

FISCAL YEAR

2022

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

CITY OF MIDLAND, TEXAS

Fiscal Year Ended
September 30, 2022



City of Midland, Texas

Annual Comprehensive Financial Report

For the Year Ended September 30, 2022

Prepared by the Finance Department

Christy Weakland, CPA
Director of Finance

Crystal Garcia, MBA
Comptroller

City of Midland, Texas

September 30, 2022

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Introductory Section (Unaudited)

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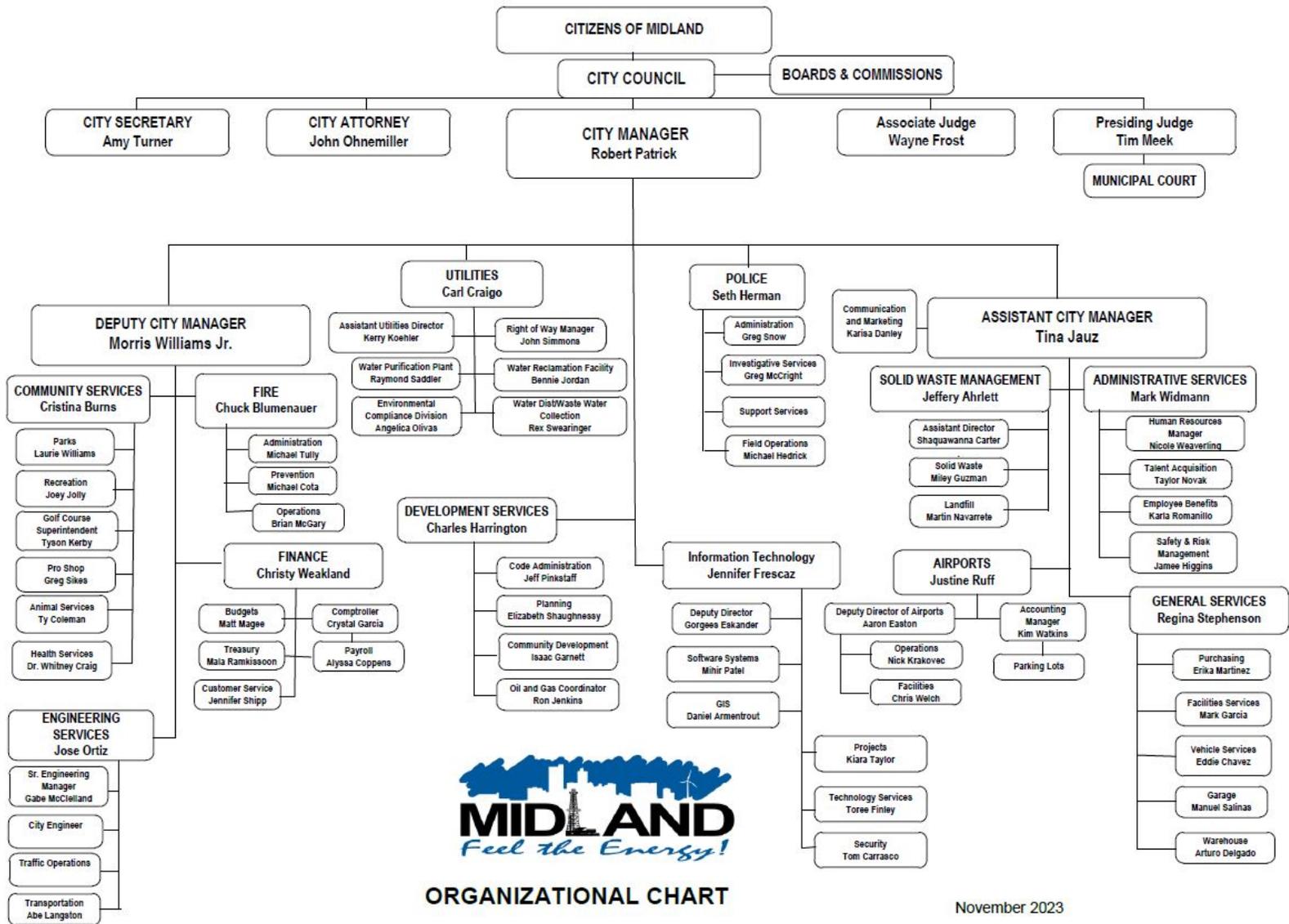
CITY OF MIDLAND, TEXAS PRINCIPAL OFFICIALS

CITY COUNCIL

The Honorable Lori Merritt BlongMayor
Dan Corrales At Large Council Member
Robin Poole At Large Council Member
A. Scott Dufford..... District 1 Council Member
John Norman District 2 Mayor Pro Tem
Jack Ladd District 3 Council Member
Amy Stretcher Burkes District 4 Council Member

OTHER PRINCIPAL OFFICERS

Robert Patrick City Manager
Morris Williams Deputy City Manager
Tina Jauz Assistant City Manager
John Ohnemiller..... City Attorney
Amy M. Turner City Secretary
Seth Herman Chief of Police
Charles Blumenauer Fire Chief
Christy Weakland Director of Finance
Mark Widmann Director of Administrative Services
Cristina Burns Director of Community Services
Justine Ruff Director of Airports
Carl Craigo..... Director of Utilities
Jeffery Ahrlett Director of Solid Waste Management
Chuck Harrington Director of Development Services
Regina Stephenson Director of General Services
Jose Ortiz Director of Engineering Services
Jennifer Frescaz Director of Communications & Information Services
Tim Meek Presiding Judge



ORGANIZATIONAL CHART

November 2023



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Midland
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

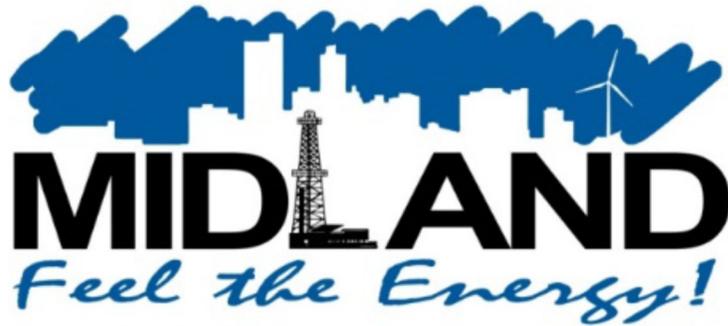
September 30, 2020

Christopher P. Morill

Executive Director/CEO

As of the date of this ACFR, the City's September 30, 2021 Certificate of Achievement is not yet available from GFOA. The City submitted its FY2021 ACFR in March 2022 and anticipates that the FY2021 ACFR will receive this award.

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March 21, 2023

The Honorable Mayor and Members of the City Council
City of Midland
Midland, Texas

We are pleased to present to you the Annual Comprehensive Financial Report (Annual Report) of the City of Midland, Texas (the City), for the fiscal year ended September 30, 2022, in accordance with Article IV, Section 29, of the City Charter.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and the results of operations of the City on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

In accordance with the laws of the State of Texas and the City Charter, the City's financial statements have been audited by FORVIS, a firm of licensed certified public accountants. FORVIS has issued unmodified ("clean") opinions on the City of Midland's financial statements for the year ended September 30, 2022. The independent auditor's report is located as the first component of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and the two should be read in conjunction with each other.

CITY PROFILE

The City was incorporated on January 25, 1911, under the provisions of H.B. 901 of the Texas Legislature. It was subsequently chartered on November 5, 1940 (amended May 4, 1996) and operates under a Council-Manager form of government. The City Council comprises a Mayor and seven members and is responsible for enacting ordinances, resolutions, and regulations governing the City, as well as appointing the members of various statutory and advisory boards, the City Manager, City Attorney, City Secretary, and Municipal Judge. The City Manager is the chief administrative officer of the government and is responsible for the enforcement of laws and ordinances, the appointment and supervision of department managers, and the performance of functions within the municipal organization.

The City provides a wide range of services to the citizens, including police and fire protection, health and social services, public improvements, streets, traffic control, planning and zoning, water and sewer, solid waste, drainage, airports, parks and recreation facilities and general administrative services.

The financial reporting entity contains all funds of the primary government (i.e., the City of Midland as legally defined), as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. The Midland Development Corporation (MDC) and the Midland Firemen's Relief and Retirement Fund (MFRRF) are the only component units of the City.

Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Midland Development Corporation (MDC) is reported as a discretely presented component unit.

The MFRRF is reported as a fiduciary component unit in the accompanying financial statements as a pension trust fund under the provisions of GASB 84 and GASB 14, as amended.

LOCAL ECONOMY

Midland is located midway between Fort Worth and El Paso, along Interstate 20, in West Texas. The City has remained a management center, reflecting a unique concentration of highly trained and educated personnel. According to the U.S. Census Bureau 2017-2021 American Community Survey 5-year estimates, bachelor's degrees or higher are held by 30.9% of the population 25 years and older. Attributes, such as the educational levels of the populace, in conjunction with good weather, the high quality of life, and the central location, which facilitates travel and shipping to both coasts, have made Midland a viable candidate in the recruitment of new and relocating businesses.

According to the Bureau of Labor Statistics, the City of Midland reported an unemployment rate of 3.1% for September 2022. Midland utilizes economic development resources, primarily economic development tax funds, to expand the economic base by attracting new companies and assisting existing local businesses with the funding of expansion projects.

The City's residential, commercial and industrial growth has been influenced by the development of two City airports: Midland International Air & Space Port and Midland Airpark. Midland International Air & Space Port is the hub of aviation activity for a 43-county area of West Texas and southeast New Mexico. The full-service Foreign Trade Zone (FTZ) at the Midland International Air & Space Port assists in the development of a diversified economy. Midland International is also a designated Port of Entry and has a U.S. Customs Office.

The U.S. Census Bureau estimated the population of Midland to be 131,292 as of July 1, 2021. A steady growth in the number of utility connections and annexations has created more demand on the water system. Development of the T-Bar well field and the Clear Water well fields have helped meet the demands for water for the City. Midland's growth helps create opportunities in commercial, industrial, and residential areas. The past several years has seen the opening of a number of new national chain retail and service businesses.

The City of Midland has continued to bounce back from the last three years of a downturn in the oil and gas industry and local economy. The unemployment rate has decreased from 4.9% in September 2021 to 3.1% as of September 2022. The stability in the oil prices has resulted in a consistent growth and stability for the local businesses, as well as the City's revenue streams.

LONG-TERM FINANCIAL PLANNING

Service to the citizenry is a priority of the City and a large part of that service is maintaining and improving infrastructure and the quality of life. The City has developed a nine-year capital projects plan. The document helps capture the larger scope of projects that will accommodate and foster future growth, while maintaining financial stability. The capital project plan is updated and reviewed annually by Council during the budget process.

RELEVANT FINANCIAL POLICIES

The City's financial policies set forth the basic framework for the fiscal management of the City. These include policies for accounting, budgeting, capital improvements, asset management, revenue management, and fund balance/reserve levels. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code and the City of Midland City Charter. The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

The accrual basis of accounting is used to report all City financial activity in the government-wide financial statements, Enterprise Funds and Internal Service Funds. Under the accrual basis, revenues are recognized in the accounting period in which they are earned, and expenses are recorded in the accounting period incurred.

The City uses the modified accrual basis of accounting for all Governmental Funds (General, Special Revenue, Debt Service, and Capital Projects) and the financial statements for these funds have been prepared on this basis. Under the modified accrual basis, expenditures are recorded when liabilities are incurred, except for those that are long-term in nature, and revenues are recorded when they become both measurable and available.

The City Manager, through his appointee, the Director of Finance, is responsible for maintaining an adequate and effective system of accounts and for establishing and maintaining an internal accounting control system that gives reasonable assurance that assets are being safeguarded against loss from unauthorized use or disposition, and that the financial records can be relied upon for preparing financial statements and maintaining accountability for assets.

We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. Prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the upcoming fiscal year. The operating budget, which represents the financial plan for the ensuing fiscal year, includes proposed expenditures and the means of financing them. Public hearings are conducted at which comments from all interested persons concerning the budget are heard. The budget is legally enacted by the City Council through passage of an ordinance.

Appropriations are legally adopted at the department level for the General Fund and Debt Service Fund on a basis consistent with generally accepted accounting principles. Budgetary controls are maintained at the major category of expenditure level. All anticipated expenditures are budgeted for control purposes. Encumbrances are used for managerial control through the year.

MAJOR INITIATIVES

The City of Midland experienced increased sales tax and other revenue in 2021-2022 due to the continued recovery from oil and gas industry decline of 2020-2021. The budget for FY 2023 had a total increase of 8% over 2022. Major priorities and initiatives are listed in the FY2023 budget book including the following:

- Maintain and rebuild service levels to the public while maintaining ongoing conservative financial practices
- Commitment to leadership in addressing critical water resources and developing a long-term infrastructure plan
- Encourage downtown development through incentives
- Long-term planning for quality of place improvements
- Maintain and improve transportation avenues for the safety of Midland citizens
- Maintain investments while making improvements to City facilities

RECENT EVENTS AND ECONOMIC OUTLOOK

While the economic impacts of the COVID pandemic and drop in oil price were unprecedented and are still being felt, the City of Midland finances are sound and resilient. The City's sales taxes are trending upward as compared to the prior fiscal year. Events are returning to the tall city, which is bringing activity to the local hotels, along with hotel tax revenue. Property tax values are expected to continue to increase, and building permits are on the rise. Enplanements are reaching pre-COVID numbers at the Airport. The rig count is above 350 and the price of oil has hovered around the \$80 mark.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Midland, Texas, for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the thirty-eighth consecutive year that the government had achieved this prestigious award. The award for the fiscal year ended September 30, 2021, is still pending at the time of this report. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report, and the maintenance of the records upon which it is based, required the services and cooperation of the staff of the Accounting Division, together with assistance from other departments and divisions of the City, and the assistance of the City's independent auditors. All of these efforts are greatly appreciated.

We also wish to thank the Mayor and members of the City Council for their responsible manner of conducting the financial operations of the City.

Respectfully submitted,



Robert Patrick
City Manager



Christy Weakland, CPA
Director of Finance

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Financial Section

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Independent Auditor's Report

The Honorable Mayor, City Council
and City Manager
City of Midland, Texas
Midland, Texas

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Midland, Texas (City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our report and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Midland Firemen's Relief and Retirement Fund (MFRRF), a fiduciary component unit, which represents 36 percent, 37 percent, and 27 percent, respectively, of the assets, net position, and revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for MFRRF is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in *Note 1* to the financial statements, the City adopted Governmental Accounting Standards Board Statement No. 87, *Leases*, in fiscal year 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS,LLP

**Dallas, Texas
March 21, 2023**

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City of Midland, Texas

Management's Discussion and Analysis (Unaudited)

Year Ended September 30, 2022

As management of the City of Midland, Texas (City of Midland or City), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City of Midland for the fiscal year ended September 30, 2022. Please read this in conjunction with the transmittal letter at the beginning of the report and the City's financial statements following this section.

Financial Highlights

- The assets and deferred outflows of resources of the City of Midland exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$779.3 million (net position). Unrestricted net position of \$75.8 million, a decrease of \$14.7 million from the prior year, may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of fiscal year 2022, the City of Midland governmental activities reported combined net position of \$283.5 million, an increase of \$57.4 million, or 25% from the prior year. The increase was due primarily to the transfer of the Sports Complex and Golf Course funds from enterprise funds to governmental funds. Unrestricted net position was a \$60.3 million deficit.
- As of September 30, 2022, unassigned fund balance of the General Fund was \$118.3 million, or 80% of total General Fund expenditures. At the close of the prior fiscal year, unassigned fund balance for the General Fund was \$105.5 million or 76% of that year's expenditures.
- The City's business-type activities total net position decreased from \$520.5 million in fiscal year 2021 to \$495.9 million in the current year, a decrease of 5%. This decrease was due mainly to the transfer of the Sports Complex and Golf Course funds from enterprise funds to governmental funds.
- Effective October 1, 2021, the City adopted Governmental Account Standards Board Statement No. 87, *Leases*. Comparative information presented herein has not been restated for the adoption of GASB 87 because the basic financial statements present fiscal year 2022 only.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the City of Midland's basic financial statements. The City of Midland's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Midland is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

City of Midland, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2022

The government-wide financial statements distinguish functions of the City of Midland that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, development services, engineering, community services, police, and fire. The business-type activities of the City include airport, water and sewer, drainage, and sanitation operations.

The government-wide financial statements include not only the City of Midland itself (known as the primary government), but also a legally separate corporation for economic development for which the City is financially accountable or can impose its will. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Midland, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Midland maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, and Park Donation and Special Purposes, which are considered to be major funds. Data for the other 19 governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

City of Midland, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2022

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Midland uses enterprise funds to account for its airport, water and sewer, sanitation, and drainage operations. Internal Service funds are an accounting device used to accumulate and allocate costs internally among the City of Midland's various functions. The City uses internal service funds to account for its garage, technology equipment and support, and two self-insurance funds. The internal service funds predominantly benefit governmental rather than business-type functions and have been primarily included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport Fund, the Water and Sewer Fund and the Sanitation Fund, each of which is considered to be a major fund of the City of Midland. Data for the other enterprise fund, the Drainage Fund, is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.

All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains one fiduciary fund. The Pension trust fund is used to report resources held in trust for retirees and beneficiaries covered by the Midland Firemen's Relief & Retirement Fund.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Midland's progress in funding its obligation to provide pension benefits to its employees, progress in funding its obligations to provide other postemployment benefits to its employees, and budgetary comparison schedules. The City of Midland adopts annual appropriated budgets for its General and Debt Service Funds. A budgetary comparison schedule is presented as required supplementary information for the General Fund to demonstrate budgetary compliance.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, and internal service funds are presented immediately following the required supplementary information on pensions and OPEB.

City of Midland, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2022

Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position was \$779.3 million at September 30, 2022.

By far the largest portion of the City's net position, \$664.1 million, or 82.7%, reflects its investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Midland uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted portion of the City's net position, \$59.5 million, or 7.6%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position, referred to as unrestricted, is \$75.8 million, or 9.7%, and may be used to meet the government's ongoing obligations to citizens and creditors.

City of Midland's Net Position

	Governmental Activities		Business-type Activities		Totals	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Current and other assets	\$ 309,637,957	\$277,002,607	\$ 236,719,027	\$253,268,095	\$ 546,356,984	\$ 530,270,702
Capital and lease assets, net	418,694,171	360,605,210	667,592,516	674,634,276	1,086,286,687	1,035,239,486
Total assets	<u>728,332,128</u>	<u>637,607,817</u>	<u>904,311,543</u>	<u>927,902,371</u>	<u>1,632,643,671</u>	<u>1,565,510,188</u>
Deferred outflows of resources	104,874,559	119,002,025	13,715,051	2,608,141	118,589,610	121,610,166
Other liabilities	31,385,646	29,108,003	24,947,237	26,844,790	56,332,883	55,952,793
Long-term liabilities	484,217,070	479,961,537	383,664,743	379,878,352	867,881,813	859,839,889
Total liabilities	<u>515,602,716</u>	<u>509,069,540</u>	<u>408,611,980</u>	<u>406,723,142</u>	<u>924,214,696</u>	<u>915,792,682</u>
Deferred inflows of resources	34,124,160	21,428,039	13,563,903	3,334,497	47,688,063	24,762,536
Net investment in capital assets	299,126,720	254,191,567	344,935,827	365,965,726	644,062,547	620,157,293
Restricted	44,647,499	24,186,610	14,821,024	11,679,196	59,468,523	35,865,806
Unrestricted	(60,294,408)	(52,265,914)	136,093,860	142,807,951	75,799,452	90,542,037
Total net position	<u>\$ 283,479,811</u>	<u>\$ 226,112,263</u>	<u>\$ 495,850,711</u>	<u>\$ 520,452,873</u>	<u>\$ 779,330,522</u>	<u>\$ 746,565,136</u>

At the end of the current fiscal year, for governmental activities, two categories of net position were positive, and one category of net position was negative. For business-type activities, all three categories of net position were positive.

Total assets in the Governmental activities increased by \$90.7 million and in the Business-type activities decreased by \$23.6 million. This inverse reaction is due to the transfer of the Sports Complex and Golf Course assets and funds from enterprise funds to governmental funds. In addition, both Governmental and Business-type activities experienced operational growth, which offset the decrease for business and added to the increase in governmental activities.

The City's long-term liabilities increased by \$8.0 million due primarily to the issuance of bonds to acquire water assets, offset by the elimination of the related capital lease; there was also an increase in net pension liabilities.

City of Midland, Texas

Management's Discussion and Analysis (Unaudited)

Year Ended September 30, 2022

Overall, the City's net position increased \$32.8 million, during the current fiscal year, with governmental activities reflecting an increase of \$57.4 million and business-type activities decreased \$24.6 million. The increase in governmental activities and inverse decrease in business-type activities is primarily due to the transfer of the Sports Complex and Golf Course funds from enterprise funds to governmental funds. Both governmental and business-type funds saw an increase in charges for services, in following with a stronger economy in FY 2022. Business-type activities also show a significant decrease in capital grants and contributions from prior year due a contribution of a wastewater facility in 2021 valued at \$124 million.

The following table provides a summary of the City's operations for the year ended September 30, 2022, with comparative totals for the year ended September 30, 2021.

City of Midland's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
REVENUES						
<i>Program revenues:</i>						
Charges for services	\$ 16,396,701	\$9,401,926	\$ 130,061,461	\$112,398,509	\$ 146,458,162	\$ 121,800,435
Operating grants and contributions	3,059,361	3,237,936	5,894,700	7,570,515	8,954,061	10,808,451
Capital grants and contributions	7,648,721	5,008,089	10,179,047	130,439,420	17,827,768	135,447,509
Total program revenues	27,104,783	17,647,951	146,135,208	250,408,444	173,239,991	268,056,395
<i>General revenues:</i>						
Property taxes	62,142,187	61,552,508	-	-	62,142,187	61,552,508
Sales taxes	61,052,772	46,435,724	-	-	61,052,772	46,435,724
Franchise and other taxes	18,837,109	15,200,760	-	-	18,837,109	15,200,760
Hotel-motel taxes	5,671,276	4,338,753	-	-	5,671,276	4,338,753
Grants not restricted to specific programs	6,936,582	-	-	-	6,936,582	-
Investment income (loss)	(13,119,425)	113,128	(9,938,173)	82,587	(23,057,598)	195,715
Oil and gas royalties	21,783,344	10,291,068	9,942,263	2,306,472	31,725,607	12,597,540
Gain on sale of assets	5,024	92,350	36,020	-	41,044	92,350
Miscellaneous	4,582,084	2,563,760	5,499,131	2,672,456	10,081,215	5,236,216
Total general revenues	167,890,953	140,588,051	5,539,241	5,061,515	173,430,194	145,649,566
Total revenues	194,995,736	158,236,002	151,674,449	255,469,959	346,670,185	413,705,961
EXPENSES						
General government	18,121,619	18,905,351	-	-	18,121,619	18,905,351
Development services	2,653,301	3,180,738	-	-	2,653,301	3,180,738
Engineering	22,347,858	25,559,912	-	-	22,347,858	25,559,912
Community services	18,308,419	22,277,865	-	-	18,308,419	22,277,865
Police	30,809,955	34,355,875	-	-	30,809,955	34,355,875
Fire	75,106,009	72,393,498	-	-	75,106,009	72,393,498
Golf	2,992,999	-	-	-	2,992,999	-
Sports complex	3,233,475	-	-	-	3,233,475	-
Housing programs	826,731	1,527,713	-	-	826,731	1,527,713
Economic development	3,405,197	3,730,100	-	-	3,405,197	3,730,100
Other	5,875,672	190,909	-	-	5,875,672	190,909
Interest and fiscal charges on long-term debt	4,652,710	5,375,616	-	-	4,652,710	5,375,616
Airport	-	-	17,415,536	14,827,819	17,415,536	14,827,819
Water and sewer	-	-	87,890,959	81,762,406	87,890,959	81,762,406
Sanitation	-	-	19,740,658	17,539,987	19,740,658	17,539,987
Drainage	-	-	523,701	322,873	523,701	322,873
Sports complex	-	-	-	4,910,380	-	4,910,380
Golf course	-	-	-	2,903,240	-	2,903,240
Total expenses	188,333,945	187,497,577	125,570,854	122,266,705	313,904,799	309,764,282
Increase in net position before transfers	6,661,791	(29,261,575)	26,103,595	133,203,254	32,765,386	103,941,679
Transfers	50,705,757	1,999,025	(50,705,757)	(1,999,025)	-	-
Change in net position	57,367,548	(27,262,550)	(24,602,162)	131,204,229	32,765,386	103,941,679
Net Position, beginning	226,112,263	253,374,813	520,452,873	389,248,644	746,565,136	642,623,457
Net Position, ending	\$ 283,479,811	\$ 226,112,263	\$ 495,850,711	\$ 520,452,873	\$ 779,330,522	\$ 746,565,136

City of Midland, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2022

Governmental Activities

Governmental activities net position increased by \$57.4 million or 25%. Total revenues for governmental activities increased from the previous year by \$36.8 million. General revenue had a net increase of \$27.3 million or 19%. Sales taxes increased \$14.6 million or 31% due to the recovery of the oil and gas industry, and the overall strengthening of the economy and job markets. Investment income decreased by \$13.2 million or 11,697% due to an increase in interest rates which also led to adjustments in investment income for the unrealized loss. Oil and gas royalties' revenues increased by \$11.5 million or 112% due to a steady increase in oil prices as well as an increase in the number of oil and gas leases. Hotel-motel tax was increased by \$1.3 million or 31% due to the post-Covid return of sporting activities and tournaments, resulting in more hotel stays.

Program revenues had a net increase of \$9.5 million or 54% due to a return of service activities to the public to pre-Covid levels (plus growth) and an increase in contributions by developers.

Total expenses for governmental activities increased \$836 thousand or 0.4%. The expected increase from taking on the Sports Complex and Golf Course expenditures was offset by the struggle in other general fund departments to keep staff levels up with the increase in the surrounding oil and gas economy.

Business-type Activities

Net position from business-type activities decreased by \$24.6 million or 5% from \$520.5 million to \$495.9 million.

Program revenues for business-type activities decreased by \$104.3 million, or 42%. This is primarily due to the prior year contributed asset for water reclamation of \$124 million from a local corporation. This is offset by an increase in water revenue and other charges for services due to growth.

Airport expenses are increased by \$2.6 million, or 17% due to increased activity levels related to economic growth and water and sewer expenses increased by \$6.1 million, or 7% due to water line maintenance. This is offset by the decrease relating to the Sports Complex and Golf Course expenditures closeout to the governmental activities.

Financial Analysis of the City's Funds

Governmental Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$244.2 million. Within this total \$734 thousand is nonspendable for prepaid items and inventories, \$97.7 million is restricted for specific purposes such as debt service, streets, buildings, public safety, or other purposes; \$11.8 million has been committed to specific types of expenditures; and \$15.7 million has been assigned to specific activities. The remaining \$118.3 is unassigned fund balance in the General Fund and can be used for any lawful purposes.

City of Midland, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2022

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned General Fund fund balance was \$118.3 million, while total fund balance was \$145.7 million. This is an increase over last year of \$26.9 million, or 22.6%. This is primarily due to the transfer of the Sports Complex and Golf Course funds from business-type funds to governmental funds. This caused a shift in assets and fund balance to the General Fund. By way of comparison with FY 2021, the General Fund fund balance, without the transfer of cash from the two funds, would be \$129.9, showing an increase in \$11.1 million, for an increase of 9.4%. Unassigned fund balance represents 80% of total general fund expenditures.

Debt Service Fund. The Debt Service Fund fund balance decreased in 2022 by \$1.3 million. This was a planned spend down of excess funds that had accumulated. The Debt Service Fund usually only provides enough resources for debt service payments.

Park Donation and Special Purposes Fund. The Park Donation Fund fund balance increased by \$20.2 million, making this a major fund for FY 2022. This increase comes from the oil and gas revenue influx due to the higher oil prices and accompanying economic growth.

Nonmajor Governmental Funds. This consists of all the governmental funds that were not presented as major funds. Total fund balance decreased by \$18.7 million primarily due to capital expenditures of previously issued bond funds.

Proprietary Funds

The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

Airport Fund. The Airport Fund ended the year with a net position of \$150 million, which was an increase of \$16.9 million or 12.7% compared to the previous year. The unrestricted net position of the Airport Fund was \$44.9 million. Operating expenses exceeded operating revenues by \$5.9 million. The operating loss was offset by non-operating revenues of \$16.1 million, which includes federal government contributions of \$5.9 million, a capital grant of \$6.8 million, and oil and gas royalties of \$9.7 million.

Water and Sewer Fund. Water and Sewer Fund net position amounted to \$293.3 million, which was an increase of \$1.8 million or 0.6% higher than the previous year. There was net operating income of \$13.8 million, capital contributions \$3.4 million and net non-operating expense of \$15.5 million driven primarily by \$21.3 million long term debt interest. The net result is an increase of net position of \$1.8 million. This increase is due to overall water sales growth, as well as an increase in water related impact fees.

Sanitation Fund. The City's Sanitation Fund net position increased by \$2.8 million or 11.7%. Total revenues amounted to \$24.9 million while total expenses were \$20.1 million.

Nonmajor Enterprise Funds. This consists of all the enterprise funds that were not presented as major funds. Total net position decreased by \$49.6 million primarily due to the transfer of the Sports Complex and Golf Course funds to governmental funds.

City of Midland, Texas
Management’s Discussion and Analysis (Unaudited)
Year Ended September 30, 2022

General Fund Budgetary Highlights

Actual General Fund revenues collected in FY2022 exceeded management’s budget by \$12.7 million or 5.7%. This positive variance was due to the recognition of grant funds spent from the *America Rescue Plan Act*, as well as an increase in taxes and charges for services due to economic growth. Investment income came in \$9.4 million lower than expected, due to recognized losses from rising interest rates.

Overall, FY2022 expenditures were \$4.3 million over budget due to \$11.8 million in parks construction and improvements and another \$7.4 for continued work on roads. All departments have experienced an increase in prices of chemicals for maintenance as well as other operational supplies and equipment.

Capital and Lease Assets

The City of Midland’s investment in capital and lease assets for its governmental and business type activities as of September 30, 2022, amounts to \$1.09 billion (net of accumulated depreciation and amortization), compared to \$1.04 billion (net of accumulated depreciation and amortization) at September 30, 2021. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, intangible and other assets, lease assets, and construction in progress. Capital and lease assets detail can also be found in *Note 5* to the financial statements.

Capital and Lease Assets, net of Depreciation and Amortization

	Governmental Activities		Business-type Activities		Totals	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
Land	\$ 20,258,570	\$15,429,175	\$ 15,361,331	\$15,438,584	\$ 35,619,901	\$ 30,867,759
Buildings	94,335,906	95,170,876	28,656,818	32,426,904	122,992,724	127,597,780
Improvements other than buildings	42,096,321	22,688,188	45,798,593	70,927,261	87,894,914	93,615,449
Machinery and equipment	35,616,074	35,094,425	11,606,290	10,303,982	47,222,364	45,398,407
Infrastructure	179,741,184	172,575,472	503,894,133	516,391,125	683,635,317	688,966,597
Lease assets	454,852	-	307,086	-	761,938	-
Intangible and other	1,809,365	2,454,188	973,066	955,530	2,782,431	3,409,718
Construction in progress	44,381,899	17,192,886	60,995,199	28,190,890	105,377,098	45,383,776
Total	\$ 418,694,171	\$ 360,605,210	\$ 667,592,516	\$ 674,634,276	\$ 1,086,286,687	\$ 1,035,239,486

Major capital asset activities during fiscal year 2022 included the following:

- Community Services – Improvements to ballfields including lighting and turf installation; new playground equipment and other improvements to various city parks.
- Engineering – Construction and improvements on several street projects including Thomason Drive, Solomon Lane, A Street, and several unpaved roads throughout the city.
- Airport – Facility renovations throughout the airport.
- Water and Sewer – Northeast water pump station and remediation work on T-Bar water source.
- Technology – City-wide fiber optic network improvements
- Facilities – Midland Utilities Service Center for Garage, Utilities, and Sanitation operations.

City of Midland, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2022

Debt Administration

At the end of the current fiscal year, the City of Midland had total bond debt outstanding of \$495.6 million. Of this amount, \$156.6 million was general government bond debt and lease obligations and \$339.0 million was from business-type activities.

The City of Midland's bond debt increased by \$237.7 million during the current fiscal year. The increase was primarily due to the issuance of General Obligation Refunding Bonds, Taxable Series 2022A, and General Obligation Refunding Bonds, Series 2022B, in the amount of \$167.6 million, and \$80.2 million, respectively. The City maintains an AAA rating with Fitch Ratings, Inc. and an Aa1 rating with Moody's on tax-supported debt.

Long-Term Debt at Year-end

	Governmental Activities		Business-type Activities		Totals	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
General obligation refunding bonds	\$ 94,443,966	\$ 97,877,414	\$ 285,750,000	\$ 39,990,000	\$ 380,193,966	\$ 137,867,414
Certificates of obligation	61,686,034	63,145,000	52,910,000	56,087,586	114,596,034	119,232,586
Lease obligations payable	456,165	-	309,462	-	765,627	-
	<u>\$ 156,586,165</u>	<u>\$ 161,022,414</u>	<u>\$ 338,969,462</u>	<u>\$ 96,077,586</u>	<u>\$ 495,555,627</u>	<u>\$ 257,100,000</u>

The City of Midland carefully plans debt acquisitions to fund only capital replacement and new construction. This process includes matching the maturity of the debt to the useful lives of the assets to be funded, as closely as possible. This allows for the use of debt to complement operations by allowing for matching the cash flows of asset cost to the period deriving the benefit from the asset.

Additionally, this allows the City to plan for and structure debt payments in such a manner that debt service tends to be generally declining across the years creating a known, decreasing demand upon resources for debt service and limiting the demand upon resources to a managed level. As a result of the development and refinement of this process, the impact of current debt upon present and future operations is minimized and annual operations can be based upon a known level of expendable, available resources to respond to the immediate needs of the City.

Additional information concerning the City's long-term debt may be found in *Note 9* of the Notes to Financial Statements.

City of Midland, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2022

Economic Factors and Next Year's Budgets and Rates

The budgetary process for fiscal year 2023 focused on rebuilding service levels to the public and keeping pace with the rebounding economy and accompanying growth. This includes addressing critical water resources and developing a long-term infrastructure plan as well as improvements in downtown and quality of place.

The total General Fund Budget is \$148.5 million, an increase of \$4.5 million from the FY 2022 adopted budget. The combined property tax rate is 35.5039 cents per \$100 valuation, compared with a rate of 36.7189 in fiscal year 2022, a 3.3% decrease. Property tax revenue for General Fund is expected to increase by \$1.7 million or 3.2%, based on increased property value and new property. Sales tax revenue, another major revenue source, is budgeted at \$57.0 million, an increase of \$6.0 million or 11.8% compared to the adopted budget of FY2022.

The City of Midland has shown its resilience through the recent downturn in the oil economy and continues to show positive trends across various economic metrics. The unemployment rate has decreased from 4.9% in September 2021 to 3.1% as of September 2022. Activity at the airport has also increased, as well as hotel/motel stays. The stability in the oil prices has resulted in a consistent growth and stability for the local businesses, as well as the City's revenue streams.

Request for Information

This financial report is designed to provide a general overview of the City of Midland's finances for all those with an interest in the government's finances. Questions concerning information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Midland, P.O. Box 1152, 300 N. Loraine, Midland, TX 79702-1152.

