



MIDLAND COLLEGE

FINANCIAL STATEMENTS *and* INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEARS ENDED AUGUST 31, 2025 AND 2024

MIDLAND COLLEGE DISTRICT

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MIDLAND COLLEGE DISTRICT

ORGANIZATIONAL DATA

As of August 31, 2025

BOARD OF TRUSTEES

Officers

Mr. Steve Kiser	Chairperson
Mrs. Charlene McBride	Vice-Chairperson
Mr. Adrian Carrasco	Secretary

Members

		Term Expires
Ms. Christine Foreman	Midland, Texas	2030
Ms. Linda Cowden	Midland, Texas	2028
Mr. Scott Lynch	Midland, Texas	2026
Mr. Scott Kidwell	Midland, Texas	2026
Mr. Steven C. Kiser	Midland, Texas	2028
Mr. G. Larry Lawrence	Midland, Texas	2028
Ms. Charlene R. McBride	Midland, Texas	2030
Mr. Mike Oestmann	Midland, Texas	2030
Mr. Adrian Carrasco	Midland, Texas	2026

ADMINISTRATIVE OFFICERS

Dr. Damon Kennedy	President
Mr. Jeff Chambers	Vice President of Administrative Services
Dr. Michael Dixon	Provost
Mr. Tom Glenn	Vice President of Strategy & Analytics
Dr. Frank De La O	Vice President of Instruction
Dr. Deana Savage	Chief of Staff
Dr. Adrian Vega	Vice President of Institutional Advancement
Mr. Derek Gasch	Vice President of Facilities and IT
Mr. Joseph Granado	Vice President of Student Services
Ms. Edith Reed	Executive Director of Human Resources and Payroll
Ms. Lauren Callo	Director of Accounting



INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
Midland College District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of Midland College District (the "District"), as of and for the years ended August 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of August 31, 2025 and 2024, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. Supplemental Schedules A through D, as required by the Texas Higher Education Coordinating Board's (THECB) *Budget Requirements and Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*; and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the Schedule of Expenditures of State Awards, as required by the *Texas Grant Management Standards* (TxGMS), are also presented for additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Supplemental Schedules A through D, and the Schedule of Expenditures of Federal Awards, and the Schedule of Expenditures of State Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Midland, Texas
December 16, 2025



MIDLAND COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Financial Statements and Financial Analysis

The Management's Discussion and Analysis is designed to provide an easy-to-read analysis of Midland College District's financial activities for the years ended August 31, 2025, 2025 and 2024. 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 \$148.5 million in 2025 compared to \$146.1 million in 2024 (restated). Financial standing was strengthened as total net position increased by approximately \$2.4 million during fiscal year 2025 and by approximately \$11.5 million during fiscal year 2024.
- Unrestricted net position increased by \$0.2 million in 2025 and increased by \$3.6 million in 2024 (restated). Unrestricted net position after adjustments to exclude the effects of postemployment benefits increased by approximately \$0.6 million in 2024 and \$4.9 million in 2024.
- The net assessed valuation of the District increased by approximately \$1.5 billion or 2.7%, from 2024 to 2025 and increased by approximately \$7.4 billion or 15.6%, from 2023 to 2024. Taxable values were approximately \$56.2 billion in 2025 and \$54.7 billion in 2024.
- Bonded indebtedness decreased by approximately \$3.9 million in both fiscal years 2025 and 2024.
- Duplicated head count of students in credit hour programs increased 8.01% in 2025 and decreased by approximately 2.65% in 2024.

The Statements of Net Position

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

From the data presented, readers of the Statements of Net Position are able to determine the resources that are available to continue the operations of the institution. Readers are also able to determine the amount the institution owes vendors, bondholders and lending institutions.

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

Condensed Statement of Net Position
(in thousands)

	Fiscal Year			Increase/Decrease	
	2025	2024	2023	2024 to 2025	2023 to 2024
Assets					
Current Assets	\$ 60,429	\$ 66,468	\$ 55,102	\$ (6,039)	\$ 11,366
Other Noncurrent Assets	21,522	13,071	18,195	8,451	(5,124)
Capital Assets - (Non-current)	128,780	129,667	129,320	(887)	347
Total Assets	210,731	209,206	202,617	1,525	6,589
Deferred Outflows of Resources Liabilities	10,313	10,983	15,641	(670)	(4,658)
Liabilities					
Current Liabilities	14,609	11,977	14,298	2,632	(2,321)
Net Pension Liability	13,015	12,937	11,549	78	1,388
Other Post Employment Benefits	29,363	26,521	28,957	2,842	(2,436)
Other Noncurrent Liabilities	3,841	8,010	12,102	(4,169)	(4,092)
Total Liabilities	60,828	59,445	66,906	1,383	(7,461)
Deferred Inflows of Resources Net Position	11,714	14,689	16,788	(2,975)	(2,099)
Net Position					
Net Investment in Capital Assets	122,184	118,934	114,710	3,250	4,224
Restricted-Nonexpendable	5,240	5,056	5,220	184	(164)
Restricted-Expendable	12,442	13,619	9,738	(1,177)	3,881
Unrestricted	8,636	8,446	4,896	190	3,550
Total Net Position	\$ 148,502	\$ 146,055	\$ 134,564	\$ 2,447	\$ 11,491
Current Ratio	4.13	5.47	3.85		

Assets

Total assets increased by approximately 3.1% from 2023 to 2024 and again increased by approximately 0.7% from 2024 to 2025. Cash and investments increased 13.6% in 2024 and decreased 12.8% in 2025. 2024-2025 decreases were the result of cash flows from non-capital financing activities, increases in cash used for operating and decreases in receipts from capital grants and gifts.

Liabilities

Total liabilities increased by approximately \$1.4 million in 2025, but decreased by approximately \$7.2 million in 2024. In 2025 the district's proportionate share of pension liability was stable. The district's proportionate share of other post-employment benefits increased by \$2.9 million. Additionally, bonded indebtedness was reduced by \$3.9 million in both 2025 and 2024.

Net Position

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

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

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

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

Schedule of Net Position Adjusted for the Effects of Pensions and Other Postemployment Benefits (in thousands)					
	2025	2024	2023	2022	2021
Schedule of Net Position					
Net investment in capital assets	\$ 122,184	\$ 118,901	\$ 114,710	\$ 84,213	\$ 78,312
Restricted-Nonexpendable	5,240	5,056	5,220	5,209	5,341
Restricted-Expendable	12,442	13,618	9,738	17,172	9,547
Unrestricted (A)	8,636	7,975	4,896	(408)	(573)
Total Net Position	148,502	145,550	134,564	106,186	92,627
Postemployment Adjustments:					
Add:					
Compensable Absences-Current	1,011	1,055	795	802	892
Compensable Absences-Noncurrent	888	1,448	1,290	1,245	1,397
Other Postemployment Benefits Liability-Current (GASB 75)	858	763	773	785	1,133
Other Postemployment Benefits Liability-Noncurrent (GASB 75)	29,363	26,521	28,957	37,417	32,829
Net Pension Liability (GASB 68)	13,015	12,937	11,549	5,381	11,914
Deferred Inflows - Other Postemployment Benefits (GASB 75)	7,758	11,086	11,621	6,155	5,070
Deferred Inflows - Pensions (GASB 68)	3,956	3,603	5,116	6,567	2,017
Deduct:					
Deferred Outflows - Other Postemployment Benefits (GASB 75)	(3,117)	(3,584)	(7,103)	(11,523)	(8,502)
Deferred Outflows - Pensions (GASB 68)	(7,110)	(7,189)	(8,150)	(3,632)	(4,794)
Net Effect of Pensions and Other Postemployment Obligations (B)	46,622	46,640	44,848	43,197	41,956
Schedule of Net Position (Adjusted for Postemployment Obligations)					
Net investment in capital assets	122,184	118,901	114,710	84,213	78,312
Restricted-Nonexpendable	5,240	5,056	5,220	5,209	5,341
Restricted-Expendable	12,442	13,618	9,738	17,172	9,547
Unrestricted (Adjusted) (A+B)	55,258	54,615	49,744	42,198	41,383
Net Position Adjusted for Postemployment Obligations	\$ 195,124	\$ 192,190	\$ 179,412	\$ 148,792	\$ 134,583

As reflected in the preceding schedule, total net position and adjusted unrestricted net position have increased in each of the last four years. Unrestricted net position (after adjustment for post-employment benefits) represents approximately 61% of the 2025 operating expenses and expendable net position represents approximately 14% of those expenses.

Statements of Revenues, Expenses and Changes in Net Position

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

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

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

The following table reflects a summary of the Statements of Revenues, Expenses and Changes in Net Position for the years ended August 31, 2025, 2024 and 2023. This summary indicates the operating loss and the overall increase in net position for each of the years displayed.

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

Condensed Schedule of Revenues, Expenses and Changes in Net Position
(in thousands)

	Fiscal Year			Changes	
	2025	2024, as restated	2023	2024 to 2025	2023 to 2024
Operating Revenues and Expenses:					
Operating revenues	\$ 16,228	\$ 19,731	\$ 18,426	\$ (3,503)	\$ 1,305
Operating expenses	90,597	77,975	68,339	12,622	9,636
Operating Loss	(74,369)	(58,244)	(49,913)	(16,125)	(8,331)
Non-Operating Revenues (Expenses):					
State appropriations	15,754	12,803	9,695	2,951	3,108
Ad valorem taxes	46,149	41,734	38,044	4,415	3,690
Federal, non-operating	7,991	5,917	4,778	2,074	1,139
Gifts/Contributions in aid of construction	4,110	6,239	23,901	(2,129)	(17,662)
Interest on capital related debt	(214)	(312)	(402)	98	90
Other non-operating revenues	3,026	3,354	2,275	(327)	1,079
Total Non-Operating Revenues, Net	76,816	69,735	78,291	7,082	(8,556)
Increase in net position	2,447	11,491	28,378	(9,043)	(16,888)
Net Position Beginning of Year	146,055	134,564	106,186	11,491	28,378
Net Position End of Year	\$ 148,502	\$ 146,055	\$ 134,564	\$ 2,448	\$ 11,490

2024 to 2025 Changes in Revenues

Total revenues decreased by approximately \$3.4 million, primarily due to increases in state appropriations of \$3 million and ad valorem taxes of \$4.4 million. Total ad valorem tax revenues were 9.57% higher in 2025 compared to 2024. The net assessed valuation of the District increased by approximately \$1.5 billion or 2.8%. The total 2025 tax rate for the District was \$0.08200 per \$100 of valuation compared to \$0.08298 for 2024.

2023 to 2024 Changes in Revenues

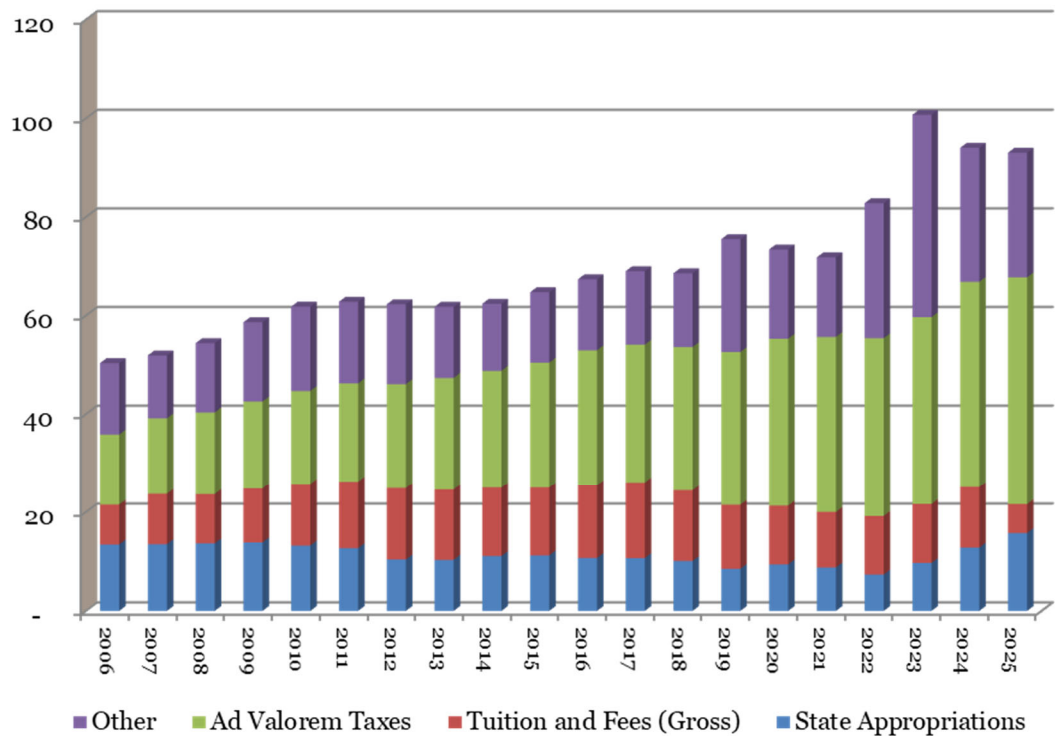
Total revenues decreased by approximately \$7.3 million, primarily due to lower gifts and contributions in aid of construction, in non-operating revenues of \$18.4 million. This decrease was offset by an increase of ad valorem taxes of \$3.7 million.

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

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

Local ad valorem taxes have become the District’s largest and most reliable revenue source as state support for higher education has generally declined over the last several decades. State appropriations as a percentage of total revenues has consistently declined.

Revenue Trends 2006 to 2025



The following table illustrates revenue by source in 2025 compared to 2024.

