

Financial Report of

**MIDLAND ACADEMY CHARTER
SCHOOL, INC.**

Midland, Texas

Year Ended August 31, 2021

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Annual Financial Report
Year Ended August 31, 2021

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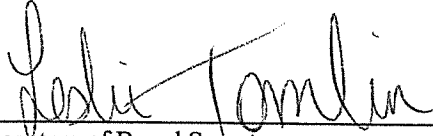
CERTIFICATE OF THE BOARD


MIDLAND ACADEMY CHARTER SCHOOL, INC.
Name of School

MIDLAND
County

165-802
County -
District
Number

We, the undersigned, certify that the attached Annual Financial and Compliance report of Midland Academy Charter School, Inc. was reviewed and X approved _____ disapproved for the year ended August 31, 2021, at a meeting of the Board of Trustees of the Charter Holder on the ^(Check One) 13th day of January, 2022


Signature of Board Secretary


Signature of Board President

If the Board of Trustees disapproved the annual financial report, the reason(s) for disapproving it is (are) (attach list as necessary):

FINANCIAL SECTION

Eckert & Company

CERTIFIED PUBLIC ACCOUNTANTS

A Limited Liability Partnership

Michael E. Oliphant, CPA
Wayne Barr, CPA
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Midland Academy Charter School, Inc.
500 North Baird Street
Midland, TX 79701

Report on the Financial Statements

We have audited the accompanying financial statements of Midland Academy Charter School, Inc. (the School) (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Midland Academy Charter School, Inc., as of August 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial as a whole. The accompanying supplementary information, such as the schedule of expenses, schedule of capital assets, and the budgetary comparison schedule as required by the Texas Education Agency, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021, on our consideration of Midland Academy Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Midland Academy Charter School, Inc.'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 Midland Academy Charter School, Inc.'s internal control over financial reporting and compliance.

Eckert & Company, LLP

December 9, 2021

Financial Statements

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Statement of Financial Position
August 31, 2021

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 3,477,155
Due from State	<u>379,952</u>
 Total Current Assets	 \$ 3,857,107

PROPERTY AND EQUIPMENT, NET

1,464,965

TOTAL ASSETS

\$ 5,322,072

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued Liabilities	\$ 279,468
Unearned Revenue	<u>10,763</u>
 Total Liabilities	 <u>\$ 290,231</u>

NET ASSETS

Without Donor Restrictions	\$ 44,976
With Donor Restrictions	<u>4,986,865</u>
 Total Net Assets	 <u>\$ 5,031,841</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 5,322,072

Fund Bal →
OP 560K

The accompanying notes are an integral part of this financial statement.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Statement of Activities
Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Local Support:			
5740 Other Revenues from Local Sources	\$ 23	\$ 23,813	\$ 23,836
5750 Revenues from Cocurricular, Enterprising Services, or Activities	2,073	39,038	41,111
Total Local Support	\$ 2,096	\$ 62,851	\$ 64,947
State Program Revenues:			
5810 Per Capita and Foundation School Program Act Revenues	\$ 0	\$ 3,317,124	\$ 3,317,124
5820 State Program Revenues Distributed by Texas Education Agency	0	35,410	35,410
Total State Program Revenues	\$ 0	\$ 3,352,534	\$ 3,352,534
Federal Program Revenues:			
5920 Federal Revenues Distributed by Texas Education Agency	\$ 0	\$ 406,470	\$ 406,470
5930 Federal Revenues Distributed by Other State of Texas Government Agencies	0	20,631	20,631
5940 Federal Revenues Distributed Directly from Federal Government	0	489,413	489,413
Total Federal Program Revenues	\$ 0	\$ 916,514	\$ 916,514
Net Assets Released from Restrictions:			
Restrictions Satisfied by Payments	\$ 3,776,649	\$ (3,776,649)	\$ 0
Total Revenues	\$ 3,778,745	\$ 555,250	\$ 4,333,995
EXPENSES			
Program Services:			
11 Instruction	\$ 2,317,050	\$ 0	\$ 2,317,050
12 Instructional Resources and Media Services	39,453	0	39,453
13 Curriculum and Instructional Staff Development	42,500	0	42,500
21 Instructional Leadership	74,551	0	74,551
23 School Leadership	110,868	0	110,868
31 Guidance, Counseling, and Evaluation Services	38,104	0	38,104
33 Health Services	69,136	0	69,136
34 Student (Pupil) Transportation	70	0	70
35 Food Services	185,381	0	185,381
36 Cocurricular/Extracurricular Activities	300	0	300
Support Services:			
41 General Administration	283,925	0	283,925
51 Plant Maintenance and Operations	484,938	0	484,938
53 Data Processing Services	90,763	0	90,763
71 Debt Service	41,397	0	41,397
Total Expenses	\$ 3,778,436	\$ 0	\$ 3,778,436
Change in Net Assets	\$ 309	\$ 555,250	\$ 555,559
Net Assets - Beginning of Year	44,667	4,427,512	4,472,179
Prior Period Adjustments	0	4,103	4,103
Net Assets - End of Year	\$ 44,976	\$ 4,986,865	\$ 5,031,841

The accompanying notes are an integral part of this financial statement.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Statement of Functional Expenses
Year Ended August 31, 2021

<u>EXPENSES</u>	<u>Program Activities Educational Services</u>	<u>Supporting Activities General and Administrative</u>	<u>Total</u>
Salaries and Wages	\$ 2,242,224	\$ 193,687	\$ 2,435,911
Benefits	291,261	15,366	306,627
Payroll Taxes	31,021	2,796	33,817
Total Payroll Expenses	<u>\$ 2,564,506</u>	<u>\$ 211,849</u>	<u>\$ 2,776,355</u>
Professional Services	\$ 0	\$ 27,836	\$ 27,836
Staff Tuition	6,634	300	6,934
Education Service Center Services	8,624	142,354	150,978
Repairs and Maintenance	32	87,775	87,807
Utilities	0	87,069	87,069
Rentals	31,723	11,563	43,286
Contracted Services	54,337	23,315	77,652
Maintenance and Supplies	1,896	22,983	24,879
Textbooks	5,149	175	5,324
Food Service	116,469	0	116,469
General Supplies	85,811	44,191	130,002
Travel	0	160	160
Insurance	0	69,347	69,347
Miscellaneous	2,232	19,521	21,753
Total Non-Payroll Expenses	<u>\$ 312,907</u>	<u>\$ 536,589</u>	<u>\$ 849,496</u>
Debt Expenses			
Interest	<u>\$ 0</u>	<u>\$ 41,397</u>	<u>\$ 41,397</u>
Depreciation	<u>\$ 0</u>	<u>\$ 111,188</u>	<u>\$ 111,188</u>
Total Expenses	<u>\$ 2,877,413</u>	<u>\$ 901,023</u>	<u>\$ 3,778,436</u>