Basic Financial Statements

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City of Midland, Texas
Statement of Net Position
September 30, 2022

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Midland Development Corporation</u>
ASSETS				
Cash and cash equivalents	\$ 86,002,147	\$ 40,135,130	\$ 126,137,277	\$ 16,596,840
Investments	142,675,685	99,361,591	242,037,276	7,704,935
Receivables (net of allowance where applicable)				
Property taxes	891,522	-	891,522	-
Sales taxes	11,124,544	-	11,124,544	2,781,136
Accounts	9,853,068	19,646,354	29,499,422	-
Interest	721,319	423,047	1,144,366	74,936
Assessments	110	-	110	-
Intergovernmental	575,792	2,084,739	2,660,531	-
Leases	844,894	8,131,801	8,976,695	4,425,204
Prepaid items and other assets	682,041	117,640	799,681	58,667
Inventories	915,116	-	915,116	-
Internal balances	(18,463,822)	18,463,822	-	-
Notes receivable	-	491,156	491,156	6,579
Restricted assets				
Cash and cash equivalents	62,066,873	36,279,583	98,346,456	-
Investments	11,748,668	11,331,531	23,080,199	-
Accounts receivable	-	252,633	252,633	-
Capital and lease assets				
Nondepreciable	64,640,469	76,356,530	140,996,999	12,037,467
Depreciable, net of accumulated depreciation/amortization	354,053,702	591,235,986	945,289,688	16,354,736
Total assets	728,332,128	904,311,543	1,632,643,671	60,040,500
DEFERRED OUTFLOWS OF RESOURCES				
Pension items	100,010,072	2,199,088	102,209,160	-
OPEB items	4,864,487	901,889	5,766,376	-
Loss on refunding	-	10,614,074	10,614,074	-
Total deferred outflows of resources	104,874,559	13,715,051	118,589,610	-
LIABILITIES				
Accounts payable	6,036,335	8,557,157	14,593,492	806,498
Accrued payroll	3,407,747	765,133	4,172,880	-
Accrued interest payable	509,862	1,068,811	1,578,673	-
Retainage payable	1,360,161	2,182,021	3,542,182	5,112
Customer deposits	-	4,352,622	4,352,622	-
Unearned revenue	17,996,067	234,909	18,230,976	-
Other accrued liabilities	2,075,474	7,786,584	9,862,058	-
Long-term liabilities				
Due within one year				
Bonds payable	6,780,000	3,975,000	10,755,000	-
Lease obligations payable	170,549	80,345	250,894	66,722
Lease obligations payable - primary government	-	-	-	41,236
Compensated absences	3,855,609	452,447	4,308,056	22,504
Estimated unpaid claims	2,002,406	-	2,002,406	-
Total OPEB liability	521,803	70,164	591,967	-
Due in more than one year				
Bonds payable	164,973,935	352,740,962	517,714,897	-
Lease obligations payable	285,616	229,117	514,733	212,319
Lease obligations payable - primary government	-	-	-	523,818
Compensated absences	1,652,404	193,906	1,846,310	10,111
Estimated unpaid claims	3,075,776	-	3,075,776	-
Landfill closure/postclosure care	-	19,507,186	19,507,186	-
Total OPEB liability	18,988,997	3,607,352	22,596,349	-
Net pension liability	281,909,975	2,808,264	284,718,239	-
Total liabilities	515,602,716	408,611,980	924,214,696	1,688,320
DEFERRED INFLOWS OF RESOURCES				
Pension items	26,475,262	4,198,113	30,673,375	-
OPEB items	6,821,864	1,231,770	8,053,634	-
Lease related	827,034	8,134,020	8,961,054	4,398,423
Total deferred inflows of resources	34,124,160	13,563,903	47,688,063	4,398,423
NET POSITION				
Net investment in capital assets	299,126,720	344,935,827	644,062,547	27,442,011
Restricted for				
Debt service	800,949	-	800,949	-
Public safety	1,391,742	-	1,391,742	-
Court	727,604	-	727,604	-
Buildings and renovations	1,294,189	-	1,294,189	-
Passenger facility improvements	-	12,636,883	12,636,883	-
Hotel/motel	12,970,769	-	12,970,769	-
Economic development	-	-	-	26,511,746
Other purposes	27,462,246	2,184,141	29,646,387	-
Unrestricted (deficit)	(60,294,408)	136,093,860	75,799,452	-
Total net position	\$ 283,479,811	\$ 495,850,711	\$ 779,330,522	\$ 53,953,757

City of Midland, Texas
Statement of Activities
Year Ended September 30, 2022

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental Activities				
General government	\$ 18,121,619	\$ 946,670	\$ -	\$ 18,000
Other	5,875,672	72,533	-	7,317,590
Development services	2,653,301	164,162	-	70,252
Engineering	22,347,858	2,459,548	-	-
Community services	18,308,419	1,185,805	399,404	-
Police	30,809,955	2,811,206	868,684	140,137
Fire	75,106,009	4,346,498	182,261	102,742
Golf	2,992,999	3,024,148	-	-
Sports complex	3,233,475	1,386,131	-	-
Housing programs	826,731	-	1,609,012	-
Economic development	3,405,197	-	-	-
Interest and fiscal charges on long-term debt	4,652,710	-	-	-
Total governmental activities	188,333,945	16,396,701	3,059,361	7,648,721
Business-Type Activities				
Airport	17,415,536	14,848,391	5,894,700	6,755,674
Water and sewer	87,890,959	88,127,899	-	3,423,373
Sanitation	19,740,658	24,885,922	-	-
Drainage	523,701	2,199,249	-	-
Total business-type activities	125,570,854	130,061,461	5,894,700	10,179,047
TOTAL PRIMARY GOVERNMENT	\$ 313,904,799	\$ 146,458,162	\$ 8,954,061	\$ 17,827,768
COMPONENT UNIT				
Midland Development Corporation	\$ 9,342,401	\$ 976,644	\$ 2,500	\$ -
TOTAL COMPONENT UNIT	\$ 9,342,401	\$ 976,644	\$ 2,500	\$ -

General Revenues
Taxes
Property
Sales
Franchise and other taxes
Hotel-motel
Grants not restricted to specific programs
Investment income (loss)
Oil and gas royalties
Gain on sale of capital assets
Miscellaneous
Transfers in (out)

Total

CHANGE IN NET POSITION

NET POSITION, OCTOBER 1

NET POSITION, SEPTEMBER 30

City of Midland, Texas
Statement of Activities (continued)
Year Ended September 30, 2022

Net (Expense) Revenue and Change in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Midland Development Corporation
\$ (17,156,949)	\$ -	\$ (17,156,949)	\$ -
1,514,451	-	1,514,451	-
(2,418,887)	-	(2,418,887)	-
(19,888,310)	-	(19,888,310)	-
(16,723,210)	-	(16,723,210)	-
(26,989,928)	-	(26,989,928)	-
(70,474,508)	-	(70,474,508)	-
31,149	-	31,149	-
(1,847,344)	-	(1,847,344)	-
782,281	-	782,281	-
(3,405,197)	-	(3,405,197)	-
(4,652,710)	-	(4,652,710)	-
		-	
(161,229,162)	-	(161,229,162)	-
-	10,083,229	10,083,229	-
-	3,660,313	3,660,313	-
-	5,145,264	5,145,264	-
-	1,675,548	1,675,548	-
-	20,564,354	20,564,354	-
(161,229,162)	20,564,354	(140,664,808)	-
-	-	-	(8,363,257)
-	-	-	(8,363,257)
62,142,187	-	62,142,187	-
61,052,772	-	61,052,772	15,263,204
18,837,109	-	18,837,109	-
5,671,276	-	5,671,276	-
6,936,582	-	6,936,582	-
(13,119,425)	(9,938,173)	(23,057,598)	(118,562)
21,783,344	9,942,263	31,725,607	-
5,024	36,020	41,044	-
4,582,084	5,499,131	10,081,215	55,104
50,705,757	(50,705,757)	-	-
218,596,710	(45,166,516)	173,430,194	15,199,746
57,367,548	(24,602,162)	32,765,386	6,836,489
226,112,263	520,452,873	746,565,136	47,117,268
<u>\$ 283,479,811</u>	<u>\$ 495,850,711</u>	<u>\$ 779,330,522</u>	<u>\$ 53,953,757</u>

City of Midland, Texas
Balance Sheet – Governmental Funds
September 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Park Donation and Special Purposes</u>	<u>Total Nonmajor</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 58,358,358	\$ 675,746	\$ 7,496,121	\$ 62,370,246	\$ 128,900,471
Investments	97,287,672	-	12,752,827	12,501,788	122,542,287
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	771,964	119,558	-	-	891,522
Sales taxes	11,124,544	-	-	-	11,124,544
Assessments	110	-	-	-	110
Accounts	5,379,712	5,924	2,104,726	2,122,300	9,612,662
Interest	480,243	-	53,808	52,749	586,800
Intergovernmental	166,127	-	-	409,665	575,792
Leases	844,894	-	-	-	844,894
Prepaid items and other assets	429,779	-	-	80,296	510,075
Due from other funds	478,096	-	-	-	478,096
Inventories	229,309	-	-	-	229,309
TOTAL ASSETS	\$ 175,550,808	\$ 801,228	\$ 22,407,482	\$ 77,537,044	\$ 276,296,562
LIABILITIES					
Accounts payable	\$ 3,507,436	\$ 279	\$ 435	\$ 1,086,319	\$ 4,594,469
Accrued payroll	3,292,209	-	-	-	3,292,209
Retainage payable	462,755	-	-	895,463	1,358,218
Due to other funds	-	-	-	109,822	109,822
Unearned revenue	17,958,012	-	-	38,055	17,996,067
Other liabilities	2,069,414	-	-	382	2,069,796
Total liabilities	27,289,826	279	435	2,130,041	29,420,581
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	1,712,141	100,757	-	-	1,812,898
Lease related	827,034	-	-	-	827,034
Total deferred inflows of resources	2,539,175	100,757	-	-	2,639,932
FUND BALANCES (DEFICIT)					
Nonspendable					
Prepayments and inventories	659,088	-	-	80,296	739,384
Restricted					
Debt service	-	700,192	-	-	700,192
Public safety	24,532	-	-	1,367,210	1,391,742
Court	244,829	-	-	482,775	727,604
Buildings and renovations	-	-	-	1,340,817	1,340,817
Streets and drainage	-	-	-	34,358,383	34,358,383
Parks and recreation	-	-	-	18,781,679	18,781,679
Hotel/motel	-	-	-	12,970,769	12,970,769
Other purposes	-	-	22,407,047	5,055,199	27,462,246
Unrestricted					
Committed					
Buildings and renovations	454,370	-	-	568,568	1,022,938
Streets and drainage	5,203,491	-	-	427,245	5,630,736
Parks and recreation	3,457,806	-	-	-	3,457,806
Public safety	116,339	-	-	-	116,339
Technology	249,093	-	-	-	249,093
Emergency response	1,317,158	-	-	-	1,317,158
Assigned					
Golf	325,722	-	-	-	325,722
Sports complex	15,401,338	-	-	-	15,401,338
Unassigned	118,268,041	-	-	(25,938)	118,242,103
Total fund balances (deficit)	145,721,807	700,192	22,407,047	75,407,003	244,236,049
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICIT)	\$ 175,550,808	\$ 801,228	\$ 22,407,482	\$ 77,537,044	\$ 276,296,562

City of Midland, Texas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds		\$ 244,236,049
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		385,350,567
Certain revenues receivable by the City and recognized in the statement of net position do not provide current financial resources and are deferred in the governmental funds balance sheet.		1,812,898
Long-term liabilities and related deferred outflows and inflows of resources (deferred outflows of resources – pension, deferred outflows of resources – OPEB, deferred inflows of resources – pension, and deferred inflows of resources – OPEB), including bonds payable, compensated absences, net pension liability and total OPEB liability are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements.		
Long-term liabilities consist of:		
Compensated absences payable	\$ (5,399,573)	
Bonds payable	(156,130,000)	
Premium on bonds	(15,623,935)	
Leases	(456,165)	
Total other postemployment benefit (OPEB) liability	(18,851,150)	
Net pension liability	(281,337,509)	
Deferred outflows of resources – pension	99,611,686	
Deferred outflows of resources – OPEB	4,702,859	
Deferred inflows of resources – pension	(25,714,733)	
Deferred inflows of resources – OPEB	<u>(6,601,403)</u>	
		(405,799,923)
Accrued interest on long-term liabilities is reported as a liability on the statement of net position.		(509,862)
A portion of the net position of the internal service funds are included in the governmental activities in the statement of net position:		
Cash	19,168,549	
Investments	31,882,066	
Receivables	374,925	
Capital assets net of depreciation	33,343,604	
Internal balances	(18,463,822)	
Other assets	857,773	
Deferred outflows related to pensions	398,386	
Deferred outflows related to OPEB	161,628	
Current liabilities	(4,027,806)	
Noncurrent liabilities	(4,324,231)	
Deferred inflows related to pensions	(760,529)	
Deferred inflows related to OPEB	<u>(220,461)</u>	
		<u>58,390,082</u>
Total net position - governmental activities		<u><u>\$ 283,479,811</u></u>

City of Midland, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
Year Ended September 30, 2022

	General	Debt Service	Park Donation and Special Purposes	Total Nonmajor	Total Governmental Funds
REVENUES					
Taxes	\$ 133,458,656	\$ 9,587,060	\$ -	\$ 5,671,276	\$ 148,716,992
Licenses and permits	2,985,618	-	-	72,418	3,058,036
Fines and forfeitures	2,612,949	-	-	107,126	2,720,075
Charges for services	9,930,926	-	-	-	9,930,926
Rentals	231,004	-	-	181,493	412,497
Program income	-	-	-	95,614	95,614
Intergovernmental	7,691,708	-	-	2,304,235	9,995,943
Investment earnings (loss)	(8,127,660)	3,479	(1,252,090)	(700,840)	(10,077,111)
Oil and gas royalties	-	-	21,783,344	-	21,783,344
Contributions and donations	40,833	-	47,627	242,879	331,339
Miscellaneous	1,862,514	246	-	2,596,980	4,459,740
Total revenues	<u>150,686,548</u>	<u>9,590,785</u>	<u>20,578,881</u>	<u>10,571,181</u>	<u>191,427,395</u>
EXPENDITURES					
Current					
General government	12,780,783	-	-	2,500	12,783,283
Development services	3,537,465	-	-	-	3,537,465
Engineering	14,231,017	-	-	-	14,231,017
Community services	16,011,856	-	-	-	16,011,856
Police	33,898,081	-	-	457,844	34,355,925
Fire	35,545,664	-	-	45,978	35,591,642
Housing programs	-	-	-	826,731	826,731
Economic development	-	-	79,565	3,325,632	3,405,197
Golf	2,992,999	-	-	-	2,992,999
Sports Complex	3,233,472	-	-	-	3,233,472
Other	5,535,590	-	253,402	256,570	6,045,562
Debt Service					
Principal	96,245	6,295,517	-	-	6,391,762
Interest and fiscal changes	4,469	6,354,380	-	-	6,358,849
Capital outlay	20,839,454	-	-	22,610,121	43,449,575
Total expenditures	<u>148,707,095</u>	<u>12,649,897</u>	<u>332,967</u>	<u>27,525,376</u>	<u>189,215,335</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>1,979,453</u>	<u>(3,059,112)</u>	<u>20,245,914</u>	<u>(16,954,195)</u>	<u>2,212,060</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	27,706,763	1,793,275	-	6,012,750	35,512,788
Transfers out	(3,223,828)	(25,500)	-	(7,793,275)	(11,042,603)
Leases issued	410,057	-	-	-	410,057
Proceeds from sale of capital assets	5,024	-	-	-	5,024
Total other financing sources (uses)	<u>24,898,016</u>	<u>1,767,775</u>	<u>-</u>	<u>(1,780,525)</u>	<u>24,885,266</u>
NET CHANGE IN FUND BALANCES					
	<u>26,877,469</u>	<u>(1,291,337)</u>	<u>20,245,914</u>	<u>(18,734,720)</u>	<u>27,097,326</u>
FUND BALANCES, OCTOBER 1					
	<u>118,844,338</u>	<u>1,991,529</u>	<u>2,161,133</u>	<u>94,141,723</u>	<u>217,138,723</u>
FUND BALANCES, SEPTEMBER 30					
	<u>\$ 145,721,807</u>	<u>\$ 700,192</u>	<u>\$ 22,407,047</u>	<u>\$ 75,407,003</u>	<u>\$ 244,236,049</u>

City of Midland, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balances - Governmental Funds	\$ 27,097,326
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital expenditures (\$43,449,575) exceeded depreciation/amortization expense (\$20,315,109) in the current period.	23,134,466
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) and sports and golf fund close outs is to increase net position.	29,182,187
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (i.e., earned but unavailable revenues). This is the net change in these revenues	1,108,025
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Leases issued	\$ (410,057)
Principal amount of debt paid to bondholders and lessors	6,391,762
Amortization of bond premium	1,674,859
	7,656,564
Current year change in accrued interest payable does/(does not) require the use of current financial resources; but they (are)/are not reported as expenses in governmental activities.	31,280
Current year changes in long-term liabilities for compensated absences does/(does not) require the use of current financial resources; but they (are)/are not reported as expenses in governmental activities.	730,259
Current year pension and OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in net pension liability, total OPEB liability, and related deferred outflows/inflows of resources balances.	(36,507,144)
Internal service funds are used by management to charge the costs of the garage, warehouse, and three self-insurance funds to other individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	4,934,585
Change in the Net Position of Governmental Activities	\$ 57,367,548

City of Midland, Texas

Statement of Net Position — Proprietary Funds

September 30, 2022

	Business-Type Activities					Governmental
	Airport	Water and Sewer	Sanitation	Total Nonmajor	Total Enterprise Funds	Internal Service Funds
CURRENT ASSETS						
Cash and cash equivalents	\$ 14,408,694	\$ 20,109,006	\$ 8,837,210	\$ 1,132,842	\$ 44,487,752	\$ 19,168,549
Investments	29,698,020	41,713,199	20,961,831	2,635,919	95,008,969	31,882,066
Accounts receivable (net of allowance for uncollectibles)	796,242	15,729,757	2,780,624	339,731	19,646,354	240,406
Interest receivable	125,304	198,177	88,444	11,122	423,047	134,519
Intergovernmental receivable	2,084,739	-	-	-	2,084,739	-
Lease receivable	7,934,523	197,278	-	-	8,131,801	-
Inventories	-	-	-	-	-	685,807
Prepaid items and other assets	57,200	43,117	17,323	-	117,640	171,966
Restricted assets						
Cash and cash equivalents	6,325,149	29,954,434	-	-	36,279,583	-
Investments	6,075,165	5,256,366	-	-	11,331,531	-
Accounts receivable	252,633	-	-	-	252,633	-
Total current assets	67,757,669	113,201,334	32,685,432	4,119,614	217,764,049	52,283,313
NONCURRENT ASSETS						
Capital assets						
Land	1,571,906	13,110,737	221,717	456,971	15,361,331	44,343
Buildings	51,646,189	2,161,308	8,874,446	-	62,681,943	1,233,016
Improvements other than buildings	22,477,054	34,592,583	23,296,400	78,094	80,444,131	1,875,397
Infrastructure	110,029,158	655,437,081	-	852,943	766,319,182	-
Machinery and equipment	14,444,038	4,772,637	1,187,470	-	20,404,145	81,294,494
Intangible and other	1,867,836	4,116,470	98,002	-	6,082,308	299,013
Construction in progress	13,104,060	43,919,377	2,202,208	1,769,554	60,995,199	2,439,719
Right-to-use assets	9,712	361,164	12,769	-	383,645	-
Less: accumulated depreciation/amortization	(121,233,624)	(205,498,101)	(18,306,346)	(41,297)	(345,079,368)	(53,842,378)
Net capital assets	93,916,329	552,973,256	17,586,666	3,116,265	667,592,516	33,343,604
Notes receivable	-	491,156	-	-	491,156	-
Total noncurrent assets	93,916,329	553,464,412	17,586,666	3,116,265	668,083,672	33,343,604
Total assets	161,673,998	666,665,746	50,272,098	7,235,879	885,847,721	85,626,917
DEFERRED OUTFLOWS OF RESOURCES						
Pension items	413,183	1,074,502	711,403	-	2,199,088	398,386
OPEB items	156,403	442,583	302,903	-	901,889	161,628
Loss on refunding	-	10,614,074	-	-	10,614,074	-
Total deferred outflows of resources	569,586	12,131,159	1,014,306	-	13,715,051	560,014
CURRENT LIABILITIES						
Accounts payable	1,108,198	7,117,622	194,196	121,077	8,541,093	1,441,866
Accrued payroll	257,108	240,286	239,974	7,765	765,133	115,538
Retainage payable	387,967	1,715,944	-	-	2,103,911	1,943
Customer deposits	-	4,352,622	-	-	4,352,622	-
Bonds payable from unrestricted assets	-	3,975,000	-	-	3,975,000	-
Lease liability	3,473	74,035	2,837	-	80,345	-
Compensated absences	136,311	161,586	154,550	-	452,447	75,908
Total OPEB liability	11,995	34,457	23,712	-	70,164	16,193
Estimated unpaid claims	-	-	-	-	-	2,002,406
Unearned revenue	-	-	234,909	-	234,909	-
Due to other funds	-	-	-	-	-	368,274
Other liabilities	92,006	7,690,356	3,178	1,044	7,786,584	5,678
Current liabilities payable from restricted assets						
Accounts payable	16,064	-	-	-	16,064	-
Retainage	-	78,110	-	-	78,110	-
Accrued interest payable	4	1,068,802	5	-	1,068,811	-
Total current liabilities	2,013,126	26,528,820	853,361	129,886	29,525,193	4,027,806
NONCURRENT LIABILITIES						
Estimated unpaid claims	-	-	-	-	-	3,075,776
Bonds payable	-	352,740,962	-	-	352,740,962	-
Net pension liability	604,399	1,361,351	842,514	-	2,808,264	572,466
Compensated absences	58,419	69,251	66,236	-	193,906	32,532
Total OPEB liability	629,682	1,769,629	1,208,041	-	3,607,352	643,457
Lease liability	3,414	219,229	6,474	-	229,117	-
Landfill closure/postclosure care	-	-	19,507,186	-	19,507,186	-
Total noncurrent liabilities	1,295,914	356,160,422	21,630,451	-	379,086,787	4,324,231
Total liabilities	3,309,040	382,689,242	22,483,812	129,886	408,611,980	8,352,037
DEFERRED INFLOWS OF RESOURCES						
Pension items	788,776	2,051,252	1,358,085	-	4,198,113	760,529
OPEB items	211,494	604,775	415,501	-	1,231,770	220,461
Lease related	7,936,017	198,003	-	-	8,134,020	-
Total deferred inflows of resources	8,936,287	2,854,030	1,773,586	-	13,563,903	980,990
NET POSITION						
Net investment in capital assets	92,495,670	231,820,787	17,577,355	3,042,015	344,935,827	33,341,661
Restricted for passenger facility improvements	12,636,883	-	-	-	12,636,883	-
Restricted for impact fees	-	2,184,141	-	-	2,184,141	-
Unrestricted	44,865,704	59,248,705	9,451,651	4,063,978	117,630,038	43,512,243
TOTAL NET POSITION	\$ 149,998,257	\$ 293,253,633	\$ 27,029,006	\$ 7,105,993	\$ 477,386,889	\$ 76,853,904
Reconciliation to government-wide statement of net position:						
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds					18,463,822	
NET POSITION OF BUSINESS- TYPE ACTIVITIES					\$ 495,850,711	

City of Midland, Texas
Statement of Revenues, Expenses, and Changes in Net Position — Proprietary
Funds
Year Ended September 30, 2022

	Business-Type Activities				Total	Governmental
	Airport	Water and Sewer	Sanitation	Total Nonmajor	Enterprise Funds	Internal Service Funds
OPERATING REVENUES						
International airport parking revenues	\$ 6,153,327	\$ -	\$ -	\$ -	\$ 6,153,327	\$ -
Airport building and ground area rentals	5,581,987	-	-	-	5,581,987	-
Landing fees	549,707	-	-	-	549,707	-
Water sales	-	63,210,339	-	-	63,210,339	-
Sewer charges	-	17,677,215	-	-	17,677,215	-
Tap installations and service charges	-	356,433	-	2,199,249	2,555,682	-
Impact Fees	-	1,143,212	-	-	1,143,212	-
Garbage collection fees	-	-	21,993,003	-	21,993,003	-
Billings to other funds	-	-	-	-	-	39,931,013
Employee payments	-	-	-	-	-	2,134,740
Miscellaneous	125,735	47,344	2,892,919	-	3,065,998	-
Total operating revenues	<u>12,410,756</u>	<u>82,434,543</u>	<u>24,885,922</u>	<u>2,199,249</u>	<u>121,930,470</u>	<u>42,065,753</u>
OPERATING EXPENSES						
Cost of goods sold	-	-	-	-	-	2,056,436
Salaries and fringe benefits	6,138,098	7,235,213	5,886,728	209,447	19,469,486	3,035,159
Contractual services	5,083,142	28,908,082	10,292,571	63,218	44,347,013	6,149,563
Maintenance of structure	248,098	1,947,856	29,387	108,998	2,334,339	14,585
Maintenance of equipment	75,476	1,228,195	83,924	-	1,387,595	3,966,175
Payment of claims	-	-	-	-	-	8,483,697
Franchise fees	-	6,925,133	1,680,566	189,066	8,794,765	-
Supplies	188,999	3,709,930	1,057,777	-	4,956,706	4,857,121
Other expenses	89,453	3,267,701	100,798	84,750	3,542,702	-
Depreciation and amortization	6,494,414	15,381,532	1,010,926	20,108	22,906,980	5,025,045
Total operating expenses	<u>18,317,680</u>	<u>68,603,642</u>	<u>20,142,677</u>	<u>675,587</u>	<u>107,739,586</u>	<u>33,587,781</u>
OPERATING INCOME (LOSS)	<u>(5,906,924)</u>	<u>13,830,901</u>	<u>4,743,245</u>	<u>1,523,662</u>	<u>14,190,884</u>	<u>8,477,972</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income (loss)	(3,397,409)	(4,306,334)	(1,985,584)	(248,846)	(9,938,173)	(3,042,313)
Interest expense	(51)	(21,314,237)	(68)	-	(21,314,356)	-
Rentals	-	127,413	-	-	127,413	-
Right of way or airway sales	-	5,693,356	-	-	5,693,356	-
Intergovernmental	5,894,700	-	-	-	5,894,700	-
Oil and gas royalties	9,690,627	251,636	-	-	9,942,263	-
Gain/(loss) on sale of capital assets	-	-	36,020	-	36,020	205,624
Passenger facility charge revenues	2,437,635	-	-	-	2,437,635	-
Other, net	1,460,981	4,072,125	38,612	2,266,480	7,838,198	127,848
Total non-operating revenues (expenses)	<u>16,086,483</u>	<u>(15,476,041)</u>	<u>(1,911,020)</u>	<u>2,017,634</u>	<u>717,056</u>	<u>(2,708,841)</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	<u>10,179,559</u>	<u>(1,645,140)</u>	<u>2,832,225</u>	<u>3,541,296</u>	<u>14,907,940</u>	<u>5,769,131</u>
TRANSFERS						
Transfers in	-	-	-	-	-	6,176,133
Transfers out	-	-	-	(27,117,176)	(27,117,176)	(3,529,142)
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,117,176)</u>	<u>(27,117,176)</u>	<u>2,646,991</u>
CONTRIBUTION OF CAPITAL ASSETS TO GOVERNMENTAL ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,053,503)</u>	<u>(26,053,503)</u>	<u>-</u>
CAPITAL CONTRIBUTIONS	<u>6,755,674</u>	<u>3,423,373</u>	<u>-</u>	<u>-</u>	<u>10,179,047</u>	<u>-</u>
CHANGE IN NET POSITION	<u>16,935,233</u>	<u>1,778,233</u>	<u>2,832,225</u>	<u>(49,629,383)</u>	<u>(28,083,692)</u>	<u>8,416,122</u>
NET POSITION, OCTOBER 1	<u>133,063,024</u>	<u>291,475,400</u>	<u>24,196,781</u>	<u>56,735,376</u>	<u>505,470,581</u>	<u>68,437,782</u>
NET POSITION, SEPTEMBER 30	<u>\$ 149,998,257</u>	<u>\$ 293,253,633</u>	<u>\$ 27,029,006</u>	<u>\$ 7,105,993</u>	<u>\$ 477,386,889</u>	<u>\$ 76,853,904</u>
Reconciliation to government- wide statement of net position:						
Change in net position enterprise funds					\$ (28,083,692)	
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds					<u>3,481,530</u>	
CHANGE IN NET POSITION OF BUSINESS TYPE ACTIVITIES					<u>\$ (24,602,162)</u>	

City of Midland, Texas

Statement of Cash Flows — Proprietary Funds

Year Ended September 30, 2022

	Business-Type Activities				Total	Governmental
	Airport	Water and Sewer	Sanitation	Total Nonmajor	Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 12,214,088	\$ 83,931,904	\$ 21,544,572	\$ 2,208,046	\$ 119,898,610	\$ -
Receipts from interfund service transactions	-	-	-	-	-	39,931,013
Receipts from miscellaneous revenues	11,151,608	10,144,530	38,612	-	21,334,750	346,282
Receipts from employees and retirees	-	-	-	-	-	2,030,431
Payments to suppliers and service providers	(5,627,993)	(38,933,651)	(10,715,747)	(192,712)	(55,470,103)	(25,013,350)
Payments to employees for salaries and benefits	(6,222,932)	(8,018,485)	(6,334,869)	(215,362)	(20,791,648)	(3,281,871)
Payments for interfund service transactions	(239,282)	(8,823,476)	(2,446,395)	(205,108)	(11,714,261)	(740,697)
Net cash from operating activities	11,275,489	38,300,822	2,086,173	1,594,864	53,257,348	13,271,808
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	-	-	2,952,305
Transfers out	-	-	-	(26,618,498)	(26,618,498)	(3,529,142)
Operating grants	4,790,608	-	-	-	4,790,608	-
Net cash from (used in) noncapital financing activities	4,790,608	-	-	(26,618,498)	(21,827,890)	(576,837)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital grants and contributions	6,755,674	-	-	-	6,755,674	-
Acquisition and construction of capital assets	(9,046,240)	(25,647,356)	(2,202,208)	(1,502,110)	(38,397,914)	(6,465,895)
Principal paid on capital debt, notes payable, and leases	(2,825)	(3,725,869)	(3,458)	-	(3,732,152)	-
Interest and fees paid on capital debt, notes payable, and leases	(47)	(16,407,721)	(63)	-	(16,407,831)	-
Transfers in for capital projects	-	-	-	-	-	3,223,828
Repayment of note receivable	-	4,500	-	-	4,500	-
Proceeds from the sale of capital assets	-	-	36,020	-	36,020	205,624
Passenger facility charge revenue	2,478,361	-	-	-	2,478,361	-
Net cash from (used in) capital and related financing activities	184,923	(45,776,446)	(2,169,709)	(1,502,110)	(49,263,342)	(3,036,443)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of investments	-	-	-	-	-	3,322,037
Purchase of investments	(20,362,053)	(20,293,590)	(6,946,107)	(1,017,644)	(48,619,394)	(17,478,252)
Interest on investments	455,688	805,765	299,897	38,282	1,599,632	426,992
Net cash used in investing activities	(19,906,365)	(19,487,825)	(6,646,210)	(979,362)	(47,019,762)	(13,729,223)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,655,345)	(26,963,449)	(6,729,746)	(27,505,106)	(64,853,646)	(4,070,695)
CASH AND CASH EQUIVALENTS, OCTOBER 1	24,389,188	77,026,889	15,566,956	28,637,948	145,620,981	23,239,244
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	\$ 20,733,843	\$ 50,063,440	\$ 8,837,210	\$ 1,132,842	\$ 80,767,335	\$ 19,168,549
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES						
Operating income (loss)	\$ (5,906,924)	\$ 13,830,901	\$ 4,743,245	\$ 1,523,662	14,190,884	\$ 8,477,972
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities						
Depreciation and amortization	6,494,414	15,381,532	1,010,926	20,108	22,906,980	5,025,045
Other income	11,151,608	10,144,530	38,612	-	21,334,750	127,848
(Increase) decrease in						
Receivables	(8,105,264)	1,156,206	(483,402)	8,797	(7,423,663)	89,091
Inventories	-	-	-	-	-	(25,952)
Prepaid items and other assets	(57,200)	2,074	-	1,385	(53,741)	(2,301)
Pension deferred outflow of resources	(80,082)	(208,255)	(137,881)	-	(426,218)	(77,213)
OPEB deferred outflow of resources	(41,615)	(121,479)	(84,082)	-	(247,176)	(44,128)
Increase (decrease) in						
Accounts payable and accrued liabilities	(124,907)	(3,221,235)	90,736	46,827	(3,208,579)	(166,141)
Amounts payable related to equipment purchases	-	1,448,931	-	-	1,448,931	-
Accrued payroll	80,904	(315,066)	(181,357)	(5,915)	(421,434)	(83,293)
Customer deposits	-	143,152	-	-	143,152	-
Estimated unpaid claims	-	-	-	-	-	(7,042)
Unearned revenue	(27,421)	-	27,116	-	(305)	-
Pension deferred inflow of resources	463,605	1,205,627	798,217	-	2,467,449	447,003
OPEB deferred inflow of resources	(23,886)	(67,952)	(46,596)	-	(138,434)	(24,792)
Lease deferred inflow of resources	7,936,017	198,003	-	-	8,134,020	-
Compensated absences	(18,777)	(91,696)	(19,067)	-	(129,540)	(23,433)
Net pension liability	(562,088)	(1,461,739)	(967,783)	-	(2,991,610)	(541,961)
Total other postemployment benefit liability	97,105	277,288	190,408	-	564,801	101,105
Closure/postclosure cost liabilities	-	-	(2,892,919)	-	(2,892,919)	-
NET CASH FROM (USED IN) OPERATING ACTIVITIES	\$ 11,275,489	\$ 38,300,822	\$ 2,086,173	\$ 1,594,864	\$ 53,257,348	\$ 13,271,808
NONCASH TRANSACTIONS						
Purchase of capital assets with accounts payable	\$ 1,413,772	\$ 2,904,608	\$ -	\$ 74,250	\$ 4,392,630	\$ -
Contributions of capital assets	-	3,423,373	-	-	3,423,373	-
Proceeds from issuance of refunding debt paid directly to escrow agent	-	255,378,425	-	-	255,378,425	-
Principal and fiscal charges paid on refunding debt	-	(255,378,425)	-	-	(255,378,425)	-
Contribution of capital assets to governmental activities	-	-	-	26,053,502	26,053,502	-
Contribution of long term debt to governmental activities	-	-	-	(2,266,486)	(2,266,486)	-

City of Midland, Texas
Statement of Fiduciary Net Position – Fiduciary Fund
December 31, 2021

	<u>Pension Trust Fund</u>
ASSETS	
Cash and cash equivalents	\$ 14,493,172
Receivables	
Accrued interest and declared dividends	10,126
Investments, at fair market value	
Domestic equities	11,586,204
Foreign bonds	25,564
Corporate bonds	10,872,887
Mutual funds	1,892,369
Real estate	14,879,214
Hedge funds and venture capital	17,818,134
Government and agency securities	111,581
International equities	<u>23,454,763</u>
Total assets	<u>95,144,014</u>
LIABILITIES	
Accounts payable	<u>1,372,167</u>
Total liabilities	<u>1,372,167</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS	<u><u>\$ 93,771,847</u></u>

City of Midland, Texas
Statement of Changes in Fiduciary Net Position – Fiduciary Fund
Year Ended December 31, 2021

	<u>Pension Trust Fund</u>
ADDITIONS	
Contributions	
Employer contributions	\$ 4,907,065
Member contributions	<u>3,138,754</u>
Total contributions	8,045,819
Investment income	
Net appreciation in fair value of investments	13,202,973
Dividends	565,645
Partnership	34,648
Rental income	79,729
Investment expenses	<u>(1,426,877)</u>
Net investment income	12,456,118
Other cash receipts	<u>124</u>
Total additions	20,502,061
DEDUCTIONS	
Benefits paid including refunds of plan member contributions	12,669,033
Wages expense, benefits, and taxes	189,602
Administrative expenses	<u>216,888</u>
Total deductions	<u>13,075,523</u>
Changes in pension plan net position	7,426,538
NET POSITION RESTRICTED FOR PENSION BENEFITS, BEGINNING	<u>86,345,309</u>
NET POSITION RESTRICTED FOR PENSION BENEFITS, ENDING	<u><u>\$ 93,771,847</u></u>

Notes to Financial Statements

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City of Midland, Texas
Notes to Financial Statements
September 30, 2022

Note 1: Summary of Significant Accounting Policies

The City of Midland, Texas (the City) is a municipal corporation incorporated under the laws of the State of Texas (the State) on January 25, 1911. The City operates under a Council-Manager form of government and provides such services as are authorized by its charter to advance the welfare, health, comfort, safety, and convenience of the City and its inhabitants.