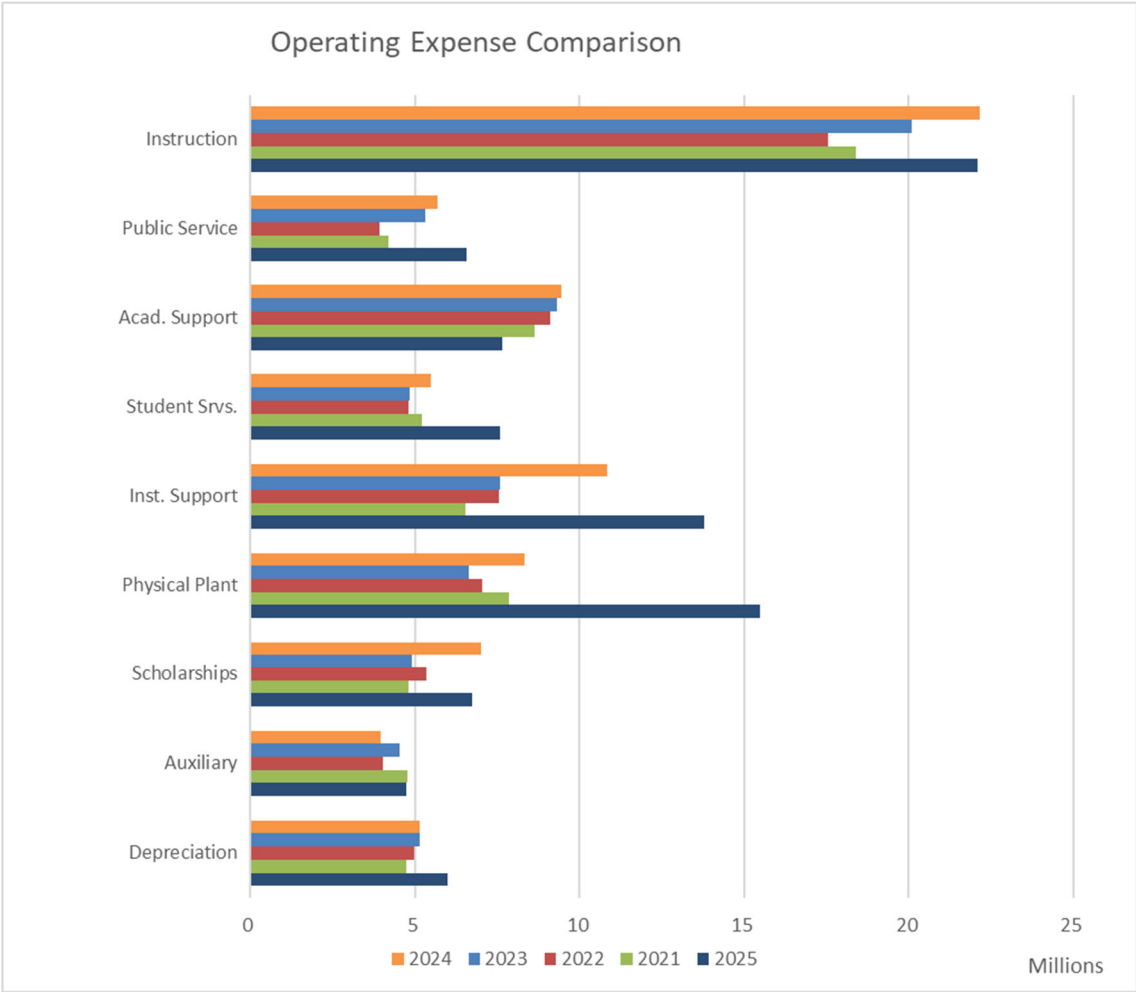
Percentage of Total Revenues

	2025	2024
State Appropriations	17%	14%
Local Property Taxes	50%	45%
Tuition and Fees (Gross)	6%	13%
Gifts Grants & Contracts	20%	22%
Auxiliary Services	1%	1%
Other	6%	5%
	100%	100%

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

Operating Expenses by Functional Classification

Functional classifications are the traditional categories that have been used to report expenses in financial statements. These categories represent the types of programs and services provided. The following chart shows the District's 2025 expenses compared to the 2024, 2023, 2022, and 2021 expenses.



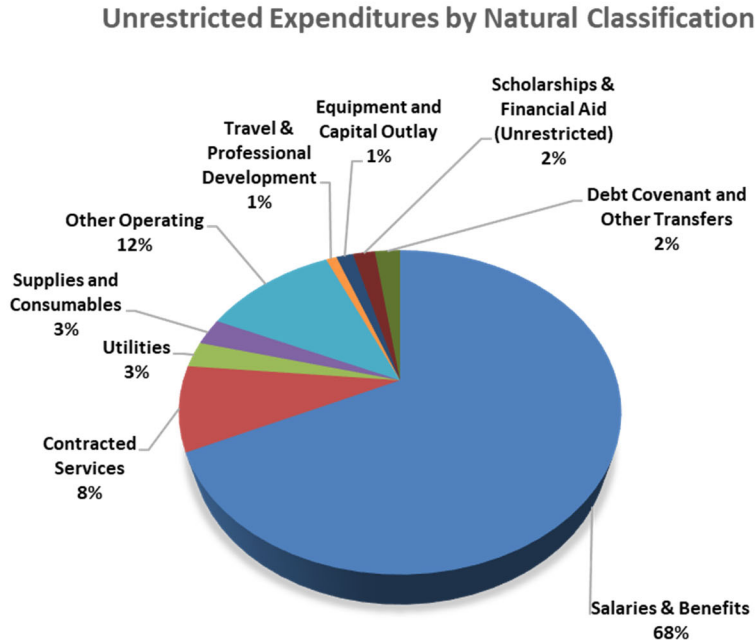
Total operating expenses were \$12.6 million more in 2025 than in 2024. Of this amount, unrestricted expenses increased by approximately \$5 million, restricted expenses increased by approximately \$7 million, auxiliary enterprises expenses decreased by \$800 thousand and depreciation and amortization expense remained virtually unchanged.

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

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

Expenses by Natural Classification

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



Statements of Cash Flows

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

Summary of Statement of Cash Flows				
(in thousands)				
	2025	2024	2023	2022
Cash Provided By (Used in):				
Operating Activities	\$ (62,900)	\$ (49,873)	\$ (38,732)	\$ (36,825)
Non-Capital Financing Activities	64,659	56,495	49,091	46,714
Capital and Related Financing Activities	(5,833)	(873)	(12,402)	(2,312)
Investing Activities	(1,361)	12,516	5,845	(36,333)
Changes in Cash and Cash Equivalents	\$ (5,435)	\$ 18,265	\$ 3,802	\$ (28,756)

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

Cash flows from Capital and Related Financing Activities include proceeds from the issuance of debt, principal and interest disbursements and payments for buildings and other capital acquisitions.

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

Cash flows from investing activities represent the annual effect of the purchase, sale and maturity of investments, along with interest received from those investments.

Capital Assets and Debt Administration

The following table reflects the District's year-end capital asset balances, net of accumulated depreciation and amortization. Capital asset additions in 2025 totaled approximately \$5 million. Capital additions in 2024 were \$5.3 million. Depreciation and amortization expense was approximately \$5.2 million and \$5.1 million in 2024 and 2023 respectively.

Schedule of Capital Assets
(in thousands)

	2025	2024	2023	2022
Land	\$ 2,550	\$ 2,550	\$ 2,550	\$ 2,550
Library Books & Collections	409	447	479	474
Construction in Progress	4,149	1,492	35,240	5,045
Buildings & Improvements	103,185	106,751	79,186	82,044
Land Improvements	10,935	11,300	5,748	6,403
Furniture, Equipment, Vehicles	5,793	5,777	4,404	4,775
RTU lease assets	281	406	533	270
RTU subscription assets	1,479	677	1,180	1,170
	<u>\$ 128,781</u>	<u>\$ 129,400</u>	<u>\$ 129,320</u>	<u>\$ 102,731</u>

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

During fiscal year 2023 the District issued General Obligation Refunding Bonds, Series 2001 for the purpose of refunding the 2012 Series General Obligation Bonds. In December of 2021, Moody's Investors Service ("Moody's") and Standard and Poor's (S&P) confirmed their bond ratings of "Aa2" and "AA", respectively.

In 2016 Refunding Bonds were issued for the purpose of refunding a portion of the 2008 Revenue Bonds. Total outstanding debt was approximately \$6 million and \$10 million as of August 31, 2025 and 2024, respectively.

Schedule of Outstanding Debt
(in thousands)

	2025	2024	2023	2022
General Obligation Bonds	\$ 2,953	\$ 5,881	\$ 8,783	\$ 11,690
Revenue Bonds	3,170	4,175	5,160	6,125
	<u>\$ 6,123</u>	<u>\$ 10,056</u>	<u>\$ 13,943</u>	<u>\$ 17,815</u>

For more information on long-term debt, see Note 8 to the financial statements.

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

Economic Factors That Will Affect the Future

The 2025-2026 budget was adopted by the Board of Trustees on August 19, 2025. The total operating portion of the budget increased by 7.4% over the 2024-2025 budget.

The 2025 certified taxable values increased by approximately 10.9% from the prior year. This increase was primarily related to an increase in mineral values. The district adopted a tax rate of 8.200 cents per hundred dollars of valuation which was 7.4% above the no-new-revenue tax rate and 1.2% below the 2024-2025 rate of 8.298 cents per hundred dollars of valuation. The 2024-2025 tax levy is approximately \$5.3 million more than the 2023- 2024 levy at 100% collection.

The District has increased enrollment for the 3rd fall in a row. The fall 2025 unduplicated student headcount is approximately 11.1% higher than fall 2024. For the fall 2025 semester, approximately 62% of sections are being delivered in the traditional face-to-face format.

The State of Texas revamped the appropriations formula for Texas Community Colleges for the 2023-2025 biennium. While the District is still diligently adapting to a performance-based model, Midland College budgeted the same performance revenue in 2025-2026 as 2024-2025. The College did add a contingency fund of \$1 million to account for uncertainty in formula funding.

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 2025-2026 or subsequent fiscal years.

Requests for Information

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



Jeff Chambers
Vice President of Administrative Services



FINANCIAL STATEMENTS

MIDLAND COLLEGE DISTRICT
STATEMENTS OF NET POSITION
August 31, 2025 and 2024

Exhibit 1
Page 1 of 2

	2025	2024, restated
Assets and Deferred Outflows		
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 29,923,126	\$ 36,921,073
Short-term investments	22,612,415	25,028,456
Accounts receivable, net	5,504,065	2,641,125
Inventories	8,650	8,800
Prepaid expenses	2,359,892	1,848,488
Deposits	20,472	20,472
Total current assets	<u>60,428,620</u>	<u>66,468,414</u>
Non-current Assets:		
Restricted cash and cash equivalents	2,939,664	1,376,856
Endowment investments	5,362,634	6,421,770
Other long-term investments	13,211,091	5,263,406
Net capital assets	128,779,826	129,666,748
Other assets-split interest agreements	9,385	9,018
Total non-current assets	<u>150,302,600</u>	<u>142,737,798</u>
Total Assets	<u>210,731,220</u>	<u>209,206,212</u>
Deferred Outflows		
Deferred outflows on refunding of debt	86,544	209,579
Deferred outflows related to pensions	7,109,952	7,188,825
Deferred outflows related to other post-employment benefits	3,116,982	3,584,099
Total Deferred Outflows	<u>10,313,478</u>	<u>10,982,503</u>
Liabilities, Deferred Inflows, and Net Position		
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 3,229,644	\$ 2,795,011
Accrued liabilities	1,851,897	1,794,985
Accrued compensable absences – current portion	1,010,781	830,445
Net other post-employment benefits liability – current portion	857,841	763,127
Funds held for others and agencies	200,345	230,283
Unearned revenues	2,764,601	1,290,747
Bonds payable – current portion	3,983,438	3,932,147
Lease liability - current portion	121,128	126,808
Subscription liability - current portion	543,569	172,771
Deposits	45,701	40,980
Total current liabilities	<u>14,608,945</u>	<u>11,977,304</u>
Non-current Liabilities:		
Accrued compensable absences – non-current portion	887,810	1,201,252
Net pension liability	13,015,219	12,937,115
Net other post-employment benefits liability – non-current portion	29,362,593	26,520,504
Bonds payable – non-current portion	2,140,000	6,123,438
Lease liability – non-current portion	173,556	294,685
Subscription liability – non-current portion	640,339	390,870
Total non-current liabilities	<u>46,219,517</u>	<u>47,467,864</u>
Total Liabilities	<u>60,828,462</u>	<u>59,445,168</u>

MIDLAND COLLEGE DISTRICT
STATEMENTS OF NET POSITION
August 31, 2025 and 2024

Exhibit 1
Page 2 of 2

	<u>2025</u>	<u>2024, restated</u>
Liabilities, Deferred Inflows, and Net Position (continued)		
Deferred Inflows of Resources:		
Deferred inflows related to pensions	\$ 3,955,866	\$ 3,602,666
Deferred inflows related to other post-employment benefits	<u>7,758,175</u>	<u>11,085,952</u>
Total Deferred Inflows of Resources	<u>11,714,041</u>	<u>14,688,618</u>
Net Position:		
Net investment in capital assets	122,184,168	118,934,386
Restricted for:		
Nonexpendable:		
Endowments	5,240,317	5,055,853
Expendable:		
Student aid	5,355,036	5,229,622
Instructional programs	7,087,006	8,388,963
Unrestricted	<u>8,635,668</u>	<u>8,446,105</u>
Total Net Position	<u>\$ 148,502,195</u>	<u>\$ 146,054,929</u>
Total Liabilities, Deferred Inflows, and Net Position	<u><u>\$ 221,044,698</u></u>	<u><u>\$ 220,188,715</u></u>

MIDLAND COLLEGE DISTRICT**Exhibit 2****STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION****Years Ended August 31, 2025 and 2024**

