operating revenues decreased by approximately \$3.8 million. The increase in operating revenues increased because the District received Federal HEERF funds to support its response to the COVID-19 pandemic. This increase was offset by a \$1.2 million decrease in gross tuition and fee revenue which was the result of enrollment declines related to the pandemic. The decrease in non-operating revenue is related to a non-recurring contribution in aid of construction received in 2020.

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

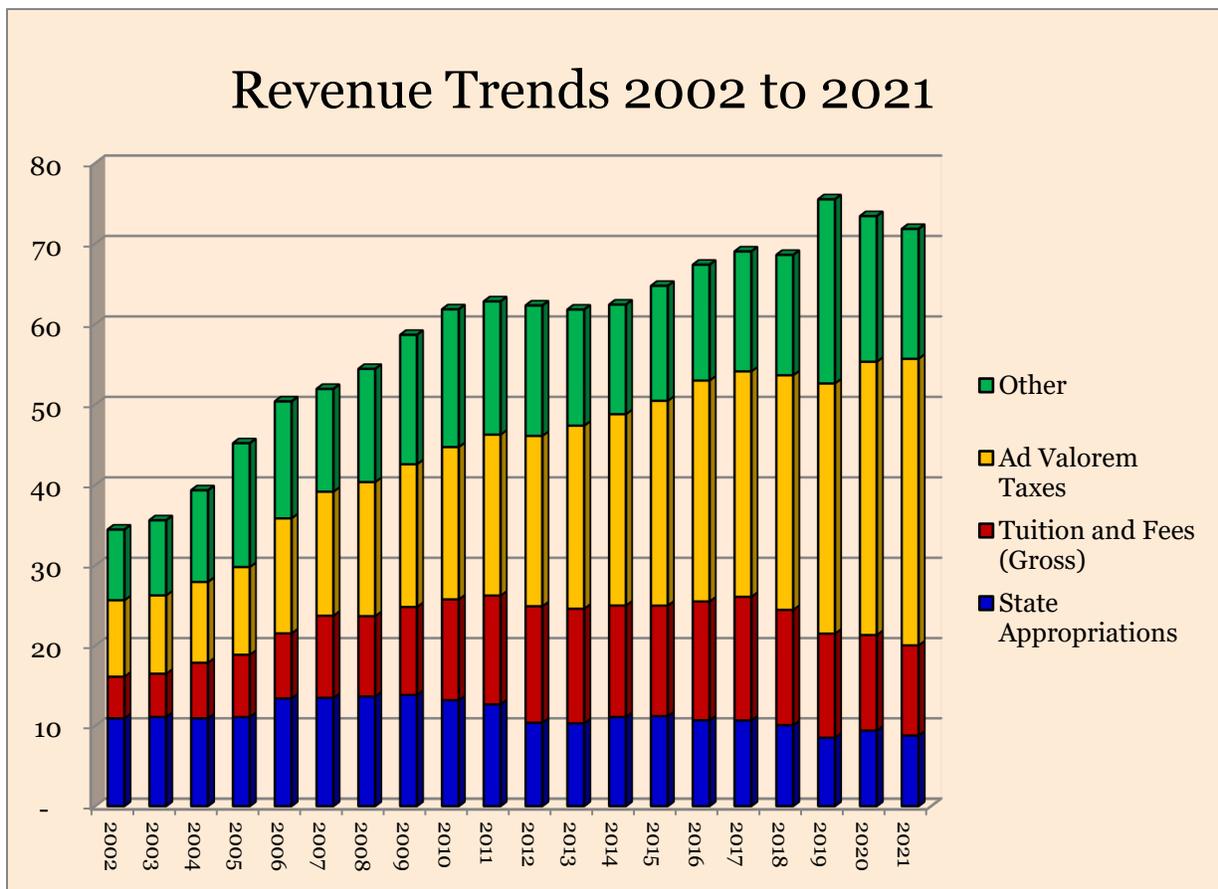
Total ad valorem tax revenues were approximately \$1.7 million or 5% higher in 2021 compared to 2020. The net assessed valuation of the District increased in 2021 by approximately \$1.2 billion or 3.3%. The total 2021 tax rate for the District was \$0.092208 per \$100 of valuation compared to \$0.091210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

2019 to 2020 Changes

Total revenues decreased by approximately \$2 million in 2020. Of this amount, operating revenues decreased by approximately \$5.3 million and non-operating revenues increased by approximately \$3.4 million. Tuition and fees decreased by approximately \$810 thousand. The decrease in tuition and fees is due to a decrease in enrollment as tuition rates were the same as 2019. Gifts, grants and contracts decreased by approximately \$3.7 million in 2020 compared to 2019. This is because several grants received in 2019 were nonrecurring in nature.

Total ad valorem tax revenues were approximately \$2.9 million or 9.25% higher in 2020 compared to 2019. The net assessed valuation of the District increased in 2020 by approximately \$9.9 billion or 37%. The total tax rate for the District was \$0.091210 per \$100 of valuation compared to \$0.114721 for 2019.

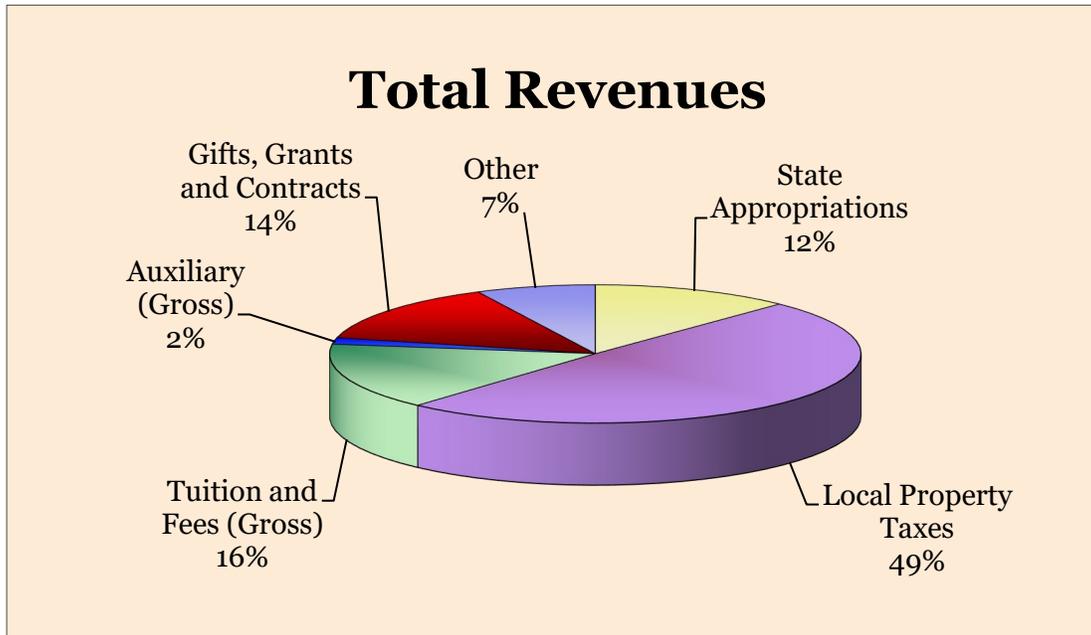
Revenues



Revenues (Continued)

As illustrated in the preceding chart, local ad valorem taxes have become the District’s largest and most reliable revenue component. State appropriations as a percentage of total revenues has consistently declined.

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 revenues for 2021 compared to 2002.

	Percentage of Total Revenues	
	2021	2002
State Appropriations	12%	30%
Local Property Taxes	49%	26%
Tuition and Fees (Gross)	16%	14%
Gifts Grants & Contracts	14%	23%
Auxiliary Services	2%	3%
Other	7%	4%
	<u>100%</u>	<u>100%</u>

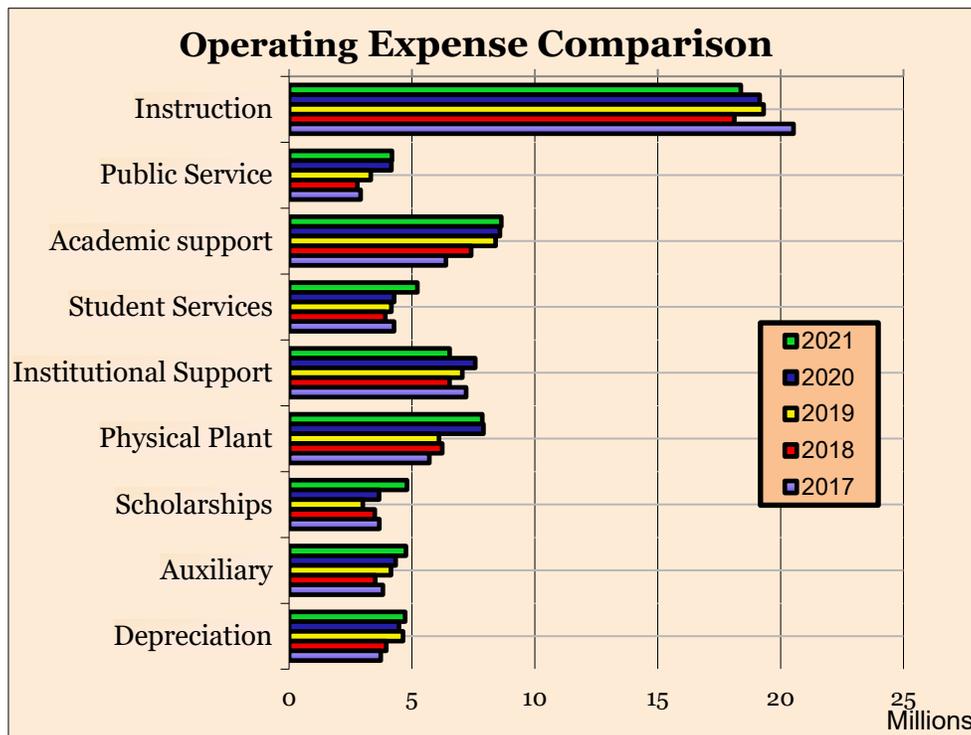
Operating Expenses by Functional Classification

Functional classifications are the traditional categories that have been used to report expenses in financial statements. These categories represent the types of programs and services provided. The chart on the following page shows the District’s 2021 expenses compared to the 2020, 2019, 2018 and 2017 expenses.

Operating Expenses by Functional Classification (Continued)

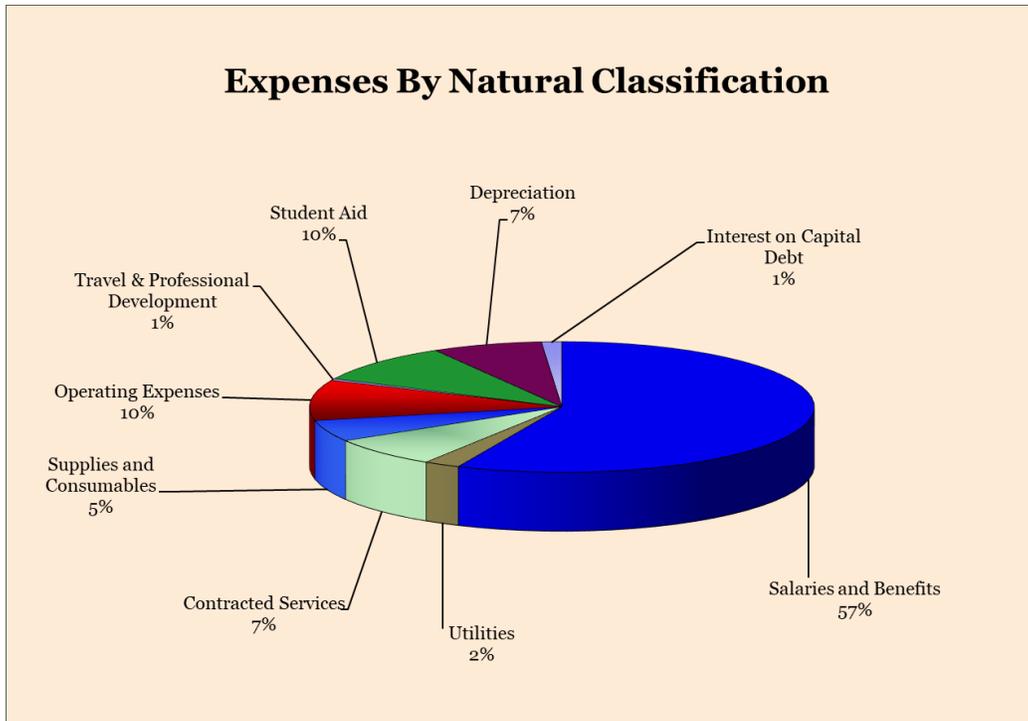
Total operating expenses were approximately \$967 thousand more in 2021 than in 2020. Several categories of expenses decreased from the prior year; however, scholarship and fellowships increased from the prior year by approximately \$1.1 million or 31%. This increase is the result of HEERF funds granted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

Total operating expenses were approximately \$4 million more in 2020 than in 2019. Of this amount, physical plant expenses exceeded 2019 expenses by approximately \$1.8 million. This increase was related to paving and remodeling projects.