The accounting policies of the City, as reflected in the accompanying financial statements, conform to generally accepted accounting principles (GAAP) for local government units as prescribed by the Governmental Accounting Standards Board (GASB), the accepted body for promulgating governmental accounting and reporting principles.

The Financial Reporting Entity

The financial reporting entity presented in the basic financial statements of the City includes the primary government, the City, and its component units. Component units are legally separate organizations for which the City is financially accountable and organizations which, if excluded, would cause the City's basic financial statements to be misleading or incomplete. GASB Statement Nos. 14, 39, 61, 80, and 84, establish the criteria to be considered in determining component units of a primary government.

These criteria are financial accountability, appointment of board members, imposition of will, financial dependency on or benefit to the primary government, dependency, and accuracy and completeness of the reporting entity's financial statements. In the absence of financial accountability, if the organization is a legally separate, tax-exempt entity meeting the following criteria, it should also be discretely presented as a component unit:

1. The resources of the organization are entirely or almost entirely for the direct benefit of the City, its component units, or its constituents.
2. The City, or its component units, is entitled to, or has access to a majority of the resources of the organization.
3. The resources of the organization are significant to the City.

The Midland Development Corporation (MDC) and the Midland Firemen's Relief and Retirement Fund (MFRRF) are the only component units of the City. MDC is discretely presented and MFRRF is a fiduciary component unit.

The MDC is discretely presented because it is a legally separate entity with a majority of its board appointed by the City and the City can impose its will upon the MDC. Additionally, the City Council and the MDC boards are not substantively the same and the MDC does not provide services entirely or almost entirely to the City. Furthermore, the City is not obligated for MDC debt and the City is not a sole corporate member.

The MDC is a legally separate nonprofit corporation organized under the Texas Development Corporation Act of 1979, Article 5190.6 Vernon's Texas Revised Civil Statutes, annotated as amended and governed by Section 4A of the Act. The purposes of the MDC include, but are not limited to, keeping existing jobs and businesses in the City, expansion of current and attraction of new business to the City, providing long-term employment opportunities, and other such purposes as delineated in Article 4 of the Articles of Incorporation of the MDC.

City of Midland, Texas

Notes to Financial Statements

September 30, 2022

MFRRF is established under the authority of the Texas Local Firefighters' Retirement Act passed in 1937 by the Texas State Legislature. The City's firefighters participate in MFRRF. MFRRF is governed by seven trustees composed of the Mayor or his designee, the Director of Finance of the City, or his designee, three firefighters elected by majority vote of firefighters, and two citizens who are not officers or employees of the City and who must be elected by the majority vote of the board of trustees. MFRRF is reported as a fiduciary component unit in the accompanying financial statements as a pension trust fund, under the provisions of GASB 84 and GASB 14, as amended. The financial information included in these statements is as of MFRRF's year end, December 31, 2021.

Complete audited financial statements of the MDC and MFRRF may be examined at City of Midland, City Hall, 300 North Loraine, Midland, Texas.

Joint Venture

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or (b) an ongoing financial responsibility. The City participates in the following joint venture:

The Midland-Odessa Urban Transit District (MOUTD) was established through an interlocal agreement between the City and the City of Odessa on August 28, 2001 to provide mass transit to both cities. The MOUTD is to be exclusively governed by both City Councils or through an equally appointed board. At September 30, 2022, the Transit Board (the Board) is the official governing agency of EZ-Rider. It is comprised of six individuals from both cities, appointed by their respective City Councils. The Board approves the budget, routes, fares, schedules, policies and procedures, new services, etc. Further information concerning MOUTD may be found in *Note 17* of this financial report.

Government-wide and Fund Financial Statements

As previously discussed, the basic financial statements of the City are presented at two basic levels, the government-wide level and the fund level. These statements focus on the City as a whole at the government-wide level and on major funds at the fund level. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component unit. All fiduciary activities are reported only in the fund financial statements.

Although the effect of indirect interfund activity has been removed from these statements, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the City is reported separately from certain legally separate component units that meet the criteria for discrete presentation as set forth in GASB Statements No. 14, 39, 61, 80 and 84. The government-wide statement of net position reports all financial and capital resources of the City and is presented in an "assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position" format. Assets and liabilities are presented in relative order of liquidity with liabilities that have an average maturity of more than one year separated into the amount due within one year and the amount due in more than one year.

City of Midland, Texas
Notes to Financial Statements
September 30, 2022

The government-wide statement of activities identifies the relative financial burden of each of the City's functions (Development Services, Community Service, Fire, Police, etc.) or segments (Water and Sewer, Sanitation, Airport, etc.) on the taxpayers by identifying direct expenses and the extent of self-support through program revenues. Direct expenses are clearly identifiable expenses that can be specifically associated with a function or segment. Program revenues are revenues derived directly from the function or segment, or from other sources that reduce the net cost of the function to be financed from general government revenues.

Program revenues are: (1) charges to customers who purchase, use, or directly benefit from services provided by a function or segment and which are generated by that function, (2) grants and contributions restricted to operating requirements of a function or segment, and (3) grants and contributions restricted to capital requirements of a function or segment. Items such as taxes, investment earnings and nonspecific grants are not included as program revenues but are instead reported as general revenues, which normally cover the net cost of a function or segment.

Internal service funds report activities that provide goods or services to the financial reporting entity on a cost-reimbursement basis. Any net profit or loss from these activities is allocated back to the function or segment that benefited from the goods or services provided based upon their proportionate benefit, to the extent possible. The effect of internal service fund activities in the government-wide statements is eliminated, as necessary, to avoid the effect of "doubling up" internal service fund activity. Any residual assets of internal service funds are reported with governmental activities at the entity-wide level.

Separate fund level financial statements are presented for governmental funds, proprietary funds, and fiduciary funds. The financial information for each major fund is presented in a separate column, with nonmajor funds aggregated and displayed in a single column, on either the governmental or proprietary fund financial statements. A major fund is defined by GASB Statement No. 34, paragraph 76, as amended, as a governmental or enterprise fund meeting certain specific asset, liability, revenue, or expenditure/expense criteria relative to all funds of that type and relative to the total for all governmental and enterprise funds combined. GASB Statement No. 65 states that assets should be combined with deferred outflows of resources and liabilities should be combined with deferred inflows of resources for purposes of determining which elements meet the criteria for major fund determination in accordance with GASB Statement No. 34. Additionally, any fund deemed particularly important by the City may be reported as a major fund.

Internal Service Funds, which traditionally provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources or economic resources*. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

City of Midland, Texas
Notes to Financial Statements
September 30, 2022

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers grant revenues to be available if they are collected within 1 year of the end of the current fiscal period and all other revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources. Property taxes, sales taxes, franchise taxes, occupancy taxes, ambulance fees, assessments and federal and state grant proceeds, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 1 year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

Proprietary fund activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. This measurement focus includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources on the statement of net position. Operating statements using this focus present a total net position view of increases (revenues) and decreases (expenses) in the fund.

Proprietary fund operating statements distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses generally are the result of providing or delivering goods or services in association with the fund's principal ongoing operations.

The principal operating revenues of the City's Airport, Water and Sewer, Sanitation, and Drainage are charges of this type. Operating expenses include the costs of administration, sales, services, and depreciation.

City of Midland, Texas
Notes to Financial Statements
September 30, 2022

Transactions resulting in non-operating revenues and expenses are normally created by such items as cash flows from capital and related financing activities, noncapital financing activities, investing activities, and include revenues such as the Passenger Facility Charges (PFC) reported in the Airport Fund. It is the City's general policy to first use restricted assets, such as the PFC revenues, for costs that meet the resource restrictions and then unrestricted assets as needed.

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and other government units, on a cost-reimbursement basis. These activities include, but are not limited to, garage, technology, and self-insurance services for medical/dental and general liability.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The following funds are used by the City:

Governmental Funds - Major Funds

General Fund - The principal operating unit of the City, this fund accounts for the primary activities of the City, such as police protection, fire protection, public works, maintenance of parks, and general administration, which are not accounted for and reported in any other fund.

Debt Service Fund - This fund is used to account for and report financial resources that are restricted to expenditure for principal and interest. Although this fund did not qualify as a major fund for the current year, the City has designated it to be reported as such.

Park Donation and Special Purpose Fund - to account for funds received from private organizations, individuals, and oil lease money generated from park land. Such funds are used solely for park related development.

Governmental Funds - Nonmajor Funds

Other Governmental Funds - This is a summarization of all of the nonmajor governmental funds. Included are the following funds:

Special Revenue Funds - These funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds - These funds account for and report financial resources that are restricted, committed, or assigned to be used for the acquisition or construction of capital facilities and other capital assets other than those financed by business-type activities.

Enterprise Funds – Major Funds

Water and Sewer Fund - This fund is used to account for the operation of the City's water and sewer utility. Activities of the fund include administration, operation and maintenance of the water and sewer system, and billing and collection for water and sewer services. The fund is also used to accumulate resources for certain capital projects and to meet the requirements of bond indentures, obligations for capital leases, and other long-term obligations of the system. Charges to customers, based upon rates that are reviewed on a regular basis, and investment income provide the revenue stream to finance these costs.

City of Midland, Texas
Notes to Financial Statements
September 30, 2022

Airport Fund - This fund is used to account for the operation and maintenance of the airfield, terminal building, parking facilities, general aviation airport, and industrial park. The fund is also used to accumulate resources for certain capital projects and to meet the long-term obligations of the airport. Charges to customers provide the revenue stream to finance operating costs, some capital projects costs, and other long-term obligations of the airport. The Passenger Facility Charge, which is non-operating revenue, is used to supplement charges to customers in supporting the requirements of bond indentures and certain capital projects.

Sanitation Fund - This fund is used to account for the collection of refuse, delivery of refuse to the landfill and landfill operations. The fund is also used to accumulate resources for certain capital projects and to meet long-term obligations of the system. Charges to customers, based upon rates that are reviewed on a regular basis, and investment income provide the revenue stream to finance these costs.

Enterprise Funds – Nonmajor Funds

The drainage fund is the only nonmajor enterprise fund. The Scharbauer Sports Complex Fund and Golf Course Fund were moved to the general fund in 2022, as it was determined they are no longer enterprise type activities.

Other Fund Types

Internal Service Funds - account for fleet management services, provision of goods through a garage, technology equipment and services, and self-insurance activities in health and general liability to the financial reporting entity on a cost-reimbursement basis.

Pension Trust fund – accounts for the activities of the Midland Firemen’s Relief and Retirement Fund, which accumulates resources held in trust for pension benefit payments to qualified beneficiaries.

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and debt service fund. The capital projects funds are appropriated on a project-length basis. Other special revenue funds do not have appropriated budgets since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.

The appropriated budget is prepared by fund, function, and department. The City’s department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances technically lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are reappropriated and become part of the subsequent year’s budget pursuant to state regulations, and the encumbrances are automatically reestablished in the next year.

City of Midland, Texas
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Cash, Cash Equivalents, and Investments

Cash and cash equivalents include any cash on hand, demand deposits, and any highly liquid investments that have an original maturity of three months or less from date of purchase. Investments in TexPool, Texas Class, and TexStar are considered cash equivalents as the amounts are available on demand.

Investments, other than investments in pools as previously referenced, are recorded at fair value based upon verifiable market prices.

Inventories and Prepaid Items

Inventories are valued at average cost. Inventories for all funds consist of expendable supplies and are recorded as expenditures or expenses, as appropriate, when consumed rather than when purchased.

The City makes certain payments to vendors in the current year for expenses/expenditures applicable to future accounting periods. A reserve for inventories and prepayments in governmental funds is recognized at the fund level to indicate that a portion of the fund balance is not appropriable for expenditure. Prepaid items are recorded as expenditures or expenses when consumed.

Receivables, Payables, and Interfund Transactions

Short-term loans between funds are reported as interfund receivables in the fund making the loan and as interfund payables in the fund receiving the loan. Arms-length transactions between funds for goods and services are reported as revenues in the selling fund and as expenses/expenditures in the acquiring fund. Any unpaid amounts are appropriately recorded as interfund receivables/payables when liquidation is expected within one year. If anticipated repayment is longer than one year, amounts are classified as advances to/from other funds. Flows of assets from one fund to another with no requirement for repayment or without an equivalent flow of assets in return are accounted for as transfers.

Capital and Lease Assets

Capital and lease assets include the purchase, other acquisition, or construction, of equipment, facilities, or other similar assets at a cost in excess of \$5,000 (\$15,000 for lease assets) and for which a useful life of over one year is expected. These assets include property, plant, equipment, infrastructure, lease, and all other tangible and intangible assets purchased or acquired. Purchased or constructed assets are carried at historical cost or estimated historical cost. Infrastructure assets, which include streets and associated drainage, sidewalks, bridges, drainage systems, water and sewer systems, runways and taxiways, lighting systems, and other similar type assets, have been recorded at historical cost for all assets acquired after April 1986. Infrastructure assets acquired prior to April 1986 and after June 1980 were capitalized based upon estimated historical cost obtained from bond documents used to obtain financing for construction of infrastructure assets. Donated capital assets are recorded at acquisition value at the date of donation. Intangible assets are reported in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.

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Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital and lease assets are depreciated/amortized using the straight-line method over the following estimated useful lives, or the lease term, whichever is shorter:

Assets

Buildings	10 to 40 years
Infrastructure	20 to 50 years
Improvements other than buildings	2 to 50 years
Machinery and equipment	4 to 30 years
Intangible and other	3 to 15 years

Lease Receivable

The City is a lessor for noncancellable leases. The City recognizes a lease receivable and a deferred inflow of resources. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lease Liability

The City is a lessee for noncancellable leases. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The City recognizes lease liability with an initial, individual value of \$15,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

Compensated Absences

The City's employees earn vacation, which may either be taken or accumulated, subject to a specified maximum, until paid upon retirement or termination. Unused sick leave is accumulated up to certain limits, which are subject to specific reductions if deposited into a Retiree Reimbursement Account (RRA) upon retirement. The City's employees are allowed to accumulate compensatory time up to a specified maximum.

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The City has accrued vacation, sick leave, compensatory time, and related salary payments using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments such as social security and Medicare taxes computed using rates in effect at that date. This liability has been accrued in the government-wide and proprietary fund statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Federal and State Grants

Community Development Block Grants, Federal and State of Texas Equitable Property Sharing proceeds and certain other public safety grants are accounted for within special revenue funds. Other grants and entitlements received for purposes normally financed through the general government are accounted for within the General Fund. Grant revenues are recognized when the expenditures are incurred, and other related requirements are met.

Airport Improvement Program (AIP) grants are accounted for within the Airport Fund, which is an enterprise fund. Grant revenues are recognized on an accrual basis.

Long-Term Debt

General Obligation Bonds and Certificates of Obligation that have been issued to fund capital projects of the general government that are to be repaid from tax revenues of the City are reported in the government-wide statement of net position.

Certificates of Obligation, which are secured by tax revenues, and Revenue Bonds, which have been issued to fund capital projects of proprietary funds that are to be repaid with funds from proprietary fund assets, are reported in the proprietary funds. Bonds payable are reported net of the associated premium or discount at the government-wide level and in the fund level proprietary fund statements.

The government-wide and proprietary fund level statements defer bond premiums, and discounts and recognize these items over the life of the issue using the effective interest rate method. In the fund level statements, governmental fund types recognize these items in the current period.

Governmental and business-type activities in the government-wide statements and the proprietary funds report the difference between the reacquisition price (new debt) and the net carrying amount of the old debt on refunded debt transactions as a deferred outflow or inflow of resources and recognize it as a component of interest expense in a systematic and rational manner over the shorter of the remaining life of the old debt or the life of the new debt.

Defined Benefit Pension Plans

The City has two separate defined benefit retirement plans that cover substantially all employees. The Texas Municipal Retirement System (TMRS) provides benefits for all full-time employees who are not firefighters. The Midland Firemen's Relief and Retirement Fund provides benefits for all full-time firefighters and administrative employees who work in the fire department.

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For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by TMRS and the Midland Firemen's Relief and Retirement Fund. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Other Postemployment Benefit Plans

The City has two separate defined benefit other postemployment (OPEB) plans. The TMRS Supplemental Death Benefits Fund is a group-life insurance plan for eligible TMRS retirees. The City of Midland Postemployment Healthcare Benefit Plan provides benefits to substantially all employees.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and OPEB expense, information about the balances and additions to/deductions from the balances have been determined on the same basis as they are reported by the City and TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

Indirect and Centralized Expenses

The City charges the hotel motel fund, garage fund, and all enterprise funds for "centralized" expenses, which include an administrative overhead initially paid by the General Fund. These costs are determined on an annual basis through a full cost allocation study. During the fiscal year ended September 30, 2022, the City's General Fund was reimbursed \$5,624,410 for these services. Allocations are treated as reimbursements rather than as interfund services provided and used because they do not involve a programmatic service of the provider fund.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of net pension liability or total OPEB liability) until then. The City has the following items that qualify for reporting in this category:

- Pension contributions after measurement date – These contributions are deferred and will be recognized in the subsequent fiscal year end.
- Difference in expected and actual experience – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.
- Difference in assumption changes – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.
- OPEB contributions after measurement date – These contributions are deferred and will be recognized in the subsequent fiscal year end.

City of Midland, Texas
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- Difference in assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.
- Difference in expected and actual experience – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue/increase of net pension liability or total OPEB liability) until that time. The City has the following items that qualify for reporting in this category:

- Difference in assumption changes – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.
- Difference in expected and actual experience – pension – This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.
- Difference in projected and actual earnings on pension plan investments – This difference is deferred and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.
- Difference in assumption changes – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.
- Difference in expected and actual experience – OPEB – This difference is deferred and amortized over the average remaining service life of all participants in the OPEB plan and recorded as a component of OPEB expense beginning with the period in which they are incurred.
- Leases – This is reported under both the full accrual and modified accrual basis of accounting. This is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The City will recognize an inflow of resources from the deferred inflows of resources in a systematic and rational manner over the term of the lease.
- Unavailable revenue – This arises only under a modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position

Net position of the City is classified in three components on its statement of net position.

- Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.

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- Restricted net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or donors external to the City, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Expenditures are to be made from the most restrictive net position classification first when more than one classification is available.

Nature and Purpose of Classifications of Fund Equity

Governmental funds fund balances classified as restricted are balances with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Fund balances classified as committed can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance. Assigned fund balances are constrained by the intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by City management based on Council direction. Expenditures are to be made from the most restrictive fund balance classification first when more than one classification is available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and deferred inflows and outflows of resources 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. Actual results could differ from those estimates.

Adoption of GASB Statement No. 87, Leases (GASB 87)

In 2022, the City adopted GASB 87. The Statement establishes a single model for lease accounting based on the principle that leases represent the financing of the right to use an underlying asset. The adoption of GASB 87 resulted in changes in presentation of financial statements and related disclosures in the notes to the financial statements. The adoption of GASB 87 had no impact on the primary government's beginning net position.

Future Changes in Accounting Principle

The GASB also issued its Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The City expects to first apply GASB 94 during the year ending September 30, 2023, using the facts and circumstance in place at the time of adoption. The impact of applying the Statement has not been determined.

The GASB also issued its Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for governments and users. The City first expects to apply GASB 96 during the year ending September 30, 2023, using the facts and circumstances in place at the time of adoption. The impact of applying the Statement has not been determined.

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Note 2: Deposits and Investments

Deposits and investments held by MFRRF are discussed in *Note 6*, below, and are excluded from the discussion in this section.

Deposits

State statute requires that public funds in the City's depository institution be secured by eligible securities, as defined in V.T.C.A., Local Government Code Chapter 2257, in an amount not less than the amount on deposit plus any accrued interest less any amount provided for by insurance of the United States or an instrumentality thereof. The City's depository agreement further restricts acceptable collateral, 65% secured by direct obligations of the United States and 35% meeting the requirements of Chapter 2257, and the level of collateral to 102% of the City's funds on deposit or the amount of the City's funds on deposit plus \$1,000,000, whichever is greater.

The City's deposits were fully insured or collateralized as of September 30, 2022. At September 30, 2022, the carrying amount of cash for the City and MDC was \$9,851,240 and \$4,378,168, respectively. The total bank balance of \$15,702,529 was insured by the Federal Deposit Insurance Corporation (FDIC) for \$673,287. The remaining bank balance was collateralized by securities, with a fair value of \$23,291,527 at September 30, 2022, held in the City's name by BNY Mellon as agent for the City.

In addition to these bank balances, Wells Fargo Bank serves as custodian for eligible federal treasury and agency securities in the amount of \$268,469,788, which includes the MDC balances of \$7,704,935.

Investments

The City's investment policies are governed by state statutes. The City's investment policies further limit state statutes such that eligible investments include the following:

Obligations of the United States or Its Agencies and Instrumentalities

1. United States of America Treasury Securities;
2. Farmers Home Administration (FmHA) obligations backed by the full faith and credit of the United States;
3. Federal Home Loan Bank (FHLB) bonds;
4. Federal National Mortgage Association (Fannie Mae or FNMA) notes and debentures;
5. Farm Credit System obligations; and
6. Federal Home Loan Mortgage Corporation (Freddie Mac or FHLMC) obligations, i.e., discount notes or debentures.

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Direct Obligations of the State of Texas or Its Agencies

Texas State, City, County, or School District General Obligation Bonds with a remaining maturity of ten years or less having been rated as to investment quality by Moody's or Standard and Poor's (nationally recognized investment rating firms) and having received a rating of no less than "A" or its equivalent.

Certificates of Deposit Issued by State and National Banks Domiciled in this State

Certificates of deposit issued by state and national banks domiciled in this state that are: (1) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or (2) secured by obligations that are described in V.T.C.A., Local Government Code Sections 105.001 et seq.

Fully Collateralized Repurchase Agreements Having a Defined Termination Date

Fully collateralized direct repurchase agreements and reverse repurchase agreements with a defined termination date of no more than 90 days from the date such investment is purchased and secured by obligations of the United States or its agencies and instrumentalities with a market value of not less than the amount of the funds disbursed and held by a custodian for the City.

Repurchase agreements must be purchased through a primary government securities dealer, as defined by the Federal Reserve, or a bank domiciled in Texas. Money received under the terms of a reverse repurchase agreement shall be used to acquire additional eligible investments whose maturity does not exceed the expiration date of the reverse repurchase agreement.

Money Market Funds

Investment pools of public or private sponsorship, as provided in the Act and Approved by Council. Money Market Funds fully authorized by state statute of both public and private sponsorship.

Other Securities or Obligations Approved by the City Council

Other such securities or obligations as authorized by State statute and approved by the City Council.

Investments of the City, other than for amortized cost pools, are valued based upon quotes obtained from Interactive Data Pricing and Reference Data (IDC). Investments in these pools are valued based upon the value of pool shares. No investments are reported at amortized cost, except for the City's investments in the Texas Local Government Investment Pool. The City invests in three pools; TexStar, Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) and the Texas Local Government Investment Pool (TexPool), which were created under the Interlocal Cooperation Act, Texas Government Code Ann. Ch. 791, and the Texas Government Code Ann. Ch. 2256. TexStar and Texas CLASS are rated AAAM and seeks to maintain a constant net asset value of \$1.00. Investments in the pools are considered to be cash equivalents when preparing these financial statements.

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The Texas Treasury Safekeeping Trust Company (the Trust) is trustee of TexPool and is a limited purpose trust company authorized pursuant to Texas Government Code Ann. Section 404.103 for which the Texas State Comptroller is the sole officer, director, and shareholder. The advisory board of TexPool is composed of members appointed pursuant to the requirements of the Public Funds Investment Act, Texas Government Code Ann. chapter 2256. TexStar is governed by a five-member Board of Directors comprising three government officials or employees and two other persons with expertise in public finance. Additionally, TexStar has a five-member Advisory Board. Texas CLASS is supervised by a Board of Trustees (the Board) who are elected by the Participants and shall be an odd number of three or more. Additionally, Texas CLASS has a five-member Advisory Board. Fair value of the City's position in the pools is, in all material respects, the same as the value of the pool shares. Investment income earned on pooled cash and investments is allocated to each fund based upon each fund's weighted-average daily cash and investment balances.

State statutes permit the City to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The market value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in market value of the securities. If the dealers' default on their obligations to resell these securities to the City or provide securities or cash of equal value, the City would suffer an economic loss equal to the difference between the market value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. During the year ended September 30, 2022, the City invested in no reverse repurchase agreements.

Credit Risk

In compliance with the City's investment policy, as of September 30, 2022, the City minimized credit risk by limiting investments to the safest types of securities and diversifying the portfolio so that potential losses on individual securities were minimized. The investment pools (which represent approximately 46% of the portfolio) are rated AAAM by Standard and Poor's. The Federal National Mortgage Association, Federal Home Loan Bank notes and Federal Home Loan Mortgage Corporation obligations were all rated AAA by Standard and Poor's.

Interest Rate Risk

As a means of minimizing risk of loss due to interest rate fluctuations, the City's investment policy requires that the portfolio remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements. Liquidity and marketability will be ensured by investing in securities with active secondary markets. Final stated maturities may not exceed ten years with no more than 30% exceeding seven years and dollar weighted average portfolio maturity not to exceed five years in the investments listed above.

City of Midland, Texas
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The City's investments carried at fair value as of September 30, 2022, are:

Investments	Fair Value			Weighted-Average Maturity (in Years)	Credit Risk
	Primary Government	Component Unit	Total		
FHLB	\$ 148,603,334	\$ 4,390,849	\$ 152,994,183	5.96	AAA
FNMA	9,792,066	289,331	10,081,397	6.56	AAA
FHLMC	51,906,952	1,533,718	53,440,670	6.04	AAA
FFCB	36,489,940	1,078,184	37,568,124	6.65	AAA
Municipal bonds	13,972,561	412,853	14,385,414	4.06	AAA
TexPool	51,208,110	6,225,068	57,433,178	0.31	AAAm
TexStar	25,347,720	4,707,556	30,055,276	0.21	AAAm
Texas CLASS	142,428,286	1,286,048	143,714,334	0.22	AAAm
Total	\$ 479,748,969	\$ 19,923,607	\$ 499,672,576	3.33	

Concentration of Credit Risk

The City's investment policy states that the portfolio(s) shall be diversified by type of investment and maturities to reduce risks resulting from undue investment concentration. At September 30, 2022, more than 5% of the City's investments are in the following investments:

Investment	Amount
FHLB	\$ 152,994,183
FHLMC	53,440,670
TexPool	57,433,178
TexStar	30,055,276
Texas CLASS	143,714,334
FFCB	37,568,124

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than those in Level 1; and

Level 3: Unobservable inputs.

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Securities classified as Level 3 have limited trade information, these securities are priced or using the last trade price or estimated using recent trade prices. The City has no Level 3 investments at September 30, 2022.

City of Midland, Texas
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The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2022:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
U.S. agency securities	\$ 254,084,374	\$ -	\$ 254,084,374	\$ -
Municipal bonds	14,385,414	-	14,385,414	-
Total investments by fair value level	<u>268,469,788</u>	<u>\$ -</u>	<u>\$ 268,469,788</u>	<u>\$ -</u>
Investments measured at net asset value				
TexStar	30,055,276			
TexClass	143,714,334			
Total investments at net asset value	<u>173,769,610</u>			
Investments measured at amortized cost				
TexPool	57,433,178			
Total investments at amortized cost	<u>57,433,178</u>			
Total investments	<u>\$ 499,672,576</u>			

Note 3: Property Taxes

Property taxes for the current fiscal year are levied on October 1; attach as an enforceable lien on property as of January 1; and become delinquent at January 31, unless the half-payment option is elected by the taxpayer, in which case one-half of the tax is due November 30, and the balance is due the following June 30. On February 1, delinquent taxes are assessed a 6% penalty plus 1% interest. Penalty and interest rates each increase 1% per month through June. According to Article V, Section (2) of the City Charter, the maximum tax rate is \$2.00 per \$100.00 assessed valuation, which includes debt service. The combined tax rate of the 2021 tax roll or Fiscal Year 2021-2022 was \$0.367189 per \$100.00 assessed valuation, resulting in a tax levy in the amount of \$62,913,597 on an assessed valuation of \$17,106,059,804. The levy is composed of a maintenance and operations levy of \$0.310842 and an interest and sinking fund (debt service) levy of \$0.056347 per \$100.00 assessed valuation. Property taxes are imposed non-exchange revenues and, as such, require different revenue recognition at the government-wide level and fund level.

In the government-wide statements, property taxes are recorded on an accrual basis with a receivable for any delinquent taxes and the associated revenue recognized at September 30 of each year. At the fund level, property tax revenues are recognized on the modified accrual basis of accounting, meaning collected within the current period or soon enough thereafter, not to exceed 60 days, to be used to pay liabilities of the current period.

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Note 4: Receivables

Receivables as of September 30, 2022, for the City’s individual major and nonmajor funds, and internal service funds in the aggregate, including applicable allowances for uncollectible amounts, are as follows:

	General	Debt Service	Park Donation and Special Purposes	Airport	Water and Sewer	Sanitation	Nonmajor and Other Funds	Total
Receivables								
Property taxes	\$ 1,570,810	\$ 264,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,835,227
Sales taxes	11,124,544	-	-	-	-	-	-	11,124,544
Accounts	8,588,616	5,924	2,104,726	810,958	23,085,880	3,932,529	2,782,608	41,311,241
Interest	480,243	-	53,808	125,304	198,177	88,444	198,390	1,144,366
Assessments	491,736	-	-	-	-	-	-	491,736
Intergovernmental	166,127	-	-	2,337,372	-	-	409,665	2,913,164
Gross Receivables	22,422,076	270,341	2,158,534	3,273,634	23,284,057	4,020,973	3,390,663	58,820,278
Less allowance for uncollectibles	(4,499,376)	(144,859)	-	(14,716)	(7,356,123)	(1,151,905)	(80,171)	(13,247,150)
Net total receivables	<u>\$ 17,922,700</u>	<u>\$ 125,482</u>	<u>\$ 2,158,534</u>	<u>\$ 3,258,918</u>	<u>\$ 15,927,934</u>	<u>\$ 2,869,068</u>	<u>\$ 3,310,492</u>	<u>\$ 45,573,128</u>

Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The City also records unearned revenue, revenue received but not yet earned, in its governmental funds. At September 30, 2022, the composition of these revenues was as follows:

	Deferred Inflows – Unavailable Revenue	Governmental Unearned Revenue
Delinquent property taxes receivable - General Fund	\$ 655,880	\$ -
Ambulance receivable – General Fund	649,600	-
Municipal court fines – General Fund	406,661	-
Delinquent property taxes receivable Debt Service Fund	100,757	-
Grant drawdowns/receipts prior to meeting all eligibility requirements	-	17,996,067
Total deferred/uneared revenue for governmental funds	<u>\$ 1,812,898</u>	<u>\$ 17,996,067</u>

City of Midland, Texas
Notes to Financial Statements
September 30, 2022

Note 5: Capital and Lease Assets

Capital and lease asset activity for the year ended September 30, 2022, was as follows:

	<u>Restated Balance Beginning of Year</u>	<u>Additions</u>	<u>Sales/ Disposals</u>	<u>Transfers</u>	<u>Balance End of Year</u>
Governmental activities					
Capital assets not being depreciated					
Land	\$ 15,429,175	\$ 4,602,155	\$ -	\$ 227,240	\$ 20,258,570
Construction in progress	17,192,886	31,825,805	-	(4,636,792)	44,381,899
Total capital assets not being depreciated	<u>32,622,061</u>	<u>36,427,960</u>	<u>-</u>	<u>(4,409,552)</u>	<u>64,640,469</u>
Capital and lease assets being depreciated/amortized					
Buildings	120,622,036	262,257	-	3,037,773	123,922,066
Improvements other than buildings	41,042,693	23,754	-	59,884,326	100,950,773
Machinery and equipment	102,194,421	6,386,314	(1,316,474)	2,443,917	109,708,178
Infrastructure	284,374,799	13,702,196	-	4,636,792	302,713,787
Other	8,452,720	20,721	-	16,371	8,489,812
Lease assets	142,353	410,057	-	-	552,410
Total capital and lease assets being depreciated	<u>556,829,022</u>	<u>20,805,299</u>	<u>(1,316,474)</u>	<u>70,019,179</u>	<u>646,337,026</u>
Less accumulated depreciation/amortization for					
Buildings	(25,451,160)	(3,203,402)	-	(931,598)	(29,586,160)
Improvements other than buildings	(18,354,505)	(3,560,346)	-	(36,939,601)	(58,854,452)
Machinery and equipment	(67,099,996)	(6,640,028)	1,316,474	(1,668,554)	(74,092,104)
Infrastructure	(111,799,327)	(11,173,276)	-	-	(122,972,603)
Other	(5,998,532)	(665,544)	-	(16,371)	(6,680,447)
Lease assets	-	(97,558)	-	-	(97,558)
Total accumulated depreciation/amortization	<u>(228,703,520)</u>	<u>(25,340,154)</u>	<u>1,316,474</u>	<u>(39,556,124)</u>	<u>(292,283,324)</u>
Total capital and lease assets being depreciated/amortized, net	<u>328,125,502</u>	<u>(4,534,855)</u>	<u>-</u>	<u>30,463,055</u>	<u>354,053,702</u>
Governmental activities capital and lease assets, net	<u>\$ 360,747,563</u>	<u>\$ 31,893,105</u>	<u>\$ -</u>	<u>\$ 26,053,503</u>	<u>\$ 418,694,171</u>
Business-type activities					
Capital assets not being depreciated					
Land	\$ 15,438,584	\$ 149,987	\$ -	\$ (227,240)	\$ 15,361,331
Construction in progress	28,190,890	35,450,154	-	(2,645,845)	60,995,199
Total capital assets not being depreciated	<u>43,629,474</u>	<u>35,600,141</u>	<u>-</u>	<u>(2,873,085)</u>	<u>76,356,530</u>
Capital and lease assets being depreciated/amortized					
Water rights	717,058	-	-	-	717,058
Buildings	65,719,716	-	-	(3,037,773)	62,681,943
Improvements other than building	139,447,959	880,497	-	(59,884,325)	80,444,131
Machinery and equipment	19,861,135	978,919	-	(435,909)	20,404,145
Infrastructure	761,862,933	3,818,412	-	637,837	766,319,182
Other	5,124,557	257,065	-	(16,371)	5,365,251
Lease assets	48,350	335,294	-	-	383,644
Total capital and lease assets being depreciated	<u>992,781,708</u>	<u>6,270,187</u>	<u>-</u>	<u>(62,736,541)</u>	<u>936,315,354</u>
Less accumulated depreciation for					
Water rights	(717,058)	-	-	-	(717,058)
Buildings	(33,292,812)	(1,663,911)	-	931,598	(34,025,125)
Improvements other than building	(68,520,698)	(3,064,485)	-	36,939,645	(34,645,538)
Machinery and equipment	(9,557,153)	(909,256)	-	1,668,554	(8,797,855)
Infrastructure	(245,471,808)	(16,953,241)	-	-	(262,425,049)
Other	(4,169,027)	(239,529)	-	16,371	(4,392,185)
Lease assets	-	(76,558)	-	-	(76,558)
Total accumulated depreciation/amortization	<u>(361,728,556)</u>	<u>(22,906,980)</u>	<u>-</u>	<u>39,556,168</u>	<u>(345,079,368)</u>
Total capital and lease assets being depreciated/amortized, net	<u>631,053,152</u>	<u>(16,636,793)</u>	<u>-</u>	<u>(23,180,373)</u>	<u>591,235,986</u>
Business-type activities capital and lease assets, net	<u>\$ 674,682,626</u>	<u>\$ 18,963,348</u>	<u>\$ -</u>	<u>\$ (26,053,458)</u>	<u>\$ 667,592,516</u>

City of Midland, Texas
Notes to Financial Statements
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Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental Activities

General government	\$	6,367,215
Engineering		9,059,030
Community services		4,160,172
Police		180,331
Fire		548,361
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets		5,025,045
Total depreciation and amortization expense – governmental activities	\$	25,340,154

Business-type Activities

Airport	\$	6,494,414
Water and sewer		15,381,532
Sanitation		1,010,926
Drainage		20,108
Total depreciation and amortization expense – business-type activities	\$	22,906,980

City of Midland, Texas
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Discretely Presented Component Unit

Capital and lease asset activity for the MDC for the year ended September 30, 2022 was as follows:

	Restated Balance Beginning of Year	Additions	Decreases/ Adjustments	Balance End of Year
Capital assets not being depreciated				
Land	\$ 4,940,640	\$ 4,820,129	\$ -	\$ 9,760,769
Construction in progress	1,278,820	997,878	-	2,276,698
Total capital assets not being depreciated	<u>6,219,460</u>	<u>5,818,007</u>	<u>-</u>	<u>12,037,467</u>
Capital and lease assets being depreciated/amortized				
Buildings	13,634,923	246,415	-	13,881,338
Improvements other than buildings	2,600,034	-	-	2,600,034
Machinery and equipment	162,581	-	-	162,581
Lease asset	998,210	-	-	998,210
Infrastructure	1,362,237	-	-	1,362,237
Total capital and lease assets being depreciated/amortized	<u>18,757,985</u>	<u>246,415</u>	<u>-</u>	<u>19,004,400</u>
Less accumulated depreciation/amortization for				
Buildings	(1,433,243)	(356,075)	-	(1,789,318)
Improvements other than buildings	(202,758)	(57,674)	-	(260,432)
Machinery and equipment	(69,313)	(19,372)	-	(88,685)
Lease asset	-	(160,787)	-	(160,787)
Infrastructure	(296,865)	(53,577)	-	(350,442)
Total accumulated depreciation/amortization	<u>(2,002,179)</u>	<u>(647,485)</u>	<u>-</u>	<u>(2,649,664)</u>
Total capital and lease assets being depreciated, net	<u>16,755,806</u>	<u>(401,070)</u>	<u>-</u>	<u>16,354,736</u>
Midland Development Corporation capital and lease assets, net	<u>\$ 22,975,266</u>	<u>\$ 5,416,937</u>	<u>\$ -</u>	<u>\$ 28,392,203</u>

City of Midland, Texas
Notes to Financial Statements
September 30, 2022

Note 6: Employee Benefit Plans

A summary of the net pension liability, deferred outflows, deferred inflows, and pension expense of each plan is shown below. Detailed discussion of each plan will follow in this note.