	<u>2025</u>	<u>2024, restated</u>
Operating Revenues		
Tuition and fees, net of discounts of \$5,736,907 and \$4,086,251 for the years ended August 31, 2025 and 2024, respectively	\$ 5,860,780	\$ 8,237,583
Federal grants and contracts	1,322,906	2,984,496
State grants and contracts	889,392	736,945
Local grants and contracts	1,639,310	1,589,495
Non-governmental grants and contracts	2,829,387	3,405,317
Sales and services of educational activities	755,523	693,491
Investment income – program restricted	582,632	(476,231)
Auxiliary enterprises	567,938	881,941
General operating revenues	<u>1,780,381</u>	<u>1,678,237</u>
Total Operating Revenues (Schedule A)	<u>16,228,249</u>	<u>19,731,274</u>
Operating Expenses		
Instruction	22,077,167	22,158,111
Public service	6,573,021	5,666,328
Academic support	7,644,948	9,441,242
Student services	7,584,174	5,491,286
Institutional support	13,787,663	10,820,577
Operation and maintenance of plant	15,471,888	8,311,000
Scholarships and fellowships, net of discounts	6,727,337	6,999,862
Auxiliary enterprises, net of discounts	4,731,475	3,943,939
Depreciation and amortization	<u>5,999,184</u>	<u>5,142,387</u>
Total Operating Expenses (Schedule B)	<u>90,596,857</u>	<u>77,974,732</u>
Operating Loss	<u>(74,368,608)</u>	<u>(58,243,458)</u>
Non-Operating Revenues (Expenses)		
State appropriations	15,754,097	12,803,313
Maintenance ad valorem taxes	43,127,551	38,785,628
Debt service ad valorem taxes	3,021,124	2,948,654
Federal revenue, non-operating	7,990,608	5,917,338
Gifts	1,552,170	2,346,140
Investment income	2,855,554	3,314,288
Contributions in aid of construction	2,557,491	3,892,526
Interest on capital related debt	(214,308)	(311,973)
Gain (loss) on disposal of fixed assets	38,842	24,107
Additions to permanent endowments	<u>132,745</u>	<u>14,105</u>
Net Non-Operating Revenues (Expenses)	<u>76,815,874</u>	<u>69,734,126</u>
Increase in net position	2,447,266	11,490,668
Net Position – Beginning of Year, as restated	<u>146,054,929</u>	<u>134,564,261</u>
Net Position – End of Year, as restated	<u><u>\$ 148,502,195</u></u>	<u><u>\$ 146,054,929</u></u>

MIDLAND COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS
Years Ended August 31, 2025 and 2024

Exhibit 3

	<u>2025</u>	<u>2024, restated</u>
Cash Flows From Operating Activities		
Receipts from students and other customers	\$ 9,066,923	\$ 8,032,489
Receipts from grants and contracts	6,299,297	8,680,858
Payments to suppliers for goods and services	(26,583,626)	(21,040,756)
Payments to or on behalf of employees	(46,699,341)	(41,209,170)
Payments for scholarships and fellowships	(6,711,532)	(5,467,345)
Other (disbursements), receipts	1,727,907	1,130,526
Net Cash Used In Operating Activities	<u>(62,900,372)</u>	<u>(49,873,398)</u>
Cash Flows From Non-Capital Financing Activities		
Receipts from state appropriations	12,038,936	9,487,800
Receipts from ad valorem taxes – operating and maintenance	42,974,989	38,714,241
Receipts from non-operating federal revenue	7,990,608	5,917,338
Receipts from gifts or grants for other than capital purposes	1,552,170	2,346,140
Receipts from student organizations and other agency transactions	197,965	227,924
Payments to student organizations and other agency transactions	(227,924)	(212,315)
Receipts from private gifts for endowment purposes	132,375	13,702
Net Cash Provided By Non-Capital Financing Activities	<u>64,659,119</u>	<u>56,494,830</u>
Cash Flows From Capital And Related Financing Activities		
Receipts from ad valorem taxes – debt services	2,980,889	2,977,570
Receipts from capital grants and gifts	310,100	5,640,099
Purchases of capital assets	(5,073,420)	(5,451,090)
Payments on capital debt – principal	(3,740,000)	(3,570,000)
Payments on capital debt – interest	(310,321)	(469,460)
Net Cash Used In Capital And Related Financing Activities	<u>(5,832,752)</u>	<u>(872,881)</u>
Cash Flows From Investing Activities		
Proceeds from sales and maturities of investments	24,251,111	26,183,397
Interest on investments	3,111,374	3,228,597
Purchase of investments	(28,723,619)	(16,896,225)
Net Cash Provided By (Used In) Investing Activities	<u>(1,361,134)</u>	<u>12,515,769</u>
Change in cash and cash equivalents	(5,435,139)	18,264,320
Cash And Cash Equivalents – Beginning	<u>38,297,929</u>	<u>20,033,609</u>
Cash And Cash Equivalents – Ending	<u>\$ 32,862,790</u>	<u>\$ 38,297,929</u>
Reconciliation Of Cash And Cash Equivalents - Ending To Exhibit 1:		
Cash and cash equivalents	\$ 29,923,126	\$ 36,921,073
Restricted cash and cash equivalents	2,939,664	1,376,856
	<u>\$ 32,862,790</u>	<u>\$ 38,297,929</u>
Reconciliation Of Net Operating Loss To Net Cash Used In Operating Activities:		
Operating loss	\$ (74,368,608)	\$ (58,243,458)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation/amortization expense	5,999,184	5,128,837
Payments made directly by state for benefits	3,715,161	3,315,513
Changes in related assets and liabilities:		
Receivables, net	(612,696)	(254,977)
Prepaid expenses	(577,255)	1,375,088
Inventories	150	1,366
Deferred outflows	545,990	4,480,569
Accounts payable	682,113	(1,363,474)
Accrued liabilities	3,349,417	(565,163)
Compensated absences	(133,106)	(52,372)
Unearned revenue	1,473,854	(1,596,271)
Deferred inflows	(2,974,576)	(2,099,056)
Net Cash Used In Operating Activities	<u>\$ (62,900,372)</u>	<u>\$ (49,873,398)</u>



MIDLAND COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1 - Reporting Entity

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

Note 2 - Summary of Significant Accounting Policies

Reporting Guidelines

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

Tuition Discounting

Texas Public Education Grants

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

Title IV, Higher Education Act (HEA) Program Funds

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

Other Tuition Discounts

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

Basis of Accounting

The financial statements of the District have been prepared on the accrual basis of accounting. All revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditures of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. Encumbrances outstanding at year end, that were provided for in the subsequent year's budget, are reported as designations of net assets since they do not constitute expenditures or liabilities.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Deferred Inflows

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

Deferred Outflows

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

Unearned Revenue and Prepaid Expenditures

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

Inventories

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

Investments

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

Budgetary Data

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

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Capital Assets

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

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

Buildings	50 years
Facilities and Other Improvements	20 years
Library Books	15 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years
RTU Lease Assets	Depends on lease term
RTU Subscription Assets	Depends on term of arrangement

Leases

Lessee:

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

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

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

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

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

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

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Subscription Based Information Technology Arrangements (SBITA)

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

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

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

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

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

Estimates

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

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Compensated Absences

A liability is recognized for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, the following types of leave qualify for liability recognition for compensated absences – vacation, comp, and sick leave. The liability for compensated absences includes salary-related benefits, where applicable.

Reclassification

Certain items in the August 31, 2024 financial statements have been reclassified for comparability purposes with the August 31, 2025 financial statements. These reclassifications had no effect on previously reported changes in net position or on net position.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

Implementation of New Accounting Pronouncements

GASB issued Statement No. 101, *Compensated Absences*, was issued in June 2022. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The requirements of this statement were implemented in 2025 and the impact is reflected in the financial statements. See Notes 17 and 25 for more information.

GASB issued Statement No. 102, *Certain Risk Disclosures*, in December 2023. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The requirements of this statement were implemented in fiscal year 2025 and did not have a material effect on the financial statements.

Note 3 - Authorized Investments

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

Note 4 - Deposits and Investments

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

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

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

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 4 - Deposits and Investments (continued)

Deposits: At August 31, 2025 and 2024, the carrying amount of the District's deposits was \$31,867,662 and \$28,680,771, respectively; and bank balances equaled \$12,213,524 and \$17,021,337. Bank balances of \$506,715 and \$532,252 are covered by federal depository insurance and \$11,706,808 and \$16,489,085 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 \$20,680,415 and \$18,689,308 in state approved public investment pools at August 31, 2025 and 2024, respectively.

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

Cash and Cash Equivalents

	2025	2024
Bank Deposits:		
Demand Deposits	\$ 4,127,603	\$ 5,471,244
Money Market Deposits	27,740,059	23,209,527
	<u>31,867,662</u>	<u>28,680,771</u>
Cash and Cash Equivalent:		
Petty Cash on Hand	7,128	7,126
Investments due within 90 days	988,000	9,610,032
	<u>995,128</u>	<u>9,617,158</u>
Total Cash and Cash Equivalents	<u>\$ 32,862,790</u>	<u>\$ 38,297,929</u>

Reconciliation of Deposits and Investments to Exhibit 1

Type of Security	August 31, 2025 Market Value	August 31, 2024 Market Value
U.S Government Securities	\$ 18,043,327	\$ 15,202,562
Public Funds Investment Pools	20,680,415	18,689,309
Municipal Bonds	219,113	395,936
Certificates of Deposit	1,932,000	2,160,000
Oil & Gas	311,285	265,825
Total Investments	<u>\$ 41,186,140</u>	<u>\$ 36,713,632</u>
Total Cash and Cash Equivalents	\$ 32,862,790	\$ 38,297,929
Total Investments	41,186,140	36,713,632
Total Deposits and Investments	<u>\$ 74,048,930</u>	<u>\$ 75,011,561</u>
Cash and Temporary Investments (Exhibit 1)	\$ 32,862,790	\$ 38,297,929
Investments (Exhibit 1)	41,186,140	36,713,632
Total Deposits and Investments	<u>\$ 74,048,930</u>	<u>\$ 75,011,561</u>

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 4 - Deposits and Investments (continued)

As of August 31, 2025 the District had the following investments and maturities:

Investment Type	Fair Value	Less than 1	1 to 2	2 to 5	5 to 10
Public Funds Investment Pools	\$ 20,680,415	\$ 20,680,415	\$ -	\$ -	\$ -
U.S. Government Securities	18,043,327	3,216,682	3,665,848	9,657,994	1,502,803
Municipal Bonds	219,113	219,113	-	-	-
Certificates of Deposit	1,932,000	1,932,000	-	-	-
Oil & Gas	311,285	311,285	-	-	-
Total Fair Value	\$ 41,186,140	\$ 26,359,495	\$ 3,665,848	\$ 9,657,994	\$ 1,502,803

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

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

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, 2025 and 2024 are reported below:

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

Concentration of Credit Risk: The District does not place a limit on the amount the District may invest in any one issuer. More than 5% of the District's investments are in FHLB Bonds (76.87%), Federal Farm Credit Bank Bonds (11.08%) and US Treasury Notes (10.90%).

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

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 5 - Fair Value of Financial Instruments

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

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

The District had the following investments measured at fair value at August 31, 2025 and 2024:

Investment Type	Quoted Prices in Active Markets for Identical Assets			Significant Other Observable Inputs	Significant Unobservable Inputs Level 3	2025
	Level 1		Level 2			
U.S. Government Securities	\$ 18,043,327		\$ -		\$ -	\$ 18,043,327
Public Funds Investment Pools	20,680,415		-		-	20,680,415
Municipal Bonds	219,113		-		-	219,113
Certificates of Deposit	-		1,932,000		-	1,932,000
Oil & Gas	-		-		311,285	311,285
Total	\$ 38,942,855		\$ 1,932,000		\$ 311,285	\$ 41,186,140

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

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 6 - Ad Valorem Taxes Receivable

The District’s ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District.

At August 31, 2025	
Assessed valuation of the District	\$ 58,561,046,632
Less exemptions	<u>(2,364,361,030)</u>
Net Assessed Valuation of the District	<u><u>\$ 56,196,685,602</u></u>
 At August 31, 2024	
Assessed valuation of the District	\$ 56,730,975,040
Less exemptions	<u>(2,071,210,864)</u>
Net Assessed Valuation of the District	<u><u>\$ 54,659,764,176</u></u>

At August 31, 2025

	<u>Maintenance and Operation</u>	<u>Debt Service</u>	<u>Total</u>
Authorized tax rate per \$100 valuation (Maximum per enabling legislation)	\$ 0.0832	\$ 0.0055	\$ 0.0887
Assessed tax rate per \$100 valuation	\$ 0.0776	\$ 0.0054	\$ 0.0830

At August 31, 2024

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

Taxes levied for the years ended August 31, 2025 and 2024 are \$46,561,604 and \$42,312,886, respectively. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 6 - Ad Valorem Taxes Receivable (continued)

At August 31, 2025

Taxes Collected	Current Operations	Debt Service	Total
Current taxes collected	\$ 42,695,701	\$ 2,990,873	\$ 45,686,574
Delinquent taxes collected	204,872	14,351	219,223
Penalties and interest collected	226,978	15,900	242,878
Total Collections	\$ 43,127,551	\$ 3,021,124	\$ 46,148,675

At August 31, 2024

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

Tax collections (including penalties, interest and delinquent collections) for the years ended August 31, 2025 and 2024 were 99% of the respective year tax levy. Allowances for uncollectible taxes are based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking expenditures.

