



# Board Binder Open Session

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May 6, 2024

# Agenda



**MIDLAND DEVELOPMENT CORPORATION AS AUTHORIZED BY CHAPTER 504 OF THE TEXAS  
LOCAL GOVERNMENT CODE**

**NOTICE OF PUBLIC MEETING**

In accordance with Chapter 551, Texas Government Code, as amended, notice is hereby given to the public that the Board of Directors of the Midland Development Corporation will meet in regular session, open to the public, in the Midland Chamber of Commerce board room, 303 West Wall Street, Suite 200, Midland, Texas, at 10:00 a.m. on May 6, 2024. A quorum of the Board of Directors of the Midland Development Corporation intends to be physically present at the aforementioned location.

**Videoconference Information**

Join Zoom Webinar

<https://us02web.zoom.us/j/82469319853?pwd=OVhaMmlkNXRjN0JZcDdKbkt6TU13UT09>

Passcode: 275694

Or join by phone:

Dial(for higher quality, dial a number based on your current location):

US: +1 346 248 7799 or +1 669 444 9171 or +1 669 900 9128 or +1 719 359 4580 or +1 253 205 0468 or +1 253 215 8782 or +1 312 626 6799 or +1 360 209 5623 or +1 386 347 5053 or +1 507 473 4847 or +1 564 217 2000 or +1 646 558 8656 or +1 646 931 3860 or +1 689 278 1000 or +1 301 715 8592 or +1 305 224 1968 or +1 309 205 3325

Webinar ID: 824 6931 9853

Passcode: 275694

International numbers available: <https://us02web.zoom.us/j/82469319853?pwd=OVhaMmlkNXRjN0JZcDdKbkt6TU13UT09>

At such meeting, the Board of Directors may discuss, consider, and take action on any of the following items:

1. Call meeting to order.
2. Motion approving the minutes of the April 8, 2024, meeting of the Midland Development Corporation.
3. Motion approving the minutes of the April 25, 2024, meeting of the Midland Development Corporation.
4. Receive and discuss the Independent Auditors' Report and the Basic Financial Statements for the Fiscal Year 2022-2023 presented by Christy Weakland, Director of Finance for the City of Midland.
5. Receive and discuss a presentation by the University of Texas of the Permian Basin on a proposed SAS Workforce Analytics data platform.

6. Resolution appropriating funds from the Midland Development Corporation's 2022-2023 fiscal year budget to be used for promotional purposes, as authorized by Chapter 504 of the Texas Local Government Code.
7. Presentation on the April 2024 monthly expenses and economic development activity report from the Midland Development Corporation Executive Director and staff.
8. Pursuant to Texas Government Code §551.101, the Board of Directors will hold an Executive Session, which is closed to the public to discuss the following matters as permitted under the following Texas Government Code Sections:
  - a. Section 551.072, Deliberation Regarding Real Property
    - i. Discuss the purchase, exchange, lease, or value of real property.
  - b. Section 551.087, Deliberation Regarding Economic Development Negotiations
    - i. Discuss business prospects that the Midland Development Corporation seeks to have, locate, stay, or expand in or near the City of Midland, Texas, and discuss possible incentives, and discuss contract compliance on the part of businesses.

Posted this 3<sup>rd</sup> day of May 2024.

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Marcia Bentley German  
City Governance Officer/City Secretary



# April 8<sup>th</sup> Minutes

MIDLAND DEVELOPMENT CORPORATION

MINUTES

April 08, 2024

The Board of Directors of the Midland Development Corporation convened in regular session at the Midland Chamber of Commerce board room, 303 West Wall Street, Suite 200, Midland, Texas, at 10:00 a.m. on April 08, 2024.

Board Members present: Chairman Lourcey Sams, Director Chase Gardaphe, Director Jill Pennington, Director Elvie Brown. Director Berry Simpson, and Director Zachary Deck.

Board Members absent: Director Brad Bullock

Staff Members present: City Manager Tommy Gonzalez, Assistant City Manager Jose Ortiz, Assistant City Attorney Nicholas Toulet-Crump, Chief of Staff Taylor Novack, and Chief Deputy City Secretary Vanessa Magallanes

Council Member(s) present: Mayor Lori Blong

MDC Staff Members present: Executive Director Sara Harris, Marketing & Administrative Coordinator Gabrielle Franks, and Business Retention & Expansion Coordinator Sammi Steel

1. Call meeting to order.

Chairman Sams called the meeting to order at 10:03 am

2. Motion approving the minutes of the March 04, 2024, meeting of the Midland Development Corporation.

Director Gardaphe moved to approve minutes of the March 04, 2024, meeting of the Midland Development Corporation, seconded by Director Deck. The motion carried by the following vote: AYE: Sams, Simpson, Pennington, and Brown. NAY: None. ABSTAIN: None. ABSENT: Bullock.

3. Presentation from the Arts Council of Midland on the Scarborough Lineberry House project.

Executive Director Danny Holeva and board trustee Melissa Hooper of the Arts Council of Midland gave a presentation regarding the Scarborough Lineberry House project.

4. Resolution authorizing the execution of a promotional agreement with Higher Orbits, Inc., to advertise and publicize the City of Midland for the purpose of developing new and expanded business enterprises.

Director Simpson moved to approve Resolution ED-459 authorizing the execution of a promotional agreement with Higher Orbits, Inc., to advertise and publicize the City of Midland for the purpose of developing new and expanded business enterprises., seconded by Director Deck. The motion carried by the following vote: AYE: Sams, Gardaphe, Pennington, and Brown. NAY: None. ABSTAIN: None. ABSENT: Bullock.

5. Motion authorizing the Executive Director to petition the City of Midland for the annexation of certain real property described as an approximate 374-acre tract of land out of Section 33, Block 40, T-1-S, T&P RR Co. Survey, Midland County, Texas; and authorizing the Executive Director to negotiate and execute all related agreements, amendments, legal instruments, and documents necessary and appropriate for the annexation of said real property.

Director Deck moved to approve the motion authorizing the Executive Director to petition the City of Midland for the annexation of certain real property described as an approximate 374-acre tract of land out of Section 33, Block 40, T-1-S, T&P RR Co. Survey, Midland County, Texas; and authorizing the Executive Director to negotiate and execute all related agreements, amendments, legal instruments, and documents necessary and appropriate for the annexation of said real property., seconded by Director Brown. The motion carried by the following vote: AYE: Simpson, Sams, Gardaphe, and Pennington. NAY: None. ABSTAIN: None. ABSENT: Bullock.

6. Resolution authorizing the execution of an economic development agreement with the City of Midland providing for the construction, installation, removal, and replacement of certain proposed and existing storm drain and paving infrastructure improvements located on and adjacent to State Highway 158; and authorizing payment therefor.

