



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

Midland ISD
Office of Finance
615 W. Missouri Ave.
Midland, TX 79701

Tucker Durham, CFO
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Annual Comprehensive Financial Report of the
Midland Independent School District
Midland, Texas

For the Year Ended June 30, 2023

Prepared by the
Finance Department of Midland Independent School District

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Certificate of the Board

Midland Independent School District
Name of School District

Midland
County

165-901
County - District Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) approved disapproved for the year ended June 30, 2023 at a meeting of the Board of Trustees of such school district on the 14th day of November 2023.


Signature of Board Secretary


Signature of Board President

If the board of trustees disapproves of the auditors' report, the reason(s) for disapproving it is/are:
(attach list if necessary)

INTRODUCTORY SECTION



OFFICE OF FINANCIAL SERVICES

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November 14, 2023

To the Board of Trustees and the Citizens of Midland Independent School District:

The Office of Financial Services is pleased to submit this annual comprehensive financial report of the Midland Independent School District (the “District”) for the fiscal year ended June 30, 2023. This report has been prepared to provide the Board of Trustees (the “Board”), citizens of the District, representatives of financial institutions and rating agencies, and other interested parties information concerning the financial condition of the District.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. As a basis for making these representations, the management of the District is responsible for designing, implementing, and maintaining adequate, efficient, and effective systems of internal control. These systems of control provide reasonable, but not absolute, assurance that: (1) District assets and critical records are safeguarded from loss, theft, or misuse; (2) authorized transactions are promptly and accurately recorded; (3) District resources are efficiently and economically employed; and (4) financial reports are prepared in conformity with GAAP. The concept of reasonable assurance recognizes the cost of implementing internal controls should not outweigh their benefits and that management makes estimates and judgments in the normal course of daily business. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District’s financial activities have been included.

This report includes all funds of the District and any activities over which the Board has oversight responsibilities and/or authority to make decisions. The District is not a component unit but has one component unit, the Midland Education Foundation, Inc. A component unit is a legally separate organization that a primary government must include as part of its financial reporting entity for fair representation and conformity with GAAP.

The Texas Education Code requires an annual audit of the District’s financial statements by independent certified public accountants selected by the Board. The Board selected Eide Bailly, LLP, a firm of licensed certified public accountants, to audit this year’s financial statements. The independent auditors’ report is presented as the first component of the financial section of this report.

DISTRICT PROFILE

Midland Independent School District, located in Midland, TX, is one of approximately 1,200 school districts (both public and charter districts) in the State of Texas. The District encompasses approximately 765 square miles in Midland County. In the 2022-2023 school year, the district served 27,842 students from pre-kindergarten through grade 12. The District currently operates two high schools (grades 10-12), two

Mission: All students will graduate prepared and ready for college or career



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freshmen centers, one early college high school, two alternative education high schools, five junior high schools, and 26 elementary schools. The age and square footage of District facilities are included in Table 19 of the Statistical Section. The District's student enrollment has increased by 22% in the past ten years and it expects to enroll more than 28,356 students in the 2023-2024 school year. Recent statistics indicate a student population that is approximately 67% Hispanic, 21% Caucasian, 7% African-American, 2% Asian, and 3% two or more races.

The District is governed by a seven-member Board of Trustees elected by the registered voters of the District. Major responsibilities of the Board include selecting a superintendent of schools, approving personnel as recommended by the superintendent, adopting goals for the district, reviewing and acting on policies, adopting an annual budget and setting the tax rate, and communicating the district's progress to the public. As a policy-making body, the Board delegates the day-to-day administration and operation of the District to the Superintendent.

The mission of Midland Independent School District is to graduate all students prepared and ready for college or career. A college-ready student is an academically prepared student who is ready for postsecondary education without the need for remediation. The District also recognizes that not all students will choose the college route. A career-ready student is someone who possesses the academic skills, employability skills, and technical skills required for careers after graduation, such as critical thinking, adaptability, technology proficiency, responsibility, persistence, and teamwork. Students graduating college or career-ready will be best prepared in a changing and increasingly complex future.

FINANCIAL INFORMATION

The District takes pride in its commitment to providing responsible stewardship of financial resources needed to support students, educators, staff, parents, and the community. The philosophy has generated a healthy fund balance over the years, and the District has established financial practices and parameters ensuring the focus remains on the education of students and that support the District's mission.

Since April 2021, Moody's has rated the District as an Aa1. The Aa1 rating reflects a stable and healthy financial profile. The District also has an AA bond rating from S&P Global.

Budgetary Control

State law requires that every local education agency in Texas prepare and file an annual budget of anticipated revenues and expenditures with the Texas Education Agency. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the Board. The budget itself is prepared utilizing a detailed line-item approach for Governmental Fund types and is prepared in accordance with the budgeting requirements as outlined in the Financial Accountability System Resource Guide for Texas school districts.

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It is the intent of the District that the budgetary process results in the most effective mix of the educational and financial resources available while attaining the goals and objectives of the District. The ultimate decision on the level of funding and the programs to be funded rests with the Board. After considering all factors, the Board sets an ad valorem tax rate that generates sufficient revenues to support the expenditure budget of the District.

The budget may be amended during the year to address unanticipated or changing needs of the District. A change to functional expenditure categories, revenue objects, or other sources and uses accounts requires Board approval. The District also maintains an encumbrance accounting system as a budgetary control.

ECONOMIC OUTLOOK

Local Economy

Midland, TX, is located in the heart of the Permian Basin oil region, which is the second-largest oil and gas shale in the world. Home to large national companies, high-paying jobs, expanding family businesses, and entrepreneurs seeking growth opportunities, Midland's tax base grew 12% from 2022 to 2023. The tax year 2023 assessed values totaled \$50 billion compared to 2022 assessed values of \$45 billion.

Signs of stability are present in the local economy. As of June 2023, the rig count was 342, compared to 344 in June 2022, and oil prices were over \$70.64/barrel in June 2023, compared to \$105/barrel in June 2022, encouraging further activity. The rig count has remained relatively stable from year to year while the price per oil barrel decreased for the same timeframe. More recently, the price per oil barrel has increased to above \$85 per barrel, which indicates a sustainable price for the region is likely. Geopolitical factors can affect the production of hydrocarbons in the future and can affect Midland's economy.

Long-term Financial Planning

The Board recognizes the significance of adopting balanced budgets, sustaining a healthy fund balance, and long-range financial planning. Over the past ten years, management has also actively reduced the District's debt, saving over \$56 million in future interest payments through advanced redemption as bonds become callable, advanced refunding as opportunities become available, or refinancing of bonds. The District reviews its long-term debt service annually and considers accelerated redemption or restructuring when financially advantageous or beneficial.

The 86th Texas Legislature passed House Bill 3 (HB3) on June 11, 2019. HB3 made significant changes to the state's funding formula and provided property tax relief through the compression of the school district's Maintenance and Operations (M&O) property tax rate. Districts with property values growth of more than 2.5% per year are required to compress maintenance and operations tax rates. Also, a transition provision, Equalized Wealth Transition Grant ("transition"), holds the district harmless in that it ensures the district will receive at least 3% more funding than if calculated under prior law. However, transition funds are only available for five years, ending in the 2023-24 school year. In addition, Congress passed various supplemental

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appropriations to prevent, prepare for, and respond to the coronavirus pandemic. The District has received supplemental federal funds that must be obligated by September 2024 (ESSER III).

The district's management has developed a strategic plan using the results of stakeholder engagement sessions and needs assessments conducted during the of Spring 2023. The plan can be split in 3 major categories: Student Experience, Grow & Develop Staff and Engage & Act. This plan is aligned with the Lone Star Governance initiatives and Bond Planning. Future long-term financial planning is based on the strategic plan and the budget process will be aligned and coordinated to these goals.

District Initiatives

The District began its transition from a Managed Instruction Theory of Action to an Earned Autonomy Theory of Action with the ultimate goal of having implemented a System of Great Schools (SGS) Theory of Action by 2027. SGS is the development of a collaborative vision between the community and the school district to innovate and support choice options to enable all families to ensure that all students are sitting in seats in high-performing schools.

The District is part of the Texas Strategic Resource Use Network, which supports cross-functional teams and district leaders in leveraging a "Do Now, Build" approach to organize resources in ways that lead to sustainable transformation. This year, MISD is participating in the Annual School Budget Planning pathway, which seeks to improve the budgeting practices in the district.

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Senate Bill 1882, passed by the Texas Legislature in 2017, provides incentives for districts to partner with open-enrollment charter schools, higher education institutions, nonprofits, and government entities to provide educational services for the district. The District has embraced this opportunity and was approved by TEA for nine partnerships. The Board authorized the following operating partnerships with the responsibility of managing day-to-day operations and accountability for achieving academic and operational targets outlined within each performance contract:

Implemented in the 2019-2020 School Year:

- Midland Community College District — Operating Pre-K Academy at Midland College
- Young Women’s Preparatory Network — Operating Young Women’s Leadership Academy
- REACH Network — Operating Goddard Junior High School and Ralph Bunche Elementary School
- The Carver Center — Operating Carver Center
- Ben Milam International Academy — Operating Ben Milam International Academy

Implemented in the 2020-2021 School Year:

- IDEA Public Schools — Operating IDEA Travis Academy
- Third Future Schools — Operating Sam Houston Collegiate Preparatory Elementary School

Implemented in the 2023-2024 School Year:

- Third Future Schools — Operating Lamar Elementary

In addition, the District launched Opportunity Culture (OC) with eight schools in the Fall of 2020. Each year since, Midland ISD has added more campuses to Opportunity Culture. OC is an innovative staffing model that assists schools in extending the reach of excellent teachers and their teams, for more pay, within recurring school budgets. At the cornerstone of the OC design are Multi-classroom leaders (MCLs) — teachers with a record of high-growth student learning who lead small, collaborative teams. Teachers gain time to plan and collaborate, and students get high-standard personalized instruction. Through this model, job-embedded professional learning allows MCLs to support small teams of teachers by receiving timely instructional feedback for growth and development. Currently, Opportunity Culture is an initiative on 22 campuses across MISD, please see the diagram on the next page.

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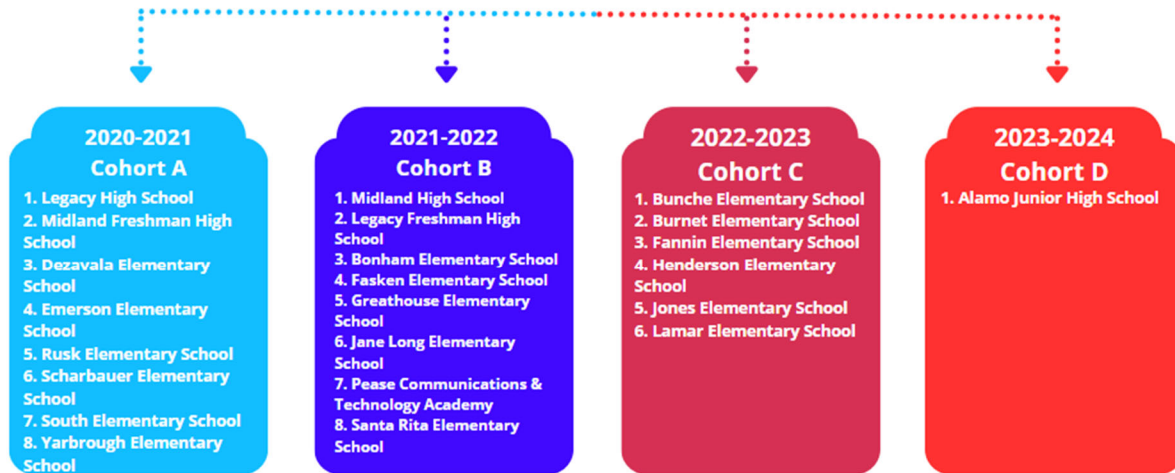


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Opportunity Culture



HB3 also established an initiative, the Teacher Incentive Allotment (TIA), to bring highly effective teachers in all schools, particularly in high-need and rural schools. This program provides a pathway to financially reward top teachers and serves as a great opportunity to honor the hard work and success of District teaching staff. The District’s implementation started on the 2021-2022 school year with a local designation system that incorporates teacher observation and student growth measures, the total number of teachers receiving this award in fiscal year 2022-2023 was 179.

AWARDS AND ACKNOWLEDGMENTS

The District was awarded an “A-Superior Achievement” under the Financial Integrity Rating System of Texas (FIRST), a financial accountability rating system for Texas school districts. The primary goal of FIRST is to achieve quality performance in the management of school districts’ financial resources. The superior achievement rating is the state’s highest, demonstrating the quality of the District’s financial management practices and the high level of performance in the management of their financial resources.

The Government Finance Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to Midland Independent School District (MISD) for its annual comprehensive financial report for the fiscal year ending June 30, 2022. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.



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The Association of School Business Officials International (ASBO) recognized Midland Independent School District with the Certificate of Excellence in Financial Reporting for the 2021-2022 fiscal year. This award represents a significant achievement and reflects MISD's commitment to transparency and high-quality financial reporting.

The preparation of this report on a timely basis would not have been possible without the dedicated efforts of the District's entire Financial Services staff. We appreciate all members who assisted and contributed to the preparation of this report. We would also like to acknowledge Eide Bailly, LLP, for their assistance in the production of the report. Finally, we would like to thank the Board of Trustees for their continued interest and leadership in support of the District's financial management.

Respectfully submitted,

Arturo Valenzuela

Arturo Valenzuela
Executive Director of Finance
Signed reports on file with the District

Tucker Durham

Tucker Durham
Chief Financial Officer

Dr. Stephanie Howard

Dr. Stephanie Howard
Superintendent

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Midland Independent School District
District Officials, Staff and Consultants
June 30, 2023

BOARD OF TRUSTEES

Name and Title	Elected	Term Expires
Tommy Bishop, President	2006	2026
Katie Joyner, Vice President	2020	2024
Robert Marquez, Secretary	2016	2024
Stephanie Mead, Trustee	Appointed 2023	2023
Michael Booker, Trustee	2020	2024
Sara Burleson, Trustee	2022	2026
Brandon Hodges, Trustee	2022	2026

SELECTED ADMINISTRATIVE STAFF

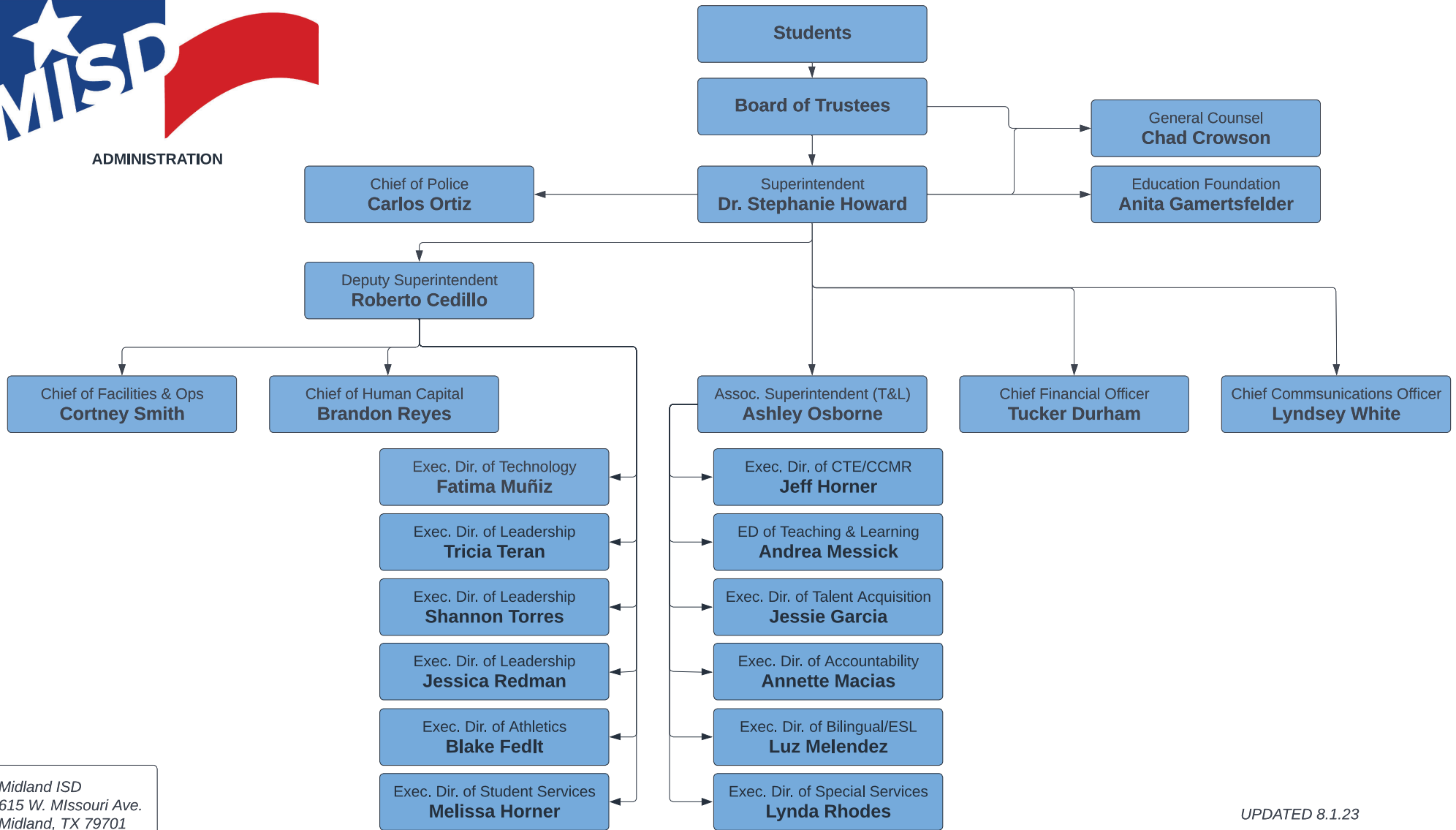
Name	Position	Length of Service
Dr. Stephanie Howard	Superintendent of Schools	1 Year
Tucker Durham	Chief Financial Officer	1 Year
Brandon Reyes	Chief of Human Capital	1 Year
Lyndsey White	Chief Communications Officer	1 Year
Chad Crowson	General Counsel	1 Year
Arturo Valenzuela	Executive Director of Financial Services	6 Years

CONSULTANTS AND ADVISORS

Auditors	Eide Bailly, LLP	Abilene, Texas
Bond Counsel	Orrick, Herrington, & Sutcliffe LLP	Austin, Texas
Financial Advisor	Hilltop Securities, Inc.	Dallas, Texas



ADMINISTRATION



Midland ISD
615 W. Missouri Ave.
Midland, TX 79701

UPDATED 8.1.23



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Midland Independent School District
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Midland Independent School District

for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

John W. Hutchison
President

A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director

FINANCIAL SECTION



Independent Auditor's Report

The Board of Trustees of
Midland Independent School District
Midland, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Midland Independent School District (the District) as of and for the year ended June 30, 2023, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year 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 (*Government Auditing Standards*). 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.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), for the year ended June 30, 2023. As a result of implementing the standard, there was no effect on governmental activities' beginning net position. Our opinions are not modified with respect to this matter.

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 plan schedules, OPEB plan schedules, and budgetary comparison information 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. The combining nonmajor fund financial statements, TEA required schedules 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* are presented for purposes of 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, the combining nonmajor fund financial statements, TEA required schedules and the Schedule of Expenditures of Federal 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 introductory and statistical sections 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 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 also have issued our report dated November 7, 2023 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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Abilene, Texas
November 7, 2023

This section of the District's Annual Comprehensive Financial Report (ACFR) discusses and analyzes the District's financial performance for the fiscal year ending on June 30, 2023. This management discussion and analysis intend to look at financial performance as a whole. Therefore, readers should also review the transmittal letter, financial statements, and notes to the basic financial statements to further enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- The 86th Texas Legislature passed House Bill 3 (HB 3) on June 11, 2019. The bill made significant changes to the state's funding formula, including the calculation of local property taxes and recapture, in addition, the 87th legislature with House Bill 1525 made some additional changes to school finance:
 - The District's Maintenance and Operations (M&O) tax rate decreased to \$0.8446 per \$100 valuation for the 2022-23 school year from \$0.9534 per \$100 valuation in the 2021-22 school year.
 - A transition provision, Equalized Wealth Transition Grant ("transition"), holds the district harmless in that it ensures the district will get at least 3% more funding than if calculated under prior law. Transition funds are only available for five years, ending in the 2023-24 school year.
- At the close of the twelve-month period ending June 30, 2023, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources. The net position was \$350 million.
- The government-wide statements reported total revenues of \$568 million, which exceeded total expenditures of \$479 million and resulted in a net increase of net position of \$89 million.
- The governmental fund financial statements reported a combined ending fund balance of \$288 million for the twelve-month period ending June 30, 2023, an increase of \$49 million compared with the prior twelve-month period. This balance consists of \$230 million in the General Fund, \$107.1 million of which is unassigned and available for spending at the District's discretion, and \$112.9 million assigned for future capital projects, technology projects, self-insurance, and coverage for anticipated future state aid reduction. Restricted fund balance totals \$38 million and is included in the General Fund, Debt Service Fund, and Non-Major Funds. The committed fund balance is \$29.4 million, which consists of amounts held in campus activity and construction funds. Non-spendable fund balance is \$.6 million.
- 2022-23 property values increased by 31% from the prior year, resulting in the following for the General Fund:
 - Local property tax revenue of \$378 million increased by \$59 million, or 18%, from the prior year.
 - Recapture expense of \$164.9 million increased by \$40 million, or 33%, from the prior year.
 - State revenue of \$84 million decreased by \$5.5 million, or less than 6%, from the prior year.
- The General Fund had \$491 million in revenues, which primarily consisted of local property taxes and state aid. Expenditures of \$428 million, including \$164.9 million in recapture, resulted in an increase in fund balance by \$31.8 million for the twelve-month period ending June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The statements are followed by a section of required

supplementary information, required TEA schedules, and other information that further explains and supports the information in the financial statements.

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the government, reporting the District’s operations in more detail than the government-wide statements.
 - The *governmental funds* statements tell how general government services were financed in the short term as well as what remains for future spending.
 - *Proprietary fund* statements offer short- and long-term financial information about the activities the government operates like businesses.
 - *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

Major features of the District’s *government-wide* and *fund financial statements* are summarized below:

Type of Statement	Government-Wide	Fund Financials		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District’s government (except fiduciary funds)	The activities of the District that are not propriety or fiduciary	Activities the District operates similar to private business-health insurance and worker’s compensation	Instances in which the District is the trustee or agent for someone else’s resources
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of change in net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after year-end, expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenue and expenses during the year, regardless of when cash is received or paid.	Agency funds do not report revenue and expenditures.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector company. These statements include:

The Statement of Net Position. The Statement of Net Position (Exhibit A-1) focuses on resources available for future operations. In simple terms, this statement presents a snapshot view of what the District owns (assets), what it owes (liabilities), and the net difference (net position). Net position may be further separated into amounts restricted for specific purposes and unrestricted amounts. Over time, increases or decreases in the District's net position may serve as a useful indicator of whether the financial health is improving or deteriorating.

The Statement of Activities. The Statement of Activities (Exhibit B-1) presents information showing how the net position of the District changed over the year by tracking revenues, expenses, and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing for when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

To assess the overall health of the District, additional nonfinancial factors should be considered, such as changes in the District's property tax base, student enrollment, and facility conditions.

The government-wide financial statements of the District are divided into two categories:

- Governmental activities—Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services, and general administration. Property taxes and grants finance most of these activities.
- Component units—The District includes another entity in its report. Although legally separate, "component units" are important because the District is financially accountable for them. Midland Education Foundation, Inc., a nonprofit organization that provides support to the District, teachers, and students, is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's most significant funds, rather than the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are required by State law and by bond covenants, while many other funds are established by the District to help manage resources for particular purposes and compliance with various grant provisions. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Most of the District's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out of those funds and (2) the balances left at year-end that are available for spending in future periods. Consequently, the governmental fund statements provide a

detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's educational programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement that explain the relationship (or differences) between them.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Debt Service Fund, both of which are considered major funds. Data from the other governmental funds, including the National School Breakfast and Lunch Program, and a Local Capital Outlay Fund, are combined into a single aggregated presentation as nonmajor funds.

Proprietary Funds. Services for which the District charges users (other units of the District) a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The District uses internal service funds to report activities that provide supplies and services for the District's Print Shop, Self-insurance program, Employee Housing, and Employee Childcare.

Fiduciary Funds. The District is the trustee, or fiduciary, for certain funds. It is also responsible for other assets that, because of a trust arrangement, may be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary funds are excluded from the District's government-wide financial statements because these resources are not available to finance District operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information, including schedules required by the Texas Education Agency.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The District's combined net position increased by \$89 million from the previous year as can be seen in the following table.

Midland Independent School District
Management's Discussion and Analysis
Twelve Months Ended June 30, 2023

Midland Independent School District's Net Position

	Governmental Activities					
	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Current and other assets	\$ 497,082,089	59	\$ 403,024,213	55	\$ 94,057,876	23
Capital assets, net of accumulated depreciation	343,799,286	41	335,117,367	45	8,681,919	3
Total assets	840,881,375	100	738,141,580	100	102,739,795	14
Total deferred outflows of resources	59,912,674	100	49,148,314	100	10,764,360	22
Other liabilities	197,370,602	42	151,778,440	35	45,592,162	30
Long-term liabilities outstanding	271,840,411	58	276,010,787	65	(4,170,376)	-2
Total liabilities	469,211,013	100	427,789,227	100	41,421,786	10
Total deferred inflows of resources	81,132,988	100	98,605,754	100	(17,472,766)	-18
Net position						
Net investment in capital assets	202,193,247	57	168,499,844	65	33,693,403	20
Restricted	36,840,478	11	32,514,570	12	4,325,908	13
Unrestricted	111,416,323	32	59,880,499	23	51,535,824	86
Total net position	\$ 350,450,048	100	\$ 260,894,913	100	\$ 89,555,135	34

The District's capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 41 percent of total assets. The remaining assets consist mainly of investments, cash, grants, property taxes receivable, state revenue receivable, and prepaid assets.

The District's long-term liabilities include repayment of general obligation bonds and net pension and OPEB liability. Other liabilities consist almost entirely of recapture and payables on accounts, salaries and benefits.

The District's net position includes its investment in capital assets (e.g., land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of the unrestricted net position may be used to meet the district's ongoing obligations to students, employees, and creditors.

The change in net position is attributed to the following:

- Property values resulted in a 31% increase in the property tax base which increased current assets related to property taxes receivable from the levy. In addition, delinquent taxes collected decreased by 37%.