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
Governmental Activities				
Texas Municipal Retirement System (TMRS)	\$ 12,078,878	\$ 9,183,359	\$ 17,531,259	\$ 2,716,805
Midland Firemen's Relief and Retirement Fund	269,831,097	90,826,713	8,944,003	44,750,783
Total governmental activities	<u>281,909,975</u>	<u>100,010,072</u>	<u>26,475,262</u>	<u>47,467,588</u>
Business-Type Activities*				
Texas Municipal Retirement System (TMRS)	2,808,264	2,199,088	4,198,113	650,578
Total business-type activities	<u>2,808,264</u>	<u>2,199,088</u>	<u>4,198,113</u>	<u>650,578</u>
Total primary government	<u>\$ 284,718,239</u>	<u>\$ 102,209,160</u>	<u>\$ 30,673,375</u>	<u>\$ 48,118,166</u>

*Same amounts for proprietary funds' financial statements.

Texas Municipal Retirement System (TMRS)

The City participates as one of over 900 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the System with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (annual report) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

City of Midland, Texas
Notes to Financial Statements
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Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	677
Inactive employees entitled to but not yet receiving benefits	707
Active employees	783
	2,167

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry-Age Normal (EAN) actuarial cost method. The City’s contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 14.53% and 14.24% in calendar years 2021 and 2022, respectively. The City’s contributions to TMRS for the year ended September 30, 2022 was \$8,286,526 and were equal to the required contributions.

Net Pension Liability

The City’s net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

City of Midland, Texas
Notes to Financial Statements
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The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study performed in 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Markets	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

City of Midland, Texas
Notes to Financial Statements
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Changes in Net Pension Liability

	<i>Increase (Decrease)</i>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at January 1, 2021	\$ 355,851,976	\$ 325,480,301	\$ 30,371,675
Changes for the period:			
Service cost	8,673,053	-	8,673,053
Interest	23,688,821	-	23,688,821
Difference between expected and actual experience	6,663,319	-	6,663,319
Changes of assumptions	-	-	-
Employer contributions	-	8,336,855	(8,336,855)
Employee contributions	-	4,016,325	(4,016,325)
Net investment income (loss)	-	42,351,528	(42,351,528)
Benefit payments, including refunds of employee contribution:	(18,486,006)	(18,486,006)	-
Administrative expense	-	(196,327)	196,327
Other changes	-	1,345	(1,345)
Net Changes	20,539,187	36,023,720	(15,484,533)
Balance at December 31, 2021	<u>\$ 376,391,163</u>	<u>\$ 361,504,021</u>	<u>\$ 14,887,142</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following is a sensitivity analysis of the net pension liability (asset) to changes in the discount rate. The table below presents the pension liability (asset) of the City calculated using the discount rate of 6.75% as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75%) or 1 percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$ 66,492,509	\$ 14,887,142	\$ (27,325,079)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2022, the City recognized pension expense of \$3,367,383.

City of Midland, Texas
Notes to Financial Statements
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At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 5,295,312	\$ -
Changes of assumptions	34,094	-
Net difference between projected and actual earnings on pension plan investments	-	21,729,372
Contributions made after the measurement date	6,053,041	-
Total	\$ 11,382,447	\$ 21,729,372

\$6,053,041 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ (626,403)
2024	(7,174,239)
2025	(4,523,005)
2026	(4,076,319)
	\$ (16,399,966)

Allocation of Pension Items

The City allocates pension items between governmental activities and business-type activities on the basis of employee payroll funding. For the governmental activities, the net pension liability is liquidated by the general fund, general liability fund, and garage fund. For the business type activities, the net pension liability is liquidated by the airport fund, water and sewer fund, and sanitation fund.

Midland Firemen’s Relief and Retirement Fund (MFRRF)

Plan Administration

The Midland Firemen’s Relief and Retirement Fund (MFRRF) is established under the authority of the Texas Local Firefighters’ Retirement Act (TLFFRA). The Board of Trustees of the MFRRF is the administrator of a single-employer defined benefit pension plan. The MFRRF is a separate legal entity with a board of trustees consisting of the mayor or designee of the municipality, the Chief Financial Officer or designee of the municipality, three elected members of the plan and two persons who reside in Texas who are not officers or employees of the municipality or other political subdivision who are elected by majority vote of the board of trustees.

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The MFRRF issues separately available audited financial statements. Additionally, the MFRRF has its own actuarial valuations performed as of December 31 in odd numbered years. The latest actuarial valuation report available is for the year ended December 31, 2021. All assumptions for this valuation are contained in the MFRRF's Actuarial Valuation Report and Review as of December 31, 2021. Both the audited financial statements and actuarial valuation report may be obtained by writing the Midland Firemen's Relief and Retirement Fund Board of Trustees, 1500 W. Wall, Midland, TX 79701.

The plan was originally effective October 27, 1941 and was most recently amended in November 2011.

Eligibility

All uniformed employees of the Midland Fire Department, who were younger than age 36 on the date they were certified under Civil Service, are members of the Midland Firemen's Relief and Retirement Fund. Other employees who perform emergency, medical, or fire department related services become members of the MFRRF when approved by the Board of Trustees unless the employee elects to be covered by TMRS.

Benefits Provided

The MFRRF provides service retirement, death, disability, and withdrawal benefits. These benefits become fully vested after 20 years of credited service. Employees may retire with a normal retirement benefit at age 50 with 20 years of service. A partially vested benefit is provided for employees who terminate employment with at least ten but less than 20 years of service. Firefighters may retire with 25 years of service at any age. Employees are also eligible for a reduced early service retirement benefit upon termination of eligible employment with between 20 and 25 years of service and after attaining age 45. Benefits of retired firefighters are determined on a "formula" plan with normal benefits based on a percentage of the highest 60 months' average pay: 75% plus \$80 per month for each service year in excess of 20 years to the last completed month for service and disability benefits.

Widow benefits are based on 75% of the benefit the deceased firefighter would have been entitled to as a normal service retirement based upon the firefighter's salary and service at the time of death. The widow's benefit is 75% of the benefit the firefighter was receiving at the time of death if the firefighter was retired. Children's benefits until age 22 are 11.25% of the firefighter's average highest 60 months' pay if there is a surviving spouse. If there is no surviving spouse, children receive 22.50% of the firefighter's average highest 60 months' pay.

There are four Deferred Retirement Option Plans (DROP) and a 100% joint and survivor option.

DROP 1 allows a firefighter to contract with the MFRRF to retire while he/she continues to be employed as a regular firefighter. His/her benefit and contributions are accumulated in a separate account with interest. DROP 1 may last no longer than three years at which time he/she leaves the fire department, receives his/her accumulated lump sum, and begins receiving benefits as contracted for three years earlier.

DROP 2 is a reverse plan whereby the firefighter contracts to receive 90% of his/her normal retirement benefit and receives as a lump sum of 24 times the monthly benefit.

City of Midland, Texas
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DROP 3 allows a firefighter with at least 20 years of service and age 50 to declare his/her effective retirement date as no earlier than the date he/she actually had 20 years of service and was at least 50 years old. He/she receives a lump sum consisting of the benefit as of the effective date, his/her contributions since that date and interest thereon. A firefighter can DROP back to no more than three years. The 100% joint and survivor option allows the firefighter and his/her spouse to receive the same benefit for life, the normal benefit being reduced by 10% plus 0.40% per year that the beneficiary's age is less than the firefighter's age and minus 0.40% that the beneficiary's age is greater than the firefighter's. All benefits are subject to the IRS Section 415 limitation. Additionally, there is a \$10,000 death benefit for a beneficiary and a \$500 monthly supplement for the firefighter who retires at or after age 50 with 20 years of service or more. A 2% COLA is incorporated the January following five years of actual receipt of benefits and physical departure from the fire department. Under this plan, Midland firefighters are required to contribute 14.20% of their pay to the MFRRF.

DROP 4 provides a Combined (Forward and Retroactive) DROP plan benefit. This option states that the firefighter must retire within three years of his Combined (Forward and Retroactive) DROP. The monthly benefit he will receive is determined based upon his salary and service at the beginning of the DROP period. At the conclusion of the DROP period, the firefighter will be paid an amount which is the sum of his employee contributions from the Forward DROP portion of the period plus the product of his monthly benefit amount times the number of months of the Forward DROP portion of the Combined (Forward and Retroactive) DROP period.

There is no provision for automatic postretirement benefit increases. The MFRRF has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases. Retirees and beneficiaries who have received benefits for five full plan years or more will receive a 2% cost-of-living adjustment on August 1 provided the MFRRF's investment performance over the five plan years ending the previous December 31 averages 8.25% per year or more. DROP participation does not constitute time credited to the five-year requirement. The \$500 supplemental benefit will not be increased by the 2% cost-of-living adjustments.

Plan Membership

At the December 31, 2021 valuation date, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	193
Terminated employees entitled to but not yet receiving benefits	7
Active employees	230
	430

Contributions

The City is statutorily required to make contributions that will equal the lesser of 9.00% or the firefighters' contribution rate. However, the City made contributions equal to 22.20% of pay as authorized by Ordinance 10110 that adopted the Fiscal Year 2022 budget that incorporated the increase above the statutory rate. The benefit and contribution provisions of this plan, other than the City's contribution rate, are authorized by the TLFRA.

The MFRRF is required by statute to conduct actuarial studies every odd year and conducted the last study December 31, 2021 for the plan in effect at that time.

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The funding policy of the MFRRF requires contributions equal to 14.20% of pay by the firefighters. The contribution rates for the City were 22.20% for both calendar years 2021 and 2022. The City's contributions for the year ended September 30, 2022 were \$5,336,820 and were equal to the required contributions.

While the contribution requirements are not actuarially determined, state law requires that a qualified actuary must approve each plan of benefits adopted by the MFRRF. The actuary certifies that the contribution commitments by the firefighters and the City provide an adequate financing arrangement.

Cash and Investments

Investment Policy: The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board or Trustees by a majority vote of its members. Substantially all of the Plan's investments are held by its trustee/custodians. The Plan's Board of Trustees authorizes various portfolio managers to manage investments within certain policies as set forth by the Board. These policies mandate a diversified portfolio, which includes investments, either directly or in commingled accounts, in real estate, cash, money market funds, bonds, hedge funds, venture capital and equity securities. The Board's adopted asset allocation policy as of December 31, 2021 was 1-10% in cash or cash equivalents, 10-30% in fixed income, 30-50% in equities, and 20-35% in alternative investments.

Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures* - an amendment to GASB Statement No. 3 (GASB 40), addresses common deposit and investment risks including custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Required disclosures related to these risks are presented below:

Custodial Credit Risk – Deposits: Deposits with financial institutions are fully secured by federal deposit insurance coverage at December 31, 2021.

The Plan's investment policies are governed by state statutes and by Board adoption. Cash funds are deposited in Federal Deposit Insurance Corporation insured banks. The Plan is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and government agencies, commercial paper, and certain repurchase agreements.

As required by GASB 40, investments included in assets whose use is limited and long-term investments are categorized by investment type. As of December 31, 2021, the Plan had the following debt securities and their related maturities:

Investment Type	Fair Value	2021 Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Foreign bonds	\$ 137,146	\$ 25,565	\$ -	\$ 2,666	\$ 108,915
Total fair value	<u>\$ 137,146</u>	<u>\$ 25,565</u>	<u>\$ -</u>	<u>\$ 2,666</u>	<u>\$ 108,915</u>

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Custodial Credit Risk: Custodial credit risk is the risk that in the event of failure of the counterparty, the Plan would not be able to recover the value of its investments. The Plan does not have a formal policy for custodial credit risk. As of December 31, 2021, all investments are registered in the name of the Midland Firemen's Relief and Retirement Fund or in the name of the Plan's custodian, established through a master trust custodial agreement, with the exception of investments in real estate and commingled funds, which are recorded as hedge funds and venture capital in the accompanying statement of fiduciary net position.

Interest Rate Risk: In compliance with the Plan's investment policy, the Plan minimizes the interest rate risk related to the decline in fair value of securities due to rising interest rates in the portfolio by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity and monitoring credit ratings of portfolio positions.

The Plan's investments in U.S. and foreign government agency obligations are subject to credit risk. Under the Texas Local Firefighters' Retirement Act, the Board's general investment policy is to apply the following prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income and preserve capital. In terms of diversification, the Plan should not invest more than 5% of the total assets in the stock or bonds of one company.

Credit Risk: Under the Texas Local Firefighters' Retirement Act, the Board's general investment policy is to apply the prudent-person rule. As a matter of course, the Board expects to be notified promptly of the following:

1. A significant change in investment strategy and portfolio structure;
2. A material change in the ownership, personnel, financial condition, or investment approach of the organization;
3. Any changes in the regulatory environment that would affect the Plan or organization's role in its management; and
4. Any litigation or violation of securities regulation in which the investment manager is involved.

The Plan's rated debt investments as of December 31, 2021, using the Moody's, S&P, or Fitch rating scale are presented below:

December 31, 2021			
Investment Type	Moody's Ratings	Fair Value	Total
Foreign bonds	Ca	\$ 111,581	\$ -
	NR	25,565	137,146
Total		<u>\$ 137,146</u>	<u>\$ 137,146</u>

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Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Plan's investment policy does not limit investments in any one issuer except that the investment portfolio shall be diversified in accordance with the allocation range stated below and within the limitations so noted. The Asset Mix Policy established by the Board of Trustees represents a long-term view (a full market cycle). As such, rapid and sudden market movements may cause the Fund's actual asset mix to fall outside the stated policy range. Any such divergence, however, should be short-term in nature and must be ratified by the Board of Trustees at the first regularly scheduled Board meeting following this occurrence.

Concentrations: GASB Statement No. 67 *Financial Reporting for Pension Plans* (GASB 67), requires the disclosure of concentrations of investments in any one organization that represent 5% or more of the pension plan's fiduciary net position. There were no concentrations that needed to be disclosed in 2021.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchanged rates will adversely affect the fair value of an investment or deposit. All 2021 assets were priced in U.S. dollars.

Rate of return: For the years ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.81%. The money-weighted rate of return expresses investment performance, net of plan investment expense, adjusted for the changing amounts actually invested.

The following tables summarize the Plan's financial instruments measured at fair value as of December 31, 2021, based on the three-tier hierarchy:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
Domestic equities	\$ 4,309,761	\$ 4,309,761	\$ -	\$ -
Foreign bonds	25,564	-	25,564	-
Corporate bonds	992,647	-	992,647	-
Mutual funds	1,892,369	1,892,369	-	-
Real estate	6,841,338	-	-	6,841,338
Venture capital funds	3,043,133	3,043,133	-	-
Government and agency obligations	111,581	-	111,581	-
International equities	11,403,936	11,403,936	-	-
	<u>28,620,329</u>	<u>\$ 20,649,199</u>	<u>\$ 1,129,792</u>	<u>\$ 6,841,338</u>
Investments measured at net asset value				
Domestic equities	7,276,443			
International equities	12,050,827			
Corporate bonds	9,880,240			
Real estate	8,037,876			
Venture capital funds	14,775,001			
	<u>52,020,387</u>			
Total investments	<u>\$ 80,640,716</u>			

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Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021.

Domestic and international equities/real estate/hedge funds and venture capital (level 1): Valued at the closing price reported on the active market on which the individual securities are traded.

Foreign/Corporate/Municipal bonds (level 2): Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual funds (level 1): Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Government and agency obligations (level 2): Valued using pricing models maximizing the use of observable inputs for similar securities.

Real estate (level 3): Investments are comprised of equity interests in partially and wholly owned real estate entities and are reflected at their estimated fair values.

Additional information related to investments measured at the net asset value (NAV) per share (or its equivalent) as of December 31, 2021, is presented on the following tables:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Common stock				
Westwood U. S. large cap	\$ 3,678,061	\$ -	A Not limited	Up to 30 days notice
Westwood U. S. small mid cap	3,598,382	-	B Not limited	Up to 30 days notice
Corporate bonds				
Loomis NHIT: multisector	9,880,240	-	C Daily	4:00 p. m. prior to trade date
International Equities				
Alkeon	3,768,504	-	D Quarterly	Last business day of month before 12 months holding
Lazard international	8,282,323	-	H Daily	3 business days
Real estate				
CDK – various partnerships	6,257,933	-	E n/ a	n/ a
Davis investment ventures	577,916	207,498	F n/ a	n/ a
Blackstone	1,202,027	-	I Monthly	Repurchases at discretion of partner
Hedge funds and venture capital				
Greenspring alternative invest	10,665,397	821,970	G n/ a	n/ a
Glendower alternative invest	4,109,604	1,837,771	G Not limited	See Note G below
Reported at net asset value	<u>\$ 52,020,387</u>	<u>\$ 2,867,239</u>		

The Funds seek to provide long-term growth through capital appreciation and income by investing in securities issued by high quality, financially sound domestic companies with market capitalizations greater than \$5 billion. The fair values of the investments in this type have been determined using the NAV per share of the investments.

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- A. The Fund seeks to provide a high total return, through the compounding of income and preservation of principal. Capital appreciation is a secondary objective. The Fund invests primarily in a variety of income-producing securities, including high-yield corporate bonds, convertible bonds, preferred stock, foreign debt securities and private placements. The fair values of the investments in this type have been determined using the NAV per share of the investments.
- B. The Fund seeks to provide long-term growth through capital appreciation by investing in foreign and domestic common stocks or similar equity securities of high quality, financially secure companies listed on principal exchanges that typically fall within the market capitalization range of the Russell 2500 Index. The fair values of the investments in this type have been determined using the NAV per share of the investments.
- C. The Trust's investment objective is total return from Bonds and Notes and to outperform the Bloomberg Barclays Capital U.S. Government/Credit Index (the "Index"). The fair values of the investments in this type have been determined using the NAV per share of the investments.
- D. The Master Fund's investment objective is to achieve maximum capital appreciation. The Master Fund pursues this objective by investing its assets primarily in equity securities of U.S. and foreign companies that the Investment Manager believes are well positioned to benefit from demand for their products or services, including companies that can innovate or grow rapidly relative to their peers in their markets. The Master Fund also pursues its objective through securities sold, not yet purchased (short sales) when the Investment Manager believes that the market price of a security is above its estimated intrinsic or fundamental value. The fair values of the investments in this type have been determined using the NAV per share of the investments.
- E. This type includes investments in 11 real estate funds that develop, own, and operate multiple property types as well as multifamily projects, all located in the U.S. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. There is no set redemption schedule for the funds. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital.
- F. The real estate fund's investment objective is to acquire and originate debt and equity investments in real estate and real estate-related assets, primarily in the northeast U.S. The fair value of the investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. This investment can never be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. Because it is not probable that any individual investment will be sold, the fair value of the investment has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital.
- G. This type includes investments in 2 hedge funds that invest both long and short primarily in U.S. private equity, with the goal of investment returns from capital appreciation. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments in the Greenspring investments in this type can never be redeemed. It is expected the fund will be liquidated in December 13, 2025. Investments in the Glendower investment can be redeemed with 30 days' notice, but only to another limited partner.

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- H. This type’s investment objective is to achieve long-term capital appreciation by investing, using a relative value approach, primarily in equity and equity-related securities of issuers that are located in, or do significant business in countries other than the United States, including emerging market countries.
- I. The Real Estate Income Trust (REIT) invests primarily in stabilized income-generating commercial real estate in the United States. To a lesser extent, the REIT may invest outside the U.S. and in real estate debt.

Net Pension Liability

The MFRRF’s net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021.

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Overall payroll growth	3.00% per year, plus promotion, step and longevity increases that vary by service
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Municipal bond rate	2.06%
Discount rate	2.65%

There is no provision for automatic postretirement benefit increases. The MFRRF has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases. Pensioners who have received benefits for five full plan years or more will receive a 2% cost-of-living adjustment on August 1 provided the MFRRF’s investment performance over the five plan years ending the previous December 31 averages 8.25% per year or more. DROP participation does not constitute time credited to the five-year requirement. The \$500 supplemental benefit will not be increased by the 2% cost-of-living adjustments.

Salary increases were based on a service-related table, setting back each salary increase rate in the table used for the 2021 valuation by one year of service. Mortality rates were based on the PubS-2010 (public safety) total dataset tables for employees and for retirees (sex distinct), projected generationally using the projection scale MP-2019. Actuarial assumptions used in the December 31, 2021 valuation were based on results of actuarial experience studies. The experience study periods covered were different depending on how much prior data was available.

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The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.83%) and by adding expected inflation (3.00%). In addition, the final 7.50% assumption was selected by rounding down. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Cash and short-fixed income	10%	0.00%
Fixed income	15%	1.05%
Equities		
Large-cap domestic	17%	5.25%
Small/mid-cap domestic	3%	5.75%
International developed	15%	5.75%
International developing	5%	7.25%
Alternatives		
Real estate	17%	4.25%
Private equity	18%	7.25%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 2.65%. The projection of cash flows used to determine the discount rate, assumed that employee contributions will be made at the current 14.2% contribution rate and that city contributions will be made at the current 22.2% contribution rate. Based on those assumptions, the Fund's fiduciary net position was projected to make projected future benefit payments of current active and inactive employees through 2042. Therefore, the discount rate of 2.65% is the single rate of return that results in a present value of all projected benefits equal to the sum of (a) the present value of benefits through 2042 discounted at the long-term expected rate of return of 7% and (b) the present value of benefits after 2042 discounted at the 2.06% discount rate based on the Bond Buyer Index of general obligation bonds with 20 years to maturity at/near December 31, 2021.

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Changes in Net Pension Liability

	<i>Increase (Decrease)</i>		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at January 1, 2020	\$ 336,376,749	\$ 86,345,309	\$ 250,031,440
Changes for the period:			
Service cost	15,104,164	-	15,104,164
Interest	10,181,819	-	10,181,819
Difference between expected and actual experience	(3,100,310)	-	(3,100,310)
Employer contributions	-	4,907,065	(4,907,065)
Employee contributions	-	3,138,754	(3,138,754)
Net investment income (loss)	-	12,456,242	(12,456,242)
Benefit payments and refunds	(12,669,033)	(12,669,033)	-
Administrative expense	-	(406,490)	406,490
Assumption changes	17,709,555	-	17,709,555
Net Changes	<u>27,226,195</u>	<u>7,426,538</u>	<u>19,799,657</u>
Balance at December 31, 2020	<u>\$ 363,602,944</u>	<u>\$ 93,771,847</u>	<u>\$ 269,831,097</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 2.65% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.65%) or 1 percentage point higher (3.65%) than the current rate:

	1% Decrease (1.65%)	Current Discount Rate (2.65%)	1% Increase (3.65%)
Net pension liability	\$ 336,852,227	\$ 269,831,097	\$ 217,471,222

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately issued report and may be obtained by visiting www.midlandfrrf.com.

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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2022, the City recognized pension expense of \$44,750,783. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 2,161,762	\$ 3,670,127
Changes of assumptions	84,724,330	3,155,852
Net difference between projected and actual earnings on pension plan investments	-	2,118,024
Contributions made after the measurement date	3,940,621	-
Total	\$ 90,826,713	\$ 8,944,003

\$3,940,621 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ 29,148,779
2024	16,520,091
2025	18,137,819
2026	9,485,702
2027	3,693,957
Thereafter	955,741
	\$ 77,942,089

Allocation of Pension Items

The City allocates pension items to the governmental activities on the basis of employee payroll funding. The net pension liability has typically been liquidated by the general fund.

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Deferred Compensation Plans

The City offers all of its employees a defined contribution, deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). There are three plan options administered by Hartford Life Insurance Company, Nationwide Retirement Solutions, and Variable Annuity Life Insurance Company. All assets and income are held in trust for the exclusive benefit of participants and their beneficiaries; therefore, it is not reported in the financial statements of the City.

The plans, available to all full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Benefit provisions are contained in the plan document and were established and can be amended by the action of City Council. The City does not contribute to any of the plans.

Flexible Spending Account

The City offers all employees a flexible spending account, known as a cafeteria plan, which was established under Section 125 of the Internal Revenue Code. Administration of the plan is contracted to a third-party administrator. Employee contributions are transferred to the administrator and posted to a debit card which the employee may use to pay for qualified medical expenses. The City retains no assets or liabilities of the plan. The City does not contribute to the plan.

Health Reimbursement Account

The City established a Health Reimbursement Account (HRA) in accordance with Internal Revenue Code Section 105-106 for employees who participate in the City’s health insurance program. Administration of the plan is handled by a third-party administrator. Effective January 1, 2016, the City no longer contributes monies into the HRA.

Note 7: Other Postemployment Benefits

A summary of the total OPEB liability, deferred outflows, deferred inflows and OPEB expense of each plan is shown below. Detailed discussion of each plan will follow in this note.

	<u>Total OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>OPEB Expense</u>
Governmental Activities				
Retiree Health Care Plan	\$ 16,329,743	\$ 4,317,280	\$ 6,596,595	\$ 886,018
Supplemental Death Benefits Plan	<u>3,181,057</u>	<u>547,207</u>	<u>225,269</u>	<u>319,606</u>
Total Governmental Activities	19,510,800	4,864,487	6,821,864	1,205,624
Business-type Activities *				
Retiree Health Care Plan	2,915,680	770,852	1,177,825	172,926
Supplemental Death Benefits Plan	<u>761,835</u>	<u>131,037</u>	<u>53,945</u>	<u>83,632</u>
Total Business-type Activities	3,677,515	901,889	1,231,770	256,558
Total Primary Government	<u>\$ 23,188,315</u>	<u>\$ 5,766,376</u>	<u>\$ 8,053,634</u>	<u>\$ 1,462,182</u>

*Same amounts for proprietary funds’ financial statements.

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City of Midland Postemployment Healthcare Benefit Plan

Plan Description

One of the City’s other postemployment benefits (OPEB) plan is a single-employer defined benefit “substantive plan” as understood by past practices of the employer and its employees. City employees are eligible for retiree medical benefits if they are eligible for retirement plan benefits under the provisions of the TMRS or the Fund. Generally, employees eligible for retiree medical benefits are employees who retire with 20 years of service at any age or those employees who retire at age 60 with five years of service. Eligible participants include eligible spouses. The eligible member shall not be gainfully employed if receiving benefits from this plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The City’s OPEB plan does not issue a publicly available financial report.

Benefits are payable through a self-insured plan for eligible retirees and spouses until age 65. A Medicare Supplement Plan is available for eligible retirees and spouses who are age 65 and over.

Benefits Provided

The City allows retired employees to enroll in the City’s health insurance plan. Medical benefits are payable through a self-insured plan for eligible retirees and spouses until age 65. Medicare supplement plans are available for eligible retirees and spouses who are age 65 and older. Eligible retirees and spouses who are age 65 and over may participate in the Medicare Supplement Plan. The City pays \$30 per month per eligible member for the plan. Retirees with a retirement date prior to 2009 are entitled to a \$30/month insurance premium credit and retirees with a retirement date after 2008 are entitled to an RRA account \$30/month contribution.

City contributions for these postemployment retirement benefits are strictly discretionary and are financed on a pay-as-you-go basis. Participating retirees must make monthly contributions. The contribution rates are set by the City, and generally change on each January 1. The retiree’s contribution rate depends on the dependents covered. The retiree’s contribution rate may also vary based on the number of years of service at retirement, depending on the date of retirement. The Medicare Supplement policies are funded by both city and retiree contributions.

Plan Membership

At the December 31, 2021 measurement date, the following employees were covered by the benefit terms:

Active primary members	1,013
Self-insured plan regular members (<65)	122
Medicare supplement plan members (>65)	199
	1,334
	1,334

Total OPEB Liability for Retiree Health Care Plan

The Plan’s total OPEB liability was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

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Actuarial Assumptions

The Plan's total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions; applied to all periods included in the measurement, unless otherwise specified.

Inflation	3.00% per year
Discount rate	2.05% (2.21% in prior year)
Health-care cost trend rates	7.5% for 2022, decreasing annually, to an ultimate rate of 4.5% for 2028 and later years
Assumed utilization	70% of eligible retirees will elect plan benefits

The discount rate used to measure the Plan's total OPEB liability was 2.05% at year end and was based on the bond buyer 20-bond GO index. The prior year discount rate was 2.21%.

Mortality rates were based on the RP-2014 Mortality Table with adjustments for mortality improvements based on scale MP-2021. Prior year mortality rates were based on the RP-2014 Mortality Table with adjustments for mortality improvements based on scale MP-2018.

Changes in the Plan's Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2021	<u>\$ 15,731,986</u>
Changes for the period	
Service cost	1,165,404
Interest on total OPEB liability	341,617
Difference between expected and actual experience	1,834,952
Change of assumptions	425,778
Benefit payments	<u>(254,314)</u>
Net changes	<u>3,513,437</u>
Balance at December 31, 2021	<u><u>\$ 19,245,423</u></u>

Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the City calculated using the discount rate of 2.05%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.05%) or 1 percentage point higher (3.05%) than the current rate:

	1% Decrease (1.05%)	Current Discount Rate (2.05%)	1% Increase (3.05%)
Total OPEB liability	\$ 22,172,626	\$ 19,245,423	\$ 16,758,376

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The table below presents the total OPEB liability of the City calculated using the healthcare rate of 7.5%, decreasing to 4.50% by 2025, as well as what the City’s total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Healthcare Rate	1% Increase
Total OPEB liability	\$ 16,791,221	\$ 19,245,423	\$ 22,327,153

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of \$1,058,944. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 1,772,458	\$ 6,286,977
Difference in assumption changes	2,594,398	1,487,443
Contributions made subsequent to measurement date	721,276	-
Total	\$ 5,088,132	\$ 7,774,420

The \$721,276 reported as deferred outflows related to OPEB resulting from contributions subsequent to the measurement date will reduce the total OPEB liability during the year ending September 30, 2023. The amount reported as deferred inflows of resources will be recognized in OPEB expense as follows:

2023	\$ (448,077)
2024	(448,077)
2025	(448,077)
2026	(448,077)
2027	(448,077)
Thereafter	(1,167,179)
	\$ (3,407,564)

Allocation of OPEB Items

The City allocates OPEB items between governmental activities and business-type activities on the basis of employee payroll funding. For the governmental activities, the total OPEB liability is liquidated by the general fund, general liability fund, and garage fund. For the business type activities, the total OPEB liability is liquidated by the airport fund, water and sewer fund, and sanitation fund.

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Texas Municipal Retirement System Supplemental Death Benefits Fund

Plan Description

TMRS administers a single employer defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single- employer OPEB plan (i.e., no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for city reporting.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500.

Plan Membership

At the December 31, 2021 measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	500
Inactive employees entitled to but not yet receiving benefits	133
Active employees	<u>783</u>
 Total	 <u><u>1,416</u></u>

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefits for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Contributions are made monthly based on the covered payroll of the city. The contractually required contribution rate is determined annually for the city. The rate is based on mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of the contribution rates to the SDBF for the City was 0.18% and 0.18% in calendar years 2021 and 2022, respectively. The City’s contributions to the SDBF for the year ended September 30, 2022 were \$102,978 and were equal to the required contributions.

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Total OPEB Liability for Supplemental Death Benefits

The City’s total OPEB liability was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Salary increases	3.50% to 11.50%, including inflation
Discount rate	1.84% (2.00% in prior year)
Retirees’ share of benefit-related costs	\$0

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females.

Actuarial assumptions used in the December 31, 2021 valuation were developed primarily from an actuarial experience study of the four-year period December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation.

The current year discount rate used to measure the total OPEB liability was 1.84% and was based upon the Fidelity Index’s “20-year Municipal GO AA Index” rate as of December 31, 2021. The prior year discount rate used to measure the total OPEB liability was 2.00% and was based upon the Fidelity Index’s “20-year Municipal GO AA Index” rate as of December 31, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2021	<u>\$ 3,774,587</u>
Changes for the period	
Service cost	154,467
Interest on total OPEB liability	76,007
Differences between expected and actual experience	(77,209)
Changes in assumptions or other inputs	118,018
Benefit payments	<u>(102,978)</u>
Net changes	<u>168,305</u>
Balance at December 31, 2021	<u><u>\$ 3,942,892</u></u>

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Rate Sensitivity

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.84%) or 1 percentage point higher (2.84%) than the current rate:

	1% Decrease (0.84%)	Current Discount Rate (1.84%)	1% Increase (2.84%)
Total OPEB liability	\$ 4,811,697	\$ 3,942,892	\$ 3,278,485

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of \$403,238. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,896	\$ 240,351
Changes in assumptions and other inputs	559,001	38,863
Contributions made subsequent to measurement date	79,347	-
Total	\$ 678,244	\$ 279,214

The \$79,347 reported as deferred outflows related to OPEB resulting from contributions subsequent to the measurement date will reduce the total OPEB liability during the year ending September 30, 2023. The other amount reported as deferred outflows of resources will be recognized in OPEB expense as follows:

2023	\$ 134,323
2024	122,251
2025	57,708
2026	5,401
	\$ 319,683

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Allocation of OPEB Items

The City allocates OPEB items between governmental activities and business-type activities on the basis of employee payroll funding. For the governmental activities, the total OPEB liability is liquidated by the general fund, general liability fund, and garage fund. For the business type activities, the total OPEB liability is liquidated by the airport fund, water and sewer fund, and sanitation fund.

Note 8: Leases

Leases Liability

The City’s general fund has agreements for equipment and buildings, the terms of which expire in various years through 2027. During the fiscal year ended September 30, 2022, the City did not recognize any rental expense for variable payments not previously included in the measurement of the lease liability.

The City’s proprietary funds have agreements for equipment and buildings, the terms of which expire in various years through 2026. During the fiscal year ended September 30, 2022, the City did not recognize any rental expense for variable payments not previously included in the measurement of the lease liability.

The MDC has agreements for buildings, a hanger, and land, the terms of which expire in various years through 2049. During the fiscal year ended September 30, 2022, the MDC did not recognize any rental expense for variable payments not previously included in the measurement of the lease liability. Two of the lease agreements for the hangar and land are with the City and have an ending lease liability balance of \$565,054 at September 30, 2022.