Director Simpson moved to approve Resolution ED-460 authorizing the execution of an economic development agreement with the City of Midland providing for the construction, installation, removal, and replacement of certain proposed and existing storm drain and paving infrastructure improvements located on and adjacent to State Highway 158; and authorizing payment therefor., seconded by Director Deck. The motion carried by the following vote: AYE: Sams, Gardaphe, Pennington, and Brown. NAY: None. ABSTAIN: None. ABSENT: Bullock.

7. Presentation on the March 2024 monthly expenses and economic development activity report from the Midland Development Corporation Executive Director and staff.

Sara Harris gave an overview of the month's expenses, and economic development activity. Gabrielle Franks updated the board with the social media stats. Sammi Steele gave an overview of the business retention and expansion program in March.

**Board recessed into executive session at 10:53 a.m.**

8. Pursuant to Texas Government Code §551.101, the Board of Directors will hold an Executive Session, which is closed to the public to discuss the following matters as permitted under the following Texas Government Code Sections:

- a. Section 551.072 Deliberation Regarding Real Property
  - i. Discuss the purchase, exchange, lease or value of real property.
- b. Section 551.087 Deliberation Regarding Economic Development Negotiations
  - i. Discuss business prospects that the Midland Development Corporation seeks to have, locate, stay, or expand in or near the City of Midland, Texas, and discuss possible incentives, and discuss contract compliance on the part of businesses.

**Board reconvened into open session at 11:49 a.m.**

All the business at hand having been completed, Chairman Sams adjourned the meeting at 11:50 a.m.

Respectfully submitted,

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Vanessa Magallanes, Chief Deputy City Secretary

PASSED AND APPROVED the 6<sup>th</sup> Day of May 2024.

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Jill Pennington, Secretary

# April 25<sup>th</sup> Minutes

MIDLAND DEVELOPMENT CORPORATION

MINUTES

April 25, 2024

The Board of Directors of the Midland Development Corporation convened in special session at the Midland Chamber of Commerce board room, 303 West Wall Street, Suite 200, Midland, Texas, at 2:00 p.m. on April 25, 2024.

Board Members present: Chairman Lourcey Sams, Director Chase Gardaphe, Director Brad Bullock, Director Elvie Brown. Director Berry Simpson, and Director Zachary Deck.

Board Members absent: Director Jill Pennington

Staff Members present: Assistant City Manager Jose Ortiz, Assistant City Attorney Nicholas Toulet-Crump, and Chief Deputy City Secretary Vanessa Magallanes

Council Member(s) present: None

MDC Staff Members present: Executive Director Sara Harris, Marketing & Administrative Coordinator Gabrielle Franks, and Business Retention & Expansion Coordinator Sammi Steel

1. Call meeting to order.

Chairman Sams called the meeting to order at 2:00 pm

2. Resolution approving the execution of a lease agreement with Castelion Corporation for certain real property described as an approximate 125-acre tract of land out of Section 33, Block 40, T-1-S, T&P RR Co. Survey, Midland County, Texas.

Director Bullock moved to approve Resolution ED-461 approving the execution of a lease agreement with Castelion Corporation for certain real property described as an approximate 125-acre tract of land out of Section 33, Block 40, T-1-S, T&P RR Co. Survey, Midland County, Texas., seconded by Director Deck. The motion carried by the following vote: AYE: Sams, Simpson, Gardaphe, and Brown. NAY: None. ABSTAIN: None. ABSENT: Pennington.

**Board recessed into executive session at 2:18 p.m.**

3. Pursuant to Texas Government Code §551.101, the Board of Directors will hold an Executive Session, which is closed to the public to discuss the following matters as permitted under the following Texas Government Code Sections:

a. Section 551.072 Deliberation Regarding Real Property

i. Discuss the purchase, exchange, lease or value of real property.

b. Section 551.087 Deliberation Regarding Economic Development Negotiations

i. Discuss business prospects that the Midland Development Corporation seeks to have, locate, stay, or expand in or near the City of Midland, Texas, and discuss possible incentives, and discuss contract compliance on the part of businesses.

**Board reconvened into open session at 2:48 p.m.**

4. Motion authorizing the Chairman to negotiate and execute an economic development agreement with Starfighters Space Texas, Incorporated, as authorized by Chapter 501 of the Texas Local Government Code; said agreement to provide, in part, for the reimbursement of certain costs and expenses associated with the relocation of certain assets and equipment to the City of Midland, Texas.

Director Bullock moved to approve a motion authorizing the Chairman to negotiate and execute an economic development agreement with Starfighters Space Texas, Incorporated, as authorized by Chapter 501 of the Texas Local Government Code; said agreement to provide, in part, for the reimbursement of certain costs and expenses associated with the relocation of certain assets and equipment to the City of Midland, Texas., seconded by Director Simpson. The motion carried by the following vote: AYE: Sams, Gardaphe, Deck, and Brown. NAY: None. ABSTAIN: None. ABSENT: Pennington.

All the business at hand having been completed, Chairman Sams adjourned the meeting at 2:49 p.m.

Respectfully submitted,

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Vanessa Magallanes, Chief Deputy City Secretary

PASSED AND APPROVED the 6<sup>th</sup> Day of May 2024.

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Jill Pennington, Secretary

# MDC FY 2023 Audit





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# Report to the Board of Directors and Management

## Midland Development Corporation

### Results of the 2023 Financial Statement Audit, Including Required Communications

September 30, 2023



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# Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

## Overview & Responsibilities

Scope of Our Audit & Inherent  
Limitations to *Reasonable  
Assurance*

Your & Our Responsibilities

Extent of Our Communication &  
Distribution Restriction

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Matter	Discussion
<b>Scope of Our Audit</b>	<p>This report covers audit results related to your financial statements and supplementary information:</p> <ul style="list-style-type: none"> <li>• As of and for the year ended September 30, 2023</li> <li>• Conducted in accordance with our contract dated July 19, 2023</li> </ul>
<b>Our Responsibilities</b>	<p>FORVIS is responsible for forming and expressing opinions about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p>
<b>Audit Scope &amp; Inherent Limitations to Reasonable Assurance</b>	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the opinion unit being audited and did not include a detailed audit of all transactions.</p>
<b>Extent of Our Communication</b>	<p>In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.</p>
<b>Independence</b>	<p>The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.</p>



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Matter	Discussion
<b>Your Responsibilities</b>	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
<b>Distribution Restriction</b>	This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties: <ul style="list-style-type: none"><li data-bbox="541 509 1188 548">• Board of Directors and Management</li><li data-bbox="541 561 898 600">• Others within MDC</li></ul>



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## Qualitative Aspects of Significant Accounting Policies & Practices

The following matters are detailed in the following pages and included in our assessment:

**Significant Accounting  
Policies**

**Unusual Policies or  
Methods**

**Alternative Accounting  
Treatments**

**Management Judgments  
& Accounting Estimates**

**Financial Statement  
Disclosures**

**Our Judgment About the  
Quality of the Entity's  
Accounting Principles**

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## **Significant Accounting Policies**

Significant accounting policies are described in *Note 1* of the audited financial statements.