The accompanying notes are an integral part of this financial statement.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Statement of Cash Flows
Year Ended August 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Per Capita and Foundation School State Programs	\$ 3,273,722
Cash Received from Federal Programs	368,434
Cash Received from Local Sources	64,947
Cash Received from Other State Programs	35,410
Payments to Vendors for Goods and Services Rendered	(858,449)
Payments to School Personnel for Services Rendered	(2,722,347)
Interest Payments	<u>(42,122)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 119,595</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	<u>\$ (6,820)</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ (6,820)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Payment of Refundable Advance	\$ (29,387)
Payment of TEA Claims Settlement	<u>(145,929)</u>
Net Cash Provided (Used) by Financing Activities	<u>\$ (175,316)</u>
Net Decrease in Cash and Cash Equivalents	\$ (62,541)
Cash and Cash Equivalents - Beginning	<u>2,739,812</u>
Cash and Cash Equivalents - Ending	\$ 2,677,271
Temporary Investments Not in Cash Equivalents	<u>799,884</u>
Cash and Cash Equivalents on Statement of Financial Position	<u><u>\$ 3,477,155</u></u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Interest Paid During the Year	\$ 41,397
Income Taxes Paid During the Year	0

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Statement of Cash Flows - Continued
Year Ended August 31, 2021

RECONCILIATION OF CHANGE IN NET ASSETS TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Change in Net Assets	<u>\$ 555,559</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities	
Depreciation and Amortization	\$ 111,188
Changes in Assets and Liabilities	
(Increase) Decrease in Due from State	(69,134)
Increase (Decrease) in Accounts Payable	(8,941)
Increase (Decrease) in Accrued Liabilities	53,274
Increase (Decrease) in Due to State	(43,701)
Increase (Decrease) in Refundable Advance	(489,413)
Increase (Decrease) in Unearned Revenue	<u>10,763</u>
Total Adjustments	<u>\$ (435,964)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 119,595</u>

The accompanying notes are an integral part of this financial statement.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements
August 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general-purpose financial statements of Midland Academy Charter School, Inc., were prepared in conformity with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

A. Reporting Entity

The School is a Texas nonprofit corporation located in Midland, Texas. The School is a charter school for pre-kindergarten through grade eight which operates under an open enrollment Charter granted by the State of Texas Board of Education. The School is operated as a single charter school and does not conduct any other charter or non-charter activities. The School's charter extends through July 31, 2023.

The School is governed by the Board of Trustees, a four-member group, which is selected pursuant to the bylaws of the School and has the authority to make decisions, appoint the chief executive officer of the School, and significantly influence operations. The Board of Trustees has the primary accountability for the fiscal affairs of the School. Since the School received funding from local, state, and federal government sources, it must comply with the requirements of the entities providing those funds.

B. Basis of Accounting, and Presentation

The accompanying general-purpose financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles.

Net assets and revenues, expenses, gains, and losses are classified based on the existence and nature or absence of donor-imposed restrictions. Accordingly, net assets of the School and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Trustees are reported as net assets without donor restrictions, board-designated.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

C. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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 expenses during the reporting period. Accordingly, actual results could differ from those estimates.

D. Contributions

The School accounts for contributions as support without donor restrictions and with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions in the reporting period in which the support is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Revenue and Support

Revenues from the State of Texas are earned based on reported school attendance. Amounts received from the State before they are earned are deferred. Public and private grants received are recognized in the period received and when the terms of the grants are met.

F. Cash and Cash Equivalents

The School considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

G. Accounts Receivable

The School's accounts receivable represents amounts primarily due from the State of Texas or state and federal funding related to grants.

H. Capital Assets

Capital assets, which include buildings and improvements, vehicles, and furniture and equipment, are reported in the statement of financial position. Capital assets are defined by the School as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost at the date of acquisition and are depreciated over the estimated useful lives of the assets, which range from three to twenty years, using the straight-line method of depreciation. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

I. Income Taxes

The School is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

J. Uncertain Tax Positions

The Financial Accounting Standards Board requires the School to recognize in its financial statements the financial effects of a tax position taken or expected to be taken in a tax return, if that position is more likely than not to be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. Tax position taken related to the School's tax-exempt status, unrelated business income and deductibility of expenses has been reviewed and management is of the opinion that material positions taken by the School would more likely than not be sustained upon examination. Accordingly, the School has not recorded an income tax liability for uncertain tax benefits. As of August 31, 2021, the School's tax years 2017 and thereafter remain subject to examination.

K. Functional Expenses

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated on a specific identification basis, among the programs and supporting services benefited.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

II. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Capital Assets

Capital assets at August 31, 2021, were as follows:

Land	\$ 20,000
Buildings and Improvements	2,598,756
Vehicles	138,785
Furniture and Equipment	340,404
Assets Purchased with Capital Leases	<u>235,244</u>
Total Capital Assets	\$ 3,333,189
Less Accumulated Depreciation and Amortization	<u>1,868,224</u>
Property and Equipment, Net	<u>\$ 1,464,965</u>

Capital assets acquired with public funds received by the School for the operation of the School constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the schedule of capital assets for the School.

Depreciation expense was \$111,188 for the year ended August 31, 2021.

B. Concentration of Credit Risk and Business Risk

In the normal course of operations, the School maintains cash balances on deposit at financial institutions which, at times, may exceed federally insured limits. The School's exposure to loss, should the financial institution fail, is the excess of funds on deposit over the insured amount covered by the Federal Deposit Insurance Corporation. The School has not experienced any losses on such accounts, and management believes that this credit risk exposure is mitigated by the financial strength of the banking institution in which the deposits are held. During the fiscal year, the financial institution pledged securities to mitigate any exposure to loss that could occur.

Approximately 77% of the School's total revenue for the year ended August 31, 2021, was provided by State funding for the Per Capita and Foundation School Program.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

II. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

C. Operating Lease

The School leases certain office equipment under a noncancelable operating lease agreement expiring in 2021. Commitments under this operating lease agreement provide for minimum future rental payments as of August 31, 2021, as follows:

	Year Ending August 31,		
<p style="font-size: small; margin: 0;"> <i>PPPLDAN 480K forgiven 29K paid to bank to bank back</i> </p>	2022	\$	24,969
	2023		24,969
	2024		24,969
	2025		22,102
	2026		33,775
	Total Minimum Rentals	\$	130,784

Operating lease expense for the year ended August 31, 2021, was \$33,574.

D. Refundable Advance

In May 2020, the School entered into an unsecured loan sponsored by the United States Small Business Administration (SBA) in the amount of \$518,800 with a financial institution pursuant to the Paycheck Protection Program (PPP). The loan may be forgiven in whole, or in part, dependent on the Organization's compliance with certain criteria defined in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Proceeds from the loan may only be used for permissible costs, as stipulated in the School's loan application.