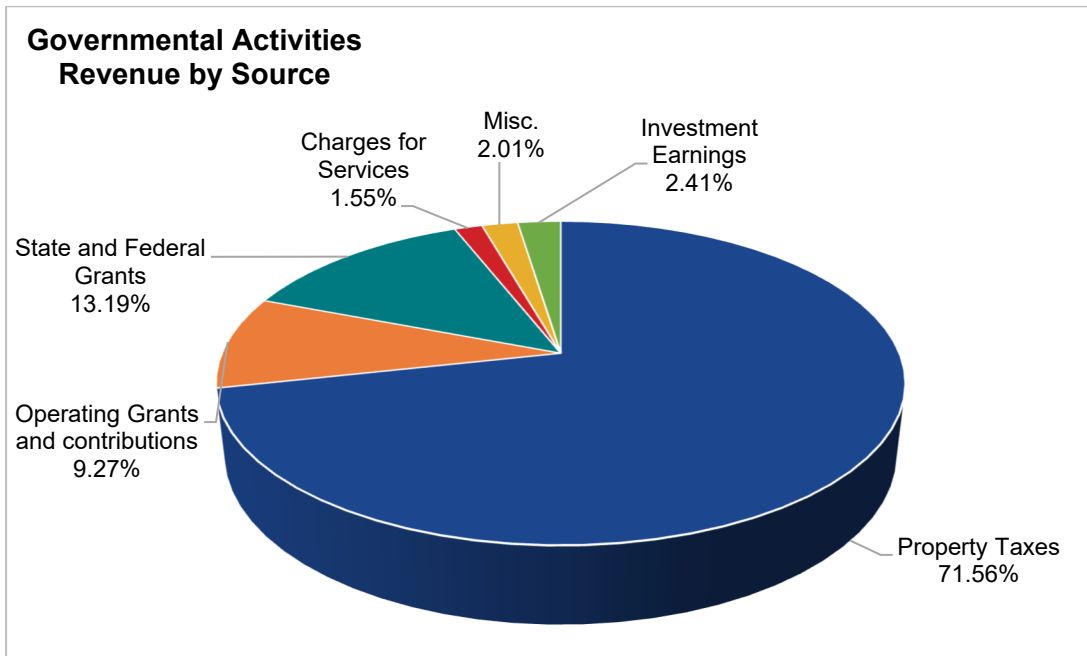
- As allowed by HB3, the District elected to make one recapture payment in August and October, after the end of the fiscal year, as opposed to monthly payments starting in February. As a result, investments had a higher ending balance than the prior year, especially since the Chapter 49 recapture payable to the State also increased.
- Significant capital asset acquisitions were conducted during the fiscal year, which have added \$8 million of capital net asset value.
- Total liabilities increased by \$41 million, primarily from an increase in recapture which was paid after the fiscal year ended.

Governmental Activities

Funding for government-wide activities is by the specific program revenue or through general revenues such as property taxes and investment earnings. Revenues for the District's governmental activities increased by \$86 million while total expenses increased by \$47 million, this still resulted in a net increase of net position of \$90 million.

Revenues

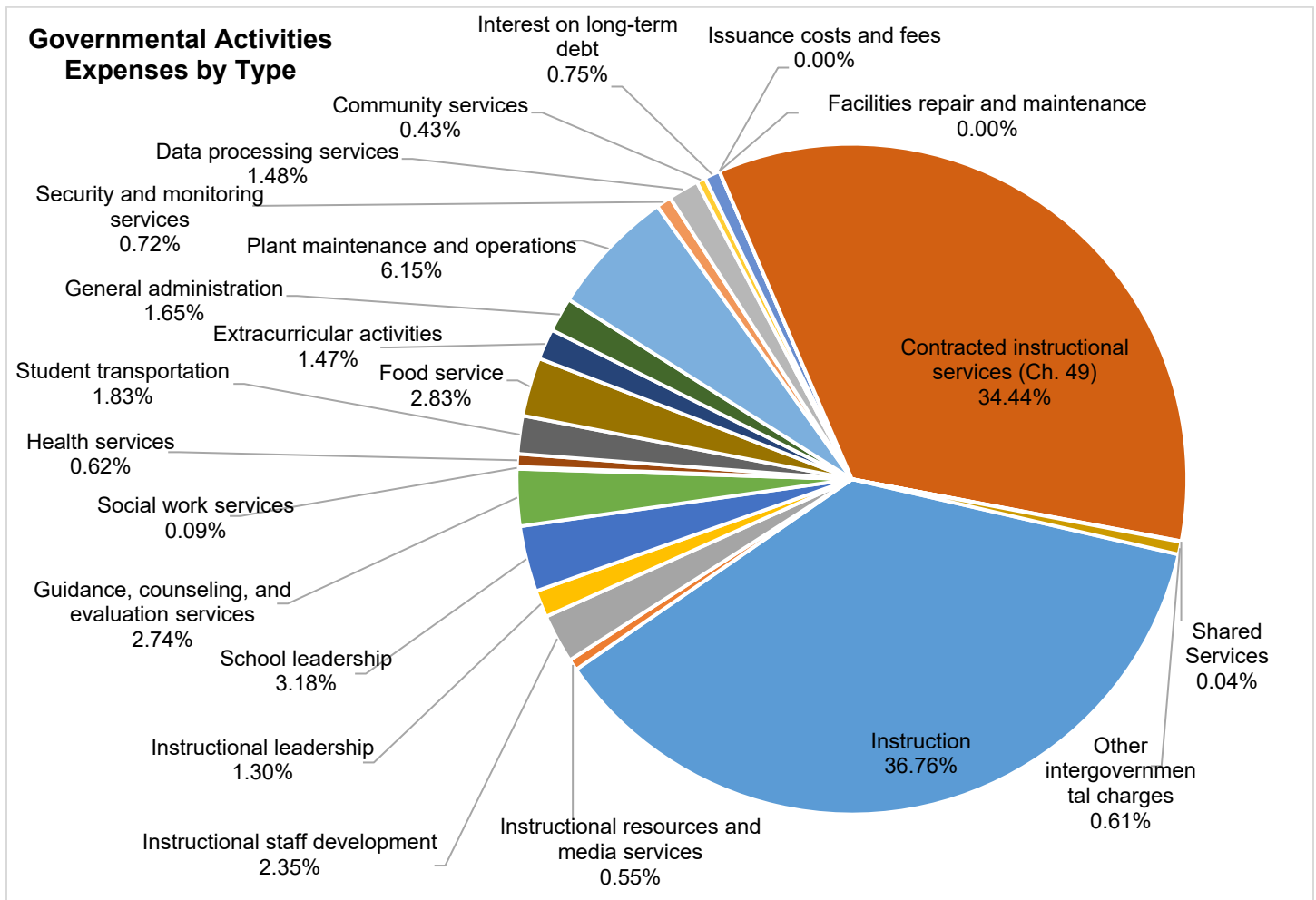
The District's total revenues were \$568 million, representing an increase of \$86 million from the previous year. The majority of this increase is due to a 31% increase in the District's assessed valuations which resulted in increases in property tax revenue and state transition funds. As seen below, approximately 71.5% of the District's revenue comes from local property taxes, 13% from state and federal sources, 9% from other grants and contributions, and 2.4% from investment revenues.



Expenses

The District's total expenses were \$479 million, representing an increase of \$46 million from the previous year. The majority of the increase in expenses is due to the increase in Chapter 49 recapture payment as compared to fiscal year 2021-2022. The District's primary functional expenses are

- Instruction - \$176 million, or 37 percent of total expenses
- Recapture ("Contracted instructional service") - \$164.9 million, or 34 percent
- Plant maintenance and operations - \$29.5 million, or 6 percent



Midland Independent School District

Management's Discussion and Analysis

Twelve Months Ended June 30, 2023

In total, governmental activities increased the District's net position by \$90 million dollars. Key elements of this change are as follows:

Midland Independent School District's Net Position

	Governmental Activities					
	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue:						
Program revenues:						
Charges for services	\$ 8,840,595	2	\$ 7,677,936	2	\$ 1,162,659	15
Operating grants and contributions	52,734,246	9	42,083,083	9	10,651,163	25
Capital grants and contributions	-	-	1,514,843	0	(1,514,843)	(100)
General revenues:						
Property taxes, levied for general purpose	375,682,880	66	316,487,053	66	59,195,827	19
Property taxes, levied for debt service	31,217,618	5	23,305,344	5	7,912,274	34
State Aid - Formula Grants	70,727,918	12	77,005,106	16	(6,277,188)	(8)
Grants and contributions not restricted to specific programs	4,265,779	1	3,117,893	1	1,147,886	37
Investment earnings	13,703,288	2	734,035	0	12,969,253	1767
Miscellaneous	11,433,560	2	10,468,711	2	964,849	9
Total revenues	568,605,884	100	482,394,004	100	86,211,880	18
Expenses:						
Instruction	176,122,622	37	172,424,180	40	3,698,442	2
Instructional resources and media services	2,618,230	1	2,615,066	1	3,164	0
Curriculum and instructional staff development	11,264,745	2	7,722,197	2	3,542,548	46
Instructional leadership	6,214,848	1	6,341,258	1	(126,410)	-
School leadership	15,248,937	3	14,938,958	3	309,979	2
Guidance, counseling, and evaluation services	13,116,678	3	11,443,864	3	1,672,814	15
Social work services	430,342	0	208,057	-	222,285	107
Health services	2,983,006	1	3,933,311	1	(950,305)	-
Student transportation	8,784,710	2	8,627,102	2	157,608	2
Food service	13,552,570	3	14,558,354	3	(1,005,784)	(7)
Extracurricular activities	7,061,482	1	6,946,754	2	114,728	2
General administration	7,923,848	2	6,638,113	2	1,285,735	19
Plant maintenance and operations	29,452,778	6	32,120,498	7	(2,667,720)	(8)
Security and monitoring services	3,471,599	1	2,746,139	1	725,460	26
Data processing services	7,088,902	1	7,936,446	2	(847,544)	(11)
Community services	2,073,030	0	1,386,571	0	686,459	50
Interest on long-term debt	3,587,463	1	4,906,317	1	(1,318,854)	(27)
Issuance costs and fees	-	-	-	-	-	-
Facilities repair and maintenance	8,540	0	17,800	0	(9,260)	(52)
Contracted instructional services between schools	164,969,532	34	124,213,933	29	40,755,599	33
Payments related to shared services arrangement	177,083	0	185,200	0	(8,117)	(4)
Payments to juvenile justice alternative education programs	-	-	-	-	-	-
Other intergovernmental charges	2,899,804	1	2,323,593	1	576,211	25
Total expenses	479,050,749	100	432,233,711	100	46,817,038	11
Increase in net position before transfers	89,555,135		50,160,293		39,394,842	
Transfers	-		-		-	
Change in net position	89,555,135		50,160,293		39,394,842	
Net position - beginning	260,894,913		210,735,160		50,159,753	
Net position - ending	\$ 350,450,048		\$ 260,895,453		\$ 89,554,595	

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$288 million, an increase of \$48.8 million in comparison with the prior year. Approximately 37 percent of this total amount (\$107 million) constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is non-spendable, restricted, or assigned to indicate that it is not available for new spending because it has already been 1) used to purchase inventories or prepaids (\$.6 million), 2) restricted to pay debt service (\$17.9 million), 3) restricted by cooperative partnership agreements (\$9.5 million), or 4) assigned for future capital projects (\$55 million), self-insurance (\$2 million), and coverage for anticipated future state aid reduction (\$55.9 million). Assignments reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. The District's committed fund balance consists of campus activity funds (\$1 million) and local capital construction funds (\$28.4 million).

General Fund. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$107 million, while the total fund balance reached \$230 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance represents 25 percent of total General Fund expenditures, while the total fund balance represents 54 percent of that same amount.

The fund balance of the District's General Fund increased by \$31.8 million during the current fiscal year. Key factors in this growth are as follows:

- Revenues totaled \$491 million which is a 16 percent increase from the previous year. Total property tax revenues increased by \$72.8 million, or 22 percent.
- Expenditures totaled \$428 million which is a 9.41 percent increase from the previous year. This includes a \$40.7 million, or 32.8 percent, increase in the District's recapture expenditure.

Debt Service Fund. The Debt Service Fund has a total fund balance of \$17.9 million, all of which is restricted for the payment of debt service. The net increase in fund balance was \$.5 million. Revenues totaled \$32 million which is a 37 percent increase from the previous year. This is mostly due to an increase in property values of 31 percent, the District's I&S tax rate remained the same as compared to last year at a \$0.0702 per \$100 valuation. Expenditures totaled \$32.1 million, which is a 41 percent increase from the previous year. The increase was due to a larger redemption of bond principal paid in advance as compared to the previous year.

Local Capital Projects Fund. The local capital projects fund has a total fund balance of \$28,435,809, all of which is committed to capital acquisition and improvements.

Budgetary Highlights

The District adopts an annual appropriated budget for the General Fund, the National School Breakfast and Lunch Program, and the Debt Service Fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with statutory requirements.

General Fund. The most significant fund for the District is the General Fund, funded primarily through local property tax revenue. The District's budget amendments presented to the Board of Trustees throughout the year are summarized as follows:

- ***Variances of original expenditure budget compared to amended budget.***
The amended expenditure budget increased \$25 million from the original budget. The original budget was adopted with lower property values provided at the time by the Midland Central Appraisal District. These factors were considered in the original recapture calculation, which was lower than the final recapture amount. The final amendment was based on the knowledge of the final projected expenses for the fiscal year.
- ***Variances of amended budget to actual expenditures.***
Expenditures were \$34 million less than final budgeted amounts. This was due to an increase in recapture of \$12.7 million and a reduction in spending throughout the budget; additionally, the actual revenue collected on 22-23 is higher than the final amended revenue for the same year by \$6 million.
- ***Variances of original revenue budget compared to actual revenue***
Revenues exceeded the original budget by \$41 million. The original budget was adopted with lower property values provided by the Midland Central Appraisal District at the time, at a lower collection rate and tax rate.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of 2023, the District had invested \$343 million in a broad range of capital assets, including land, buildings, and equipment. This amount represents a net increase of \$8.6 million, or 3 percent over last year. Major capital asset events conducted during the fiscal year included the construction of 3 major turf projects, the purchase of 25 buses, the completion of the remodeling phase 3 at YWLA campus, and the reverse osmosis water purification system at Legacy High School and Coleman, among other projects. Additional information on the District's capital assets can be found in Note 5 of this report.

Midland Independent School District's Capital Assets
(net of depreciation)

	Governmental Activities					
	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Land and improvements	\$ 19,361,548	6	\$ 19,361,548	6	\$ -	-
Buildings and improvements	296,101,456	86	294,438,585	88	1,662,871	1
Furniture and equipment	13,583,564	4	11,855,155	4	1,728,409	15
Right-to-use lease assets	3,476,728	1	3,445,798	1	30,930	1
Construction in progress	11,275,990	3	6,016,281	2	5,259,709	87
Totals	\$ 343,799,286	100	\$ 335,117,367	100	\$ 8,681,919	3

Long-Term Debt

At the end of 2023, the District had \$262 million in long-term liabilities, including general obligation bonds, net pension liability, and net OPEB liability. The District’s long-term liabilities decreased by \$1 million. Additional information on the District’s long-term debt can be found in Note 6 of this report.

Midland Independent School District's Long-term Liabilities Outstanding

	Governmental Activities					
	2023		2022		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
General obligation bonds (net)	\$ 129,919,986	49	\$ 154,225,982	58	\$ (24,305,996)	(16)
Accretion on CAB	273,373	-	1,705,575	1	(1,432,202)	(84)
Other long-term debt	1,553,615	1	1,557,624	1	(4,009)	100
Net pension liability	88,037,514	33	37,156,529	14	50,880,985	137
Net OPEB liability	43,130,126	16	69,300,390	26	\$ (26,170,264)	100
Totals	<u>\$ 262,914,614</u>	100	<u>\$ 263,946,100</u>	100	<u>\$ (1,031,486)</u>	(0)

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The 2023-24 appraised property values, based on October 10th, 2023 MCAD estimates, saw a 12% increase from the prior year. In addition, based on current enrollment and attendance experienced in 2022-23, the district is budgeting for a 3.08% increase in Refined ADA.

The Maintenance and Operations (M&O) tax rate decreased to \$0.6595 per \$100 valuation for the 2023-24 year due to state-wide M&O compression passed during the second special session of the 88th legislator. The Interest and Sinking (I&S) tax rate increased to \$0.2175 per \$100 valuation for the 2023-24 year. This addition to the I&S tax rate will allow for an additional large payment during the summer of 2024 and save taxpayers an estimated \$33 million in interest while decreasing the existing debt payment by seven years. In addition, the combination of state-wide M&O compression, a property value increase of 12%, and the 3.08% increase in Refined ADA resulted in a revised budget decrease of \$58.5 million in property tax revenue and an increase of \$19.8 million in state revenue. The decrease in local M&O tax revenue also decreased the estimated recapture amount owed for the 2023-2024 fiscal year.

Current revised General Fund expenditures are budgeted \$18.7 over the prior year's final expenditures. Major expenditure changes include an increase in instructional services, plant maintenance and operations, and facilities acquisition and construction. The biggest decrease is attributed to the recapture expenditures.

In the past, the oil and gas industry has experienced booms and busts. The production of oil in the region has increased as compared to last year and is expected to maintain high production levels, which are the main driver of immigration and economic activity in the Permian Basin region. The District has maintained a healthy fund balance which is budgeted to remain at the same level for next year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Financial Services Department at 615 West Missouri Avenue, Midland, TX 79701 or you can give us a call at 432-240-1018.

Midland Independent School District

Statement of Net Position (Exhibit A-1)

June 30, 2023

Data Control Codes		1 Primary Government <u>Governmental Activities</u>	Component Unit <u>Midland I.S.D. Education Foundation</u>
Assets			
1110	Cash and cash equivalents	\$ 26,692,256	\$ 2,819,944
1120	Investments - current	424,758,856	611,434
1220	Property taxes receivable (delinquent)	14,605,538	-
1230	Allowance for uncollectible taxes	(6,922,415)	-
1240	Due from other governments	33,746,365	-
1250	Accrued interest	246,590	-
1267	Due from private purpose trust fund	10,981	-
1290	Other receivables	936,105	-
1300	Inventories at cost	536,286	-
1410	Prepayments	544,658	-
1490	Other current assets	1,926,869	-
Capital assets			
1510	Land	19,361,548	-
1520	Buildings, net	296,101,456	-
1530	Furniture and equipment, net	13,583,564	-
1550	Right-to-use assets, net	3,476,728	-
1580	Construction in progress	11,275,990	-
1000	Total assets	840,881,375	3,431,378
Deferred outflows of resources			
1705	Deferred outflows - pension	39,924,809	-
1706	Deferred outflows - OPEB	16,686,345	-
1710	Deferred charge on refunding	3,301,520	-
1700	Total deferred outflows of resources	59,912,674	-
Liabilities			
2110	Accounts payable	10,503,167	-
2140	Interest payable	1,776,328	-
2150	Payroll deductions and withholdings	1,903,188	-
2160	Accrued wages payable	12,213,395	-
2180	Due to other governments	165,389,772	-
2200	Accrued liabilities	2,494,367	-
2300	Unearned revenue	3,090,385	-
Noncurrent liabilities			
2501	Due within one year	5,433,805	-
2502	Due in more than one year	135,238,966	-
2540	Net pension liabilities	88,037,514	-
2545	Net OPEB liabilities	43,130,126	-
2000	Total liabilities	469,211,013	-

Midland Independent School District
Statement of Net Position (Exhibit A-1) - continued
June 30, 2023

Data Control Codes	1 Primary Governmental Activities	Component Unit Midland I.S.D. Education Foundation
Deferred Inflows of Resources		
2602	Deferred inflows - lease receivables	160,000
2605	Deferred inflows - pension	8,329,540
2606	Deferred inflows - OPEB	70,308,683
2610	Deferred gain on refunding	2,334,765
2600	Total deferred inflows of resources	81,132,988
Net Position		
3200	Net investment in capital assets	202,193,247
3820	Restricted for grants	10,664,443
3850	Restricted for debt service	16,627,008
3890	Restricted for other purposes (SB-1882)	9,549,027
3900	Unrestricted	3,431,378
3000	Total net position	111,416,323
	<u>\$ 350,450,048</u>	<u>\$ 3,431,378</u>

Midland Independent School District
Statement of Activities (Exhibit B-1)
Year Ended June 30, 2023

1

Data Control Codes	Functions/Programs	Expenses
	Primary government	
	Governmental activities	
11	Instruction	\$ 176,122,622
12	Instructional resources and media services	2,618,230
13	Curriculum and instructional staff development	11,264,745
21	Instructional leadership	6,214,848
23	School leadership	15,248,937
31	Guidance, counseling, and evaluation services	13,116,678
32	Social work services	430,342
33	Health services	2,983,006
34	Student transportation	8,784,710
35	Food service	13,552,570
36	Extracurricular activities	7,061,482
41	General administration	7,923,848
51	Plant maintenance and operations	29,452,778
52	Security and monitoring services	3,471,599
53	Data processing services	7,088,902
61	Community services	2,073,030
72	Interest on long-term debt	3,587,463
81	Facilities repair and maintenance	8,540
91	Contracted instructional services between schools	164,969,532
93	Payments related to shared services arrangement	177,083
99	Other intergovernmental charges	2,899,804
TG	Total governmental activities	<u>479,050,749</u>
TP	Total primary government	<u>\$ 479,050,749</u>
IC	Component unit	<u>\$ 2,172,804</u>

Midland Independent School District
Statement of Activities (Exhibit B-1) - continued
Year Ended June 30, 2023

3	4 Program Revenues	5	Net (Expense) Revenue and Changes in Net Position	Component Unit
Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Midland I.S.D. Education Foundation
\$ 2,869,043	\$ 26,659,965	\$ -	\$ (146,593,614)	
-	61,166	-	(2,557,064)	
-	5,289,672	-	(5,975,073)	
-	1,354,957	-	(4,859,891)	
-	1,872,785	-	(13,376,152)	
-	2,350,893	-	(10,765,785)	
-	7,324	-	(423,018)	
-	108,858	-	(2,874,148)	
85,980	233,651	-	(8,465,079)	
3,161,711	11,835,501	-	1,444,642	
2,113,398	143,968	-	(4,804,116)	
-	330,859	-	(7,592,989)	
610,463	483,373	-	(28,358,942)	
-	146,457	-	(3,325,142)	
-	108,051	-	(6,980,851)	
-	952,615	-	(1,120,415)	
-	617,068	-	(2,970,395)	
-	-	-	(8,540)	
-	-	-	(164,969,532)	
-	177,083	-	-	
-	-	-	(2,899,804)	
<u>8,840,595</u>	<u>52,734,246</u>	<u>-</u>	<u>(417,475,908)</u>	
<u>\$ 8,840,595</u>	<u>\$ 52,734,246</u>	<u>\$ -</u>	<u>\$ (417,475,908)</u>	
<u>\$ -</u>	<u>\$ 2,033,990</u>	<u>\$ -</u>		\$ (138,814)
General revenues:				
Taxes:				
MT	Property taxes, levied for general purposes		375,682,880	-
DT	Property taxes, levied for debt services		31,217,618	-
SF	State aid - Formula grants		70,727,918	-
GC	Grants and contributions not restricted to specific programs		4,265,779	-
IE	Investment earnings		13,703,288	23,892
MI	Miscellaneous		11,433,560	-
TR	Total general revenues		<u>507,031,043</u>	<u>23,892</u>
CN	Change in net position		89,555,135	(114,922)
NB	Net position - beginning		260,894,913	3,546,300
NE	Net position - ending		<u>\$ 350,450,048</u>	<u>\$ 3,431,378</u>

Midland Independent School District
Balance Sheet – Governmental Funds (Exhibit C-1)
June 30, 2023

Data Control Codes	10	50
	<u>General Fund</u>	<u>Debt Service Fund</u>
Assets		
1110	\$ 11,863,968	\$ 42,370
1120	369,391,799	17,745,405
1210	-	-
1220	13,511,011	1,094,527
1230	(6,404,780)	(517,635)
1240	11,278,363	44,579
1250	246,590	-
1260	25,669,391	-
1290	895,677	-
1300	536,286	-
1410	61,689	-
1490	1,926,869	-
1000	<u>428,976,863</u>	<u>18,409,246</u>
1000a	Total assets and deferred outflows of resources	Total assets and deferred outflows of resources
	<u>\$ 428,976,863</u>	<u>\$ 18,409,246</u>
Liabilities		
2110	\$ 6,202,351	\$ 5,910
2150	1,667,525	-
2160	10,595,940	-
2170	10,444,004	-
2180	164,771,122	-
2300	41,187	-
2000	<u>193,722,129</u>	<u>5,910</u>
Deferred inflows of resources		
2601	5,002,911	404,170
2602	160,000	-
2600	<u>5,162,911</u>	<u>404,170</u>
Fund balances		
3410	536,286	-
3430	61,689	-
3450	-	-
3480	-	17,999,166
3490	9,549,027	-
3510	-	-
3545	-	-
3550	35,000,000	-
3570	20,000,000	-
3580	2,000,000	-
3590	55,875,309	-
3600	107,069,512	-
3000	<u>230,091,823</u>	<u>17,999,166</u>
4000	Total liabilities, deferred inflows of resources, and fund balances	Total liabilities, deferred inflows of resources, and fund balances
	<u>\$ 428,976,863</u>	<u>\$ 18,409,246</u>

Midland Independent School District
Balance Sheet – Governmental Funds (Exhibit C-1) - continued
June 30, 2023

ONMF Other Non-Major Governmental Funds	98 Total Governmental Funds
\$ 8,720,969	\$ 20,627,307
33,432,572	420,569,776
-	-
-	14,605,538
-	(6,922,415)
22,423,423	33,746,365
-	246,590
10,457,944	36,127,335
39,628	935,305
-	536,286
-	61,689
-	1,926,869
<u>75,074,536</u>	<u>522,460,645</u>
<u>\$ 75,074,536</u>	<u>\$ 522,460,645</u>
\$ 3,766,036	\$ 9,974,297
235,663	1,903,188
1,617,455	12,213,395
25,672,350	36,116,354
618,650	165,389,772
3,049,198	3,090,385
<u>34,959,352</u>	<u>228,687,391</u>
-	5,407,081
-	160,000
-	<u>5,567,081</u>
-	536,286
-	61,689
10,664,443	10,664,443
-	17,999,166
-	9,549,027
28,435,809	28,435,809
1,014,932	1,014,932
-	35,000,000
-	20,000,000
-	2,000,000
-	55,875,309
-	107,069,512
<u>40,115,184</u>	<u>288,206,173</u>
<u>\$ 75,074,536</u>	<u>\$ 522,460,645</u>

Midland Independent School District

Reconciliation to the Governmental Funds Balance Sheet to the Statement of Net Position (Exhibit C-1r)
June 30, 2023

Total Fund Balances - Governmental Funds (Exhibit C-1)		\$ 288,206,173
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and employee housing to appropriate functions in other funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net effect of this consolidation is to increase net position.		13,288,827
Capital assets, net of accumulated depreciation, less assets held in internal service funds are not financial resources and therefore are not reported as assets in governmental funds.		338,225,020
Some liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	(129,919,986)	
Other long-term debt	(1,553,615)	
Deferred charge on refunding	3,301,520	
Deferred gain on refunding	(2,334,765)	
Unamortized premiums on bonds payable	(8,925,797)	
Accumulated accretion on capital appreciation bonds	<u>(273,373)</u>	(139,706,016)
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the governmental funds.		(1,776,328)
Certain assets are not available to pay for current period expenditures and therefore are deferred in the funds. These are:		
Deferred resource inflow for property taxes		5,407,081
The government-wide statements includes the District's proportionate share of the TRS net pension liabilities and TRS-Care net OPEB liabilities, as well as certain pension and OPEB related transactions accounted for as deferred inflows and outflows of resources:		
Net pension liability	(88,037,514)	
Deferred outflows of resources - TRS pension	39,924,809	
Deferred inflows of resources - TRS pension	(8,329,540)	
Net OPEB liability	(43,130,126)	
Deferred outflows of resources - TRS-Care OPEB	16,686,345	
Deferred inflows of resources - TRS-Care OPEB	<u>(70,308,683)</u>	<u>(153,194,709)</u>
Total Net Position - Governmental Activities (Exhibit A-1)		<u>\$ 350,450,048</u>

Midland Independent School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Exhibit C-2)
Year Ended June 30, 2023