## **Unusual Policies or Methods**

No matters are reportable.

## **Alternative Accounting Treatments**

No matters are reportable.

## **Management Judgments & Accounting Estimates**

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Key estimates related to leases – lease discount rate, lease term, and lease payments



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## Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Leases
- Economic development commitments
- Related party transactions

## Our Judgment About the Quality of the Entity's Accounting Principles

No matters are reportable.



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## Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

## Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- Year-end entries related to Governmental Accounting Standards Board 87 – outsourced to FORVIS
- Entries to convert modified accrual statements to full accrual statements – outsourced to FORVIS

## Uncorrected Misstatements

There were no uncorrected misstatements.



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## Other Required Communication

### Other Material Communication

Listed below is a material communication between management and us related to the audit:

- Management representation letter (see Attachments)

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## Attachments

### Management Representation Letter

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

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# Attachment A

## Management Representation Letter

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*Representation of:*

Midland Development Corporation  
201 N. Loraine St., Suite 641  
Midland, Texas 79701

*Provided to:*

**FORVIS, LLP**

Certified Public Accountants  
14241 Dallas Parkway, Suite 1100  
Dallas, Texas 75254

The undersigned (“We”) are providing this letter in connection with FORVIS’ audit of our financial statements as of and for the year ended September 30, 2023.

Our representations are current and effective as of the date of FORVIS’ report: March 15, 2024.

Our engagement with FORVIS is based on our contract for services dated: July 19, 2023.

### **Our Responsibility & Consideration of Material Matters**

We confirm that we are responsible for the fair presentation of the financial statements subject to FORVIS’ report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

### **Confirmation of Matters Specific to the Subject Matter of FORVIS’ Report**

We confirm, to the best of our knowledge and belief, the following:

#### **Broad Matters**

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
  - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
  - b. Internal control to prevent and detect fraud.

3. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the MDC from whom you determined it necessary to obtain audit evidence.
  - d. All minutes of the Board of Directors meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the Board, if applicable, and maintained as part of our records.
  - e. All significant contracts and grants.
4. We have responded fully and truthfully to all your inquiries.

**Misappropriation, Misstatements, & Fraud**

5. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
  - a. Misappropriation of assets.
  - b. Misrepresented or misstated assets, liabilities, deferred inflows of resources, net position, or fund balance.
6. We have no knowledge of fraud or suspected fraud affecting the MDC involving:
  - a. Management or employees who have significant roles in internal control over financial reporting, or
  - b. Others when the fraud could have a material effect on the financial statements.
7. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, regulators, citizens, suppliers, or others.
9. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

### Ongoing Operations

10. We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the MDC's financial statements. Further, management and governance are solely responsible for all aspects of managing the MDC, including questioning the quality and valuation of investments, and other assets; reviewing allowances for uncollectible amounts; evaluating capital needs and liquidity plans; etc.

### Related Parties

11. We have disclosed to you the identity of all of the MDC's related parties and all the related-party relationships of which we are aware.

In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

12. We understand that the term related party refers to:

- Affiliates
- Board of Directors and members of their immediate families
- Management and members of their immediate families
- Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

### Litigation, Laws, Rulings, & Regulations

13. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
14. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

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15. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
16. We have no reason to believe the MDC owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*, nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
17. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

**Nonattest Services**

18. You have provided nonattest services, including the following, during the period of this engagement:
  - Preparing a draft of the financial statements and relates notes and supplementary information.
  - Preparing entries to convert from modified accrual to full accrual basis statements.
  - Entries related to the current year activity under GASB 87, *Leases*.
19. With respect to these services:
  - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
  - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
  - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
  - d. We have evaluated the adequacy of the services performed and any findings that resulted.
  - e. We have established and maintained internal controls, including monitoring ongoing activities.
  - f. When we receive final deliverables from you, we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

**Financial Statements & Reports**

20. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
21. We do not issue an annual report, nor do we have plans to issue an annual report at this time.



### **Transactions, Records, & Adjustments**

22. All transactions have been recorded in the accounting records and are reflected in the financial statements.
23. The MDC has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany (and intercompany) accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.
24. We have everything we need to keep our books and records.
25. We have disclosed any significant unusual transactions the MDC has entered into during the period, including the nature, terms, and business purpose of those transactions.
26. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the entity's accounts.

### **Governmental Accounting & Disclosure Matters**

27. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
28. With regard to deposit and investment activities:
  - a. All deposit and investment transactions have been made in accordance with legal and contractual requirements.
  - b. Investments are properly valued.
  - c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
  - d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
29. We have identified and evaluated all potential fiduciary activities and have determined there are no fiduciary activities required to be reported by GASB Statement No. 84, *Fiduciary Activities*, as amended.
30. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
31. Capital and leased assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
32. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance is available and have determined that net position is properly recognized under the policy.

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33. We have identified and evaluated all potential tax abatements, and we believe there are no material tax abatements.
34. The MDC's ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.
35. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis and budgetary comparisons has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

**General Government Matters**

36. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
37. All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, and No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus—an Amendment of GASB Statements No. 21 and No. 34*, for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
38. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
39. Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
40. We have appropriately disclosed that the MDC is following either its established accounting policy regarding which governmental fund resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or is following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes and have determined that fund balance is properly recognized under the policy.

**Accounting & Disclosure**

41. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements, or other arrangements (either written or oral) that are in place, other than.
42. Except as reflected in the financial statements, there are no:
  - a. Plans or intentions that may materially affect carrying values or classifications of assets, liabilities, deferred inflows of resources, net position, or fund balance.
  - b. Material transactions omitted or improperly recorded in the financial records.

Midland Development Corporation  
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- c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
  - d. Events occurring subsequent to the balance sheet/statement of net position date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
  - e. Agreements to purchase assets previously sold.
  - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
  - g. Guarantees, whether written or oral, under which the entity is contingently liable.
  - h. Known or anticipated asset retirement obligations.
43. Except as disclosed in the financial statements, the entity has:
- a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
  - b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.