The School recorded the full amount of the PPP loan as a Refundable Advance as of August 31, 2020. During the year ended August 31, 2021, \$489,413 of the PPP loan, which was forgiven, was recorded as revenue in the statement of activities; the School paid off the remaining balance of \$29,387.

E. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended August 31, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
TEA Claims Settlement	\$ 145,929	\$ 0	\$ 145,929	\$ 0	\$ 0

The School's outstanding Texas Education Agency claims settlement was paid off during the current year.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

II. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

F. Net Assets With Donor Restrictions

Net assets with donor restrictions at August 31, 2021, consisted of the following:

National School Lunch Program	\$ 36,633
Foundation School Program	<u>4,950,232</u>
Total	<u>\$ 4,986,865</u>

III. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description - Midland Academy Charter School, Inc., participates in a cost-sharing multiple-employer defined benefit pension plan 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.

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 Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov>; by writing to TRS at 1000 Red River Street, Austin, Texas 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 benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits. State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

Contributions - Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the System during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements if it increases the period of TRS' unfunded actuarial liability to greater than 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 this manner are determined by the System's actuary.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 12 in the 86th Legislature set contribution rates for fiscal year 2020 and fiscal year 2021. Beginning September 1, 2019, all employers are required to pay the Public Education Employer contribution of 1.5%.

Contribution Rates		
	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
School's 2021 Employer Contributions		\$ 75,063
School's 2021 Member Contributions		174,078
School's 2020 NECE On-Behalf Contributions		208,117

The School's contributions to the plan did not represent more than 5% of total plan contributions from all entities for the Plan year ended August 31, 2021.

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

As the non-employer contributing entity for public education, 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 Plan during the fiscal year reduced by the employer contributions. Employers including public 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, or non-educational, general, or local funds.

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

- Employers must contribute 1.5% of the member's salary ("the Public Education Employer Surcharge").
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions -

Roll Forward - The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017, and were adopted in July 2018.

The active mortality rates were based on 90% of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.

The following table discloses the assumptions that were applied to this measurement period:

Valuation Date	August 31, 2019 Rolled Forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-Term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index.
Last Year Ending August 31 in Projection Period (100 Years)	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% Including Inflation
Ad hoc Postemployment 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, 2019. For a full description of these assumptions please see the TRS actuarial valuation report dated November 14, 2019.

Discount Rate - The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the statutorily required rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.5% of payroll in fiscal year 2020 gradually increasing to 9.66% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected 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.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020, are presented in the following Asset Allocations table:

<u>Asset Class</u>	<u>Target Allocation¹ %</u>	<u>Long-Term Expected Geometric Real Rate of Return²</u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Global Equity			
USA	18.0%	3.9%	0.99%
Non-U.S. Developed	13.0%	5.1%	0.92%
Emerging Markets	9.0%	5.6%	0.83%
Private Equity	14.0%	6.7%	1.41%
Stable Value			
Government Bonds	16.0%	-0.7%	-0.05%
Absolute Return (Including Credit Sensitive Investments)	0.0%	1.8%	0.00%
Stable Value Hedge Funds	5.0%	1.9%	0.11%
Real Return			
Real Estate	15.0%	4.6%	1.02%
Energy, Natural Resources, and Infrastructure	6.0%	6.0%	0.42%
Commodities	0.0%	0.8%	0.00%
Risk Parity			
Risk Parity	8.0%	3.0%	0.30%
Asset Allocation Leverage			
Cash	2.0%	-1.5%	-0.03%
Asset Allocation Leverage	-6.0%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatility Drag ³			-0.67%
Expected Return	100.0%		7.33%

¹ Target Allocation are based on the FY 2020 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of August 31, 2020).

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

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2020 net pension liability:

	<u>1% Decrease in Discount Rate (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase in Discount Rate (8.25%)</u>
School's Proportionate Share of the Net Pension Liability	<u>\$ 1,428,922</u>	<u>\$ 926,679</u>	<u>\$ 518,617</u>

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At August 31, 2021, the Midland Academy Charter School, Inc., disclosed a net pension liability of \$926,679 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the School. The amount recognized by the School 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 School were as follows:

School's Proportionate Share of the Collective Net Pension Liability	\$ 926,679
State's Proportionate Share that is Associated with the School	<u>1,730,306</u>
Total	<u>\$ 2,656,985</u>

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

At August 31, 2020, the employer's proportion of the collective net pension liability was 0.0017302358% which was an increase of 0.0004867929% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation - There were no changes in assumptions since the prior measurement date.

Changes of Benefit Terms - There were no changes of benefit terms since the prior measurement date.

Benefit Change - In May 2019 the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially sound, and the Legislature approved funding for a 13th check.

All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans

Plan Description - The Midland Academy Charter School, Inc., participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined other postemployment benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position - Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov>; 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. Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. 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 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.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th Legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$277,490,586 as of August 31, 2020.

The premium rates for retirees are presented 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 participating employers based on active employee compensation. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

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B. Defined Other Postemployment Benefit Plans - Continued

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 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2020. The following table shows contributions to the TRS-Care plan by type of contributor:

	<u>2020</u>	<u>2021</u>
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%
School's 2021 Employer Contributions		\$ 18,464
School's 2021 Member Contributions		14,695
School's 2020 NECE On-Behalf Contributions		(8,681)

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.

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide \$2,208,137 for fiscal year 2020 and \$3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding will be in fiscal year 2021.

Actuarial Assumptions - The total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Salary Increases
Rates of Disability	

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

The active mortality rates were based on 90% of the RP-2014 Employee Mortality tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 Rolled Forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
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
Ad hoc Postemployment Benefit Changes	None

The initial medical trend rates were 9% for Medicare retirees and 7.3% for non-Medicare retirees. There was an initial prescription drug trend rate of 9% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

Discount Rate - A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.3% 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.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Sensitivity of the Net OPEB Liability

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
School's Proportionate Share of the Net OPEB Liability	\$ 1,116,502	\$ 930,420	\$ 783,442

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	\$ 760,034	\$ 930,420	\$ 1,157,350

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At August 31, 2021, the Midland Academy Charter School, Inc., disclosed a liability of \$930,420 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the School. The amount recognized by the School 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 School were as follows:

School's Proportionate Share of the Collective Net OPEB Liability	\$ 930,420
State's Proportionate Share that is Associated with the School	1,250,261
Total	\$ 2,180,681

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

At August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.0024475381% which was a decrease of 0.0002022274% from its proportion measured as of August 31, 2019.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

Provided
by TRS

III. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Changes in Actuarial Assumptions 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 2.63% as August 31, 2019, to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change lowered the total OPEB liability.
- The ultimate health care trend assumption was lowered from 4.5% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the total OPEB liability.

Changes of Benefit Terms - There were no changes in benefit terms since the prior measurement date.

C. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2021, August 31, 2020, and August 31, 2019, the subsidy payments received by TRS-Care on behalf of the School were \$9,240, \$9,299, and \$9,082, respectively. These payments are recorded as equal revenues and expenditures in the governmental fund's financial statements.

D. Health Care Coverage

The School participates in TRS-Active Care sponsored by the Teacher Retirement System of Texas. TRS-Active Care (the Plan) provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the Plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The Plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

E. Risk Management

The School 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 2021, the School 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.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

F. Commitment and Contingencies

The School received funds through state and federal programs that are governed by various statutes and regulations. State program funding is based primarily on student attendance data submitted to the TEA and is subject to audit and adjustment. Expenses charged to federal programs are subject to audit and adjustment by the grantor agency. The programs administered by the School have complex compliance requirements, and should state or federal auditors discover areas of noncompliance, the School's funds may be subject to refund if so determined by the TEA or the grantor agency. In the opinion of the School, 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.

G. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents \$ 44,976

Except for the financial assets listed above, the School's cash and due from State, are restricted by the TEA, federal agencies, and donors for charter school operations.

H. State Aid

Charter schools in the State of Texas participate in the Per Capita and State Foundation Program. Under this program, each charter school is entitled to receive these revenues based upon student enrollment and average daily attendance. Each charter school is required to file enrollment and attendance reports at the close of each six weeks reporting period and at the close of the year. Actual attendance is calculated by the TEA, and the attendance reports are subject to audit by the TEA. Final Per Capita and State Foundation Program earnings may be adjusted as a result of any such audit. During the year ended August 31, 2021, the Charter Holder earned \$3,317,124 of Per Capita and State Foundation Program funds (before any possible TEA enrollment and attendance audit).

I. Charter Holder Operations

The Charter Holder only operated a single charter school and did not conduct any other charter or noncharter activities.

J. Adjustments to Net Assets

The financial statements reflect the following prior period adjustment:

Foundation and Other Miscellaneous Adjustments \$ 4,103

K. Subsequent Events

The School's management has evaluated subsequent events through December 9, 2021, the date which the financial statements were available for issue.

Supplementary Information

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Schedule of Expenses
Year Ended August 31, 2021

<u>EXPENSES</u>		<u>Total All Funds</u>
6100	Payroll Costs	\$ 2,776,355
6200	Professional and Contracted Services	481,562
6300	Supplies and Materials	276,675
6400	Other Operating Costs	202,447
6500	Debt Service	41,397
	Total Expenses	<u>\$ 3,778,436</u>

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Schedule of Capital Assets
August 31, 2021

		Ownership Interest		
		<u>Local</u>	<u>State</u>	<u>Federal</u>
1510	Land and Improvements	\$ 0	\$ 20,000	\$ 0
1520	Buildings and Improvements	0	2,598,756	0
1531	Vehicles	0	138,785	0
1539	Furniture and Equipment	0	238,045	102,359
1550	Assets Purchases with Capital Leases	<u>0</u>	<u>210,368</u>	<u>24,876</u>
	Total Property and Equipment	<u>\$ 0</u>	<u>\$ 3,205,954</u>	<u>\$ 127,235</u>

MIDLAND ACADEMY CHARTER SCHOOL, INC.
 * Budgetary Comparison Schedule
 Year Ended August 31, 2021

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local Support:				
5740 Other Revenue from Local Sources	\$ 3,130	\$ 15,589	\$ 23,836	\$ 8,247
5750 Revenues from Cocurricular, Enterprising Services, or Activities	33,545	41,900	41,111	(789)
Total Local Support Revenues	<u>\$ 36,675</u>	<u>\$ 57,489</u>	<u>\$ 64,947</u>	<u>\$ 7,458</u>
State Program Revenues:				
5810 Per Capita and Foundation School Program Act Revenues	\$ 3,569,811	\$ 3,407,635	\$ 3,317,124	\$ (90,511)
5820 State Program Revenues Distributed by Texas Education Agency	107,714	134,003	35,410	(98,593)
5830 On-Behalfs and Medicare Part D	177,590	0	0	0
Total State Program Revenues	<u>\$ 3,855,115</u>	<u>\$ 3,541,638</u>	<u>\$ 3,352,534</u>	<u>\$ (189,104)</u>
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	\$ 302,548	\$ 1,001,681	\$ 406,470	\$ (595,211)
5930 Federal Revenues Distributed by Other State of Texas Government Agencies	0	0	20,631	20,631
5940 Federal Revenues Distributed Directly from Federal Government	0	500,427	489,413	(11,014)
Total Federal Program Revenues	<u>\$ 302,548</u>	<u>\$ 1,502,108</u>	<u>\$ 916,514</u>	<u>\$ (585,594)</u>
Total Revenues	<u>\$ 4,194,338</u>	<u>\$ 5,101,235</u>	<u>\$ 4,333,995</u>	<u>\$ (767,240)</u>
EXPENSES				
11 Instruction	\$ 2,555,055	\$ 2,777,809	\$ 2,317,050	\$ 460,759
12 Instructional Resources and Media Services	35,168	33,234	39,453	(6,219)
13 Curriculum and Instructional Staff Development	56,200	56,700	42,500	14,200
21 Instructional Leadership	85,865	86,324	74,551	11,773
23 School Leadership	171,074	122,894	110,868	12,026
31 Guidance, Counseling, and Evaluation Services	43,766	79,052	38,104	40,948
33 Health Services	74,100	72,494	69,136	3,358
34 Student (Pupil) Transportation	1,000	75	70	5
35 Food Services	189,863	185,619	185,381	238
36 Cocurricular/Extracurricular Activities	4,800	300	300	0

MIDLAND ACADEMY CHARTER SCHOOL, INC.
 Budgetary Comparison Schedule - Continued
 Year Ended August 31, 2021

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
<u>EXPENSES - Continued</u>				
41 General Administration	256,586	289,930	283,925	6,005
51 Plant Maintenance and Operations	595,066	770,544	484,938	285,606
53 Data Processing Services	101,840	100,840	90,763	10,077
71 Debt Service	25,492	39,492	41,397	(1,905)
Total Expenses	<u>\$ 4,195,875</u>	<u>\$ 4,615,307</u>	<u>\$ 3,778,436</u>	<u>\$ 836,871</u>
Changes in Net Assets	\$ (1,537)	\$ 485,928	\$ 555,559	\$ 69,631
Net Assets - Beginning of Year	4,472,179	4,472,179	4,472,179	0
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>4,103</u>	<u>4,103</u>
Net Assets - End of Year	<u>\$ 4,470,642</u>	<u>\$ 4,958,107</u>	<u>\$ 5,031,841</u>	<u>\$ 73,734</u> <i>to the general</i>