Data Control Codes	10	General Fund
Revenues		
5700	Local and intermediate revenues	\$ 402,957,183
5800	State program revenues	82,558,514
5900	Federal program revenues	5,777,962
5020	Total revenues	<u>491,293,659</u>
Expenditures		
Current		
0011	Instruction	147,856,932
0012	Instructional resources and media services	2,697,965
0013	Curriculum and instructional staff development	6,450,815
0021	Instructional leadership	5,135,633
0023	School leadership	14,362,814
0031	Guidance, counseling, and evaluation services	11,560,394
0032	Social work services	457,533
0033	Health services	3,182,030
0034	Student transportation	9,780,507
0035	Food service	136,874
0036	Extracurricular activities	6,975,654
0041	General administration	7,993,876
0051	Plant maintenance and operations	30,017,115
0052	Security and monitoring services	3,283,467
0053	Data processing services	6,105,876
0061	Community services	1,162,059
Debt service		
0071	Principal on long-term debt	1,444,795
0072	Interest on long-term debt	118,140
Capital outlay		
0081	Facilities acquisition and construction	1,686,233
Intergovernmental		
0091	Contracted instructional services between schools	164,969,532
0093	Payments related to shared service arrangements	-
0099	Other intergovernmental charges	2,899,804
6030	Total expenditures	<u>428,278,048</u>
1100	Excess (deficiency) of revenues over (under) expenditures	<u>63,015,611</u>
Other financing sources (uses)		
7912	Sale of real and personal property	190,132
7913	Proceeds from right to use lease and SBITA assets	1,567,020
7914	Proceeds from loans	175,604
7915	Transfers in	-
8911	Transfers out	(33,145,356)
7080	Total other financing sources (uses)	<u>(31,212,600)</u>
1200	Net change in fund balances	31,803,011
0100	Fund balances, beginning	<u>198,288,812</u>
3000	Fund balances, ending	<u>\$ 230,091,823</u>

Midland Independent School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds (Exhibit C-2) - continued

Year Ended June 30, 2023

50 Debt Service Fund	ONMF Other Non-Major Governmental Funds	98 Total Governmental Funds
\$ 32,377,311	\$ 4,493,517	\$ 439,828,011
302,068	1,077,342	83,937,924
-	47,013,206	52,791,168
<u>32,679,379</u>	<u>52,584,065</u>	<u>576,557,103</u>
-	24,745,286	172,602,218
-	52,474	2,750,439
-	5,181,535	11,632,350
-	1,357,529	6,493,162
-	1,610,205	15,973,019
-	2,166,383	13,726,777
-	-	457,533
-	63,122	3,245,152
-	1,578,674	11,359,181
-	13,462,895	13,599,769
-	99,218	7,074,872
-	184,224	8,178,100
-	7,670,787	37,687,902
-	280,076	3,563,543
-	102,600	6,208,476
-	1,038,620	2,200,679
24,462,680	315,000	26,222,475
7,641,950	-	7,760,090
-	9,210,814	10,897,047
-	-	164,969,532
-	177,083	177,083
-	-	2,899,804
<u>32,104,630</u>	<u>69,296,525</u>	<u>529,679,203</u>
<u>574,749</u>	<u>(16,712,460)</u>	<u>46,877,900</u>
-	-	190,132
-	-	1,567,020
-	-	175,604
-	33,145,356	33,145,356
-	-	(33,145,356)
<u>-</u>	<u>33,145,356</u>	<u>1,932,756</u>
574,749	16,432,896	48,810,656
<u>17,424,417</u>	<u>23,682,288</u>	<u>239,395,517</u>
<u>\$ 17,999,166</u>	<u>\$ 40,115,184</u>	<u>\$ 288,206,173</u>

Midland Independent School District
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities (Exhibit C-2r)**
Year Ended June 30, 2023

Total Net Changes in Fund Balances - Governmental Funds (Exhibit C-2)	\$ 48,810,656
The District uses internal service funds to charge the costs of certain activities, such as self-insurance and employee housing, to appropriate functions to other funds. The change in net position of internal service funds are reported with governmental activities. The net effect of this consolidation is to increase net position.	(837,342)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Net increase in accreted interest on capital appreciation bonds of \$316,802 decreases net position. The net effect of including the 2023 capital outlays of \$25,476,129, removing the remaining net book value of \$1,773,094, debt principal payments of \$24,305,996, amortization of deferred charges/gains on refunding of \$799,348, and other debt payments of \$3,495,637 is to increase net position.	50,388,518
Government funds report debt proceeds as financing sources when debt is first issued, whereas these are reported as long-term liabilities in the statement of net position. The net effect of reclassing debt proceeds of 1,742,624 is to decrease net position.	(1,742,624)
2023 depreciation and amortization expense increases accumulated depreciation and amortization. The net effect of the current year's depreciation, less depreciation recorded in internal service funds, is to decrease net position.	(15,045,814)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred tax revenue of \$5,407,081 as revenue and removing the prior year's tax collection of \$5,620,713.	(213,632)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. The current year change in the accrual is a decrease of \$570,729. The net effect is to increase net position.	570,729
Bond premiums are recorded as other financing sources when received in the fund financial statements but are capitalized and amortized in the government-wide financial statements. This is the current year amortization.	3,138,890
Changes in the deferred outflows of resources, deferred inflows of resources and net pension liability must be recorded as expenses. Changes in contributions made after the measurement date caused the change in net position to decrease in the amount of \$768,089. The District's share of the unrecognized deferred inflows and outflows for TRS as of the measurement date must be amortized and the District's proportionate share of the pension expense must be recognized. These cause the change in net position to increase in the amount of \$1,928,545. The net effect is an increase in net position.	(2,696,634)
Changes in the deferred outflows of resources, deferred inflows of resources and net OPEB liability must be recorded as expenses. Changes in contributions made after the measurement date caused the change in net position to decrease in the amount of \$102,810. The District's share of the unrecognized deferred inflows and outflows for TRS as of the measurement date must be amortized and the District's proportionate share of the OPEB expense must be recognized. These cause the change in net position to increase in the amount of \$7,285,198. The net effect is an increase in net position.	7,182,388
Change in Net Position for Governmental Activities (Exhibit B-1)	\$ 89,555,135

Midland Independent School District
Statement of Net Position – Proprietary Funds (Exhibit D-1)
June 30, 2023

<u>Data Control Codes</u>		<u>Governmental Activities Internal Service Funds</u>
	Assets	
	Current assets	
1110	Cash and cash equivalents	\$ 6,064,949
1120	Current investments	4,189,080
1290	Other receivables	800
1410	Prepaid items	482,969
	Total current assets	<u>10,737,798</u>
	Noncurrent assets	
1520	Buildings and improvements, net	<u>5,574,266</u>
	Total noncurrent assets	<u>5,574,266</u>
1000	Total assets	<u>16,312,064</u>
	Liabilities	
	Current liabilities	
2110	Accounts payable	528,870
2200	Accrued liabilities	2,494,367
	Total current liabilities	<u>3,023,237</u>
2000	Total liabilities	<u>3,023,237</u>
	Net Position	
3200	Investment in capital assets	5,574,266
3900	Unrestricted	7,714,561
3000	Total net position	<u>\$ 13,288,827</u>

Midland Independent School District
Statement of Revenues, Expenditures, and Changes in Net Position– Proprietary Funds (Exhibit D-2)
Year Ended June 30, 2023

<u>Data Control Codes</u>	<u>Governmental Activities Internal Service Funds</u>
Operating revenues	
5700 Local and intermediate revenues	\$ 22,728,451
5020 Total revenues	<u>22,728,451</u>
Operating expenses	
6200 Professional and contracted services	999,117
6400 Other operating costs	<u>22,720,387</u>
6030 Total expenses	<u>23,719,504</u>
Operating income	<u>(991,053)</u>
Non-operating revenues	
7955 Earnings from temp. deposits and investments	<u>153,711</u>
8030 Total non-operating revenues	<u>153,711</u>
1300 Change in net position	(837,342)
0100 Net position, beginning	<u>14,126,169</u>
3300 Net position, ending	<u><u>\$ 13,288,827</u></u>

Midland Independent School District
Statement of Cash Flows– Proprietary Funds (Exhibit D-3)
Year Ended June 30, 2023

	Governmental Activities
	Internal Service Funds
Operating activities	
Cash received from quasi-external operating activities	\$ 22,769,293
Cash payments to suppliers for goods and benefits	(23,757,583)
Net cash used for operating activities	(988,290)
Noncapital financing activities	
Transfers from other funds	85,754
Net cash provided by noncapital financing activities	85,754
Capital and related financing activities	
Acquisition of capital assets	(204,817)
Net cash used for capital and related financing activities	(204,817)
Investing activities	
Interest and dividends received on investments	153,711
Purchase of investments	(153,711)
Net cash provided by investing activities	-
Net change in cash and cash equivalents	(1,107,353)
Cash and cash equivalents, beginning of year	7,172,302
Cash and cash equivalents, end of the year	\$ 6,064,949
Reconciliation of operating loss to net cash used for operating activities	
Operating loss	\$ (991,053)
Depreciation	180,120
Change in assets and liabilities	
(Increase) decrease in other receivables	40,842
(Increase) decrease in prepaid items	(333,796)
Increase (decrease) in accounts payable	428,545
Increase (decrease) in payable from restricted assets	(312,948)
Net cash used for operating activities	\$ (988,290)

Midland Independent School District
Statement of Fiduciary Net Position – Fiduciary Funds (Exhibit E-1)
June 30, 2023

Data Control Codes	801 Private Purpose Trust Fund	800 Employee Benefits Trust Fund	865 Custodial Fund
Assets			
1110	\$ 25	\$ -	\$ 580,499
1120	276,399	-	-
1290	-	779,749	877
1000	<u>276,424</u>	<u>779,749</u>	<u>581,376</u>
Liabilities			
2110	-	-	2,384
2170	10,981	-	-
2400	72,055	-	-
2000	<u>83,036</u>	<u>-</u>	<u>2,384</u>
Net Position			
3800	<u>193,388</u>	<u>779,749</u>	<u>578,992</u>
	<u>\$ 193,388</u>	<u>\$ 779,749</u>	<u>\$ 578,992</u>

Midland Independent School District
Statement of Change in Fiduciary Net Position – Fiduciary Funds (Exhibit E-2)
Year Ended June 30, 2023

	801 Private Purpose Trust Fund	800 Employee Benefits Trust Fund	865 Custodial Fund
Additions			
Contributions			
Donations	\$ -	\$ -	\$ 321,105
Benefits	-	168,982	-
Total contributions	-	168,982	321,105
Investment Earnings			
Temp. deposits and investments	7,021	-	-
Total investment earnings	7,021	-	-
Total additions	7,021	168,982	321,105
Deductions			
Scholarships awarded	4,010	-	-
Extracurricular activities	-	-	251,373
Total deductions	4,010	-	251,373
Change in net position	3,011	168,982	69,732
Net position, beginning	190,377	610,767	509,260
Net position, ending	\$ 193,388	\$ 779,749	\$ 578,992

Note 1 - Summary of Significant Accounting Policies**Reporting Entity**

The Board of Trustees, a seven-member group, has fiscal accountability over all activities related to public elementary and secondary education within the jurisdiction of the Midland Independent School District (the District). The public elects the members of the Board of Trustees. The trustees as a body corporate have the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the TEA or to the State Board of Education are reserved for the trustees, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the trustees. The District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards. The Midland I.S.D. Education Foundation is a component unit of the District. The Foundation's purpose is to support teachers and students of the District in the advancement of their educational careers and to provide grants for great ideas to develop creative learning in the classroom. The District has financial accountability because it must approve the members of the board of directors and a financial benefit/burden relationship exists. It is discretely presented in a separate column on the government-wide financial statements (Exhibits A-1 and B-1) in order to emphasize that it is legally separate from the District.

The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements, as well as the proprietary and fiduciary fund financial statements, are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

The Proprietary Fund Types and Fiduciary Funds are accounted for using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recognized in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the fund Statement of Net Position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

Property taxes and penalties and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental funds:

The *General Fund* – is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The *Debt Service Fund* – a governmental fund type, is used to account for the District's current portion of voter approved debt and the Foundation School Program's facilities allotment for bonded indebtedness.

Additionally, the District reports the following nonmajor fund types:

Special revenue funds - a governmental fund type, account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District accounts for each federal and state grant in a separate special revenue fund.

Capital Projects Fund – a governmental fund type, is used to account for the proceeds from long-term debt financing and revenues and expenditures related to authorized construction and other capital asset acquisitions.

The *internal service funds*, a proprietary fund type. Revenues and expenses are related to services provided to organizations inside the District on a cost reimbursement basis. Internal service funds inherently create redundancy because their expenses are recorded a second time in the fund that are billed for the services they provide. Therefore, on the government-wide financial statements, the operations of the internal service funds are consolidated and interfund transactions are eliminated. The District has an internal service fund for health, dental and workers' compensation benefits, an internal service fund for employee housing, an internal service fund for the District's internal print shop and another internal service fund for childcare for employees.

The *fiduciary funds*, the District has the following:

Private purpose trust funds – Donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is the scholarship fund.

Employee benefit trust funds – These funds are used to account for other employee benefit funds that are provided by the District.

Custodial funds – The District accounts for resources held for others in a custodial capacity in custodial funds. The District's Custodial Fund is the student activity fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from *nonoperating items*. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the transportation internal service fund are District contributions for the transportation fund. Operating expenses include depreciation and other operating expense and administrative expense for administering the transportation fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources, as they are needed.

Deposits and Investments

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. Investments are reported at fair value.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

Lease Receivables

Lease receivables are recorded by the District as the present value of future lease payments expected to be received from the lessee during the lease term, reduced by any provision for estimated uncollectible amounts. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. The present value of future lease payments to be received are discounted based on the interest rate the District charges the lessee.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements and in the proprietary fund financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

<u>Capital Asset Class</u>	<u>Lives</u>
Buildings and improvements	40
Furniture and equipment	5-10

Right-to-use lease assets are recognized at the lease commencement date and represent the District's right to use an underlying asset for the lease term. Right-to-use lease assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right-to-use lease assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method. The amortization period varies from 3 to 5 years.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the District's right to use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies from 1 to 3 years.

Inventory and Prepaid Items

The consumption method is used to account for inventories of supplies and materials. Under this method, these items are carried in an inventory account of the respective fund at cost, using the weighted average method of accounting and are subsequently charged to expenditures when consumed or requisitioned. Although food commodities are received at no cost, their fair value is supplied by the Texas Department of Agriculture and is recorded as inventory on the date received. Prepaid items on the balance sheet are accounted for using the consumption method and are recognized as expenditures over the periods in which the service is provided. In the governmental funds, inventories and prepaid items are reported as non-spendable fund balance.

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Lease liabilities represent the District's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the District.

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the District.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for 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 that time.

The District has three types of items that qualify for reporting in this category. The first item is deferred outflows related to pension and OPEB plans as a result of various estimate differences that will be recognized as expenses in future years, reported in the government-wide statement of net position. The second item is deferred outflows related to deferred charges on previous bond refundings and is reported in the government-wide statement of net position and will be recognized as expense in future years.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for 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 will *not* be recognized as an inflow of resources (revenue) until that time.

The District has four types of items that qualify for reporting in this category. The first item, unavailable revenue from property taxes, arises under a modified accrual basis of accounting and is reported only in the Governmental Funds Balance Sheet. Delinquent property taxes not collected within 60 days of year-end are deferred and recognized as an inflow of resources in the governmental funds in the period the amounts become available. The second item is deferred inflows related to pension and OPEB plans as a result of various estimate differences that will be recognized as expenses in future years, reported in the government-wide statement of net position. The third item is deferred inflows related to leases where the District is the lessor and is reported in the governmental funds balance sheet and statement of net position. The deferred inflows of resources related to leases are recognized as an inflow of resources (revenue) on the straight-line basis over the term of the lease. The fourth item is deferred inflows related to deferred gains on previous bond refundings and is reported in the government-wide statement of net position and will be recognized as income in future years.

Property Tax

In the governmental fund financial statements, property tax revenues are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by January 31 of the year following the October 1 levy date. The assessed value of the property tax roll (net of exemptions), upon which the levy for the June 30, 2023 fiscal year was based, was \$45,192,762,240. Taxes are delinquent if not paid by February 1. Delinquent taxes are subject to both penalty and interest charges plus delinquent collection fees for attorney costs.

Current tax collections for the year ended June 30, 2023 were 98% of the year-end adjusted tax levy. Allowances for uncollectible taxes within the General Fund are based on historical experience in collecting taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of June 30, 2023, property taxes receivable, net of estimated uncollectible taxes, totaled \$7,683,123.

The tax rate to finance general governmental services was \$0.8446 per \$100 and the tax rate to finance the payment of principal and interest on long-term obligations was \$0.0702 per \$100 for the year ended June 30, 2023.

Net Position

Net position represents the difference between the sum of assets and deferred outflows of resources and the sum of liabilities and deferred inflows of resources. The District's net position is composed of the following:

Net Investment in Capital Assets is the component of net position that reports capital assets less both the accumulated depreciation and the outstanding balance of debt that is directly attributable to the acquisition, construction, or improvements of these capital assets. The net investment in capital assets is made up of the following:

Net carrying value of capital assets	\$343,799,286
Less:	
Outstanding principal of capital debt and other capital borrowings	(131,473,601)
Unamortized balance of original issue premiums	(8,925,797)
Outstanding balance of capital related liabilities, including accounts payable	(2,173,396)
Unamortized balance of capital related deferred inflows of resources	(2,334,765)
Plus:	
Unamortized balance of capital related deferred outflows	<u>3,301,520</u>
Net investment in capital assets	<u><u>\$202,193,247</u></u>

Restricted for Grants is the component of net position that reports the difference between assets and liabilities of the Federal and State special revenue programs that consists of assets with constraints placed on their use by the Department of Education, Health and Human Services, Defense, Agriculture or TEA.

Restricted for Debt Service is the component of net position that reports the difference between assets and liabilities of the Debt Service Fund, net of accrued interest, at June 30, 2023, that consists of assets with constraints placed on their use by the bond covenants.

Restricted for Other Purposes is the component of net position that reports the difference between assets and liabilities that are restricted for other purposes at June 30, 2023, that consists of assets with constraints placed on their use by external parties.

Unrestricted is the difference between the assets and liabilities that are not reported in net position invested in capital assets, net position restricted for debt service, net position restricted for federal and state programs, net position restricted for capital projects, and net position restricted for other purposes.

Fund Balance

The District classifies governmental fund balance in accordance with Government Accounting Standards Board (GASB) 54, Fund Balance Reporting and Governmental Fund Type Definitions:

Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At June 30, 2022, the District had nonspendable fund balance of \$536,286 for amounts held in inventory and \$61,689 for prepayments.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. At June 30, 2023, the District had restricted fund balance for grant funding of \$10,664,443, debt service of \$17,999,166 and amounts related to its partnerships with an institution of higher education, nonprofits, and open-enrollment charter schools operating and managing specific District campus locations of \$9,549,027.

Committed fund balance is established and modified by a resolution from the District's Board, the District's highest level of decision-making authority, and can be used only for the specific purposes determined by the Board's resolution. At June 30, 2023, the capital projects fund had a remaining fund balance of \$28,435,809 transferred from the General Fund for construction projects. At June 30, 2023, the District had \$1,014,932 committed for campus activity funds.

Assigned fund balance is intended to be used by the District for specific purposes but does not meet the criteria to be classified as restricted or committed. The Board has delegated the authority to assign fund balance to the Superintendent or the Chief Financial Officer. At June 30, 2023, the District had \$35,000,000 assigned for future capital projects; \$20,000,000 assigned for future technology replacements and projects; \$2,000,000 assigned for the District's self-insurance fund; and \$55,875,309 assigned to cover anticipated revenue reduction due to capping and eventual expiration of certain state allotments.

Unassigned fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. However, in other governmental funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. The District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made. The District does not have a formal minimum fund balance policy.

Pensions

The fiduciary net position of the Teacher Retirement System (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. The General Fund is typically used to liquidate pension liabilities.

OPEB

The fiduciary net position of the TRS-Care Plan 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 OPEB liability, deferred outflows of resources and deferred inflows of resources relating to other-post employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account. The General Fund is typically used to liquidate OPEB liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset -an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. As a result of implementing this standard, there was no effect on beginning net position. The additional disclosures required by this standard are included in Notes 6 and 8.

New Accounting Pronouncements

GASB Statement No. 91: Conduit Debt Obligations. Statement 91 was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This standard was adopted by the District in fiscal year ended June 30, 2023.

GASB Statement No. 99: Omnibus 2022. Statement 99 was issued in April 2022. The objective of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The practice issues addressed by this Statement include the classification and reporting of derivative instruments within the scope of *Statement No. 53, Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument. Clarification of provisions in *Statement No. 87, Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives. Clarification of provisions in *Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset. Clarification of provisions in *Statement No. 96, Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt. Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP). Disclosures related to nonmonetary transactions. Pledges of future revenues when resources are not received by the pledging government. Clarification of provisions in *Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as amended, related to the focus of the government-wide financial statements. Terminology updates related to certain provisions of *Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Terminology used in Statement 53 to refer to resource flows statements.

The requirements of Statement 99 that are related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District has implemented this standard.

GASB issued Statement No. 100, Accounting Changes and Error Corrections. Statement 100 was issued in June 2022 and is an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

GASB issued Statement No. 101, Compensated Absences. Statement 101 was issued in June 2022. The 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. Earlier application is encouraged. The District does not vest vacation and sick leave; therefore, as no liability exists for unused vacation and sick leave, this change is not applicable for the District.

Note 2 - Stewardship, Compliance and Accountability

Budgetary Information

Formal budgetary accounting is employed for all required Governmental Fund Types, as outlined in TEA's Financial Accounting Resource (FAR) module and is presented on the modified accrual basis of accounting consistent with generally accepted accounting principles. The budget is prepared and controlled at the function level within each organization to which responsibility for controlling operations is assigned.

The official school budget is prepared for adoption for required Governmental Fund Types prior to June 19 of the preceding fiscal year for the subsequent fiscal year beginning July 1. The budget is formally adopted by the Board of Trustees at a public meeting held at least ten days after public notice has been given.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, Debt Service Fund, and the Child Nutrition Program. The remaining special revenue funds adopt project-length budgets that do not correspond to the District's fiscal year.

Note 3 - Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost).

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Note 4 - Detailed Notes on All Funds**Deposits and Investments**

The District's funds are required to be deposited and invested under the terms of a depository contract pursuant to the School Depository Act. The depository bank deposits for safekeeping and trust with the District's agent, bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) coverage. In order to maximize return on cash balances, the District uses consolidated bank accounts from which all disbursements are made, with cash in excess of the District's total daily requirement being invested for future needs.

At June 30, 2023, the bank balance of \$29,416,084 was on deposit with the contracted depository bank. District funds are insured up to \$250,000 for the combined amount of all time and savings accounts, and up to an additional \$250,000 for the combined total of all Demand Deposit Accounts (DDA's). Interest-bearing accounts were collateralized by pledged United States government securities with a fair value of \$37,639,514 at June 30, 2023, held by Wells Fargo. Because Wells Fargo holds the pledged securities in trust on behalf of the District, the deposits were deemed collateralized under Texas law. All campus activity funds were centralized and were on deposit with the contracted depository.

Investments

The Texas legislature passed the Public Funds Investment Act of 1995 ("Public Funds Investment Act") which authorizes the District to invest its excess funds in the following:

- Obligations of the United States or its agencies and instrumentalities,
- Obligations of the State of Texas or its agencies, and instrumentalities,
- Other obligations guaranteed by the United States or the State of Texas or their agencies and instrumentalities,
- Public funds investment pools,
- No load money market funds with a weighted average maturity of 90 days or less,
- Fully collateralized repurchase agreements,
- Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality not less than an "A", or its equivalent, by a nationally recognized investment rating firm,
- Commercial paper having a stated maturity of 365 days or fewer from the date of issuance and is not rated less than A-1 or P-1 by two nationally recognized credit rating agencies or one nationally recognized credit agency and is fully secured by an irrevocable letter of credit,
- Guaranteed investment contracts for bond proceeds investment only, with a defined termination date and secured by U.S. Government direct or agency obligations approved by the Texas Public Funds Investment Act in an amount equal to the bond proceeds,
- Guaranteed or secured certificates of deposit, issued by state and national banks domiciled in Texas, and insured by federal depository insurance or secured by the obligations mentioned above,
- Bonds issued, assumed or guaranteed by the State of Israel, and
- Secured corporate bonds rated not lower than "AA—" or the equivalent.

The Public Funds Investment Act requires an annual review and approval of investment policies and practices. The review disclosed that in this area of investment practices, management reports and establishment of appropriate policies, the District materially adhered to the requirements of the Public Funds Investment Act. Additionally, investment practices of the District were in accordance with local policies, which are more restrictive than state statutes.

As of June 30, 2023, the following are the District’s cash equivalents and investments, with respective maturities and credit rating:

Type of Investment	Book Value	Percent	Fair Value	Percent	Maturity in Less Than 1 Year	Maturity in 1-10 Years	Credit Rating
Cash	\$ 30,092,724	6.6%	\$ 30,092,724	6.6%	\$ 30,092,724	\$ -	N/A
Money markets	62,781,542	13.8%	62,781,542	13.8%	62,781,542	-	N/A
Investment Pools							
TexPool	20,982,275	4.6%	20,982,275	4.6%	20,982,275	-	AAAm
TexPool Prime	102,842,963	22.6%	102,842,963	22.6%	102,842,963	-	AAAm
Lonestar/First Public	570,952	0.1%	570,952	0.1%	570,952	-	AAAm
Texas Class	130,378,201	28.6%	130,378,201	28.6%	130,378,201	-	AAAm
Texas Term - TexasDAILY	108,090,756	23.7%	108,090,756	23.7%	108,090,756	-	AAAmmf
Total investment pools	362,865,147	79.6%	362,865,147	79.6%	362,865,147	-	
Total investments	425,646,689	93.4%	425,646,689	93.4%	425,646,689	-	
Total cash and investments	\$ 455,739,413	100.0%	\$ 455,739,413	100.0%	\$ 455,739,413	\$ -	

Investment Pools are measured at amortized cost or net asset value, i.e. fair value. As such, these investments are not required to be reported in the fair value hierarchy.

The State Comptroller of Public Accounts exercises responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both Participants in TexPool and other persons who do not have a business relationship with TexPool. TexPool operates in a manner consistent with the SEC's Rule2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool Shares. Audited financial statements of the pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor’s Office and by the Internal Auditor of the Comptroller’s Office.

Lone Star Investment Pool is governed by an 11-member board and is a AAA rated investment program tailored to the investment needs of local governments within the state of Texas. Lone Star Investment Pool assists governments across Texas make the most of taxpayer dollars. Local officials can improve the return on their invested balances by pooling their money with other entities to achieve economies of scale in a conservative fund in full compliance with the Texas Public Funds Investment Act. Lone Star Investment Pool is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. Lone Star uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in Lone Star is the same as the value of Lone Star Shares. Lone Star is administered by First Public LLC, who also serves as the investment advisor. The reported value of the pool is the same as the fair value of the pool shares.

Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the Texas Public Funds Investment Act. Texas CLASS carries a letter of credit that ensures the integrity of the fund, making it the only investment pool in Texas backed by a letter of credit. The pool is governed by a board of trustees, elected annually by its participants. Texas CLASS is rated 'AAAm' by Standard and Poor's Ratings Services. The 'AAAm' principal stability fund rating is the highest assigned to principal stability government investment pools and is a direct reflection of Texas CLASS's outstanding credit quality and management. Texas CLASS uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in Texas CLASS is the same as the value of Texas CLASS Shares.

The TexasTERM Local Government Investment Pool was created by and for Texas local governments to provide investment programs tailored to the needs of Texas cities, counties, school districts and other public investors. TexasTERM portfolios seek to provide these investors with safety, flexibility and competitive yields. Shares are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority (FINRA) and Securities Investor Protection Corporation (SIPC). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC. The District currently utilizes Texas DAILY, a money market portfolio with daily liquidity that is rated AAAM by Standard & Poor's. TexasTERM uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexasTERM is the same as the value of TexasTERM Shares.