**Revenue and Accounts Receivable**

44. Adequate provisions and allowances have been accrued for any material losses from:
- a. Uncollectible receivables.
  - b. Service commitments, including those unable to be fulfilled.
  - c. Purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

**Estimates**

45. We have identified all accounting estimates that could be material to the financial statements, and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
46. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that "near term" means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to volumes of business, revenues, available sources of supply, or markets existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Midland Development Corporation  
Page 8

**Fair Value**

47. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:
- a. The underlying assumptions are reasonable, and they appropriately reflect management's intent and ability to carry out its stated course of action.
  - b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.
  - c. The significant assumptions appropriately reflect market participant assumptions.
  - d. The disclosures related to fair values are complete, adequate, and in conformity with accounting principles generally accepted in the United States of America.
  - e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

DocuSigned by:  
*Sara Harris*  
CB556898C46545E

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Sara Harris, Executive Director, Midland  
Development Corporation  
[sharris@midlandtxedc.com](mailto:sharris@midlandtxedc.com)

DocuSigned by:  
*Christy Weakland*  
7C8F1E76006042E...

---

Christy Weakland, CPA, Director of Finance,  
City of Midland, Texas  
[cweakland@midlantexas.gov](mailto:cweakland@midlantexas.gov)



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# **Midland Development Corporation**

**A Component Unit of the City of Midland, Texas**

## **Independent Auditor's Report and Financial Statements**

September 30, 2023

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**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**September 30, 2023**

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## Independent Auditor's Report

Board of Directors  
The Midland Development Corporation  
Midland, Texas

### ***Opinions***

We have audited the financial statements of the governmental activities and the major fund of the Midland Development Corporation (MDC), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the MDC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the MDC, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 MDC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the MDC'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 MDC'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 MDC'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 and the budgetary comparison be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

**FORVIS,LLP**

**Dallas, Texas  
March 15, 2024**



**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended September 30, 2023**

As management of the Midland Development Corporation (MDC), we offer readers of the MDC financial statements this narrative overview and analysis of the financial activities of the MDC for the fiscal year ended September 30, 2023.

***Financial Highlights***

The net position of the MDC was \$60.3 million at September 30, 2023, an increase of \$6.3 million from the prior year net position as of September 30, 2022, of \$54.0 million.

At September 30, 2023, amounts restricted for economic development incentives in the general fund increased from \$26.4 million at September 30, 2022, to \$34.4 million at September 30, 2023.

***Overview of the Financial Statements***

This discussion and analysis are intended to serve as an introduction to the MDC's basic financial statements. The MDC's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

This report also contains required supplementary information in addition to the basic financial statements themselves.

***Government-wide Financial Statements***

The statement of net position presents information on all of the MDC's assets, liabilities, and deferred inflows of resources, with the difference between the three 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 MDC 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.

Both of the government-wide financial statements display functions of the MDC that are principally supported by sales taxes. The governmental activities of the MDC include general government and economic development only.

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended September 30, 2023**

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The MDC, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The only fund of the MDC is a governmental fund.

**Governmental Fund**

A governmental fund is 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 a governmental fund 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 the governmental fund and governmental activities.

The financial statements presented for the MDC are the same at the government-wide and fund levels, with the exception of compensated absences, capital lease obligations, and capital assets, because the nature of the assets, liabilities, revenues, and expenses that were reported at the government-wide level were such that they also met the criteria for reporting at the fund level.

***Notes to the Basic Financial Statements***

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

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the MDC's annual budget. The MDC adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended September 30, 2023**

***Government-wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At September 30, 2023, assets exceeded liabilities and deferred inflows of resources by \$60.3 million, an increase of \$6.3 million from the September 30, 2022, amount of \$54.0 million. Additionally, in fiscal year 2023, the MDC had a \$5.4 million increase in total assets, due to a strong year operationally.

***MDC's Net Position***

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Current and other assets	\$ 38,691,168	\$ 31,648,297
Capital and lease assets, net	<u>26,793,549</u>	<u>28,392,203</u>
Total assets	<u>65,484,717</u>	<u>60,040,500</u>
Accounts and retainage payable	321,756	811,610
Noncurrent liabilities	<u>769,738</u>	<u>876,710</u>
Total liabilities	<u>1,091,494</u>	<u>1,688,320</u>
Deferred inflows of resources	<u>4,130,951</u>	<u>4,398,423</u>
Net investment in capital assets	25,861,876	27,442,011
Restricted for economic development	<u>34,400,396</u>	<u>26,511,746</u>
Total net position	<u>\$ 60,262,272</u>	<u>\$ 53,953,757</u>

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Management’s Discussion and Analysis (Unaudited)**  
**Year Ended September 30, 2023**

***MDC’s Changes in Net Position***

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenues</b>		
Program revenues		
Charges for services	\$ 976,744	\$ 976,644
Operating grants and contributions	-	2,500
General revenues		
Sales taxes	17,214,306	15,263,204
Investment earnings (loss)	907,536	(118,562)
Miscellaneous	434,284	55,104
	<u>19,532,870</u>	<u>16,178,890</u>
<b>Expenses</b>		
General government	1,057,244	1,539,752
Economic development	12,167,111	7,802,649
	<u>13,224,355</u>	<u>9,342,401</u>
<b>Increase in Net Position</b>	6,308,515	6,836,489
<b>Net Position – October 1, as Previously Reported</b>	<u>53,953,757</u>	<u>47,087,269</u>
<b>Adjustment Applicable to Prior Years</b>	-	29,999
<b>Net Position - October 1, as Restated</b>	<u>53,953,757</u>	<u>47,117,268</u>
<b>Net Position – September 30</b>	<u>\$ 60,262,272</u>	<u>\$ 53,953,757</u>

The MDC’s general revenues for governmental activities provided \$18.6 million in fiscal year 2023 as compared to \$15.2 million in fiscal year 2022. This increase is primarily attributable to an increase in sales tax resulting from a strong local economy driven by oil and gas activity and increased consumer spending during the fiscal year. Additionally, investment earnings rebounded due to improved market conditions and the portfolio earning higher interest rates. The revenues were used to pay for expenses associated with general government and economic development activities of \$12.2 million in fiscal year 2023, compared to \$9.3 million in fiscal year 2022. Current year economic activities included a \$4.9 million loss on disposal of an asset as MDC demolished an existing structure to prepare for a future downtown hotel. Governmental activities are not self-supporting and are paid for through general revenues.

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Management's Discussion and Analysis (Unaudited)**  
**Year Ended September 30, 2023**

***Financial Analysis of the Governmental Fund***

As noted earlier, the MDC uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Fund**

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

The general fund is the chief operating fund and the only fund of the MDC. Total fund balance increased \$7.8 million from 2022 to 2023 primarily due to an increase in sales tax and investment earnings and a decrease in economic development activities and capital outlay. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 292% of total general fund expenditures. Most of the \$34.2 million fund balance is restricted for economic development.

***General Fund Budgetary Highlights***

Actual revenues for fiscal year 2023 exceeded the final budget amount by \$7.6 million. This is primarily due to sales tax income being \$6.2 million higher than budgeted and investment earnings are not budgeted.