Expenses by Natural Classification

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



Statements of Cash Flows

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

Summary of Statement of Cash Flows			
	2021	2020	2019
Cash Provided By (Used in):			
Operating Activities	\$ (41,306,692)	(43,599,147)	(23,296,045)
Non-Capital Financing Activities	45,412,570	44,161,011	42,332,811
Capital and Related Financing Activities	(3,227,876)	(4,890,836)	(4,676,882)
Investing Activities	15,577,128	5,130,171	(6,369,185)
Changes in Cash and Cash Equivalents	<u>\$ 16,455,130</u>	<u>801,199</u>	<u>7,990,699</u>

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

Statements of Cash Flows (Continued)

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. During 2021 and 2020 the proceeds of matured investments were reinvested in instruments with maturities of less than ninety days. This resulted in a large increase in cash and cash equivalents during these years.

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 \$2 million and \$7.7 million in 2021 and 2020, respectively. Depreciation expense was approximately \$4.7 million and \$4.5 million in 2021 and 2020 respectively.

Schedule of Capital Assets			
(in thousands)			
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land	\$ 2,550	2,550	2,550
Library Books & Collections	457	438	434
Construction in Progress	74	31	4,807
Buildings & Improvements	83,990	86,163	77,594
Land Improvements	7,009	7,615	7,997
Furniture, Equipment, Vehicles	4,933	4,918	5,195
	<u>\$ 99,013</u>	<u>101,715</u>	<u>98,577</u>

During 2016, Moody's Investors Service ("Moody's") and Standard and Poor's (S&P) confirmed their bond ratings of "Aa2" and "AA", respectively. In 2016 Refunding Bonds were issued for the purpose of refunding a portion of the 2008 Revenue Bonds. Outstanding debt was approximately \$21.3 million and \$24.8 million as of August 31, 2021 and 2020, respectively.

Schedule of Outstanding Debt			
(in thousands)			
	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Obligation Bonds	\$ 14,231	16,806	19,310
Revenue Bonds	7,045	7,965	8,870
	<u>\$ 21,276</u>	<u>24,771</u>	<u>28,180</u>

Economic Factors That Will Affect the Future

The 2021-2022 budget was adopted by the Board of Trustees on August 17, 2021. The unrestricted (operating) portion of the budget increased by 3% over the 2020-2021 budget.

The 2021-2022 certified taxable values decreased by approximately 6% from the prior year. This decrease was in large part related to the decline in the price of crude oil. The district adopted the no new-revenue tax rate which was \$0.101151 per hundred dollars of valuation compared to the 2019-2020 rate of \$0.092208. This resulted in an increase in taxes levied of approximately \$1 million.

Subsequent to the end of the year, the District completed refunding of the 2012 General Obligation Bonds. Moody's Investors Service ("Moody's") and Standard and Poor's (S&P) each confirmed their earlier ratings of Aa2 and AA respectively. The refunding resulted in a net present value savings of approximately \$543 thousand without increasing the outstanding debt or extending the maturity. The true interest cost on the refunding bonds is .72%.

The District's continued emergence from pandemic conditions is reflected in an increase of approximately 6% in the fall 2021 semester enrollment compared to the previous fall semester. For the fall 2021 semester, approximately 58% of courses are being delivered in the traditional face-to-face format.

The District anticipates the commencement of two construction projects in fiscal year 2021-2022. The first project is the renovation of the Jack E. Brown dining hall in order to house the Petroleum Professional Development Center. This project has an estimated cost of approximately \$2.8 million. In addition, the District anticipates the construction of a new Pre-K facility. This facility will have an estimated cost of approximately \$27 million. Both projects are expected to be funded primarily from private donations; however, a small portion of the projects may be funded from institutional 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 the 2021-2022 or subsequent fiscal years.

Requests for Information

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

/S/Rick Bender

Rick Bender

Vice President of Administrative Services

FINANCIAL STATEMENTS

MIDLAND COLLEGE DISTRICT
STATEMENTS OF NET POSITION
AUGUST 31,

EXHIBIT 1

	2021	2020
ASSETS:		
Current Assets:		
Cash and cash equivalents	\$ 40,740,687	25,850,486
Short-term investments	10,955,930	24,182,899
Accounts receivable, net	1,711,188	1,330,447
Inventories	2,619	2,538
Prepaid expenses	2,504,319	1,485,038
Deposits	20,472	20,472
Total current assets	55,935,215	52,871,880
Non-current Assets:		
Restricted cash and cash equivalents	4,246,887	2,681,958
Endowment investments	2,843,861	4,443,626
Other long-term investments	77,808	571,303
Net capital assets	99,013,028	101,714,733
Other assets-split interest agreements	73,264	69,117
Total non-current assets	106,254,848	109,480,737
Total Assets	162,190,063	162,352,617
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred outflows on refunding of debt	677,132	933,908
Deferred outflows related to pensions	4,793,524	4,947,473
Deferred outflows related to other post-employment benefits	8,501,818	10,970,026
Total deferred outflows	13,972,474	16,851,407
Total assets and deferred outflows	\$ 176,162,537	179,204,024
LIABILITIES:		
Current Liabilities:		
Accounts payable	\$ 2,578,641	1,450,523
Accrued liabilities	716,404	1,584,010
Accrued compensable absences – current portion	892,037	948,468
Net other post-employment benefits liability – current portion	1,132,855	954,419
Funds held for others and agencies	281,216	353,732
Unearned revenues	3,399,106	5,743,010
Bonds payable – current portion	3,588,860	3,494,730
Deposits	31,477	22,905
Total current liabilities	12,620,596	14,551,797
Non-current Liabilities:		
Accrued compensable absences – non-current portion	1,397,113	1,233,070
Net pension liability	11,914,165	10,751,196
Net other post-employment benefits liability – non-current portion	32,829,257	29,158,756
Bonds payable – non-current portion	17,687,118	21,275,978
Total non-current liabilities	63,827,653	62,419,000
Total Liabilities	76,448,249	76,970,797

See accompanying notes to financial statements.

MIDLAND COLLEGE DISTRICT
STATEMENTS OF NET POSITION
AUGUST 31,

EXHIBIT 1

	2021	2020
DEFERRED INFLOWS OF RESOURCES:		
Deferred inflows related to pensions	\$ 2,017,338	2,665,023
Deferred inflows related to other post-employment benefits	5,069,690	9,245,809
	7,087,028	11,910,832
NET POSITION:		
Net investment in capital assets	78,312,313	77,776,063
Restricted for:		
Nonexpendable:		
Endowments	5,341,279	5,366,105
Expendable:		
Student aid	3,170,845	2,916,602
Instructional programs	6,375,883	6,904,433
Debt service	-	15,460
Unrestricted	(573,060)	(2,656,268)
Total Net Position (Schedule D)	\$ 92,627,260	90,322,395
Total liabilities, deferred inflows, and net position	\$ 176,162,537	179,204,024

See accompanying notes to financial statements.

MIDLAND COLLEGE DISTRICT

EXHIBIT 2

**STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED AUGUST 31,**

	2021	2020
OPERATING REVENUES		
Tuition and fees (net of discounts of \$3,053,669 and \$3,560,161, respectively)	\$ 7,682,236	8,360,389
Federal grants and contracts	4,116,755	1,485,461
State grants and contracts	488,554	558,248
Local grants and contracts	1,758,610	1,628,647
Non-governmental grants and contracts	2,371,328	2,049,765
Sales and services of educational activities	567,393	448,322
Investment income – program restricted	212,599	340,107
Auxiliary enterprises (net of discounts of \$108,353 and \$294,827, respectively)	796,705	762,078
General operating revenues	744,839	643,959
Total operating revenues (Schedule A)	18,739,019	16,276,976
OPERATING EXPENSES		
Instruction	18,380,798	19,148,255
Public service	4,184,614	4,163,322
Academic support	8,634,125	8,579,039
Student services	5,220,004	4,275,846
Institutional support	6,532,742	7,574,539
Operation and maintenance of plant	7,860,975	7,908,922
Scholarships and fellowships (net of discounts of \$2,662,803 and \$3,560,760, respectively)	4,795,683	3,661,002
Auxiliary enterprises (net of discounts of \$108,353 and \$294,827, respectively)	4,753,732	4,336,307
Depreciation	4,722,295	4,470,860
Total operating expenses (Schedule B)	65,084,968	64,118,092
OPERATING LOSS	(46,345,949)	(47,841,116)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	8,798,090	9,409,069
Maintenance ad valorem taxes	32,775,147	31,160,243
Debt service ad valorem taxes	2,866,877	2,820,274
Federal revenue, non-operating	3,584,811	4,017,991
Gifts	1,344,450	1,145,208
Investment income	114,525	662,157
Contributions in aid of construction	-	4,022,951
Interest on capital related debt	(875,325)	(847,673)
Gain (Loss) on disposal of fixed assets	26,269	(8,837)
Additions to permanent endowments	15,970	41,952
Net non-operating revenues (Schedule C)	48,650,814	52,423,335

See accompanying notes to financial statements.

MIDLAND COLLEGE DISTRICT

EXHIBIT 2

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION (CONTINUED)
YEARS ENDED AUGUST 31,

	<u>2021</u>	<u>2020</u>
Increase in net position	\$ 2,304,865	4,582,219
NET POSITION – BEGINNING OF YEAR	<u>90,322,395</u>	<u>85,740,176</u>
NET POSITION – END OF YEAR	<u>\$ 92,627,260</u>	<u>90,322,395</u>

See accompanying notes to financial statements.