The following is a schedule by year of payments under the leases as of September 30, 2022:

Governmental Activities

Year Ending September 30,	Principal	Interest	Total
2023	\$ 170,549	\$ 7,223	\$ 177,772
2024	170,636	3,997	174,633
2025	96,588	996	97,584
2026	15,321	186	15,507
2027	3,071	22	3,093
	<u>\$ 456,165</u>	<u>\$ 12,424</u>	<u>\$ 468,589</u>

Business-type Activities

Year Ending September 30,	Principal	Interest	Total
2023	\$ 80,345	\$ 5,757	\$ 86,102
2024	79,642	4,168	83,810
2025	73,711	2,575	76,286
2026	69,870	996	70,866
2027	5,894	11	5,905
	<u>\$ 309,462</u>	<u>\$ 13,507</u>	<u>\$ 322,969</u>

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MDC

Year Ending September 30,	Principal	Interest	Total
2023	\$ 107,958	\$ 8,234	\$ 116,192
2024	86,222	7,582	93,804
2025	88,542	6,924	95,466
2026	90,877	6,251	97,128
2027	18,223	5,777	24,000
2028-2032	94,609	25,391	120,000
2033-2037	100,708	19,292	120,000
2038-2042	107,200	12,800	120,000
2043-2047	114,110	5,890	120,000
2048-2052	35,646	354	36,000
	<u>\$ 844,095</u>	<u>\$ 98,495</u>	<u>\$ 942,590</u>

Leases Receivable

The City's general fund leases building space to third parties, the terms of which expire between 2023 and 2037. The City recognized approximately \$653,000 in lease revenue and interest revenue during the current fiscal year related to the lease. As of September 30, 2022, the City's general fund receivable for lease payments was \$844,894 and the balance of the deferred inflow of resources was \$827,034.

The City's proprietary funds lease buildings, land and equipment to third parties, the terms of which expire between 2023 and 2032. The City recognized approximately \$2,400,000 in lease revenue and interest revenue during the current fiscal year related to the leases. Certain leases include a monthly percentage fee of gross revenues earned from sales of items or gross revenues derived from operations at City property. The gross revenue percentage payments are not included in the measurement of the lease receivable because they are not fixed in substance. As of September 30, 2022, the City's proprietary funds receivable for lease payments was \$8,131,801 and the balance of the deferred inflow of resources was \$8,134,021. The City recognized lease revenue of approximately \$1,131,000 for the year ended September 30, 2022, for variable payments not previously included in the measurement of the lease receivable.

The MDC leases a building to a third party, the terms of which expire in 2035. The City recognized approximately \$387,000 in lease revenue and interest revenue during the current fiscal year related to the lease. As of September 30, 2022, the City's receivable for lease payments was \$4,425,204 and the balance of the deferred inflow of resources was \$4,398,423.

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Regulated Leases

Governmental Activities and Business-type Activities

In accordance with GASB 87, the City does not recognize a lease receivable and a deferred inflow of resources for regulated leases in which the City is the lessor. Regulated leases are certain leases that are subject to external laws, regulation, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users. The City has regulated leases related to the City’s regional airport. These leases are for use of the land and structures owned by the City. The tenant constructs or improves, owns, and maintains all the improvements on the land. These leases allow access to the land for aeronautical use. At the end of the ground lease, the improvements revert to City ownership. The City had 16 leases during the year that had terms exceeding one year. The revenue recognized by the governmental activities and business-type activities for the leases during the fiscal year ended September 30, 2022 was approximately \$24,000 and \$589,000, respectively.

Two of the City’s regulated leases are with the MDC. The amount of future lease receipts for the regulated leases for the governmental activities and business-type activities at September 30, 2022 are \$636,000 and \$24,000, respectively.

The future lease receipts for the City’s regulated leases as of September 30, 2022 were as follows:

Governmental Activities

Year Ending September 30,	Future Regulated Lease Receipts
2023	\$ 24,000
2024	24,000
2025	24,000
2026	24,000
2027	24,000
2028-2032	120,000
2033-2037	120,000
2038-2042	120,000
2043-2047	120,000
2048-2052	36,000
	\$ 636,000

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Business-type Activities

Year Ending September 30,	Future Regulated Lease Receipts
2023	\$ 548,063
2024	525,540
2025	525,540
2026	472,872
2027	423,060
2028-2032	2,097,309
2033-2037	1,471,910
2038-2042	693,664
2043-2047	652,320
2048-2052	627,252
2053-2057	184,089
2058-2062	60,374
	<u>8,281,993</u>
	<u>\$ 8,281,993</u>

MDC

The MDC has a regulated lease related to a sublease at the City of Midland’s regional airport. The lease is for use of the land leased by MDC and subsequently subleased to the tenant. The tenant constructs or improves, owns, and maintains all the improvements on the land. These leases allow access to the land for aeronautical use. At the end of the ground lease, the improvements revert to City ownership. The MDC had 1 lease during the year that had a term exceeding one year. The revenue recognized for the leases during the fiscal year ended September 30, 2022 was approximately \$976,644.

The future lease receipts for MDC’s regulated lease is as follows:

Year Ending September 30,	Future Regulated Lease Receipts
2023	\$ 976,644
2024	976,644
2025	976,644
2026	976,644
2027	976,644
2028-2032	4,883,220
2033-2037	1,058,031
	<u>10,824,471</u>
	<u>\$ 10,824,471</u>

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Note 9: Long Term Debt

Changes in the government's long-term liabilities for the year ended September 30, 2022 are as follows:

Governmental Activities	Restated Balance Beginning of Year	Borrowings/ Additions	Repayments/ Reductions	Adjustments/ Transfers	Balance End of Year	Due within One Year
General obligation and refunding bonds	\$ 97,877,414	\$ -	\$ 3,433,448	\$ -	\$ 94,443,966	\$ 3,563,448
Certificates of obligation	63,145,000	-	2,862,072	1,403,106	61,686,034	3,216,552
Bond Premiums	17,298,791	-	1,779,336	104,480	15,623,935	-
Total bonds payable	<u>178,321,205</u>	<u>-</u>	<u>8,074,856</u>	<u>1,507,586</u>	<u>171,753,935</u>	<u>6,780,000</u>
Lease obligations	142,353	410,057	96,245	-	456,165	170,549
Compensated absences	6,174,000	7,030,336	7,784,028	87,705	5,508,013	3,855,609
Self-insurance liability	5,085,224	8,483,697	8,490,739	-	5,078,182	2,002,406
Total Governmental Activities	<u>\$ 189,722,782</u>	<u>\$ 15,924,090</u>	<u>\$ 24,445,868</u>	<u>\$ 1,595,291</u>	<u>\$ 182,796,295</u>	<u>\$ 12,808,564</u>

The retirement of the compensated absences liability is normally paid from the General Fund, General Liability Fund, and Garage Fund.

Business-type Activities	Restated Balance Beginning of Year	Borrowings/ Additions	Repayments/ Reductions	Adjustments/ Transfers	Balance End of Year	Due within One Year
Water and Sewer						
Certificates of obligation	\$ 54,580,000	\$ -	\$ 1,670,000	\$ -	\$ 52,910,000	\$ 1,870,000
General obligation refunding bonds	39,990,000	247,790,000	2,030,000	-	285,750,000	2,105,000
Plus issuance premiums	11,851,408	7,588,425	1,383,871	-	18,055,962	-
Golf Course Fund						
Certificates of obligation	1,507,586	-	-	(1,507,586)	-	-
Total bonds and premium payable	<u>107,928,994</u>	<u>255,378,425</u>	<u>5,083,871</u>	<u>(1,507,586)</u>	<u>356,715,962</u>	<u>3,975,000</u>
Water and Sewer						
Compensated absences	322,533	679,521	771,217	-	230,837	161,586
Lease obligations	25,869	335,295	67,900	-	293,264	74,035
Sanitation Fund						
Closure/postclosure care	22,400,105	-	2,892,919	-	19,507,186	-
Compensated absences liability	239,853	393,401	412,468	-	220,786	154,550
Lease obligations	12,769	-	3,458	-	9,311	2,837
Airport Fund						
Compensated absences liability	213,507	219,543	238,320	-	194,730	136,311
Lease obligations	9,712	-	2,825	-	6,887	3,473
Nonmajor Fund						
Compensated absences liability – Golf	87,705	-	-	(87,705)	-	-
Total business-type activities	<u>\$ 131,241,047</u>	<u>\$ 257,006,185</u>	<u>\$ 9,472,978</u>	<u>\$ (1,595,291)</u>	<u>\$ 377,178,963</u>	<u>\$ 4,507,792</u>

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 5 to 25 years.

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Long-term debt at September 30, 2022 consists of the following issues:

	Original Issue	Interest Rates to Maturity	Final Maturity Date	Principal Outstanding at September 30, 2022	Call Provisions
Governmental Activities:					
<i>General Obligation Bonds</i>					
General Obligation Refunding Bonds, Series 2018A	\$ 25,615,000	3.25% - 5.00%	2043	\$ 22,680,000	3
General Obligation Refunding Bonds, Series 2019	28,530,000	3.00% - 5.00%	2042	26,065,000	4
General Obligation Bonds, Series 2020	21,560,000	2.00% - 5.00%	2045	20,940,000	5
General Obligation Refunding Bonds, Series 2020	18,774,310	0.36% - 1.86%	2034	17,833,966	6
General Obligation Refunding Bonds, Series, 2021	7,475,000	2.00% - 5.00%	2032	6,925,000	6
<i>Certificates of Obligation</i>					
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014	24,374,483	3.00% - 5.00%	2034	1,107,931	1
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2014	1,805,517	3.00% - 5.00%	2034	82,069	1
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016	27,245,000	2.00% - 5.00%	2042	23,825,000	2
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019	7,765,000	4.00% - 5.00%	2040	7,275,000	4
General Obligation Refunding Bonds, Series 2020	1,390,690	0.36% - 1.86%	2034	1,321,034	6
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020	7,195,000	4.00% - 5.00%	2040	6,880,000	5
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021	21,795,000	3.00% - 5.00%	2041	<u>21,195,000</u>	6
				<u>\$ 156,130,000</u>	
Business-type Activities:					
<i>General Obligation Bonds</i>					
General Obligation Refunding Bonds, Series 2018A	\$ 25,940,000	3.25% - 5.00%	2043	\$ 22,885,000	3
General Obligation Refunding Bonds, Taxable Series 2018B	8,865,000	3.25% - 4.08%	2037	6,985,000	3
General Obligation Refunding Bonds, Series, 2021	8,725,000	2.00% - 5.00%	2032	8,090,000	6
General Obligation Refunding Bonds, Series 2022A	167,620,000	3.48% - 4.20%	2050	167,620,000	7
General Obligation Refunding Bonds, Series 2022B	80,170,000	4.00% - 5.00%	2050	80,170,000	7
<i>Certificates of Obligation</i>					
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019	15,075,000	4.00% - 5.00%	2040	14,130,000	4
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020	13,960,000	4.00% - 5.00%	2040	13,345,000	5
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021	26,160,000	3.00% - 5.00%	2041	<u>25,435,000</u>	6
				<u>\$ 338,660,000</u>	

Call provisions for long-term debt of the City are as follows:

1. Callable as a whole or in part, bonds maturing 2024 through 2034, on March 1, 2023, or on any interest payment date thereafter at par plus accrued interest.
2. Callable as a whole or in part, bonds maturing 2026 through 2042, on March 1, 2025, or on any interest payment date thereafter at par plus accrued interest.
3. Callable as a whole or in part, bonds maturing 2028 through 2043, on March 1, 2027, or on any interest payment date thereafter at par plus accrued interest.
4. Callable as a whole or in part, bonds maturing 2029 through 2042, on March 1, 2028, or on any interest payment date thereafter at par plus accrued interest.

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5. Callable as a whole or in part, bonds maturing 2030 through 2045, on March 1, 2029, or on any interest payment date thereafter at par plus accrued interest.
6. Callable as a whole or in part, bonds maturing 2031 through 2041, on March 1, 2030, or on any interest payment date thereafter at par plus accrued interest.
7. Callable as a whole or in part, bonds maturing 2033 through 2050, on March 1, 2032, or on any interest payment date thereafter at par plus accrued interest.

The City intends to retire all of the long-term debt associated with governmental activities, other than bonds payable and certificates of obligation, from General Fund revenues as it has done in prior years. Debt associated with business-type activities will be retired with revenues generated by those activities.

The debt service requirements for the City's bonds are as follows:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2023	\$ 6,780,000	\$ 5,973,414	\$ 3,975,000	\$ 14,794,986	\$ 31,523,400
2024	7,060,000	5,691,227	4,160,000	14,797,806	31,709,033
2025	7,315,000	5,431,117	4,365,000	14,593,472	31,704,589
2026	7,580,000	5,173,226	4,580,000	14,378,468	31,711,694
2027	7,875,000	4,873,561	4,815,000	14,152,179	31,715,740
2028-2032	39,725,000	19,647,624	39,075,000	66,486,887	164,934,511
2033-2037	35,810,000	12,368,058	56,585,000	56,169,470	160,932,528
2038-2042	35,600,000	5,098,544	69,995,000	42,772,784	153,466,328
2043-2047	8,385,000	397,550	87,770,000	24,981,991	121,534,541
2048-2050	-	-	63,340,000	4,314,180	67,654,180
	<u>\$ 156,130,000</u>	<u>\$ 64,654,321</u>	<u>\$ 338,660,000</u>	<u>\$ 267,442,223</u>	<u>\$ 826,886,544</u>

The City issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. The City is restricted by City Charter to a maximum of \$2.00 on each \$100.00 of appraised valuation. The City's current tax levy is \$0.056347 per \$100.00 valuation for the payment of debt. The Constitution and Statutes of the State and the Charter of the City do not provide for a legal debt limit. However, a limit of 8% of assessed value has been recommended by the Finance Advisory Board of the City and has been adopted by the City Council as a guideline of safe debt limit. This guideline provides the City with a debt limit of \$1,368,485,000.

The City has also issued certificates of obligation to provide funds for the acquisition and construction of major capital facilities owned and operated by the enterprise funds of the City. These certificates of obligation are supported by revenues of the respective enterprise funds and appropriately recorded as liabilities of the appropriate fund. There are a number of restrictions and requirements contained in the various indentures. Management believes that the City is in compliance with such restrictions and requirements at September 30, 2022.

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Changes in Financing

In fiscal year 2022, the City executed a current refunding in the amount of \$167,620,000 in the form general obligation refunding bonds, taxable series 2022A dated August 15, 2022 and a delivery date of September 7, 2022, bearing interest rates ranging from 3.48% to 4.20%. The refunding was undertaken to allow the City to exercise its option to purchase certain infrastructure from the Midland County Fresh Water Supply District No. 1 and the remaining proceeds from the sale of the bonds used to pay the costs associated with issuance of the bonds. The City also executed a current refunding in the amount of \$80,170,000 in the form general obligation refunding bonds, taxable series 2022B dated August 15, 2022 and a delivery date of September 7, 2022, bearing interest rates ranging from 4.00% to 5.00%. The refunding was undertaken to allow the City to exercise its option to purchase certain infrastructure from the Midland County Fresh Water Supply District No. 1 and the remaining proceeds from the sale of the bonds used to pay the costs associated with issuance of the bonds. As a result of these refundings, the City's capital lease liability was eliminated. The City recognized a loss on the refunding of approximately \$10.6 million that will be amortized over the life of the new bonds.

Note 10: Restricted Assets

Certain resources of the City are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants or City ordinance, resulting in enabling legislation. Customer deposits, passenger facility charges, capital projects, debt service and impact fees are, by law, to be considered restricted assets. These activities are spread across the City's various enterprise funds. The City recorded the following restricted assets at September 30, 2022:

	Business-Type Activities			Total Enterprise Funds
	Airport	Water and Sewer	Total Nonmajor	
Restricted Assets				
Passenger facility charge				
Cash and cash equivalents	\$ 6,325,149	\$ -	\$ -	\$ 6,325,149
Investments	6,075,165	-	-	6,075,165
Accounts receivable	252,633	-	-	252,633
Customer deposits				
Investments	-	4,352,622	-	4,352,622
Bond construction fund				
Cash and cash equivalents	-	28,599,740	-	28,599,740
Impact fees				
Cash and cash equivalents	-	1,354,694	-	1,354,694
Investments	-	903,744	-	903,744
	<u>\$ 12,652,947</u>	<u>\$ 35,210,800</u>	<u>\$ -</u>	<u>\$ 47,863,747</u>
Total restricted assets				

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Note 11: Interfund Transactions

Due to/from Other Funds

The composition of interfund balances for the year ended September 30, 2022 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development	\$ 109,822
General Fund	Garage Fund	<u>368,274</u>
Totals		<u>\$ 478,096</u>

The outstanding balance between the funds is related to working capital loans in which the general fund expects to collect in the subsequent year

Transfers

Legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

Interfund transfers during the year ended September 30, 2022 were as follows:

<u>Transfer from Fund / Purpose</u>	<u>Transfer to Fund</u>	<u>Amount</u>
Major Governmental Funds:		
<u>General Fund:</u>		
Capital Projects	Garage	\$ 3,223,828
<u>Debt Service Fund:</u>		
Public Safety projects	General	12,750
Public Safety projects	Federal Police Special Purpose	12,750
Nonmajor Governmental Funds:		
<u>Hotel Motel</u>		
Hotel tax supported debt service	Debt Service	1,793,275
<u>2018 General Purpose Certificates of Obligation</u>		
Capital improvements	Road Bond Construction	6,000,000
Proprietary Funds:		
<u>Scharbauer Sports Complex</u>		
Close out Scharbauer Sports Complex Fund to General Fund	General	26,769,706
<u>Golf Course Fund</u>		
Close out Golf Course Fund to General Fund	General	347,470
Internal Service Funds		
<u>Unemployment Self-Insurance</u>		
Close out Unemployment Self-Insurance Fund to General Fund	General	576,837
<u>Workers Compensation Self-Insurance</u>		
Close out Workers Compensation Self-Insurance Fund to General Liability Self-Insurance Fund	General Liability Self-Insurance	<u>2,952,305</u>
Totals		<u>\$ 41,688,921</u>

In 2022, the City closed both the Scharbauer Sports Complex Fund and Golf Course Fund to the General Fund. As a result of the transfer of the related capital assets and long-term debt, the propriety funds report the transfer of the capital assets as a contribution of capital assets to the governmental activities and the transfer of debt as other revenue, net in the proprietary fund statements. These amounts are reported as transfers in the government-wide financial statements.

City of Midland, Texas
Notes to Financial Statements
September 30, 2022

Note 12: Contingent Liabilities

Federal Grant Programs

The City participates in various federally assisted programs, on both a direct and state pass-through basis, as well as on a service-provider basis. Principal among these are Community Development Block Grants, Airport Improvement Program Grants, and various construction and capital acquisition grants.

In connection with these grants, the City is required to comply with specific terms and agreements, as well as applicable federal and state laws and regulations. Such compliance is subject to review and audit by the grantors and their representatives, including audits under the “single audit” concept and compliance examinations, which build upon such audits.

In the opinion of management, the City has complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of such disallowance of claimed expenditures, if any, the City expects the resulting liability to be immaterial.

Texas Natural Resource Conservation Commission

The City appealed a Class I classification of a waste pit by the Texas Water Commission Waste Classification Group to the Environmental Protection Agency (E.P.A.). The E.P.A. denied the City’s appeal and upheld the Class I classification of the waste pit. Subsequently, the City applied to the Texas Natural Resource Conservation Commission (T.N.R.C.C.) for permission to close the waste pit in place. The application to close the waste pit in place was approved and closure was completed and approved by T.N.R.C.C. in June 1997. The City has properly recorded the property deed and must inspect the waste pit quarterly through June 1999 and annually thereafter.

Note 13: Risk Management

The City is exposed to various risks of loss related to torts: environmental or eminent domain claims; civil rights claims; equal employment opportunity claims; wage and hour claims; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical and dental claims of employees and their dependents; and natural disasters. The City maintains fire and extended coverage insurance for city buildings, furnishings, and computer equipment. This coverage provides replacement cost coverage with an annual limit of \$360,389,881 and a \$25,000 per occurrence deductible.

The City also maintains the following other insurance coverage:

- Airport liability coverage for premises, products, personal injury liability and malpractice aggregate liability coverage with a \$10,000,000 per occurrence and annual aggregate with \$25,000 per occurrence deductible for each type of coverage
- Ground hangar keepers legal liability coverage with a \$10,000,000 per occurrence and annual aggregate, and \$100,000 fire damage coverage
- Boiler and machinery liability coverage of \$25,000,000 per occurrence with a \$25,000 deductible
- Healthcare professional liability protection for the health department with a \$1,000,000 per occurrence and a \$3,000,000 aggregate limit

City of Midland, Texas
Notes to Financial Statements
September 30, 2022

- Errors and omissions coverage with a \$25,000 per occurrence deductible, \$3,000,000 per claim limit and a \$6,000,000 aggregate annual limit
- Law enforcement liability coverage with a \$25,000 per occurrence deductible, \$3,000,000 per claim limit and a \$6,000,000 aggregate annual limit
- Auto catastrophe coverage with limit of liability \$3,506,000 and a \$50,000 deductible
- Automobile liability coverage of \$1,000,000 per occurrence with a \$50,000 deductible
- General liability coverage of \$1,000,000 each occurrence and a \$2,000,000 aggregate limit with a \$50,000 deductible
- Medical claims stop-loss coverage for claims exceeding \$175,000 per occurrence, lifetime maximum unlimited with an annual aggregate lifetime maximum of \$1,000,000 with a minimum aggregate deductible of \$6,588,281 and specific excess and aggregate excess workers' compensation coverage meets the statutory limit requirement for claims
- Cyber liability and data breach response coverage of a \$2,000,000 aggregate limit
- Supplemental sewage backup coverage with a \$500 per occurrence deductible, \$25,000 per structure limit, and \$50,000 per occurrence limit

No settlements during each of the last three years have exceeded commercial coverage purchased. Other than the above coverages provided by insurance, the City retains all risk of loss.

The City charges interfund premiums based primarily upon the insured funds' claims experience and exposure, which are reported as insurance expenditure/expense in the funds charged and operating revenue in the self-insurance funds, which are accounted for as internal service funds. The City accrues all losses and claims if information available before the financial statements are issued indicates that it is probable that an asset has been impaired, or a liability incurred at the date of the financial statements and the amount of loss can be reasonably estimated. Claims incurred but not reported (IBNR) are also accrued if it is probable that a claim will be asserted, and the loss can be reasonably estimated. The accrued liabilities for IBNR in the General Liability Fund are estimates calculated by an actuary. The accrued liability for IBNR in the Medical/Dental Self-Insurance Fund is based on management's estimate.

The City also maintains a Medical/Dental Self-Insurance Fund. The purpose of this fund is to pay medical and dental claims that are outside the limitations of purchased coverage, for city employees and their covered dependents and to minimize the cost of medical and dental insurance to the City.

The City also maintains a General Liability Self-Insurance Fund to pay general liability claims, other than those covered by purchased insurance against the City from accumulated assets of the fund. The Texas Tort Claims Act provides for statutory limits of \$250,000 per person and \$500,000 per occurrence for bodily injury or death and \$100,000 per occurrence for property damage in liability claims against a municipality.

The claims liabilities for self-insurance funds are based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred and the amount of the loss can be reasonably estimated at the date of the financial statements.

City of Midland, Texas
Notes to Financial Statements
September 30, 2022

Changes in the claim's liability amounts for each of the self-insurance funds in the fiscal years ended September 30, 2021 and 2022 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2020 to 2021				
Workers Compensation	\$ 2,572,043	\$ 1,336,834	\$ 1,180,229	\$ 2,728,648
Medical/Dental	864,934	9,552,013	9,552,012	864,935
General Liability	1,403,539	482,331	394,229	1,491,641
Unemployment	-	16,431	16,431	-
	<u>\$ 4,840,516</u>	<u>\$ 11,387,609</u>	<u>\$ 11,142,901</u>	<u>\$ 5,085,224</u>
2021 to 2022				
Workers Compensation	\$ 2,728,648	\$ -	\$ 2,728,648	\$ -
Medical/Dental	864,935	7,405,816	7,211,357	1,059,394
General Liability	1,491,641	3,806,529	1,279,382	4,018,788
	<u>\$ 5,085,224</u>	<u>\$ 11,212,345</u>	<u>\$ 11,219,387</u>	<u>\$ 5,078,182</u>

Note 14: Commitments

Contracts

The City leases water rights from two sources. One of the leases renewed in August 2008, and as of August 2013 requires payment at a constant five-year rate of \$0.50 per 1,000 gallons. The second, smaller lease was renewed in February 2011 and as of 2016 requires payment at a constant five-year rate of \$0.50 per 1,000 gallons. Total royalty paid amounted to \$700,471 in fiscal year 2022.

The City owns property that serves as a wastewater disposal site. There are approximately 12,500 acres at two sites for this purpose.

The Colorado River Municipal Water District (the CRMWD) was issued a permit in May 1985 by the Texas Commission on Environmental Quality (formerly, Texas Natural Resource Conservation Commission) to construct a 554,000-acre-foot dam and reservoir on the Colorado River and impound water in Coleman, Concho and Runnels Counties, Texas. This project is known as the O. H. Ivie Reservoir (the Project).

The City entered into a contract with CRMWD in September 1985, under which the City obtained a 16.54% interest in the Project's water rights. CRMWD agreed to provide the City a source of water from O. H. Ivie Reservoir limited annually to 16.54% of the safe yield of the reservoir. The City agreed to pay CRMWD a sum equal to 16.54% of the cost of the Project plus annual operating costs.

CRMWD is responsible for the care, operation, and maintenance of the Project. The City does not have an ownership interest in the assets of the Project or CRMWD nor is it directly liable for the revenue bonds issued by CRMWD to finance the Project. The City's share of project costs is expensed as water rights in the Water and Sewer Fund. Payments by the City to CRMWD are made solely from the gross revenues of the City's water and sewer system. The terms of the City-CRMWD contracts shall continue and be effective during the entire useful life of the Project.

City of Midland, Texas
Notes to Financial Statements
September 30, 2022

CRMWD and the City entered into a water transmission contract on June 29, 1988, which provides for the construction and operation of raw water transmission pipelines, pump stations, and other facilities required to transmit water from O. H. Ivie Reservoir to Midland. CRMWD is responsible for the care, operation, and maintenance of the Project. The City does not have an ownership interest in the assets of the Project or CRMWD nor is it directly liable for the revenue bonds issued by CRMWD to finance the Project.

The water transmission system was constructed with the proceeds of \$115,000,000 Water System Revenue Bonds (Water Transmission Facilities Project), Series 1991 sold August 6, 1991, \$9,000,000 Water System Revenue Bonds (Water Transmission Facilities Project), Series 1994 sold September 27, 1994, and \$3,500,000 of CRMWD cash contributions.

The system consists of a main pump station with five intermediate booster pump stations; each includes pumping units, electric motor controls and appurtenances, a steel- or earth- constructed surge tank and pipelines necessary to complete the Project. Electrical transmission lines sufficient to service the main pump station and booster pumps were constructed from suitable generating sources. The pipeline is approximately 158 miles long with lines ranging in diameter from 53 to 60 inches.

The water transmission system was constructed in three segments:

Segment 1 is capable of delivering up to 90 million gallons per day to a junction point near San Angelo.

Segment 2 is capable of delivering up to 65 million gallons per day to a junction point near Big Spring.

Segment 3 is capable of delivering up to 55 million gallons per day to Odessa/Midland termination point.

The City shared in the total construction costs at the rate of 22.222% of Segment 1, 30.769% of Segment 2, and 36.364% of Segment 3. The City also shared 22.222% of the total construction costs of the O. H. Ivie Pump Station Substructure. Operation and maintenance of the system is provided for by contractual agreements executed between the parties. The City paid \$1,227,814 to CRMWD in 2022, pursuant to this agreement.

The City's estimated annual commitment for the pipeline construction under this contract is \$2.76 million per year for a 30-year period beginning in 1994.

Construction Commitments

The City has active construction projects as of September 30, 2022. Approved budgets for the larger ongoing capital projects are as follows:

Streets and Drainage	\$ 27,348,288
General Facilities	10,018,982
Parks	10,815,995
Technology	12,260,600
Airport	15,722,232
Utilities	<u>24,737,936</u>
Total	<u>\$ 100,904,033</u>

City of Midland, Texas
Notes to Financial Statements
September 30, 2022

Customer Water Credit Liability

The City entered into an agreement with Pioneer Water Management LLC (Pioneer), whereby Pioneer undertook a construction project to improve a Water Pollution Control Plant owned by the City. During 2021, construction was completed, and the City recorded a capital contribution in the Water and Sewer Fund for approximately \$120 million. Pioneer received a credit from the City for \$8,919,362 to be used over seven years towards the amount owed to the City for reclaimed water. If Pioneer is unable to use the credit amount in any calendar year, such unused portion and any prior unused portion shall be carried over and added to the next calendar year's approved amortized amount. The seven-year term described above shall be extended as needed for additional calendar years for Pioneer to fully use the total credit amount. At September 30, 2022, the Water and Sewer Fund Reports a liability of \$7,368,295 for the remaining credit amount. See estimated amortization of the credit amount below:

<u>Year Ending September 30,</u>		
2023	\$	1,274,195
2024		1,274,195
2025		1,274,195
2026		1,274,195
2027		1,274,195
Thereafter		<u>997,320</u>
	<u>\$</u>	<u>7,368,295</u>

Note 15: Litigation

The City is a party to several legal actions arising in the ordinary course of its business. In the opinion of the City's management, upon advice of the City Attorney, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position.

Note 16: Closure and Post-closure Care Cost

State and federal laws and regulations require the City to place a final cover on the City of Midland Municipal Solid Waste Facility, Texas Natural Resource Conservation Commission Permit #1605 site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be only near or after the date the landfill stops accepting waste, the City reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each statement of net position date. Total current cost has been adjusted for a recent study performed by an engineering firm and for the effects of inflation by using the Consumer Price Index for all Urban Consumers (CPI-U): Selected areas by Expenditure Category and Commodity and Service Group for Dallas-Fort Worth, Texas.

City of Midland, Texas
Notes to Financial Statements
September 30, 2022

The City changed the accounting estimate related to the closure and post-closure care cost based on an updated engineering study resulting in a reduction of the liability for the year ended September 30, 2022 of \$2,892,919. The \$19,507,186 reported as a landfill closure and post-closure care liability at September 30, 2022, represents the cumulative amount reported to date based on the use of 61.58% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$12,172,579 as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and post-closure care in the fiscal year ended September 30, 2022. The City expects to close the landfill around the year 2065. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

On April 9, 1997, the Financial Responsibility Requirements found in Environmental Protection Agency Subtitle D regulations as they relate to publicly owned or operated municipal solid waste landfill facilities became effective. These regulations require that financial assurance to perform closure, post-closure and corrective activities for landfill operations be provided.

The City has chosen to provide this assurance through use of the Local Government Financial Test and Government Guarantee. This guarantee consists of three basic components, which are a financial component, public notice component and a record keeping and reporting component.

The public notice component of the Local Government Financial Test and Government Guarantee demonstrating financial assurance for closure, post-closure, or corrective action required by Environmental Protection Agency Subtitle D regulations for landfills operated by a local government requires the following disclosures be made.

The specific facility covered is the City of Midland Municipal Solid Waste Facility, Texas Natural Resource Conservation Commission Permit #1605.

Financial assurance costs are anticipated in the following categories of expenditures and in the amount of the corresponding cost estimates.

Closure costs	\$	19,738,232
Postclosure costs		11,941,533
	\$	31,679,765

The anticipated year of closure is 2065 with closure costs having been fully incurred at that time. It is anticipated that post-closure costs will be incurred evenly across the 30-year post-closure monitoring period.

City of Midland, Texas
Notes to Financial Statements
September 30, 2022

Note 17: Joint Venture

An interlocal agreement between the City and the City of Odessa established the MOUTD as an urban transportation system provider under Chapter 458 of the Texas Transportation Code. The MOUTD began operating bus routes during the year ended September 30, 2004. Federal and state grants were obtained to cover start-up costs and purchases of buses and vehicles, as well as portions of operating costs. For the year ended September 30, 2022, the City contributed money to the MOUTD in the amount of \$600,000. Both cities have budgeted contributions to the MOUTD but do not have an equity interest at dissolution. Audited financial statements are available by contacting the Midland-Odessa Urban Transit District at PO Box 60808, Midland, Texas, 79711.

Note 18: Discretely Presented Component Unit

Significant Accounting Policies

The MDC is accounted for using the economic resources measurement focus and is presented as a discretely presented component unit on the accrual basis of accounting.

Revenues and Expenses

The main revenue source for the MDC is the Type A sales tax revenue, which became effective April 1, 2002. The MDC incurs expenses for economic development activities and operating expenses.

Assets and Liabilities

The MDC assets consist primarily of cash and cash equivalents, sales tax revenues receivable, notes receivable, and capital assets. The MDC's liabilities as of September 30, 2022 consist primarily of accounts payable and a capital lease in which the City is the lessor.

Required Supplementary Information (Unaudited)

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City of Midland, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund
Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Adjustments – Budgetary Basis	Actual on a Budgetary Basis	Variance
REVENUES						
Taxes	\$ 121,252,657	\$ 121,252,657	\$ 133,458,656	\$ -	\$ 133,458,656	\$ 12,205,999
Licenses and permits	2,582,400	2,582,400	2,985,618	-	2,985,618	403,218
Fines and forfeitures	2,194,276	2,194,276	2,612,949	-	2,612,949	418,673
Charges for services	10,280,650	10,280,650	9,930,926	-	9,930,926	(349,724)
Rentals	136,210	136,210	231,004	-	231,004	94,794
Intergovernmental	337,000	337,000	7,691,708	-	7,691,708	7,354,708
Investment income	1,231,500	1,231,500	(8,127,660)	-	(8,127,660)	(9,359,160)
Contributions and donations	-	-	40,833	-	40,833	40,833
Miscellaneous	-	-	1,862,514	-	1,862,514	1,862,514
Total revenues	<u>138,014,693</u>	<u>138,014,693</u>	<u>150,686,548</u>	<u>-</u>	<u>150,686,548</u>	<u>12,671,855</u>
EXPENDITURES						
Current						
General government						
Administration	989,521	989,521	1,253,259	-	1,253,259	(263,738)
Support services	17,806,039	17,806,039	9,863,127	942,978	10,806,105	6,999,934
Fiscal management	1,870,010	1,870,010	1,664,397	-	1,664,397	205,613
Development services	4,178,689	4,178,689	3,537,465	-	3,537,465	641,224
Engineering	21,730,696	21,730,696	14,231,017	7,436,478	21,667,495	63,201
Community services	13,295,800	13,295,800	16,011,856	7,244,741	23,256,597	(9,960,797)
Police	35,343,635	35,343,635	33,898,081	179,291	34,077,372	1,266,263
Fire	34,833,299	34,833,299	35,545,664	-	35,545,664	(712,365)
Economic development	-	-	-	-	-	-
Golf	2,783,901	2,783,901	2,992,999	-	2,992,999	(209,098)
Sports Complex	3,577,549	3,577,549	3,233,472	4,602,154	7,835,626	(4,258,077)
Other	7,618,845	7,618,845	5,535,590	23,755	5,559,345	2,059,500
Debt Service						
Principal	-	-	96,245	-	96,245	(96,245)
Interest and fiscal changes	-	-	4,469	-	4,469	(4,469)
Capital outlay	-	-	20,839,454	(20,839,454)	-	-
Total expenditures	<u>144,027,984</u>	<u>144,027,984</u>	<u>148,707,095</u>	<u>(410,057)</u>	<u>148,297,038</u>	<u>(4,269,054)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(6,013,291)</u>	<u>(6,013,291)</u>	<u>1,979,453</u>	<u>410,057</u>	<u>2,389,510</u>	<u>8,402,801</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	6,013,291	6,013,291	27,706,763	-	27,706,763	21,693,472
Transfers out	-	-	(3,223,828)	-	(3,223,828)	(3,223,828)
Leases issued	-	-	410,057	(410,057)	-	-
Proceeds from sale of capital assets	-	-	5,024	-	5,024	5,024
Total other financing sources (uses)	<u>6,013,291</u>	<u>6,013,291</u>	<u>24,898,016</u>	<u>(410,057)</u>	<u>24,487,959</u>	<u>18,474,668</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,877,469</u>	<u>\$ -</u>	<u>\$ 26,877,469</u>	<u>\$ 26,877,469</u>
FUND BALANCES, OCTOBER 1			<u>118,844,338</u>			
FUND BALANCE, SEPTEMBER 30			<u>\$ 145,721,807</u>			

City of Midland, Texas
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – General Fund
Year Ended September 30, 2022

Budgetary Data

The City Council follows these procedures in establishing the annual budget:

1. Prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them. Annual budgets are legally adopted for the General Fund and the Debt Service Fund on a basis consistent with generally accepted accounting principles, except for the classification of interfund transfers for General Fund services to other funds as charges for services for budgetary purposes instead of interfund transfers. Formal budgetary integration is not employed for the proprietary funds. The City adopts an annual budget for managerial control for all proprietary funds.
2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the City Council through passage of an ordinance.
4. Expenditures may not legally exceed appropriations at the division level for legally adopted annual operating budgets. The City Manager has the authority to transfer appropriation balances from one department, the primary subunits of each fund, or division and the primary subunit of each department, to another within a single fund of the City. Department heads may approve amendments of amounts between line items within a division so long as the transfers do not significantly change the work program contemplated in the approved budget.
5. Supplemental appropriations during the year must be approved and adopted by the City Council through passage of a resolution. During fiscal year 2022, there was no appropriation increases, including transfers out, for the General Fund.
6. At the close of each fiscal year, unexpended budgetary appropriations lapse or revert to the undesignated fund balance. The unexpended appropriation balances in capital projects do not lapse at year end.