Differences between the final budget and actual expenditures resulted in MDC expenditures being \$10.6 million under budget for fiscal year 2023. The major sources of this variance are direct business incentives provided by the MDC, which were under budget by \$9 million and general government expenditures being \$2.2 million under budget.

There were no budgetary adjustments during fiscal year 2023.

***Capital and Lease Assets***

MDC's investment in capital and lease assets for its governmental type activities as of September 30, 2022, amounts to \$31.7 million (net of accumulated depreciation and amortization). This investment in capital and lease assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, lease assets, and construction in progress. Major additions to capital and lease assets in fiscal year 2023 include buildings and improvements other than buildings which were offset somewhat by a decrease in construction in progress.

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Management’s Discussion and Analysis (Unaudited)**  
**Year Ended September 30, 2023**

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Land	\$ 13,239,334	\$ 9,760,769
Buildings	8,265,441	12,092,020
Improvements other than buildings	2,471,791	2,339,602
Machinery and equipment	54,524	73,896
Infrastructure	958,219	1,011,795
Lease assets	724,449	837,423
Construction in progress	1,079,791	2,276,698
	<u>\$ 26,793,549</u>	<u>\$ 28,392,203</u>
Total capital and lease assets, net		

Major capital asset events during the current fiscal year included the following:

- \$3.6 million related to preparation of land for a future downtown hotel. The demolition of existing building resulted in a \$4.9 million loss on disposal.

Additional information on MDC’s capital assets can be found in the notes to financial statements.

***Economic Factors and Next Year’s Budgets and Rates***

The budgetary process for fiscal year 2024 focused on the allocation of resources to economic development activities, MDC's assets, and contractual payments for administration of the MDC. The budget presented for MDC operations for the 2023-2024 fiscal year totals \$25.0 million.

The fiscal year 2024 operating budget is supported by combined revenues of \$12.9 million. The major source of this revenue is sales tax of \$12 million.

The revenue budget for the 2023-2024 fiscal year is expected to fall short of expenditures by \$12.1 million.

***Request for Information***

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

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**

**Statement of Net Position**  
**September 30, 2023**

**Assets**

Cash and cash equivalents	\$	20,649,469
Investments		7,758,523
Sales tax receivable		2,903,020
Interest and dividends receivable		81,110
Lease receivable		4,174,713
Prepayments		133,644
Notes receivable		2,990,689
Capital and lease assets (net of accumulated depreciation and amortization)		<u>26,793,549</u>
Total assets	\$	<u><u>65,484,717</u></u>

**Liabilities, Deferred Inflows of Resources, and Net Position**

**Liabilities**

Accounts payable	\$	191,556
Retainage payable		130,200
Noncurrent liabilities		
Due within one year		109,408
Due in more than one year		<u>660,330</u>
Total liabilities		<u>1,091,494</u>

**Deferred Inflows of Resources**

Leases		<u>4,130,951</u>
Total liabilities		<u>4,130,951</u>

**Net Position**

Net investment in capital assets		25,861,876
Restricted for economic development		<u>34,400,396</u>
Total net position		<u>60,262,272</u>
Total liabilities, deferred inflows of resources, and net position	\$	<u><u>65,484,717</u></u>

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Statement of Activities**  
**Year Ended September 30, 2023**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Governmental Activities</b>					
General government	\$ 1,057,244	\$ -	\$ -	\$ -	\$ (1,057,244)
Economic development	12,167,111	976,744	-	-	(11,190,367)
Total governmental activities	<u>\$ 13,224,355</u>	<u>\$ 976,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(12,247,611)</u>
<b>General Revenues</b>					
Sales taxes					17,214,306
Investment earnings					907,536
Miscellaneous					<u>434,284</u>
Total general revenues					<u>18,556,126</u>
Change in net position					6,308,515
<b>Net Position – Beginning</b>					<u>53,953,757</u>
<b>Net Position – Ending</b>					<u>\$ 60,262,272</u>



**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Balance Sheet – General Fund**  
**September 30, 2023**

**Assets**

Cash and cash equivalents	\$	20,649,469
Investments		7,758,523
Sales tax receivable		2,903,020
Interest and dividends receivable		81,110
Lease receivable		4,174,713
Prepayments		133,644
Notes receivable		<u>2,990,689</u>
Total assets	\$	<u><u>38,691,168</u></u>

**Liabilities, Deferred Inflows of Resources, and Fund Balance**

**Liabilities**

Accounts payable	\$	191,556
Retainage payable		<u>130,200</u>
Total liabilities		<u>321,756</u>

**Deferred Inflows of Resources**

Leases		<u>4,130,951</u>
Total deferred inflows of resources		<u>4,130,951</u>

**Fund Balance**

Nonspendable		
Prepayments		133,644
Restricted		
Economic development		<u>34,104,817</u>
Total fund balance		<u>34,238,461</u>
Total liabilities, deferred inflows of resources, and fund balance	\$	<u><u>38,691,168</u></u>

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Reconciliation of the Balance Sheet to the Statement of Net Position**  
**September 30, 2023**

Fund balance of governmental fund	\$ 34,238,461
Amounts reported for governmental activities in the statement of net position are different because	
Capital and lease assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.	26,793,549
Long-term liabilities, including lease obligations and compensated absences, are not due and payable in the current period and, therefore, are not reported in the fund.	<u>(769,738)</u>
Net position of governmental activities	<u>\$ 60,262,272</u>

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**General Fund**  
**Year Ended September 30, 2023**

<b>Revenues</b>	
Sales taxes	\$ 17,214,306
Investment earnings	907,536
Rentals	976,744
Other	<u>434,284</u>
Total revenues	<u>19,532,870</u>
 <b>Expenditures</b>	
General government	
Administration	511,490
Economic development	7,226,333
Capital outlay	3,886,732
Debt service	
Lease payments	107,958
Interest	<u>160</u>
Total expenditures	<u>11,732,673</u>
Net change in fund balance	7,800,197
<b>Fund Balance, Beginning of Year</b>	<u>26,438,264</u>
<b>Fund Balance, End of Year</b>	<u><u>\$ 34,238,461</u></u>

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance to the Statement of Activities**  
**Year Ended September 30, 2023**

Net change in fund balance – governmental fund	\$	7,800,197
<p>Amounts reported for <i>governmental activities</i> in the  the statement of activities are different because</p>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation and amortization in the current period.		3,342,124
Governmental funds do not report disposal of capital assets. However, disposal of capital assets are reported net of proceeds from disposition in the Statement of Activities.		(4,940,778)
The repayment of the principal on leases consumes the current financial resources of governmental funds, but has no effect on net position.		107,958
Current year changes in long-term liabilities for compensated absences required the use of current financial resources; but they are not reported as expenses in the statement of activities.		<u>(986)</u>
Change in net position of governmental activities	\$	<u><u>6,308,515</u></u>