MIDLAND COLLEGE DISTRICT

EXHIBIT 3

STATEMENTS OF CASH FLOWS

YEARS ENDED AUGUST 31,

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from students and other customers	\$ 9,767,152	11,490,444
Receipts from grants and contracts	8,521,400	5,674,144
Payments to suppliers for goods and services	(17,864,132)	(22,258,551)
Payments to or on behalf of employees	(34,665,714)	(34,809,398)
Payments for scholarships and fellowships	(4,869,108)	(4,907,657)
Other (disbursements), receipts	<u>(2,196,290)</u>	<u>1,211,871</u>
Net cash used in operating activities	<u>(41,306,692)</u>	<u>(43,599,147)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Receipts from state appropriations	8,051,661	8,052,138
Receipts from ad valorem taxes – operating and maintenance	32,482,318	31,051,018
Receipts from non-operating federal revenue	3,584,811	4,017,991
Receipts from gifts or grants for other than capital purposes	1,344,450	1,145,208
Receipts from student organizations and other agency transactions	276,965	339,457
Payments to student organizations and other agency transactions	(339,458)	(482,843)
Receipts from private gifts for endowment purposes	<u>11,823</u>	<u>38,042</u>
Net cash provided by non-capital financing activities	<u>45,412,570</u>	<u>44,161,011</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from ad valorem taxes – debt services	2,884,633	2,812,868
Receipts from capital grants and gifts	-	4,022,951
Purchases of capital assets	(1,993,921)	(7,616,993)
Payments on capital debt – principal	(3,365,000)	(3,240,000)
Payments on capital debt – interest	<u>(753,588)</u>	<u>(869,662)</u>
Net cash used in capital and related financing activities	<u>(3,227,876)</u>	<u>(4,890,836)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	35,507,142	57,884,453
Interest on investments	256,900	852,661
Purchase of investments	<u>(20,186,914)</u>	<u>(53,606,943)</u>
Net cash provided by (used in) investing activities	<u>15,577,128</u>	<u>5,130,171</u>
Increase in cash and cash equivalents	<u>16,455,130</u>	<u>801,199</u>
Cash and cash equivalents – September 1	<u>28,532,444</u>	<u>27,731,245</u>
Cash and cash equivalents – August 31	<u>\$ 44,987,574</u>	<u>28,532,444</u>

See accompanying notes to financial statements.

MIDLAND COLLEGE DISTRICT

EXHIBIT 3

STATEMENTS OF CASH FLOWS (CONTINUED)

YEARS ENDED AUGUST 31,

	<u>2021</u>	<u>2020</u>
Reconciliation of net operating loss to net cash used by operating activities:		
Operating loss	\$ (46,345,949)	(47,841,116)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation expense	4,722,295	4,470,860
Payments made directly by state for benefits	746,429	1,356,931
Changes in related assets and liabilities:		
Receivables, net	(311,428)	985,165
Prepaid expenses	(935,688)	(1,032,002)
Inventories	(81)	3,163
Deferred outflows	2,622,157	486,373
Accounts payable	520,545	(1,045,559)
Accrued liabilities	4,735,123	2,328,001
Compensated absences	107,613	154,997
Unearned revenue	(2,343,904)	(3,082,720)
Deferred inflows	<u>(4,823,804)</u>	<u>(383,240)</u>
Net cash used in operating activities	<u>\$ (41,306,692)</u>	<u>(43,599,147)</u>

See accompanying notes to financial statements.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
August 31, 2021 and 2020

A. 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.

B. Summary of Significant Accounting Policies

Reporting Guidelines

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

Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Act (HEA) Program Funds

Certain Title IV HEA Program funds are received by the District to pass through to the student. These funds are initially received by the District and recorded as restricted revenue. When the student is awarded and uses these funds for tuition and fees, the amounts are recorded as revenue and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

Other Tuition Discounts

The District awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amounts are recorded as tuition and fee revenue and a corresponding amount is recorded as a tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. 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.

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies – continued

Unearned Revenue and Prepaid Expenditures

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

Inventories

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

Investments

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

Budgetary Data

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

Capital Assets

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

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

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. Summary of Significant Accounting Policies – continued

Estimates

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

Operating and Non-Operating Revenue and Expense Policy

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

Characterization of Title IV Grant Revenue

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

Pensions

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

Reclassification

Certain items in the August 31, 2020 financial statements have been reclassified for comparability purposes with the August 31, 2021 financial statements. These reclassifications had no effect on previously reported changes in net position or on net position.

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

B. Summary of Significant Accounting Policies – continued

New Accounting Pronouncements

GASB Statement 84, *“Fiduciary Activities.”*

The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. This statement was implemented in the current year and did not impact these financial statements.

GASB Statement 87, *“Leases.”*

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this statement were effective for reporting periods beginning after December 15, 2019. Community college implementation was originally planned for FY 2021 but is now postponed to FY 2022, as a result of GASB 95. Earlier application is encouraged.

GASB Statement No. 89, *“Accounting for Interest Cost Incurred before the End of a Construction Period.”*

This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement were effective for reporting periods beginning after December 15, 2019. Community college implementation was originally planned for FY 2021 but is now postponed to FY 2022, as a result of GASB 95. Earlier application is encouraged and the requirements of this statement should be applied prospectively.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

B. Summary of Significant Accounting Policies – continued

New Accounting Pronouncements – continued

GASB Statement 91, *“Conduit Debt Obligations.”*

The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers’ conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this statement were effective for reporting periods beginning after December 15, 2020. Community college implementation was originally planned for FY 2022 but is now postponed to FY 2023, as a result of GASB 95. Earlier application is encouraged.

GASB Statement 92, *“Omnibus 2020.”*

The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics and includes the following: Statement No. 87, Statement No. 73, Statement No. 74, Statement No. 84, and other topics. The application of this statement is expected to provide more comparable reporting and improve the usefulness for financial statement users. Some requirements of this statement are effective upon issuance, and others were effective for reporting periods beginning after June 15, 2020. Earlier application is encouraged. Community college implementation – certain provisions are effective for FY 2020 and others postponed to FY 2022, as a result of GASB 95.

GASB Statement 93, *“Replacement of Interbank Offered Rates. (IBOR).”*

The objective of this statement is to address accounting and financial reporting implications resulting from global reference rate reform. Government agreements in which variable payments made or received depend on IBOR, most notably the London Interbank Offered Rate (LIBOR), will be affected, as LIBOR will cease to exist at the end of 2021. Rate provisions in Statement Nos. 53 and 87 will also be affected. Most requirements of this statement were effective for reporting periods beginning after June 15, 2020; however, requirements regarding the removal of LIBOR as an appropriate benchmark were effective for reporting periods beginning after December 31, 2021. Community college implementation was originally planned for FY 2021 and is now postponed to FY 2022, as a result of GASB 95. Earlier application is encouraged.

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. Summary of Significant Accounting Policies – continued

New Accounting Pronouncements – continued

GASB Statement 94, *“Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs).”*

The objective of this statement is to improve financial reporting related to PPPs and APAs by establishing the definitions of these arrangements and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. This statement will enhance the decision usefulness of financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. Requirements of this statement were effective for reporting periods beginning after June 15, 2022. Earlier application is encouraged.

GASB Statement 95, *“Postponement of the Effective Dates of Certain Authoritative Guidance.”*

The objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This is accomplished by postponing the effective dates of certain provisions in statements and implementation guides that first became effective or are scheduled to become effective for reporting periods beginning after June 15, 2018, and later. The effective dates of certain provisions contained in the following pronouncements are postponed by one year: Statement Nos. 83, 84, 88, 89, 90, 91, 92, 93, and Implementation Guide Nos. 2017-3, 2018-1, 2019-1, and 2019-2. The effective dates of the following pronouncements are postponed by 18 months: Statement No. 87 and Implementation Guide No. 2019-3. The requirements of this statement are effective immediately.

GASB Statement 96, *“Subscription-Based Information Technology Arrangements (SBITA).”*

The objective of this statement is to (1) define a SBITA; (2) establish that SBITA results in a right-to-use subscription (intangible) asset and a corresponding subscription liability; (3) provide the capitalization criteria for outlays other than subscription payments; and (4) require note disclosures regarding a SBITA. The statement provides an exception for short-term SBITAs with a maximum contract term of 12 months. Subscription payments for short-term SBITAs should be recognized as outflows of resources. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Early implementation is encouraged.

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. Summary of Significant Accounting Policies – continued

New Accounting Pronouncements – continued

GASB Statement 97, “*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statement No. 14 and 84, and a Supersession of GASB Statement No. 32.*”

The primary objectives of this statement are the following: (1) increase consistency and comparability in the reporting of fiduciary component units where the potential component unit does not have a governing board and the primary government performs those duties; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and other employee benefit plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of reporting defined contribution plans, defined contribution OPEB plans, or other employee benefit plans that are administered through trusts are effective immediately. The requirements related to reporting on fiduciary component units and 457 plans are effective for reporting periods beginning after June 15, 2021. Early implementation is encouraged.

C. 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.

D. 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)

D. 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, 2021 and 2020, the carrying amount of the District’s deposits was \$44,488,063 and \$19,025,799, respectively; and bank balances equaled \$23,733,865 and \$6,946,904. Bank balances of \$608,340 and \$521,465 are covered by federal depository insurance and \$23,125,526 and \$6,425,438 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 \$10,955,930 and \$10,484,343 in state approved public investment pools at August 31, 2021 and 2020, respectively.

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

	Cash and Deposits	
	2021	2020
Bank Deposits		
Demand Deposits	\$ 2,591,976	\$ 2,041,257
Money Market Deposits	41,896,087	16,984,542
	44,488,063	19,025,799
Cash and Cash Equivalent:		
Petty Cash on Hand	7,511	8,229
Investments due within 90 days	492,000	9,498,416
	499,511	9,506,645
Total Cash and Deposits	\$ 44,987,574	\$ 28,532,444

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

D. Deposits and Investments – continued

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	August 31, 2021 Market Value	August 31, 2020 Market Value
U.S Government Securities	\$ 1,387,591	\$ 13,799,933
Public Funds Investment Pools	10,955,930	10,484,343
Municipal Bonds	1,534,078	6,297,637
Certificates of Deposit	<u>492,000</u>	<u>8,114,331</u>
Total Investments	<u>\$ 14,369,599</u>	<u>\$ 38,696,244</u>
Total Cash and Deposits	\$ 44,495,574	\$ 19,034,028
Total Investments	<u>14,369,599</u>	<u>38,696,244</u>
Total Deposits and Investments	<u>\$ 58,865,173</u>	<u>\$ 57,730,272</u>
Cash and Temporary Investments (Exhibit 1)	\$ 44,987,574	\$ 28,532,444
Investments (Exhibit 1)	<u>13,877,599</u>	<u>29,197,828</u>
Total Deposits and Investments	<u>\$ 58,865,173</u>	<u>\$ 57,730,272</u>

As of August 31, 2021 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	\$ 10,955,930	\$ 10,955,930	\$ -	\$ -	\$ -
U.S. Government Securities	1,387,591	126,104	202,634	611,290	447,563
Municipal Bonds	1,534,078	435,340	1,098,738	-	-
Certificates of Deposit	<u>492,000</u>	<u>492,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fair Value	<u>\$ 14,369,599</u>	<u>\$ 12,009,374</u>	<u>\$ 1,301,372</u>	<u>\$ 611,290</u>	<u>\$ 447,563</u>

As of August 31, 2020 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	\$ 10,484,343	\$ 10,484,343	\$ -	\$ -	\$ -
U.S. Government Securities	13,799,933	12,482,145	359,160	958,628	-
Municipal Bonds	6,297,637	5,008,085	173,618	1,115,934	-
Certificates of Deposit	<u>8,114,331</u>	<u>7,622,331</u>	<u>492,000</u>	<u>-</u>	<u>-</u>
Total Fair Value	<u>\$ 38,696,244</u>	<u>\$ 35,596,904</u>	<u>\$ 1,024,778</u>	<u>\$ 2,074,562</u>	<u>\$ -</u>

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

D. Deposits and Investments – continued

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

Credit Risk: In accordance with state law and the District’s investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1 and investments in obligations of states, agencies, counties, cities and other political subdivisions must be rated at least A. Applicable credit ratings of investments at August 31, 2021 and 2020 are reported below:

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

Concentration of Credit Risk: The District does not place a limit on the amount the District may invest in any one issuer. More than 5% of the District’s investments are in FHLB Bonds (10.47%), FNMA Bonds (29.41%) and US Treasury Notes (60.12%).