MIDLAND ACADEMY CHARTER SCHOOL, INC.
 STATE COMPENSATORY EDUCATION AND BILINGUAL EDUCATION PROGRAM EXPENDITURES
 FOR THE YEAR ENDED AUGUST 31, 2021

Section A: Compensatory Education Programs

AP1	Did your LEA expend any state compensatory education program state allotment funds during the LEA's fiscal year?	Yes
<hr/>		
AP2	Does the LEA have written policies and procedures for its state compensatory education program?	Yes
<hr/>		
AP3	List the total state allotment funds received for state compensatory education programs during the LEA's fiscal year.	\$ 237,587
<hr/>		
AP4	List the actual direct program expenditures for state compensatory education programs during the LEA's fiscal year.	\$ 313,794

Section B: Bilingual Education Programs

AP5	Did your LEA expend any bilingual education program state allotment funds during the LEA's fiscal year?	Yes
<hr/>		
AP6	Does the LEA have written policies and procedures for its bilingual education program?	Yes
<hr/>		
AP7	List the total state allotment funds received for bilingual education programs during the LEA's fiscal year.	\$ 10,555
<hr/>		
AP8	List the actual direct program expenditures for bilingual education programs during the LEA's fiscal year. (PICs 25,35)	\$ 15,700

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to Budgetary Comparison Schedule
As of August 31, 2021

1. The following are explanations for variances between the initial budget and final budget of 10% or more as required by the Texas Education Agency:
 - Object 5740 - Increased budget due to anticipation of additional interest on investments.
 - Object 5750 - Increased budget to reflect increased Child Nutrition Program revenues.
 - Object 5820 - Increased budget to reflect additional State aid revenues.
 - Object 5830 - Reduction in budget to reflect on-behalf State revenues determined not to be applicable.
 - Object 5920 - Increased budget to reflect increased allotments in Federal funds.
 - Object 5940 - Increased budget to reflect revenue for Payroll Protection Program loan forgiveness.
 - Function 23 - Reduction in budget due to expected change in school leadership.
 - Function 31 - Increase in budget due to anticipated expenditures related to Federal grants.
 - Function 34 - Reduction in budget less than \$1,000 not deemed material.
 - Function 36 - Reduction in budget less than \$5,000 not deemed material.
 - Function 41 - Increase in budget due to expected change in school leadership.
 - Function 51 - Increase in budget due to expected maintenance of building.
 - Function 71 - Increase in budget due to interest on final payment of loan being more than anticipated.

2. The following are explanations for variances between the final budget and actual revenues/expenses of 10% or more as required by the Texas Education Agency:
 - Object 5740 - Actual interest on investments was more than anticipated.
 - Object 5820 - State aid revenue was less than anticipated.
 - Object 5920 - Grant funds not received and expended as anticipated.
 - Object 5930 - Grant funds received from State Comptroller more than anticipated.
 - Function 11, 13, 21, 31 - Decrease due to personnel changes and control of expenditures.
 - Function 12 - Increase due to additional expenditures related to ESSER Grant funds.
 - Function 51 - Decrease due to delay of anticipated ESSER III Grant funds.

COMPLIANCE AND INTERNAL CONTROLS SECTION

Eckert & Company

CERTIFIED PUBLIC ACCOUNTANTS

A Limited Liability Partnership

Michael E. Oliphant, CPA
Wayne Barr, CPA
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Megan Solsbery, CPA

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American Institute of CPAs
Texas Society of CPAs

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*

Board of Trustees
Midland Academy Charter School, Inc.
500 North Baird Street
Midland, TX 79701

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Midland Academy Charter School, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Midland Academy Charter School, Inc.'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Midland Academy Charter School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Midland Academy Charter School, Inc.'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 School'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Midland Academy Charter School, Inc.'s financial statements are free of 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eckert & Company, LLP

December 9, 2021

MIDLAND ACADEMY CHARTER SCHOOL, INC.
 Schedule of Findings and Questioned Costs
 Year Ended August 31, 2021

A. Summary of Auditor's Results

Financial Statements

	<u>Unmodified</u>	
Type of auditor's report issued		
Internal Control Over Financial Reporting		
Material weaknesses identified?	___ Yes	___ <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses?	___ Yes	___ <u>X</u> None Reported
Noncompliance material to financial statements noted?	___ Yes	___ <u>X</u> No

Federal Awards

Under the guidelines in the Uniform Guidance, a Single Audit was not required due to expenditures of federal awards being below \$750,000.

Total Federal Program Revenues Per Exhibit A-2	\$ 916,514
Payroll Protection Program Refundable Advance (Not Subject to Single Audit)	<u>(489,413)</u>
Total Expenditures of Federal Awards Subject to Single Audit	<u>\$ 427,101</u>

B. Findings - Financial Statements Audit

None

C. Findings - State Compliance

None

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

E. Revenue and Support

Revenues from the State of Texas are earned based on reported school attendance. Amounts received from the State before they are earned are deferred. Public and private grants received are recognized in the period received and when the terms of the grants are met.

F. Cash and Cash Equivalents

The School considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

G. Accounts Receivable

The School's accounts receivable represents amounts primarily due from the State of Texas or state and federal funding related to grants.

H. Capital Assets

Capital assets, which include buildings and improvements, vehicles, and furniture and equipment, are reported in the statement of financial position. Capital assets are defined by the School as assets with an individual cost of more than \$5,000. Such assets are recorded at historical cost at the date of acquisition and are depreciated over the estimated useful lives of the assets, which range from three to twenty years, using the straight-line method of depreciation. Expenditures for additions, major renewals and betterments are capitalized, and maintenance and repairs are charged to expense as incurred. Donations of assets are recorded as direct additions to net assets at fair value at the date of donation, which is then treated as cost.

I. Income Taxes

The School is exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and, therefore, has made no provision for federal income taxes in the accompanying financial statements.

J. Uncertain Tax Positions

The Financial Accounting Standards Board requires the School to recognize in its financial statements the financial effects of a tax position taken or expected to be taken in a tax return, if that position is more likely than not to be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure. Tax position taken related to the School's tax-exempt status, unrelated business income and deductibility of expenses has been reviewed and management is of the opinion that material positions taken by the School would more likely than not be sustained upon examination. Accordingly, the School has not recorded an income tax liability for uncertain tax benefits. As of August 31, 2021, the School's tax years 2017 and thereafter remain subject to examination.

K. Functional Expenses

The cost of providing the various programs and activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated on a specific identification basis, among the programs and supporting services benefited.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

II. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

A. Capital Assets

Capital assets at August 31, 2021, were as follows:

Land	\$ 20,000
Buildings and Improvements	2,598,756
Vehicles	138,785
Furniture and Equipment	340,404
Assets Purchased with Capital Leases	<u>235,244</u>
Total Capital Assets	\$ 3,333,189
Less Accumulated Depreciation and Amortization	<u>1,868,224</u>
Property and Equipment, Net	<u><u>\$ 1,464,965</u></u>

Capital assets acquired with public funds received by the School for the operation of the School constitute public property pursuant to Chapter 12 of the Texas Education Code. These assets are specifically identified on the schedule of capital assets for the School.