The budgetary comparison schedule, included in the required supplementary information, presents a comparison of the original and final amended budgets for the period to actual results of operations for the General Fund. There are no major special revenue funds.

City of Midland, Texas
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Texas Municipal Retirement System
Supplemental Death Benefits Fund

Measurement Date December 31,	2017	2018	2019	2020	2021
TOTAL OPEB LIABILITY					
Service cost	\$ 73,857	\$ 92,146	\$ 82,858	\$ 113,882	\$ 154,467
Interest	91,101	91,369	108,018	89,681	76,007
Benefit payments	(32,312)	(29,099)	(36,250)	(37,961)	(102,978)
Differences between expected and actual experience	-	190,456	(328,253)	(103,111)	(77,209)
Changes in assumptions	206,935	(185,515)	508,567	488,915	118,018
Net change in total OPEB liability	339,581	159,357	334,940	551,406	168,305
Total OPEB liability – beginning	2,389,303	2,728,884	2,888,241	3,223,181	3,774,587
TOTAL OPEB LIABILITY - ENDING	\$ 2,728,884	\$ 2,888,241	\$ 3,223,181	\$ 3,774,587	\$ 3,942,892
Covered-employee payroll	\$ 46,160,369	\$ 48,498,044	\$ 51,786,368	\$ 54,229,577	\$ 57,210,115
Employer's total OPEB liability as a percentage of covered-employee payroll	5.91%	5.96%	6.22%	6.96%	6.89%

Notes to Schedule:

Changes of Benefit Terms: None

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

December 31, 2016 – 3.78%

December 31, 2017 – 3.31%

December 31, 2018 – 3.71%

December 31, 2019 – 2.75%

December 31, 2020 – 2.00%

December 31, 2021 – 1.84%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

City of Midland, Texas
Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Other Postemployment Benefit Plan
Retiree Health

Measurement Date December 31,	2017	2018	2019	2020	2021
TOTAL OPEB LIABILITY					
Service cost	\$ 1,481,407	\$ 1,638,363	\$ 893,162	\$ 1,037,092	\$ 1,165,404
Interest	618,336	629,421	567,354	374,640	341,617
Difference between expected and actual experience	108,933	(6,561,175)	(1,944,463)	(255,599)	1,834,952
Change of assumptions	831,742	(2,144,151)	990,072	1,050,491	425,778
Benefit payments	<u>(740,576)</u>	<u>(778,169)</u>	<u>(715,398)</u>	<u>(356,896)</u>	<u>(254,314)</u>
Net change in total OPEB liability	2,299,842	(7,215,711)	(209,273)	1,849,728	3,513,437
Total OPEB liability – beginning	<u>19,007,400</u>	<u>21,307,242</u>	<u>14,091,531</u>	<u>13,882,258</u>	<u>15,731,986</u>
TOTAL OPEB LIABILITY - ENDING	<u>\$ 21,307,242</u>	<u>\$ 14,091,531</u>	<u>\$ 13,882,258</u>	<u>\$ 15,731,986</u>	<u>\$ 19,245,423</u>
Covered-employee payroll	\$ 62,175,066	\$ 66,066,278	\$ 71,190,080	\$ 74,426,311	\$ 79,314,016
Employer's total OPEB liability as a percentage of covered-employee payroll	34.27%	21.33%	19.50%	21.14%	24.26%

Notes to Schedule:

Changes of Benefit Terms: None

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

- December 31, 2016 – 3.78%
- December 31, 2017 – 3.00%
- December 31, 2018 – 4.10%
- December 31, 2019 – 2.74%
- December 31, 2020 – 2.21%
- December 31, 2021 – 2.05%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

City of Midland, Texas
Schedule of Employer Contributions
Texas Municipal Retirement System

Fiscal Year Ended September 30,	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$ 6,682,872	\$ 6,927,806	\$ 6,614,908	\$ 7,063,858	\$ 7,184,163	\$ 7,673,542	\$ 8,272,675	\$ 8,286,526
Contributions in relation to the actuarially determined contribution	<u>6,682,872</u>	<u>6,927,806</u>	<u>6,614,908</u>	<u>7,063,858</u>	<u>7,184,163</u>	<u>7,673,542</u>	<u>8,272,675</u>	<u>8,286,526</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ -</u>							
Covered payroll	\$ 43,561,193	\$ 45,487,794	\$ 43,854,427	\$ 48,149,842	\$ 50,365,108	\$ 53,438,852	\$ 57,059,458	\$ 57,878,038
Contributions as a percentage of covered payroll	15.34%	15.23%	15.08%	14.67%	14.26%	14.36%	14.50%	14.32%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 24 years; the asset valuation method was at ten-year smoothed market value, with 12.00% soft corridor; and the significant actuarial assumptions were an investment rate of return at 6.75% annually, projected salary increases assumption of 3.50% to 11.0% compounded annually, and postretirement benefit increases of 2.50% compounded annually.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

City of Midland, Texas
Schedule of Employer Contributions
Midland's Firemen's Relief and Retirement Fund

Fiscal Year Ended September 30,	2015	2016	2017	2018	2019	2020	2021	2022
Required contributions	\$ 3,672,302	\$ 3,560,801	\$ 3,405,259	\$ 3,555,264	\$ 4,213,911	\$ 4,393,733	\$ 4,665,419	\$ 5,336,820
Contributions in relation to the required contributions	<u>\$3,672,302</u>	<u>3,560,801</u>	<u>3,405,259</u>	<u>3,555,264</u>	<u>4,213,911</u>	<u>4,393,733</u>	<u>4,665,419</u>	<u>5,336,820</u>
CONTRIBUTION DEFICIENCY (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 16,926,073	\$ 16,130,469	\$ 15,339,005	\$ 16,014,703	\$ 18,981,581	\$ 19,791,590	\$ 21,015,401	\$ 24,039,730
Contributions as a percentage of covered payroll	21.70%	22.07%	22.20%	22.20%	22.20%	22.20%	22.20%	22.20%

Notes to Required Supplementary Information

While the contribution requirements are not actuarially determined, state law requires that a qualified actuary must approve each plan of benefits adopted by the Fund. The actuary certifies that the contribution commitments by the firefighters and the City provide an adequate financing arrangement.. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, open, and the amortization period was 5 years; the asset valuation method was at market value; and the significant actuarial assumptions were an investment rate of return at 7.5% annually, projected salary increases assumption of 3.25%, plus promotion, step and longevity increases that vary by service, and inflation increases of 3.00% compounded annually.

There have been no benefit changes.

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

City of Midland, Texas
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Texas Municipal Retirement System

Measurement Date December 31,	2014	2015	2016	2017	2018	2019	2020	2021
TOTAL PENSION LIABILITY								
Service cost	\$ 5,708,477	\$ 6,819,607	\$ 7,218,730	\$ 7,173,321	\$ 7,560,845	\$ 8,083,852	\$ 8,270,010	\$ 8,673,053
Interest	18,903,934	19,670,175	19,807,241	20,425,225	21,065,557	21,672,779	22,698,880	23,688,821
Differences between expected and actual experience	2,321,980	(1,598,670)	(1,502,270)	(1,024,053)	(1,585,052)	2,885,110	2,327,207	6,663,319
Changes of assumptions	-	3,644,493	-	-	-	1,495,283	-	-
Benefit payments, including refunds of member contributions	(16,355,215)	(16,732,102)	(15,862,016)	(16,829,343)	(17,734,365)	(18,879,579)	(19,177,639)	(18,486,006)
Net change in total pension liability	10,579,176	11,803,503	9,661,685	9,745,150	9,306,985	15,257,445	14,118,458	20,539,187
Total pension liability – beginning	275,379,574	285,958,750	297,762,253	307,423,938	317,169,088	326,476,073	341,733,518	355,851,976
TOTAL PENSION LIABILITY – ENDING	\$ 285,958,750	\$ 297,762,253	\$ 307,423,938	\$ 317,169,088	\$ 326,476,073	\$ 341,733,518	\$ 355,851,976	\$ 376,391,163
PLAN FIDUCIARY NET POSITION								
Contributions – employer	\$ 6,525,057	\$ 6,612,574	\$ 6,896,363	\$ 6,862,664	\$ 6,972,364	\$ 7,358,089	\$ 7,814,479	\$ 8,336,855
Contributions – member	2,927,933	3,077,837	3,214,447	3,232,126	3,394,863	3,625,046	3,796,070	4,016,325
Net investment income (loss)	14,348,994	380,860	16,971,040	36,325,527	(8,727,324)	42,509,375	23,470,380	42,351,528
Benefit payments, including refunds of member contributions	(16,355,215)	(16,732,102)	(15,862,016)	(16,829,343)	(17,734,365)	(18,879,579)	(19,177,639)	(18,486,006)
Administrative expense	(149,823)	(232,003)	(191,753)	(188,365)	(168,839)	(240,549)	(152,133)	(196,327)
Other	(12,318)	(11,458)	(10,331)	(9,546)	(8,821)	(7,227)	(5,935)	1,345
Net change in plan fiduciary net position	7,284,628	(6,904,292)	11,017,750	29,393,063	(16,272,122)	34,365,155	15,745,222	36,023,720
Plan fiduciary net position – beginning	250,850,897	258,135,525	251,231,233	262,248,983	291,642,046	275,369,924	309,735,079	325,480,301
PLAN FIDUCIARY NET POSITION – ENDING	\$ 258,135,525	\$ 251,231,233	\$ 262,248,983	\$ 291,642,046	\$ 275,369,924	\$ 309,735,079	\$ 325,480,301	\$ 361,504,021
EMPLOYER'S NET PENSION LIABILITY	\$ 27,823,225	\$ 46,531,020	\$ 45,174,955	\$ 25,527,042	\$ 51,106,149	\$ 31,998,439	\$ 30,371,675	\$ 14,887,142
Plan fiduciary net position as a percentage of the total pension liability	90.30%	84.40%	85.30%	92.00%	84.30%	90.60%	91.50%	96.00%
Covered payroll	\$ 41,827,614	\$ 43,969,099	\$ 45,920,672	\$ 46,160,369	\$ 48,498,044	\$ 51,786,368	\$ 54,229,577	\$ 57,210,115
Employer's net pension liability as a percentage of covered payroll	66.50%	105.80%	98.40%	55.30%	105.40%	61.80%	56.00%	26.00%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

City of Midland, Texas
Schedule of Changes in the City's Net Pension Liability and Related Ratios
Midland's Firemen's Relief and Retirement Fund

Measurement Date December 31,	2014	2015	2016	2017	2018	2019	2020	2021
TOTAL PENSION LIABILITY								
Service cost	\$ 3,843,870	\$ 4,197,602	\$ 4,336,753	\$ 4,531,907	\$ 7,379,188	\$ 7,068,081	\$ 12,589,269	\$ 15,104,164
Interest	9,442,123	10,022,772	10,654,714	11,265,786	10,263,125	11,146,672	10,542,067	10,181,819
Differences between expected and actual experience	-	(800,260)	-	(5,933,150)	-	4,109,296	-	(3,100,310)
Changes of assumptions	-	1,104,367	-	66,944,828	(9,374,280)	75,415,005	27,206,943	17,709,555
Benefit payments, including refunds of member contributions	(6,301,043)	(6,684,894)	(6,843,836)	(8,252,601)	(8,609,277)	(9,976,378)	(10,356,445)	(12,669,033)
Net change in total pension liability	6,984,950	7,839,587	8,147,631	68,556,770	(341,244)	87,762,676	39,981,834	27,226,195
Total pension liability – beginning	117,444,545	124,429,495	132,269,082	140,416,713	208,973,483	208,632,239	296,394,915	336,376,749
TOTAL PENSION LIABILITY - ENDING	\$ 124,429,495	\$ 132,269,082	\$ 140,416,713	\$ 208,973,483	\$ 208,632,239	\$ 296,394,915	\$ 336,376,749	\$ 363,602,944
PLAN FIDUCIARY NET POSITION								
Contributions - employer	\$ 3,318,107	\$ 3,729,857	\$ 3,582,056	\$ 3,555,264	\$ 3,900,148	\$ 4,307,624	\$ 4,483,675	\$ 4,907,065
Contributions - member	2,055,503	2,258,218	2,129,871	2,113,940	2,339,699	2,755,199	2,867,985	3,138,754
Net investment income (loss)	2,747,881	(708,892)	3,106,027	9,952,749	(7,141,143)	8,139,508	4,831,173	12,456,242
Benefit payments, including refunds of member contributions	(6,301,043)	(6,684,894)	(6,843,836)	(8,252,601)	(8,609,277)	(9,976,378)	(10,356,445)	(12,669,033)
Administrative expense	(222,705)	(211,442)	(251,621)	(279,569)	(230,738)	(390,407)	(330,045)	(406,490)
Other	3,863	7,118	66	-	-	-	-	-
Net change in plan fiduciary net position	1,601,606	(1,610,035)	1,722,563	7,089,783	(9,741,311)	4,835,546	1,496,343	7,426,538
Plan fiduciary net position – beginning	80,950,814	82,552,420	80,942,385	82,664,948	89,754,731	80,013,420	84,848,966	86,345,309
PLAN FIDUCIARY NET POSITION – ENDING	82,552,420	80,942,385	82,664,948	89,754,731	80,013,420	84,848,966	86,345,309	93,771,847
EMPLOYER'S NET PENSION LIABILITY	\$ 41,877,075	\$ 51,326,697	\$ 57,751,765	\$ 119,218,752	\$ 128,618,819	\$ 211,545,949	\$ 250,031,440	\$ 269,831,097
Plan fiduciary net position as a percentage of the total pension liability	66.30%	61.20%	58.90%	43.00%	38.40%	28.60%	25.70%	25.80%
Covered payroll	\$ 15,559,705	\$ 17,089,837	\$ 16,135,387	\$ 16,014,697	\$ 17,568,234	\$ 19,403,712	\$ 20,196,734	\$ 22,103,901
Employer's net pension liability as a percentage of covered payroll	269.10%	300.30%	357.90%	744.40%	732.10%	1090.20%	1238.00%	1220.70%

The total pension liability was determined using a change in assumptions related to:

Change in the investment rate of return

2016: 8.00%
2017: 7.75%
2019: 7.50%
2020: 7.50%
2021: 7.00%

Change in the discount rate

2016: 8.00%
2017: 4.84%
2018: 5.29%
2019: 3.47%
2020: 2.95%
2021: 2.65%

Ultimately, this schedule should present information for the last ten years. However, until ten years of information can be compiled, information will be presented for as many years as is available.

Combining and Individual Fund Financial Statements and Schedules (Unaudited)

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Major Governmental Fund

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City of Midland, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Debt Service Fund
Year Ended September 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES				
Property taxes	\$ 9,697,391	\$ 9,697,391	\$ 9,587,060	\$ (110,331)
Investment earnings	4,000	4,000	3,479	(521)
Miscellaneous	-	-	246	246
	<u>9,701,391</u>	<u>9,701,391</u>	<u>9,590,785</u>	<u>(110,606)</u>
EXPENDITURES				
Debt service				
Principal	5,247,448	5,247,448	6,295,517	(1,048,069)
Interest and fiscal changes	6,247,218	6,247,218	6,354,380	(107,162)
	<u>11,494,666</u>	<u>11,494,666</u>	<u>12,649,897</u>	<u>(1,155,231)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,793,275)</u>	<u>(1,793,275)</u>	<u>(3,059,112)</u>	<u>(1,265,837)</u>
OTHER FINANCING SOURCES				
Transfers in	1,793,275	1,793,275	1,793,275	-
	<u>1,793,275</u>	<u>1,793,275</u>	<u>1,767,775</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(1,291,337)</u>	<u>\$ (1,265,837)</u>
FUND BALANCE, OCTOBER 1			<u>1,991,529</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 700,192</u>	

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Nonmajor Governmental Funds

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City of Midland, Texas
Combining Balance Sheet – Nonmajor Governmental Funds
September 30, 2022

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental</u>
ASSETS			
Cash and cash equivalents	\$ 7,198,202	\$ 55,172,044	\$ 62,370,246
Investments	12,100,124	401,664	12,501,788
Receivables			
Accounts	2,122,300	-	2,122,300
Interest	51,054	1,695	52,749
Intergovernmental	409,665	-	409,665
Prepaid items and other assets	80,296	-	80,296
	<u>21,961,641</u>	<u>55,575,403</u>	<u>77,537,044</u>
Total assets			
LIABILITIES			
Accounts payable	\$ 82,294	\$ 1,004,025	\$ 1,086,319
Retainage payable	79,343	816,120	895,463
Other accrued expenses	382	-	382
Unearned revenue	38,055	-	38,055
Due to other funds	109,822	-	109,822
	<u>309,896</u>	<u>1,820,145</u>	<u>2,130,041</u>
Total liabilities			
FUND BALANCES (DEFICIT)			
Nonspendable	80,296	-	80,296
Restricted			
Public safety	1,367,210	-	1,367,210
Court	482,775	-	482,775
Buildings and renovations	1,294,189	46,628	1,340,817
Streets and drainage	-	34,358,383	34,358,383
Parks and recreation	-	18,781,679	18,781,679
Hotel/Motel	12,970,769	-	12,970,769
Other purposes	5,055,199	-	5,055,199
Unrestricted			
Committed			
Buildings and renovations	-	568,568	568,568
Streets and drainage	427,245	-	427,245
Unassigned	(25,938)	-	(25,938)
	<u>21,651,745</u>	<u>53,755,258</u>	<u>75,407,003</u>
Total fund balances (deficit)			
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 21,961,641</u>	<u>\$ 55,575,403</u>	<u>\$ 77,537,044</u>

City of Midland, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
– Nonmajor Governmental Funds
Year Ended September 30, 2022

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental</u>
REVENUES			
Hotel-motel tax revenues	\$ 5,671,276	\$ -	\$ 5,671,276
Pet licenses	-	72,418	72,418
Fines and forfeitures	107,126	-	107,126
Rentals	181,493	-	181,493
Intergovernmental	2,304,235	-	2,304,235
Investment earnings (loss)	(1,146,187)	445,347	(700,840)
Program income	95,614	-	95,614
Contributions and donations	242,879	-	242,879
Miscellaneous	2,596,980	-	2,596,980
	<u>10,053,416</u>	<u>517,765</u>	<u>10,571,181</u>
EXPENDITURES			
Current			
General government	2,500	-	2,500
Police	457,844	-	457,844
Fire	45,978	-	45,978
Housing programs	826,731	-	826,731
Economic development	3,325,632	-	3,325,632
Other	256,570	-	256,570
Capital outlay	2,870,060	19,740,061	22,610,121
	<u>7,785,315</u>	<u>19,740,061</u>	<u>27,525,376</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,268,101</u>	<u>(19,222,296)</u>	<u>(16,954,195)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	12,750	6,000,000	6,012,750
Transfers out	(1,793,275)	(6,000,000)	(7,793,275)
	<u>(1,780,525)</u>	<u>-</u>	<u>(1,780,525)</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	487,576	(19,222,296)	(18,734,720)
FUND BALANCES, OCTOBER 1	<u>21,164,169</u>	<u>72,977,554</u>	<u>94,141,723</u>
FUND BALANCES (DEFICIT), SEPTEMBER 30	<u>\$ 21,651,745</u>	<u>\$ 53,755,258</u>	<u>\$ 75,407,003</u>

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Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The City's Special Revenue Funds are as follows:

Community Development Fund - to account for federal funds awarded through various Community Development Block Grants.

Federal Police Special Purposes Fund - to account for funds awarded from forfeited property under federal jurisdiction. Such funds are used solely for law enforcement purposes such as salaries, training, equipment, supplies, and items used by officers in direct law enforcement duties.

State Police Special Purposes Fund - to account for funds received from forfeited property under state jurisdiction. Such funds are used solely for law enforcement purposes such as salaries, training, equipment, supplies, and items used by officers in direct law enforcement duties.

Department of Justice Grant Fund - to account for funds received from the Department of Justice, Office of Justice programs. The purpose of the Justice Assistance Grant (JAG) program is to support a broad range of activities to prevent and control crime.

Tax Increment Reinvestment Zone Fund - to account for funds received from taxing units that levy taxes on real property in a designated reinvestment zone, a contiguous geographic area in the City, as prescribed under the provisions of Chapter 311 of the Texas Tax Code. The purpose of the fund is to enhance the value of real property in the zone through improvements.

Hotel-Motel Tax Fund - to account for funds received from the occupancy tax collected from hotels and motels. These funds are restricted by law for use for specified purposes.

Municipal Court Technology Fund - to account for funds collected from the defendant upon conviction for a misdemeanor offense in the City of Midland Municipal Court as a cost of court. These funds are restricted for the purchase of technological enhancements for the benefit of City of Midland Municipal Court by Texas Code of Criminal Procedure Article 102.0172.

Municipal Court Building Security Fund - to account for funds collected from the defendant upon conviction for a misdemeanor offense in the City of Midland Municipal Court as a cost of court. These funds are restricted for the purchase of building security enhancements for the benefit of City of Midland Municipal Court by Texas Code of Criminal Procedure Article 102.017.

Street Repair Improvement, New Street and Sidewalk Installation Fund - to account for funds received from a supplemental building permit charge and a supplemental street improvement charge on specified classes of property. These funds are committed to improving, repairing, or installing streets, alleys, and/or sidewalks.

Police Technology and Equipment Fund - to account for funds received from private organizations or individuals specifically for law enforcement related technology and equipment. Such funds are used solely for law enforcement purposes.

Fire Technology and Equipment Fund - to account for funds received from private organizations or individuals specifically for fire related technology and equipment. Such funds are used solely for fire department purposes.

Impact Fee Fund –to account for impact fees that are used to provide new roads and drainage structures

City of Midland, Texas
Combining Balance Sheet – Nonmajor Special Revenue Funds
September 30, 2022

	Community Development	Federal Police Special Purposes	State Police Special Purposes	Department of Justice Grant	Tax Increment Reinvestment Zone
ASSETS					
Cash and cash equivalents	\$ -	\$ 443,813	\$ 412,488	\$ 126,098	\$ 409,114
Investments	-	-	-	-	-
Receivables					
Accounts	-	-	-	-	-
Interest	-	-	-	-	-
Intergovernmental	136,525	-	-	107,672	-
Prepaid items and other assets	-	-	80,296	-	-
	<u>136,525</u>	<u>443,813</u>	<u>492,784</u>	<u>233,770</u>	<u>409,114</u>
Total assets	<u>\$ 136,525</u>	<u>\$ 443,813</u>	<u>\$ 492,784</u>	<u>\$ 233,770</u>	<u>\$ 409,114</u>
LIABILITIES					
Accounts payable	\$ 37,153	\$ -	\$ -	\$ 4,070	\$ -
Retainage payable	15,485	-	-	-	-
Other accrued expenses	3	-	-	379	-
Unearned revenue	-	-	-	-	-
Due to other funds	109,822	-	-	-	-
	<u>162,463</u>	<u>-</u>	<u>-</u>	<u>4,449</u>	<u>-</u>
Total liabilities	<u>162,463</u>	<u>-</u>	<u>-</u>	<u>4,449</u>	<u>-</u>
FUND BALANCES (DEFICIT)					
Nonspendable			80,296		
Restricted					
Public safety	-	443,813	412,488	-	-
Court	-	-	-	-	-
Buildings and renovations	-	-	-	-	-
Hotel/Motel	-	-	-	-	-
Other purposes	-	-	-	229,321	409,114
Committed					
Streets and drainage	-	-	-	-	-
Unassigned	(25,938)	-	-	-	-
	<u>(25,938)</u>	<u>443,813</u>	<u>492,784</u>	<u>229,321</u>	<u>409,114</u>
Total fund balances (deficit)	<u>(25,938)</u>	<u>443,813</u>	<u>492,784</u>	<u>229,321</u>	<u>409,114</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIT)	<u>\$ 136,525</u>	<u>\$ 443,813</u>	<u>\$ 492,784</u>	<u>\$ 233,770</u>	<u>\$ 409,114</u>

City of Midland, Texas
Combining Balance Sheet – Nonmajor Special Revenue Funds (continued)
September 30, 2022

Hotel Motel Tax	Municipal Court Technology	Municipal Court Building Security	Street Repair Improvement, New Street and Sidewalk Installation	Police Technology and Equipment	Fire Technology and Equipment	Impact Fee	Total
\$ 2,182,784	\$ 22,503	\$ 99,943	\$ 138,164	\$ 164,489	\$ 219,007	\$ 2,979,799	\$ 7,198,202
9,941,180	150,624	225,936	351,456	-	-	1,430,928	12,100,124
2,122,300	-	-	-	-	-	-	2,122,300
41,945	636	953	1,483	-	-	6,037	51,054
-	-	-	-	28,176	137,292	-	409,665
-	-	-	-	-	-	-	80,296
\$ 14,288,209	\$ 173,763	\$ 326,832	\$ 491,103	\$ 192,665	\$ 356,299	\$ 4,416,764	\$ 21,961,641
\$ 23,251	\$ -	\$ 17,820	\$ -	\$ -	\$ -	\$ -	\$ 82,294
-	-	-	63,858	-	-	-	79,343
-	-	-	-	-	-	-	382
-	-	-	-	-	38,055	-	38,055
-	-	-	-	-	-	-	109,822
23,251	-	17,820	63,858	-	38,055	-	309,896
							80,296
-	-	-	-	192,665	318,244	-	1,367,210
-	173,763	309,012	-	-	-	-	482,775
1,294,189	-	-	-	-	-	-	1,294,189
12,970,769	-	-	-	-	-	-	12,970,769
-	-	-	-	-	-	4,416,764	5,055,199
-	-	-	427,245	-	-	-	427,245
-	-	-	-	-	-	-	(25,938)
14,264,958	173,763	309,012	427,245	192,665	318,244	4,416,764	21,651,745
\$ 14,288,209	\$ 173,763	\$ 326,832	\$ 491,103	\$ 192,665	\$ 356,299	\$ 4,416,764	\$ 21,961,641

City of Midland, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
– Nonmajor Special Revenue Funds
Year Ended September 30, 2022

	Community Development	Federal Police Special Purposes	State Police Special Purposes	Department of Justice Grant	Tax Increment Reinvestment Zone
REVENUES					
Hotel-motel tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Fine and forfeitures	-	-	-	-	-
Rentals	-	-	-	-	-
Intergovernmental grants	1,609,012	-	77,040	137,754	-
Investment income (loss)	-	976	1,100	395	982
Program income	95,614	-	-	-	-
Contributions and donations	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,704,626</u>	<u>976</u>	<u>78,140</u>	<u>138,149</u>	<u>982</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Police	-	20,020	73,645	127,227	-
Fire	-	-	-	-	-
Housing programs	826,731	-	-	-	-
Economic development	-	-	-	-	-
Other	-	-	-	-	-
Capital outlay	771,928	-	-	-	-
Total expenditures	<u>1,598,659</u>	<u>20,020</u>	<u>73,645</u>	<u>127,227</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>105,967</u>	<u>(19,044)</u>	<u>4,495</u>	<u>10,922</u>	<u>982</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	12,750	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>12,750</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES (DEFICIT)	<u>105,967</u>	<u>(6,294)</u>	<u>4,495</u>	<u>10,922</u>	<u>982</u>
FUND BALANCES, OCTOBER 1	<u>(131,905)</u>	<u>450,107</u>	<u>488,289</u>	<u>218,399</u>	<u>408,132</u>
FUND BALANCES (DEFICIT), SEPTEMBER 30	<u>\$ (25,938)</u>	<u>\$ 443,813</u>	<u>\$ 492,784</u>	<u>\$ 229,321</u>	<u>\$ 409,114</u>

City of Midland, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
– Nonmajor Special Revenue Funds (continued)
Year Ended September 30, 2022

Hotel Motel Tax	Municipal Court Technology	Municipal Court Building Security	Street Repair Improvement, New Street and Sidewalk Installation	Police Technology and Equipment	Fire Technology and Equipment	Impact Fee	Total
\$ 5,671,276	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,671,276
-	49,072	58,054	-	-	-	-	107,126
181,493	-	-	-	-	-	-	181,493
-	-	-	-	298,168	182,261	-	2,304,235
(947,699)	(13,940)	(21,373)	(29,832)	332	516	(137,644)	(1,146,187)
-	-	-	-	-	-	-	95,614
-	-	-	-	140,137	102,742	-	242,879
63,753	-	-	-	-	-	2,533,227	2,596,980
<u>4,968,823</u>	<u>35,132</u>	<u>36,681</u>	<u>(29,832)</u>	<u>438,637</u>	<u>285,519</u>	<u>2,395,583</u>	<u>10,053,416</u>
2,500	-	-	-	-	-	-	2,500
-	-	-	-	236,952	-	-	457,844
-	-	-	-	-	45,978	-	45,978
-	-	-	-	-	-	-	826,731
3,325,632	-	-	-	-	-	-	3,325,632
148,596	69,815	38,159	-	-	-	-	256,570
52,341	159,142	-	1,277,151	287,748	321,750	-	2,870,060
<u>3,529,069</u>	<u>228,957</u>	<u>38,159</u>	<u>1,277,151</u>	<u>524,700</u>	<u>367,728</u>	<u>-</u>	<u>7,785,315</u>
1,439,754	(193,825)	(1,478)	(1,306,983)	(86,063)	(82,209)	2,395,583	2,268,101
-	-	-	-	-	-	-	12,750
(1,793,275)	-	-	-	-	-	-	(1,793,275)
<u>(1,793,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,780,525)</u>
(353,521)	(193,825)	(1,478)	(1,306,983)	(86,063)	(82,209)	2,395,583	487,576
14,618,479	367,588	310,490	1,734,228	278,728	400,453	2,021,181	21,164,169
<u>\$ 14,264,958</u>	<u>\$ 173,763</u>	<u>\$ 309,012</u>	<u>\$ 427,245</u>	<u>\$ 192,665</u>	<u>\$ 318,244</u>	<u>\$ 4,416,764</u>	<u>\$ 21,651,745</u>

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Nonmajor Governmental Funds

Capital Projects Funds

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary type funds.

The City's Capital Projects Funds are as follows:

Animal Shelter Facility and Equipment Fund - to account for the costs of building improvements and the purchase of equipment related to the Animal Shelter Facility, financed by funds received from a supplemental animal license fee.

Road Bond Construction Fund – to account for roadway capital improvements funded by bonds.

Facility Bond Construction Fund – to account for facility capital improvements funded by bonds

Parks Bond Construction Fund – to account for park capital improvements funded by bonds

2014 General Purpose Certificates of Obligation Fund - to account for the costs of constructing, improving, and acquisition of public works and equipment, renovating or equipping the voice and data communication system for public services including police and firefighting departments, improving, constructing and equipping firefighting facilities, park and recreational facilities, technology system, improving streets, and the acquisition of land and right-of-way therefor.

2018 General Purpose Certificates of Obligation Fund - to account for the costs of constructing, improving, and renovating related to streets, sidewalks, bridges, screening walls, and other public ways as well as for designing, constructing, improving, and extending the City's waterworks and sewer system.

2019 General Purpose Certificates of Obligation Fund – to account for the costs of designing, acquiring, constructing, maintaining, renovating, improving, repairing, extending, expanding, and enhancing streets, thoroughfares, alleys, sidewalks, bridges, intersections, screening walls, and other public ways, including participation in joint projects with federal, state and local public entities and agencies, computerized signalization and monitoring equipment and other traffic controls, grade separations, street lighting, necessary or incidental utility relocation, and drainage improvements in connection with the foregoing and the purchase of land, easements, rights-of-way, and other real property interests necessary.

City of Midland, Texas
Combining Balance Sheet – Nonmajor Capital Projects Funds
September 30, 2022

	Animal Shelter Facility and Equipment	Road Bond Construction	Facility Bond Construction	Parks Bond Construction
ASSETS				
Cash and cash equivalents	\$ 165,209	\$ 11,284,867	\$ 46,628	\$ 19,273,579
Investments	401,664	-	-	-
Receivables				
Interest receivable	1,695	-	-	-
Total assets	\$ 568,568	\$ 11,284,867	\$ 46,628	\$ 19,273,579
LIABILITIES				
Accounts payable	\$ -	\$ 588,492	\$ -	\$ 366,270
Retainage payable	-	426,736	-	155,181
Total liabilities	-	1,015,228	-	521,451
FUND BALANCES				
Restricted				
Buildings and renovations	-	-	46,628	-
Streets and drainage	-	10,269,639	-	-
Parks and recreation	-	-	-	18,752,128
Committed				
Buildings and renovations	568,568	-	-	-
Total fund balances	568,568	10,269,639	46,628	18,752,128
TOTAL LIABILITIES AND FUND BALANCES	\$ 568,568	\$ 11,284,867	\$ 46,628	\$ 19,273,579

City of Midland, Texas
Combining Balance Sheet – Nonmajor Capital Projects Funds (continued)
September 30, 2022

2014 General Purpose Certificates of Obligation	2018 General Purpose Certificates of Obligation	2019 General Purpose Certificates of Obligation	Total
\$ 29,551	\$ 15,153,409	\$ 9,218,801	\$ 55,172,044
-	-	-	401,664
-	-	-	1,695
<u>\$ 29,551</u>	<u>\$ 15,153,409</u>	<u>\$ 9,218,801</u>	<u>\$ 55,575,403</u>
\$ -	\$ 49,263	\$ -	\$ 1,004,025
-	119,298	114,905	816,120
-	168,561	114,905	1,820,145
-	-	-	46,628
-	14,984,848	9,103,896	34,358,383
29,551	-	-	18,781,679
-	-	-	568,568
<u>29,551</u>	<u>14,984,848</u>	<u>9,103,896</u>	<u>53,755,258</u>
<u>\$ 29,551</u>	<u>\$ 15,153,409</u>	<u>\$ 9,218,801</u>	<u>\$ 55,575,403</u>

City of Midland, Texas
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
– Nonmajor Capital Projects Funds
Year Ended September 30, 2022

	Animal Shelter Facility and Equipment	Road Bond Construction	Facility Bond Construction	Parks Bond Construction
REVENUES				
Pet licenses	\$ 72,418	\$ -	\$ -	
Investment earnings (loss)	(38,217)	167,279	364	181,679
Total revenues	<u>34,201</u>	<u>167,279</u>	<u>364</u>	<u>181,679</u>
EXPENDITURES				
Capital outlay	-	8,793,480	-	6,405,148
Total expenditures	<u>-</u>	<u>8,793,480</u>	<u>-</u>	<u>6,405,148</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>34,201</u>	<u>(8,626,201)</u>	<u>364</u>	<u>(6,223,469)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(6,000,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(6,000,000)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	34,201	(14,626,201)	364	(6,223,469)
FUND BALANCES, OCTOBER 1	<u>534,367</u>	<u>24,895,840</u>	<u>46,264</u>	<u>24,975,597</u>
FUND BALANCES, SEPTEMBER 30	<u>\$ 568,568</u>	<u>\$ 10,269,639</u>	<u>\$ 46,628</u>	<u>\$ 18,752,128</u>

City of Midland, Texas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds (continued) Year Ended September 30, 2022

2014 General Purpose Certificates of Obligation	2018 General Purpose Certificates of Obligation	2019 General Purpose Certificates of Obligation	Total
\$ -	\$ -	\$ -	\$ 72,418
-	69,590	64,652	445,347
-	69,590	64,652	517,765
-	2,951,068	1,590,365	19,740,061
-	2,951,068	1,590,365	19,740,061
-	(2,881,478)	(1,525,713)	(19,222,296)
-	6,000,000	-	6,000,000
-	-	-	(6,000,000)
-	6,000,000	-	-
-	3,118,522	(1,525,713)	(19,222,296)
29,551	11,866,326	10,629,609	72,977,554
<u>\$ 29,551</u>	<u>\$ 14,984,848</u>	<u>\$ 9,103,896</u>	<u>\$ 53,755,258</u>

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Nonmajor Enterprise Funds

Enterprise funds are a proprietary fund type used to account for activities that involve business-like interactions. Enterprise fund are used to account for any activity for which external users are charged a fee for goods and services.