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

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

E. Fair Value of Financial Instruments

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value measurements were arrived at using the following inputs at August 31, 2021 and 2020:

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

Investment Type	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	2020
U.S. Government Securities	\$ 13,799,933	\$ -	\$ -	13,799,933
Public Funds Investment Pools	10,484,343	-	-	10,484,343
Municipal Bonds	6,297,637	-	-	6,297,637
Certificates of Deposit	-	8,114,331	-	8,114,331
Total	\$ 30,581,913	\$ 8,114,331	\$ -	38,696,244

F. 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, 2021	
Assessed valuation of the District	\$ 39,582,767,699
Less exemptions	<u>(1,728,002,750)</u>
Net assessed valuation of the District	<u>\$ 37,854,764,949</u>
At August 31, 2020	
Assessed valuation of the District	\$ 38,603,722,392
Less exemptions	<u>(1,975,687,680)</u>
Net assessed valuation of the District	<u>\$ 36,628,034,712</u>

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

F. AD Valorem Taxes Receivable – continued

At August 31, 2021

	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	\$.0847 \$.0075 \$.0922

At August 31, 2020

	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	\$.0836 \$.0076 \$.0912

Taxes levied for the years ended August 31, 2021 and 2020 are \$34,925,816 and \$33,408,455, 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, 2021

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

At August 31, 2020

	Current Operations	Debt Service	Total
<u>Taxes Collected</u>			
Current taxes collected	\$ 30,598,457	\$ 2,771,872	\$ 33,370,329
Delinquent taxes collected	268,157	24,292	292,449
Penalties and interest collected	184,405	16,705	201,110
Total collections	\$ 31,051,019	\$ 2,812,869	\$ 33,863,888

Tax collections (including penalties, interest and delinquent collections) for the years ended August 31, 2021 and 2010 were in excess of 100% of the respective year tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

F. AD Valorem Taxes Receivable – continued

Ad valorem taxes receivable includes the following:

	2021	2020
Current unrestricted fund	\$ 1,314,223	\$ 805,909
Debt service fund	55,008	82,325
Allowance for uncollectible taxes	1,369,231 (479,230)	888,234 (310,882)
Net ad valorem taxes receivable	\$ 890,001	\$ 577,352

G. Capital Assets

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

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

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

G. Capital Assets – continued

Capital assets activity for the year ended August 31, 2020, was as follows:

	Balance September 1, 2019	Increases	Decreases	Balance August 31, 2020
<u>Not Depreciated:</u>				
Land	\$ 2,550,250	\$ -	\$ -	\$ 2,550,250
Collectibles	49,000	-	-	49,000
Construction in process	4,807,098	5,555,001	10,331,120	30,979
Subtotal	<u>7,406,348</u>	<u>5,555,001</u>	<u>10,331,120</u>	<u>2,630,229</u>
<u>Other Capital Assets:</u>				
Buildings	115,243,075	10,729,863	-	125,972,938
Land improvements	11,803,571	675,091	-	12,478,662
Leasehold improvements	572,427	-	-	572,427
Library books	2,249,244	55,384	-	2,304,628
Furniture, machinery, vehicles and other equipment	<u>18,591,534</u>	<u>1,009,786</u>	<u>217,657</u>	<u>19,383,663</u>
Subtotal	<u>148,459,851</u>	<u>12,470,124</u>	<u>217,657</u>	<u>160,712,318</u>
<u>Accumulated Depreciation:</u>				
Buildings	37,649,669	2,620,431	-	40,270,100
Land improvements	4,288,699	574,640	-	4,863,339
Leasehold improvements	89,899	22,016	-	111,915
Library books	1,864,303	51,048	-	1,915,351
Furniture, machinery, vehicles and other equipment	<u>13,396,192</u>	<u>1,202,725</u>	<u>131,808</u>	<u>14,467,109</u>
Subtotal	<u>57,288,762</u>	<u>4,470,860</u>	<u>131,808</u>	<u>61,627,814</u>
Net other capital assets	<u>91,171,089</u>	<u>7,999,264</u>	<u>85,849</u>	<u>99,084,504</u>
Net capital assets	<u>\$ 98,577,437</u>	<u>\$ 13,554,265</u>	<u>\$ 10,416,969</u>	<u>\$ 101,714,733</u>

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

H. Long-Term Liabilities

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

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

Long-term liability activity for the year ended August 31, 2020, was as follows:

	Balance September 1, 2019	Additions	Reductions	Balance August 31, 2020	Current Portion
<u>Bonds</u>					
General obligation bonds	\$ 19,309,740	\$ -	\$ 2,504,032	\$ 16,805,708	\$ 2,574,730
Revenue bonds	<u>8,870,000</u>	-	<u>905,000</u>	<u>7,965,000</u>	<u>920,000</u>
Total bonds	<u>28,179,740</u>	-	<u>3,409,032</u>	<u>24,770,708</u>	<u>3,494,730</u>
<u>Other liabilities</u>					
Compensated absences	2,026,541	183,266	28,269	2,181,538	948,468
Net pension liability	11,381,158	93,936	723,898	10,751,196	-
Net OPEB liability	<u>27,254,343</u>	<u>4,736,958</u>	<u>1,878,126</u>	<u>30,113,175</u>	<u>954,419</u>
Total other liabilities	<u>40,662,042</u>	<u>5,014,160</u>	<u>2,630,293</u>	<u>43,045,909</u>	<u>1,902,887</u>
Total long-term liabilities	<u>\$ 68,841,782</u>	<u>\$ 5,014,160</u>	<u>\$ 6,039,325</u>	<u>\$ 67,816,617</u>	<u>\$ 5,397,617</u>

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

I. Debt Obligations

Bonds Payable

Debt service requirements at August 31, 2021, were as follows:

For the Year Ended August 31,	Revenue Bonds		General Obligation Bonds		Total Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 935,000	\$ 153,282	\$ 2,575,000	\$ 466,275	\$ 3,510,000	\$ 619,557
2023	965,000	132,075	2,725,000	333,775	3,690,000	465,850
2024	985,000	110,250	2,850,000	222,900	3,835,000	333,150
2025	1,005,000	88,032	2,950,000	135,900	3,955,000	223,932
2026	1,030,000	65,250	3,055,000	45,825	4,085,000	111,075
2027-2028	<u>2,125,000</u>	<u>60,132</u>	-	-	<u>2,125,000</u>	<u>60,132</u>
Total cash payments	<u>7,045,000</u>	<u>609,021</u>	<u>14,155,000</u>	<u>1,204,675</u>	<u>21,200,000</u>	<u>1,813,696</u>
Unamortized Prem/Disc	-	-	<u>75,978</u>	<u>(75,978)</u>	<u>75,978</u>	<u>(75,978)</u>
Total	\$ <u>7,045,000</u>	\$ <u>609,021</u>	\$ <u>14,230,978</u>	\$ <u>1,128,697</u>	\$ <u>21,275,978</u>	\$ <u>1,737,718</u>

J. Bonds Payable

2012 General Obligation Refunding Bonds

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

The bonds payable are due in semi-annual installments varying from \$679,550 to \$3,100,825 with interest rates ranging from 2% to 22.9%. The average coupon rate is 3.7%. The final installment is due in 2026.

2016 Revenue Refunding Bonds

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

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

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

K. Disaggregation of Receivables and Payables Balances

Receivables

Receivables at August 31, were as follows:

	<u>2021</u>	<u>2020</u>
Student Receivables	\$ 1,474,522	\$ 1,494,759
Taxes Receivable	1,369,231	888,234
State Receivable	43,566	60,736
Federal Receivable	773,129	368,608
Accounts Receivable	465,335	762,229
Interest Receivable	<u>34,183</u>	<u>176,558</u>
Subtotal	4,159,966	3,751,124
Allowance for Doubtful Accounts	<u>(2,448,778)</u>	<u>(2,420,677)</u>
Total Receivables	\$ <u>1,711,188</u>	\$ <u>1,330,447</u>

Payables

Payables at August 31, were as follows:

	<u>2021</u>	<u>2020</u>
Vendors Payable	\$ 2,578,641	\$ 1,450,523
Students Payable	<u>-</u>	<u>-</u>
Total Payables	\$ <u>2,578,641</u>	\$ <u>1,450,523</u>

L. Defined Benefit Pension Plan

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

A. Plan Description

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

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (*continued*)

L. Defined Benefit Pension Plan – continued

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.

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 maybe obtained on the internet at the following web address see <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.

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.

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

L. Defined Benefit Pension Plan – continued

D. Contributions

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

Employee contribution rates are set in state statute, Texas Government Code 825.402. The TRS Pension Reform Bill (Senate Bill 12) of the 86th Texas Legislature amended Texas Government Code 825.402 for member contributions and increased employee and employer contribution rates for fiscal years 2020 through 2025.

	Contribution Rates	
	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
District	7.5%	7.5%
2020 District Contributions	\$ 782,800	
2020 State of Texas On-behalf Contributions	\$ 516,608	
2020 Member Contributions	\$ 1,420,485	

The District’s contributions to the TRS plan in 2020 were \$918,712 as reported in the Schedule of District Contributions in the Required Supplementary Information section of these financial statements. Estimated State of Texas on-behalf contributions for 2020 were \$516,608.

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.

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

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

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (*continued*)

L. Defined Benefit Pension Plan – continued

D. Contributions – continued

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

The total pension liability in the August 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2019 rolled forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	7.25%
Long-term expected Investment Rate of Return*	7.25%
Municipal Bond Rate*	2.33%
Last year ending August 31 Projection period (100 years)	2119
Inflation	2.3%
Salary Increases	3.05% to 9.05% including inflation
Ad-hoc post-employment benefit changes	None

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

The actuarial methods and assumptions were selected by the board of trustees based upon analysis and recommendations by the system's actuary. The board of trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2018 and were adopted in July 2018. The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2019.

E. Discount Rate

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

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

L. Defined Benefit Pension Plan – continued

E. Discount Rate – continued

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

The long-term rate of return on pension plan investments is 7.25 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in TRS’ target asset allocation as of August 31, 2020, are summarized below:

<u>Asset Class</u>	<u>FY 2020 Target Allocation*</u>	<u>New Target Allocation**%</u>	<u>Long-Term Expected Geometric Real Rate of Return***</u>
Global Equity:			
USA	18.0%	3.9%	0.99%
Non-U.S. Developed	13.0%	5.1%	0.92%
Emerging Markets	9.0%	5.6%	0.83%
Directional Hedge Funds	-	-	-
Private Equity	14.0%	6.7%	1.41%
Stable Value:			
U.S. Treasuries****	16.0%	(0.7)%	(0.05)%
Stable Value Hedge Funds	5.0%	1.8%	0.11%
Absolute Return (Including Credit Sensitive Investments)	-	1.9%	-
Real Return:			
Global Inflation Linked Bonds****	-	-	-
Real Assets	15.0%	4.6%	1.02%
Energy, Natural Resources and Infrastructure	6.0%	6.0%	0.42%
Commodities	-	0.8%	-
Risk Parity:			
Risk Parity	8.0%	3.0%	0.30%*****
Asset Allocation Leverage			
Cash	2.0%	(1.5)%	(0.03)%
Asset Allocation Leverage	(6.0)%	(1.3)%	0.08%
Inflation Expectation	-	-	2.00%
Volatility Drag ³	-	-	(0.67)%
Total	<u>100.0%</u>	<u>35.9 %</u>	<u>7.33%</u>

* FY 2020 Target Allocation based on the Strategic Asset Allocation dated 10/1/2019
 ** New target allocation based on the Strategic Asset Allocation dated 10/1/2020
 *** 10-Year annualized geometric nominal returns include the real rate of return and inflation of 2.1%
 **** New Target Allocation groups Government Bonds within the stable value allocation. This includes global sovereign nominal and inflation-linked bonds
 ***** 5.8% (6.5%) return expectation corresponds to Risk Parity with a 10% (12%) target volatility

Source: Teacher Retirement System of Texas 2020 Annual Comprehensive Financial Report

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

L. Defined Benefit Pension Plan – continued

F. Discount rate Sensitivity Analysis

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used 7.25% in measuring the 2020 Net Pension Liability.