Interest Rate Risk

In accordance with the District's investment policy, investments are made in a manner that ensures the ensure the safety of the principal, to maintain liquidity and to maximize financial returns within current market conditions. Investments shall be made in a manner to ensure the preservation of capital in the overall portfolio, and offsets during a twelve-month period any market price losses resulting from interest-rate fluctuations by income received from the balance of the portfolio. The District's investment strategy states that no individual transaction shall be undertaken that jeopardizes the total capital position of the overall portfolio.

Credit Risk

The District's investments in Local Government Investment Pools (LGIP's) include: TexPool, Lonestar, Texas Class, and Texas Term. These are public funds investment pools operating in full compliance with the Public Funds Investment Act. All are rated AAAM or AAAMmf by Standard and Poor's.

Concentration of Credit Risk

The District's investment portfolio is diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce risk of loss resulting from overconcentration of assets in a specific class of investments, specific maturity or specific issuer.

Custodial Credit Risk – Deposits

This is the risk that, in the event of a bank failure, the District’s deposits may not be returned to it. All deposits not covered by FDIC insurance but held in the depository bank, Wells Fargo, were fully collateralized.

Foreign Currency Risk

As of June 30, 2023, there are no foreign currency investments in the District’s portfolio.

Due from Other Governments

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives entitlements from the State through the School Foundation and Per Capita Programs. Amounts due from federal and state governments as of June 30, 2023, are summarized below:

Governmental Activities	Local	State Grants/ Entitlements	Federal Grants	Total
General Fund	\$ 531,907	10,746,456	\$ -	\$ 11,278,363
Debt Service Fund	44,579	-	-	44,579
Nonmajor Governmental Funds	-	419,305	22,004,118	22,423,423
	<u>\$ 576,486</u>	<u>\$ 11,165,761</u>	<u>\$ 22,004,118</u>	<u>\$ 33,746,365</u>

Interfund Receivables/Payable

In the fund financial statements, interfund balances are the results of normal transactions between funds and will be liquidated in the subsequent fiscal year.

Interfund balances at June 30, 2023, resulting from payroll and accumulated fund charges, consisted of the following individual fund balances:

Due From/To Other Funds	Interfund Receivables	Interfund Payables
General Fund	\$ 25,669,391	\$ 10,444,004
Private Purpose Trust Fund	-	10,981
Nonmajor governmental funds	10,457,944	25,672,350
Totals	\$ 36,127,335	\$ 36,127,335

Interfund transfers during the year ended June 30, 2023, consisted of the following individual balances:

Transfer Out	Transfers In	Amount
General Fund	Nonmajor governmental funds	\$ 33,145,356
Total		\$ 33,145,356

The interfund transfer between the General Fund and the nonmajor government funds is due to various capital asset projects funded through the capital projects fund and to supplement operations of the child nutrition fund.

Note 5 - Capital Asset Activity

Capital asset activity for the District for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land and improvements	\$ 19,361,548	\$ -	\$ -	\$ 19,361,548
Construction in progress	6,016,281	9,975,990	(4,716,281)	11,275,990
Total capital assets, not being depreciated	25,377,829	9,975,990	(4,716,281)	30,637,538
Capital assets, being depreciated				
Buildings and improvements	468,219,440	12,634,945	-	480,854,385
Furniture and equipment	37,069,682	6,190,894	(4,036,558)	39,224,018
Total capital assets, being depreciated	505,289,122	18,825,839	(4,036,558)	520,078,403
Less accumulated depreciation for				
Buildings and improvements	(173,780,855)	(10,972,074)	-	(184,752,929)
Furniture and equipment	(25,214,527)	(2,689,391)	2,263,464	(25,640,454)
Total accumulated depreciation	(198,995,382)	(13,661,465)	2,263,464	(210,393,383)
Total capital assets, being depreciated, net	306,293,740	5,164,374	(1,773,094)	309,685,020
Right-to-use lease assets being amortized				
Equipment	5,833,686	1,506,382	-	7,340,068
Total right-to-use leased assets, being amortized	5,833,686	1,506,382	-	7,340,068
Less accumulated amortization for				
Equipment	(2,387,888)	(1,517,963)	-	(3,905,851)
Total accumulated amortization, lease	(2,387,888)	(1,517,963)	-	(3,905,851)
Net right-to-use lease assets	3,445,798	(11,581)	-	3,434,217
Right to use subscription IT assets being amortized	-	89,017	-	89,017
Less accumulated amortization, IT assets	-	(46,506)	-	(46,506)
Net right-to-use subscription IT assets	-	42,511	-	42,511
Total right-to-use assets, net	3,445,798	30,930	-	3,476,728
Governmental activities capital assets, net	\$ 335,117,367	\$ 15,171,294	\$ (6,489,375)	\$ 343,799,286

Estimated costs to complete construction in progress as of June 30, 2023 are \$11,172,117.

Depreciation expense was charged to the District's functions as follows:

Governmental Activities		
11	Instruction	\$ 10,064,566
12	Instructional resources and media services	2,563
23	School leadership	1,794
31	Guidance, counseling, and evaluation services	18,333
33	Health services	5,933
34	Student transportation	1,289,105
35	Food service	77,841
36	Extracurricular activities	233,229
41	General administration	38,568
51	Plant maintenance and operations	1,511,944
52	Security and monitoring services	105,568
53	Data processing services	312,021
		312,021
	Total depreciation expense-governmental activities	\$ 13,661,465

Amortization expense was charged to the District's functions as follows:

Governmental Activities		
11	Instruction	\$ 351,333
34	Student transportation	54,763
51	Plant maintenance and operations	38,696
53	Data processing services	1,119,677
		1,119,677
	Total amortization expense-governmental activities	\$ 1,564,469

Note 6 - Long-Term Debt

The long-term indebtedness of the District pertains to the Governmental Activities of the District. Expenditures for the debt service requirements of the long-term debt are accounted for in the General Fund and Debt Service Fund.

On February 26, 2023, the District redeemed the remaining outstanding Unlimited Tax Refunding Bonds, Series 2012. The District made a payment of \$4,455,000, sufficient to provide the final payment and redemption of the bonds. The payment was recorded as principal paid on long-term debt from the Debt Service Fund. The redemption resulted in a cash flow savings of approximately \$300,000 for the District.

On June 6, 2023, the District established a defeasance escrow to defease a portion of the District's outstanding Unlimited Tax School Refunding Bonds, Series 2015. The District deposited existing resources with a paying agent for the defeased bonds in the amount of \$14,983,039, sufficient to provide the final payment and redemption of the defeased bonds. The defeased bonds are no longer regarded as being outstanding, except for the purpose of being paid from funds on deposit in the escrow fund. The payment to the escrow was recorded as principal paid on long-term debt from the Debt Service Fund. The defeasance resulted in a cash flow savings of approximately \$4.9 million for the District.

As of June 30, 2023, the remaining outstanding principal of previously defeased bonds was \$90,820,000.

A summary of bond issuances and other general long-term debt original amounts issued, interest rates, and maturity dates as of June 30, 2023 is as follows:

Bond Issuances	Amounts Original Issued	Interest Rate Payable	Maturities
Unlimited Tax Refunding Bonds, Series 2012	\$ 22,835,000	3.00-5.00%	8.15.22 - 2.15.28
Unlimited Tax School Building Series, 2014	85,235,000	3.00-5.00%	8.15.22 - 2.15.23
Unlimited Tax Refunding Bonds, Series 2015	38,495,000	1.30-5.00%	8.15.22 - 2.15.32
Unlimited Tax Refunding Bonds, Series 2016	26,000,000	0.80-4.00%	8.15.22 - 2.15.38
Unlimited Tax Refunding Bonds, Series 2017	54,335,996	3.50-5.00%	8.15.22 - 2.15.35
Unlimited Tax Refunding Bonds, Series 2020	39,344,986	1.70-5.00%	8.15.22 - 2.15.40
Other Long-Term Debt			
Notes payable	\$ 840,588	3.12% - 9.04%	1.1.27
Leases payable	2,450,477	3.5% - 12.5%	7.30.23 - 3.31.28
Subscription IT liabilities	89,017	3.5% - 7.5%	1.1.24 - 12.1.27

Midland Independent School District
Notes to Financial Statements
June 30, 2023

A summary of changes in general long-term debt for the year ended June 30, 2023 is as follows:

Bond Series Name	Beginning Balance	Debt Issued	Principal Retired	Ending Balance	Due Within One Year
Unlimited Tax Refunding Bonds, Series 2012	\$ 6,480,000	\$ -	\$ (6,480,000)	\$ -	\$ -
Unlimited Tax School Building Series, 2014	1,355,000	-	(1,355,000)	-	-
Unlimited Tax Refunding Bonds, Series 2015	28,955,000	-	(15,850,000)	13,105,000	1,005,000
Unlimited Tax Refunding Bonds, Series 2016	25,535,000	-	(40,000)	25,495,000	40,000
Unlimited Tax Refunding Bonds, Series 2017	52,855,996	-	(425,996)	52,430,000	3,650,000
Unlimited Tax Refunding Bonds, Series 2020	39,044,986	-	(155,000)	38,889,986	165,000
Total bonds payable	154,225,982	-	(24,305,996)	129,919,986	4,860,000
Other Long-Term Debt					
Notes payable	597,020	163,734	(177,780)	582,974	207,486
Leases payable	960,604	1,489,873	(1,479,836)	970,641	366,319
Subscription IT liabilities	-	89,017	(89,017)	-	-
Total other long-term debt	1,557,624	1,742,624	(1,746,633)	1,553,615	573,805
Total general long-term debt	\$ 155,783,606	\$ 1,742,624	\$ (26,052,629)	\$ 131,473,601	\$ 5,433,805

Debt service requirements for the District's bonds are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2024	\$ 4,860,000	\$ 4,763,190	\$ 9,623,190
2025	4,725,000	4,541,090	9,266,090
2026	4,930,000	4,319,140	9,249,140
2027	5,145,000	4,083,415	9,228,415
2028	5,370,000	3,833,265	9,203,265
2029-2033	39,390,000	15,046,077	54,436,077
2034-2038	51,944,986	7,766,107	59,711,093
2039-2040	13,555,000	456,435	14,011,435
Totals	\$ 129,919,986	\$ 44,808,719	\$ 174,728,705

Midland Independent School District

Notes to Financial Statements

June 30, 2023

Payment requirements for the District's other long-term debt are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2023	\$ 573,805	\$ 58,981	\$ 632,786
2024	586,227	40,107	626,334
2025	276,638	20,298	296,936
2026	73,058	3,204	76,262
2027	43,887	-	43,887
Totals	<u>\$ 1,553,615</u>	<u>\$ 122,590</u>	<u>\$ 1,676,205</u>

A summary in changes of total bonds payable and other long-term debt follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 154,225,982	\$ -	\$ (24,305,996)	\$ 129,919,986	\$ 4,860,000
Deferred amounts					
For issuance premium/ discounts (CIB's)	12,064,687	-	(3,138,890)	8,925,797	-
Total bonds payable, net	166,290,669	-	(27,444,886)	138,845,783	4,860,000
Other long-term debt	1,557,624	1,742,624	(1,746,633)	1,553,615	573,805
Accretion on CAB	1,705,575	(1,749,004)	316,802	273,373	-
Governmental activities long-term liabilities	<u>\$ 169,553,868</u>	<u>\$ (6,380)</u>	<u>\$ (28,874,717)</u>	<u>\$ 140,672,771</u>	<u>\$ 5,433,805</u>

There are a number of limitations and restrictions contained in the general obligation bond indentures. Management has indicated that the District is in compliance with all significant limitations and restrictions as of June 30, 2023.

Note 7 - Leases

The District entered a master lease agreement to lease vehicles for District-wide use beginning April 2021. Under the terms of the lease, the District pays various monthly rental fees that range between \$668 and \$1,592. The lease terminates in fiscal year 2028.

The District entered an agreement to lease dark fiber infrastructure beginning June 30, 2020. Under the terms of the lease, the District pays a monthly base fee of \$22,294 and paid an initial installation fee of \$4,358,000. The agreement can be extended upon mutual agreement by the District and the lessor; therefore, no additional periods are included as both parties must agree to extend the lease.

The District has entered into various office equipment leases beginning in fiscal year 2023. Under the terms of the leases, the District pays various monthly rental fees that range between \$269 and \$11,470. The leases terminate in fiscal year 2024.

At June 30, 2023, the District has recognized a right to use asset of \$3,434,217 and a lease liability of \$970,641 related to these agreements. During the fiscal year, the District recorded \$1,517,963 in amortization expense and \$82,565 in interest expense. The District used discount rates that ranged between 3.5% and 12.5%. The discount rates were based the stated rates in the agreements, if available. If no stated rates were available, the discount rates were based on the estimated incremental borrowing rate of the District.

Remaining obligations associated with these leases are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2023	\$ 366,319	\$ 42,021	\$ 408,340
2024	367,135	27,729	394,864
2025	130,144	13,315	143,459
2026	63,156	7,730	70,886
2027	43,887	1,910	45,797
Totals	<u>\$ 970,641</u>	<u>\$ 92,705</u>	<u>\$ 1,063,346</u>

The District has accrued a receivable for one land lease. The remaining receivable for this lease was \$160,000 for the year ended June 30, 2023. Deferred inflows related to these leases were \$160,000 as of June 30, 2023. Interest revenue recognized on these leases was insignificant for the year ended June 30, 2023. Principal receipts of \$80,000 were recognized during the fiscal year. Final receipt is expected in fiscal year ended June 30, 2025.

Note 8 - Subscription-Based Information Technology Arrangement (SBITAs)

The District has entered into ten SBITA contracts for educational and productivity software. The District has made all payments required under the contracts and will retain the right to use the various software products through the fiscal year ended June 30, 2025.

Note 9 - Contingencies

The District is not a party to any legal actions that are believed by administration to have a material effect on the financial condition of the District. Accordingly, no provision for losses has been recorded in the accompanying financial statements for such contingencies.

The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2023, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 10 - Defined Benefit Pension Plan**Defined Benefit Pension Plan****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). It is a defined benefit pension plan 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.

Pension Plan Fiduciary Net Position

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Annual Comprehensive Financial Report (ACFR) that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698, or by calling (512) 542-6592.

Benefits Provided

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

Texas Government Code section 821.006 prohibits benefit improvements, if, as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action. Actuarial implications of the funding provided in the manner are determined by the System's actuary.

Contribution

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

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

	Contribution Rates	
	2022	2023
Member	8.00%	8.00%
Non-Employer Contributing Entity (State)	7.75%	8.00%
Employers	7.75%	8.00%
	2022	2023
Member Contributions	\$ 13,296,483	\$ 13,706,399
NECE On-Behalf Contributions	8,537,404	8,588,181
Employer Contributions	6,412,396	7,352,536

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, 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. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

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

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- All public schools, charter schools, and regional educational service centers must contribute 1.6% of the member's salary beginning in fiscal year 2021, gradually increasing to 2% in fiscal year 2025.
- When employing a retiree of the TRS the employer shall pay both the member contribution and State contribution as an employment after retirement surcharge.

Actuarial Assumptions

The total pension liability in the August 31, 2021 actuarial valuation rolled forward to August 31, 2022 was determined using the following actuarial assumptions:

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual entry age normal
Asset Valuation Method	Fair value
Single Discount Rate	7.00%
Long-term expected Investment Rate of Return	7.00%
Municipal Bond Rate as of August 2022	3.91%
Inflation	2.30%
Salary Increases including inflation	2.95% to 8.95%
Benefit changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions used in the determination of the total pension liability are the same assumptions used in the actuarial valuation as of August 31, 2021. For a full description of these assumptions, please see the actuarial valuation report dated November 12, 2021.

Discount Rate

A single discount rate of 7.00% was used to measure the total pension liability. The single discount rate was based on the expected rate of return on plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that contributions from active members, employers and the non-employer contributing entity will be made at the rates set by the Legislature during the 2019 session. It is assumed that future employer and State contributions will be 8.5% of payroll in fiscal year 2020 gradually increasing to 9.55% of payroll over the next several years. This includes all employer and State contributions for active and rehired retirees.

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

The long-term expected rate of return on pension plan investments is 7.00%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the System's target allocation as of August 31, 2022 (see page 54 of the TRS ACFR) are summarized on the following page.

Teacher Retirement System of Texas
Asset Allocation and Long-Term Expected Real Rate of Return as of August 31, 2022

Asset Class	Target Allocation ¹	Long-Term Expected Geometric Real Rate of Return ²	Expected Contribution to Long-Term Portfolio Returns
Global Equity			
U.S.	18.0%	4.6%	1.12%
Non-U.S. Developed	13.0%	4.9%	0.90%
Emerging Markets	9.0%	5.4%	0.75%
Private Equity	14.0%	7.7%	1.55%
Stable Value			
Government Bonds	16.0%	1.0%	0.22%
Absolute Return ⁴	0.0%	3.7%	0.00%
Stable Value Hedge Funds	5.0%	3.4%	0.18%
Real Return			
Real Estate	15.0%	4.1%	0.94%
Energy and Natural Resources and Infrastructure	6.0%	5.1%	0.37%
Commodities	0.0%	3.6%	0.00%
Risk Parity			
Risk Parity	8.0%	4.6%	0.43%
Leverage			
Cash	2.0%	3.0%	0.01%
Asset Allocation Leverage	-6.0%	3.6%	-0.05%
Inflation Expectation			2.70%
Volatility Drag ³			-0.91%
Expected Return	100%		8.19%

¹Target Allocation based on the FY2022 policy manual.

² Capital Market Assumptions come from Aon Hewitt (as of 8/31/2022).

³The volatility drag results from the conversion between arithmetic and geometric mean returns.

⁴ Absolute Return includes Credit Sensitive instruments.

Discount Rate Sensitivity Analysis

The following table presents the Net Pension Liability of the plan using the discount rate of 7.00%, and 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 Discount Rate (8.00%)
Total TRS net pension liability	\$ 92,353,208,735	\$ 59,367,428,259	\$ 32,630,904,839
District's proportionate share of the net pension liability	\$ 136,952,992	\$ 88,037,514	\$ 48,389,223

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

At June 30, 2023, the District reported a liability of \$88,037,514 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:

District's proportionate share of the collective net pension liability	\$ 88,037,514
State's proportionate share that is associated with the District	106,368,994
Total	<u>\$ 194,406,508</u>

The net pension liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 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, 2021 through August 31, 2022.

At August 31, 2022, the employer's proportion of the collective net pension liability was .1482926184% which was an increase of .0023888402% from its proportion measured as of August 31, 2021.

Changes since the Prior Actuarial Valuation

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25 percent to 7.00 percent.

Midland Independent School District

Notes to Financial Statements

June 30, 2023

For the year ended June 30, 2023, the District recognized pension expense of \$10,167,670 and revenue of \$8,360,631 for support provided by the State.

At June 30, 2023, 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 actuarial economic experience	\$ 1,276,537	\$ 1,919,385
Changes in actuarial assumptions	16,404,254	4,088,398
Difference between projected and actual investment earnings	8,697,825	-
Changes in proportion and differences between District contributions and the proportionate share of contributions	7,328,586	2,321,757
Contributions paid to TRS subsequent to the measurement date	6,217,607	-
Total	\$ 39,924,809	\$ 8,329,540

\$6,217,607 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2024.

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

Year Ended June 30	Pension Expense Amount
2024	\$ 6,135,973
2025	3,741,949
2026	2,322,384
2027	11,396,801
2028	1,780,555
Thereafter	-
Totals	\$ 25,377,662

Note 11 - Postemployment Health Benefits**Plan Description**

The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The TRS-Care program was established in 1986 by the Texas Legislature.

The TRS Board of Trustees administers the TRS-Care program and the related fund in accordance with Texas Insurance Code, Chapter 1575. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend the benefit terms as needed under Chapter 1575.052. The Board may adopt rules, plans, procedures, and orders reasonably necessary to administer the program, including minimum benefits and financing standards.

OPEB Plan Fiduciary Net Position

Detailed information about the TRS-Care's fiduciary net position is available in the separately issued TRS Annual Comprehensive Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet https://www.trs.texas.gov/Pages/about_publications.aspx; by writing to TRS at 1000 Red River Street, Austin, TX 78701-2698; or by calling (512) 542-6592.

Benefits Provided

TRS-Care provides health insurance coverage to retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

Eligible non-Medicare retirees and their dependents may enroll in TRS-Care Standard, a high-deductible health plan. Eligible Medicare retirees and their dependents may enroll in the TRS-Care Medicare Advantage medical plan and the TRS-Care Medicare Rx prescription drug plan. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. There are no automatic post-retirement benefit changes, including automatic COLAs.

The premium rates for retirees are reflected in the following table.

TRS-Care Monthly Premium Rates

	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions

Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the State's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is .65% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public or charter school. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor:

Contributions Rates		
	2022	2023
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding remitted by Employers	1.25%	1.25%
	2022	2023
Employer Contributions	\$ 1,372,567	\$ 1,498,118
Member Contributions	1,087,000	1,113,648
NECE On-behalf Contributions	1,972,058	2,004,725

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When hiring a TRS retiree, employers are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$83 million in fiscal year 2022 from the Federal Rescue Plan Act (ARPA) to help defray Covid-19 related health care costs during fiscal year 2022.

Actuarial Assumptions

The actuarial valuation was performed as of August 31, 2021. Update procedures were used to roll forward the Total OPEB Liability to August 31, 2022. The actuarial valuation was determined using the following actuarial assumptions:

The actuarial valuation of the OPEB plan offered through TRS-Care is similar to the actuarial valuation performed for the pension plan, except that the OPEB valuation is more complex. The demographic assumptions were developed in the experience study performed for the TRS for the period ending August 31, 2017.

The following assumptions and other inputs used for members of TRS-Care are based on an established pattern of practice and are identical to the assumptions used in the August 31, 2021 TRS pension plan actuarial valuation that was rolled forward to August 31, 2022:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

The active mortality rates were based on 90% of the RP-2014 Employee Mortality Tables for males and females. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Rates. The rates were projected on a fully generational basis using the ultimate improvement rates from mortality projection scale MP-2018.

Additional Actuarial Methods and Assumptions

Valuation Date	August 31, 2021 rolled forward to August 31, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	3.91% as of August 31, 2022
Aging Factors	Based on plan specific experience
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected Salary Increases	3.05% to 9.05%, including inflation
Healthcare Trend Rates	4.25% to 8.5% The initial medical trend rates were 8.25% for Medicare retirees and 7.25% for non-Medicare retirees. There was an initial prescription drug trend rate of 8.25% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.
Election Rates	Normal Retirement: 65% participation prior to age 65 and 25% participation after age 65; 30% of pre-65 retirees are assumed to discontinue coverage at age 65.
Ad hoc post-employment benefit changes	None

Discount Rate

A single discount rate of 3.91% was used to measure the total OPEB liability. There was a increase of 1.96% in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

The source of the municipal bond rate is the Fidelity “20-year Municipal GO AA Index” as of August 31, 2021 using the Fixed Income Market Data/Yield Curve/ Data Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds.

Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if the discount rate used was 1% lower than and 1% higher than the discount rate that was used (3.91%) in measuring the Net OPEB Liability.

	<u>1% Decrease in Discount Rate (2.91%)</u>	<u>Discount Rate (3.91%)</u>	<u>1% Increase Discount Rate (4.91%)</u>
Total TRS net OPEB liability	\$ 28,231,881,036	\$ 23,944,005,302	\$ 20,470,275,606
District's proportionate share of the Net OPEB liability	\$ 50,853,839	\$ 43,130,126	\$ 36,872,927

Healthcare Cost Trend Rate Sensitivity Analysis

The following schedule shows the impact of the Net OPEB Liability if a healthcare trend rate that is 1% less than and 1% greater than the health trend rates assumed:

	<u>1% Decrease in Healthcare Trend Rate</u>	<u>Current Single Healthcare Trend Rate</u>	<u>1% Increase in Healthcare Trend Rate</u>
Total TRS net OPEB liability	\$ 19,729,968,204	\$ 23,944,005,302	\$ 29,406,962,102
District's proportionate share of the Net OPEB liability	\$ 35,539,418	\$ 43,130,126	\$ 52,970,502

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

At June 30, 2023, the District reported a liability of \$43,130,126 for its proportionate share of the TRS's Net OPEB Liability. This liability reflects a reduction for State OPEB support provided to the District. 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:

District's Proportionate share of the collective Net OPEB liability	\$ 43,130,126
State's proportionate share that is associated with the District	<u>52,611,978</u>
Total	<u><u>\$ 95,742,104</u></u>

The Net OPEB Liability was measured as of August 31, 2021 and rolled forward to August 31, 2022 and the Total OPEB Liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of that date. The District'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, 2021 through August 31, 2022.

At June 30, 2023, the District's proportion of the collective Net OPEB Liability was 0.1801291197% compared to .1796535188% as of June 30, 2022.

Changes Since the Prior Actuarial Valuation

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB Liability since the prior measurement period:

- The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. This change decreased the Total OPEB liability.

Change of Benefit Terms Since the Prior Measurement Date – There are no changes in benefit terms since the prior measurement date.

For the year ending June 30, 2023, the District recognized OPEB benefit of \$7,466,064 and revenue of \$1,804,726 for support provided by the State.

At June 30, 2023, the District reported its proportionate share of the TRS’s deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actuarial economic experience	\$ 2,397,882	\$ 35,931,266
Changes in actuarial assumptions	6,569,573	29,964,246
Difference between projected and actual investment earnings	128,473	-
Changes in proportion and differences between District contributions and the proportionate share of contributions	6,334,078	4,413,171
Contributions paid to TRS subsequent to the measurement date	1,256,339	-
Totals	\$ 16,686,345	\$ 70,308,683

\$1,256,339 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ended June 30, 2024.

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

<u>Year Ended June 30</u>	<u>OPEB Expense Amount</u>
2024	\$ (10,513,514)
2025	(10,513,048)
2026	(8,684,048)
2027	(6,207,903)
2028	(7,042,035)
Thereafter	<u>(11,918,129)</u>
Totals	<u>\$ (54,878,677)</u>

Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for TRS-Care to receive retiree drug subsidy payments from federal governments to offset certain prescription drug expenditures for eligible TRS-Care participants. These on-behalf payments have been recognized as equal revenues and expenditures by the District in the amounts of \$864,133, \$514,049, and \$779,807 for the years ended June 30, 2023, 2022 and 2021, respectively.

Note 12 - Revenues from Local and Intermediate Sources

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Property taxes	\$ 375,903,398	\$ 31,210,732	\$ -	\$ 407,114,130
Penalties, interest, and other tax-related	3,080,312	193,956	-	3,274,268
Investment income	12,216,003	972,623	360,951	13,549,577
Food sales	-	-	3,070,598	3,070,598
Co-curricular/extra- curricular student activities	584,622	-	353,217	937,839
Gifts and bequests	1,528,776	-	123,616	1,652,392
Grants	-	-	379,417	379,417
Insurance recoveries	247,397	-	-	247,397
Oil and gas leases	8,240,969	-	-	8,240,969
Other	1,155,706	-	205,718	1,361,424
Total	<u>\$ 402,957,183</u>	<u>\$ 32,377,311</u>	<u>\$ 4,493,517</u>	<u>\$ 439,828,011</u>

Note 13 - Employee Defined Contribution Plan

The District sponsors a 401 (a) plan for the benefit of its employees. The plan provides for discretionary monthly contributions up to the maximum of 3.0%. The percentage contributed by the District is determined annually by the Board of Trustees. Participants begin to vest in benefits after 3 years and become fully vested after 5 years. Participants are 100% vested in their personal contributions at all times. The Board of Trustees did not authorize a discretionary contribution for the year ended June 30, 2023.