The following is the City's nonmajor enterprise fund at September 30, 2022:

Drainage Fund – This fund is used to account for the operation and maintenance of the City’s drainage fund and accumulate resources for capital projects. Operations and maintenance costs are financed through user charges collected on the water bill.

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City of Midland, Texas
Combining Statement of Net Position – Nonmajor Enterprise Funds
September 30, 2022

	Business-type Activities – Enterprise Funds			Total
	Drainage	Scharbauer Sports Complex	Golf Course	
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,132,842	\$ -	\$ -	\$ 1,132,842
Investments	2,635,919	-	-	2,635,919
Accounts receivable (net of allowance for uncollectibles)	339,731	-	-	339,731
Interest receivable	11,122	-	-	11,122
Total current assets	<u>4,119,614</u>	<u>-</u>	<u>-</u>	<u>4,119,614</u>
NONCURRENT ASSETS				
Capital assets				
Land	456,971	-	-	456,971
Improvements other than buildings	78,094	-	-	78,094
Infrastructure	852,943	-	-	852,943
Construction in progress	1,769,554	-	-	1,769,554
Less: Accumulated depreciation	<u>(41,297)</u>	<u>-</u>	<u>-</u>	<u>(41,297)</u>
Net capital assets	<u>3,116,265</u>	<u>-</u>	<u>-</u>	<u>3,116,265</u>
Total assets	<u>7,235,879</u>	<u>-</u>	<u>-</u>	<u>7,235,879</u>
CURRENT LIABILITIES				
Accounts payable	121,077	-	-	121,077
Accrued payroll	7,765	-	-	7,765
Other liabilities	<u>1,044</u>	<u>-</u>	<u>-</u>	<u>1,044</u>
Total liabilities	<u>129,886</u>	<u>-</u>	<u>-</u>	<u>129,886</u>
NET POSITION				
Net investment in capital assets	3,042,015	-	-	3,042,015
Unrestricted	<u>4,063,978</u>	<u>-</u>	<u>-</u>	<u>4,063,978</u>
TOTAL NET POSITION	<u>\$ 7,105,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,105,993</u>

City of Midland, Texas
Combining Statement of Revenues, Expenses, and Changes in Net Position –
Nonmajor Enterprise Funds
Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			Total
	Drainage	Scharbauer Sports Complex	Golf Course	
OPERATING REVENUES				
Tap installations and service charges	\$ 2,199,249	\$ -	\$ -	\$ 2,199,249
Total operating revenues	<u>2,199,249</u>	<u>-</u>	<u>-</u>	<u>2,199,249</u>
OPERATING EXPENSES				
Salaries and fringe benefits	209,447	-	-	209,447
Contractual services	63,218	-	-	63,218
Maintenance of structure	108,998	-	-	108,998
Franchise fees	189,066	-	-	189,066
Other expenses	84,750	-	-	84,750
Depreciation	20,108	-	-	20,108
Total operating expenses	<u>675,587</u>	<u>-</u>	<u>-</u>	<u>675,587</u>
OPERATING INCOME (LOSS)	<u>1,523,662</u>	<u>-</u>	<u>-</u>	<u>1,523,662</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income (loss)	(248,853)	-	7	(248,846)
Miscellaneous	-	-	2,266,480	2,266,480
Total non-operating revenues (expenses)	<u>(248,853)</u>	<u>-</u>	<u>2,266,487</u>	<u>2,017,634</u>
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS	<u>1,274,809</u>	<u>-</u>	<u>2,266,487</u>	<u>3,541,296</u>
TRANSFERS				
Transfers out	-	(26,769,706)	(347,470)	(27,117,176)
Total transfers	<u>-</u>	<u>(26,769,706)</u>	<u>(347,470)</u>	<u>(27,117,176)</u>
CONTRIBUTION OF CAPITAL ASSETS TO GOVERNMENTAL ACTIVITIES	<u>-</u>	<u>(23,628,035)</u>	<u>(2,425,468)</u>	<u>(26,053,503)</u>
CHANGE IN NET POSITION	1,274,809	(50,397,741)	(506,451)	(49,629,383)
NET POSITION, OCTOBER 1	<u>5,831,184</u>	<u>50,397,741</u>	<u>506,451</u>	<u>56,735,376</u>
NET POSITION, SEPTEMBER 30	<u>\$ 7,105,993</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,105,993</u>

City of Midland, Texas
Combining Statement of Cash Flows – Nonmajor Enterprise Funds
Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds			
	Drainage	Scharbauer Sports Complex	Golf Course	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 2,208,046	\$ -	\$ -	\$ 2,208,046
Payments to suppliers and service providers	(192,712)	-	-	(192,712)
Payments to employees for salaries and benefits	(215,362)	-	-	(215,362)
Payments for interfund service transactions	(205,108)	-	-	(205,108)
Net cash from operating activities	<u>1,594,864</u>	<u>-</u>	<u>-</u>	<u>1,594,864</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers out	-	(26,614,539)	(3,959)	(26,618,498)
Net cash from noncapital financing activities	<u>-</u>	<u>(26,614,539)</u>	<u>(3,959)</u>	<u>(26,618,498)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,502,110)	-	-	(1,502,110)
Net cash from (used in) capital and related financing activities	<u>(1,502,110)</u>	<u>-</u>	<u>-</u>	<u>(1,502,110)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	(1,017,644)	-	-	(1,017,644)
Interest on investments	38,282	-	-	38,282
Net cash from (used in) investing activities	<u>(979,362)</u>	<u>-</u>	<u>-</u>	<u>(979,362)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(886,608)	(26,614,539)	(3,959)	(27,505,106)
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>2,019,450</u>	<u>26,614,539</u>	<u>3,959</u>	<u>28,637,948</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$ 1,132,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,132,842</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,523,662	\$ -	\$ -	\$ 1,523,662
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities				
Depreciation	20,108	-	-	20,108
(Increase) decrease in				
Receivables	8,797	-	-	8,797
Prepaid items and other assets	1,385	-	-	1,385
Increase (decrease) in				
Accounts payable and accrued liabilities	46,827	-	-	46,827
Accrued payroll	(5,915)	-	-	(5,915)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	<u>\$ 1,594,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,594,864</u>
NONCASH TRANSACTIONS				
Purchase of capital assets with accounts payable	\$ 74,250	\$ -	\$ -	\$ 74,250
Contribution of capital assets to governmental activities	-	23,628,035	2,425,467	26,053,502
Contribution of long term debt to governmental activities	-	-	(2,266,486)	(2,266,486)

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Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

The City's Internal Service Funds are as follows:

Garage Fund - to account for the revenues and cost of operations of a central motor pool. Vehicles are rented to user departments at estimated cost. Additions and replacements are financed by the Garage Fund and by transfers from the General Fund and Special Revenue Funds.

Technology Fund - to account for the revenues and cost of operations of a central technology asset pool for the City. New and replacement technological assets are funded by the Technology Fund, to be reimbursed by the user funds at an amortized rate over a specified asset life.

Medical/Dental Self-Insurance Fund - to account for the revenues and expenses of a group life insurance, medical insurance, and dental insurance self-insurance plan for employees, dependents, and retirees. Departments of the City are charged premiums consistent with the cost of comparable insurance plans. Claims are provided for as incurred.

General Liability Self-Insurance Fund - to account for the revenues and expenses of a self-insured general liability insurance fund. Departments of the City are charged premiums consistent with the cost of comparable insurance plans. Claims are provided for as incurred.

City of Midland, Texas
Combining Statement of Net Position – Internal Service Funds
September 30, 2022

	<u>Garage</u>	<u>Technology</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,329,573	\$ 1,063,592
Investments	12,024,811	853,536
Accounts receivable, net of allowance for uncollectibles	63,129	-
Interest receivable	50,736	3,601
Inventories	685,807	-
Prepaid items and other assets	2,301	49,798
	<u>22,156,357</u>	<u>1,970,527</u>
NONCURRENT ASSETS		
Capital Assets		
Land	44,343	-
Construction in progress	1,085,627	1,354,092
Buildings	1,233,016	-
Improvements other than buildings	1,069,226	806,171
Machinery and equipment	79,779,459	1,515,035
Intangible and other	36,790	262,223
Less accumulated depreciation	<u>(52,330,812)</u>	<u>(1,511,566)</u>
	<u>30,917,649</u>	<u>2,425,955</u>
Total noncurrent assets	<u>30,917,649</u>	<u>2,425,955</u>
Total assets	<u>53,074,006</u>	<u>4,396,482</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension items	377,898	-
OPEB items	149,722	-
	<u>527,620</u>	<u>-</u>
Total deferred outflows of resources	<u>527,620</u>	<u>-</u>
CURRENT LIABILITIES		
Accounts payable	452,232	111,533
Accrued payroll	84,087	-
Compensated absences	62,227	-
Total OPEB liability	14,880	-
Estimated unpaid claims	-	-
Retainage	-	1,943
Due to other funds	368,274	-
Other liabilities	-	-
	<u>981,700</u>	<u>113,476</u>
Total current liabilities	<u>981,700</u>	<u>113,476</u>
NONCURRENT LIABILITIES		
Net pension liability	507,676	-
Compensated absences	26,669	-
Total OPEB liability	597,363	-
Estimated unpaid claims	-	-
	<u>1,131,708</u>	<u>-</u>
Total noncurrent liabilities	<u>1,131,708</u>	<u>-</u>
Total liabilities	<u>2,113,408</u>	<u>113,476</u>
DEFERRED INFLOWS OF RESOURCES		
Pension items	721,416	-
OPEB items	203,631	-
	<u>925,047</u>	<u>-</u>
Total deferred inflows of resources	<u>925,047</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	30,917,649	2,424,012
Unrestricted	19,645,522	1,858,994
	<u>\$ 50,563,171</u>	<u>\$ 4,283,006</u>
TOTAL NET POSITION	<u>\$ 50,563,171</u>	<u>\$ 4,283,006</u>

City of Midland, Texas
Combining Statement of Net Position – Internal Service Funds (continued)
September 30, 2022

Workers' Compensation Self-Insurance	Medical/ Dental Self-Insurance	General Liability Self-Insurance	Unemployment Self-Insurance	Total
\$ -	\$ 5,682,407	\$ 3,092,977	\$ -	\$ 19,168,549
-	11,422,315	7,581,404	-	31,882,066
-	140,424	36,853	-	240,406
-	48,194	31,988	-	134,519
-	-	-	-	685,807
-	75,000	44,867	-	171,966
-	17,368,340	10,788,089	-	52,283,313
-	-	-	-	44,343
-	-	-	-	2,439,719
-	-	-	-	1,233,016
-	-	-	-	1,875,397
-	-	-	-	81,294,494
-	-	-	-	299,013
-	-	-	-	(53,842,378)
-	-	-	-	33,343,604
-	-	-	-	33,343,604
-	17,368,340	10,788,089	-	85,626,917
-	-	20,488	-	398,386
-	-	11,906	-	161,628
-	-	32,394	-	560,014
-	866,741	11,360	-	1,441,866
-	3,792	27,659	-	115,538
-	-	13,681	-	75,908
-	-	1,313	-	16,193
-	1,059,394	943,012	-	2,002,406
-	-	-	-	1,943
-	-	-	-	368,274
-	5,678	-	-	5,678
-	1,935,605	997,025	-	4,027,806
-	-	64,790	-	572,466
-	-	5,863	-	32,532
-	-	46,094	-	643,457
-	-	3,075,776	-	3,075,776
-	-	3,192,523	-	4,324,231
-	1,935,605	4,189,548	-	8,352,037
-	-	39,113	-	760,529
-	-	16,830	-	220,461
-	-	55,943	-	980,990
-	-	-	-	33,341,661
-	15,432,735	6,574,992	-	43,512,243
\$ -	\$ 15,432,735	\$ 6,574,992	\$ -	\$ 76,853,904

City of Midland, Texas
Combining Statement of Revenues, Expenses, and Changes in Net Position —
Internal Service Funds
Year Ended September 30, 2022

	<u>Garage</u>	<u>Technology</u>
OPERATING REVENUES		
Billings to other funds	\$ 21,998,620	\$ 1,182,141
Employee payments	-	-
Total operating revenues	<u>21,998,620</u>	<u>1,182,141</u>
OPERATING EXPENSES		
Cost of goods sold	2,056,436	-
Salaries and fringe benefits	2,240,065	-
Contractual services	1,391,832	80,554
Maintenance of structure	14,585	-
Maintenance of equipment	3,500,911	465,264
Payment of claims	-	-
Supplies	3,499,010	1,351,354
Depreciation	4,863,330	161,715
Total operating expenses	<u>17,566,169</u>	<u>2,058,887</u>
OPERATING INCOME (LOSS)	<u>4,432,451</u>	<u>(876,746)</u>
NON-OPERATING REVENUES (EXPENSES)		
Investment income (loss)	(1,153,787)	(75,961)
Gain on sale of capital assets	205,624	-
Other	90,434	-
Total non-operating revenues (expenses)	<u>(857,729)</u>	<u>(75,961)</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>3,574,722</u>	<u>(952,707)</u>
TRANSFERS		
Transfers in	3,223,828	-
Transfers out	-	-
Total transfers	<u>3,223,828</u>	<u>-</u>
CHANGE IN NET POSITION	6,798,550	(952,707)
NET POSITION, OCTOBER 1	<u>43,764,621</u>	<u>5,235,713</u>
NET POSITION, SEPTEMBER 30	<u>\$ 50,563,171</u>	<u>\$ 4,283,006</u>

City of Midland, Texas
Combining Statement of Revenues, Expenses, and Changes in Net Position —
Internal Service Funds (continued)
Year Ended September 30, 2022

Workers' Compensation Self-Insurance	Medical/ Dental Self-Insurance	General Liability Self-Insurance	Unemployment Self-Insurance	Total
\$ -	\$ 12,820,307	\$ 3,929,945	\$ -	\$ 39,931,013
-	2,134,740	-	-	2,134,740
-	14,955,047	3,929,945	-	42,065,753
-	-	-	-	2,056,436
-	66,769	728,325	-	3,035,159
-	2,891,641	1,785,536	-	6,149,563
-	-	-	-	14,585
-	-	-	-	3,966,175
-	7,405,816	1,077,881	-	8,483,697
-	-	6,757	-	4,857,121
-	-	-	-	5,025,045
-	10,364,226	3,598,499	-	33,587,781
-	4,590,821	331,446	-	8,477,972
-	(1,091,471)	(721,094)	-	(3,042,313)
-	-	-	-	205,624
-	(167)	37,581	-	127,848
-	(1,091,638)	(683,513)	-	(2,708,841)
-	3,499,183	(352,067)	-	5,769,131
-	-	2,952,305	-	6,176,133
(2,952,305)	-	-	(576,837)	(3,529,142)
(2,952,305)	-	2,952,305	(576,837)	2,646,991
(2,952,305)	3,499,183	2,600,238	(576,837)	8,416,122
2,952,305	11,933,552	3,974,754	576,837	68,437,782
<u>\$ -</u>	<u>\$ 15,432,735</u>	<u>\$ 6,574,992</u>	<u>\$ -</u>	<u>\$ 76,853,904</u>

City of Midland, Texas
Combining Statement of Cash Flows — Internal Service Funds
Year Ended September 30, 2022

	<u>Garage</u>	<u>Technology</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from interfund service transactions	\$ 21,998,620	\$ 1,182,141
Receipts from miscellaneous revenues	303,469	-
Receipts from employees and retirees	-	-
Payments to suppliers and service providers	(9,817,735)	(1,911,733)
Payments to employees for salaries and benefits	(2,502,214)	-
Payments for interfund service transactions	(740,697)	-
	<u>9,241,443</u>	<u>(729,592)</u>
Net cash from (used in) operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
Transfers out	-	-
	<u>-</u>	<u>-</u>
Net cash from (used in) noncapital financing activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(6,164,271)	(301,624)
Proceeds from sale of capital assets	205,624	-
Transfers in for capital projects	3,223,828	-
	<u>(2,734,819)</u>	<u>(301,624)</u>
Net cash used in capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	106,420
Purchase of investments	(6,014,019)	-
Interest on investments	153,418	17,879
	<u>(5,860,601)</u>	<u>124,299</u>
Net cash from (used in) investing activities		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	646,023	(906,917)
CASH AND CASH EQUIVALENTS, OCTOBER 1	<u>8,683,550</u>	<u>1,970,509</u>
CASH AND CASH EQUIVALENTS, SEPTEMBER 30	<u>\$ 9,329,573</u>	<u>\$ 1,063,592</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ 4,432,451	\$ (876,746)
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities		
Depreciation	4,863,330	161,715
Other income (expense)	90,434	-
(Increase) decrease in		
Receivables	213,035	-
Inventories	(25,952)	-
Prepaid items and other assets	(2,301)	-
Pension deferred outflow of resources	(73,242)	-
OPEB deferred outflow of resources	(40,531)	-
Increase (decrease) in		
Accounts payable and accrued liabilities	(67,405)	(14,561)
Accrued payroll	(94,140)	-
Estimated unpaid claims	-	-
Pension deferred inflow of resources	424,014	-
OPEB deferred inflow of resources	(22,934)	-
Compensated absences	(34,654)	-
Net pension liability	(514,088)	-
Total OPEB liability	93,426	-
	<u>\$ 9,241,443</u>	<u>\$ (729,592)</u>
NET CASH FROM (USED IN) OPERATING ACTIVITIES		

City of Midland, Texas
Combining Statement of Cash Flows — Internal Service Funds (continued)
Year Ended September 30, 2022

Workers' Compensation Self-Insurance	Medical/ Dental Self-Insurance	General Liability Self-Insurance	Unemployment Self-Insurance	Total
\$ -	\$ 12,820,307	\$ 3,929,945	\$ -	\$ 39,931,013
-	-	42,813	-	346,282
-	2,030,431	-	-	2,030,431
(2,709,416)	(10,174,741)	(399,725)	-	(25,013,350)
-	(62,977)	(716,680)	-	(3,281,871)
-	-	-	-	(740,697)
<u>(2,709,416)</u>	<u>4,613,020</u>	<u>2,856,353</u>	<u>-</u>	<u>13,271,808</u>
-	-	2,952,305	-	2,952,305
<u>(2,952,305)</u>	<u>-</u>	<u>-</u>	<u>(576,837)</u>	<u>(3,529,142)</u>
<u>(2,952,305)</u>	<u>-</u>	<u>2,952,305</u>	<u>(576,837)</u>	<u>(576,837)</u>
-	-	-	-	(6,465,895)
-	-	-	-	205,624
-	-	-	-	3,223,828
-	-	-	-	(3,036,443)
2,918,791	-	-	296,826	3,322,037
-	(5,855,383)	(5,608,850)	-	(17,478,252)
<u>5,572</u>	<u>149,960</u>	<u>99,596</u>	<u>567</u>	<u>426,992</u>
<u>2,924,363</u>	<u>(5,705,423)</u>	<u>(5,509,254)</u>	<u>297,393</u>	<u>(13,729,223)</u>
(2,737,358)	(1,092,403)	299,404	(279,444)	(4,070,695)
<u>2,737,358</u>	<u>6,774,810</u>	<u>2,793,573</u>	<u>279,444</u>	<u>23,239,244</u>
<u>\$ -</u>	<u>\$ 5,682,407</u>	<u>\$ 3,092,977</u>	<u>\$ -</u>	<u>\$ 19,168,549</u>
\$ -	\$ 4,590,821	\$ 331,446	\$ -	\$ 8,477,972
-	-	-	-	5,025,045
-	(167)	37,581	-	127,848
20,000	(104,309)	(39,635)	-	89,091
-	-	-	-	(25,952)
-	-	-	-	(2,301)
-	-	(3,971)	-	(77,213)
-	-	(3,597)	-	(44,128)
(768)	(71,576)	(11,831)	-	(166,141)
-	3,792	7,055	-	(83,293)
<u>(2,728,648)</u>	<u>194,459</u>	<u>2,527,147</u>	<u>-</u>	<u>(7,042)</u>
-	-	22,989	-	447,003
-	-	(1,858)	-	(24,792)
-	-	11,221	-	(23,433)
-	-	(27,873)	-	(541,961)
-	-	7,679	-	101,105
<u>\$ (2,709,416)</u>	<u>\$ 4,613,020</u>	<u>\$ 2,856,353</u>	<u>\$ -</u>	<u>\$ 13,271,808</u>

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STATISTICAL SECTION (Unaudited)

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have been changed over time.	114-118
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the sales tax and property tax.	119-126
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	127-130
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	131-132
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	133-135

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

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City of Midland, Texas
Net Position by Component
Last Ten Fiscal Years

Table 1

Fiscal Year	2013	2014	2015*	2016	2017	2018**	2019	2020	2021	2022
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 95,068,376	\$ 108,776,537	\$ 130,732,360	\$ 145,003,274	\$ 164,184,133	\$ 174,150,136	\$ 207,165,514	\$ 244,745,150	\$ 254,191,567	\$ 299,126,720
Restricted	12,754,115	15,059,213	20,226,070	29,841,000	16,363,069	23,121,441	27,383,814	21,014,235	24,186,610	44,647,499
Unrestricted	51,770,695	63,586,639	9,120,513	(9,238,708)	24,802,362	(3,984,736)	(298,134)	(12,384,572)	(52,265,914)	(60,294,408)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 159,593,186	\$ 187,422,389	\$ 160,078,943	\$ 165,605,566	\$ 205,349,564	\$ 193,286,841	\$ 234,251,194	\$ 253,374,813	\$ 226,112,263	\$ 283,479,811
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 216,897,238	\$ 220,763,273	\$ 222,043,318	\$ 222,763,783	\$ 224,677,468	\$ 218,454,203	\$ 223,734,874	\$ 232,438,136	\$ 365,965,726	\$ 344,935,827
Restricted	3,560,568	9,026,221	7,890,685	6,489,537	7,032,618	7,901,365	9,614,298	9,784,610	11,679,196	14,821,024
Unrestricted	76,236,521	83,584,394	93,094,258	92,582,619	65,244,637	118,398,177	138,649,471	147,025,898	142,807,951	136,093,860
TOTAL BUSINESS-TYPE ACTIVITIES	\$ 296,694,327	\$ 313,373,888	\$ 323,028,261	\$ 321,835,939	\$ 296,954,723	\$ 344,753,745	\$ 371,998,643	\$ 389,248,644	\$ 520,452,873	\$ 495,850,711
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 311,965,614	\$ 329,539,810	\$ 352,775,678	\$ 367,767,057	\$ 388,861,601	\$ 392,604,339	\$ 430,900,388	\$ 477,183,286	\$ 620,157,293	\$ 644,062,547
Restricted	16,314,683	24,085,434	28,116,755	36,330,537	23,395,687	31,022,806	36,998,112	30,798,845	35,865,806	59,468,523
Unrestricted	128,007,216	147,171,033	102,214,771	83,343,911	90,046,999	114,413,441	138,351,337	134,641,326	90,542,037	75,799,452
TOTAL PRIMARY GOVERNMENT	\$ 456,287,513	\$ 500,796,277	\$ 483,107,204	\$ 487,441,505	\$ 502,304,287	\$ 538,040,586	\$ 606,249,837	\$ 642,623,457	\$ 746,565,136	\$ 779,330,522

*The City implemented GASB Statement No. 68 for the year ended September 30, 2015.
** The City implemented GASB Statement No. 75 for the year ended September 30, 2018.

City of Midland, Texas

Changes in Net Position

Last Ten Fiscal Years

Table 2

Fiscal Year	2013	2014	2015*	2016	2017	2018**	2019	2020	2021	2022
EXPENSES										
Governmental activities										
General government	\$ 22,645,060	\$ 24,703,911	\$ 28,717,383	\$ 19,762,424	\$ 25,570,754	\$ 27,645,583	\$ 24,258,411	\$25,706,951	\$19,096,260	\$ 23,997,291
Development services	3,833,749	4,049,615	4,017,284	5,313,316	3,608,938	4,320,319	3,768,080	3,208,576	3,180,738	2,653,301
Engineering	12,321,739	14,099,842	16,352,355	14,919,310	17,837,007	22,463,436	22,732,126	23,690,401	25,559,912	22,347,858
Community services	11,396,863	10,958,751	12,116,060	13,653,821	17,218,438	17,362,841	13,541,026	14,515,055	22,277,865	18,308,419
Police	25,827,854	25,341,332	25,392,403	28,457,968	29,056,164	32,888,963	28,779,195	32,829,786	34,355,875	30,809,955
Fire	24,515,017	24,163,432	28,683,479	32,556,517	32,302,838	30,936,240	48,866,362	64,134,650	72,393,498	75,106,009
Golf	-	-	-	-	-	-	-	-	-	2,992,999
Sports complex	-	-	-	-	-	-	-	-	-	3,233,475
Housing programs	-	-	-	-	-	-	778,450	685,029	1,527,713	826,731
Economic development	-	-	-	-	-	-	4,045,087	3,977,192	3,730,100	3,405,197
Interest on long-term debt	1,271,789	1,955,205	1,817,804	1,801,049	2,867,573	2,587,862	4,133,382	5,058,084	5,375,616	4,652,710
Total governmental activities expenses	<u>101,812,071</u>	<u>105,272,088</u>	<u>117,096,768</u>	<u>116,464,405</u>	<u>128,461,712</u>	<u>138,205,244</u>	<u>150,902,119</u>	<u>173,805,724</u>	<u>187,497,577</u>	<u>188,333,945</u>
Business-type activities										
Airport	9,367,054	9,592,317	10,327,231	10,718,273	13,624,989	11,525,312	13,261,610	13,661,666	14,827,819	17,415,536
Water and sewer	44,838,072	61,678,752	64,163,946	70,466,172	71,977,966	76,868,084	84,043,753	92,172,311	81,762,406	87,890,959
Sanitation	11,310,111	10,453,364	10,927,308	13,304,713	13,730,752	13,977,814	17,366,746	16,593,760	17,539,987	19,740,658
Drainage	-	-	-	-	-	-	-	470,516	322,873	523,701
Sports complex	4,364,030	4,664,912	4,289,430	4,438,796	4,257,900	3,828,851	4,780,610	5,035,059	4,910,380	-
Golf course	2,204,091	2,287,526	2,519,117	2,762,118	2,701,329	2,727,783	2,873,990	2,785,653	2,903,240	-
Total business-type activities expenses	<u>72,083,358</u>	<u>88,676,871</u>	<u>92,227,032</u>	<u>101,690,072</u>	<u>106,292,936</u>	<u>108,927,844</u>	<u>122,326,709</u>	<u>130,718,965</u>	<u>122,266,705</u>	<u>125,570,854</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 173,895,429</u>	<u>\$ 193,948,959</u>	<u>\$ 209,323,800</u>	<u>\$ 218,154,477</u>	<u>\$ 234,754,648</u>	<u>\$ 247,133,088</u>	<u>\$ 273,228,828</u>	<u>\$ 304,524,689</u>	<u>\$ 309,764,282</u>	<u>\$ 313,904,799</u>
PROGRAM REVENUES										
Governmental activities										
Charges for services										
General government	\$ 872,807	\$ 626,796	\$ 814,523	\$ 1,516,056	\$ 3,507,741	\$ 1,690,851	\$ 1,545,492	\$1,608,971	\$1,122,535	\$ 1,019,203
Development services	3,940,368	3,867,182	3,282,596	2,201,743	2,617,349	3,663,827	307,348	220,871	203,635	164,162
Engineering	42,250	66,191	938,852	34,501	14,750	24,650	4,342,387	2,441,378	2,546,974	2,459,548
Community services	833,761	1,225,240	1,820,759	1,628,503	1,573,961	1,557,952	1,869,653	902,200	1,240,119	1,185,805
Police	4,278,076	4,348,819	3,848,647	3,965,168	5,044,751	5,044,874	3,881,438	2,391,452	2,069,781	2,811,206
Fire	2,001,975	1,832,028	1,816,971	1,625,476	1,766,971	3,233,630	2,082,870	1,851,874	2,218,882	4,346,498
Golf	-	-	-	-	-	-	-	-	-	3,024,148
Sports complex	-	-	-	-	-	-	-	-	-	1,386,131
Operating grants and contributions	2,163,187	1,710,722	1,384,229	1,526,617	1,738,336	1,566,451	2,189,675	12,261,766	3,237,936	3,059,361
Capital grants and contributions	8,532,232	10,066,200	13,503,014	503,113	6,695,626	158,284	21,197,225	26,468,798	5,008,089	7,648,721
Total governmental activities program revenues	<u>22,664,656</u>	<u>23,743,178</u>	<u>27,409,591</u>	<u>13,001,177</u>	<u>22,959,485</u>	<u>16,940,519</u>	<u>37,416,088</u>	<u>48,147,310</u>	<u>17,647,951</u>	<u>27,104,783</u>
Business-type activities										
Charges for services										
Airport	9,239,236	12,533,868	12,515,637	10,776,810	13,268,192	20,443,321	15,378,172	10,055,652	10,967,114	14,848,391
Water and sewer	41,945,697	54,261,913	58,094,221	61,966,908	68,281,460	79,858,913	79,605,969	85,986,682	76,018,939	88,127,899
Sanitation	13,965,037	15,234,536	16,152,502	14,945,478	15,600,965	18,575,987	21,409,769	20,433,270	19,229,179	24,885,922
Drainage	-	-	-	-	-	-	-	2,379,958	2,370,954	2,199,249
Sports complex	10,572,117	12,050,902	11,901,462	9,668,859	7,585,308	985,826	1,106,202	766,869	1,036,611	-
Golf course	2,549,063	2,326,692	2,152,681	1,987,133	2,258,982	2,633,486	2,794,295	2,314,724	2,775,712	-
Operating grants and contributions	62,557	2,238	5,649	34,214	-	-	-	5,042,711	7,570,515	5,894,700
Capital grants and contributions	7,950,501	13,022,019	6,910,868	5,224,553	7,394,240	5,602,635	13,664,923	13,535,324	130,439,420	10,179,047
Total business-type activities program revenues	<u>86,284,208</u>	<u>109,432,168</u>	<u>107,733,020</u>	<u>104,603,955</u>	<u>114,389,147</u>	<u>128,100,168</u>	<u>133,959,330</u>	<u>140,515,190</u>	<u>250,408,444</u>	<u>146,135,208</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 108,948,864</u>	<u>\$ 133,175,346</u>	<u>\$ 135,142,611</u>	<u>\$ 117,605,132</u>	<u>\$ 137,348,632</u>	<u>\$ 145,040,687</u>	<u>\$ 171,375,418</u>	<u>\$ 188,662,500</u>	<u>\$ 268,056,395</u>	<u>\$ 173,239,991</u>

City of Midland, Texas
Changes in Net Position (continued)
Last Ten Fiscal Years

Table 2

Fiscal Year	2013	2014	2015*	2016	2017	2018**	2019	2020	2021	2022
NET (EXPENSE) REVENUE										
Governmental activities	\$ (79,147,415)	\$ (81,528,910)	\$ (89,687,177)	\$ (103,463,228)	\$ (105,502,227)	\$ (121,264,725)	\$ (113,486,031)	\$ (125,658,414)	\$ (169,849,626)	\$ (161,229,162)
Business-type activities	14,200,850	20,755,297	15,505,988	2,913,883	8,096,211	19,172,324	11,632,621	9,796,225	128,141,739	20,564,354
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	\$ (64,946,565)	\$ (60,773,613)	\$ (74,181,189)	\$ (100,549,345)	\$ (97,406,016)	\$ (102,092,401)	\$ (101,853,410)	\$ (115,862,189)	\$ (41,707,887)	\$ (140,664,808)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities										
Taxes										
Property	\$ 36,441,787	\$ 39,005,229	\$ 39,005,229	\$ 44,048,630	\$ 47,726,894	\$ 50,646,396	\$ 52,666,273	\$58,169,464	\$61,552,508	\$ 62,142,187
Sales	39,046,477	44,776,484	44,776,484	34,858,568	42,762,809	53,462,267	61,170,620	50,705,816	46,435,724	61,052,772
Gross receipts	11,427,175	12,732,502	12,732,502	13,856,431	14,149,139	14,768,594	14,926,559	15,187,724	15,200,760	18,837,109
Hotel-motel	5,768,762	6,512,643	6,512,643	5,290,840	5,497,928	12,546,459	10,036,671	5,298,023	4,338,753	5,671,276
Other	570,975	770,432	770,432	108,193	111,018	93,883	-	-	-	-
Grants not restricted to specific programs	-	-	-	-	-	-	-	-	-	6,936,582
Investment income	(1,087,789)	1,558,324	1,558,324	877,094	1,056,329	2,224,030	6,025,741	3,437,255	113,128	(13,119,425)
Oil and gas royalties	-	-	-	-	-	-	2,824,803	9,888,515	10,291,068	21,783,344
Gain on sale of capital assets	-	-	-	-	-	-	471,387	1,598	92,350	5,024
Miscellaneous	85,365	137,184	137,184	5,120,698	185,392	772,117	1,061,313	2,114,648	2,563,760	4,582,084
Transfers	4,079,247	4,183,738	4,183,738	4,829,399	33,756,716	(26,960,087)	(1,955,269)	(21,010)	1,999,025	50,705,757
Total governmental activities	96,331,999	109,676,536	109,676,536	108,989,853	145,246,225	107,553,659	147,228,098	144,782,033	142,587,076	218,596,710
Business-type activities										
Investment earnings	767,187	845,612	845,612	723,194	779,289	1,713,385	4,060,350	2,339,130	82,587	(9,938,173)
Oil and gas royalties	-	-	-	-	-	-	4,518,436	2,340,074	2,306,472	9,942,263
Gain on sale of capital assets	-	-	-	-	-	-	8,046	5,296	-	36,020
Miscellaneous	-	-	-	-	-	-	4,016,571	2,748,266	2,672,456	5,499,131
Transfers	(4,079,247)	(4,183,738)	(4,183,738)	(4,829,399)	(33,756,716)	26,960,087	1,955,269	21,010	(1,999,025)	(50,705,757)
Total business-type activities	(3,312,060)	(3,338,126)	(3,338,126)	(4,106,205)	(32,977,427)	28,673,472	14,558,672	7,453,776	3,062,490	(45,166,516)
TOTAL PRIMARY GOVERNMENT	\$ 93,019,939	\$ 106,338,410	\$ 106,338,410	\$ 104,883,648	\$ 112,268,798	\$ 136,227,131	\$ 161,786,770	\$ 152,235,809	\$ 145,649,566	\$ 173,430,194
CHANGE IN NET POSITION										
Governmental activities	\$ 17,184,584	\$ 28,147,626	\$ 19,989,359	\$ 5,526,625	\$ 39,743,998	\$ (13,711,066)	\$ 33,742,067	\$ 19,123,619	\$ (27,262,550)	\$ 57,367,548
Business-type activities	10,888,790	17,417,171	12,167,862	(1,192,322)	(24,881,216)	47,845,796	26,191,293	17,250,001	131,204,229	(24,602,162)
TOTAL PRIMARY GOVERNMENT CHANGE IN NET POSITION	\$ 28,073,374	\$ 45,564,797	\$ 32,157,221	\$ 4,334,303	\$ 14,862,782	\$ 34,134,730	\$ 59,933,360	\$ 36,373,620	\$ 103,941,679	\$ 32,765,386

*The City implemented GASB Statement No. 68 for the year ended September 30, 2015.