	<u>1% Decrease in Discount Rate 6.25%</u>	<u>Discount Rate 7.25%</u>	<u>1% Increase in Discount rate 8.25%</u>
The District's proportionate share of the net pension liability: \$	18,371,430	11,914,165	6,667,780

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

At August 31, 2021, the District reported a liability of \$11,914,165 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	\$	11,914,165
State's proportionate share that is associated with the District		<u>6,673,683</u>
Total	\$	<u><u>18,587,848</u></u>

The net pension liability was measured as of August 31, 2020 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, 2019 through August 31, 2020.

At the measurement date of August 31, 2020 the employer's proportion of the collective net pension liability was 0.0222454%, which was an increase of 0.0015633% from its proportion measured as of August 31, 2019.

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

L. Defined Benefit Pension Plan – continued

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

Changes Since the Prior Actuarial Valuation

- There were no changes in assumptions since the prior measurement date.

For the year ended August 31, 2021, the District recognized pension expense of \$803,057 as well as on-behalf revenue and pension expense of \$918,712 representing pension expense incurred by the State on-behalf of the District.

At August 31, 2021, 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	\$ 21,754	\$ 332,493
Changes in actuarial assumptions	2,764,510	1,175,451
Net difference between projected and actual investment earnings	530,746	289,554
Changes in proportion and difference between the employer’s contributions and proportionate share of contributions	574,816	219,840
Contributions paid to TRS subsequent to the measurement date*	901,698	-
Total	\$ 4,793,524	\$ 2,017,338

* The \$901,698 reported as Deferred Outflows of Resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended August 31, 2022.

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

L. Defined Benefit Pension Plan – continued

G. 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>
2022	\$ 202,563
2023	675,138
2024	682,356
2025	292,254
2026	(7,303)
<u>Thereafter</u>	<u>29,480</u>
	<u>\$ 1,874,488</u>

M. Other Retirement Plan

Optional Retirement Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.6% and 6.65%, respectively. The District contributes .9% for employees who were participating in the Optional Retirement Program prior to September 1, 1995, and .9% for all other employees. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. Effective September 1, 2013, Senate Bill (S.B.) 1812 limits the amount of the state’s contribution to 50% of the cost of eligible employees in the reporting district.

The retirement expense for the Optional Retirement Program to the State for the District was \$173,564 and \$197,284 for the fiscal years ended August 31, 2021 and 2020, 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 \$27,435,841 and \$27,721,769 for fiscal years 2021 and 2020, respectively. The total payroll of employees covered by the Optional Retirement Program was \$5,699,465 and \$6,527,375 for fiscal years 2021 and 2020, respectively.

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (*continued*)

N. Postemployment Benefits Other Than Pensions

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

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

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

Contributions. Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

N. Postemployment Benefits Other Than Pensions

Contributions – continued

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

**Maximum Monthly Employer Contribution
Retiree Health and Basic Life Premium
Fiscal Year FY21**

Retiree only	\$	625
Retiree & Spouse		983
Retiree & Children		865
Retiree & Family		1,223

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

**Premium Contributions by Source
Group Benefits Program Plan
For the Years Ended August 31, 2021 and 2020**

		2021		2020
Employers	\$	232,367	\$	349,625
Members (employees)		130,910		182,823
Nonemployer Contributing Entity (State of Texas)		12,317		17,585

Source: ERS FY2020 Annual Comprehensive Financial Report

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Assumptions
ERS Group Benefits Program Plan**

Valuation date	August 31, 2020
Actuarial cost method	Entry Age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	2.20%

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

N. Postemployment Benefits Other Than Pensions – continued

Projected annual salary increase (includes inflation)	2.30% to 9.05%
Annual healthcare trend rate	<u>HealthSelect</u> 8.80% for FY2022, 5.25% for FY2023, 5.00% for FY2024, 4.75% for FY2025, 4.60% for FY2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2029 and later years. <u>HealthSelect Medicare Advantage</u> -53.30% for FY2022, 0.00% for FY2023, 66.67% for FY2024, 24.00% for FY2025, 4.60% for FY2026, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2029 and later years. <u>Pharmacy</u> 10.00% for FY2022 and FY2023, decreasing 100 basis points per year to 5.00% for FY2028 and 4.30% for FY2029 and later years.
Inflation assumption rate	2.3%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
Active members	Sex Distinct RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014

Source: FY2020ERS ACRF except for mortality assumptions obtained from ERS FY2019 GASB #74 Actuarial Valuation

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

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

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

N. Postemployment Benefits Other Than Pensions – continued

Discount Rate. Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate used to determine the total OPEB liability as of the beginning of the measurement year was 2.97%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 2.20%, which amounted to a decrease of 0.77%. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis. The following schedule shows the impact on the District's proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used 2.20% in measuring the net OPEB Liability.

	1% Decrease in Discount Rate 1.20%	Discount Rate 2.20%	1% Increase in Discount Rate 3.20%
District's Proportionate share of the net OPEB liability (in \$ thousands)	40,366	33,962	28,945

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 7.3% and the ultimate rate is 4.5%. The following schedule shows the impact on the District's proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (7.3%) in measuring the net OPEB liability.

	1% Decrease Healthcare Cost Trend Rates 3.30%	Current Healthcare Cost Trend Rates 4.30%	1% Increase in Healthcare Cost trend Rates 5.30%
District's Proportionate share of the net OPEB liability (in \$ thousands)	28,424	33,962	41,222

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At August 31, 2021, the District reported a liability of \$33,962,112 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State support provided to the District for OPEB. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

N. Postemployment Benefits Other Than Pensions – continued

The District's Proportionate share of the collective net OPEB liability	\$ 33,962,112
State's Proportionate share that is associated with District	<u>20,860,688</u>
	<u>\$ 54,822,800</u>

The net OPEB liability was measured as of August 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability was based on the employer's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2019, thru August 31, 2020.

At the measurement date of August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.10277649% which was 0.01565020% higher compared to August 31, 2019.

For the year ended August 31, 2021, the District recognized OPEB expense of \$246,130 and revenue of \$246,130 for support provided by the State.

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

- Demographic assumptions (including rates of preretirement and post-disability mortality for all State Agency members; assumed rates of termination and retirement for certain members who are Certified Peace Officers/Custodial Officers (CPO/CO); and assumed salary, aggregate payroll increases and the assumed rate of general inflation) have been updated to reflect assumptions recently adopted by the ERS Trustees. These new assumptions were adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.
- Assumed Per Capita Health Benefit Costs and assumed Health Benefit Cost and Retiree Contribution trends have been updated to reflect recent experience and its effects on our short-term expectations. Furthermore, (a) the percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence, (b) the percentage of future female retirees assumed to be married and electing coverage for their spouse and (c) the proportion of future retirees assumed to cover dependent children have been updated to reflect recent plan experience and expected trends. Moreover, the PCORI fees payable under the ACA have been updated to reflect IRS Notice 2020-44.
- The discount rate was changed from 2.97% as of August 31, 2019 to 2.20% as of August 31, 2020 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

N. Postemployment Benefits Other Than Pensions – continued

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

- Any plan changes that have been adopted and communicated to plan members by the time the valuation is prepared must be included in the valuation. Accordingly, this valuation reflects the minor benefit changes that will become effective January 1, 2021, since these changes were communicated to plan members in advance of the preparation of this report. These changes, which are not expected to have a significant impact on plan costs for FY2021, are provided for in the FY2021 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

At August 31, 2021 the District reported its proportionate share of the ERS plan’s collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 1,328,275
Changes in actuarial assumptions	1,966,170	7,317,436
Difference between projected and actual investment return	10,136	-
Changes in proportion and difference between the employer’s contributions and the proportionate share of contributions	6,030,675	(3,576,021)
Contributions subsequent to the measurement date*	494,837	-
Total	\$ 8,501,818	\$ 5,069,690

* The \$494,837 reported as Deferred Outflows of Resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the year ended August 31, 2022.

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

<u>Year ended August 31:</u>	<u>OPEB Expense Amount</u>
2022	\$ (42,219)
2023	931,768
2024	1,273,206
2025	555,781
2026	218,755
	\$ 2,937,291

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (*continued*)

O. Compensated Absences

Financial Reporting for Claims and Judgments and Compensated Absences.

To accrue vacation, an individual must be employed on a full-time basis for a twelve-month appointment. Employees can earn annual vacation leave at the rate of 80 hours per year for the first 9 years up to a maximum of 160 hours per year after 20 years of service. There is no requirement that annual leave be taken, but the maximum permissible accumulation is 120 hours for employees with less than 10 years of service. Employees with 10-19 years of service may accumulate up to 180 hours and employees with 20 years of service or more may accumulate up to 240 hours. At termination, employees are paid for any accumulated annual vacation leave not to exceed their annual entitlement. The liability for accumulated unpaid vacation leave was approximately \$746,531 and \$805,573 on August 31, 2021 and 2020, 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 \$1,397,113 and \$1,233,070 on August 31, 2021 and 2020, respectively. As of August 31, 2021 and 2020, non-exempt employees have accrued approximately \$145,506 and \$142,895, respectively, in compensatory time.

P. 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.

Q. 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 2021 and 2020 for which monies have not been received nor funds expended total \$686,037 and \$699,973, respectively. All of these amounts were from federal contract and grant awards.

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (continued)

R. 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, 2021 and 2020.

S. 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 \$4,147 and \$3,912 representing the discounted present value of the expected distributions for the years ended August 31, 2021 and 2020, respectively. The contribution receivable was approximately \$73,264 and \$69,117 as of August 31, 2021 and 2020, respectively.

T. Commitments

As of August 31, 2021, the District has awarded the following contracts for projects that are in progress:

Onyx General Contractors – Parking Lot Improvement	\$	415,343
Advantage USAA – Roof Replacement	\$	745,600

U. 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 \$4,046,071 and \$7,534,188 in fiscal years 2021 and 2020, respectively. One trustee of the District is also on the Board of Directors of the Foundation.

V. Branch Campus Maintenance Tax

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

		2021		2020
County or Independent School District:		Collections (including penalties and interest)		Collections (including penalties and interest)
Pecos County	\$	1,118,875	\$	1,014,984

MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS (*continued*)

W. Subsequent Events

Management of the District has performed an evaluation of the District's activity through December 14, 2021, the date these financial statements were available for issuance. Subsequent to the end of the year, the District Completed refunding of the 2012 General Obligation Bonds. Moody's Investor's Services ("Moody's) and Standard and Poor's (S&P) each confirmed their earlier ratings of Aa2 and AA respectively. The refunding resulted in a net present value savings of approximately \$543 thousand without increasing the outstanding debt or extending the maturity. The true interest cost on the refunding bonds is .72%

REQUIRED SUPPLEMENTARY INFORMATION

MIDLAND COLLEGE DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

For the Last Seven Measurement Years

Measurement year ended August 31,*	2020	2019	2018	2017	2016	2015	2014**
District's proportionate share of collective net pension liability (%)	0.0222454 %	0.0206821 %	0.020677 %	0.0209193 %	0.0210081 %	0.0214909 %	.0.0240000 %
District's proportionate share of collective net pension liability (\$)	\$ 11,914,165	\$ 10,751,196	\$ 11,381,158	\$ 6,688,879	\$ 7,938,654	\$ 7,596,747	6,410,732
State's proportionate share of net pension liability associated with District	<u>6,673,683</u>	<u>7,275,293</u>	<u>7,908,667</u>	<u>4,490,670</u>	<u>5,568,440</u>	<u>5,178,200</u>	<u>4,326,729</u>
Total	18,587,848	18,026,489	19,289,825	11,179,549	13,507,094	12,774,947	10,737,461
District's covered payroll	\$ 18,447,862	\$ 17,447,336	\$ 16,884,581	\$ 16,349,262	\$ 16,106,059	\$ 15,265,625	14,206,012
District's proportionate share of collective net pension liability as a percentage of covered payroll	64.58 %	61.62 %	67.41 %	40.91 %	49.29 %	49.79 %	45.13 %
Plan fiduciary net position as percentage of the total pension liability	75.54 %	75.24 %	73.74 %	82.17 %	78.00 %	78.43 %	83.25 %