Note 14 - General Fund Federal Source Revenues

Revenues from federal sources, which are reported in the General Fund, consist of:

	CFDA	Amount
School of Health and Related Services	N/A	\$ 1,489,698
Air Force JROTC	12.000	67,932
Indirect costs:		
ESEA Title I, Part A	84.010A	291,660
Title I, Transformation Zone	84.010A	1,311
Title I, Priority & Focus	84.010A	10,795
Title IV, Part A	84.424A	46,587
IDEA - Part B	84.027A	273,660
IDEA - Part B Preschool	84.173A	4,514
Title III, Part A - Immigrant	84.365A	8,260
Career & Technical Basic	84.048A	13,526
ESEA Title II, Part A	84.367A	24,305
LEP Summer School	84.369	5,083
Elementary and Secondary School Emergency Relief	84.425	2,216,049
National School Lunch Program	10.555	1,324,582
		\$ 5,777,962

Note 15 - Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

Worker's Compensation

GASB 10 requires that state and local governmental entities other than public entity risk pools are required to report an estimated loss from a claim as an expenditure/expense and as a liability if both of these conditions are met: a) Information available before the financial statements are issued indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements. It is implicit in this condition that it must be probable that one or more future events will also occur, confirming the fact of the loss. b) The amount of the loss can be reasonably estimated.

Beginning in 1997, the District changed from a self-funded worker's compensation plan to an outside provider for their worker's compensation coverage. The District remains liable for claims incurred prior to August 31, 1997 under the self-funded plan. These run-off claims are not significant and are included in the total accrued liabilities. The District remained fully-insured until March of 2001, at which time the District established its current self-funded program. The District has since maintained a self-insured retention of \$200,000 per occurrence. The District currently purchases excess coverage to statutory limits from the Texas Association of School Boards. The District does not purchase aggregate excess insurance. Claims administration is provided by the Texas Association of School Boards.

At June 30, 2023, the accrued liabilities for worker's compensation self-insurance of \$1,204,563 includes estimated incurred but not reported claims and is included in accrued expense liability.

	Year Ended June 30, 2023
Unpaid claims, beginning of fiscal year	\$ 1,600,904
Incurred claims (including IBNR's and changes in provisions)	211,406
Claim payments	(607,747)
Unpaid claims, end of fiscal year	\$ 1,204,563

Health Care Coverage

The District sponsors a modified self-insurance plan to provide health care benefits to staff members and their dependents. Transactions related to the plan are accounted for in the Health Insurance Fund (the "Fund"), an internal service fund of the District. Partial staff member contributions are required for personal coverage and total staff member contributions are required for coverage of dependents. The District obtained excess loss insurance, which limited annual claims paid from the Fund for the year ended June 30, 2023, to \$290,000 for any individual participant and an aggregate limit equal to \$2,000,000. Estimates of claims payable and of claims incurred, but not reported at June 30, 2023, are reflected as accounts and claims payable of the Fund. The plan is funded to discharge liabilities of the Fund as they become due. The District does not provide any post-retirement health benefits to its employees. Unpaid claims are included in the internal service fund as accrued liabilities.

Changes in the balances of claims liabilities during the year are as follows:

	Year Ended June 30, 2023
Unpaid claims, beginning of fiscal year	\$ 1,206,411
Incurred claims (including IBNR's and changes in provisions)	18,262,312
Claim payments	<u>(18,178,919)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,289,804</u>

Note 16 - Tax Abatements

The District has approved a property tax abatement agreement with Pioneer Hutt Wind Energy, LLC for limitations on appraised value of property for school district maintenance and operations taxes pursuant to Chapter 313 of the Texas Tax Code. The qualified tax limitation agreements are for renewable energy electric generation projects.

Value limitation agreements are part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations (M&O) for a period of years specified in statute. The projects under the Chapter 313 agreement must be consistent with the state's goals to "encourage large scale capital investments in the state." Chapter 313 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant, is required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the applicant's approval, the agreements were found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the projects. The applications, the agreements and state reporting requirement documentation can be viewed at the Texas Comptroller's website. The agreements and all supporting documentation were assigned Texas Comptroller Application No. 1718.

After approval, the applicant companies must maintain a viable presence in the District for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that the applicant terminates the agreement without the consent of the District, or in the event that the applicant fails to comply in any material respect with the terms of the agreement or to meet any material obligation under the agreement, then the District shall be entitled to recapture of all ad valorem tax revenue lost as a result of the agreements together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties and interest on said amounts shall be calculated in accordance with the methodology set forth in the Texas Tax Code. The agreements provide an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligations is through the local state district court.

There were no value limitations, abatement of any taxes, or other supplemental payments made to the District during the year ended August 31, 2023.



Required Supplementary Information
June 30, 2023

Midland Independent School District

Midland Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund
(Exhibit G-1)
Year Ended June 30, 2023

Data Control Codes		Budgeted Amounts	
		Original	Final
	Revenues		
5700	Local and intermediate revenues	\$ 355,026,386	\$ 398,866,362
5800	State program revenues	79,853,361	83,602,675
5900	Federal program revenues	2,065,000	2,813,902
5020	Total revenues	<u>436,944,747</u>	<u>485,282,939</u>
	Expenditures		
	Current		
0011	Instruction	161,915,758	161,575,482
0012	Instructional resources and media services	2,796,020	2,787,304
0013	Curriculum and instructional staff development	4,604,607	6,887,605
0021	Instructional leadership	5,433,464	5,703,451
0023	School leadership	14,628,680	15,340,401
0031	Guidance, counseling, and evaluation services	12,107,066	12,218,715
0032	Social work services	517,100	457,697
0033	Health services	3,136,723	3,411,685
0034	Student transportation	10,003,951	12,486,237
0035	Food service	4,720	145,278
0036	Extracurricular activities	7,627,761	7,376,626
0041	General administration	7,898,144	10,162,245
0051	Plant maintenance and operations	32,799,665	35,368,038
0052	Security and monitoring services	2,760,605	3,957,821
0053	Data processing services	5,755,767	6,960,131
0061	Community services	1,360,453	1,232,468
	Debt service		
0071	Principal on long-term debt	6,608,325	2,523,265
0072	Interest on long-term debt	31,082	120,000
	Capital outlay		
0081	Facilities acquisition and construction	2,917	5,232,351
	Intergovernmental		
0091	Contracted instructional services between schools	153,589,939	166,319,729
0099	Other intergovernmental charges	3,362,000	2,277,010
6030	Total expenditures	<u>436,944,747</u>	<u>462,543,539</u>
1100	Excess of revenues over expenditures	-	22,739,400
	Other financing sources (uses)		
7912	Sale of real and personal property	-	-
7913	Proceeds from right to use lease and SBITA assets	-	-
7914	Proceeds from loans	-	-
8911	Transfers out	-	(22,739,400)
7080	Total other financing sources (uses)	-	(22,739,400)
1200	Net change in fund balance	-	-
0100	Fund balance, beginning	198,288,812	198,288,812
3000	Fund balance, ending	<u>\$ 198,288,812</u>	<u>\$ 198,288,812</u>

Midland Independent School District

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund – continued

(Exhibit G-1)

Year Ended June 30, 2023

Actual	Variance with Final Budget Positive (Negative)
\$ 402,957,183	\$ 4,090,821
82,558,514	(1,044,161)
5,777,962	2,964,060
<u>491,293,659</u>	<u>6,010,720</u>
147,856,932	13,718,550
2,697,965	89,339
6,450,815	436,790
5,135,633	567,818
14,362,814	977,587
11,560,394	658,321
457,533	164
3,182,030	229,655
9,780,507	2,705,730
136,874	8,404
6,975,654	400,972
7,993,876	2,168,369
30,017,115	5,350,923
3,283,467	674,354
6,105,876	854,255
1,162,059	70,409
1,444,795	1,078,470
118,140	1,860
1,686,233	3,546,118
164,969,532	1,350,197
2,899,804	(622,794)
<u>428,278,048</u>	<u>34,265,491</u>
<u>63,015,611</u>	<u>40,276,211</u>
190,132	190,132
1,567,020	1,567,020
175,604	175,604
(33,145,356)	(10,405,956)
<u>(31,212,600)</u>	<u>(8,473,200)</u>
31,803,011	31,803,011
198,288,812	-
<u>\$ 230,091,823</u>	<u>\$ 31,803,011</u>

Midland Independent School District

Schedule of the District's Proportionate Share of the Net Pension Liability – Teacher Retirement System of Texas (Exhibit G-2)
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.1482926%	0.1459038%	0.1322118%	0.1230637%	0.1352974%	0.1401599%	0.1445504%	0.1589302%	0.1589302%
District's proportionate share of the net pension liability	\$ 88,037,514	\$ 37,156,529	\$ 70,809,956	\$ 63,972,376	\$ 74,470,954	\$ 44,815,570	\$ 54,623,985	\$ 56,179,170	\$ 56,179,170
State's proportionate share of the net pension liability associated with the District	106,368,994	49,285,748	97,064,071	97,630,445	116,759,846	64,433,639	81,609,959	78,651,973	78,651,973
Totals	\$ 194,406,508	\$ 86,442,277	\$ 167,874,027	\$ 161,602,821	\$ 191,230,800	\$ 109,249,209	\$ 136,233,944	\$ 134,831,143	\$ 134,831,143
District's covered payroll	\$ 168,069,874	\$ 163,600,274	\$ 147,650,606	\$ 135,684,814	\$ 145,785,950	\$ 136,693,306	\$ 142,659,151	\$ 141,859,865	\$ 125,267,279
District's proportionate share of the net pension liability as a percentage of its covered payroll	52.38%	22.71%	47.96%	47.15%	51.08%	32.79%	38.29%	39.60%	44.85%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	88.79%	75.54%	75.24%	73.74%	82.17%	78.00%	78.43%	83.25%

Note: The information disclosed for each fiscal year is reported as of the measurement date of the net pension liability which is August 31 of the preceding fiscal year.

Note: Plan information was unavailable prior to 2015.

Midland Independent School District
Schedule of the District's Contributions to the Pension Plan – Teacher Retirement System of Texas (Exhibit G-3)
Year Ended June 30, 2023

	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	8/31/2017	8/31/2016	8/31/2015
Contractually required contributions	\$ 7,352,536	\$ 6,412,396	\$ 6,128,100	\$ 5,256,763	\$ 4,105,064	\$ 3,865,452	\$ 4,593,622	\$ 4,592,732	\$ 4,705,992
Contributions in relation to the contractually required contributions	\$ (7,352,536)	\$ (6,412,396)	\$ (6,128,100)	\$ (5,256,763)	\$ (4,105,064)	\$ (3,865,452)	(4,593,622)	(4,592,732)	(4,705,992)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 171,329,907	\$ 167,231,169	\$ 161,526,981	\$ 145,720,633	\$ 134,544,961	\$ 123,698,674	\$ 136,693,306	\$ 142,659,151	\$ 141,859,865
Contributions as a percentage of covered payroll	4.29%	3.83%	3.79%	3.61%	3.05%	3.12%	3.36%	3.22%	3.32%

Note: The information disclosed for each fiscal year is reported as of the District's fiscal year-end date.

Note 2: Plan information was unavailable prior to 2015.

Midland Independent School District
Schedule of the District's Proportionate Share of the Net OPEB Liability (Exhibit G-4)
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.1801291%	0.1796535%	0.1681939%	0.1674839%	0.1802089%	0.1792066%
District's proportionate share of the net OPEB liability	\$ 43,130,126	\$ 69,300,390	\$ 63,938,089	\$ 79,205,183	\$ 89,979,966	\$ 77,930,218
State's proportionate share of the net OPEB liability associated with the District	<u>52,611,978</u>	<u>92,847,079</u>	<u>85,917,465</u>	<u>105,245,971</u>	<u>127,050,649</u>	<u>106,760,063</u>
Totals	<u>\$ 95,742,104</u>	<u>\$ 162,147,469</u>	<u>\$ 149,855,554</u>	<u>\$ 184,451,154</u>	<u>\$ 217,030,615</u>	<u>\$ 184,690,281</u>
District's covered payroll	\$ 168,069,874	\$ 163,600,274	\$ 147,650,606	\$ 135,684,814	\$ 145,785,950	\$ 136,693,306
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	25.66%	42.36%	43.30%	58.37%	61.72%	57.01%
Plan fiduciary net position as a percentage of the total OPEB liability	11.52%	6.18%	4.99%	2.66%	1.57%	0.91%

Note: The information disclosed for each fiscal year is reported as of the measurement date of the net OPEB liability which is August 31 of the preceding fiscal year.

Note: Plan information was unavailable prior to 2018.

Midland Independent School District
Schedule of the District's Contributions to the OPEB Plan (Exhibit G-5)
Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contributions	\$ 1,498,118	\$ 1,372,567	\$ 1,382,888	\$ 1,264,217	\$ 1,127,509	\$ 1,056,281
Contributions in relation to the contractually required contributions	<u>(1,498,118)</u>	<u>(1,372,567)</u>	<u>(1,382,888)</u>	<u>(1,264,217)</u>	<u>(1,127,509)</u>	<u>(1,056,281)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 171,329,907	\$ 167,231,169	\$ 161,526,981	\$ 145,720,633	\$ 134,544,961	\$ 123,698,674
Contributions as a percentage of covered payroll	0.87%	0.82%	0.86%	0.87%	0.84%	0.85%

Note: The information disclosed for each fiscal year is reported as of the District's fiscal year-end date.

Note 2: Plan information was unavailable prior to 2018.

Note 1 - Budget

Budgetary Information

Each school district in Texas is required by law to prepare annually a budget of anticipated revenues and expenditures for the general fund, debt service fund, and the National School Breakfast and Lunch Program special revenue fund. The Texas Education Code requires the budget to be prepared not later than June 19 and adopted by June 30 of each year. The budgets are prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles.

The following procedures are followed in establishing the budgetary data reflected in the fund financial schedules:

1. Prior to June 19 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
3. Prior to July 1, the budget is formally approved and adopted by the Board.

The appropriated budget is prepared by fund and function. The District's campus/department heads may make transfers of appropriations within a campus or department. Transfers of appropriations between campuses or departments require the approval of the District's management. Increasing any one of the functional spending categories, or revenues object accounts and other resources require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level within a fund. All annual appropriations lapse at fiscal year-end.

Transfers out represent transfers from the general fund to the capital projects fund and internal service fund.

Note 2 - Pension

Changes of Benefit Terms

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

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

The actuarial assumptions and methods have been modified since the determination of the prior year's Net Pension Liability. These new assumptions were adopted in conjunction with an actuarial experience study. The primary assumption change was the lowering of the single discount rate from 7.25% to 7.00%.

Note 3 - OPEB

Changes of Benefit Terms

There were minor benefit revisions that have been adopted since the prior measurement date. These changes are not expected to have a significant impact on plan costs.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

The following were changes to the actuarial assumptions or other inputs that affected measurement of the Total OPEB Liability since the prior measurement period:

- The discount rate changed from 1.95% as of August 31, 2021 to 3.91% as of August 31, 2022. Lower participation rates and updates to the health care trend rate assumptions were also factors that decreased the Total OPEB Liability.



Other Supplementary Information
June 30, 2023

Midland Independent School District

COMBINING AND OTHER STATEMENTS

Included in this section are combining nonmajor governmental funds financial statements and combining internal service funds financial statements.

GOVERNMENTAL FUNDS

Following is a description of the purposes of the governmental funds:

REPORTED AS MAJOR FUNDS IN THE BASIC FINANCIAL STATEMENTS

General Fund is the District's primary operating fund. It is used to account for all financial resources not required to be reported in another fund. It is always a major fund.

Debt Service Fund is the District's fund to account for the accumulation of resources and payments of principal and interest on general obligation bonds. Resources are provided by an annual ad valorem levy and State of Texas Foundation Program revenues. Proceeds of refunding bond issues are also accounted for in this fund.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

- Funds 200 through 296 are used to account for the receipt and expenditure of federally funded programs. Revenues are generally recognized to the extent of eligible expenditures.
- Funds 396 through 429 are used to account for the State of Texas funded programs. Revenues are generally recognized to the extent of eligible expenditures.
- Fund 461 through 499 are used to account for the receipt and expenditure of local and intermediate source funded programs.

Capital Projects Fund is the District's fund to account for the accumulation of resources and payments for construction of facilities. Resources are provided by transfers of resources based on action by the Board and issuances of school building bonds.

INTERNAL SERVICE FUNDS

Funds 753 through 798 are used to account for revenues and expenses related to services provided by organizations inside the District on a cost reimbursement basis.

FIDUCIARY FUNDS

Private Purpose Trust Fund is the District's fund to account for donations for which the donor has stipulated that both the principal and the income may be used for purposes that benefit parties outside the District. The District's Private Purpose Trust Fund is the scholarship fund.

Employee Benefits Trust Fund is the District's fund to account for other employee benefit funds that are provided by the District.

Custodial Fund is the District's fund to account for resources held for others in a custodial capacity in custodial funds. The District's Custodial Fund is the student activity fund.

Midland Independent School District
Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds (Exhibit H-1)
June 30, 2023

Data Control Codes	211	224	225
	ESEA Title I, Part A - Improving Basic Programs	IDEA-Part B Formula	IDEA-Part B Preschool
Assets			
1110	\$ -	\$ 47,116	\$ 2,394
1120	-	-	-
1240	3,640,011	1,475,764	26,156
1260	-	-	-
1290	-	254	-
1000	<u>\$ 3,640,011</u>	<u>\$ 1,523,134</u>	<u>\$ 28,550</u>
Liabilities			
2110	\$ 154,832	\$ 49,425	\$ -
2150	165,872	49,911	678
2160	1,111,436	245,329	4,999
2170	2,207,871	1,178,469	22,873
2180	-	-	-
2300	-	-	-
2000	<u>3,640,011</u>	<u>1,523,134</u>	<u>28,550</u>
Fund Balances			
3450	-	-	-
3510	-	-	-
3545	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,640,011</u>	<u>\$ 1,523,134</u>	<u>\$ 28,550</u>

Midland Independent School District

Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds (Exhibit H-1) - continued
June 30, 2023

240	242	244	255	258	263
National School Breakfast/Lunch Program	Summer Feeding Program	Career & Technical Basic Grant	ESEA Title II, Part A; Teacher & Principal Training & Recruiting	Public Charter Schools	Title III, Part A English Language Acquisition & Enhancement
\$ 1,146,886	\$ 1,181,265	\$ 6,509	\$ 94,458	\$ 120	\$ 14,559
8,713,688	-	-	6,177	-	-
1,568,133	-	67,709	254,692	-	17,044
-	-	-	-	-	-
-	-	-	-	-	86
<u>\$ 11,428,707</u>	<u>\$ 1,181,265</u>	<u>\$ 74,218</u>	<u>\$ 355,327</u>	<u>\$ 120</u>	<u>\$ 31,689</u>
\$ 277,052	\$ -	\$ 33	\$ 20,893	\$ -	\$ 3
6,257	10	643	386	-	-
38,521	-	-	81,000	-	-
1,338,121	-	73,542	253,048	-	31,686
-	-	-	-	120	-
310,590	-	-	-	-	-
<u>1,970,541</u>	<u>10</u>	<u>74,218</u>	<u>355,327</u>	<u>120</u>	<u>31,689</u>
9,458,166	1,181,255	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,458,166</u>	<u>1,181,255</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 11,428,707</u>	<u>\$ 1,181,265</u>	<u>\$ 74,218</u>	<u>\$ 355,327</u>	<u>\$ 120</u>	<u>\$ 31,689</u>

Midland Independent School District

Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds (Exhibit H-1) - continued

June 30, 2023

Data Control Codes	266 Elementary and Secondary School Emergency Relief (CARES)	272 Medical Assistance Program	279 TCLAS ESSER III	
Assets				
1110	Cash and cash equivalents	\$ 68,544	\$ -	\$ 27,573
1120	Current investments	66,470	-	-
1240	Due from other governments	-	14,903	191,082
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1000	Total assets	\$ 135,014	\$ 14,903	\$ 218,655
Liabilities				
2110	Accounts payable	\$ -	\$ -	\$ 80
2150	Payroll deductions and withholdings	-	-	1,488
2160	Accrued wages payable	-	-	34,231
2170	Due to other funds	865	14,903	182,856
2180	Due to other governments	134,149	-	-
2300	Unearned revenue	-	-	-
2000	Total liabilities	135,014	14,903	218,655
Fund Balances				
3450	Restricted - grants	-	-	-
3510	Committed - construction	-	-	-
3545	Committed - other	-	-	-
	Total fund balances	-	-	-
	Total liabilities and fund balances	\$ 135,014	\$ 14,903	\$ 218,655

Midland Independent School District

Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds (Exhibit H-1) - continued
June 30, 2023

280	281	282	284	285	289
ARP Education for Homeless Children and Youth	CRRSA ESSER II	ARPA ESSER III	IDEA-B Formula ARPA	IDEA-B Preschool ARPA	Other Federal Special Revenue Funds
\$ 123	\$ 2,895,916	\$ 22,814	\$ 259,773	\$ 20,922	\$ 592,392
-	157,084	2,219,000	-	-	33,699
22,832	10,739,824	3,027,366	734,199	3,223	148,729
-	-	-	9,794	-	-
-	-	-	-	-	-
<u>\$ 22,955</u>	<u>\$ 13,792,824</u>	<u>\$ 5,269,180</u>	<u>\$ 1,003,766</u>	<u>\$ 24,145</u>	<u>\$ 774,820</u>
\$ 89	\$ 220,999	\$ 504,716	\$ 3,712	\$ 6,205	\$ 350
123	-	7,392	2,868	-	-
-	-	31,299	59,231	-	11,409
22,743	13,571,825	4,725,773	937,955	17,940	278,680
-	-	-	-	-	484,381
-	-	-	-	-	-
<u>22,955</u>	<u>13,792,824</u>	<u>5,269,180</u>	<u>1,003,766</u>	<u>24,145</u>	<u>774,820</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 22,955</u>	<u>\$ 13,792,824</u>	<u>\$ 5,269,180</u>	<u>\$ 1,003,766</u>	<u>\$ 24,145</u>	<u>\$ 774,820</u>

Midland Independent School District

Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds (Exhibit H-1) - continued

June 30, 2023

Data Control Codes	296	396	410	
	Title I, Priority & Focus	Advanced Placement Testing	State Textbook Fund	
Assets				
1110	Cash and cash equivalents	\$ 266,299	\$ 33,743	\$ -
1120	Current investments	-	8,628	20,948
1240	Due from other governments	72,451	-	290,440
1260	Due from other funds	-	-	-
1290	Other receivables	-	-	-
1000	Total assets	<u>\$ 338,750</u>	<u>\$ 42,371</u>	<u>\$ 311,388</u>
Liabilities				
2110	Accounts payable	\$ -	\$ 3,364	\$ 165
2150	Payroll deductions and withholdings	-	-	-
2160	Accrued wages payable	-	-	-
2170	Due to other funds	338,750	-	311,223
2180	Due to other governments	-	-	-
2300	Unearned revenue	-	39,007	-
2000	Total liabilities	<u>338,750</u>	<u>42,371</u>	<u>311,388</u>
Fund Balances				
3450	Restricted - grants	-	-	-
3510	Committed - construction	-	-	-
3545	Committed - other	-	-	-
	Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
	Total liabilities and fund balances	<u>\$ 338,750</u>	<u>\$ 42,371</u>	<u>\$ 311,388</u>

Midland Independent School District

Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds (Exhibit H-1) - continued

June 30, 2023

429	461	499		699	Total Nonmajor Governmental Funds (See Exhibit C-1)
Other State Funded Special Revenue Funds	Campus Activity Fund	Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	Capital Projects Fund	
\$ 219,505	\$ 1,024,877	\$ 660,453	\$ 8,586,241	\$ 134,728	\$ 8,720,969
2,512	-	2,190,717	13,418,923	20,013,649	33,432,572
128,865	-	-	22,423,423	-	22,423,423
7,520	30	-	17,344	10,440,600	10,457,944
-	-	19,060	19,400	20,228	39,628
<u>\$ 358,402</u>	<u>\$ 1,024,907</u>	<u>\$ 2,870,230</u>	<u>\$ 44,465,331</u>	<u>\$ 30,609,205</u>	<u>\$ 75,074,536</u>
\$ 19,046	\$ 9,975	\$ 321,701	\$ 1,592,640	\$ 2,173,396	\$ 3,766,036
-	-	35	235,663	-	235,663
-	-	-	1,617,455	-	1,617,455
48,470	-	114,757	25,672,350	-	25,672,350
-	-	-	618,650	-	618,650
290,819	-	2,408,782	3,049,198	-	3,049,198
<u>358,335</u>	<u>9,975</u>	<u>2,845,275</u>	<u>32,785,956</u>	<u>2,173,396</u>	<u>34,959,352</u>
67	-	24,955	10,664,443	-	10,664,443
-	-	-	-	28,435,809	28,435,809
-	1,014,932	-	1,014,932	-	1,014,932
<u>67</u>	<u>1,014,932</u>	<u>24,955</u>	<u>11,679,375</u>	<u>28,435,809</u>	<u>40,115,184</u>
<u>\$ 358,402</u>	<u>\$ 1,024,907</u>	<u>\$ 2,870,230</u>	<u>\$ 44,465,331</u>	<u>\$ 30,609,205</u>	<u>\$ 75,074,536</u>

Midland Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental
Funds – Special Revenue Funds (Exhibit H-2)
Year Ended June 30, 2023

Data Control Codes	211	224	225
	ESEA Title I, Part A - Improving Basic Programs	IDEA-Part B Formula	IDEA-Part B Preschool
Revenues			
5700	Local and intermediate revenues	\$ -	\$ -
5800	State program revenues	-	-
5900	Federal program revenues	5,865,249	87,199
5020	Total revenues	5,865,249	87,199
Expenditures			
Current			
0011	Instruction	4,702,600	87,199
0012	Instructional resources and media services	17,962	-
0013	Curriculum and instructional staff development	740,675	26,493
0021	Instructional leadership	103,875	544,394
0023	School leadership	54,825	-
0031	Guidance, counseling, and evaluation services	94,923	1,095,450
0033	Health services	-	-
0034	Student transportation	-	68,437
0035	Food service	-	-
0036	Extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	2,770
0052	Security and monitoring services	-	-
0053	Data processing services	-	-
0061	Community services	150,389	-
0071	Debt service	-	-
0081	Facilities acquisition and construction	-	-
0093	Payments related to shared service arrangements	-	177,083
6030	Total expenditures	5,865,249	87,199
1100	Excess (deficiency) of revenues over (under) expenditures	-	-
Other financing sources (uses)			
7912	Sale of real and personal property	-	-
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources (uses)	-	-
1200	Net change in fund balances	-	-
0100	Fund balances, beginning	-	-
3000	Fund balances, ending	\$ -	\$ -

Midland Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds –
Special Revenue Funds (Exhibit H-2) - continued
Year Ended June 30, 2023

240	242	244	255	258	263
National School Breakfast/Lunch Program	Summer Feeding Program	Career & Technical Basic Grant	ESEA Title II, Part A; Teacher & Principal Training & Recruiting	Public Charter Schools	Title III, Part A English Language Acquisition & Enhancement
\$ 3,332,753	\$ -	\$ -	\$ -	\$ -	\$ -
56,466	-	-	-	-	-
11,729,723	-	272,031	488,742	-	164,987
15,118,942	-	272,031	488,742	-	164,987
-	-	185,668	-	-	127,606
-	-	-	-	-	-
-	-	-	401,200	-	18,365
-	-	-	-	-	-
-	-	-	61,907	-	-
-	-	69,832	-	-	-
-	-	-	-	-	-
13,462,895	-	-	-	-	-
-	-	-	-	-	-
-	-	-	25,635	-	-
-	-	16,531	-	-	-
-	-	-	-	-	-
-	-	-	-	-	19,016
-	-	-	-	-	-
-	-	-	-	-	-
13,462,895	-	272,031	488,742	-	164,987
1,656,047	-	-	-	-	-
-	-	-	-	-	-
145,356	-	-	-	-	-
-	-	-	-	-	-
145,356	-	-	-	-	-
1,801,403	-	-	-	-	-
7,656,763	1,181,255	-	-	-	-
\$ 9,458,166	\$ 1,181,255	\$ -	\$ -	\$ -	\$ -