Ad valorem taxes receivable includes the following:

	2025	2024
Current unrestricted fund	\$ 1,443,298	\$ 1,208,583
Debt service fund	118,461	56,559
	1,561,759	1,265,142
Allowance for uncollectible taxes	(546,615)	(442,800)
Net ad valorem taxes receivable	\$ 1,015,144	\$ 822,342

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 7 - Capital Assets

Capital assets activity for the year ended August 31, 2025, was as follows:

	September 1, 2024, restated	Increases	Decreases / (Adjustments)	Balance August 31, 2025
Not Depreciated/Amortized:				
Land	\$ 2,550,242	\$ -	\$ -	\$ 2,550,242
Collectibles	49,000	-	-	49,000
Construction in process	1,492,120	3,668,095	1,011,707	4,148,508
Subtotal	4,091,362	3,668,095	1,011,707	6,747,750
Other Capital Assets:				
Buildings	158,340,749	-	1,086,863	157,253,886
Land improvements	18,030,406	-	(1,086,863)	19,117,269
Leasehold improvements	572,427	-	-	572,427
Library books	2,514,237	12,679	-	2,526,916
Furniture, machinery, vehicles and other equipment	23,378,846	1,128,126	19,990	24,486,982
RTU lease assets:				
Buildings	31,073	-	31,073	-
Equipment	640,129	-	-	640,129
RTU subscription assets	1,856,473	1,276,406	261,747	2,871,132
Subtotal	205,364,340	2,417,211	312,810	207,468,741
Accumulated Depreciation/Amortization:				
Buildings	51,962,210	3,135,332	678,364	54,419,178
Land improvements	6,730,397	773,438	(678,364)	8,182,199
Leasehold improvements	199,982	22,016	-	221,998
Library books	2,116,518	49,991	-	2,166,509
Furniture, machinery, vehicles and other equipment	17,602,953	1,113,988	21,953	18,694,988
RTU lease assets:				
Buildings	24,859	6,214	31,073	-
Equipment	253,909	118,967	13,548	359,328
RTU subscription assets	898,126	779,238	284,899	1,392,465
Subtotal	79,788,954	5,999,184	351,473	85,436,665
Net Other Capital Assets	125,575,386	(3,581,973)	(38,663)	122,032,076
Net Capital Assets	\$ 129,666,748	\$ 86,122	\$ 973,044	\$ 128,779,826

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 7 - Capital Assets (continued)

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

	Balance September 1, 2023	Increases	Decreases	Balance August 31, 2024, restated
Not Depreciated/Amortized:				
Land	\$ 2,550,242	\$ -	\$ -	\$ 2,550,242
Collectibles	49,000	-	-	49,000
Construction in process	35,240,074	4,014,440	37,762,394	1,492,120
Subtotal	37,839,316	4,014,440	37,762,394	4,091,362
Other Capital Assets:				
Buildings	127,449,852	30,890,897	-	158,340,749
Land improvements	12,478,662	5,551,744	-	18,030,406
Leasehold improvements	572,427	-	-	572,427
Library books	2,494,333	19,904	-	2,514,237
Furniture, machinery, vehicles and other equipment	21,565,173	2,497,331	683,658	23,378,846
RTU lease assets:				
Buildings	31,073	-	-	31,073
Equipment	633,264	6,865	-	640,129
RTU subscription assets	1,851,094	281,520	276,141	1,856,473
Subtotal	167,075,878	39,248,261	959,799	205,364,340
Accumulated Depreciation/Amortization:				
Buildings	48,658,213	3,303,997	-	51,962,210
Land improvements	6,730,397	-	-	6,730,397
Leasehold improvements	177,966	22,016	-	199,982
Library books	2,064,003	52,515	-	2,116,518
Furniture, machinery, vehicles and other equipment	17,162,241	1,113,964	673,252	17,602,953
RTU lease assets:				
Buildings	17,994	6,865	-	24,859
Equipment	113,002	140,907	-	253,909
RTU subscription assets	670,990	502,121	274,985	898,126
Subtotal	75,594,806	5,142,385	948,237	79,788,954
Net Other Capital Assets	91,481,072	34,105,876	11,562	125,575,386
Net Capital Assets	\$ 129,320,388	\$ 38,120,316	\$ 37,773,956	\$ 129,666,748

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 - Long-Term Liabilities

Long-term liability activity for the year ended August 31, 2025, was as follows:

	Balance September 1, 2024, restated	Additions	Reductions	Balance August 31, 2025	Current Portion
Bonds					
General obligation bonds	\$ 5,880,585	\$ -	\$ 2,927,147	\$ 2,953,438	\$ 2,953,438
Revenue bonds	4,175,000	-	1,005,000	3,170,000	1,030,000
Total Bonds	<u>10,055,585</u>	<u>-</u>	<u>3,932,147</u>	<u>6,123,438</u>	<u>3,983,438</u>
Other Liabilities					
Compensated absences *	2,031,697	-	133,106	1,898,591	1,010,781
RTU lease liability	421,493	-	126,809	294,684	121,128
RTU subscription liability	550,368	1,336,599	703,059	1,183,908	543,569
Net pension liability	12,937,115	1,278,830	1,200,726	13,015,219	-
Net OPEB liability	27,283,631	4,748,261	1,811,458	30,220,434	857,841
Total Other Liabilities	<u>43,224,304</u>	<u>7,363,690</u>	<u>3,975,158</u>	<u>46,612,836</u>	<u>2,533,319</u>
Total Long-Term Liabilities	<u>\$ 53,279,889</u>	<u>\$ 7,363,690</u>	<u>\$ 7,907,305</u>	<u>\$ 52,736,274</u>	<u>\$ 6,516,757</u>

*Net Change For The Year

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

	Balance September 1, 2023	Additions	Reductions	Balance August 31, 2024, restated	Current Portion
Bonds					
General obligation bonds	\$ 8,783,490	\$ -	\$ 2,902,905	\$ 5,880,585	\$ 2,927,147
Revenue bonds	5,160,000	-	985,000	4,175,000	1,005,000
Total Bonds	<u>13,943,490</u>	<u>-</u>	<u>3,887,905</u>	<u>10,055,585</u>	<u>3,932,147</u>
Other Liabilities					
Compensated absences *	2,084,069	-	52,372	2,031,697	1,054,742
RTU lease liability	542,242	2,224	122,973	421,493	126,808
RTU subscription liability	601,976	221,327	272,935	550,368	172,771
Net pension liability	11,548,704	2,356,522	968,111	12,937,115	-
Net OPEB liability	29,729,769	1,998,905	4,445,043	27,283,631	763,127
Total Other Liabilities	<u>44,506,760</u>	<u>4,578,978</u>	<u>5,861,434</u>	<u>43,224,304</u>	<u>2,117,448</u>
Total Long-Term Liabilities	<u>\$ 58,450,250</u>	<u>\$ 4,578,978</u>	<u>\$ 9,749,339</u>	<u>\$ 53,279,889</u>	<u>\$ 6,049,595</u>

*Net Change For The Year

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 9 - Right-to-Use Lease Liability

The District is under contract for noncancellable leases that convey control of the right-to-use lease assets. The lease liabilities outstanding as of August 31, 2025, are as follows:

Description	Term		Interest Rate	Lease Liability		Lease Asset	
	Start Date	End Date		Original Amount	Outstanding Balance	Value of Lease Asset	Accumulated Amortization
Equipment - Washers & Dryers	08/15/21	08/15/31	6.25%	\$ 86,314	\$ 57,743	\$ 86,314	\$ 34,819
Equipment - Postage Machine	06/30/21	06/30/26	5.90%	28,733	6,202	35,049	29,706
Equipment - Copiers	Various	Various	2.16% - 2.37%	384,639	158,151	380,182	240,194
Vehicle	03/31/23	03/31/29	2.68%	138,584	72,588	138,584	68,157
				<u>\$ 638,270</u>	<u>\$ 294,684</u>	<u>\$ 640,129</u>	<u>\$ 372,876</u>

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

The future principal and interest lease payments as of August 31, 2025, were as follows:

For the Year Ended August 31,	RTU Lease Liability		
	Principal	Interest	Total
2026	\$ 121,128	\$ 8,045	\$ 129,173
2027	118,095	4,690	122,785
2028	24,342	2,384	26,726
2029	10,039	1,661	11,700
2030	21,080	1,343	22,423
Total	<u>\$ 294,684</u>	<u>\$ 18,123</u>	<u>\$ 312,807</u>

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 10 - Subscription Liability

The District is under contract for noncancellable subscriptions that convey control of the right-to-use software. The subscription liabilities outstanding as of August 31, 2025, are as follows:

Description	Term		Interest Rate	Subscription Liability		Subscription Asset	
	Start Date	End Date		Original Amount	Outstanding Balance	Value of Subscription Asset	Accumulated Amortization
Educational Software	09/01/21	09/01/26	0.58%	\$ -	\$ -	\$ 706,996	\$ 565,597
Professional Software	11/10/22	11/10/25	3.24%	25,116	-	25,001	23,404
Professional Software	02/01/22	09/01/27	0.83%	136,292	58,770	135,826	85,890
Professional Software	12/31/22	12/31/27	3.31%	248,261	114,956	248,434	134,983
Professional Software	06/01/23	06/01/26	2.36%	92,283	29,463	92,856	69,642
Educational Software	09/01/21	04/01/26	0.58%	104,343	-	104,093	90,845
Professional Software	09/01/23	08/31/29	3.00%	221,327	174,407	221,327	30,717
Educational Software	09/01/24	12/31/27	3.07%	1,219,597	714,060	1,219,597	365,879
Educational Software	02/27/25	02/26/30	2.89%	117,002	92,252	117,002	11,960
				<u>\$ 2,164,221</u>	<u>\$ 1,183,908</u>	<u>\$ 2,871,132</u>	<u>\$ 1,378,917</u>

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

The future principal and interest subscription payments as of August 31, 2025, were as follows:

For the Year Ended August 31,	RTU Subscription Liability		
	Principal	Interest	Total
2026	\$ 543,569	\$ 31,839	\$ 575,408
2027	367,996	17,143	385,139
2028	202,734	6,561	209,295
2029	69,609	2,061	71,670
Total	<u>\$ 1,183,908</u>	<u>\$ 57,604</u>	<u>\$ 1,241,512</u>

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 11 - Debt and Obligations

Bonds Payable

Debt service requirements at August 31, 2025, were as follows:

For the Year Ended August 31,	Revenue Bonds		General Obligation Bonds		Total Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 1,030,000	\$ 65,250	\$ 2,890,000	\$ 72,250	\$ 3,920,000	\$ 137,500
2027	1,050,000	41,963	-	-	1,050,000	41,963
2028	1,090,000	18,169	-	-	1,090,000	18,169
Total Cash Payments	3,170,000	125,382	2,890,000	72,250	6,060,000	197,632
Unamortized Premium	-	-	63,438	(63,438)	63,438	(63,438)
Total	\$ 3,170,000	\$ 125,382	\$ 2,953,438	\$ 8,812	\$ 6,123,438	\$ 134,194

Note 12 - Bonds Payable

2021 General Obligation Refunding Bonds

- General Obligation Refunding Bonds, Series 2021.
- The bonds were used to refund the General Obligation Bonds, Series 2012.
- Issued December 2, 2021.
- Original amount issued \$10,685,000; amount authorized \$10,685,000.
- Bond issued at a net premium of \$1,296,589.
- Source of payment – Ad valorem taxes.

The bonds payable are due in semi-annual installments carrying from \$15,000 to \$2,962,250 with interest rates ranging from 0.22% to 0.71%. The average coupon rate is 5%. The final installment is due in 2026. The refunding reduced its total debt service payment by \$557,716 and to obtain an economic gain (the difference between the present value savings on the new and old bonds) of \$542,608. The outstanding principal balance as of August 31, 2025 and 2024 is \$2,890,000 and \$5,625,000, respectively.

2016 Revenue Refunding Bonds

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

The bonds payable are due in semi-annual installments varying from \$180,107 to \$551,231 with interest rate of 2.25%. The final installment is due in 2028. The outstanding principal balance as of August 31, 2025 and 2024 is \$3,170,000 and \$4,175,000, respectively.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 13 - Disaggregation of Receivables and Payables Balances

Receivables

Receivables at August 31, were as follows:

	2025	2024
Student Receivables	\$ 2,799,137	\$ 2,391,271
Taxes Receivable	1,561,759	1,265,142
State Receivable	469,870	72,297
Federal Receivable	238,630	271,703
Accounts Receivable	4,417,502	1,365,174
Interest Receivable	224,555	480,374
Subtotal	9,711,453	5,845,961
 Allowance for Doubtful Accounts	 (4,207,388)	 (3,204,836)
 Total Receivables	 \$ 5,504,065	 \$ 2,641,125

Payables

Payables at August 31, were as follows:

	2025	2024
Vendors Payable	\$ 3,229,644	\$ 2,795,011
Total Payables	\$ 3,229,644	\$ 2,795,011

Note 14 - Defined Benefit Pension Plan

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

A. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution, Article XVI, Section 67 and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms. All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system

B. Pension Plan Fiduciary Net Position

TRS issues a publicly available, audited Annual Comprehensive Financial Report that includes financial statements, notes, and required supplementary information. This report may be obtained on the internet at [TRS Annual Comprehensive Financial Report 2024](#) (select About TRS, then Publications, then Financial Reports) or by writing to TRS at 1000 Red River Street, Austin, Texas 78701-2698; or by calling (512) 542-6592.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 14 - Defined Benefit Pension Plan (continued)

C. Benefits Provided

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard workload and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by TRS. TRS provides retirement, disability, and death benefits. State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to the retirees. The pension became actuarially sound in May 2019 when the 86th Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the State, participating employers and active employees for the fiscal years 2019 through 2024. In addition, the 2023 Texas Legislature passed Senate Bill (SB)10 and House Joint Resolution (HJR)2 to provide eligible retirees With a one-time stipend and cost-of-living-adjustment (COLA).

One-time stipends, regardless of annuity amount, were paid in September 2023 to annuitants who met the qualifying age requirement on or before August 31, 2023:

- A one-time \$7,500 stipend to eligible annuitants who are 75 years of age and older.
- A one-time \$2,400 stipend to eligible annuitants age 70 to 74.

A cost-of-living adjustment (COLA) was dependent on Texas voters approving a constitutional amendment (Proposition 9) to authorize the COLA. Voters approved the amendment in the November 2023 election and the following COLA was applied to eligible annuitants' payments beginning with their January 2024 payment:

- 2% COLA for eligible retirees who retired between September 1, 2013 through August 31, 2020.
- 4% COLA for eligible retirees who retired between September 1, 2001 through August 31, 2013.
- 6% COLA for eligible retirees who retired on or before August 31, 2001.

D. Contributions

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

Texas Government Code Section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 14 - Defined Benefit Pension Plan (continued)

D. Contributions (continued)

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 2024 through 2025.

	September 1, 2024 to August 31, 2025	September 1, 2023 to August 31, 2024
Member	8.25%	8.25%
Non-Employer Contributing Entity (State)	8.25%	8.25%
District	8.25%	8.25%
District Contributions	\$	1,393,196
State of Texas On-behalf Contributions		863,445
Member Contributions		2,387,669

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

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers.

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

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

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 14 - Defined Benefit Pension Plan (continued)

E. Actuarial Assumptions

The total pension liability in the August 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return*	7.00%
	3.87% - The source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal bonds with 20 years to maturity that include only federally tax exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index"
Municipal Bond Rate*	2123
Last year ending August 31 Projection period (100 years)	2.30%
Inflation	2.95% to 8.95% including inflation
Salary Increases	None
Benefit changes during the year	None
Ad-hoc post-employment benefit changes	None

The actuarial assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2023. A full description is available in the actuarial valuation report dated November 21, 2023.