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

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

NOTE 1: CHANGES OF BENEFIT TERMS INCLUDE:

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

NOTE 2: CHANGES OF ASSUMPTIONS:

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

MIDLAND COLLEGE DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS -
TEACHER RETIREMENT SYSTEM OF TEXAS

For the Last Seven Fiscal Years

Fiscal year ended August 31,*	2021	2020	2019	2018	2017	2016	2015**
Legally required contributions	\$ 902,798	918,712	720,736	701,445	685,906	686,879	606,222
Actual contributions	<u>902,798</u>	<u>918,712</u>	<u>720,736</u>	<u>701,445</u>	<u>685,906</u>	<u>686,879</u>	<u>606,222</u>
Contributions deficiency (excess)	-	-	-	-	-	-	-
District's covered payroll amount	\$ \$19,107,864	18,447,862	17,447,336	16,884,581	16,349,262	16,106,059	15,256,625
Contributions as a percentage of covered payroll	4.72%	4.98%	4.13%	4.15%	4.20%	4.26%	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

**SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF NET OPEB LIABILITY—EMPLOYEES RETIREMENT SYSTEM OF TEXAS
STATE RETIREE HEALTH PLAN**

For the Last Five Fiscal Years

Measurement year ended August 31,* 2021	2020	2019	2018	2017**
District's proportionate share of collective net OPEB liability (%)	0.1028%	0.0871%	0.0920%	0.0665%
District's proportionate share of collective net OPEB liability (\$)	\$ 33,962,112	30,113,175	27,254,344	22,658,999
State's proportionate share of net OPEB liability associated with District	<u>20,860,688</u>	<u>26,390,267</u>	<u>22,216,096</u>	<u>19,971,590</u>
Total	54,822,800	56,503,442	49,470,410	42,630,589
District's covered payroll	\$ 22,736,504	22,449,109	22,248,782	21,714,833
District's proportionate share of collective net OPEB liability as a percentage of covered payroll	149.37%	134.14%	122.50%	104.35%
Plan fiduciary net position as percentage of the total OPEB liability	0.32%	0.17%	1.27%	2.04%

*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.

NOTE 1: CHANGES OF BENEFIT TERMS INCLUDE:

Any plan changes that have been adopted and communicated to plan members by the time the valuation is prepared must be included in the valuation. Accordingly, this valuation reflects the minor benefit changes that will become effective January 1, 2021, since these changes were communicated to plan members in advance of the preparation of this report. These changes, which are not expected to have a significant impact on plan costs for FY2021, are provided for in the FY2021 Assumed Per Capita Health Benefit Costs. There are no benefit changes for HealthSelect retirees and dependents for whom Medicare is Primary.

MIDLAND COLLEGE DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF NET OPEB LIABILITY—EMPLOYEES RETIREMENT SYSTEM OF TEXAS
STATE RETIREE HEALTH PLAN**

For the Last Five Fiscal Years

NOTE 2: CHANGES OF ASSUMPTIONS:

Demographic Assumptions

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

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

- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- Percentage of current retirees and retiree spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and retiree spouses who will elect to participate in the plan at the earliest date at which coverage can commence.

Economic Assumptions

- Assumed Per Capita Health Benefit Costs and Health Benefit Cost and Retiree Contribution trends have been updated since the previous valuation to reflect recent health plan experience and its effects on our short-term expectations.
- The Patient-Centered Outcome Research Institute (PCORI) fees payable under the ACA have been updated since the previous valuation to reflect IRS Notice 2020-44 published June 8, 2020.
- Assumed inflation has been updated to reflect an assumption adopted by the ERS Trustees since the last valuation date. This new assumption was adopted to reflect an experience study on the ERS retirement plan performed by the ERS retirement plan actuary.
- The discount rate was changed from 2.97% as of August 31, 2019 to 2.20% as of August 31, 2020 as a result of requirements by GASB No. 74 to utilize the yield or index rate for 20-year, tax-exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date. Minor benefit changes have been reflected in the FY2021 Assumed Per Capita Health Benefits Costs.

MIDLAND COLLEGE DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE
SHARE OF NET OPEB LIABILITY—EMPLOYEES RETIREMENT SYSTEM OF TEXAS
STATE RETIREE HEALTH PLAN**

For the Last Five Fiscal Years

Fiscal year ended August 31,*	2021	2020	2019	2018	2017**
Legally required OPEB contributions	\$ 494,837	464,487	1,346,051	1,238,174	1,197,854
Actual OPEB contributions	<u>494,837</u>	<u>464,487</u>	<u>1,346,051</u>	<u>1,238,174</u>	<u>1,197,854</u>
Contributions deficiency (excess)	-	-	-	-	-
District's covered payroll amount	\$ 18,946,887	22,736,504	22,449,109	22,248,782	21,714,833
Contributions as a percentage of covered payroll	2.61%	2.04%	6.00%	5.56%	5.52 %

*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.

SCHEDULES

MIDLAND COLLEGE DISTRICT

SCHEDULE A

SCHEDULE OF DETAILED OPERATING REVENUES

Year Ended August 31, 2021
 (With Memorandum Totals for the Year Ended August 31, 2020)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2021 Total	2020 Total
Tuition:						
State funded credit courses:						
In-district resident tuition	\$ 3,333,228	-	3,333,228	-	3,333,228	4,026,729
Out-of-district resident tuition	2,033,222	-	2,033,222	-	2,033,222	2,770,825
Non-resident tuition	511,130	-	511,130	-	511,130	685,376
TPEG – credit (set aside) *	545,354	-	545,354	-	545,354	355,343
State-funded continuing education	906,747	-	906,747	-	906,747	866,138
TPEG – non-credit (set aside) *	74,743	-	74,743	-	74,743	45,791
Non-state funded continuing educational programs	<u>147,869</u>	<u>-</u>	<u>147,869</u>	<u>-</u>	<u>147,869</u>	<u>65,950</u>
Total tuition	<u>7,552,293</u>	<u>-</u>	<u>7,552,293</u>	<u>-</u>	<u>7,552,293</u>	<u>8,816,152</u>
Fees:						
General use fee	1,854,050	-	1,854,050	-	1,854,050	2,064,007
Lab fees	292,312	-	292,312	-	292,312	292,970
Distance learning fee	937,875	-	937,875	-	937,875	628,210
Other fees	<u>99,375</u>	<u>-</u>	<u>99,375</u>	<u>-</u>	<u>99,375</u>	<u>119,211</u>
Total fees	<u>3,183,611</u>	<u>-</u>	<u>3,183,611</u>	<u>-</u>	<u>3,183,611</u>	<u>3,104,398</u>
Scholarship allowances and discounts:						
Scholarships	(751,271)	-	(751,271)	-	(751,271)	(1,330,746)
Remissions and exemptions - state	(214,838)	-	(214,838)	-	(214,838)	(204,839)
Remissions and exemptions - local	(175,868)	-	(175,868)	-	(175,868)	(82,993)
Title IV federal grants	(420,305)	-	(420,305)	-	(420,305)	(1,193,396)
Other federal grants	(1,225,226)	100	(1,225,126)	-	(1,225,126)	(131,890)
TPEG awards	(245,961)	-	(245,961)	-	(245,961)	(563,802)
Other state grants	(20,300)	-	(20,300)	-	(20,300)	(52,495)
Other local grants	-	-	-	-	-	-
Total scholarship allowances	<u>(3,053,769)</u>	<u>100</u>	<u>(3,053,669)</u>	<u>-</u>	<u>(3,053,669)</u>	<u>(3,560,161)</u>
Total net tuition and fees	<u>7,682,136</u>	<u>100</u>	<u>7,682,236</u>	<u>-</u>	<u>7,682,236</u>	<u>8,360,389</u>

MIDLAND COLLEGE DISTRICT

SCHEDULE A

SCHEDULE OF DETAILED OPERATING REVENUES – continued

Year Ended August 31, 2021
(With Memorandum Totals for the Year Ended August 31, 2020)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2021 Total	2020 Total
Additional operating revenues:						
Federal grants and contracts	29,261	4,087,494	4,116,755	-	4,116,755	1,485,461
State grants and contracts	-	488,554	488,554	-	488,554	558,248
Local grants and contracts	1,508,960	249,650	1,758,610	-	1,758,610	1,628,647
Non-governmental grants and contracts	269,079	2,079,049	2,348,128	23,200	2,371,328	2,049,765
Sales and services of educational activities	567,393	-	567,393	-	567,393	448,322
Investment income (program restricted)	-	209,224	209,224	3,375	212,599	340,107
General operating revenues	462,967	281,872	744,839	-	744,839	643,959
Total additional operating revenues	<u>2,837,660</u>	<u>7,395,843</u>	<u>10,233,503</u>	<u>26,575</u>	<u>10,260,078</u>	<u>7,154,509</u>
Auxiliary enterprises:						
Bookstore **	-	-	-	120,167	120,167	105,187
Residential/food service	-	-	-	763,573	763,573	896,199
Less discounts	-	-	-	(108,353)	(108,353)	(294,827)
Athletics	-	-	-	-	-	6,749
Other	-	-	-	21,318	21,318	48,770
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>796,705</u>	<u>796,705</u>	<u>762,078</u>
Total Operating Revenues	<u>\$ 10,519,796</u>	<u>7,395,943</u>	<u>17,915,739</u>	<u>823,280</u>	<u>18,739,019</u> (Exhibit 2)	<u>16,276,976</u> (Exhibit 2)

* In accordance with Education Code 56.033, \$620,096 and \$401,134 of tuition for years ended August 31, 2021 and 2020, 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, 2021
(With Memorandum Totals for the Year Ended August 31, 2020)

	Operating Expenses				2021 Total	2020 Total
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 12,641,033	-	3,615,149	1,182,647	17,438,829	17,815,427
Public service	1,316,560	-	575,860	174,984	2,067,404	2,176,863
Academic support	3,849,874	-	1,558,628	2,780,927	8,189,429	8,299,853
Student services	2,394,568	-	1,160,927	284,835	3,840,330	3,774,240
Institutional support	3,651,107	-	1,419,198	1,288,346	6,358,651	7,335,411
Operation and maintenance of plant	1,096,893	-	818,404	4,684,985	6,600,282	7,207,606
Scholarships and fellowships	-	-	-	6,314	6,314	37,240
Total Unrestricted Educational Activities	24,950,035	-	9,148,166	10,403,038	44,501,239	46,646,640
Restricted – Educational Activities						
Instruction	47,343	426,412	20,140	448,074	941,969	1,332,828
Public service	1,012,576	21,192	243,809	839,633	2,117,210	1,986,459
Academic support	-	114,662	328	329,706	444,696	279,186
Student services	90,931	80,904	29,305	1,178,534	1,379,674	501,606
Institutional support	-	103,259	-	70,832	174,091	239,128
Operation and maintenance of plant	-	-	-	1,260,693	1,260,693	701,316
Scholarships and fellowships	16,989	-	-	4,772,380 *	4,789,369	3,623,762
Total Restricted Educational Activities	1,167,839	746,429	293,582	8,899,852	11,107,702	8,664,285
Total Educational Activities	26,117,874	746,429	9,441,748	19,302,890	55,608,941	55,310,925
Auxiliary Enterprises	1,172,226	-	525,382	3,056,124 **	4,753,732	4,336,307
Depreciation Expense – Buildings and other real estate improvements	-	-	-	3,470,417	3,470,417	3,217,088
Depreciation Expense – Equipment and furniture	-	-	-	1,251,878	1,251,878	1,253,772
Total Operating Expenses	\$ 27,290,100	746,429	9,967,130	27,081,309	65,084,968 (Exhibit 2)	64,118,092 (Exhibit 2)