Midland Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds –
Special Revenue Funds (Exhibit H-2) - continued
Year Ended June 30, 2023

Data Control Codes		266	272	279
		Elementary and Secondary School Emergency Relief (CARES)	Medical Assistance Program	TCLAS ESSER III
	Revenues			
5700	Local and intermediate revenues	\$ -	\$ -	\$ -
5800	State program revenues	-	-	-
5900	Federal program revenues	74,695	63,122	426,867
5020	Total revenues	74,695	63,122	426,867
	Expenditures			
	Current			
0011	Instruction	69,197	-	298,484
0012	Instructional resources and media services	-	-	-
0013	Curriculum and instructional staff development	5,498	-	-
0021	Instructional leadership	-	-	128,383
0023	School leadership	-	-	-
0031	Guidance, counseling, and evaluation services	-	-	-
0033	Health services	-	63,122	-
0034	Student transportation	-	-	-
0035	Food service	-	-	-
0036	Extracurricular activities	-	-	-
0041	General administration	-	-	-
0051	Plant maintenance and operations	-	-	-
0052	Security and monitoring services	-	-	-
0053	Data processing services	-	-	-
0061	Community services	-	-	-
0071	Debt service	-	-	-
0081	Facilities acquisition and construction	-	-	-
0093	Payments related to shared service arrangements	-	-	-
6030	Total expenditures	74,695	63,122	426,867
1100	Excess (deficiency) of revenues over (under) expenditures	-	-	-
	Other financing sources (uses)			
7912	Sale of real and personal property	-	-	-
7915	Transfers in	-	-	-
8911	Transfers out	-	-	-
7080	Total other financing sources (uses)	-	-	-
1200	Net change in fund balances	-	-	-
0100	Fund balances, beginning	-	-	-
3000	Fund balances, ending	\$ -	\$ -	\$ -

Midland Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds –
Special Revenue Funds (Exhibit H-2) - continued
Year Ended June 30, 2023

280	281	282	284	285	289
ARP Education for Homeless Children and Youth	CRRSA ESSER II	ARPA ESSER III	IDEA-B Formula ARPA	IDEA-B Preschool ARPA	Other Federal Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
82,291	12,053,805	9,602,223	703,739	3,105	350,597
82,291	12,053,805	9,602,223	703,739	3,105	350,597
-	11,942,636	2,685,270	559,063	-	172,049
-	-	-	-	-	-
-	99,295	3,653,656	12,686	-	10,570
-	-	311,121	87,965	3,078	-
-	6,654	1,485,558	-	-	-
-	220	683,708	44,025	27	167,978
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
82,291	5,000	71,298	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	711,612	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
82,291	12,053,805	9,602,223	703,739	3,105	350,597
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Midland Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds –
Special Revenue Funds (Exhibit H-2) - continued
Year Ended June 30, 2023

Data Control Codes	296	396	410
	Title I, Priority & Focus	Advanced Placement Testing	State Textbook Fund
Revenues			
5700	Local and intermediate revenues	\$ -	\$ -
5800	State program revenues	-	3,364
5900	Federal program revenues	217,065	-
5020	Total revenues	<u>217,065</u>	<u>290,440</u>
Expenditures			
Current			
0011	Instruction	159,503	-
0012	Instructional resources and media services	-	-
0013	Curriculum and instructional staff development	6,147	3,364
0021	Instructional leadership	50,910	-
0023	School leadership	505	-
0031	Guidance, counseling, and evaluation services	-	-
0033	Health services	-	-
0034	Student transportation	-	-
0035	Food service	-	-
0036	Extracurricular activities	-	-
0041	General administration	-	-
0051	Plant maintenance and operations	-	-
0052	Security and monitoring services	-	-
0053	Data processing services	-	-
0061	Community services	-	-
0071	Debt service	-	-
0081	Facilities acquisition and construction	-	-
0093	Payments related to shared service arrangements	-	-
6030	Total expenditures	<u>217,065</u>	<u>3,364</u>
1100	Excess (deficiency) of revenues over (under) expenditures	-	-
Other financing sources (uses)			
7912	Sale of real and personal property	-	-
7915	Transfers in	-	-
8911	Transfers out	-	-
7080	Total other financing sources (uses)	-	-
1200	Net change in fund balances	-	-
0100	Fund balances, beginning	-	-
3000	Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>

Midland Independent School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds –
Special Revenue Funds (Exhibit H-2) - continued
Year Ended June 30, 2023

429	461	499		699	Total Nonmajor Governmental Funds (See Exhibit C-2)
Other State Funded Special Revenue Funds	Campus Activity Funds	Other Local Special Revenue Funds	Total Nonmajor Special Revenue Funds	Capital Projects Fund	
\$ -	\$ 376,277	\$ 673,269	\$ 4,382,299	\$ 111,218	\$ 4,493,517
725,718	-	1,354	1,077,342	-	1,077,342
-	-	-	47,013,206	-	47,013,206
<u>725,718</u>	<u>376,277</u>	<u>674,623</u>	<u>52,472,847</u>	<u>111,218</u>	<u>52,584,065</u>
283,490	268,942	-	24,745,286	-	24,745,286
-	34,512	-	52,474	-	52,474
203,586	-	-	5,181,535	-	5,181,535
1,145	-	126,658	1,357,529	-	1,357,529
-	756	-	1,610,205	-	1,610,205
-	10,220	-	2,166,383	-	2,166,383
-	-	-	63,122	-	63,122
-	-	-	68,437	1,510,237	1,578,674
-	-	-	13,462,895	-	13,462,895
-	99,218	-	99,218	-	99,218
-	-	-	184,224	-	184,224
138,130	-	-	157,431	7,513,356	7,670,787
11,250	-	144,460	155,710	124,366	280,076
-	-	-	-	102,600	102,600
88,050	-	69,553	1,038,620	-	1,038,620
-	-	315,000	315,000	-	315,000
-	-	-	-	9,210,814	9,210,814
-	-	-	177,083	-	177,083
<u>725,651</u>	<u>413,648</u>	<u>655,671</u>	<u>50,835,152</u>	<u>18,461,373</u>	<u>69,296,525</u>
67	(37,371)	18,952	1,637,695	(18,350,155)	(16,712,460)
-	-	-	-	-	-
-	-	-	145,356	33,000,000	33,145,356
-	-	-	-	-	-
-	-	-	145,356	33,000,000	33,145,356
67	(37,371)	18,952	1,783,051	14,649,845	16,432,896
-	1,052,303	6,003	9,896,324	13,785,964	23,682,288
<u>\$ 67</u>	<u>\$ 1,014,932</u>	<u>\$ 24,955</u>	<u>\$ 11,679,375</u>	<u>\$ 28,435,809</u>	<u>\$ 40,115,184</u>

Midland Independent School District
Combining Statement of Net Position – Internal Service Funds (Exhibit I-1)
June 30, 2023

Data Control Codes		753 Self Insurance Fund	771 Employee Housing Fund	798 Employee Childcare Fund	Total Internal Service Funds
Assets					
Current assets					
1110	Cash and cash equivalents	\$ 5,301,796	\$ 747,653	\$ 15,500	\$ 6,064,949
1120	Current investments	4,189,080	-	-	4,189,080
1290	Other receivables	-	800	-	800
1410	Prepaid items	-	482,969	-	482,969
	Total current assets	<u>9,490,876</u>	<u>1,231,422</u>	<u>15,500</u>	<u>10,737,798</u>
Noncurrent assets					
1520	Buildings and improvements, net	-	5,574,266	-	5,574,266
	Total noncurrent assets	<u>-</u>	<u>5,574,266</u>	<u>-</u>	<u>5,574,266</u>
1000	Total assets	<u>9,490,876</u>	<u>6,805,688</u>	<u>15,500</u>	<u>16,312,064</u>
Liabilities					
Current liabilities					
2110	Accounts payable	528,870	-	-	528,870
2200	Accrued liabilities	2,494,367	-	-	2,494,367
	Total current liabilities	<u>3,023,237</u>	<u>-</u>	<u>-</u>	<u>3,023,237</u>
2000	Total liabilities	<u>3,023,237</u>	<u>-</u>	<u>-</u>	<u>3,023,237</u>
Net Position					
3200	Investment in capital assets	-	5,574,266	-	5,574,266
3900	Unrestricted	6,467,639	1,231,422	15,500	7,714,561
3000	Total net position	<u>\$ 6,467,639</u>	<u>\$ 6,805,688</u>	<u>\$ 15,500</u>	<u>\$13,288,827</u>

Midland Independent School District
Combining Statement of Revenues, Expenditures, and Changes in Net Position – Internal Service Funds
(Exhibit I-2)
Year Ended June 30, 2023

Data Control Codes	753 Self Insurance Fund	771 Employee Housing Fund	798 Employee Childcare Fund	Total Internal Service Funds	
Operating revenues					
5700	Local and intermediate revenues	\$ 22,142,749	\$ 570,202	\$ 15,500	\$ 22,728,451
5020	Total revenues	22,142,749	570,202	15,500	22,728,451
Operating expenses					
6200	Professional and contracted services	586,946	412,171	-	999,117
6400	Other operating costs	22,413,818	306,569	-	22,720,387
6030	Total expenses	23,000,764	718,740	-	23,719,504
	Operating income (loss)	(858,015)	(148,538)	15,500	(991,053)
Non-operating revenues					
7955	Earnings from temp. deposits and investments	153,711	-	-	153,711
8030	Total non-operating revenues	153,711	-	-	153,711
1300	Change in net position	(704,304)	(148,538)	15,500	(837,342)
0100	Net position, beginning	7,171,943	6,954,226	-	14,126,169
3300	Net position, ending	\$ 6,467,639	\$ 6,805,688	\$ 15,500	\$ 13,288,827

Midland Independent School District
Combining Statement of Cash Flows – Internal Service Funds (Exhibit I-3)
Year Ended June 30, 2023

	753 Self Insurance Fund	771 Employee Housing Fund	798 Employee Childcare Fund	Total Internal Service Funds
Operating activities				
Cash received from quasi-external operating activities	\$22,142,749	\$ 611,044	\$ 15,500	\$22,769,293
Cash payments to suppliers for goods and benefits	(22,791,574)	(966,009)	-	(23,757,583)
Net cash (used for) provided by operating activities	(648,825)	(354,965)	15,500	(988,290)
Noncapital financing activities				
Transfers (to) from other funds	9,483	76,271	-	85,754
Net cash (used for) provided by noncapital financing activities	9,483	76,271	-	85,754
Capital and related financing activities				
Acquisition of capital assets	-	(204,817)	-	(204,817)
Net cash used for capital and related financing activities	-	(204,817)	-	(204,817)
Investing activities				
Interest and dividends received on investments	153,711	-	-	153,711
Sale of investments	(153,711)	-	-	(153,711)
Net cash (used for) provided by investing activities	-	-	-	-
Net change in cash and cash equivalents	(639,342)	(483,511)	15,500	(1,107,353)
Cash and cash equivalents, beginning of year	5,941,138	1,231,164	-	7,172,302
Cash and cash equivalents, end of the year	\$ 5,301,796	\$ 747,653	\$ 15,500	\$ 6,064,949
Reconciliation of operating income (loss) to net cash (used for) provided by operating activities				
Operating income (loss)	\$ (858,015)	\$ (148,538)	\$ 15,500	\$ (991,053)
Depreciation	-	180,120	-	180,120
Change in assets and liabilities				
(Increase) decrease in other receivables	-	40,842	-	40,842
(Increase) decrease in prepaid items	93,593	(427,389)	-	(333,796)
Increase (decrease) in accounts payable	428,545	-	-	428,545
Increase (decrease) in payable from restricted	(312,948)	-	-	(312,948)
Net cash (used for) provided by operating activities	\$ (648,825)	\$ (354,965)	\$ 15,500	\$ (988,290)



Required TEA Schedules
June 30, 2023

Midland Independent School District

Midland Independent School District
 Schedule of Delinquent Taxes Receivable (Exhibit J-1)
 Year Ended June 30, 2023

Year Ended June 30,	Tax Rates		3 Assessed/Appraised Value For School Tax Purposes
	1 Maintenance	2 Debt Service	
2014 and prior years	\$ Various	\$ Various	\$ Various
2015	1.04005	0.1000	19,292,108,478
2016	1.04005	0.1000	20,127,433,487
2017	1.04005	0.0800	18,996,101,877
2018	1.04005	0.0875	21,003,947,494
2019	1.04005	0.0800	25,295,797,904
2020	0.97005	0.0800	35,081,271,008
2021	0.95640	0.0702	36,269,821,064
2022	0.95340	0.0702	34,456,872,604
2023 (school year under audit)	0.84460	0.0702	45,192,762,240
1000 Totals			
8000 Taxes Refunded			

Midland Independent School District
Schedule of Delinquent Taxes Receivable (Exhibit J-1)
Year Ended June 30, 2023

10 Beginning Balance July 01, 2022	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance June 30, 2023
\$ 254,799	\$ -	\$ 16,109	\$ 1,336	\$ (3,216)	\$ 234,138
153,902	-	(45,667)	(3,788)	(57,918)	145,439
241,795	-	(61,525)	(5,104)	(79,469)	228,955
624,822	-	(71,931)	(5,967)	(265,800)	436,920
316,369	-	(29,428)	(2,441)	(72,537)	275,701
432,279	-	4,557	378	(58,761)	368,583
1,104,260	-	237,436	19,696	(197,526)	649,602
2,948,456	-	798,067	66,203	(808,524)	1,275,662
8,817,886	-	4,891,015	405,731	(1,294,968)	2,226,172
-	409,574,661	370,777,974	30,757,627	725,306	8,764,366
<u>\$ 14,894,568</u>	<u>\$ 409,574,661</u>	<u>\$ 376,516,607</u>	<u>\$ 31,233,671</u>	<u>\$ (2,113,413)</u>	<u>\$ 14,605,538</u>
		<u>\$ 147,587</u>			

Midland Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – National School
Breakfast and Lunch (Exhibit J-2)
Year Ended June 30, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local and intermediate revenues	\$ 4,167,419	\$ 3,358,380	\$ 3,332,753	\$ (25,627)
5800	State program revenues	58,905	56,466	56,466	-
5900	Federal program revenues	9,897,586	12,866,349	11,729,723	(1,136,626)
5020	Total revenues	<u>14,123,910</u>	<u>16,281,195</u>	<u>15,118,942</u>	<u>(1,162,253)</u>
	Expenditures				
	Current				
	Support services - student (pupil)				
0035	Food service	<u>14,123,910</u>	<u>16,431,195</u>	<u>13,462,895</u>	<u>2,968,300</u>
	Total support services - student (pupil)	<u>14,123,910</u>	<u>16,431,195</u>	<u>13,462,895</u>	<u>2,968,300</u>
6030	Total expenditures	<u>14,123,910</u>	<u>16,431,195</u>	<u>13,462,895</u>	<u>2,968,300</u>
1100	(Deficiency) excess of revenues (under) over expenditures	<u>-</u>	<u>(150,000)</u>	<u>1,656,047</u>	<u>1,806,047</u>
	Other financing sources (uses)				
7915	Transfers in	<u>-</u>	<u>150,000</u>	<u>145,356</u>	<u>(4,644)</u>
7080	Total other financing sources (uses)	<u>-</u>	<u>150,000</u>	<u>145,356</u>	<u>(4,644)</u>
1200	Net change in fund balance	<u>-</u>	<u>-</u>	<u>1,801,403</u>	<u>1,801,403</u>
0100	Fund balance, beginning	<u>7,656,763</u>	<u>7,656,763</u>	<u>7,656,763</u>	<u>-</u>
3000	Fund balance, ending	<u>\$ 7,656,763</u>	<u>\$ 7,656,763</u>	<u>\$ 9,458,166</u>	<u>\$ 1,801,403</u>

Midland Independent School District
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund
(Exhibit J-3)
Year Ended June 30, 2023

Data Control Codes		Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
		Original	Final		
	Revenues				
5700	Local and intermediate revenues	\$29,245,403	\$32,334,190	\$32,377,311	\$ 43,121
5800	State program revenues	-	310,072	302,068	(8,004)
5020	Total revenues	<u>29,245,403</u>	<u>32,644,262</u>	<u>32,679,379</u>	<u>35,117</u>
	Expenditures				
	Debt service:				
0071	Principal on long-term debt	14,670,863	26,666,854	24,462,680	2,204,174
0072	Interest on long-term debt	14,574,540	5,977,408	7,641,950	(1,664,542)
	Total debt service	<u>29,245,403</u>	<u>32,644,262</u>	<u>32,104,630</u>	<u>539,632</u>
6030	Total expenditures	<u>29,245,403</u>	<u>32,644,262</u>	<u>32,104,630</u>	<u>539,632</u>
1100	Excess of revenues over expenditures	-	-	574,749	574,749
1200	Net change in fund balance	-	-	574,749	574,749
0100	Fund balance, beginning	<u>17,424,417</u>	<u>17,424,417</u>	<u>17,424,417</u>	-
3000	Fund balance, ending	<u>\$17,424,417</u>	<u>\$17,424,417</u>	<u>\$17,999,166</u>	<u>\$ 574,749</u>

Data Control Codes		Responses
<u>Section A: Compensatory Education Programs</u>		
AP1	Did your LEA expend any state compensatory education program state allotment funds during the LEA's fiscal year?	Yes
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
AP3	List the total state allotment funds received for state compensatory education programs during the LEA's fiscal year.	\$ 23,120,479
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year. (PICs 24, 26, 28, 29, 30, 34)	\$ 13,588,878
<u>Section B: Bilingual Education Programs</u>		
AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 2,899,575
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25, 35)	\$ 1,837,270

STATISTICAL SECTION

STATISTICAL SECTION

(UNAUDITED - for Analytical Purposes Only)

This part of Midland Independent School District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

TABLE	CONTENTS
	Financial Trends
	<i>These tables contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.</i>
	Entity-wide Information:
1	Net position by component, last ten fiscal years
2	Changes in net position, last ten fiscal years
	Governmental Funds Information:
3	Fund balances of governmental funds, last ten fiscal years
4	Changes in fund balances of governmental funds, last ten fiscal years
	Revenue Capacity
	<i>These tables contain information to help the reader assess the District's most significant local revenue source, the property tax.</i>
5	Assessed value and actual value of taxable property, last ten tax years
6	Allocation of property tax rates and tax levies, last ten fiscal years
7	Property tax rates – Direct and overlapping governments, last ten fiscal years
8	Principal property taxpayers, current year and nine years ago
9	Property tax levies and collections, last ten fiscal years
	Debt Capacity
	<i>These tables present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.</i>
10	Outstanding debt by type, last ten fiscal years
11	Ratios of net general obligation bonded debt outstanding, last ten fiscal years
12	Direct and overlapping governmental activities debt as of June 30, 2022
13	Legal debt margin information, last ten fiscal years
	Demographic and Economic Information
	<i>These tables offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place and to help make comparisons over time and with other governments.</i>
14	Demographic and economic statistics, last ten fiscal years
15	Principal employers, current year and nine years ago
	Operating Information
	<i>These tables contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and activities it performs.</i>
16	Full-time equivalent district employees by function, last ten fiscal years
17	Operating statistics, last ten fiscal years
18	Teacher base salaries, last ten fiscal years
19	School building information, last ten fiscal years
Sources:	Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

MIDLAND INDEPENDENT SCHOOL DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(UNAUDITED - accrual basis of accounting)

Table 1

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities:										
Net Investment in										
Capital Assets	\$ 202,193,247	\$ 168,499,844	\$ 149,054,674	\$ 113,812,106	\$ 82,482,099	\$ 78,043,129	\$ 73,869,878	\$ 76,403,516	\$ 86,379,978	\$ 89,182,395
Restricted	36,840,478	32,514,570	26,339,652	14,832,124	13,226,650	12,301,504	4,808,346	5,997,348	8,489,512	8,973,757
Unrestricted	<u>111,416,323</u>	<u>59,880,449</u>	<u>31,947,358</u>	<u>16,676,669</u>	<u>(34,570,618)</u>	<u>(67,437,188)</u>	<u>(1,209,555)</u>	<u>3,785,768</u>	<u>10,370,668</u>	<u>44,309,476</u>
Total Governmental Activities Net Position	<u>350,450,048</u>	<u>260,894,863</u>	<u>207,341,684</u>	<u>145,320,899</u>	<u>61,138,131</u>	<u>22,907,445</u>	<u>77,468,669</u>	<u>86,186,632</u>	<u>105,240,158</u>	<u>142,465,628</u>
Business-Type Activities:										
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary Government:										
Net Investment in										
Capital Assets	202,193,247	168,499,844	149,054,674	113,812,106	82,482,099	78,043,129	73,869,878	76,403,516	86,379,978	89,182,395
Restricted	36,840,478	32,514,570	26,339,652	14,832,124	13,226,650	12,301,504	4,808,346	5,997,348	8,489,512	8,973,757
Unrestricted	<u>111,416,323</u>	<u>59,880,449</u>	<u>31,947,358</u>	<u>16,676,669</u>	<u>(34,570,618)</u>	<u>(67,437,188)</u>	<u>(1,209,555)</u>	<u>3,785,768</u>	<u>10,370,668</u>	<u>44,309,476</u>
Total Primary Government Activities Net Position	\$ <u>350,450,048</u>	\$ <u>260,894,863</u>	\$ <u>207,341,684</u>	\$ <u>145,320,899</u>	\$ <u>61,138,131</u>	\$ <u>22,907,445</u>	\$ <u>77,468,669</u>	\$ <u>86,186,632</u>	\$ <u>105,240,158</u>	\$ <u>142,465,628</u>

MIDLAND INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED - Accrual Basis of Accounting)

Table 2

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018 (2)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses										
Governmental Activities:										
Instruction	\$ 176,122,622	\$ 172,424,180	\$ 176,946,482	\$ 162,597,018	\$ 142,365,350	\$ 117,835,802	\$ 128,425,519	\$ 136,326,250	\$ 131,695,251	\$ 127,175,213
Instructional Resources and Media Services	2,618,230	2,615,066	2,589,965	2,305,866	2,282,284	2,153,150	2,415,389	2,848,659	2,831,949	2,640,307
Curriculum and Instructional Staff Development	11,264,745	7,722,197	5,455,794	5,536,355	4,969,528	3,247,982	6,507,647	7,758,833	7,320,584	5,780,805
Instructional Leadership	6,214,848	6,341,258	4,565,224	4,681,789	4,696,852	3,045,218	3,639,042	3,928,579	3,918,741	3,459,098
School Leadership	15,248,937	14,938,958	15,576,818	16,138,210	14,252,358	12,554,028	12,329,298	13,427,836	12,331,114	11,443,520
Guidance, Counseling, and Evaluation Services	13,116,678	11,443,864	11,018,414	10,499,148	9,453,288	6,300,169	8,165,956	8,472,166	7,424,138	7,411,341
Social Work Services	430,342	208,057	250,330	245,761	223,832	(6,185)	265,257	349,969	277,634	272,818
Health Services	2,983,006	3,933,311	3,450,263	3,059,613	2,399,318	2,130,803	2,131,590	2,320,889	2,294,645	2,106,755
Student Transportation	8,784,710	8,627,102	7,704,040	6,431,096	7,114,644	6,149,964	7,037,593	8,064,366	8,080,453	7,138,920
Food Services	13,552,570	14,558,354	10,106,078	11,335,282	12,192,613	9,025,879	12,679,274	13,362,819	12,100,041	10,610,144
Extracurricular Activities	7,061,482	6,946,754	5,617,185	5,923,508	4,902,670	4,131,906	4,800,531	5,186,266	4,677,439	4,703,078
General Administration	7,923,848	6,638,113	8,216,210	6,463,183	5,873,147	4,663,275	7,875,522	6,567,443	6,535,471	6,027,092
Plant Maintenance and Operations	29,452,778	32,120,498	27,869,467	23,452,336	19,447,948	17,502,720	18,480,798	23,281,118	23,975,580	21,829,193
Security and Monitoring Services	3,471,599	2,746,139	3,081,976	2,232,659	1,921,626	1,290,287	1,374,708	1,689,942	1,493,188	1,195,273
Data Processing Services	7,088,902	7,936,446	7,762,807	6,225,613	4,305,380	4,543,498	4,320,536	5,325,762	4,633,829	3,850,322
Community Services	2,073,030	1,386,571	1,335,738	704,573	664,084	397,870	498,527	457,810	799,434	929,608
Interest on Long-term Debt	3,587,463	4,906,317	5,702,956	7,950,025	7,993,936	3,866,791	8,623,459	10,063,228	12,509,671	8,551,453
Bond Issuance Costs and Fees	-	-	449,534	20,595	36,438	527,320	320,778	-	-	727,966
Facilities Acquisition and Construction	8,540	17,800	-	418,540	68,114	1,393	2,357,197	-	-	-
Contracted Instructional services										
between schools	164,969,532	124,213,933	153,749,183	139,079,427	65,012,042	38,120,581	45,806,661	47,592,168	32,294,988	14,750,275
Payments to Shared Services Arrangements	177,083	185,200	142,813	135,390	109,431	153,947	156,500	35,353	67,507	95,445
Other Intergovernmental Charges	2,899,804	2,323,593	2,241,283	2,071,738	1,812,552	1,396,826	1,467,585	-	-	-
Total Governmental Activities Expenses	<u>479,050,749</u>	<u>432,233,711</u>	<u>453,832,560</u>	<u>417,507,725</u>	<u>312,097,435</u>	<u>239,033,224</u>	<u>279,679,367</u>	<u>297,059,456</u>	<u>275,261,657</u>	<u>240,698,626</u>
Business-Type Activities:										
None										
Total Business-Type Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government Expenses	<u>\$ 479,050,749</u>	<u>\$ 432,233,711</u>	<u>\$ 453,832,560</u>	<u>\$ 417,507,725</u>	<u>\$ 312,097,435</u>	<u>\$ 239,033,224</u>	<u>\$ 279,679,367</u>	<u>\$ 297,059,456</u>	<u>\$ 275,261,657</u>	<u>\$ 240,698,626</u>

MIDLAND INDEPENDENT SCHOOL DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(UNAUDITED - Accrual Basis of Accounting)

Table 2 (continued)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018 (2)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Program Revenues										
Governmental Activities:										
Charges for Services:	\$ 8,840,595	\$ 7,677,396	\$ 3,248,988	\$ 5,389,316	\$ 8,728,914	\$ 6,474,421	\$ 6,436,802	\$ 4,124,595	\$ 4,099,173	\$ 3,848,281
Grants and Contributions	52,734,246	43,597,926	50,232,910	48,677,747	37,437,069	57,594,328	41,034,369	20,932,728	15,299,534	17,851,855
Total Governmental Activities Program Revenues	<u>61,574,841</u>	<u>51,275,322</u>	<u>53,481,898</u>	<u>54,067,063</u>	<u>46,165,983</u>	<u>64,068,749</u>	<u>47,471,171</u>	<u>25,057,323</u>	<u>19,398,707</u>	<u>21,700,136</u>
Business-Type Activities:										
None										
Total Business-Type Activities Program Revenues	-	-	-	-	-	-	-	-	-	-
Total Primary Government Revenues	<u>61,574,841</u>	<u>51,275,322</u>	<u>53,481,898</u>	<u>54,067,063</u>	<u>46,165,983</u>	<u>64,068,749</u>	<u>47,471,171</u>	<u>25,057,323</u>	<u>19,398,707</u>	<u>21,700,136</u>
Net (Expense)/Revenue										
Governmental Activities	(417,475,908)	(380,958,389)	(400,350,662)	(363,440,662)	(265,931,452)	(174,964,475)	(232,208,196)	(272,002,133)	(255,862,950)	(218,998,490)
Business-Type Activities	-	-	-	-	-	-	-	-	-	-
Total Primary Government Net Expense	<u>\$ (417,475,908)</u>	<u>\$ (380,958,389)</u>	<u>\$ (400,350,662)</u>	<u>\$ (363,440,662)</u>	<u>\$ (265,931,452)</u>	<u>\$ (174,964,475)</u>	<u>\$ (232,208,196)</u>	<u>\$ (272,002,133)</u>	<u>\$ (255,862,950)</u>	<u>\$ (218,998,490)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes, Levied for General Purposes	\$ 375,682,880	\$ 316,487,053	\$ 344,384,055	\$ 337,225,720	\$ 261,042,434	\$ 220,762,931	\$ 192,120,690	\$ 203,910,534	\$ 196,882,016	\$ 173,564,289
Property Taxes, Levied for Debt Service	31,217,618	23,305,344	25,260,525	27,803,971	20,086,115	18,617,214	14,756,633	19,604,787	18,960,691	14,994,616
State-aid Formula Grants Not Restricted	70,727,918	77,005,106	76,181,141	68,010,443	18,416,261	11,349,415	-	-	-	-
Investment Earnings	13,703,288	734,035	244,319	2,277,130	2,919,486	1,239,892	579,321	376,552	210,691	199,347
Grants and Contributions Not Restricted to Specific Programs	4,265,779	3,117,893	1,233,772	1,159,220	795,233	670,894	14,375,721	23,249,755	26,684,764	27,312,689
Gain on Sale of Capital Assets							-	-	-	3,275,950
Miscellaneous	11,433,560	10,468,711	15,067,635	11,146,946	902,609	3,802,879	1,657,868	5,806,979	9,382,225	2,361,135
Total Primary Government General Revenues	<u>507,031,043</u>	<u>431,118,142</u>	<u>462,371,447</u>	<u>447,623,430</u>	<u>304,162,138</u>	<u>256,443,225</u>	<u>223,490,233</u>	<u>252,948,607</u>	<u>252,120,387</u>	<u>221,708,026</u>
Change in Net Position - Total Primary Governm	<u>\$ 89,555,135</u>	<u>\$ 50,159,753</u>	<u>\$ 62,020,785</u>	<u>\$ 84,182,768</u>	<u>\$ 38,230,686</u>	<u>\$ 81,478,750</u>	<u>\$ (8,717,963)</u>	<u>\$ (19,053,526)</u>	<u>\$ (3,742,563)</u>	<u>\$ 2,709,536</u>

- (1) The District implemented GASB 65 which requires bond issuance costs and fees to be expensed in the current period rather than capitalized and amortized.
(2) District changed the fiscal year from August 31st to June 30th, causing FY18 to be a ten month transition year.