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the four-year period ending August 31, 2021 and were adopted in July 2022.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 14 - Defined Benefit Pension Plan (continued)

E. Actuarial Assumptions (continued)

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

F. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine the single discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and state contributions will be 9.50% of payroll in fiscal year 2024 increasing to 9.56% in fiscal year 2025 and thereafter. This includes all employer and state contributions for active and rehired retirees.

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

The long-term rate of return on pension plan investments is 7.00 percent. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 14 - Defined Benefit Pension Plan (continued)

F. Discount Rate (continued)

Best estimates of geometric real rates of return for each major asset class included in TRS' target asset allocation as of August 31, 2024, are summarized below:

Asset Class	Target Allocation **	Long-Term Expected Arithmetic Real Rate of Return ***	Expected Contribution to Long-Term Portfolio Returns
Global Equity:			
USA	18.00%	4.40%	1.00%
Non-U.S. Developed	13.00%	4.20%	0.80%
Emerging Markets	9.00%	5.20%	0.70%
Private Equity *	14.00%	6.70%	1.20%
Stable Value:			
Government Bonds	16.00%	1.90%	0.40%
Absolute Return *	0.00%	3.00%	0.20%
Stable Value Hedge Funds	5.00%	4.00%	0.00%
Real Return:			
Real Estate	15.00%	6.60%	1.20%
Energy, Natural Resources, and Infrastructure	6.00%	5.60%	0.40%
Commodities	0.00%	2.50%	0.00%
Risk Parity:	8.00%	4.00%	0.40%
Asset Allocation Leverage			
Cash	2.00%	1.00%	0.00%
Asset Allocation Leverage	-6.00%	1.30%	-0.10%
Inflation Expectation	-		2.40%
Volatility Drag ****	-		-0.70%
Total	100.00%		7.90%

* Absolute Return includes Credit Sensitive Investments

** Target allocations are based on the FY2024 policy model

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

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

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 14 - Defined Benefit Pension Plan (continued)

G. Discount rate Sensitivity Analysis

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

	1% Decrease in Discount - Rate 6.00%	Discount Rate 7.00%	1% Increase in Discount rate 8.00%
The District’s proportionate share of the net pension liability:	\$ 20,788,604	\$ 13,015,219	\$ 6,574,418

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

At August 31, 2025, the District reported a liability of \$13,015,219 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	\$ 13,015,219
State’s proportionate share that is associated with the District	9,359,277
Total	<u><u>\$ 22,374,496</u></u>

The net pension liability was measured as of August 31, 2023, 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, 2023, thru August 31, 2024.

At the measurement date of August 31, 2024, the College’s proportion of the collective net pension liability was .0213070234%, which was an increase of 0.0024730594% from its proportion measured as of August 31, 2023.

Changes in Assumptions and Benefits Since the Prior Actuarial Valuation

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

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 14 - Defined Benefit Pension Plan (continued)

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

For the year ended August 31, 2025, the District recognized pension expense of \$1,891,411 as well as on-behalf revenue and pension expense of \$863,445 representing pension expense incurred by the State on-behalf of the District.

At August 31, 2025, 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	\$ 717,381	\$ 101,617
Changes in actuarial assumptions	672,004	90,093
Net difference between projected and actual investment earnings	3,125,049	3,045,934
Changes in proportion and difference between the employer's contributions and proportionate share of contributions	1,202,322	718,222
Contributions paid to TRS subsequent to the measurement date*	1,393,196	-
Total	\$ 7,109,952	\$ 3,955,866

* The \$1,393,196 reported as Deferred Outflows of Resources resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ended August 31, 2025.

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

Year Ended August 31:	Pension Expense Amount
2026	\$ 128,126
2027	1,381,840
2028	198,422
2029	(138,783)
2030	191,285
	\$ 1,760,890

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 15 - Other Retirement Plan

Optional Retirement Plan

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

Funding Policy. Contribution requirements are not actuarially determined but are established and amended by Texas state legislature. The percentages of participant salaries currently contributed by the state and each participant are 6.65% and 6.60%, respectively. The District contributes 1.65% for employees who were participating in the Optional Retirement Program prior to September 1, 1995, and 1.65% for all other employees. Benefits fully vest after one year plus one day of employment. Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. Effective September 1, 2013, Senate Bill (S.B.) 1812 limits the amount of the state's contribution to 50% of the cost of eligible employees in the reporting district.

The retirement expense for the Optional Retirement Program to the State for the District was \$189,761.96 and \$167,246 for the fiscal years ended August 31, 2025 and 2024, 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 \$37,980,824 and \$33,704,457 for fiscal years 2025 and 2024, respectively. The total payroll of employees covered by the Optional Retirement Program was \$6,151,933 and \$5,556,649 for fiscal years 2024 and 2023, respectively.

Note 16 - 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 SRHP's fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report 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/gasb-requirements> or by writing to ERS at: 200 East 18th Street, Austin, TX 78701; or by calling (877) 275-4377. The fiduciary net position of the plan has been determined using the same basis used by the OPEB plan.

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

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 16 - Postemployment Benefits Other Than Pensions (continued)

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

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. 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.

	2025	2024
Retiree only	\$ 625	\$ 625
Retiree & Spouse	1,340	1,340
Retiree & Children	1,104	1,104
Retiree & Family	1,820	1,820

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, 2025 and 2024

	2025	2024
Employers	\$ 615,417	\$ 544,622
Members (employees)	141,420	139,641
Nonemployer Contributing Entity (State of Texas)	16,545	17,069

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 16 - Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of August 31, 2024 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, 2024
Actuarial cost method	Entry Age
Amortization method	Level Percent of Pay, Open
Remaining amortization period	30 years
Asset valuation method	N/A
Discount rate	3.87%
Projected annual salary increase (includes inflation)	2.30% to 8.95%
Annual healthcare trend rate	<u>Health Select</u> : 5.60% for FY2026, 5.00% for FY2027, 4.75% for FY2028, 4.60% for FY2029, 4.75% for FY2030, 4.5% for FY2031, decreasing 10 basis points per year to an ultimate rate of 4.30% for FY2033 and later years
Inflation assumption rate	2.30%
Ad hoc post-employment benefit changes	None

The mortality assumptions used in the valuation were as follows:

State Agency Members:

- a. Service Retirees, Survivors and other Inactive Members (Regular, Elected, CPO/CO and JRS I and II Employee Classes): 2020 State Retirees of Texas Mortality table with a 1 year set forward for male CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2020.
- b. Disability Retirees (Regular, Elected, CPO/CO and JRS I and II Employee Classes): 2020 State Retirees of Texas Mortality table set forward three years for males and females. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2020. Minimum rates of 3.0% and 2.5% apply at all ages for males and females, respectively.
- c. Active Members: Pub-2010 General Employees Active Member Mortality table for non-CPO/CO members. Pub-2010 Public Safety Active Member Mortality table for CPO/CO members. Generational mortality improvements in accordance with the Ultimate MP-2019 Projection Scale are projected from the year 2010.

Higher Education Members:

- a. Service Retirees, Survivors and other Inactive Members
Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021.
- b. Disability Retirees -
Tables based on TRS experience with Ultimate MP-2021 Projection Scale from the year 2021 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members.
- c. Active Members -
Sex Distinct Pub-2010 Amount-Weighted Below-Median Income Teacher Mortality with a 2-year set forward for males with Ultimate MP-2021 Projection Scale from the year 2010.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 16 - Postemployment Benefits Other Than Pensions (continued)

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

Discount Rate. Because the 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 3.81%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.87%, which amounted to an increase of 0.06%. The source of the municipal bond rate was the Bond Buyer Index of tax-exempt general obligation bonds with 20 years to maturity with an average credit quality that 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 basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable is zero years.

Discount Rate Sensitivity Analysis. The following schedule shows the impact on the District’s proportionate share of the collective net OPEB Liability if the discount rate used was 1 percent less than and 1 percent greater than the discount rate that was used 3.87% in measuring the net OPEB Liability.

	1% Decrease in Discount Rate 2.87%	Discount Rate 3.87%	1% Increase in Discount Rate 4.87%
District’s Proportionate share of the net OPEB liability (in thousands)	\$ 35,162	\$ 30,220	\$ 26,255

Healthcare Trend Rate Sensitivity Analysis. The initial healthcare trend rate is 5.60% and the ultimate rate is 4.3%. The following schedule shows the impact on the District’s proportionate share of the collective net OPEB Liability if the healthcare cost trend rate used was 1 percent less than and 1 percent greater than the healthcare cost trend rate that was used (5.60%) in measuring the net OPEB liability.

	1% Decrease Healthcare Cost Trend Rates	Current Healthcare Cost Trend Rates	1% Increase in Healthcare Cost Trend Rates
District’s Proportionate share of the net OPEB liability (in thousands)	\$ 25,931	\$ 30,220	\$ 35,689

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

At August 31, 2025, the District reported a liability of \$30,220,434 for its proportionate share of the ERS’s net OPEB liability. This liability reflects a reduction for State support provided to the District for OPEB. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

The District’s Proportionate share of the collective net OPEB liability	\$ 30,220,434
State’s Proportionate share that is associated with District	21,967,959
	<u>\$ 52,188,393</u>

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 16 - Postemployment Benefits Other Than Pensions (continued)

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

The net OPEB liability was measured as of August 31, 2024, 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, 2023, thru August 31, 2024.

At the measurement date of August 31, 2024, the employer's proportion of the collective net OPEB liability was 0.10312174% which was 0.00100754% higher compared to August 31, 2023.

For the year ended August 31, 2025, the District recognized OPEB expense of \$693,313 and revenue of \$615,418 for support provided by the State.

At August 31, 2025 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	\$ -	\$ 498,602
Changes in actuarial assumptions	1,654,555	6,020,139
Difference between projected and actual investment return	-	1,155
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	847,010	1,238,279
Contributions subsequent to the measurement date*	615,417	-
Total	\$ 3,116,982	\$ 7,758,175

* The \$615,417 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, 2025.

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

Year Ended August 31:	OPEB Expense Amount
2026	\$ (1,726,544)
2027	(2,110,713)
2028	(1,491,849)
2029	(72,389)
2030	144,885
	\$ (5,256,610)

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 17 - 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 \$842,510 and \$713,590 on August 31, 2025 and 2024, 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 \$849,051 and \$1,171,142 on August 31, 2025 and 2024, respectively. As of August 31, 2025 and 2024, non-exempt employees have accrued approximately \$168,271 and \$116,855, respectively, in compensatory time.

The District used a three-year look-back period to estimate the amount of leave that has been earned and will be used as leave over the employee's service period. The District used the assumption that estimated leave earned in future periods offsets estimated leave earned in future periods. The liability for sick and vacation leave is based on this estimate which is the estimate of leave that is more likely than not to be used as time off.

Note 18 - Litigation

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

Note 19 - Contracts and Grant Awards

Contract and grant awards are accounted for in accordance with the requirements of the AICPA Industry Audit Guide, Audits of Colleges and Universities. Revenues are recognized on Exhibit 2 and Schedule A. For federal contract and grant awards, funds expended, but not collected, are reported as Federal Receivables on Exhibit 1. Non-federal contract and grant awards for which funds are expended, but not collected, are reported as Accounts Receivable on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant award funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2025 and 2024 for which monies have not been received nor funds expended total \$806,681 and \$496,089, respectively. All of these amounts were from federal contract and grant awards.

Note 20 - Income Taxes

The District is exempt from income taxes under Internal Revenue Code Section 115, Income of States Municipalities, Etc., although unrelated business income may be subject to income taxes under Internal Revenue Code Section 511 (a)(2)(B), Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations. The District had no unrelated business income tax liability for the years ended August 31, 2025 and 2024.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 21 - Split Interest Agreements

On September 30, 2022 the administration of the Hodge J. Howard Unitrust transitioned to the Fiduciary Terminations and Transfers Team due to the death of Samuel P. Nesmith, the last living heir, which occurred on October 18, 2018. 25% of the Unitrust will be distributed to Midland College in accordance with the governing trust documents. The Fair Market Value of the Hodge, J Howard Unitrust was \$37,542 as of August 31, 2025. Midland College has received the majority of the expected distributions from Hodge, J Howard Unitrust. As of August 31, 2025 and 2024, the District has an outstanding receivable as of \$9,385 and \$9,018, respectively.

Note 22 - Commitments

As of August 31, 2025, the District has awarded the following contracts for projects that are in progress (in thousands):

Mid-Tex of Midland - O'Shaughnessy Resident Hall	\$	7,471
	\$	<u>7,471</u>

Note 23 - Related Party

Midland College Foundation, Inc. (the "Foundation"), an independent corporation, made contributions of \$7,049,623 and \$9,642,592 in fiscal years 2025 and 2024, respectively. Three trustees of the District are also on the Board of Directors of the Foundation.

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

Note 24 - 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.

	2025	2024
County or Independent School District:	Collections (including penalties and interest)	Collections (including penalties and interest)
Pecos County	\$ 1,142,076	\$ 1,125,357

Note 25 - Restatements to Beginning Net Position

During fiscal year 2025, Midland College implemented GASB Statement No. 101, Compensated Absences. GASB 101 requires governments to recognize a liability for compensated absences when the leave is earned and an obligation is attributable to services already rendered, and when probability and measurement criteria are met. This standard supersedes certain provisions of GASB Statement No. 16 and revises the criteria for when compensated absences are recognized as liabilities, particularly for leave types that accumulate or carry forward to future periods.

As a result of implementing GASB 101, the College performed a comprehensive review of all leave programs, including vacation leave, sick leave eligible for payout, and other compensated absence programs. The updated guidance required recognition of additional liabilities previously not reported, primarily related to leave that is more likely than not to be used for time off or to be paid upon termination.

MIDLAND COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS (continued)

Note 25 - Restatements to Beginning Net Position (continued)

The cumulative effect of applying GASB 101 resulted in an increase in beginning net position of \$471,307 as of September 1, 2024. This adjustment reflects the initial recognition of compensated absence liabilities required under the new standard.