* Net of discounts of \$2,662,803

** Net of discounts of \$ 108,353

SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES

Year Ended August 31, 2021
(With Memorandum Totals for the Year Ended August 31, 2020)

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2021 Total</u>	<u>2020 Total</u>
NON-OPERATING REVENUES:					
State appropriations:					
Education and general state support	\$ 7,727,605	-	-	\$7,727,605	7,728,081
State group insurance	-	(246,131)	-	(246,131)	29,898
State retirement matching	-	992,560	-	992,560	1,327,033
Permian Basin Petroleum Museum	-	324,056	-	324,056	324,057
Total state appropriations	<u>7,727,605</u>	<u>1,070,485</u>	<u>-</u>	<u>8,798,090</u>	<u>9,409,069</u>
Maintenance ad valorem taxes	32,775,147	-	-	32,775,147	31,160,243
Debt service ad valorem taxes	-	2,866,877	-	2,866,877	2,820,274
Federal revenue, non-operating	-	3,584,811	-	3,584,811	4,017,991
Gifts	50,000	1,294,450	-	1,344,450	1,145,208
Investment income	111,827	-	2,698	114,525	662,157
Gain on disposal of capital assets	26,269	-	-	26,269	-
Contributions in aid of construction	-	-	-	-	4,022,951
Additions to permanent endowments	-	15,970	-	15,970	41,952
Total non-operating revenues	<u>32,963,243</u>	<u>7,762,108</u>	<u>2,698</u>	<u>40,728,049</u>	<u>53,279,845</u>
NON-OPERATING EXPENSES:					
Interest on capital related debt	-	(875,325)	-	(875,325)	(847,673)
Loss on disposal of capital assets	-	-	-	-	(8,837)
Total non-operating expense	<u>-</u>	<u>(875,325)</u>	<u>-</u>	<u>(875,325)</u>	<u>(856,510)</u>
Net non-operating revenues	<u>\$ 40,690,848</u>	<u>7,957,268</u>	<u>2,698</u>	<u>48,650,814</u> (Exhibit 2)	<u>52,423,335</u> (Exhibit 2)

Midland College District

Schedule D

SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY

Year Ended August 31, 2021
(With Memorandum Totals for the Year Ended August 31, 2020)

	Detail by Source					Available for Current Operations	
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Non-Expendable				
Current:							
Unrestricted	\$ (1,259,974)	-	-	-	(1,259,974)	(1,259,974)	-
Restricted	-	9,546,728	-	-	9,546,728	9,546,728	-
Auxiliary enterprises	686,914	-	-	-	686,914	686,914	-
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	-
Endowment:							
True	-	-	5,341,279	-	5,341,279	-	5,341,279
Plant:							
Debt service	-	-	-	-	-	-	-
Investment in plant	-	-	-	78,312,313	78,312,313	-	78,312,313
Total Net Position August 31, 2021	(573,060)	9,546,728	5,341,279	78,312,313	92,627,260	8,973,668	83,653,592
Total Net Position August 31, 2020	(2,656,268)	9,836,495	5,366,105	77,776,063	90,322,395 (Exhibit 1)	7,164,767	83,157,628
Net Increase (Decrease) in Net Position	\$ 2,083,208	(289,767)	(24,826)	536,250	2,304,865 (Exhibit 2)	1,808,901	495,964

Midland College District

Schedule E

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2021

Federal Grantor/Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Direct Awards	Pass Through Awards	Total	Subrecipients Expenditures
U.S. DEPARTMENT OF EDUCATION					
Student Financial Assistance Cluster					
Federal Supplemental Educational Opportunity Grant P007A204070	84.007	\$ 290,850	-	290,850	-
Federal College Work Study Program P033A204070	84.033	7,648	-	7,648	-
Federal Pell Grant Program P063P203245	84.063	3,286,313	-	3,286,313	-
Federal Direct Student Loans P268K213245	84.268	<u>939,820</u>	<u>-</u>	<u>939,820</u>	<u>-</u>
Total Student Financial Assistance Cluster		4,524,631	-	4,524,631	-
Higher Education Emergency Relief Fund					
Education Stabilization Fund-Student COVID-19 P425E202001	84.425E	847,534	-	847,534	-
Education Stabilization Fund-Institution COVID-19 P425F202641	84.425F	2,203,709	-	2,203,709	-
Education Stabilization GEER COVID-19 2020-GE-84425C	84.425C	<u>41,414</u>	<u>-</u>	<u>41,414</u>	<u>-</u>
Total Higher Education Emergency Relief Fund		3,092,657	-	3,092,657	-
Pass-through from:					
Texas Workforce Commission					
Adult Education and Literacy – Federal / Corrections 1118ALAB01	84.002A	-	7,232	7,232	-
Adult Education and Literacy – Federal / Corrections 1118ALAC01	84.002A	-	449,143	449,143	-
Adult Education and Literacy – AEL Combined 1118ALAD01	84.002A	-	50,763	50,763	-
Adult Education and Literacy – IET El Civics 1118ALAC01	84.002A	-	51,415	51,415	-
Workforce Integration Initiative 1120AEL002	84.002A	-	13,620	13,620	-
Total	84.002A	<u>-</u>	<u>572,173</u>	<u>572,173</u>	<u>-</u>
Texas Higher Education Coordinating Board Career and Technical Education – Basic Grants 214241	84.048	<u>-</u>	<u>166,746</u>	<u>166,746</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		\$ <u>7,617,288</u>	<u>738,919</u>	<u>8,356,207</u>	<u>-</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – continued

Year Ended August 31, 2021

Federal Grantor/Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Direct Awards	Pass Through Awards	Total	Subrecipients Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Pass-through from:					
Texas Tech University Health Sciences Center Model State Supported Area Health Education Centers 17082FBV-05	93.107	\$ -	129,073	129,073	-
Texas Tech University Health Sciences Center Area Health Education Centers Program COVID A18-0028-S011	93.107	-	11,932	11,932	-
Total Area Health Education Centers Cluster		-	141,005	141,005	-
Permian Basin Workforce Development Board Child Care Scholarship Agreement 128-14	93.575	-	8,282	8,282	-
Total Child Care and Development Fund Cluster		-	8,282	8,282	-
South Plains Community Action Association, Inc./ Head Start Division Head Start CARES Act/COVID-19 Funding 06CH010880	93.600	-	4,889	4,889	-
South Plains Community Action Association, Inc./ Head Start Division Head Start CRRSA 06HE000799-01-00	93.600	-	3,505	3,505	-
South Plains Community Action Association, Inc./ Head Start Division Head Start Partnership Agreement FY20 06CH010880	93.600	-	75,595	75,595	-
South Plains Community Action Association, Inc./ Head Start Division Head Start Partnership Agreement FY21 06CH010880	93.600	-	50,086	50,086	-
Total Head Start Cluster		-	134,075	134,075	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	283,362	283,362	-
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 7,617,288	1,022,281	8,639,569	-

Note 1: Federal Assistance Reconciliation

Other Operating Revenues -Federal Grants and Contracts revenue – per Schedule A	\$ 4,087,494
Add: Indirect/Administrative Cost Recoveries-per schedule A	29,261
Add: Non-Operating Federal Revenue per Schedule C	<u>3,584,811</u>
Total Federal Revenues per Schedule A and C	<u>7,701,566</u>
Reconciling Item:	
Add: Direct Student Loans	939,820
Reduce: OPEB for Medicare Part D RDS Payment	<u>(1,817)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u>\$ 8,639,569</u>

Notes to Schedule on following page.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – continued

Year Ended August 31, 2021

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

The expenditures included in the schedule are reported for the District's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the District for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the general purpose financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The District has elected to use the 10 percent de minimis cost rate as permitted in the UG, Section 200.414. The District has followed all applicable guidelines issued by various entities in the preparation of the schedule.

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended August 31, 2021

State Grantor/Pass-Through Grantor/ Program Title	Grant/Contract Number	Pass-Through Disbursement and Expenditures
Direct Programs:		
Texas Higher Education Coordinating Board		
Nursing Shortage Reduction FY 2017	16616	\$ 65,756
Texas College Work Study		9,341
Texas Education Opportunity Grant		<u>203,394</u>
Subtotal – Texas Higher Education Coordinating Board		<u>278,491</u>
Pass-Through From:		
Texas Tech University Health Sciences Center		
Area Health Education Center	FY 21 State Agreement	<u>210,063</u>
Subtotal – Pass Through		<u>210,063</u>
Total State Financial Assistance		<u>\$ 488,554</u>
<u>Note 1: State Assistance Reconciliation</u>		
Total State Financial Assistance		<u>\$ 488,554</u>
Total State Revenues per Schedule A		<u>\$ 488,554</u>

Note 2: Significant Accounting Policies Used in Preparing the Schedule

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

SINGLE AUDIT REPORTS

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

The Board of Trustees
Midland College District
Midland, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Midland College District (the "District"), as of and for the years ended August 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon December 14, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Compliance with the Texas Public Funds Investment Act

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, 2021, 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.

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

Midland, Texas
December 14, 2021

**Independent Auditors' Report on Compliance
for Each Major Program and Internal Control
Over Compliance Required by the Uniform Guidance**

The Board of Trustees
Midland College District
Midland, Texas

Report on Compliance for Each Major Federal Program

We have audited Midland College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended August 31, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 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 program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal 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 programs for the year ended August 31, 2021.

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 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 program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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 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 program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Midland, Texas
December 14, 2021

Midland College District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

August 31, 2021

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
Federal Awards	
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 2 CFR 200.516 (a)	No
Any questioned costs?	No

Midland College District

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – continued

August 31, 2021

Identification of Major Programs:

<u>Assistance Listing 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
84.425E Student	Higher Education Emergency Relief Fund COVID-19 Education Stabilization Fund –
84.425F Institution	COVID-19 Education Stabilization Fund –
84.425C GEER	COVID-19 Education Stabilization Fund –
Dollar threshold used to distinguish between type A and type B programs:	Federal programs threshold \$750,000;
Auditee qualified as low-risk auditee?	Yes
SECTION II – FINANCIAL STATEMENT FINDINGS	No matters were reported.
SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS	No matters were reported.
August 31, 2021	No matters were reported.