MIDLAND INDEPENDENT SCHOOL DISTRICT
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED - Modified Accrual Basis of Accounting)

Table 3

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018 (1)</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund										
Non-Spendable	\$ 597,975	\$ 639,592	\$ 1,226,474	\$ 1,994,678	\$ 1,259,392	\$ 921,210	\$ 388,671	\$ 260,296	\$ 652,802	\$ 480,998
Restricted	9,549,027	8,195,905	5,912,295	4,003,902	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	112,875,309	80,000,000	65,000,000	43,000,000	-	-	-	-	-	-
Unassigned	107,069,512	109,453,315	105,876,078	109,863,904	99,919,463	79,544,432	42,388,148	41,645,389	50,540,602	51,357,231
Total General Fund	<u><u>230,091,823</u></u>	<u><u>198,288,812</u></u>	<u><u>178,014,847</u></u>	<u><u>158,862,484</u></u>	<u><u>101,178,855</u></u>	<u><u>80,465,642</u></u>	<u><u>42,776,819</u></u>	<u><u>41,905,685</u></u>	<u><u>51,193,404</u></u>	<u><u>51,838,229</u></u>
All Other Governmental Funds										
Non-spendable	-	-	844,653	843,473	706,851	769,891	-	1,064,594	1,066,076	1,050,843
Restricted	28,663,609	26,268,438	22,471,271	30,504,203	16,312,647	13,069,586	6,794,632	8,135,193	31,341,815	125,811,108
Committed	29,450,741	14,838,267	12,571,000	-	12,034,049	1,170,672	-	-	-	-
Total All Other Governmental Funds	<u><u>58,114,350</u></u>	<u><u>41,106,705</u></u>	<u><u>35,886,924</u></u>	<u><u>31,347,676</u></u>	<u><u>29,053,547</u></u>	<u><u>15,010,149</u></u>	<u><u>6,794,632</u></u>	<u><u>9,199,787</u></u>	<u><u>32,407,891</u></u>	<u><u>126,861,951</u></u>
Total Governmental Funds	<u><u>\$ 288,206,173</u></u>	<u><u>\$ 239,395,517</u></u>	<u><u>\$ 213,901,771</u></u>	<u><u>\$ 190,210,160</u></u>	<u><u>\$ 130,232,402</u></u>	<u><u>\$ 95,475,791</u></u>	<u><u>\$ 49,571,451</u></u>	<u><u>\$ 51,105,472</u></u>	<u><u>\$ 83,601,295</u></u>	<u><u>\$ 178,700,180</u></u>

(1) The District changed the fiscal year from August 31st to June 30th, causing FY18 to be a ten month transition year.

MIDLAND INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED - Modified Accrual Basis of Accounting)

Table 4

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES										
Local, Intermediate, and Out-of-State	\$ 439,828,011	\$ 358,433,096	\$ 385,342,885	\$ 383,745,244	\$ 290,986,398	\$ 247,082,439	\$ 227,162,757	\$ 232,705,068	\$ 231,058,737	\$ 195,604,378
State Programs	83,937,924	88,487,630	88,526,377	84,859,467	28,299,615	20,623,490	21,053,078	19,073,633	18,737,043	19,088,926
Federal Programs	52,791,168	42,308,309	36,063,282	23,359,637	24,183,803	18,685,939	21,215,787	20,326,884	22,460,877	22,460,379
Total Revenues	<u>576,557,103</u>	<u>489,229,035</u>	<u>509,932,544</u>	<u>491,964,348</u>	<u>343,469,816</u>	<u>286,391,868</u>	<u>269,431,622</u>	<u>272,105,585</u>	<u>272,256,657</u>	<u>237,153,683</u>
EXPENDITURES										
Current:										
Instruction	172,602,218	173,214,445	165,709,471	142,014,545	124,264,151	111,556,452	118,484,025	123,727,126	128,067,326	121,029,964
Instructional Resources and Media Services	2,750,439	2,758,771	2,564,805	2,149,278	2,170,129	2,039,138	2,201,422	2,535,397	2,677,299	2,446,571
Curriculum and Instructional Staff Developme	11,632,350	8,041,188	5,422,435	5,302,131	4,793,940	3,395,378	6,236,129	7,416,140	7,343,131	5,645,660
Instructional Leadership	6,493,162	6,706,848	4,501,963	4,407,360	4,473,860	3,196,982	3,493,648	3,727,600	3,950,592	3,427,939
School Leadership	15,973,019	16,154,962	15,346,271	14,927,846	13,474,438	11,749,363	11,840,607	12,539,790	12,225,645	11,104,715
Guidance, Counseling, and Evaluation Service	13,726,777	12,262,668	10,877,714	9,652,505	8,936,341	7,481,290	7,675,215	7,889,897	7,508,564	7,315,032
Social Work Services	457,533	222,036	244,453	227,058	210,791	186,977	255,109	324,789	269,441	259,180
Health Services	3,245,152	4,134,088	3,407,097	2,827,838	2,253,575	1,989,289	2,079,715	2,192,420	2,289,051	2,056,336
Student Transportation	11,359,181	9,733,198	8,226,913	7,795,044	8,645,444	5,630,401	6,233,091	6,987,209	7,247,254	7,981,120
Food Services	13,599,769	14,895,072	9,937,974	10,933,930	11,843,011	10,749,129	11,818,288	12,666,506	11,679,603	10,301,852
Extracurricular Activities	7,074,872	7,071,296	5,487,989	5,570,113	4,681,638	4,080,673	3,911,366	4,061,485	3,885,925	3,930,366
General Administration	8,178,100	6,999,728	8,095,643	6,027,349	5,645,812	4,265,107	4,013,066	6,393,809	6,532,963	5,954,793
Plant Maintenance and Operations	37,687,902	32,527,909	28,018,111	22,735,192	19,550,441	17,100,448	20,239,382	21,110,197	22,018,327	20,910,539
Security and Monitoring Services	3,563,543	2,915,720	3,127,431	2,157,650	1,756,234	1,336,966	1,261,458	1,609,427	1,445,067	1,406,643
Data Processing Services	6,208,476	6,933,905	9,400,250	5,882,430	4,302,264	4,394,639	4,236,305	5,144,892	4,608,488	3,798,431
Community Services	2,200,679	1,468,695	1,312,121	631,801	625,914	382,090	476,088	440,055	806,028	910,786
Debt Service: (2)										
Principal on Long-term Debt	26,222,475	16,300,007	11,420,000	18,590,000	7,510,000	8,285,000	7,190,000	7,550,000	5,246,214	9,370,151
Interest on Long-term Debt	7,760,090	6,718,572	8,054,065	8,886,495	9,206,038	4,420,826	9,896,092	12,956,201	13,520,438	9,152,626
Capital Outlay:										
Facilities Acquisition and Construction (3)	10,897,047	8,750,482	23,523,916	16,341,914	3,525,195	48,345	2,327,206	19,843,230	93,671,691	44,081,063
Intergovernmental:										
Contracted instructional services b/n schools	164,969,532	124,213,933	153,749,183	139,079,427	64,924,677	38,120,581	45,806,661	47,592,168	32,294,988	14,750,275
Payments to Shared Services Arrangements	177,083	185,200	142,813	135,390	109,278	153,947	156,500	35,353	67,507	95,445
Other Intergovernmental Charges	2,899,804	2,323,593	2,241,283	2,071,738	1,810,034	1,396,826	1,467,585	-	-	-
Total Expenditures	<u>\$ 529,679,203</u>	<u>\$ 464,532,316</u>	<u>\$ 480,811,901</u>	<u>\$ 428,347,034</u>	<u>\$ 304,713,205</u>	<u>\$ 241,959,847</u>	<u>\$ 271,298,958</u>	<u>\$ 306,743,691</u>	<u>\$ 367,355,542</u>	<u>\$ 285,929,487</u>

MIDLAND INDEPENDENT SCHOOL DISTRICT
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(UNAUDITED - Modified Accrual Basis of Accounting)

Table 4 (continued)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 46,877,900	\$ 24,696,719	\$ 29,120,643	\$ 63,617,314	\$ 38,756,611	\$ 44,432,021	\$ (1,867,336)	\$ (34,638,106)	\$ (95,098,885)	\$ (48,775,804)
OTHER FINANCING SOURCES (USES)										
Issuance of Capital-Related Bonds	-	-	-	-	-	-	-	38,495,000	-	85,235,000
Issuance of Refunding Bonds	-	-	39,344,986	-	-	54,335,996	26,000,000	-	-	-
Premium/Discount from Issuance of Bonds	-	-	1,233,090	-	-	8,280,087	1,564,732	3,519,627	-	8,696,812
Sale of Real and Personal Property	190,132	120,173	129,557	10,444	-	320,100	-	-	-	1,500,000
Proceeds from right to use assets	1,567,020	-	-	-	-	-	-	-	-	-
Proceeds from loans	175,604	-	-	-	-	-	-	-	-	-
Other Resources	-	676,854	-	-	-	-	-	-	-	23,836
Transfers In	33,145,356	13,070,917	9,410,730	8,655,781	12,700,000	-	1,500,000	3,991,274	282,421	1,000,000
Transfers Out	(33,145,356)	(13,070,917)	(11,441,948)	(12,305,781)	(16,700,000)	-	(1,500,000)	(2,325,007)	(282,421)	(1,850,000)
Payment to Refunded Bond Escrow Agent	-	-	(44,105,447)	-	-	-	(27,231,417)	-	-	-
Other Uses	-	-	-	-	-	(62,074,057)	-	(41,538,611)	-	-
Total Other Financing Sources (Uses)	<u>1,932,756</u>	<u>797,027</u>	<u>(5,429,032)</u>	<u>(3,639,556)</u>	<u>(4,000,000)</u>	<u>862,126</u>	<u>333,315</u>	<u>2,142,283</u>	<u>-</u>	<u>94,605,648</u>
Net Change in Fund Balances	\$ <u>48,810,656</u>	\$ <u>25,493,746</u>	\$ <u>23,691,611</u>	\$ <u>59,977,758</u>	\$ <u>34,756,611</u>	\$ <u>45,294,147</u>	\$ <u>(1,534,021)</u>	\$ <u>(32,495,823)</u>	\$ <u>(95,098,885)</u>	\$ <u>45,829,844</u>
Debt Service as a Percentage of Noncapital Expenditures (2)	6.74%	5.09%	4.26%	6.67%	6.52%	7.68%	7.50%	10.11%	6.92%	10.12%

- (1) Expenditures for instruction have risen over the past ten years due to fast student growth.
- (2) Noncapital expenditures consist of total expenditures less capital outlays noted in the reconciliation of governmental funds to governmental activities. Debt service includes principal and interest only.
- (3) District changed the fiscal year from August 31st to June 30th, causing FY18 to be a ten month transition year.

MIDLAND INDEPENDENT SCHOOL DISTRICT

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS (in thousands of dollars)

(UNAUDITED)

Table 5

Fiscal Year Ended 6/30:	Assessed and Actual Value				Less: Exemptions	Total Assessed and Actual Value	Total Direct Rate
	Real Property Value	Personal Property Value	Mineral Value				
2023	\$ 20,567,723	\$ 8,108,988	\$ 20,405,322	\$ (3,889,270)	\$ 45,192,763	\$ 0.91480	
2022	19,332,733	8,331,685	10,265,502	(3,473,048)	34,456,872	1.02360	
2021	18,877,061	8,340,330	12,365,252	(3,312,822)	36,269,821	1.02660	
2020	18,122,153	8,326,065	12,155,504	(3,522,451)	35,081,271	1.05005	
2019	15,602,169	6,523,695	6,227,978	(3,058,045)	25,295,797	1.12005	
2018	14,259,853	5,376,515	4,671,933	(2,830,872)	21,477,429	1.12755	
2017	13,840,552	5,302,986	2,625,419	(2,772,855)	18,996,102	1.12005	
2016	13,188,168	5,956,980	3,661,202	(2,723,421)	20,082,929	1.14005	
2015	11,682,852	5,045,866	4,903,315	(2,237,858)	19,394,175	1.14005	
2014	10,266,565	4,016,132	4,715,502	(2,020,972)	16,977,227	1.13005	

Source: Midland Central Appraisal District

Note: Midland Central Appraisal District annually provides the District with appraised values for properties within the District's taxing authority. Appraised value equals actual value. Actual value less exemptions equals taxable value. Taxable value times the tax rate set by the District's Board of Trustees each fall equal the tax levy. Property is assessed at actual value; therefore, the assessed values are equal to the actual value. Tax rates are per \$100 of assessed value.

MIDLAND INDEPENDENT SCHOOL DISTRICT
ALLOCATION OF PROPERTY TAX RATES AND TAX LEVIES
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 6

Fiscal Year Ended 6/30:	District's Direct Tax Rates (Per \$100 of Assessed Value)			District's Tax Levies		
	General Fund	Debt Service Fund	Total	General Fund	Debt Service Fund	Total
2023	\$ 0.84460	\$ 0.07020	\$ 0.91480	\$ 378,144,680	\$ 31,429,981	\$ 409,574,661
2022	0.95340	0.07020	1.02360	322,706,067	23,761,248	346,467,315
2021	0.95640	0.07020	1.02660	341,794,504	25,087,817	366,882,321
2020	0.97005	0.08000	1.05005	334,995,173	27,627,025	362,622,198
2019	1.04005	0.08000	1.12005	257,746,269	19,825,688	277,571,957
2018	1.04005	0.08750	1.12755	218,441,864	18,377,644	236,819,508
2017	1.04005	0.08000	1.12005	192,762,976	14,827,212	207,590,188
2016	1.04005	0.10000	1.14005	204,557,920	19,668,097	224,226,017
2015	1.04005	0.10000	1.14005	197,228,168	18,963,347	216,191,515
2014	1.04005	0.09000	1.13005	172,615,109	14,937,129	187,552,238

Source: Midland Central Appraisal District

MIDLAND INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS (PER \$100 OF ASSESSED VALUE)
(UNAUDITED)

Table 7

Taxing Authority	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<u>Overlapping Rates:</u>										
Midland County	\$ 0.1311	\$ 0.1416	\$ 0.1288	\$ 0.1280	\$ 0.1400	\$ 0.1400	\$ 0.1560	\$ 0.1560	\$ 0.1408	\$ 0.1265
Midland County Hospital District	0.0814	0.1086	0.0996	0.0991	0.1262	0.1262	0.1351	0.1351	0.1198	0.1183
Midland College District	0.0800	0.1012	0.9221	0.0912	0.1147	0.1147	0.1371	0.1259	0.1244	0.1332
Midland, City of	0.3550	0.3672	0.3589	0.3647	0.3922	0.4084	0.3997	0.3805	0.3939	0.4319
Odessa, City of	0.4838	0.4771	0.4771	0.4766	0.4766	0.4706	0.4706	0.4706	0.4758	0.5128
Total Other Entities	\$ <u>1.1313</u>	\$ <u>1.1957</u>	\$ <u>1.9865</u>	\$ <u>1.1596</u>	\$ <u>1.2497</u>	\$ <u>1.2599</u>	\$ <u>1.2985</u>	\$ <u>1.2681</u>	\$ <u>1.2547</u>	\$ <u>1.3227</u>
<u>District Direct Rates (1):</u>										
Maintenance & Operations	\$ 0.84460	\$ 0.95340	\$ 0.95640	\$ 0.97005	\$ 1.04005	\$ 1.04005	\$ 1.04005	\$ 1.04005	\$ 1.04005	\$ 1.04005
Debt Service	0.07020	0.07020	0.07020	0.08000	0.08000	0.08750	0.08000	0.10000	0.10000	0.09000
Total District Direct Rates	\$ <u>0.91480</u>	\$ <u>1.02360</u>	\$ <u>1.02660</u>	\$ <u>1.05005</u>	\$ <u>1.12005</u>	\$ <u>1.12755</u>	\$ <u>1.12005</u>	\$ <u>1.14005</u>	\$ <u>1.14005</u>	\$ <u>1.13005</u>

Source: Midland Central Appraisal District

MIDLAND INDEPENDENT SCHOOL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO
(UNAUDITED)

Table 8

Taxpayer	2023			Taxpayer	2014		
	Assessed Value (1)	Rank	Percentage of Total Assessed Value		Assessed Value (1)	Rank	Percentage of Total Assessed Value
PIONEER NATURAL RES -WI-	\$ 4,804,088,320	1	10.63%	PIONEER NATURAL RES -WI-	\$ 864,658,650	1	5.09%
ENDEAVOR ENERGY RESOURCES LP	2,123,845,220	2	4.70%	FASKEN LAND & MATERIALS LTD	519,953,420	2	3.06%
CHEVRON USA INC (WI)	1,907,171,520	3	4.22%	COG OPERATING LLC	316,124,850	3	1.86%
XTO ENERGY INC	1,792,329,680	4	3.97%	CHEVRON USA INC	299,710,560	4	1.77%
COG OPERATING LLC	1,384,800,520	5	3.06%	ENDEAVOR ENERGY RESOURCES LP	287,971,560	5	1.70%
DIAMONBACK E&P LLC	1,051,977,050	6	2.33%	OXY USA WTP LP	171,407,230	6	1.01%
OVINTIV USA INC	626,187,250	7	1.39%	APACHE CORP	155,800,210	7	0.92%
APACHE CORP	459,766,940	8	1.02%	HENRY RESOURCE LLC	134,506,420	8	0.79%
CHEVRON USA INC (RI)	353,436,690	9	0.78%	FASKEN OIL & RANCH LTD.	110,998,850	9	0.65%
FASKEN OIL & RANCH LTD.	320,382,460	10	0.71%	BASIC ENERGY SERVICES	109,890,690	10	0.65%
TOTALS	\$ 14,823,985,650		32.80%	TOTALS	\$ 2,971,022,440		17.50%
Total Assessed Value	\$ 45,192,762,240			Total Assessed Value	\$ 16,977,226,371		

(1) Assessed (taxable) value equals appraised value after exemptions.

Source: Municipal Advisory Council of Texas

MIDLAND INDEPENDENT SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 9

<u>Fiscal Year</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>		<u>Total Adjusted Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
	<u>Adjustments</u>	<u>Amount</u>		<u>Percentage of Net Tax Levy</u>	<u>Amount</u>		<u>Percent of Total Tax Collections to Net Tax Levy</u>	
2023	\$ 409,574,661	\$ (49,337)	\$ 409,525,324	\$ 404,186,493	98.70%	\$ -	\$ 404,186,493	98.70%
2022	346,467,315	(6,499,638)	339,967,677	335,220,257	98.60%	1,784,466	337,004,723	99.13%
2021	366,882,320	4,132,354	371,014,674	364,001,076	98.11%	4,354,609	368,355,685	99.28%
2020	362,622,198	3,600,209	366,222,407	362,002,727	98.85%	3,682,935	365,685,662	99.85%
2019	277,571,957	459,751	278,031,708	273,443,149	98.35%	2,354,189	275,797,338	99.20%
2018	236,819,508	1,414,385	238,233,893	235,544,997	98.87%	2,283,266	237,828,263	99.83%
2017	207,590,188	(1,092,019)	206,498,169	203,086,671	98.35%	2,402,846	205,489,517	99.51%
2016	224,226,017	215,257	224,441,274	221,624,418	98.74%	2,110,625	223,735,043	99.69%
2015	216,191,515	(1,003,872)	215,187,643	213,157,471	99.06%	1,610,891	214,768,362	99.81%
2014	187,552,238	(62,569)	187,489,669	185,316,839	98.84%	1,670,419	186,987,258	99.73%

Source: Midland Central Appraisal District

MIDLAND INDEPENDENT SCHOOL DISTRICT
OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 10

Fiscal Year Ended 6/30:	Governmental Activities		Total Primary Government	Ratio of Debt to Personal Income (2)	Debt Per Capita	(In thousands)	From	From
	General Obligation Bonds (1)	Notes, Leases, and SBITA Payable (3)				Personal Income (in thousands) (2)	Table 14	Table 14
2023	\$ 139,119,156	\$ 1,553,615	\$ 140,672,771	*	\$ *	\$ *	*	*
2022	167,996,244	1,557,624	169,553,868	*	1,291	\$ *		131,325
2021	185,785,217	1,224,909	187,010,126	0.86%	1,424	21,726,357		131,292
2020	201,067,123	-	201,067,123	0.88%	1,424	22,898,663		141,192
2019	221,412,734	-	221,412,734	0.94%	1,516	23,513,106		146,042
2018	230,040,112	-	230,040,112	1.48%	1,616	15,501,036		142,339
2017	215,990,000	-	215,990,000	1.74%	1,587	12,379,069		136,090
2016	248,822,488	-	248,822,488	1.43%	1,848	17,420,746		134,613
2015	256,784,624	-	256,784,624	1.47%	1,931	17,457,778		132,950
2014	263,298,300	-	263,298,300	1.72%	2,056	15,300,461		128,037

(1) Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.
 Outstanding debt includes unamortized premiums and accreted interest.

(2) See Table 14 for personal income and population data.

(3) The District implemented GASB 87, Leases during the year ended June 30, 2022 and GASB 96, Subscription Based IT Arrangements during year ended June 30, 2023.

MIDLAND INDEPENDENT SCHOOL DISTRICT
RATIOS OF NET GENERAL OBLIGATION BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 11

Fiscal Year Ended 6/30:	Total Primary Debt (1)	Less Amounts Available in Debt Service Fund (2)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value (3)	Net Bonded Debt Per Capita (4)	From Table 5 Taxable Assessed Value	From Table 14 Total Population (4)
2023	\$ 140,672,771	\$ 16,627,008	\$ 124,045,763	0.27%	\$ *	\$ 45,192,763	*
2022	169,553,868	15,474,644	154,079,224	0.45%	1,173	34,456,872	131,325
2021	185,785,217	16,325,207	169,460,010	0.47%	1,291	36,269,821	131,292
2020	201,067,123	13,791,731	187,275,392	0.53%	1,326	35,081,271	141,192
2019	221,412,734	13,040,957	208,371,777	0.82%	1,427	25,295,797	146,042
2018	230,040,112	9,168,987	220,871,125	1.55%	1,552	14,259,853	142,339
2017	215,990,000	2,577,310	213,412,690	1.54%	1,568	13,840,552	136,090
2016	248,822,488	4,190,832	244,631,656	1.85%	1,817	13,188,168	134,613
2015	256,784,624	4,282,175	252,502,449	2.16%	1,899	11,682,852	132,950
2014	263,298,300	4,025,729	259,272,571	2.53%	2,025	10,266,565	128,037

- (1) Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements. Outstanding debt includes unamortized premiums.
- (2) This is the amount restricted for debt service payments on general obligation bonds in the governmental fund financial statements.
- (3) See Table 5 for assessed value data.
- (4) See Table 14 for population data.

Note: * Data not available. Calendar year 2021 is the most recent available information.

MIDLAND INDEPENDENT SCHOOL DISTRICT
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)
AS OF JUNE 30, 2023
UNAUDITED)

Table 12

<u>Taxing Authority</u>	<u>Gross Debt Outstanding</u>	<u>Percent Overlapping</u>	<u>Amount Applicable to School District</u>
<u>Overlapping:</u>			
Midland County	\$ 2,158,779	89.50%	\$ 1,932,107
Midland County Hospital District	144,245,000	89.50%	129,099,275
Midland College District	8,210,000	100.00%	8,210,000
Midland, City of	507,965,000	99.36%	504,714,024
Odessa, City of	121,154,494	12.26%	14,853,541
Total Overlapping Debt			658,808,947
<u>Direct:</u>			
Midland Independent School District (2)			140,672,771
TOTAL OVERLAPPING AND DIRECT DEBT			\$ 799,481,718

Source: Midland Advisory Council of Texas

- (1) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. The percentage of overlapping debt is estimated using taxable assessed property values. Percentages were estimated by determining the portion of the overlapping taxing authority's taxable assessed value that is within the District's boundaries and dividing it by the overlapping taxing authority's total taxable assessed value.
- (2) Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements. Outstanding debt includes unamortized premiums.

MIDLAND INDEPENDENT SCHOOL DISTRICT
LEGAL DEBT MARGIN INFORMATION (1)
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 13

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt Limit - 10% of Assessed Valuation	\$ 4,519,276,224	\$ 3,445,687,200	\$ 3,626,982,100	\$ 3,508,127,100	\$ 2,529,579,700	\$ 2,147,742,900	\$ 1,899,610,200	\$ 2,008,292,900	\$ 1,939,417,500	\$ 1,697,722,700
Total Net Debt Applicable to Limit	<u>124,045,763</u>	<u>152,373,649</u>	<u>168,184,076</u>	<u>167,809,265</u>	<u>187,150,039</u>	<u>198,532,009</u>	<u>213,412,690</u>	<u>244,631,656</u>	<u>252,502,449</u>	<u>259,272,571</u>
Legal Debt Margin	<u>\$ 4,395,230,461</u>	<u>\$ 3,293,313,551</u>	<u>\$ 3,458,798,024</u>	<u>\$ 3,340,317,835</u>	<u>\$ 2,342,429,661</u>	<u>\$ 1,949,210,891</u>	<u>\$ 1,686,197,510</u>	<u>\$ 1,763,661,244</u>	<u>\$ 1,686,915,051</u>	<u>\$ 1,438,450,129</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.74%	4.42%	4.64%	4.78%	7.40%	9.24%	11.23%	12.18%	13.02%	15.27%

Legal Debt Margin Calculation for Fiscal Year 2023:

Assessed Value (2)	\$ 45,192,762,240
Debt Limit Percentage of Assessed Value	<u>10%</u>
Debt Limitation	4,519,276,224
Debt Applicable to Debt Limitation:	
Total Bonded Debt	\$ 140,672,771
Less Restricted for Retirement of Bonded Debt (3)	<u>16,627,008</u>
Total Amount of Debt Applicable to Debt Limitation	<u>124,045,763</u>
	<u>\$ 4,395,230,461</u>

- (1) The District voted its maintenance tax under former Article 2784e-1, which provided that the net bonded indebtedness of the District shall not exceed 10% of all assessed real and personal property in the District.
- (2) See Table 5.
- (3) See Restricted for long-term debt at the fund level.