Description	Amount
Increase (Decrease) in Compensated Absence Liability - Current	\$ (224,297)
Increase (Decrease) in Compensated Absence Liability - Non-Current	(247,010)
Adjustment to Beginning Net Position	471,307

During fiscal year 2025, Midland College discovered a subscription liability that was not recorded during the year ended August 31, 2024. The recognition of the subscription asset and liability resulted in the below:

Description	Amount
Increase (Decrease) in Right to Use Assets	\$ 267,972
(Increase) Decrease in Right to Use Assets Liability - Current	(46,920)
(Increase) Decrease in Right to Use Assets Liability - Long Term	(187,680)
Adjustment to Beginning Net Position	33,372

The cumulative effect of restatements to net position, as of August 31, 2024, is noted below:

Description	Amount
Net Position, as previously stated	\$ 145,550,250
Adjustment to Beginning Net Position (GASB 101)	471,307
Adjustment to Beginning Net Position (Subscription)	33,372
Net Position, restated	<u><u>\$ 146,054,929</u></u>



REQUIRED SUPPLEMENTARY INFORMATION

MIDLAND COLLEGE DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

For the Last Ten Measurement Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportionate share of collective net pension liability (%)	0.0213070%	0.0188340%	0.0194529%	0.0211295%	0.0222454%	0.0206821%	0.0206770%	0.0209193%	0.0210081%	0.0214909%
District's proportionate share of collective net pension liability (\$)	\$ 13,015,219	\$ 12,937,115	\$ 11,548,704	\$ 5,380,931	\$ 11,914,165	\$ 10,751,196	\$ 11,381,158	\$ 6,688,879	\$ 7,938,654	\$ 7,596,747
State's proportionate share of net pension liability associated with District	9,359,277	9,427,245	8,273,922	3,387,838	6,673,683	7,275,293	7,908,667	4,490,670	5,568,440	5,178,200
Total	<u>\$ 22,374,496</u>	<u>\$ 22,364,360</u>	<u>\$ 19,822,626</u>	<u>\$ 8,768,769</u>	<u>\$ 18,587,848</u>	<u>\$ 18,026,489</u>	<u>\$ 19,289,825</u>	<u>\$ 11,179,549</u>	<u>\$ 13,507,094</u>	<u>\$ 12,774,947</u>
District's covered-employee payroll	\$ 25,163,144	\$ 20,941,095	\$ 19,773,566	\$ 19,107,864	\$ 18,447,862	\$ 17,447,336	\$ 16,884,581	\$ 16,349,262	\$ 16,106,059	\$ 15,256,625
District's proportionate share of collective net pension liability as a percentage of covered-employee payroll	51.72%	61.78%	58.40%	28.16%	64.58%	61.62%	67.41%	40.91%	49.29%	49.79%
Plan fiduciary net position as percentage of the total pension liability	77.51%	73.15%	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Legally required Pension contributions	\$ 1,393,196	\$ 1,212,688	\$ 985,892	\$ 907,836	\$ 902,798	\$ 918,712	\$ 720,736	\$ 701,445	\$ 685,906	\$ 686,879
Actual Pension contributions	1,393,196	1,212,688	985,892	907,836	902,798	918,712	720,736	701,445	685,906	686,879
Pension contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll amount	\$ 28,941,420	\$ 25,163,144	\$ 20,941,095	\$ 19,773,566	\$ 19,107,864	\$ 18,447,862	\$ 17,447,336	\$ 16,884,581	\$ 16,349,262	\$ 16,106,059
Contributions as a percentage of covered-employee payroll	4.81%	4.82%	4.71%	4.59%	4.72%	4.98%	4.13%	4.15%	4.20%	4.26%

Note 1: Changes Since Prior Actuarial Valuation

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

- The single discount rate as of August 31, 2018 was a single blended rate of 6.907 percent. That has changed to the long-term rate of 7.25 percent as of August 31, 2019.
- There was no change to the discount rate for the measurement year ended August 31, 2020 or 2021.
- The discount rate changed from 7.25% to 7.00% from measurement year 2021 through 2022.
- There was no change to the discount rate for the measurement year ended August 31, 2023.
- There was no change to the discount rate for the measurement year ended August 31, 2024.
- With the enactment of SB 3 by the 2019 Texas legislature, an assumption has been made about how this would impact future salaries. It is assumed that eligible active members will each receive an \$2,700 increase in fiscal year 2020. This is an addition to the salary increase expected based on the actuarial assumptions.

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 Eight Measurement Years²

	2024	2023	2022	2021	2020	2019	2018	2017
District's proportionate share of collective net OPEB liability (%)	0.1031217%	0.1021142%	0.1043627%	0.1064845%	0.1027765%	0.0871263%	0.0920000%	0.0665013%
District's proportionate share of collective net OPEB liability (\$)	\$ 30,220,434	\$ 27,283,631	\$ 29,729,769	\$ 38,201,849	\$ 33,962,112	\$ 30,113,175	\$ 27,254,344	\$ 22,658,999
State's proportionate share of net OPEB liability associated with District	21,967,959	19,121,228	20,619,871	22,652,843	20,860,688	26,390,267	22,216,096	19,971,590
Total	\$ 52,188,393	\$ 46,404,859	\$ 50,349,640	\$ 60,854,692	\$ 54,822,800	\$ 56,503,442	\$ 49,470,440	\$ 42,630,589
District's covered-employee payroll	\$ 28,179,722	\$ 24,399,727	\$ 24,335,191	\$ 18,946,887	\$ 22,736,504	\$ 22,449,109	\$ 22,248,782	\$ 21,714,833
District's proportionate share of collective net OPEB liability as a percentage of covered-employee payroll	107.24%	111.82%	122.17%	201.63%	149.37%	134.14%	122.50%	104.35%
Plan fiduciary net position as percentage of the total OPEB liability	0.47%	0.63%	0.57%	0.38%	0.32%	0.17%	1.27%	2.04%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Legally required OPEB contributions	\$ 615,417	\$ 544,622	\$ 533,715	\$ 463,653	\$ 494,837	\$ 464,487	\$ 1,346,051	\$ 1,238,174	\$ 1,197,854
Actual OPEB contributions	615,417	544,622	533,715	463,653	494,837	464,487	1,346,051	1,238,174	1,197,854
Contributions deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll amount	\$ 31,988,356	\$ 28,179,722	\$ 24,399,727	\$ 24,335,191	\$ 18,946,887	\$ 22,736,504	\$ 22,449,109	\$ 22,248,782	\$ 21,714,833
Contributions as a percentage of covered-employee payroll	1.92%	1.93%	2.19%	1.91%	2.61%	2.04%	6.00%	5.57%	5.52%

The amounts presented above are as of the District's respective fiscal year-end

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

Note 1 - Changes Since Prior Actuarial Valuation

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

- 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.
- Proportion of future retirees assumed to be married and electing coverage for their spouse.
- Proportion of future retirees assumed to elect health coverage at retirement and proportion of future retirees expected to receive the Opt-Out Credit at retirement.
- Demographic assumptions, including the mortality projection scale for all State Agency members; base mortality for Judges; assumed rates of retirement for certain members who are Regular Class, Elected Class or Certified Peace Officers/Custodial Officers (CPO/CO); assumed rates of termination for certain members who are Regular Class,
- Judges or Certified Peace Officers/Custodial Officers (CPO/CO); and assumed rates of disability for all State Agency members.
- The expenses directly related to the payment of GBP health benefits for (a) HealthSelect medical services and (b) prescription drug benefits under HealthSelect and HealthSelect Medicare Advantage have been updated since the previous valuation to reflect recent new administrative services contracts.
- 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 effect on our short-term expectations.
- The Patient-Centered Outcomes Research Institute fee payable under the Affordable Care Act and the rate of future increases in the fee has been updated to reflect recent available information.
- The discount rate was changed from 3.81% to 3.87% as a result of requirements by GASB No. 74 to reflect the yield or index rate for 20-year, tax-exempt general obligation bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.



SCHEDULES

MIDLAND COLLEGE DISTRICT
Schedule A
SCHEDULE OF DETAILED OPERATING REVENUES
Year Ended August 31, 2025
(With Memorandum Totals for the Year Ended August 31, 2024)

	Unrestricted	Restricted	Total Educational Activities	Auxiliary Enterprises	2025	2024
Tuition:						
State funded credit courses:						
In-district resident tuition	\$ 4,256,621	\$ -	\$ 4,256,621	\$ -	\$ 4,256,621	\$ 4,250,148
Out-of-district resident tuition	2,862,796	-	2,862,796	-	2,862,796	2,899,059
Non-resident tuition	567,596	-	567,596	-	567,596	543,832
TPEG – credit (set aside) ¹	293,744	-	293,744	-	293,744	374,772
State-funded continuing education	1,289,212	-	1,289,212	-	1,289,212	1,261,244
TPEG – non-credit (set aside) ¹	86,368	-	86,368	-	86,368	92,327
Non-state funded continuing educational programs	213,250	-	213,250	-	213,250	204,236
Total Tuition	9,569,587	-	9,569,587	-	9,569,587	9,625,618
Fees:						
General use fee	2,253,006	-	2,253,006	-	2,253,006	2,067,324
Lab fees	370,825	-	370,825	-	370,825	525,555
Other fees	104,622	-	104,622	-	104,622	105,337
Total Fees	2,728,453	-	2,728,453	-	2,728,453	2,698,216
Scholarship Allowances and Discounts:						
Scholarships	(1,916,574)	-	(1,916,574)	-	(1,916,574)	(1,478,943)
Remissions and exemptions - state	(229,033)	-	(229,033)	-	(229,033)	(225,997)
Remissions and exemptions - local	(1,968,681)	-	(1,968,681)	-	(1,968,681)	-
Title IV federal grants	(2,102,850)	-	(2,102,850)	-	(2,102,850)	(2,008,815)
Other federal grants	(1,908)	-	(1,908)	-	(1,908)	(950)
TPEG awards	(134,165)	-	(134,165)	-	(134,165)	(291,430)
Other state grants	(76,489)	-	(76,489)	-	(76,489)	(76,780)
Other local grants	(7,560)	-	(7,560)	-	(7,560)	(3,336)
Total Scholarship Allowances	(6,437,260)	-	(6,437,260)	-	(6,437,260)	(4,086,251)
Total Net Tuition and Fees	5,860,780	-	5,860,780	-	5,860,780	8,237,583
Additional Operating Revenues:						
Federal grants and contracts	98,360	1,224,546	1,322,906	-	1,322,906	2,984,496
State grants and contracts	-	889,392	889,392	-	889,392	736,945
Local grants and contracts	1,239,025	400,285	1,639,310	-	1,639,310	1,589,495
Non-governmental grants and contracts	76,596	2,718,206	2,794,802	34,585	2,829,387	3,405,317
Sales and services of educational activities	755,523	-	755,523	-	755,523	693,491
Investment income (program restricted)	-	573,930	573,930	8,702	582,632	(476,231)
General operating revenues	1,436,471	337,176	1,773,647	6,734	1,780,381	1,678,237
Total Additional Operating Revenues	3,605,975	6,143,535	9,749,510	50,021	9,799,531	10,611,750
Auxiliary Enterprises:						
Bookstore ²	-	-	-	61,082	61,082	64,687
Residential/food service	-	-	-	870,220	870,220	1,231,915
Less discounts	-	-	-	(512,500)	(512,500)	(490,054)
Athletics	-	-	-	23,965	23,965	25,653
Other	-	-	-	125,171	125,171	49,740
Total Net Auxiliary Enterprises	-	-	-	567,938	567,938	881,941
Total Operating Revenues	\$ 9,466,755	\$ 6,143,535	\$ 15,610,290	\$ 617,959	\$ 16,228,249	\$ 19,731,274
					(Exhibit 2)	(Exhibit 2)

¹ In accordance with Education Code 56.033, \$380,112 and \$467,099 of tuition for years ended August 31, 2025 and 2024, respectively, was set aside for Texas Public Education grants (TPEG).

² The Midland College Bookstore is outsourced. Bookstore revenue is derived from lease payments. Accordingly, there are no scholarship allowances and discounts related to bookstore revenues.

MIDLAND COLLEGE DISTRICT
SCHEDULE OF OPERATING EXPENSES BY OBJECT
Year Ended August 31, 2025
(With Memorandum Totals for the Year Ended August 31, 2024)
Schedule B

	Operating Expenses				2025	2024, adjusted
	Salaries and Wages	Benefits		Other Expenses		
		State	Local			
Unrestricted - Educational Activities						
Instruction	\$ 15,813,777	\$ -	\$ 2,683,291	\$ 1,277,537	\$ 19,774,605	\$ 20,107,251
Public service	3,115,133	-	961,705	279,831	4,356,669	3,126,563
Academic support	3,669,447	-	997,379	2,198,354	6,865,180	8,671,453
Student services	3,674,215	-	1,175,152	428,043	5,277,410	4,502,288
Institutional support	7,097,882	-	2,000,441	3,966,622	13,064,945	10,023,743
Operation and maintenance of plant	1,457,369	-	674,798	7,726,724	9,858,891	7,941,884
Scholarships and fellowships	-	-	-	138,582	138,582	1,600
Total Unrestricted Educational Activities	34,827,823	-	8,492,766	16,015,693	59,336,282	54,374,782
Restricted – Educational Activities						
Instruction	45,637	1,832,304	17,980	406,641	2,302,562	2,050,860
Public service	827,199	198,583	204,325	986,245	2,216,352	2,539,765
Academic support	500	621,656	194	157,418	779,768	769,789
Student services	975,569	464,023	273,714	593,458	2,306,764	988,998
Institutional support	11,500	598,595	-	112,623	722,718	796,834
Operation and maintenance of plant	-	-	-	5,612,997	5,612,997	369,116
Scholarships and fellowships	380	-	-	6,588,375	6,588,755	6,998,262
Total Restricted Educational Activities	1,860,785	3,715,161	496,213	14,457,757	20,529,916	14,513,624
Total Educational Activities	36,688,608	3,715,161	8,988,979	30,473,450	79,866,198	68,888,406
Auxiliary Enterprises	1,333,545	-	468,469	2,929,461	4,731,475	3,943,939
Depreciation Expense – Buildings and other real estate improvements	-	-	-	3,980,777	3,980,777	3,303,997
Depreciation Expense – Equipment and furniture	-	-	-	1,113,988	1,113,988	1,188,495
Amortization Expense - Leases	-	-	-	125,181	125,181	134,224
Amortization Expense - Subscriptions	-	-	-	779,238	779,238	515,671
Total Operating Expenses	\$ 38,022,153	\$ 3,715,161	\$ 9,457,448	\$ 39,402,095	\$ 90,596,857	\$ 77,974,732
				(Exhibit 2)	(Exhibit 2)	