STATISTICAL SUPPLEMENT

**Midland College District
Statistical Supplement 1
Net Position by Component
Fiscal Years 2012-2021
(unaudited)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013 (as restated)	2012
Net investment in capital assets	\$ 78,312	\$ 77,776	\$ 71,521	\$ 66,158	\$ 65,124	\$ 64,293	\$ 64,808	\$ 61,459	\$ 59,087	\$ 59,196
Restricted - expendable	9,547	9,836	11,396	6,025	5,649	5,297	5,194	4,667	5,272	5,850
Restricted - nonexpendable	5,341	5,366	5,298	5,168	5,245	5,296	5,307	5,346	5,412	5,374
Unrestricted	(573)	(2,656)	(2,475)	(1,813)	19,544	17,202	14,017	20,697	19,190	15,477
Total primary government net position	\$ 92,627	\$ 90,322	\$ 85,740	\$ 75,538	\$ 95,562	\$ 92,088	\$ 89,326	\$ 92,169	\$ 88,961	\$ 85,897

**Midland College District
Statistical Supplement 2
Revenues by Source
Fiscal Years 2012-2021
(unaudited)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Tuition and Fees (net of discounts)	\$ 7,682	\$ 8,360	\$ 9,171	\$ 9,648	\$ 9,839	\$ 9,417	\$ 9,232	\$ 9,778	\$ 10,272	\$ 10,103
Federal Grants and Contracts	4,117	1,485	897	971	863	1,007	1,459	1,532	2,384	2,693
State Grants and Contracts	489	558	756	828	725	543	557	881	614	517
Local Grants and Contracts	1,759	1,629	5,398	1,934	1,567	1,621	1,734	1,758	1,517	825
Non-Governmental Grants and Contracts	2,371	2,050	5,918	1,299	1,326	1,498	876	1,035	915	845
Sales and services of educational activities	567	448	691	583	476	623	632	510	430	432
Investment income-program restricted	213	340	358	120	110	142	141	225	12	203
Auxiliary enterprises (net of discounts)	797	762	1,034	817	845	1,049	1,153	1,180	1,192	1,251
Other operating revenues	744	644	994	1,394	747	749	603	507	607	586
Total Operating Revenues	18,739	16,276	25,217	17,594	16,498	16,649	16,387	17,406	17,943	17,455
State Appropriations	8,798	9,409	8,526	10,098	10,680	10,709	11,221	11,106	10,324	10,397
Ad Valorem Taxes	35,642	33,980	31,104	29,169	28,023	27,458	25,453	23,785	22,757	21,180
Federal Revenue, non-operating	3,585	4,018	4,256	4,477	5,400	4,790	4,290	4,017	4,153	5,599
Gifts	1,344	1,145	1,412	1,724	2,094	1,744	2,297	1,491	1,798	1,767
Investment income	115	662	998	422	321	185	165	87	24	26
Contributions in aid of construction	-	4,023	3,600	-	-	-	1	21	27	735
Gain on disposal of fixed assets	26	-	-	-	-	-	-	18	165	70
Additions to permanent endowments	16	42	33	42	17	34	5	18	244	357
Other non-operating revenues	-	-	-	-	-	-	-	-	-	-
Total Non-Operating Revenues	49,526	53,279	49,929	45,932	46,535	44,920	43,432	40,543	39,492	40,131
Total Revenues	\$ 68,265	\$ 69,555	\$ 75,146	\$ 63,526	\$ 63,033	\$ 61,569	\$ 59,819	\$ 57,949	\$ 57,435	\$ 57,586

**Midland College District
Statistical Supplement 3
Program Expenses by Function
Fiscal Years 2012-2021
(unaudited)**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
									(as restated)	
Instruction	\$ 18,381	\$ 19,148	\$ 19,308	\$ 18,118	\$ 20,526	\$ 19,694	\$ 19,169	\$ 18,531	\$ 18,254	\$ 18,336
Public service	4,185	4,163	3,323	2,777	2,911	2,776	2,542	2,593	2,405	2,112
Academic support	8,634	8,579	8,403	7,408	6,382	6,749	6,085	5,785	6,148	6,311
Student services	5,220	4,276	4,162	3,916	4,271	4,067	3,808	3,777	3,581	3,442
Institutional support	6,533	7,575	7,049	6,529	7,204	6,702	6,605	6,411	6,031	5,234
Operation and maintenance of plant	7,861	7,909	6,099	6,232	5,707	5,968	5,574	5,848	5,494	5,421
Scholarships & fellowships (net of discounts)	4,795	3,661	2,999	3,487	3,672	3,877	2,704	2,908	3,230	3,718
Auxiliary enterprises (net of discounts)	4,754	4,336	4,146	3,507	3,816	3,668	3,627	3,488	3,320	3,027
Depreciation	4,722	4,471	4,637	3,954	3,729	3,720	3,754	3,758	3,803	3,724
Total Operating Expenses	65,085	64,118	60,126	55,928	58,218	57,221	53,868	53,099	52,266	51,325
Interest on capital related debt	875	848	1,212	1,170	1,320	1,521	1,527	1,641	1,696	1,994
Loss on disposal of fixed assets	-	9	6	3	19	65	4	-	-	-
Other non-operating expenses	-	-	-	-	-	-	-	-	-	31
Total Non-Operating Expenses	875	857	1,218	1,173	1,339	1,586	1,531	1,641	1,696	2,025
Total Expenses	\$ 65,960	\$ 64,975	\$ 61,344	\$ 57,101	\$ 59,557	\$ 58,807	\$ 55,399	\$ 54,740	\$ 53,962	\$ 53,350

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

Resident-Lower Division Fees per Semester Credit Hour
--

Academic Year (Fall)	In-District Tuition	Out-of-District Tuition	General Use Fee	Cost for 12 SCH In- District	Cost for 12 SCH Out-of-District	Increase from Prior Year In- District	Increase from Prior Year Out- of-District
2020-21	\$ 46	\$ 100	\$ 25	\$ 852	\$ 1,500	-20.22%	-12.59%
2019-20	64	118	25	1,068	1,716	-	-
2018-19	64	118	25	1,068	1,716	-	1.42%
2017-18	64	116	25	1,068	1,692	3.49%	3.68%
2016-17	62	112	24	1,032	1,632	4.88%	3.03%
2015-16	58	108	24	984	1,584	5.13%	5.60%
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	-	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	-	0.00%
2006-07	43	55	10	636	780	17.78%	14.04%

Non-Resident-Lower Division Fees per Semester Credit Hour
--

Academic Year (Fall)	Non- Resident Tuition Out of State	Non-Resident Tuition International	General Use Fee	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2020-21	\$ 142	\$ 142	\$ 25	\$ 2,004	\$ 2,004	-9.73%	-9.73%
2019-20	160	160	25	2,220	2,220	-	-
2018-19	160	160	25	2,220	2,220	1.09%	1.09%
2017-18	158	158	25	2,196	2,196	3.98%	3.98%
2016-17	152	152	24	2,112	2,112	2.33%	2.33%
2015-16	148	148	24	2,064	2,064	4.88%	4.88%
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%

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)				Direct Rate			
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Total Taxes Assessed	Maintenance & Operations (a)	Debt Service (a)	Total (a)
2020-21	\$ 39,582,768	\$ 1,728,003	\$ 37,854,765	95.63%	\$ 35,367	0.084682	0.007526	0.092208
2019-20	38,603,722	1,975,688	36,628,034	94.88%	33,864	0.083650	0.007560	0.091210
2018-19	28,353,759	1,588,258	26,765,501	94.40%	31,280	0.104363	0.010358	0.114721
2017-18	24,308,301	1,440,043	22,868,258	94.08%	29,132	0.113080	0.012170	0.125250
2016-17	21,769,005	1,435,909	20,333,096	93.40%	27,879	0.123460	0.013650	0.137110
2015-16	22,806,351	1,450,393	21,355,958	93.64%	26,894	0.112160	0.013770	0.125930
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

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
2020-21	\$ 7,728	\$ 2,645	\$ 2,922	895	600	1,495	\$ 5.17
2019-20	7,728	3,125	2,473	1,158	670	1,828	4.23
2018-19	8,135	3,376	2,409	1,390	700	2,090	3.89
2017-18	8,135	2,829	2,875	1,449	736	2,185	3.72
2016-17	7,690	3,134	2,454	1,643	732	2,375	3.24
2015-16	7,679	3,742	2,052	1,684	767	2,451	3.13
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

(a) Source CBM001
(b) Source CBM00A

Notes:

(1) FTSE is calculated by the following formula:

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

	Voc-Tech Contact Hrs (000's)		Total
	Credit	CE	
20-21	472	128	600
19-20	575	95	670
18-19	567	133	700
17-18	565	171	736
16-17	603	129	732
15-16	561	206	767
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

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

	Fiscal Year														
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Faculty															
Full-Time	125	125	137	141	134	133	142	145	147	145	135	154	155	141	134
Part-Time	82	112	111	153	146	157	124	121	148	162	195	184	160	156	135
Total	207	237	248	294	280	290	266	266	295	307	330	338	315	297	269
Percent															
Full-Time	60.4%	52.7%	55.2%	48.0%	47.9%	45.9%	53.4%	54.5%	49.8%	47.2%	40.9%	45.6%	49.2%	47.5%	49.8%
Part-Time	39.6%	47.3%	44.8%	52.0%	52.1%	54.1%	46.6%	45.5%	50.2%	52.8%	59.1%	54.4%	50.8%	52.5%	50.2%
Staff and Administrators															
Full-Time	236	241	264	284	287	276	260	262	252	263	264	254	256	249	239
Part-Time	233	288	382	285	311	157	301	315	327	328	258	357	320	375	358
Total	469	529	646	569	598	433	561	577	579	591	522	611	576	624	597
Percent															
Full-Time	50.3%	45.6%	40.9%	49.9%	48.0%	63.7%	46.3%	45.4%	43.5%	44.5%	50.6%	41.6%	44.4%	39.9%	40.0%
Part-Time	49.7%	54.4%	59.1%	50.1%	52.0%	36.3%	53.7%	54.6%	56.5%	55.5%	49.4%	58.4%	55.6%	60.1%	60.0%
Students per Full-Time Faculty	38.1	41.5	38.6	39.6	42.3	40.9	32.5	36.1	37.6	41.9	47.1	40.5	37.3	40.7	43.4
Students per Full-Time Staff Member	20.2	21.5	20.0	19.7	19.7	19.7	17.8	20.0	21.9	23.1	24.1	24.5	22.6	23.0	24.3
Average Annual Faculty Salary	\$64,503	\$65,433	\$64,725	\$62,257	\$62,257	\$61,444	\$61,064	\$58,940	\$57,463	\$52,169	55,834	55,216	54,623	52,021	50,636
Notes:															
Fall Headcount	4763	5184	5282	5589	5664	5439	4618	5236	5531	6071	6358	6230	5784	5733	5819

**Midland College District
Statistical Supplement 8
Schedule of Capital Asset Information
Fiscal Years 2012 to 2021**

	Fiscal Year									
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Academic buildings	22	22	22	22	22	22	22	22	22	22
Square footage (in thousands)	560	560	560	520	520	520	520	520	520	520
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	52	52	52	52	52	52	52	52	52	52
Administrative and support buildings	7	7	5	5	5	5	5	5	5	5
Square footage (in thousands)	85	85	85	70	70	70	70	70	70	70
Dormitories	3	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	91	91	91	91	91	91	91	91	91	91
Number of Beds	286	286	286	286	286	286	286	286	286	286
Apartments	11	11	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	22	22	20	20	20	20	20	20	20	20
Dining Facilities	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	20	20	11	11	11	11	11	11	11	11
Athletic Facilities	6	6	6	6	6	6	6	6	6	6
Square footage (in thousands)	136	136	136	136	136	136	136	136	136	136
Multipurpose Center	1	1	1	1	1	1	1	1	1	1
Gymnasiums	2	2	2	2	2	2	2	2	2	2
Softball Dressing Facility	1	1	1	1	1	1	1	1	1	1
Baseball Practice Facility	1	1	1	1	1	1	1	1	1	1
Tennis Pro Shop	1	1	1	1	1	1	1	1	1	1
Plant facilities	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	29	29	26	26	26	26	26	26	26	26
Chapel	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	2	2	2	2	2	2	2	2	2	2
Childrens Center	4	4	1	1	1	1	1	1	1	1
Square footage (in thousands)	15	15	15	11	11	11	11	11	11	11
Transportation										
Cars	13	14	16	11	12	11	9	12	9	9
Light Trucks/Vans	25	23	20	20	20	20	20	25	22	22
Heavy trucks	11	12	12	13	9	8	8	6	5	4
Buses	9	11	12	8	8	8	8	8	7	7

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

Fiscal Year	Fall	Spring	Sum I	Sum II	Duplicated Total	Annual Unduplicated
2020-21	4,763	4,838	764	764	11,129	7,020
2019-20	5,131	6,029	1,592	1,593	14,345	7,656
2018-19	5,282	6,087	1,529	1,529	14,427	8,292
2017-18	5,589	6,405	1,418	1,418	14,830	8,448
2016-17	5,664	7,253	3,207	1,968	18,092	9,662
2015-16	5,439	7,136	3,727	2,353	18,655	10,183
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

Data Source: CBM001