Depreciation expense was \$111,188 for the year ended August 31, 2021.

B. Concentration of Credit Risk and Business Risk

In the normal course of operations, the School maintains cash balances on deposit at financial institutions which, at times, may exceed federally insured limits. The School's exposure to loss, should the financial institution fail, is the excess of funds on deposit over the insured amount covered by the Federal Deposit Insurance Corporation. The School has not experienced any losses on such accounts, and management believes that this credit risk exposure is mitigated by the financial strength of the banking institution in which the deposits are held. During the fiscal year, the financial institution pledged securities to mitigate any exposure to loss that could occur.

Approximately 77% of the School's total revenue for the year ended August 31, 2021, was provided by State funding for the Per Capita and Foundation School Program.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

II. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS

C. Operating Lease

The School leases certain office equipment under a noncancelable operating lease agreement expiring in 2021. Commitments under this operating lease agreement provide for minimum future rental payments as of August 31, 2021, as follows:

<u>Year Ending</u> <u>August 31,</u>	
2022	\$ 24,969
2023	24,969
2024	24,969
2025	22,102
2026	<u>33,775</u>
Total Minimum Rentals	<u>\$ 130,784</u>

Operating lease expense for the year ended August 31, 2021, was \$33,574.

D. Refundable Advance

In May 2020, the School entered into an unsecured loan sponsored by the United States Small Business Administration (SBA) in the amount of \$518,800 with a financial institution pursuant to the Paycheck Protection Program (PPP). The loan may be forgiven in whole, or in part, dependent on the Organization's compliance with certain criteria defined in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Proceeds from the loan may only be used for permissible costs, as stipulated in the School's loan application.

The School recorded the full amount of the PPP loan as a Refundable Advance as of August 31, 2020. During the year ended August 31, 2021, \$489,413 of the PPP loan, which was forgiven, was recorded as revenue in the statement of activities; the School paid off the remaining balance of \$29,387.

E. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended August 31, 2021:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
TEA Claims Settlement	<u>\$ 145,929</u>	<u>\$ 0</u>	<u>\$ 145,929</u>	<u>\$ 0</u>	<u>\$ 0</u>

The School's outstanding Texas Education Agency claims settlement was paid off during the current year.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

II. DETAIL NOTES ON ALL ACTIVITIES AND FUNDS - Continued

F. Net Assets With Donor Restrictions

Net assets with donor restrictions at August 31, 2021, consisted of the following:

National School Lunch Program	\$ 36,633
Foundation School Program	<u>4,950,232</u>
Total	<u>\$ 4,986,865</u>

III. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan Description - Midland Academy Charter School, Inc., participates in a cost-sharing multiple-employer defined benefit pension plan 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.

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 Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov>; by writing to TRS at 1000 Red River Street, Austin, Texas 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 benefits are established or amended under the authority of the Texas Constitution, Article XVI, Section 67 and by the Legislature in the Texas Government Code, Title 8, Subtitle C. The Board of Trustees does not have the authority to establish or amend benefits. State law requires the plan to be actuarially sound in order for the Legislature to consider a benefit enhancement, such as supplemental payment to the retirees. In May 2019, the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. These increases immediately made the pension fund actuarially sound and the Legislature approved funding for a 13th check. All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

Contributions - Contribution requirements are established or amended pursuant to Article 16, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the System during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements if it increases the period of TRS' unfunded actuarial liability to greater than 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 this manner are determined by the System's actuary.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 12 in the 86th Legislature set contribution rates for fiscal year 2020 and fiscal year 2021. Beginning September 1, 2019, all employers are required to pay the Public Education Employer contribution of 1.5%.

Contribution Rates		
	<u>2020</u>	<u>2021</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	7.5%	7.5%
Employers	7.5%	7.5%
School's 2021 Employer Contributions		\$ 75,063
School's 2021 Member Contributions		174,078
School's 2020 NECE On-Behalf Contributions		208,117

The School's contributions to the plan did not represent more than 5% of total plan contributions from all entities for the Plan year ended August 31, 2021.

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

As the non-employer contributing entity for public education, 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 Plan during the fiscal year reduced by the employer contributions. Employers including public 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, or non-educational, general, or local funds.

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

- Employers must contribute 1.5% of the member's salary ("the Public Education Employer Surcharge").
- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.

Actuarial Assumptions -

Roll Forward - The actuarial valuation was performed as of August 31, 2019. Update procedures were used to roll forward the total pension liability to August 31, 2020.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017, and were adopted in July 2018.

The active mortality rates were based on 90% of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables with full generational projection using the ultimate improvement rates from the most recently published projection scale U-MP.

The following table discloses the assumptions that were applied to this measurement period:

Valuation Date	August 31, 2019 Rolled Forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	7.25%
Long-Term Expected Rate	7.25%
Municipal Bond Rate as of August 2020	2.33%. Source for the rate is the Fixed Income Market Data/Yield Curve/Data Municipal Bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index.
Last Year Ending August 31 in Projection Period (100 Years)	2119
Inflation	2.30%
Salary Increases	3.05% to 9.05% Including Inflation
Ad hoc Postemployment 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, 2019. For a full description of these assumptions please see the TRS actuarial valuation report dated November 14, 2019.

Discount Rate - The single discount rate used to measure the total pension liability was 7.25%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from active members, employers, and the non-employer contributing entity will be made at the statutorily required rates set by the Legislature during the 2019 legislative session. It is assumed that future employer and state contributions will be 8.5% of payroll in fiscal year 2020 gradually increasing to 9.66% of payroll over the next several years. This includes all employer and state contributions for active and rehired retirees.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected 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.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of August 31, 2020, are presented in the following Asset Allocations table:

<u>Asset Class</u>	<u>Target Allocation¹ %</u>	<u>Long-Term Expected Geometric Real Rate of Return²</u>	<u>Expected Contribution to Long-Term Portfolio Returns</u>
Global Equity			
USA	18.0%	3.9%	0.99%
Non-U.S. Developed	13.0%	5.1%	0.92%
Emerging Markets	9.0%	5.6%	0.83%
Private Equity	14.0%	6.7%	1.41%
Stable Value			
Government Bonds	16.0%	-0.7%	-0.05%
Absolute Return (Including Credit Sensitive Investments)	0.0%	1.8%	0.00%
Stable Value Hedge Funds	5.0%	1.9%	0.11%
Real Return			
Real Estate	15.0%	4.6%	1.02%
Energy, Natural Resources, and Infrastructure	6.0%	6.0%	0.42%
Commodities	0.0%	0.8%	0.00%
Risk Parity			
Risk Parity	8.0%	3.0%	0.30%
Asset Allocation Leverage			
Cash	2.0%	-1.5%	-0.03%
Asset Allocation Leverage	-6.0%	-1.3%	0.08%
Inflation Expectation			2.00%
Volatility Drag ³			-0.67%
Expected Return	100.0%		7.33%

¹ Target Allocation are based on the FY 2020 policy model.