MIDLAND COLLEGE DISTRICT
SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
Year Ended August 31, 2025
(With Memorandum Totals for the Year Ended August 31, 2024)
Schedule C

	Unrestricted	Restricted	Auxiliary Enterprises	2025	2024
Non-Operating Revenues					
State Appropriations:					
Education and general state support	\$ 11,731,083	\$ -	\$ -	\$ 11,731,083	\$ 9,179,946
State group insurance	-	2,406,809	-	2,406,809	1,718,571
State retirement matching	-	1,308,351	-	1,308,351	1,596,942
Permian Basin Petroleum Museum	-	307,854	-	307,854	307,854
Total State Appropriations	11,731,083	4,023,014	-	15,754,097	12,803,313
Maintenance ad valorem taxes	43,127,551	-	-	43,127,551	38,785,628
Debt service ad valorem taxes	-	3,021,124	-	3,021,124	2,948,654
Federal revenue, non-operating	-	7,990,608	-	7,990,608	5,917,338
Gifts	-	1,552,170	-	1,552,170	2,346,140
Investment income	2,774,182	-	81,372	2,855,554	3,314,288
Contributions in aid of construction	-	2,557,491	-	2,557,491	3,892,526
Additions to permanent endowments	-	132,745	-	132,745	14,105
Total Non-Operating Revenues	45,901,733	15,254,138	81,372	61,237,243	57,218,679
Non-Operating Expenses					
Interest on capital related debt	-	(214,308)	-	(214,308)	(311,973)
Gain (loss) on disposal of capital assets	38,842	-	-	38,842	24,107
Total Non-Operating Expense	38,842	(214,308)	-	(175,466)	(287,866)
Net Non-Operating Revenues (Expenses)	\$ 57,671,658	\$ 19,062,844	\$ 81,372	\$ 76,815,874	\$ 69,734,126
				(Exhibit 2)	(Exhibit 2)

MIDLAND COLLEGE DISTRICT
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY
Year Ended August 31, 2025
(With Memorandum Totals for the Year Ended August 31, 2024)
Schedule D

	Detail by Source				Available for Current Operations		
	Restricted		Capital Assets Net of Depreciation & Related Debt	Total			
	Unrestricted	Expendable			Yes	No	
Current:							
Unrestricted	\$ 8,865,804	\$ -	\$ -	\$ 8,865,804	\$ 8,865,804	\$ -	
Restricted	-	12,442,042	-	12,442,042	12,442,042	-	
Auxiliary enterprises	-	-	-	-	-	-	
Endowment:							
Quasi:							
Unrestricted	-	-	-	-	-	-	
Endowment:							
Non-Expendable	-	-	5,240,317	5,240,317	-	5,240,317	
Plant:							
Debt service	(230,136)	-	-	(230,136)	(230,136)	-	
Investment in plant	-	-	122,184,168	122,184,168	-	122,184,168	
Total Net Position							
August 31, 2025	<u>8,635,668</u>	<u>12,442,042</u>	<u>5,240,317</u>	<u>122,184,168</u>	<u>148,502,195</u>	<u>21,077,710</u>	<u>127,424,485</u>
Total Net Position							
August 31, 2024, restated	<u>8,446,105</u>	<u>13,618,585</u>	<u>5,055,853</u>	<u>118,934,386</u>	<u>146,054,929</u>	<u>21,593,383</u>	<u>123,990,239</u>
Net Increase (Decrease)							
in Net Position	<u>\$ 189,563</u>	<u>\$ (1,176,543)</u>	<u>\$ 184,464</u>	<u>\$ 3,249,782</u>	<u>\$ 2,447,266</u>	<u>\$ (515,673)</u>	<u>\$ 3,434,246</u>

MIDLAND COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended August 31, 2025

Schedule E

Federal Grantor/Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	Direct Awards	Pass-through Awards	Federal Expenditures
U.S. Department of Education					
Direct Awards:					
Student Financial Assistance Cluster:					
Federal Supplemental Educational Opportunity Grant	84.007	N/A	\$ 149,293	\$ -	\$ 149,293
Federal College Work Study Program	84.033	N/A	380	-	380
Federal Pell Grant Program	84.063	N/A	7,840,935	-	7,840,935
Federal Direct Student Loans	84.268	N/A	1,316,044	-	1,316,044
Total Student Financial Assistance Cluster (ALN 84.007, 84.033, 84.063, 84.268)			9,306,652	-	9,306,652
Pass-through Texas Workforce Commission:					
Adult Education and Literacy – AEL Combined - 7/1/24-6/30/25	84.002A	2924ALA022	-	495,996	495,996
Adult Education and Literacy – AEL Combined - 7/1/25-8/31/25	84.002A	2924ALAB22	-	47,923	47,923
Total ALN 84.002			-	543,919	543,919
Pass-through Texas Higher Education Coordinating Board:					
Career and Technical Education – Basic Grants	84.048	254202067110001	-	242,654	242,654
Career and Technical Education – Leadership Grants	84.048	254202077110001	-	79,397	79,397
Total ALN 84.048			-	322,051	322,051
Total U.S. Department of Education			9,306,652	865,970	10,172,622
U.S. Department of Health and Human Services					
Pass-through from Texas Tech University Health Sciences Center:					
Model State Supported Area Health Education Centers	93.107	U77HP16497	-	135,903	135,903
Pass-through from UNT Health Science Center:					
Workforce Enhancement in Healthy Aging and Independent Living	93.969	2025-0019	-	2,642	2,642
Pass-through from Permian Basin Workforce Development Board					
Child Care Scholarship Agreement - CCDF Cluster	93.575	128-14	-	1,925	1,925
Total CCDF Cluster (ALN 93.575)			-	1,925	1,925
Pass-through from South Plains Community Action Association, Inc.					
Head Start Division:					
Head Start Partnership Agreement 4/1/24-3/31/25	93.600	06CH012525	-	203,083	203,083
Head Start Partnership Agreement 4/1/25-8/31/25	93.600	06CH012525	-	111,631	111,631
Total Head Start Cluster (ALN 93.600)			-	314,714	314,714
Total U.S. Department of Health and Human Services			-	455,184	455,184
Total Expenditures of Federal Awards			\$ 9,306,652	\$ 1,321,154	\$ 10,627,806

MIDLAND COLLEGE DISTRICT**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****Year Ended August 31, 2025****Note 1: Federal Assistance Reconciliation**

Other Operating Revenues -Federal Grants and Contracts revenue – per Schedule A	\$ 1,224,546
Add: Indirect/Administrative Cost Recoveries-per schedule A	98,360
Add: Non-Operating Federal Revenue per Schedule C	<u>7,990,608</u>
Total Federal Revenues per Schedule A and C	<u><u>9,313,514</u></u>
 Reconciling Item:	
Add: Direct Student Loans	1,316,044
Reduce: OPEB for Medicare Part D RDS Payment	<u>(1,752)</u>
Total Federal Revenues per Schedule of Expenditures of Federal Awards	<u><u>\$ 10,627,806</u></u>

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

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

MIDLAND COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended August 31, 2025

Schedule F

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		\$ 23,599
Texas First Scholarship		2,147
Texas College Work Study		10,359
Texas Nursing Student Scholarship Program		21,847
Texas Education Opportunity Grant		597,450
Subtotal-Texas Higher Education Coordinating Board		<u>655,402</u>
Pass-Through from Texas Tech University Health Sciences Center:		
Area Health Education Center	CON3659892	197,600
Pass-Through from Texas Education Agency:		
Summer Career & Technical Education Grant	25037901	<u>36,390</u>
Total State Financial Assistance		<u><u>\$ 889,392</u></u>
Note 1: State Assistance Reconciliation		
Total State Financial Assistance per Schedule of Expenditures of State Awards		<u>\$ 889,392</u>
Total State Revenues per Schedule A		<u><u>\$ 889,392</u></u>

Note 2: Significant Accounting Policies Used in Preparing the Schedule

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

**OVERALL COMPLIANCE, INTERNAL CONTROL, AND
FEDERAL AND STATE AWARDS SECTION**



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Trustees
Midland College District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Midland College District (the “District”), as of and for the years ended August 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon December 16, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on 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*.

Purpose of this Report

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

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

Midland, Texas
December 16, 2025

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND THE TEXAS GRANT
MANAGEMENT STANDARDS**

To the Board of Trustees
Midland College District

Report on Compliance for Each Major Federal and State Program

Opinion On Each Major Federal and State Program

We have audited Midland College District (the “District”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and Texas Grant Management Standards that could have a direct and material effect on each of the District’s major federal and state programs for the year ended August 31, 2025. The District’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District’s complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2025.

Basis for Opinion On Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards (Uniform Guidance) and the Texas Grant Management Standards (TxGMS). Our responsibilities under those standards, the Uniform Guidance, and the TxGMS are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District’s federal and state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, and TxGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, and TxGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal and state program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

To the Board of Trustees
Midland College District

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as 2025-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and TxGMS. Accordingly, this report is not suitable for any other purpose.

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

Midland, Texas
December 16, 2025

MIDLAND COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended August 31, 2025

I. Summary of Auditors' Results

Financial Statements

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

Federal and State Awards

Internal control over major programs:	
Material weakness (es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes - Finding 2025-001
Type of auditors' report issued on compliance with major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) ?	Yes - Finding 2025-001

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number (ALN)</u>
---	--

US Department of Education

<i>Student Financial Assistance Cluster</i>	84.007, 84.033, 84.063, 84.268
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Name of State Program

Texas Educational Opportunity Grant	N/A
Dollar Threshold Considered Between Type A and Type B Federal and State Programs	\$750,000
Auditee qualified as low risk auditee for Federal Programs?	Yes
Auditee qualified as low risk auditee for State Programs?	No

MIDLAND COLLEGE DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
Year Ended August 31, 2025

II. Financial Statement Findings

None noted.

III. Federal Award Findings and Questioned Costs

Finding 2025-001

Federal Agency:	U.S. Department of Education
Type of Finding:	Significant deficiency in internal control over compliance and noncompliance
Recurring:	No
Compliance Requirement:	L.1.d. Reporting – Common Origination and Disbursement System
Program Information:	Student Financial Aid Cluster (ALN 84.007, 84.003, 84.063, 84.268)
Criteria:	The College's Cost of Attendance (COA) should match what is reported in the Common Origination and Disbursement (COD) system and subsequently transferred to the National Student Loan Data System (NSLDS) for reporting.
Condition:	In 33 out of 40 samples, the Cost of Attendance (COA) in the client's system did not match what was reported in COD.
Cause:	Pell COA Budget – The system incorrectly applied a fixed amount of \$8,000 for all students. This issue was corrected in the PowerFAIDS system, and all Pell COA budgets have been updated in COD accordingly.
Effect:	The Cost of Attendance was incorrectly reported to the Common Origination and Disbursement System, resulting in inaccurate records.
Questioned Cost:	None.
Context:	Internal records proved to be accurate relating to the COA and resulting financial assistance provided, with no costs in question, therefore only the reporting to the COD was inaccurate.
Recommendations:	Management should implement a formal review process to verify the accuracy of Cost of Attendance (COA) data prior to uploading information to COD. This review should include validating system-generated amounts against approved budgets to ensure compliance and prevent discrepancies.
View of Responsible Officials:	The College's management agrees with the finding and will address the matter identified as described in the corrective action plan.



STATISTICAL SUPPLEMENT

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

Table 1
Page 1 of 2

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net investment in capital assets	\$ 122,184	\$ 118,934	\$ 114,710	\$ 84,213	\$ 78,312
Restricted - expendable	12,442	13,619	9,738	17,172	9,547
Restricted - nonexpendable	5,240	5,055	5,220	5,209	5,341
Unrestricted	8,636	8,446	4,896	(408)	(573)
Total Primary Government Net Position	<u><u>\$ 148,502</u></u>	<u><u>\$ 146,054</u></u>	<u><u>\$ 134,564</u></u>	<u><u>\$ 106,186</u></u>	<u><u>\$ 92,627</u></u>

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

Table 1
Page 2 of 2

	2020	2019	2018	2017	2016
Net investment in capital assets	\$ 77,776	\$ 71,521	\$ 66,158	\$ 65,124	\$ 64,293
Restricted - expendable	9,836	11,396	6,025	5,649	5,297
Restricted - nonexpendable	5,366	5,298	5,168	5,245	5,296
Unrestricted	(2,656)	(2,475)	(1,813)	19,544	17,202
Total Primary Government Net Position	\$ 90,322	\$ 85,740	\$ 75,538	\$ 95,562	\$ 92,088

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

Table 2

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Tuition and Fees (net of discounts)	\$ 5,861	\$ 8,238	\$ 8,412	\$ 6,761	\$ 7,682	\$ 8,360	\$ 9,171	\$ 9,648	\$ 9,839	\$ 9,417
Federal Grants and Contracts	1,323	2,984	2,033	7,919	4,117	1,485	897	971	863	1,007
State Grants and Contracts	889	315	377	692	489	558	756	828	725	543
Local Grants and Contracts	1,639	2,011	2,475	1,803	1,759	1,629	5,398	1,934	1,567	1,621
Non-Governmental Grants and Contracts	2,829	3,405	1,356	1,532	2,371	2,050	5,918	1,299	1,326	1,498
Sales and services of educational activities	756	693	525	567	567	448	691	583	476	623
Investment income-program restricted	583	(476)	1,594	(56)	213	340	358	120	110	142
Auxiliary enterprises (net of discounts)	568	882	770	830	797	762	1,034	817	845	1,049
Other operating revenues	1,780	1,678	884	1,906	744	644	994	1,394	747	749
Total Operating Revenues	16,228	19,730	18,426	21,954	18,739	16,276	25,217	17,594	16,498	16,649
State Appropriations	15,754	12,803	9,695	7,344	8,798	9,409	8,526	10,098	10,680	10,709
Ad Valorem Taxes	46,149	41,734	38,044	36,196	35,642	33,980	31,104	29,169	28,023	27,458
Federal Revenue, non-operating	7,991	5,917	4,778	4,176	3,585	4,018	4,256	4,477	5,400	4,790
Gifts	1,552	2,346	1,633	1,792	1,344	1,145	1,412	1,724	2,094	1,744
Investment income	2,856	3,314	2,232	0	115	662	998	422	321	185
Contributions in aid of construction	2,557	3,893	22,268	6,478	-	4,023	3,600	-	-	-
Gain on disposal of fixed assets	39	24	-	-	26	-	-	-	-	-
Additions to permanent endowments	133	14	50	115	16	42	33	42	17	34
Total Non-Operating Revenues	77,031	70,045	78,700	56,101	49,526	53,279	49,929	45,932	46,535	44,920
Total Revenues	\$ 93,259	\$ 89,775	\$ 97,126	\$ 78,055	\$ 68,265	\$ 69,555	\$ 75,146	\$ 63,526	\$ 63,033	\$ 61,569