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations and Reporting Entity***

The Midland Development Corporation (MDC), a component unit of the City of Midland, Texas (City), 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 MDC was incorporated in February 2002. The purpose of the MDC is to:

1. keep existing jobs in Midland;
2. keep existing businesses in Midland;
3. foster the expansion of businesses currently located in Midland;
4. attract new industry and businesses to Midland;
5. provide long-term employment opportunities for Midlanders;
6. promote and develop industrial and manufacturing enterprises in order to eliminate unemployment and underemployment;
7. promote and encourage employment and the public welfare of, for, and on behalf of the City;
8. promote areas of the City with a large number of substandard, deteriorated, or deteriorating structures, which impairs the sound growth of the City or constitutes an economic and social liability;
9. develop areas of the City that should be developed in order to meet the development objectives of the City; and
10. consider the impact on any local business before providing an incentive to any corporation or entity. The financial reporting entity presented in the accompanying financial statements of the MDC includes the primary corporate entity, the Midland Development Corporation. The MDC has no component units.

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

# Midland Development Corporation A Component Unit of the City of Midland, Texas

## Notes to Financial Statements

September 30, 2023

The entirety of the MDC Board is appointed by the City Council 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. Therefore, MDC is a discretely presented component unit of the City. The MDC began operations on February 1, 2002.

### **Basic Financial Statements**

The basic financial statements are presented at two basic levels:

1. The government-wide level, where all statements are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements present all assets, liabilities, deferred inflows of resources, revenues, expenses, and gains and losses of the MDC as governmental activities.
2. The fund level, where governmental fund statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting.

### **Government-wide and Fund Financial Statements**

As previously discussed, the basic financial statements of the MDC are presented at two basic levels, the government-wide level, and the fund level. These statements focus on the MDC as a whole at the government-wide level and on the major fund at the fund level. Government-wide financial statements (*i.e.*, the statement of net position and the statement of activities) report information on all activities of the MDC. There is no interfund activity in the MDC financial statements. Governmental activities, which are normally supported by taxes, are the only reported activities.

The government-wide statement of net position reports all financial and capital resources of the MDC and is presented in “assets less liabilities and 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.

The government-wide statement of activities identifies the relative financial burden of each of the MDC’s functions 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. Program revenues are revenues derived directly from the function or 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 and which are generated by that function, 2) grants and contributions restricted to operating requirements of a function, and 3) grants and contributions restricted to capital requirements of a function. Items such as taxes, investment earnings, and nonspecific grants are not included as program revenues but are reported as general revenues that normally cover the net cost of a function.

# Midland Development Corporation A Component Unit of the City of Midland, Texas

## Notes to Financial Statements

September 30, 2023

Fund level financial statements are presented for the governmental fund, with a focus on the major fund. A major fund is a fund meeting certain specific asset, liability, revenue, or expenditure criteria relative to all funds of that type. The only major fund used by the MDC is the General Fund which is the only operating fund of the MDC. This fund accounts for the economic development activities of the MDC: collection of sales tax revenues and expenses associated with marketing and promotion of Midland.

### ***Measurement Focus and Basis of Accounting***

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using a current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, *i.e.*, both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. In the case of sales taxes, available means due within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Expenditures are generally recorded when a fund liability is incurred, except for compensated absences and lease liabilities, which are recorded only when due. Governmental fund revenues, which have been accrued based upon the susceptible to accrual concept, are sales taxes.

### ***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 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.

### ***Equity in Cash and Investments***

The City pools a portion of the resources of its various funds and component units, including MDC, to facilitate the management of cash and enhance investment earnings. Records are maintained that reflect each fund or component unit’s equity in the pooled investments.

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**

**Notes to Financial Statements**

**September 30, 2023**

***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 Texas Local Government Investment Pool (TexPool), TexStar, and Texas Class are considered cash equivalents as the amounts are available on demand. Investments, other than investments in TexPool, TexStar, Texas CLASS are recorded at fair value based upon verifiable market prices.

***Notes Receivable***

MDC provides loans to new and expanding businesses that meet certain qualifications aligned with MDC's purpose. In some instances, the loans are given in the form of forgivable loans and are forgiven if all requirements are met.

***Capital and Lease Assets***

Capital and lease assets are defined as a purchase or other acquisition of land, equipment, facilities, or other similar assets or the cost of construction of such asset the cost of which is in excess of \$5,000 (\$15,000 for leased assets) and has a useful life of more than one year. These assets include property, plant, equipment, and all other tangible assets purchased or acquired. Purchased or constructed assets are carried at historical cost. Contributed assets are recorded at acquisition value at the time of donation.

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

<b>Asset Classification</b>	<b>Years</b>
Buildings	40
Improvements other than buildings	20
Machinery and equipment	6
Infrastructure	50



**Midland Development Corporation**  
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**Notes to Financial Statements**

**September 30, 2023**

***Compensated Absences***

The MDC's employees earn paid time off, which may either be taken or accumulated, subject to a specified maximum, until paid upon retirement or termination. The MDC has accrued paid time off using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments based on the criteria set forth in GASB Statement No. 16. The liability has been accrued in the government-wide statements. A liability for those amounts is recorded in the governmental fund only if the liability has matured as a result of employee resignations or retirements.

***Lease Receivable***

The MDC is a lessor for a noncancellable lease of a building and recognized a related lease receivable and a deferred inflow of resources. At the commencement of a lease, the MDC 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 MDC 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 Payable***

The MDC is a lessee for noncancellable leases. The MDC recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements. The MDC recognizes a lease assets and related liability with an initial, individual value of \$15,000 or more. At the commencement of a lease, the MDC 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 MDC 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.

**Midland Development Corporation**  
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**Notes to Financial Statements**  
**September 30, 2023**

***Deferred Inflows of Resources***

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. In the government-wide financial statements the MDC reports deferred amounts related to leases.

***Net Position***

Net position of the MDC is classified in two components on its statements 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.
- 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 MDC.

***Nature and Purpose of Classifications of Fund Balances***

Governmental funds fund balances classified as restricted can only be used for specific purposes pursuant to constraints imposed by state law for Type A development corporations. Fund balances classified as nonspendable include amounts that cannot be spent because they are not in a spendable form.

***Net Position/Fund Balance Flow Assumption***

It is the MDC's policy to consider restricted net position/fund balances to have been depleted before unrestricted net position/fund balances is applied.

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note 2: Deposits, Investments, and Investment Income**

***Custodial Credit Risk – Deposits***

In the case of deposits, this is the risk that, in the event of a bank's failure, the MDC's deposits may not be returned to it. As of September 30, 2023, the MDC's bank balance not held with the City's pooled cash was \$144,579 and was fully insured as of September 30, 2023. The remainder of MDC deposits, which are combined with the City's deposits, were fully insured or collateralized as of September 30, 2023. The carrying amount of the total deposits as of September 30, 2023, was \$5,942,717.