MIDLAND INDEPENDENT SCHOOL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 14

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands of dollars) (4)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (1)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (3)</u>
2022	131,325	\$ *	\$ *	*	*	*
2021	131,292	21,726,357	165,481	33.0	26,398	5.7%
2020	141,192	22,898,663	124,667	31.4	25,579	5.3%
2019	146,042	23,513,106	128,766	31.5	26,432	2.1%
2018	142,339	15,501,036	110,041	31.4	26,183	1.9%
2017	136,090	12,379,069	75,002	33.5	25,716	2.3%
2016	134,613	17,420,746	103,517	33.5	24,692	2.9%
2015	132,950	17,457,778	104,714	33.5	24,555	4.5%
2014	128,037	15,300,461	115,473	33.1	24,369	3.3%
2013	123,935	13,573,085	109,518	33.1	23,299	2.6%

Sources: (1) Municipal Advisory Council of Texas
(2) Bureau of Economic Analysis for the Midland, TX Metropolitan Statistical Area
(3) Midland Development Corporation
(4) Internal District Records
(5) Bureau of Labor Statistics

Note: * Data not available. Calendar year 2021 is the most recent available information.

MIDLAND INDEPENDENT SCHOOL DISTRICT

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

(UNAUDITED)

Table 15

2023				2014			
Employer	Employees	Rank	Percentage of Total Employment (1)	Employer	Employees	Rank	Percentage of Total Employment (2) (3)
Midland Independent School District	2,941	1	2.92%	Midland Independent School District	2,090	1	2.12%
Endevour Energy Resources	1,300	2	1.29%	Midland Memorial Hospital	1,851	2	1.88%
City of Midland	1,050	3	1.04%	Dawson Geophysical	1,052	3	1.07%
Midland County	1,000	4	0.99%	City of Midland	914	4	0.93%
Midland Memorial Hospital	950	5	0.94%	Wal-Mart Super Center	880	5	0.89%
ConocoPhillips	900	6	0.89%	Midland College	734	6	0.75%
Chevron	850	7	0.84%	Warren-Cat	647	7	0.66%
H-E-B	700	8	0.69%	Concho Resources	603	8	0.61%
Walmart	700	9	0.69%	Midland County	568	9	0.58%
XTO Energy, Inc.	400	10	0.40%	Baker & Hughes	567	10	0.58%
	<u>10,791</u>		<u>10.69%</u>		<u>9,906</u>		<u>10.08%</u>

(1) Total Employment for 2023: 100,845

(3) Total Employment for 2014: 98,374

Sources:

(1) Individual employers were contacted and some consider this proprietary information and may be estimated.

(2) Midland Development Corporation - The Perryman Group Economic Index Report

(3) City of Midland 2014 Annual Comprehensive Financial Report - estimated amount based on percentages provided

MIDLAND INDEPENDENT SCHOOL DISTRICT
FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY POSITION
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 16

POSITION:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Administrator	26	13	16	16	9	13	7	7	6	7
Associate/Assistant Principal	62	66	68	59	62	58	53	56	58	57
Athletic Trainer	5	4	3	3	2	-	-	1	-	1
Auxiliary Staff	611	11	10	10	7	17	-	-	-	-
Counselor	70	67	63	57	54	58	61	60	56	55
Educational Aide	286	268	228	178	158	173	168	152	151	152
Educational Diagnostician	24	30	21	25	19	18	16	18	17	16
Librarian	19	20	19	19	20	20	20	23	23	23
Music Therapist	-	-	1	1			1			
Nurse	41	36	39	37	33	30	36	36	29	36
Occupational Therapist	2	2	2	2	2	2		2	2	1
Other Campus Prof. Personel	15	21	32	37	34	34	40	37	30	37
Other Non-Campus Prof. Personel	74	112	109	89	76	49	91	83	80	82
Orientation/Mobility Instructor	-	-	1	1	1					
Physical Therapist	6	2	2	2	2	2	1	2	2	1
Psychologist/LSSP	2	-	3	4	6	3	2	4	4	5
Principal	38	40	40	39	38	38	38	38	38	35
Social Worker	2	2	3	2	2	2	1	1	1	1
Speech Therapist/Speech Lang. Pathologist	22	21	27	19	23	23	23	22	20	19
Teacher	1,593	1,672	1,662	1,589	1,570	1,581	1,578	1,562	1,588	1,513
Teacher Facilitator	43	21	26	23	17	21	42	61	79	49
Total Employees	2,941	2,408	2,375	2,211	2,134	2,142	2,179	2,165	2,185	2,090

Source: Internal District records

MIDLAND INDEPENDENT SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 17

Fiscal Year Ended 6/30:	Average Daily Attendance	Operating Expenditures (1)	Cost Per Student	Percentage Change	Government Wide Expenses	Cost Per Student	Percentage Change	Teaching Staff	Student to Teacher Ratio	Percentage of Students in Free/Reduced Lunch Program
2023	28,713	\$ 305,250,977	\$ 10,631	-7.86%	\$ 314,081,217	\$ 10,939	-6.25%	1,593	18.02	55.33%
2022	26,398	304,587,135	11,538	1.03%	308,019,778	11,668	-0.54%	1,693	15.59	50.46%
2021	25,579	292,118,802	11,420	18.69%	300,083,377	11,732	11.37%	2,408	10.62	50.60%
2020	26,432	254,335,693	9,622	10.14%	278,428,298	10,534	11.62%	2,375	11.13	44.52%
2019	26,183	228,753,333	8,737	14.92%	247,085,393	9,437	20.79%	2,211	11.84	47.09%
2018	25,716	195,505,921	7,603	-13.08%	200,912,643	7,813	-17.51%	2,134	12.05	47.06%
2017	24,692	215,978,293	8,747	-7.33%	233,872,706	9,472	-6.77%	2,142	11.53	50.32%
2016	24,555	231,758,293	9,438	-2.60%	249,467,288	10,160	1.90%	2,179	11.27	46.30%
2015	24,369	236,142,649	9,690	4.86%	242,966,669	9,970	3.96%	2,165	11.26	42.23%
2014	23,560	217,727,998	9,241	12.99%	225,948,351	9,590	13.82%	2,185	10.78	46.33%

(1) Operating expenditures are total expenditures less recapture, debt service and capital outlay (to the extent capitalized for the government-wide statement of net position) and expenditures for capitalized assets included within the functional expenditures categories.

MIDLAND INDEPENDENT SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 18

<u>Fiscal Year Ended 6/30:</u>	<u>District</u>		<u>Region * Average Salary (2)</u>	<u>Statewide Average Salary (2)</u>
	<u>Minimum Salary (1)</u>	<u>Maximum Salary (1)</u>		
2023	\$ 58,500	\$ 79,650	\$ 61,039	\$ 60,716
2022	57,500	79,450	56,010	53,484
2021	56,500	78,450	56,158	57,091
2020	53,500	75,250	55,194	52,525
2019	50,000	70,750	51,287	46,450
2018	49,050	70,050	49,845	45,570
2017	49,050	69,450	52,208	49,692
2016	49,050	70,050	52,140	48,821
2015	48,000	69,430	51,953	48,375
2014	47,000	68,430	52,431	48,639

(1) Source: District records.

(2) Source: Texas Education Agency Snapshot: School District Profiles

Note: * Midland Independent School District is part of Region 18 - Midland

MIDLAND INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 19
1 of 5

Building:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
HIGH SCHOOLS										
Midland Senior High School (1928)										
Square Footage	364,264	364,264	364,264	364,264	364,264	364,264	358,871	358,871	358,871	358,871
Capacity	2,915	2,353	2,915	2,915	2,353	2,353	2,318	2,318	2,318	2,318
Enrollment	2,580	2,323	2,347	2,319	2,365	2,374	2,229	2,149	2,165	2,085
Lee High School (1961)										
Square Footage	382,343	382,343	382,343	382,343	382,343	382,343	382,343	382,343	382,343	382,343
Capacity	2,758	2,316	2,758	2,758	2,316	2,316	2,316	2,316	2,316	2,316
Enrollment	2,644	2,339	2,348	2,281	2,288	2,209	2,229	2,221	2,145	2,137
Coleman High School (1991)										
Square Footage	31,348	31,348	31,348	26,620	26,620	26,620	26,620	26,620	26,620	26,620
Capacity	235	111	403	235	94	94	94	94	94	94
Enrollment	201	197	145	170	153	164	161	166	170	136
Lee Freshman High School (1956)										
Square Footage	138,365	138,365	138,365	138,365	138,365	138,365	138,365	138,365	138,365	138,365
Capacity	1,212	1,026	1,212	1,212	1,026	1,026	1,026	1,026	1,026	1,026
Enrollment	870	939	826	843	853	805	777	804	786	785
Midland Freshman High School (1966)										
Square Footage	133,050	133,050	133,050	133,050	133,050	133,050	133,050	133,050	133,050	133,050
Capacity	1,197	1,000	1,197	1,197	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	857	851	838	843	803	842	798	818	786	785
Midland Alternative Program Center (1945)										
Square Footage	22,250	22,250	22,250	22,250	22,250	22,250	22,250	22,250	22,250	22,250
Capacity	359	263	359	359	263	263	263	263	263	263
Enrollment	19	18	8	8	18	12	19	19	36	26
JUNIOR HIGH SCHOOLS										
Abell Jr. High School (1993)										
Square Footage	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Capacity	1,014	1,000	1,014	1,014	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	1,092	1,109	1,111	1,095	1,077	1,036	986	984	1,012	823

Source: Internal District Records

MIDLAND INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 19
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Building:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Alamo Jr. High School (1957)										
Square Footage	123,022	123,022	123,022	123,022	123,022	123,022	123,022	123,022	123,022	123,022
Capacity	1,018	1,000	1,018	1,018	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	795	851	797	814	841	732	731	732	791	815
Goddard Jr. High School (1966)										
Square Footage	114,952	114,952	114,952	114,952	114,952	114,952	114,952	114,952	114,952	114,952
Capacity	1,055	1,000	1,055	1,055	1,000	1,000	1,000	1,000	1,000	1,000
Enrollment	1,060	1,059	1,024	1,009	1,046	1,212	1,063	1,047	1,051	1,001
San Jacinto Jr. High School (1952)										
Square Footage	122,288	122,288	122,288	122,288	122,288	122,288	122,288	122,288	122,288	122,288
Capacity	1,211	895	1,211	1,211	895	895	895	895	895	895
Enrollment	931	804	866	902	882	698	765	735	709	1,001
Young Women's Leadership Academy (2019)										
Square Footage	27,904	27,904	27,904	14,848	N/A	N/A	N/A	N/A	N/A	N/A
Capacity	316	316	42	280	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	353	330	285	148	N/A	N/A	N/A	N/A	N/A	N/A
ELEMENTARY SCHOOLS										
Bonham Elementary (1957)										
Square Footage	65,303	65,303	65,303	65,303	65,303	65,303	65,303	65,303	59,422	59,422
Capacity	728	674	728	728	674	674	674	674	613	613
Enrollment	701	484	535	614	647	631	585	697	852	812
Bowie Elementary (1954)										
Square Footage	90,881	90,881	90,881	90,881	90,881	90,881	90,881	90,881	75,283	75,283
Capacity	636	526	636	636	526	526	526	526	436	436
Enrollment	510	489	484	501	507	518	499	467	474	476
Bunche Elementary (2015)										
Square Footage	92,770	92,770	94,306	92,770	92,770	92,770	92,770	92,770	92,770	N/A
Capacity	736	819	862	818	819	819	819	819	819	N/A
Enrollment	1,018	854	805	858	834	812	775	787	-	N/A
Burnet Elementary (1958)										
Square Footage	63,512	63,512	63,512	63,512	63,512	63,512	63,512	63,512	58,037	58,037
Capacity	597	642	597	597	642	642	642	642	587	587
Enrollment	579	460	462	581	511	553	545	627	659	623

Source: Internal District Records

MIDLAND INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 19
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Building:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Bush Elementary (1989)										
Square Footage	60,752	60,752	60,752	60,752	60,752	60,752	60,752	60,752	60,752	60,752
Capacity	450	576	450	450	576	576	576	576	576	576
Enrollment	531	512	470	531	479	473	456	451	687	608
Carver Elementary (1949)										
Square Footage	83,620	83,620	83,620	83,620	83,620	83,620	83,620	83,620	80,733	80,733
Capacity	509	526	509	509	526	526	526	526	508	508
Enrollment	510	463	500	529	511	505	450	468	431	399
De Zavala Elementary (1983)										
Square Footage	65,079	65,079	65,079	65,079	65,079	65,079	65,079	65,079	65,079	65,079
Capacity	673	653	673	673	653	653	653	653	653	653
Enrollment	721	620	599	696	647	588	455	470	518	482
Emerson Elementary (1966)										
Square Footage	63,069	63,069	63,069	63,069	63,069	63,069	63,069	63,069	63,069	63,069
Capacity	560	617	560	560	617	617	617	617	617	617
Enrollment	547	436	435	482	505	496	521	497	641	578
Fannin Elementary (1957)										
Square Footage	68,232	68,232	68,232	68,232	68,232	68,232	68,232	68,232	68,232	68,232
Capacity	694	640	694	694	640	640	640	640	640	640
Enrollment	639	598	594	584	599	579	534	517	666	640
Fasken Elementary (2015)										
Square Footage	92,500	92,500	92,872	92,500	92,500	92,500	92,500	92,500	92,500	N/A
Capacity	818	819	906	818	819	819	819	819	819	N/A
Enrollment	959	885	787	869	793	755	867	566	-	N/A
Franks Elementary (1951)										
Square Footage	70,371	70,371	70,371	70,371	70,371	70,371	70,371	70,371	70,371	70,371
Capacity	740	632	740	740	632	632	632	632	632	632
Enrollment	867	687	590	535	456	398	412	422	394	369
Greathouse Elementary (2009)										
Square Footage	72,238	72,238	73,774	72,238	72,238	72,238	72,238	72,238	72,238	72,238
Capacity	745	827	789	745	827	827	827	827	827	827
Enrollment	887	839	790	838	830	779	714	704	757	717
Henderson Elementary (1960)										
Square Footage	71,193	71,193	71,193	71,193	71,193	71,193	71,193	71,193	71,193	71,193
Capacity	794	667	794	794	667	667	667	667	667	667
Enrollment	620	365	362	412	409	468	466	469	497	485

Source: Internal District Records

MIDLAND INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 19
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Building:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Sam Houston Elementary (1951)										
Square Footage	75,877	75,877	75,877	75,877	75,877	75,877	75,877	75,877	75,877	75,877
Capacity	690	667	690	690	667	667	667	667	667	667
Enrollment	477	455	375	372	407	464	491	473	569	630
Jones Elementary (1969)										
Square Footage	57,687	57,687	57,687	57,687	57,687	57,687	57,687	57,687	57,687	57,687
Capacity	594	568	594	594	568	568	568	568	568	568
Enrollment	457	339	346	401	383	373	365	384	496	478
Lamar Elementary (1952)										
Square Footage	62,641	62,641	62,641	62,641	62,641	62,641	62,641	62,641	62,641	62,641
Capacity	632	607	632	632	607	607	607	607	607	607
Enrollment	399	433	456	521	503	544	527	580	617	571
Long Elementary (1955)										
Square Footage	67,879	67,879	67,879	67,879	67,879	67,879	67,879	67,879	67,879	60,982
Capacity	635	684	635	635	684	684	684	684	684	615
Enrollment	575	559	514	553	557	518	527	538	637	628
Ben Milam International Academy (1955)										
Square Footage	69,901	69,901	69,901	69,901	69,901	69,901	69,901	69,901	69,901	69,901
Capacity	752	645	752	752	645	645	645	645	645	645
Enrollment	461	485	495	463	439	450	362	465	513	576
Parker Elementary (1983)										
Square Footage	63,841	63,841	63,841	63,841	63,841	63,841	63,841	63,841	63,841	63,841
Capacity	490	601	490	490	601	601	601	601	601	601
Enrollment	545	533	506	580	523	486	461	444	558	502
Pease Communications & Technology Academy (1959)										
Square Footage	73,785	73,785	73,785	73,785	73,785	73,785	73,785	73,785	73,785	54,970
Capacity	598	648	598	598	648	648	648	648	648	483
Enrollment	571	467	480	514	583	621	550	568	542	513
Rusk Elementary (1961)										
Square Footage	60,184	60,184	60,184	60,184	60,184	60,184	60,184	60,184	60,184	53,134
Capacity	458	563	458	458	563	563	563	563	563	497
Enrollment	519	392	324	357	423	415	445	423	588	586
Santa Rita Elementary (1983)										
Square Footage	68,531	68,531	68,531	68,531	68,531	68,531	68,531	68,531	68,531	68,531
Capacity	616	652	616	616	652	652	652	652	652	652
Enrollment	631	557	547	613	590	600	561	540	671	578

Source: Internal District Records

MIDLAND INDEPENDENT SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS
(UNAUDITED)

Table 19
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Building:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Scharbauer Elementary (1985)										
Square Footage	73,212	73,212	73,212	73,212	73,212	73,212	73,212	73,212	73,212	73,212
Capacity	687	796	687	687	796	796	796	796	796	796
Enrollment	515	636	676	721	783	766	701	515	863	820
South Elementary (1945)										
Square Footage	56,771	56,771	56,771	56,771	56,771	56,771	56,771	56,771	56,771	49,823
Capacity	515	607	515	515	607	607	607	607	607	533
Enrollment	616	503	485	551	598	583	589	662	481	527
IDEA Travis Elementary (1983)										
Square Footage	78,891	78,891	78,891	78,891	78,891	78,891	78,891	78,891	78,891	78,891
Capacity	862	856	862	862	856	856	856	856	856	856
Enrollment	1,188	929	770	685	745	779	702	667	850	755
Washington Elementary (1952)										
Square Footage	71,515	71,515	71,515	71,515	71,515	71,515	71,515	71,515	71,515	58,032
Capacity	410	648	457	457	648	648	648	648	648	526
Enrollment	-	352	363	440	474	464	440	418	468	476
Yarbrough Elementary (2015)										
Square Footage	92,500	92,500	92,500	92,500	92,500	92,500	92,500	92,500	92,500	N/A
Capacity	818	819	818	818	819	819	819	819	819	N/A
Enrollment	714	832	783	774	763	707	607	720	-	N/A

Source: Internal District Records



Single Audit Section
June 30, 2023

Midland Independent School District



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*

To the Board of Trustees of
Midland Independent School District
Midland, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Midland Independent School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 7, 2023.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Abilene, Texas
November 7, 2023



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

The Board of Trustees of
Midland Independent School District
Midland, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Midland Independent School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal 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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance 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 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 programs.

Auditor's Responsibility 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 District'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*, and the Uniform Guidance 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 District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

Eide Bailly LLP

Abilene, Texas
November 7, 2023

Midland Independent School District
Schedule of Expenditures of Federal Awards (Exhibit K-1)
Year Ended June 30, 2023

Fund Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures
U.S. Department of Agriculture				
Passed - Through Texas Education Agency				
Child Nutrition Cluster				
240	National School Breakfast Program*	10.553	714022	\$ 713,551
240	National School Breakfast Program*	10.553	714023	2,785,730
240	National School Lunch Program - Cash Assistance**	10.555	713022	1,390,914
240	National School Lunch Program - Cash Assistance**	10.555	713023	5,921,696
240	National School Lunch Program - Noncash Assistance**	10.555	713023	438,055
Total Passed - Through Texas Education Agency				<u>11,249,946</u>
Passed - Through Texas Department of Agriculture				
240	Supply Chain Assistance**	10.555	NT4XL1YGLGC5	1,317,173
240	Child and Adult Food Care Program - At-risk Child Care***	10.558	NT4XL1YGLGC5	445,048
240	Child and Adult Food Care Program - Cash-in-Lieu***	10.558	NT4XL1YGLGC5	42,138
Total U.S. Department of Agriculture				<u>1,804,359</u>
U.S. Department of Defense				
Direct				
199	Junior Reserve Officers Training Corps	12.000	Not available	67,932
Total U.S. Department of Defense				<u>67,932</u>
U.S. Department of Education				
Passed - Through Texas Education Agency				
Title I Grants to Local Education Agencies				
211	Title I. Part A - Improving Basic Programs	84.010A	22610101165901	62,510
211	Title I. Part A - Improving Basic Programs	84.010A	23610101165901	6,094,399
288	Title I, School Transformation	84.010A	226101577110044	27,681
296	Title I, 1003(A). Priority and Focus School Grant	84.010A	22610141165901	77,310
296	Title I, 1003(A). Priority and Focus School Grant	84.010A	23610141165901	150,550
289	Title I, School Action Fund - Implementation	84.010A	216101527110003	102,204
Total Title I Grants to Local Educational Agencies (ALN 84.010A)				<u>6,514,654</u>

Midland Independent School District
Schedule of Expenditures of Federal Awards (Exhibit K-1)
Year Ended June 30, 2023

Fund Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures
Title IV Grants to Local Educational Agencies				
287	Title IV, Part A, Subpart 1	84.424A	22680101165901	18,681
287	Title IV, Part A, Subpart 1	84.424A	23680101165901	<u>216,230</u>
Total Title IV Grants to Local Educational Agencies (ALN 84.424A)				<u>234,911</u>
Special Education Cluster (IDEA)				
224	Special Education Grants to States****	84.027A	226600011659016600	165,664
224	Special Education Grants to States****	84.027A	236600011659016600	4,900,766
284	COVID-19 Special Education Grants to States****	84.027A	225350011659015350	738,735
225	Special Education Preschool Grants*****	84.173A	226610011659016000	12,408
225	Special Education Preschool Grants*****	84.173A	236610011659016000	79,150
285	COVID-19 Special Education Preschool Grants*****	84.173A	225360011659015360	<u>3,260</u>
Total Special Education Cluster (IDEA)				<u>5,899,983</u>
English Language Acquisition State Grants				
263	Title III, Part A - LEP	84.365A	22671001165901	6,836
263	Title III, Part A - LEP	84.365A	23671001165901	<u>166,411</u>
Total English Language Acquisition State Grants (ALN 84.365A)				<u>173,247</u>
Career and Technical Education -- Basic Grants to States				
244	Career and Technical Education -- Basic Grants to States	84.048A	22420006165901	737
244	Career and Technical Education -- Basic Grants to States	84.048A	23420006165901	<u>284,820</u>
Total Career and Technical Education - Basic Grants to States (ALN 84.048A)				<u>285,557</u>
Supporting Effective Instruction State Grants				
255	Supporting Effective Instruction State Grants	84.367A	22694501165901	87,841
255	Supporting Effective Instruction State Grants	84.367A	23694501165901	<u>425,206</u>
Total Supporting Effective Instruction State Grants (ALN 84.367A)				<u>513,047</u>
289	LEP Summer School	84.369A	69552102	11,511
289	LEP Summer School	84.369A	69552202	<u>27,271</u>
Total LEP Summer School (ALN 84.369A)				<u>38,782</u>

Midland Independent School District
Schedule of Expenditures of Federal Awards (Exhibit K-1)
Year Ended June 30, 2023

Fund Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass Through Entity Identifying Number	Expenditures
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)				
266	COVID-19 ESSER	84.425D	20521001165901	83,644
281	COVID-19 CRRSA ESSER	84.425D	21521001165901	13,167,824
279	COVID-19 ESSER (TCLAS)	84.425U	21528042165901	472,012
280	COVID-19 ESSER (Homeless ARP)	84.425W	21533002165901	91,197
282	COVID-19 ARP ESSER	84.425U	21528001165901	10,641,253
Total COVID-19 Elementary and Secondary School Emergency Relief Fund (ALN 84.425)				<u>24,455,930</u>
Total Passed - Through Texas Education Agency				38,116,111
Total U.S. Department of Education				<u>38,116,111</u>
U.S. Department of Health and Human Services				
Passed - Through Texas Health and Human Services Commission				
272	Medicaid Administrative Program (Medicaid cluster)	93.778	HHS000537900108	63,122
Total Medicaid Cluster				<u>63,122</u>
Total U.S. Department of Health and Human Services				<u>63,122</u>
Total Federal Financial Assistance				<u><u>\$ 51,301,470</u></u>
* Total School Breakfast Program (ALN 10.553)				\$ 3,499,281
** Total National School Lunch Program (ALN 10.555)				9,067,838
*** Total Child and Adult Food Care Program (ALN 10.558)				487,186
**** Total Special Education Grants to States (ALN 84.027A)				5,805,165
***** Total Special Education Preschool Grants to States (ALN 84.173A)				94,818

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Note 2 - Summary of Significant Accounting Policies

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal expenditures were accounted for in the General Fund and Special Revenue Funds, components of the Governmental Fund type. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Federal grants are considered to be earned to the extent of expenditures made under the provisions of the grant.

School health and related services revenues are considered earned income at the local government level and thus are not included in the Schedule of Expenditures of Federal Awards. The following is a reconciliation of Federal Revenues on Exhibit C-2 to the Schedule of Expenditures of Federal Awards:

Total expenditures of federal awards per Exhibit K-1	\$ 51,301,470
General fund - federal revenue	
School Health and Related Services (SHARS)	1,489,698
Total federal revenues per Exhibit C-2	<u><u>\$ 52,791,168</u></u>

Note 3 - Indirect Cost Rate

The District is not eligible to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance because the District has previously received a negotiated indirect cost rate for its federal awards.

Note 4 - Food Donation

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing/ALN Number</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund Special Education Cluster (IDEA)	84.425D ; 84.425U; 84.425W 84.027; 84.173; 84.027X; 84.173X
Dollar threshold used to distinguish between type A and type B programs:	\$1,539,044
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

The audit disclosed no findings required to be reported.

Section III – Federal Award Findings and Questioned Costs

The audit disclosed no findings and questioned costs required to be reported.

Midland Independent School District
 Schedule of Required Responses to Selected School First Indicators (Exhibit L-1)
 Year Ended June 30, 2023

<u>Data Control Codes</u>		<u>Responses</u>
SF1	Was there an unmodified opinion in the Annual Financial Report on the financial statements as a whole?	Yes
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year-end?	No
SF3	Did the school district make timely payments to the Teacher Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other government agencies?	Yes
SF4	Was the school district issued a warrant hold? Even if the issue surrounding the initial warrant hold was resolved and cleared within 30 days, the school district is considered to have been issued a warrant hold.	No
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state, or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts, and laws related to local, state, or federal funds?	No
SF7	Did the school district post the required financial information on its website in accordance with Government Code, Local Government Code, Texas Education Code, Texas Administrative Code and other statutes, laws and rules that were in effect at the school district's fiscal year end?	Yes
SF8	Did the school board members discuss the school district's property values at a board meeting within 120 days before the school district adopted its budget?	Yes
SF9	Total accumulated accretion on CABs included in government-wide financial statements at fiscal year-end	\$ 273,373