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

Table 3

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Instruction	\$ 22,077	\$ 22,158	\$ 20,089	\$ 17,536	\$ 18,381	\$ 19,148	\$ 19,308	\$ 18,118	\$ 20,526	\$ 19,694
Public service	6,573	5,666	5,310	3,916	4,185	4,163	3,323	2,777	2,911	2,776
Academic support	7,645	9,441	9,315	9,098	8,634	8,579	8,403	7,408	6,382	6,749
Student services	7,584	5,491	4,832	4,812	5,220	4,276	4,162	3,916	4,271	4,067
Institutional support	13,788	10,821	7,581	7,544	6,533	7,575	7,049	6,529	7,204	6,702
Operation and maintenance of plant	15,472	8,311	6,624	7,050	7,861	7,909	6,099	6,232	5,707	5,968
Scholarships & fellowships (net of discounts)	6,727	7,000	4,898	5,351	4,795	3,661	2,999	3,487	3,672	3,877
Auxiliary enterprises (net of discounts)	4,731	3,944	4,542	4,028	4,754	4,336	4,146	3,507	3,816	3,668
Depreciation and amortization	5,999	5,142	5,148	4,981	4,722	4,471	4,637	3,954	3,729	3,720
Total Operating Expenses	90,596	77,974	68,339	64,316	65,085	64,118	60,126	55,928	58,218	57,221
Interest on capital related debt	214	312	402	473	875	848	1,212	1,170	1,320	1,521
Loss on disposal of fixed assets	-	-	6	202	-	9	6	3	19	65
Other non-operating expenses	-	-	-	155	-	-	-	-	-	-
Total Non-Operating Expenses	214	312	408	830	875	857	1,218	1,173	1,339	1,586
Total Expenses	\$ 90,810	\$ 78,286	\$ 68,747	\$ 65,146	\$ 65,960	\$ 64,975	\$ 61,344	\$ 57,101	\$ 59,557	\$ 58,807

MIDLAND COLLEGE DISTRICT
TUITION AND FEES
Last Ten Fiscal Years (Unaudited)

Table 4

Resident-Lower Division								
Academic Year (Fall)	In-District Tuition	Out-of-District Tuition	Fees per Semester Credit Hour			Cost for 12 SCH Out-of-District	Increase from Prior Year In- District	Increase from Prior Year Out-of- District
			General Use Fee	Cost for 12 SCH In-District				
2025	\$ 73	\$ 131	\$ 33	\$ 1,272	\$ 1,968	4.95%	3.14%	
2024	71	129	30	1,212	1,908	2.02%	2.58%	
2023	69	125	30	1,188	1,860	1.02%	0.65%	
2022	68	124	30	1,176	1,848	7.69%	6.21%	
2021	66	120	25	1,092	1,740	2.25%	1.40%	
2020	64	118	25	1,068	1,716	0.00%	0.00%	
2019	64	118	25	1,068	1,716	0.00%	1.42%	
2018	64	116	25	1,068	1,692	3.49%	3.68%	
2017	62	112	24	1,032	1,632	4.88%	3.03%	
2016	58	108	24	984	1,584	5.13%	5.60%	

Non-Resident-Lower Division								
Academic Year (Fall)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Fees per Semester Credit Hour			Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
			General Use Fee	Cost for 12 SCH Out of State				
2025	\$ 173	\$ 173	\$ 33	\$ 2,472	\$ 2,472	2.49%	2.49%	
2024	171	171	30	2,412	2,412	2.03%	2.03%	
2023	167	167	30	2,364	2,364	0.51%	0.51%	
2022	166	166	30	2,352	2,352	4.81%	4.81%	
2021	162	162	25	2,244	2,244	1.08%	1.08%	
2020	160	160	25	2,220	2,220	0.00%	0.00%	
2019	160	160	25	2,220	2,220	1.09%	1.09%	
2018	158	158	25	2,196	2,196	3.98%	3.98%	
2017	152	152	24	2,112	2,112	2.33%	2.33%	
2016	148	148	24	2,064	2,064	4.88%	4.88%	

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

MIDLAND COLLEGE DISTRICT
ASSESSED VALUE AND TAXABLE ASSESSED VALUE OF PROPERTY
Last Ten Fiscal Years (Unaudited)
Table 5

(Amounts Expressed in Thousands)						Direct Rate									
Fiscal Year	Assessed Valuation of Property		Less: Exemptions	Taxable Assessed Value (TAV)	Ratio of Taxable Assessed Value to Assessed Value	Total Taxes Assessed	Maintenance & Operations (a)	Debt Service (a)	Total (a)						
2025	\$	58,561,047	\$	2,364,361	\$	56,196,686	95.96%	\$	46,632	\$	0.077600	\$	0.005380	\$	0.082980
2024		56,730,975		2,071,211		54,659,764	96.35%		39,404		0.071885		0.005525		0.077410
2023		49,082,033		1,764,432		47,317,601	96.41%		36,909		0.073740		0.006270		0.080010
2022		37,930,122		1,802,803		36,127,319	95.25%		35,246		0.093140		0.008011		0.101151
2021		39,582,768		1,728,003		37,854,765	95.63%		35,367		0.084682		0.007526		0.092208
2020		38,603,722		1,975,687		36,628,035	94.88%		33,864		0.083650		0.007560		0.091210
2019		28,353,759		1,588,258		26,765,501	94.40%		31,280		0.104363		0.010358		0.114721
2018		24,308,301		1,440,043		22,868,258	94.08%		29,132		0.113080		0.012170		0.125250
2017		21,769,005		1,435,909		20,333,096	93.40%		27,879		0.123460		0.013650		0.137110
2016		22,806,351		1,450,393		21,355,958	93.64%		26,894		0.112160		0.013770		0.125930

Source: Local Appraisal District

Notes: Property is assessed at full market value.

(a) per \$100 Taxable Assessed Valuation

MIDLAND COLLEGE DISTRICT
STATE APPROPRIATION PER FTSE AND CONTACT HOURS
Last Ten Fiscal Years (Unaudited)

Table 6

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			
	State Appropriation (000's)	FTSE (1)	State Appropriation per FTSE	Academic Contact Hours (a) (000's)	Voc/Tech Contact Hours (a,b) (000's)	Total Contact Hours (000's)	State Appropriation per Contact Hour
2025 *	\$ 10,159 **	\$ 3,465	\$ 2,932				
2024 *	8,305 **	3,175	2,615				
2023	7,089	3,092	2,293	1,157	779	1,936	3.66
2022	7,089	2,995	2,367	1,070	653	1,723	4.11
2021	7,728	2,885	2,679	1,043	611	1,654	4.67
2020	7,728	3,125	2,473	1,158	670	1,828	4.23
2019	8,135	3,376	2,409	1,390	700	2,090	3.89
2018	8,135	2,829	2,875	1,449	736	2,185	3.72
2017	7,690	3,134	2,454	1,643	732	2,375	3.24
2016	7,679	3,742	2,052	1,684	767	2,451	3.13

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

** Mental Health Workforce special funding excluded

(a) Source CBM001

(b) Source CBM00A

Notes:

(1) FTSE is calculated by the following formula:

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

Voc-Tech Contact Hrs. (000's)			Performance Funding for 2023-2024			
Credit	CE	Total	Outcome	Funding Amount	Raw Count	Weighted Count
2025 *			15 SCH Dual Credit	\$ 2,283	564	-
2024 *			GAI Transfer with 15 SCH	1,668	395	477
2023	614	165	GAI Co-Enrollment with 15 SCH	59	15	17
2022	522	131	Licensure/Certification (no credential)	-	-	-
2021	509	102	High-Demand Licensure/Certification	-	-	-
2020	575	95	Institutional Credential leading to Licensure (ICLC)	87	87	-
2019	567	133	High-Demand Institutional Credential	566	453	-
2018	565	171	Occupational Skills Award (OSA)	-	-	-
2017	603	129	High-Demand OSA	28	19	23
2016	561	206	Certificate I or II	523	242	299
			High-Demand Cert I or II	2,098	442	599
			Advanced Technical Certificate	-	-	-
			High-Demand ATC	-	-	-
			Credentials of Value - Certificate	12	33	-
			Associate Degree	1,522	341	435
			High-Demand Associate	944	144	210
			Credentials of Value - Associate	72	82	-
			Bachelor's Degree	81	15	23
			High-Demand Bachelor's	214	31	48
			Credentials of Value - Bachelor's	2	2	-
				10,159		
			Special Funding - Mental Health Workforce	875		
			Total	\$ 11,034		

MIDLAND COLLEGE DISTRICT
FACULTY, STAFF, AND ADMINISTRATORS STATISTICS
Last Ten Fiscal Years (Unaudited)

Table 7

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Faculty										
Full-Time	118	124	122	122	125	125	137	141	134	133
Part-Time	108	86	100	83	82	112	111	153	146	157
Total	226	210	222	205	207	237	248	294	280	290
Percent										
Full-Time	52.2%	59.0%	55.0%	59.5%	60.4%	52.7%	55.2%	48.0%	47.9%	45.9%
Part-Time	47.8%	41.0%	45.0%	40.5%	39.6%	47.3%	44.8%	52.0%	52.1%	54.1%
Staff and Administrators										
Full-Time	286	263	231	218	236	241	264	284	287	276
Part-Time	260	259	269	286	233	288	382	285	311	157
Total	546	522	500	504	469	529	646	569	598	433
Percent										
Full-Time	52.4%	50.4%	46.2%	43.3%	50.3%	45.6%	40.9%	49.9%	48.0%	63.7%
Part-Time	47.6%	49.6%	53.8%	56.7%	49.7%	54.4%	59.1%	50.1%	52.0%	36.3%
Students per Full-Time Faculty	48.3	42.3	42.3	41.4	38.1	41.5	38.6	39.6	42.3	40.9
Students per Full-Time Staff Member	19.9	20.0	22.3	23.1	20.2	21.5	20.0	19.7	19.7	19.7
Average Annual Faculty Salary	\$ 71,406	\$ 70,807	\$ 67,935	\$ 64,503	\$ 64,503	\$ 65,433	\$ 64,725	\$ 62,257	\$ 62,257	\$ 61,444
Notes:										
Fall Headcount	5,695	5,251	5,160	5,045	4,763	5,184	5,282	5,589	5,664	5,439

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

Table 8

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Academic Buildings	22	22	22	22	22	22	22	22	22	22
Square footage (in thousands)	560	560	560	560	560	560	560	520	520	520
Libraries	1	1	1	1	1	1	1	1	1	1
Square footage (in thousands)	52	52	52	52	52	52	52	52	52	52
Administrative and Support Buildings	7	7	7	7	7	7	5	5	5	5
Square footage (in thousands)	85	85	85	85	85	85	85	70	70	70
Dormitories	3	3	3	3	3	3	3	3	3	3
Square footage (in thousands)	91	91	91	91	91	91	91	91	91	91
Number of Beds	286	286	286	286	286	286	286	286	286	286
Apartments	11	11	11	11	11	11	10	10	10	10
Square footage (in thousands)	12	12	12	12	12	12	12	12	12	12
Number of beds	22	22	22	22	22	22	20	20	20	20
Dining Facilities	3	3	3	1	1	1	1	1	1	1
Square footage (in thousands)	19	19	19	20	20	20	11	11	11	11
Athletic Facilities	6	6	6	6	6	6	6	6	6	6
Square footage (in thousands)	136	136	136	136	136	136	136	136	136	136
Multipurpose Center	1	1	1	1	1	1	1	1	1	1
Gymnasiums	2	2	2	2	2	2	2	2	2	2
Softball Dressing Facility	1	1	1	1	1	1	1	1	1	1
Baseball Practice Facility	1	1	1	1	1	1	1	1	1	1
Tennis Pro Shop	1	1	1	1	1	1	1	1	1	1
Plant Facilities	2	2	2	2	2	2	2	2	2	2
Square footage (in thousands)	29	29	29	29	29	29	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
Children's Center	5	5	5	4	4	4	1	1	1	1
Square footage (in thousands)	69	69	69	15	15	15	15	11	11	11
Transportation										
Cars	14	10	10	12	13	14	16	11	12	11
Light Trucks/Vans	32	34	32	29	25	23	20	20	20	20
Heavy trucks	11	13	12	11	11	12	12	13	9	8
Buses	4	9	9	8	9	11	12	8	8	8

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

Table 9

Fiscal Year	Fall	Spring	Sum I	Sum II	Duplicated Total	Annual Unduplicated
2025	5,695	5,383	1,002	1,002	13,082	7,885
2024	5,251	5,149	857	855	12,112	7,097
2023	5,160	5,022	773	773	11,728	6,909
2022	5,045	5,074	798	798	11,715	7,012
2021	5,115	4,826	814	814	11,569	7,018
2020	5,131	6,029	1,592	1,593	14,345	7,656
2019	5,282	6,087	1,529	1,529	14,427	8,292
2018	5,589	6,405	1,418	1,418	14,830	8,448
2017	5,664	7,253	3,207	1,968	18,092	9,662
2016	5,439	7,136	3,727	2,353	18,655	10,183