² Capital Market Assumptions come from Aon Hewitt (as of August 31, 2020).

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

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

A. Defined Benefit Pension Plan - Continued

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (7.25%) in measuring the 2020 net pension liability:

	1% Decrease in Discount Rate (6.25%)	Discount Rate (7.25%)	1% Increase in Discount Rate (8.25%)
School's Proportionate Share of the Net Pension Liability	\$ 1,428,922	\$ 926,679	\$ 518,617

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At August 31, 2021, the Midland Academy Charter School, Inc., disclosed a net pension liability of \$926,679 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the School. The amount recognized by the School 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 School were as follows:

School's Proportionate Share of the Collective Net Pension Liability	\$ 926,679
State's Proportionate Share that is Associated with the School	1,730,306
Total	\$ 2,656,985

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

At August 31, 2020, the employer's proportion of the collective net pension liability was 0.0017302358% which was an increase of 0.0004867929% from its proportion measured as of August 31, 2019.

Changes Since the Prior Actuarial Valuation - There were no changes in assumptions since the prior measurement date.

Changes of Benefit Terms - There were no changes of benefit terms since the prior measurement date.

Benefit Change - In May 2019 the 86th Texas Legislature approved the TRS Pension Reform Bill (Senate Bill 12) that provides for gradual contribution increases from the state, participating employers, and active employees to make the pension fund actuarially sound. The increases immediately made the pension fund actuarially sound, and the Legislature approved funding for a 13th check.

All eligible members retired as of December 31, 2018, received an extra annuity check in September 2019 in either the matching amount of their monthly annuity payment or \$2,000, whichever was less.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans

Plan Description - The Midland Academy Charter School, Inc., participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined other postemployment benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position - Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov>; 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. Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. 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 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.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th Legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$277,490,586 as of August 31, 2020.

The premium rates for retirees are presented 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 participating employers based on active employee compensation. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

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 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2020. The following table shows contributions to the TRS-Care plan by type of contributor:

	Contribution Rates	
	<u>2020</u>	<u>2021</u>
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%
School's 2021 Employer Contributions		\$ 18,464
School's 2021 Member Contributions		14,695
School's 2020 NECE On-Behalf Contributions		(8,681)

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.

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide \$2,208,137 for fiscal year 2020 and \$3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding will be in fiscal year 2021.

Actuarial Assumptions - The total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Salary Increases
Rates of Disability	

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

The active mortality rates were based on 90% of the RP-2014 Employee Mortality tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 Rolled Forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
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
Ad hoc Postemployment Benefit Changes	None

The initial medical trend rates were 9% for Medicare retirees and 7.3% for non-Medicare retirees. There was an initial prescription drug trend rate of 9% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

Discount Rate - A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.3% 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.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Sensitivity of the Net OPEB Liability

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
School's Proportionate Share of the Net OPEB Liability	<u>\$ 1,116,502</u>	<u>\$ 930,420</u>	<u>\$ 783,442</u>

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	<u>\$ 760,034</u>	<u>\$ 930,420</u>	<u>\$ 1,157,350</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At August 31, 2021, the Midland Academy Charter School, Inc., disclosed a liability of \$930,420 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the School. The amount recognized by the School 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 School were as follows:

School's Proportionate Share of the Collective Net OPEB Liability	\$ 930,420
State's Proportionate Share that is Associated with the School	<u>1,250,261</u>
Total	<u>\$ 2,180,681</u>

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

At August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.0024475381% which was a decrease of 0.0002022274% from its proportion measured as of August 31, 2019.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Changes in Actuarial Assumptions 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 2.63% as August 31, 2019, to 2.33% as of August 31, 2020. This change increased the total OPEB liability.
- The participation rate for pre-65 retirees was lowered from 50% to 40%. This change lowered the total OPEB liability.
- The ultimate health care trend assumption was lowered from 4.5% to 4.25% as a result of Congress' repeal of the excise (Cadillac) tax on high-cost employer health plans in December 2019. This change lowered the total OPEB liability.

Changes of Benefit Terms - There were no changes in benefit terms since the prior measurement date.

C. Medicare Part D

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. Under Medicare Part D, TRS-Care receives retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the years ended August 31, 2021, August 31, 2020, and August 31, 2019, the subsidy payments received by TRS-Care on behalf of the School were \$9,240, \$9,299, and \$9,082, respectively. These payments are recorded as equal revenues and expenditures in the governmental fund's financial statements.

D. Health Care Coverage

The School participates in TRS-Active Care sponsored by the Teacher Retirement System of Texas. TRS-Active Care (the Plan) provides health care coverage to employees (and their dependents) of participating public education entities. Optional life and long-term care insurance are also provided to active members and retirees. Authority for the Plan can be found in the Texas Insurance Code, Title 8, Subtitle H, Chapter 1579 and in the Texas Administrative Code, Title 34, Part 3, Chapter 41. The Plan began operations on September 1, 2002. This is a premium-based plan. Payments are made on a monthly basis for all covered employees.

E. Risk Management

The School 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 2021, the School 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.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
 Schedule of Capital Assets
 August 31, 2021

		Ownership Interest		
		Local	State	Federal
1510	Land and Improvements	\$ 0	\$ 20,000	\$ 0
1520	Buildings and Improvements	0	2,598,756	0
1531	Vehicles	0	138,785	0
1539	Furniture and Equipment	0	238,045	102,359
1550	Assets Purchases with Capital Leases	0	210,368	24,876
	Total Property and Equipment	<u>\$ 0</u>	<u>\$ 3,205,954</u>	<u>\$ 127,235</u>

MIDLAND ACADEMY CHARTER SCHOOL, INC.
 Budgetary Comparison Schedule
 Year Ended August 31, 2021