**The City implemented GASB Statement No. 75 for the year ended September 30, 2018.

City of Midland, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years

Table 3

Fiscal Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
GENERAL FUND										
Nonspendable	\$ 919,406	\$ 878,494	\$ 883,493	\$ 873,127	\$ 903,858	\$ 102,773	\$ 839,801	\$ 105,251	\$ 144,482	\$ 659,088
Restricted	209,747	218,782	204,080	149,561	159,164	143,126	157,322	105,910	214,602	269,361
Committed	13,353,699	29,431,800	22,298,783	17,898,849	7,589,408	22,646,984	17,205,563	25,595,487	12,960,185	10,798,257
Assigned	79,102	80,863	89,054	509,058	-	-	-	-	-	15,727,060
Unassigned	44,298,549	39,031,865	47,657,421	43,560,973	90,920,065	61,888,543	85,112,929	97,769,496	105,525,069	118,268,041
TOTAL GENERAL FUND	\$ 58,860,503	\$ 69,641,804	\$ 71,132,831	\$ 62,991,568	\$ 99,572,495	\$ 84,781,426	\$ 103,315,615	\$ 123,576,144	\$ 118,844,338	\$ 145,721,807
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable										
Restricted for	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,296
Debt service	479,598	524,091	778,424	754,328	434,347	294,157	603,863	898,677	1,991,529	700,192
Public safety	567,944	923,395	1,028,685	1,130,934	1,022,342	1,089,622	1,132,907	907,710	1,617,577	1,367,210
Court	722,304	807,768	871,016	445,427	528,869	567,447	625,752	658,446	678,078	482,775
Communications	3,508,930	6,135,384	2,566,617	669,234	351,044	275,573	235,915	181,435	-	-
Downtown	645,499	645,741	586,906	577,160	580,249	588,770	332,661	32,052,994	-	-
Building renovations	7,181,818	7,702,263	7,233,415	5,164,977	35,127,370	25,326,788	9,927,905	3,183,968	1,414,166	1,340,817
Streets and drainage	7,547,145	12,573,988	7,421,290	4,357,040	1,055,640	21,136,386	46,596,828	30,717,230	47,391,775	34,358,383
Parks and recreation	1,430,161	4,515,547	1,130,029	990,256	878,003	273,062	152,522	68,283	25,005,148	18,781,679
Hotel/motel	-	-	-	-	-	15,428,012	13,839,542	12,725,158	13,250,577	12,970,769
Other purposes	8,768,064	10,609,948	14,749,314	15,602,083	10,306,905	1,538,529	2,211,219	3,687,145	4,808,845	27,462,246
Committed to										
Building renovations	216,271	(6,044)	43,441	101,878	202,660	270,287	387,247	454,173	534,367	568,568
Streets and drainage	2,568,469	3,558,503	4,168,125	3,688,513	3,312,271	2,858,688	2,790,591	1,998,377	1,734,228	427,245
Other purposes	3,697,842	4,765,461	1,590,756	467,525	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(58,071)	(131,905)	(25,938)
TOTAL ALL OTHER GOVERNMENTAL FUNDS	\$ 37,334,045	\$ 52,756,045	\$ 42,168,018	\$ 33,949,355	\$ 53,799,700	\$ 69,647,321	\$ 78,836,952	\$ 87,475,525	\$ 98,294,385	\$ 98,514,242

City of Midland, Texas

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table 4

Fiscal Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
REVENUES										
Taxes	\$ 93,263,535	\$ 103,713,258	\$ 106,378,471	\$ 98,692,661	\$ 110,857,047	\$ 132,521,475	\$ 138,647,032	\$ 129,181,987	\$126,749,941	\$ 148,716,992
Licenses and permits	4,276,854	4,190,869	4,492,100	1,993,818	2,328,984	3,027,506	5,233,568	3,077,302	3,234,103	3,058,036
Fines and forfeitures	3,891,789	3,783,005	3,349,255	3,981,710	5,226,930	4,846,620	3,739,897	2,352,416	2,029,953	2,720,075
Charges for services	2,564,362	2,640,062	3,182,358	3,076,000	3,530,556	4,845,556	5,119,375	3,711,200	3,572,838	9,930,926
Rentals	302,765	286,614	269,291	273,883	220,903	232,102	200,257	359,950	481,919	412,497
Program income	133,202	119,055	106,961	142,196	115,062	179,790	105,767	96,932	98,030	95,614
Intergovernmental	2,043,366	1,430,101	1,537,981	1,526,617	1,737,434	1,564,361	2,189,675	12,261,766	3,237,936	9,995,943
Investment income (loss)	(1,054,054)	1,663,401	2,336,321	797,966	930,544	1,847,245	4,992,144	2,758,026	122,873	(10,077,111)
Oil and gas royalties	-	-	-	-	-	-	2,824,803	9,888,515	10,291,068	21,783,344
Contributions and donations	625,989	676,064	583,401	503,114	6,696,527	160,374	1,241,322	11,236,905	284,519	331,339
Miscellaneous	764,362	971,567	817,815	6,061,537	1,935,288	1,852,453	1,061,313	2,114,648	2,563,760	4,459,740
Total revenues	106,812,170	119,473,996	123,053,954	117,049,502	133,579,275	151,077,482	165,355,153	177,039,647	152,666,940	191,427,395
EXPENDITURES										
Current										
General government	19,451,475	17,694,864	20,216,316	29,223,055	17,855,516	18,483,553	15,110,969	12,447,297	11,013,954	12,783,283
Development services	2,618,009	3,350,847	3,555,322	3,267,907	3,315,831	3,505,250	3,658,008	3,716,659	3,344,419	3,537,465
Engineering	15,188,449	13,905,183	17,431,031	15,178,993	13,576,698	15,519,206	15,422,953	16,789,171	18,488,813	14,231,017
Community services	10,018,185	10,261,957	12,346,085	11,984,591	11,054,390	11,010,270	11,824,202	13,963,143	20,753,328	16,011,856
Police	24,538,644	25,416,580	25,308,241	26,469,372	27,743,755	27,772,640	28,065,052	33,355,954	35,836,861	34,355,925
Fire	22,905,985	24,516,468	26,254,173	25,949,421	26,021,410	28,203,934	31,587,985	33,608,878	34,787,851	35,591,642
Housing	-	-	-	-	-	433,743	778,450	685,029	1,527,713	826,731
Economic development	-	-	-	-	-	3,016,266	4,045,087	3,977,192	3,730,100	3,405,197
Golf	-	-	-	-	-	-	-	-	-	2,992,999
Sports Complex	-	-	-	-	-	-	-	-	-	3,233,472
Other	6,404,129	8,294,720	10,959,337	9,398,124	4,358,509	3,971,901	6,159,906	5,015,408	335,933	6,045,562
Capital outlay	3,602,650	13,361,266	14,245,722	11,698,668	28,778,933	31,013,726	48,476,993	49,172,194	30,138,258	43,449,575
Debt service										
Principal	2,818,125	2,607,154	2,849,650	3,434,732	2,947,931	3,710,172	3,252,414	3,903,966	5,232,758	6,391,762
Interest and fiscal changes	1,600,143	1,238,968	2,839,841	2,159,066	3,078,111	2,899,644	4,471,532	5,878,374	6,122,037	6,358,849
Issuance costs	1,293	327,226	-	11,096	212,778	232,863	424,199	358,068	569,502	-
Total expenditures	109,147,087	120,975,233	136,005,718	138,775,025	138,943,862	149,773,168	173,277,750	182,871,333	171,881,527	189,215,335
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,334,917)	(1,501,237)	(12,951,764)	(21,725,523)	(5,364,587)	1,304,314	(7,922,597)	(5,831,686)	(19,214,587)	2,212,060
OTHER FINANCING SOURCES (USES)										
Sale of capital assets	350,000	-	-	-	279,973	191,405	471,387	1,598	95,000	5,024
Leases issued	-	-	-	-	-	-	-	-	-	410,057
Refunding bonds issued	-	3,800,000	-	-	-	-	-	-	-	-
Issuance of long-term debt	-	24,372,306	-	-	27,245,000	25,615,000	36,295,000	28,755,000	48,044,310	-
Payment to refunded bond escrow agent	-	(4,420,000)	-	-	-	(4,064,106)	(5,890,881)	-	(27,392,887)	-
Premium on debt issuance	-	3,233,327	-	-	3,949,386	3,535,047	3,406,350	5,117,932	4,917,406	-
Accrued interest on debt issuance	-	2,177	-	-	-	-	-	-	-	-
Transfers in	5,150,925	5,406,690	4,672,929	6,313,533	41,558,533	31,548,801	2,182,707	3,000,827	6,799,247	35,512,788
Transfers out	(592,647)	(4,689,962)	(818,165)	(1,064,277)	(7,342,278)	(57,073,909)	(2,682,707)	(2,144,569)	(7,161,435)	(11,042,603)
Total other financing sources (uses)	4,908,278	27,704,538	3,854,764	5,249,256	65,690,614	(247,762)	33,781,856	34,730,788	25,301,641	24,885,266
NET CHANGE IN FUND BALANCES	\$ 2,573,361	\$ 26,203,301	\$ (9,097,000)	\$ (16,476,267)	\$ 60,326,027	\$ 1,056,552	\$ 25,859,259	\$ 28,899,102	\$ 6,087,054	\$ 27,097,326
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	4.19%	3.57%	4.67%	4.40%	5.47%	5.57%	6.19%	7.32%	8.01%	8.75%

City of Midland, Texas
Tax Revenues by Source – Governmental Funds
Last Ten Fiscal Years

Table 5

Fiscal Year	Ad Valorem Tax	City Sales Tax	Gross Receipts Tax	Mixed Beverage Tax	Hotel Motel Tax	Miscellaneous	Totals
2013	\$ 36,450,146	\$ 39,046,477	\$ 11,427,175	\$ 439,907	\$ 5,768,762	\$ 131,068	\$ 93,263,535
2014	38,921,197	44,776,484	12,732,502	639,530	6,512,643	130,902	103,713,258
2015	41,142,259	42,942,587	13,600,947	731,961	7,835,435	125,282	106,378,471
2016	44,048,630	34,858,568	13,200,933	655,498	5,290,840	638,192	98,692,661
2017	47,726,894	42,762,828	13,450,925	698,195	5,497,928	720,277	110,857,047
2018	50,646,396	53,462,267	13,907,146	861,448	12,546,459	93,883	131,517,599
2019	52,513,182	61,170,620	13,582,261	1,233,217	10,036,671	111,081	138,647,032
2020	57,990,424	50,705,816	14,199,448	712,531	5,298,023	275,745	129,181,987
2021	60,774,704	46,435,724	14,245,509	840,380	4,338,753	114,871	126,749,941
2022	63,155,835	61,052,772	17,602,888	1,123,456	5,671,276	110,765	148,716,992
Change 2013-2022	73.3%	56.4%	54.0%	155.4%	-1.7%	-15.5%	59.5%

City of Midland, Texas
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands of dollars)

Table 6

Fiscal Year Ended September 30,	Real Property	Personal Property	Minerals Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2013	\$ 7,329,781	\$ 931,865	\$ 60,452	\$ 600,770	\$ 7,721,328	\$ 0.46109
2014	8,358,847	1,075,642	67,736	664,669	8,837,556	0.43193
2015	9,520,300	1,454,108	86,535	817,087	10,243,856	0.39389
2016	10,539,319	1,608,772	211,148	830,389	11,528,850	0.38048
2017	10,992,507	1,512,465	162,024	807,685	11,859,311	0.39968
2018	11,344,881	1,412,598	294,473	810,191	12,241,761	0.40839
2019	12,580,012	1,603,171	324,770	934,892	13,573,061	0.39225
2020	14,704,626	1,511,499	861,814	1,287,108	15,790,831	0.36470
2021	15,586,582	1,547,878	913,661	1,081,646	16,966,475	0.35893
2022	15,714,814	1,560,613	921,178	1,025,187	17,106,060	0.36715

Source: Midland Central Appraisal District

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value.

City of Midland, Texas
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Table 7

Year	City Direct Rates			Overlapping Rates ^a			
	Basic Rate	General Obligation Debt Service	Total Direct	Midland Independent School District	Midland Junior College	Midland County	Midland County Hospital District
2013	\$ 0.4040	\$ 0.0570	\$ 0.4611	\$ 1.1401	\$ 0.1442	\$ 0.1402	\$ 0.1251
2014	0.3857	0.0462	0.4319	1.1301	0.1332	0.1265	0.1183
2015	0.3375	0.0564	0.3939	1.1401	0.1244	0.1408	0.1198
2016	0.3322	0.0483	0.3805	1.1401	0.1259	0.1560	0.1351
2017	0.3603	0.0394	0.3997	1.1201	0.1371	0.1560	0.1351
2018	0.3675	0.0409	0.4084	1.1201	0.1147	0.1400	0.1262
2019	0.3475	0.0448	0.3922	1.1201	0.1147	0.1400	0.1262
2020	0.3129	0.0518	0.3647	1.0501	0.0912	0.1280	0.0991
2021	0.2994	0.0595	0.3589	1.0266	0.0922	0.1288	0.0996
2022	0.3108	0.0563	0.3671	1.0236	0.0800	0.1311	0.0814

Source: Midland Central Appraisal District

Note: Rates for debt service are set based on each year's requirements.

^a Overlapping rates are those of local and county governments that apply to property owners within the City of Midland.

City of Midland, Texas
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 8

Fiscal Year 2022			Fiscal Year 2013		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Diamondback E&P LLC WI	\$ 426,529,840	2.49%	TRA Midland Properties LLC	\$ 75,495,030	0.98%
Pioneer Natural Res-WI	189,655,940	1.11%	TXU Electric Delivery Co	43,437,900	0.56%
Viper Energy Partners LLC	162,718,680	0.95%	Midland Park Mall, LP	36,042,430	0.47%
COG Operting LLC WI	162,215,660	0.95%	Basic Energy Service	30,744,520	0.40%
Permian Deep Rock Oil Co LLC	143,136,220	0.84%	Claydesta Buildings LP	27,460,610	0.36%
Oncor Electric FKA TXU Elec (10)	100,203,130	0.59%	Palms at Briarwood LLC	20,015,000	0.26%
Fasken Oil & Ranch LTD	89,390,990	0.52%	Southwestern Bell Telephone	19,859,220	0.26%
COG Realty LLC	74,890,255	0.44%	Fasken Midland LLC	19,177,650	0.25%
Chevron USA Inc	71,439,140	0.42%	KLP Blue Ridge Apts LP	16,500,000	0.21%
Anadarko Petroleum Corporation	70,475,890	0.41%	The Clusters Apartments	15,147,160	0.20%
	<u>\$ 1,490,655,745</u>	<u>8.71%</u>		<u>\$ 303,879,520</u>	<u>3.94%</u>

Source: Midland Central Appraisal District

City of Midland, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 9

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Adjustments to the Levy	Adjusted Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$ 35,601,095	\$ 25,654	\$ 35,626,749	\$ 35,221,625	98.86%	\$ 382,618	\$ 35,604,243	99.94%
2014	38,171,791	(61,767)	38,110,024	37,649,507	98.79%	385,107	38,034,614	99.80%
2015	40,349,624	257,775	40,607,399	40,195,420	98.99%	439,520	40,634,940	100.07%
2016	43,993,236	(87,083)	43,906,153	43,388,728	98.82%	398,700	43,787,428	99.73%
2017	47,399,178	(76,649)	47,322,529	46,698,294	98.68%	460,604	47,158,898	99.65%
2018	50,032,693	33,238	50,065,931	49,570,541	99.01%	511,788	50,082,329	100.03%
2019	53,242,897	(55,874)	53,187,023	52,640,070	98.97%	396,998	53,037,068	99.72%
2020	57,681,245	88,780	57,770,025	56,992,168	98.65%	337,269	57,329,437	99.24%
2021	60,843,883	211,409	61,055,292	59,514,984	97.48%	943,023	60,458,007	99.02%
2022	62,913,597	(463,493)	62,450,104	61,556,327	98.57%	-	61,556,327	98.57%

Source: Midland Central Appraisal District

City of Midland, Texas
Taxable Sales by Category
Last Ten Calendar Years
(in thousands of dollars)

Table 10

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Agriculture, Forestry, Fishing, Hunting	\$ 2	\$ 2	\$ 51	\$ 197	\$ 378	\$ 304	\$ 266	\$ 217	\$ 90	\$ 1
Mining	538,191	449,326	570,842	1,572,006	244,036	536,229	774,964	721,375	718,114	855,140
Utilities	215	484	363	90	15	69	228	114	111	5,822
Construction	127,203	150,347	154,455	148,051	105,871	147,344	195,903	172,110	143,449	139,982
Manufacturing	80,801	94,079	91,330	50,920	54,449	105,592	140,714	133,960	100,392	101,136
Wholesale Trade	324,387	379,125	359,109	227,203	150,259	249,368	348,478	291,216	253,898	263,508
Retail Trade	1,332,609	1,440,110	1,577,050	1,378,194	1,221,306	1,393,758	1,624,238	1,229,577	1,424,540	1,594,830
Transportation, Warehousing	30,790	29,116	35,188	23,907	16,757	22,042	19,793	19,793	14,764	12,895
Information	53,460	59,935	78,034	81,836	75,945	77,992	91,382	68,778	56,090	47,907
Finance, Insurance	4,248	4,184	4,990	5,867	5,389	6,033	5,455	3,700	4,614	4,453
Real Estate, Rental, Leasing	82,602	92,640	98,098	84,710	65,688	107,551	178,169	152,146	91,472	65,366
Professional, Scientific, Technical Svc	130,234	107,340	99,282	83,674	69,166	93,933	140,562	113,978	108,685	115,164
Management of Companies, Enterprises	-	-	-	1,834	22,214	23,445	26,059	20,754	26,450	25,994
Admin, Support, Waste Management, Remed	48,334	58,667	65,082	70,198	62,074	42,481	40,992	35,664	40,644	45,234
Educational Services	201	565	412	395	414	456	884	465	593	651
Health Care, Social Assistance	3,575	3,931	4,111	4,234	4,359	3,788	4,588	3,259	3,656	4,136
Arts, Entertainment, Recreation	33,916	37,669	42,957	44,628	33,659	41,831	10,322	38,697	39,355	50,440
Accommodation, Food Services	294,036	314,494	359,413	353,929	333,202	381,221	441,495	353,000	395,186	470,662
Other Services	73,895	73,294	92,593	86,843	72,015	89,444	116,471	83,880	84,141	94,557
Public Administration	2,146	2,268	9,677	9,511	10,320	9,872	10,370	8,048	10,497	10,732
Other	-	3	-	-	4,599	27,166	18	24	280	-
Total	\$ 3,160,845	\$ 3,297,579	\$ 3,643,037	\$ 4,228,225	\$ 2,552,116	\$ 3,359,919	\$ 4,171,351	\$ 3,450,754	\$ 3,517,021	\$ 3,908,612
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Source: Texas Comptroller of Public Accounts

City of Midland, Texas
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Table 11

Fiscal Year	City Direct Rate	Midland County	Midland Football/Soccer and Baseball Complex Development Corporation	Midland Development Corporation
2013	1.00%	0.50%	0.25%	0.25%
2014	1.00%	0.50%	0.25%	0.25%
2015	1.00%	0.50%	0.25%	0.25%
2016	1.00%	0.50%	0.25%	0.25%
2017	1.00%	0.50%	0.25%	0.25%
2018	1.00%	0.50%	0.00%	0.25%
2019	1.00%	0.50%	0.00%	0.25%
2020	1.00%	0.50%	0.00%	0.25%
2021	1.00%	0.50%	0.00%	0.25%
2022	1.00%	0.50%	0.00%	0.25%

City of Midland, Texas
Sales Tax Revenue Payers by Industry
Current Calendar Year and Nine Years Ago
(in thousands of dollars)

Table 12

	2021				2012			
	Number of Filers	Percentage of Total	Sales Subject to Sales Tax	Percentage of Total	Number of Filers	Percentage of Total	Sales Subject to Sales Tax	Percentage of Total
Agriculture, Forestry, Fishing, Hunting	17	0.27%	\$ 1	0.00%	10	0.20%	\$2	0.00%
Mining	338	5.44%	855,140	21.88%	263	5.22%	538,191	17.03%
Utilities	9	0.14%	5,822	0.15%	10	0.20%	215	0.01%
Construction	532	8.57%	139,982	3.58%	397	7.88%	127,203	4.02%
Manufacturing	279	4.49%	101,136	2.59%	283	5.61%	80,801	2.56%
Wholesale Trade	313	5.04%	263,508	6.74%	281	5.57%	324,387	10.26%
Retail Trade	2,059	33.16%	1,594,830	40.80%	1,671	33.15%	1,332,609	42.16%
Transportation, Warehousing	63	1.01%	12,895	0.33%	57	1.13%	30,790	0.97%
Information	79	1.27%	47,907	1.23%	78	1.55%	53,460	1.69%
Finance, Insurance	46	0.74%	4,453	0.11%	42	0.83%	4,248	0.13%
Real Estate, Rental, Leasing	221	3.56%	65,366	1.67%	189	3.75%	82,602	2.61%
Professional, Scientific, Technical Svc	368	5.93%	115,164	2.95%	348	6.90%	130,234	4.12%
Management of Companies, Enterprises	26	0.42%	25,994	0.67%	5	0.10%	-	0.00%
Admin, Support, Waste Management, Remed	284	4.57%	45,234	1.16%	260	5.16%	48,334	1.53%
Educational Services	67	1.08%	651	0.02%	63	1.25%	201	0.01%
Health Care, Social Assistance	59	0.95%	4,136	0.11%	45	0.89%	3,575	0.11%
Arts, Entertainment, Recreation	155	2.50%	50,440	1.29%	119	2.36%	33,916	1.07%
Accommodation, Food Services	762	12.27%	470,662	12.04%	425	8.43%	294,036	9.30%
Other Services	505	8.13%	94,557	2.42%	451	8.95%	73,895	2.34%
Public Administration	7	0.11%	10,732	0.27%	4	0.08%	2,146	0.07%
Other	20	0.32%	-	0.00%	40	0.79%	-	0.00%
Total	6,209	100%	\$ 3,908,612	100%	5,041	100%	\$3,160,845	100%

Source: Texas Comptroller of Public Accounts

Notes: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

City of Midland, Texas

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Table 13

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds	Certificates of Obligation	Premium on Bonds ^b	Leases	Other Obligations	General Obligation Refunding Bonds	Certificates of Obligation	Premium on Bonds ^b	Leases	Capital Leases			
2013	\$ 2,145,786	\$ 33,066,162	\$ -	\$ -	\$ 195,000	\$ 24,036,761	\$ 63,315,952	\$ -	\$ -	\$ 197,320,677	\$ 320,080,338	3.94%	\$ 2,681
2014	5,200,324	54,205,556	-	-	100,000	21,499,547	63,052,883	-	-	229,630,333	373,688,643	3.63%	3,015
2015	3,828,678	52,416,186	-	-	-	17,726,630	60,636,482	-	-	232,058,693	366,666,669	4.17%	2,864
2016	2,429,689	50,194,519	-	-	-	13,797,701	58,087,908	-	-	232,896,859	357,406,676	4.88%	2,688
2017	1,560,000	78,536,123	-	-	-	-	56,053,285	-	-	234,096,590	370,245,998	4.71%	2,750
2018	26,370,000	65,262,587	9,275,982	-	-	34,555,000	14,067,413	4,016,080	-	235,484,581	389,031,643	3.18%	2,859
2019	54,290,000	64,505,173	11,700,225	-	-	33,915,000	28,384,827	5,105,754	-	237,076,810	434,977,789	3.56%	3,056
2020	74,200,000	69,446,207	15,577,753	-	-	32,610,000	41,558,793	7,248,421	-	238,028,119	478,669,293	4.91%	3,278
2021	97,877,414	63,145,000	17,298,791	-	-	39,990,000	56,087,586	11,851,408	-	239,157,075	525,407,274	4.29%	3,721
2022	94,443,966	61,686,034	15,623,935	456,165	-	285,750,000	52,910,000	18,055,962	309,462	-	529,235,524	4.11%	4,031

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Further, there is not any debt outstanding in the previous ten years that is secured by pledged revenue.

^a See Table 18 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

^b Premium on bonds payable is presented starting with fiscal year 2018

City of Midland, Texas
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 14

Fiscal Year	General Bonded Debt Outstanding				Resources Restricted for Repayment of Outstanding Debt Principal	Net General Bonded Debt	Percentage of Actual Taxable Value ^a of Property	Net General Bonded Debt Per Capita ^b
	General Obligation Bonds	Certificates of Obligation	Premium on Bonds ^c	Total ^d				
2013	\$ 26,182,547	\$ 96,382,114	\$ -	\$ 122,564,661	479,598	\$ 122,085,063	1.58%	\$ 1,023
2014	26,699,871	117,258,439	-	143,958,310	524,091	143,434,219	1.62%	1,157
2015	21,555,308	113,052,668	-	134,607,976	778,424	133,829,552	1.31%	1,045
2016	16,227,390	108,282,427	-	124,509,817	754,328	123,755,489	1.07%	931
2017	1,560,000	134,589,408	-	136,149,408	434,347	135,715,061	1.14%	1,008
2018	60,925,000	79,330,000	13,292,062	153,547,062	294,157	153,252,905	1.25%	1,126
2019	88,205,000	92,890,000	16,805,979	197,900,979	712,047	197,188,932	1.45%	1,385
2020	106,810,000	111,005,000	22,826,174	240,641,174	1,026,419	239,614,755	1.52%	1,641
2021	137,867,414	119,232,586	29,150,199	286,250,199	2,249,029	284,001,170	1.67%	2,011
2022	380,193,966	114,596,034	33,679,897	528,469,897	801,228	527,668,669	3.08%	4,019

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^a See Table 6 for property value data.

^b See Table 18 for per capita data.

^c Premium on bonds payable is presented starting with fiscal year 2018

^d This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

City of Midland, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2021

Table 15

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Midland Independent School District	\$ 154,225,982	49.64%	\$ 76,557,777
Midland Junior College	11,690,000	47.35%	5,535,215
Midland County	7,375,000	44.99%	3,318,013
Midland County Hospital District	<u>149,935,000</u>	43.67%	<u>65,476,615</u>
Subtotal, overlapping debt			150,887,619
City of Midland (Direct Debt)			<u>172,210,100</u>
Total Direct and Overlapping Debt			<u><u>\$ 323,097,719</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Midland Central Appraisal District and Assessment Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Midland. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

City of Midland, Texas
Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)

Table 16

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt limit	\$ 617,706	\$ 707,004	\$ 819,508	\$ 922,308	\$ 948,745	\$ 979,341	\$ 1,085,845	\$ 1,263,266	\$ 1,357,318	\$ 1,368,485
Total net debt applicable to limit	<u>116,534</u>	<u>133,597</u>	<u>123,999</u>	<u>129,095</u>	<u>127,205</u>	<u>99,127</u>	<u>197,297</u>	<u>239,615</u>	<u>284,001</u>	<u>527,669</u>
Debt margin	<u>\$ 501,172</u>	<u>\$ 573,407</u>	<u>\$ 695,509</u>	<u>\$ 793,213</u>	<u>\$ 821,540</u>	<u>\$ 880,214</u>	<u>\$ 888,548</u>	<u>\$ 1,023,651</u>	<u>\$ 1,073,317</u>	<u>\$ 840,816</u>
Total net debt applicable to the limit as a percentage of debt limit	18.87%	18.90%	15.13%	14.00%	13.41%	10.12%	18.17%	18.97%	20.92%	38.56%

Note: The Constitution and Statutes of the state of Texas and the Charter of the City of Midland do not provide for a legal debt limit. The 8% debt limit rate used herein is that recommended by the Finance Advisory Board of the City of Midland and adopted by the City Council as a guideline of safe debt limit.

City of Midland, Texas
Demographic and Economic Statistics
Last Ten Calendar Years

Table 17

Year	Population	Personal Income (in thousands of dollars)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2012	119,385	12,595,330	\$ 105,502	33.6	22,017	3.5%
2013	123,935	13,573,085	109,518	33.1	23,299	2.6%
2014	128,037	15,300,461	119,500	33.1	24,428	3.3%
2015	132,950	17,457,778	131,311	33.5	24,651	4.5%
2016	134,613	17,420,746	129,414	33.5	25,668	2.9%
2017	136,090	12,379,069	90,962	33.5	26,159	2.3%
2018	142,339	15,501,036	108,902	31.4	25,943	1.9%
2019	146,042	23,513,106	161,002	31.5	22,549	2.1%
2020	141,192	22,522,939	159,520	31.4	25,128	4.9%
2021	131,292	21,726,357	165,481	33.0	26,398	5.7%

Sources: Population estimates are prepared by City of Midland personnel. US Census population is used in census years. Personal income and per capita personal income provided by Bureau of Economic Analysis. Median age provided by Midland Development Corporation. School enrollment provided by Midland Independent School District. Unemployment data provided by Bureau of Labor Statistics.

City of Midland, Texas
Principal Employers
Current Year and Nine Years Ago

Table 18

2022			2013		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
MISD	2,876	2.85%	Midland Independent School District	2,919	3.00%
Endeavor Energy Recourses	1,300	1.29%	Dawson Geophysical	1,244	1.28%
City of Midland	1,026	1.02%	Midland Memorial Hospital	1,670	1.71%
Midland County	1,000	0.99%	Wal-Mart Super Center	950	0.98%
Midland Memorial Hospital	950	0.94%	City of Midland	880	0.90%
Conoco Phillips	900	0.89%	Midland College	735	0.75%
Chevron	830	0.82%	Baker & Hughes	600	0.62%
HEB	700	0.69%	Warren-Cat	597	0.61%
Walmart	680	0.67%	Midland County	541	0.56%
XTO Energy, Inc	400	0.40%	Concho Resources	509	0.52%
	<u>10,662</u>	<u>10.57%</u>		<u>10,645</u>	<u>10.93%</u>
Total Employment	100,845		Total Employment	97,392	

Source: Midland Chamber of Commerce, Bureau of Labor Statistics, individual employers consider this proprietary information and may be estimated.

City of Midland, Texas
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Table 19

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General government										
Administration	9	9	10	10	7	10	9	7	8	8
Support services	113	119	123	135	123	131	105	116	107	113
Finance/Acct/Treasury	16	15	15	15	16	16	15	16	16	17
Development services	31	36	37	42	39	41	40	41	38	43
Engineering	58	59	71	77	73	72	70	78	72	67
Community services	72	65	67	75	69	70	66	72	78	88
Police	226	214	234	239	244	225	231	242	248	276
Fire	178	198	204	209	217	212	218	232	233	253
Other	1	-	-	-	-	-	-	-	-	-
Airport	29	30	28	31	30	23	28	29	27	37
Water and sewer	84	80	94	96	92	89	84	104	97	85
Sanitation	51	47	58	59	52	51	60	67	69	74
Golf course	9	10	11	14	14	13	13	14	14	11
Total	<u>877</u>	<u>882</u>	<u>952</u>	<u>1,002</u>	<u>976</u>	<u>953</u>	<u>939</u>	<u>1,018</u>	<u>1,007</u>	<u>1,072</u>

Source: City Departments

City of Midland, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years

Table 20

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>Function/Program</u>										
Development services										
Street resurfacing/surface treatments (miles)	10.57	2.10	8.96	22.05	60.62	35.20	49.80	52.10	54.00	27.00
Potholes repaired	8,939	31,538	14,801	11,421	17,048	13,118	13,997	13,480	12,356	13,146
Community services										
Animal control animals handled	6,823	6,966	7,040	7,040	6,386	6,722	7,747	6,245	6,121	5,574
Health department immunizations given	13,183	16,815	21,441	21,441	12,499	17,489	19,877	10,435	9,470	13,077
Police										
Traffic citations	20,332	16,924	15,124	15,124	21,573	19,078	13,488	9,639	10,176	9,616
Parking citations	898	2,893	3,049	3,049	2,881	5,238	2,895	521	1,052	1,009
Criminal misdemeanor citations	4,587	4,629	4,825	4,825	5,248	4,759	1,763	1,502	1,498	3,779
Fire										
Emergency responses	14,103	15,234	15,369	15,369	15,202	17,879	18,532	17,531	19,199	20,323
Fires extinguished	531	501	501	501	478	635	825	805	557	767
Inspections	7,175	7,446	135	135	7,097	14,092	15,235	14,993	14,808	10,921
Airport										
Major airlines	4	4	4	4	3	3	3	3	3	3
Passengers boardings	499,170	529,357	527,315	527,315	503,746	581,721	650,056	400,133	435,893	605,749
Commercial Landings	9,026	9,654	9,632	9,632	8,020	8,557	9,098	7,069	7,112	8,371
Water and sewer										
New accounts - net	632	960	688	709	1,141	1,011	1,229	501	1,310	770
Water main breaks	74	81	99	88	73	86	89	84	119	113
Average daily consumption (MGD)	15.717	12.765	12.616	12.442	12.492	18.974	19.350	18.814	20.500	23.700
Peak daily consumption (MGD)	23.198	20.441	20.610	17.364	17.731	37.843	31.860	39.723	32.500	30.290
Average daily sewage treatment (MGD)	9.241	9.162	8.849	8.849	9.379	10.027	10.300	9.260	10.500	10.500
Sanitation										
Refuse collected (tons)	223,796	252,248	272,533	272,533	245,724	299,698	335,929	331,068	281,008	289,786
Recyclables collected (tons)	1,315	1,383	1,812	1,282	1,314	366	655	748	803	858
Sports complex										
Baseball stadium attendance	343,615	362,999	382,403	324,307	348,173	336,742	351,524	25,101	151,268	205,602
Football/soccer stadium attendance	105,600	132,064	123,681	127,227	117,890	127,953	116,613	66,910	127,422	170,814
Golf course										
Attendance	68,291	56,636	51,040	51,040	51,253	54,888	56,470	52,894	61,095	65,400
Tournaments	88	71	81	81	69	72	83	43	61	99

Source: City Departments

Notes: N/A – Data not available

City of Midland, Texas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Table 21

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function/Program										
Development Services										
Streets – paved (miles)	596	607	613	615	627	635	653	664	667	674
Streets – unpaved (miles)	14	19	35	37	19	18	17	13	13	12
Alleys – paved (miles)	136	139	142	137	141	144	145	145	144	144
Streetlights	6,272	6,321	6,321	6,351	6,351	6,350	6,350	6,430	6,450	6,472
Signalized locations	118	118	114	102	113	114	115	114	115	115
Community Services										
Parks acreage	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,342	1,364
Playgrounds	39	39	40	40	40	40	40	40	40	45
Baseball/softball diamonds	64	64	64	64	64	64	64	64	64	83
Football/soccer fields	49	49	49	49	49	59	59	59	59	74
Community Centers	1	1	1	1	1	1	1	1	1	1
Senior Centers	2	2	2	2	2	2	2	2	2	2
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	160	151	61	120	120	105	105	114	152	178
Fire										
Stations	9	9	10	10	10	10	10	11	11	11
Airport										
Primary runway (feet)	9,501	9,501	9,501	9,501	9,501	9,501	9,501	9,501	9,501	9,501
Primary crosswind runway (feet)	8,302	8,302	8,302	8,302	8,302	8,302	8,302	8,302	8,302	8,302
General aviation runways (feet)	8,944	8,944	8,944	8,944	8,944	8,944	8,944	8,944	8,944	8,944
Water and sewer										
Water mains (miles)	714	823	835	843	845	854	893	892	932	946
Fire hydrants	3,412	3,678	3,716	3,885	4,074	3,988	4,650	4,459	4,660	4,672
System capacity (million gallons)	55	55	55	55	55	55	52	55	52	55
Sanitary sewers (miles)	555	625	636	636	663	668	670	685	685	694
Storm sewers (miles)	44	46	64	64	61	64	64	67	67	67
Sanitation										
Refuse trucks	38	43	45	46	47	35	47	46	47	31
Sports complex										
Stadiums	2	2	2	2	2	2	2	2	2	2
Golf course										
Courses	2	2	2	2	2	2	2	2	2	2
Holes	36	36	36	36	36	36	36	36	36	36

Source: City Departments

Notes: N/A – Data not available