In addition to these bank balances, Wells Fargo Bank serves as custodian for the City's eligible federal treasury and agency securities and municipal bonds and MDC's share is \$7,758,522 at September 30, 2023.

***Investments***

Investments, other than balances in government investment pools, are carried at fair value. The MDC's investment policies are governed by State statutes. The MDC is governed by the City's investment policies which 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 (FHLBs) bonds
4. Federal National Mortgage Association (Fannie Mae or FNMA) notes and debentures
5. Farm Credit System Obligations
6. Federal Home Loan Mortgage Corporation (Freddie Mac or FHLMC) obligations, *i.e.*, discount notes or debentures.

***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 10 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.

**Midland Development Corporation**  
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**Notes to Financial Statements**

**September 30, 2023**

***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, 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 MDC.

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***

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.

***Investment Pools***

The MDC invests in three governmental investment 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. TexPool is also rated AAAM, and balances are reported at amortized cost. Investments in the pools are considered to be cash equivalents when preparing these financial statements.

# Midland Development Corporation

## A Component Unit of the City of Midland, Texas

### Notes to Financial Statements

**September 30, 2023**

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 (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 MDC'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.

#### **Credit Risk**

In compliance with the MDC's investment policy, as of September 30, 2023, the MDC 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 65% 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 limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits final stated maturities to ten years maximum with no more than 30% exceeding seven years and dollar weighted average portfolio maturity not to exceed five years in the investments listed above. The investment pools are presented as an investment with a maturity of less than one year because the average maturity of the pools is less than one year.

The MDC's investments carried at fair value as of September 30, 2023, are:

Investments	Fair Value	Weighted-Average Maturity (in Years)	Credit Risk
FHLB	\$ 4,699,998	5.15	AAA
FNMA	308,470	5.68	AAA
FHLMC	1,544,745	4.50	AAA
FFCB	999,783	7.21	AAA
Municipal bonds	205,526	4.60	AAA
TexPool	6,894,139	0.28	AAAm
TexStar	4,990,039	0.11	AAAm
Texas CLASS	2,822,575	0.22	AAAm
Total	\$ 22,465,275	2.81	

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**

**Notes to Financial Statements**

**September 30, 2023**

**Concentration of Credit Risk**

The MDC'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, 2023, more than 5% of the MDC investments are in the following investments:

<u>Investment</u>	<u>Amount</u>
FHLB	\$ 4,699,998
FHLMC	1,544,745
TexPool	6,894,139
TexStar	4,990,039
Texas CLASS	2,822,575

**Fair Value of Investments**

The MDC 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 MDC has no Level 3 investments at September 30, 2023.

# Midland Development Corporation

## A Component Unit of the City of Midland, Texas

### Notes to Financial Statements

September 30, 2023

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, 2023:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. agency securities	\$ 7,552,996	\$ -	\$ 7,552,996	\$ -
Municipal bonds	205,526	-	205,526	-
Total investments by fair value level	<u>7,758,522</u>	<u>\$ -</u>	<u>\$ 7,758,522</u>	<u>\$ -</u>
Investments measured at net asset value				
TexStar	4,990,039			
TexClass	<u>2,822,575</u>			
Total investments at net asset value	<u>7,812,614</u>			
Investments measured at amortized cost				
TexPool	<u>6,894,139</u>			
Total investments at amortized cost	<u>6,894,139</u>			
Total investments	<u>\$ 22,465,275</u>			

### Note 3: Receivables

The receivables as of September 30, 2023, for the MDC include sales tax receivables of \$2,903,020 due from the State of Texas, interest and dividends receivable of \$81,110, and lease receivable related to the MDC's noncancellable lease agreement of \$4,174,713.

MDC provides funds to other entities in which requirements, contained within agreements between the MDC and recipients, are to be met or funds are required to be returned to the MDC. Receivables are recorded until requirements are met. At the time requirements are met, MDC reduces its receivables and recognizes economic development expenses. Notes receivable of \$2,990,689 at September 30, 2023, are economic development agreements with the City of Midland.

**Midland Development Corporation**  
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**Notes to Financial Statements**  
**September 30, 2023**

**Note 4: Capital Assets**

Capital assets activity for the year ended September 30, 2023:

	Beginning Balance	Additions	Retirements	Transfers/ Adjustments	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 9,760,769	\$ 3,478,565	\$ -	\$ -	\$ 13,239,334
Construction in progress	2,276,698	-	-	(1,196,907)	1,079,791
Total capital assets, not being depreciated	12,037,467	3,478,565	-	(1,196,907)	14,319,125
Capital and lease assets, being depreciated/amortized					
Buildings	13,881,338	308,167	(4,178,459)		10,011,046
Improvements other than buildings	2,600,034	100,000	(1,150,227)	1,196,907	2,746,714
Machinery and equipment	162,581	-	-	-	162,581
Lease asset	998,210	-	(95,625)	-	902,585
Infrastructure	1,362,237	-	-	-	1,362,237
Total capital and lease assets, being depreciated/amortized	19,004,400	408,167	(5,424,311)	1,196,907	15,185,163
Less accumulated depreciation/amortization for					
Buildings	(1,789,318)	(293,534)	337,247	-	(1,745,605)
Improvements other than buildings	(260,432)	(65,152)	50,661	-	(274,923)
Machinery and equipment	(88,685)	(19,372)	-	-	(108,057)
Lease asset	(160,787)	(112,974)	95,625	-	(178,136)
Infrastructure	(350,442)	(53,576)	-	-	(404,018)
Total accumulated depreciation/amortization	(2,649,664)	(544,608)	483,533	-	(2,710,739)
Total capital and lease assets, being depreciated/amortized, net	16,354,736	(136,441)	(4,940,778)	1,196,907	12,474,424
Governmental activities capital and lease assets, net	<u>\$ 28,392,203</u>	<u>\$ 3,342,124</u>	<u>\$ (4,940,778)</u>	<u>\$ -</u>	<u>\$ 26,793,549</u>

Depreciation and amortization expense of \$544,608 and the loss on disposal of \$4,940,778 were charged to the economic development function/program of the governmental activities.

**Note 5: Employee Benefit Plan**

The MDC participates in a multiple-employer defined contribution salary deferral plan created in accordance with Internal Revenue Code Section 401(k). The plan is administered by the American Chamber of Commerce Executives Profit Sharing Plan. Active participants must be at least 21 years of age with a minimum of one year of eligibility service. The MDC contributes 9% of each eligible employee's total annual compensation to the plan. Employees may also make elective deferral contributions up to specified limits of their total compensation each year. The MDC will match those contributions up to a maximum of 3% of each participant's total annual compensation. The MDC contributed a total of \$16,961 to the plan during fiscal year 2023.