	Budget Amounts		Actual Amounts	Variance With Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Local Support:				
5740 Other Revenue from Local Sources	\$ 3,130	\$ 15,589	\$ 23,836	\$ 8,247
5750 Revenues from Cocurricular, Enterprising Services, or Activities	33,545	41,900	41,111	(789)
Total Local Support Revenues	<u>\$ 36,675</u>	<u>\$ 57,489</u>	<u>\$ 64,947</u>	<u>\$ 7,458</u>
State Program Revenues:				
5810 Per Capita and Foundation School Program Act Revenues	\$ 3,569,811	\$ 3,407,635	\$ 3,317,124	\$ (90,511)
5820 State Program Revenues Distributed by Texas Education Agency	107,714	134,003	35,410	(98,593)
5830 On-Behalfs and Medicare Part D	177,590	0	0	0
Total State Program Revenues	<u>\$ 3,855,115</u>	<u>\$ 3,541,638</u>	<u>\$ 3,352,534</u>	<u>\$ (189,104)</u>
Federal Program Revenues:				
5920 Federal Revenues Distributed by Texas Education Agency	\$ 302,548	\$ 1,001,681	\$ 406,470	\$ (595,211)
5930 Federal Revenues Distributed by Other State of Texas Government Agencies	0	0	20,631	20,631
5940 Federal Revenues Distributed Directly from Federal Government	0	500,427	489,413	(11,014)
Total Federal Program Revenues	<u>\$ 302,548</u>	<u>\$ 1,502,108</u>	<u>\$ 916,514</u>	<u>\$ (585,594)</u>
Total Revenues	<u>\$ 4,194,338</u>	<u>\$ 5,101,235</u>	<u>\$ 4,333,995</u>	<u>\$ (767,240)</u>
EXPENSES				
11 Instruction	\$ 2,555,055	\$ 2,777,809	\$ 2,317,050	\$ 460,759
12 Instructional Resources and Media Services	35,168	33,234	39,453	(6,219)
13 Curriculum and Instructional Staff Development	56,200	56,700	42,500	14,200
21 Instructional Leadership	85,865	86,324	74,551	11,773
23 School Leadership	171,074	122,894	110,868	12,026
31 Guidance, Counseling, and Evaluation Services	43,766	79,052	38,104	40,948
33 Health Services	74,100	72,494	69,136	3,358
34 Student (Pupil) Transportation	1,000	75	70	5
35 Food Services	189,863	185,619	185,381	238
36 Cocurricular/Extracurricular Activities	4,800	300	300	0

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans

Plan Description - The Midland Academy Charter School, Inc., participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined other postemployment benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position - Detailed information about the TRS-Care's fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.texas.gov>; 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. Eligible non-Medicare retirees and their dependents may pay premiums to participate in the high-deductible health plans. 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 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.

The General Appropriations Act passed by the 86th Legislature included funding to maintain TRS-Care premiums at their current level through 2021. The 86th Legislature also passed Senate Bill 1682 which requires TRS to establish a contingency reserve in the TRS-Care fund equal to 60 days of expenditures. This amount is estimated at \$277,490,586 as of August 31, 2020.

The premium rates for retirees are presented 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 participating employers based on active employee compensation. The TRS Board of Trustees does not have the authority to set or amend contribution rates.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

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 0.65% of salary. Section 1575.204 establishes a public school contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the employer. The actual public school contribution rate is prescribed by the Legislature in the General Appropriations Act which is 0.75% of each active employee's pay for fiscal year 2020. The following table shows contributions to the TRS-Care plan by type of contributor:

	<u>2020</u>	<u>2021</u>
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%
School's 2021 Employer Contributions		\$ 18,464
School's 2021 Member Contributions		14,695
School's 2020 NECE On-Behalf Contributions		(8,681)

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.

A supplemental appropriation was authorized by Senate Bill 1264 of the 86th Texas Legislature to provide \$2,208,137 for fiscal year 2020 and \$3,312,206 for fiscal year 2021, for consumer protections against medical and health care billing by certain out-of-network providers. Funding will be in fiscal year 2021.

Actuarial Assumptions - The total OPEB liability in the August 31, 2019 actuarial valuation was rolled forward to August 31, 2020. The actuarial valuation was determined using the following actuarial assumptions.

The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2020 TRS pension actuarial valuation:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Salary Increases
Rates of Disability	

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

The active mortality rates were based on 90% of the RP-2014 Employee Mortality tables for males and females, with full generational mortality using Scale BB. The post-retirement mortality rates for healthy lives were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

Additional Actuarial Methods and Assumptions:

Valuation Date	August 31, 2019 Rolled Forward to August 31, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.30%
Single Discount Rate	2.33% as of August 31, 2020
Aging Factors	Based on Plan Specific Experience
Election Rates	Normal Retirement: 65% participation prior to age 65 and 40% participation after age 65. 25% of pre-65 retirees are assumed to discontinue coverage at age 65.
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
Ad hoc Postemployment Benefit Changes	None

The initial medical trend rates were 9% for Medicare retirees and 7.3% for non-Medicare retirees. There was an initial prescription drug trend rate of 9% for all retirees. The initial trend rates decrease to an ultimate trend rate of 4.25% over a period of 13 years.

Discount Rate - A single discount rate of 2.33% was used to measure the total OPEB liability. There was a decrease of 0.3% 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.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Sensitivity of the Net OPEB Liability

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2.33%) in measuring the net OPEB liability:

	1% Decrease in Discount Rate (1.33%)	Discount Rate (2.33%)	1% Increase in Discount Rate (3.33%)
School's Proportionate Share of the Net OPEB Liability	\$ 1,116,502	\$ 930,420	\$ 783,442

Healthcare Cost Trend Rates Sensitivity Analysis - The following presents the net OPEB liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the assumed healthcare cost trend rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
School's Proportionate Share of the Net OPEB Liability	\$ 760,034	\$ 930,420	\$ 1,157,350

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At August 31, 2021, the Midland Academy Charter School, Inc., disclosed a liability of \$930,420 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the School. The amount recognized by the School 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 School were as follows:

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State's Proportionate Share that is Associated with the School	1,250,261
Total	\$ 2,180,681

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At August 31, 2020, the employer's proportion of the collective net OPEB liability was 0.0024475381% which was a decrease of 0.0002022274% from its proportion measured as of August 31, 2019.

MIDLAND ACADEMY CHARTER SCHOOL, INC.
Notes to the Financial Statements - Continued
August 31, 2021

III. OTHER INFORMATION - Continued

B. Defined Other Postemployment Benefit Plans - Continued

Changes in Actuarial Assumptions 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:

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 Schedule of Capital Assets
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1531 Vehicles	0	138,785	0
1539 Furniture and Equipment	0	238,045	102,359
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Total Property and Equipment	<u>\$ 0</u>	<u>\$ 3,205,954</u>	<u>\$ 127,235</u>

MIDLAND ACADEMY CHARTER SCHOOL, INC.
 Budgetary Comparison Schedule
 Year Ended August 31, 2021

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	Original	Final		
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Total Revenues	<u>\$ 4,194,338</u>	<u>\$ 5,101,235</u>	<u>\$ 4,333,995</u>	<u>\$ (767,240)</u>
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23 School Leadership	171,074	122,894	110,868	12,026
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33 Health Services	74,100	72,494	69,136	3,358
34 Student (Pupil) Transportation	1,000	75	70	5
35 Food Services	189,863	185,619	185,381	238
36 Cocurricular/Extracurricular Activities	4,800	300	300	0