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**Notes to Financial Statements**  
**September 30, 2023**

Employees are immediately vested in their own contributions and earnings on those contributions and become vested in MDC contributions at 25% after one year of eligible service, 50% after two years, 75% after three years, and 100% after four years of eligible. Nonvested MDC contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan’s administrative expenses. There were no forfeitures during 2023.

**Note 6: Long-term Obligations**

The following is a summary of long-term obligation transactions for the MDC for the year ended September 30, 2023:

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Compensated absences	\$ 32,615	\$ 28,765	\$ (27,779)	\$ 33,601	\$ 23,185
Lease liability – primary government	565,054	-	(41,236)	523,818	17,553
Lease liability	279,041	-	(66,722)	212,319	68,670
Governmental activities long-term liabilities	<u>\$ 876,710</u>	<u>\$ 28,765</u>	<u>\$ (135,737)</u>	<u>\$ 769,738</u>	<u>\$ 109,408</u>

**Note 7: Leases**

***Leases 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, 2023, 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 at the airport are with the City and have an ending lease liability balance of \$523,818 at September 30, 2023.

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

The following is a schedule by year of payments under the leases as of September 30, 2023:

<u>Fiscal Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 86,223	\$ 7,582	\$ 93,805
2025	88,542	6,924	95,466
2026	90,877	6,251	97,128
2027	18,223	5,777	24,000
2028	18,542	5,548	24,090
2029-2033	95,799	24,201	120,000
2034-2038	101,974	18,026	120,000
2039-2043	108,547	11,453	120,000
2044-2048	115,544	4,456	120,000
2049	11,866	44	11,910
	<u>\$ 736,137</u>	<u>\$ 90,262</u>	<u>\$ 826,399</u>

***Leases Receivable***

The MDC leases a building to a third party, the terms of which expire in 2035. The MDC and tenant have an economic incentive agreement whereby monthly rent was forgiven through December 31, 2022. MDC and the tenant are currently in the process of renegotiating the economic incentive agreement and lease payments have been suspended until new terms are in place. Therefore, no rent revenue was recorded in fiscal year 2023. As of September 30, 2023, the MDC's receivable under the existing terms was \$4,174,713 and the balance of deferred inflow of resources related to this lease was \$4,130,951.

***Regulated Leases***

In accordance with GASB 87, the MDC does not recognize a lease receivable and a deferred inflow of resources for regulated leases in which the MDC 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 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 terms exceeding one year. The revenue recognized for the leases during the fiscal year ended September 30, 2023, was \$976,644.

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Notes to Financial Statements**  
**September 30, 2023**

The future lease receipts for the MDC regulated lease as of September 30, 2023, were as follows:

<u>Fiscal Year Ending September 30,</u>	<u>Payment</u>
2024	\$ 976,644
2025	976,644
2026	976,644
2027	976,644
2028	976,644
2029-2033	4,883,220
2034	<u>81,387</u>
Total minimum lease payments	<u>\$ 9,847,827</u>

**Note 8: Risk Management**

The MDC is exposed to various risks of loss related to torts, property damage, errors and omissions, and various employee related matters. Risks other than those related to torts, are covered by commercial insurance. For the purposes of the *Texas Tort Claims Act* (Subchapter A, Chapter 101, Texas Civil Practices and Remedies Code), the MDC is a governmental unit, and its actions are governmental functions and, therefore, are limited by governmental immunity. As of September 30, 2023, there were no claims outstanding. There has been no significant reduction in coverage from 2022 to 2023; nor have settlement amounts exceeded coverage for each of the past three years.

**Note 9: Commitments and Contingencies**

***Litigation***

No legal action arose in the ordinary course of the MDC's business during the fiscal year ended September 30, 2023.

***Commitments***

At September 30, 2023, the MDC had contracts for economic development commitments of \$10,824,471.

**Midland Development Corporation**  
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**Notes to Financial Statements**  
**September 30, 2023**

**Note 10: Related Party Transactions**

A majority of the MDC board is appointed by the City and the City can impose its will upon MDC. Accordingly, MDC is a discretely presented component unit of the City.

The City allocates to the MDC an indirect cost percentage of administrative services for the MDC but paid through the City along with other indirect costs deemed necessary for operations. During the fiscal year ended September 30, 2023, the City was reimbursed \$379,815 for these services.

**Note 11: Future Change in Accounting Principle**

GASB issued its Statement No. 100, *Accounting Changes and Error Corrections*. This statement improves the clarity and requirements for accounting changes and error corrections. The MDC expects to first apply GASB 100 during the year ending September 30, 2024, using the facts and circumstance in place at the time of adoption. The impact of applying the Statement has not been determined.

GASB issued its Statement No. 101, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences under a unified model. It defines compensated absences and requires that liabilities be recognized for leave for which employees may receive one or more: cash payments when the leave is used for time off; other cash payments, such as payment for unused leave upon termination of employment which includes a voluntary resignation or retirement; or noncash settlements. Such as conversion to defined benefit postemployment benefits. GASB 101 also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. GASB 101 amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The MDC expects to first apply GASB 101 during the year ending September 30, 2025. The impact of applying the Statement has not been determined.

GASB also issued its Statement No. 102, *Certain Risk Disclosures*. This statement requires governments to disclose information about certain concentrations or constraints that could affect services provided or the ability to meet obligations as they come due. The MDC expects to first apply GASB 102 during the year ending September 30, 2025. The impact of applying the Statement has not been determined.

## **Required Supplementary Information**

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget and Actual – General Fund**  
**Year Ended September 30, 2023**

	<u>Original / Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues</b>			
Sales taxes	\$ 11,000,000	\$ 17,214,306	\$ 6,214,306
Investment earnings	-	907,536	907,536
Rentals	976,644	976,744	100
Other	-	434,284	434,284
	<u>11,976,644</u>	<u>19,532,870</u>	<u>7,556,226</u>
<b>Total revenues</b>			
	<u>11,976,644</u>	<u>19,532,870</u>	<u>7,556,226</u>
<b>Expenditures</b>			
General government	2,671,689	511,490	2,160,199
Economic development	16,221,088	7,226,333	8,994,755
Capital outlay	3,500,000	3,886,732	(386,732)
Debt service	-	108,118	(108,118)
	<u>22,392,777</u>	<u>11,732,673</u>	<u>10,660,104</u>
<b>Total expenditures</b>			
	<u>22,392,777</u>	<u>11,732,673</u>	<u>10,660,104</u>
Excess (deficiencies) of revenues over (under) expenditures	<u>(10,416,133)</u>	<u>7,800,197</u>	<u>18,216,330</u>
Net change in fund balance	(10,416,133)	7,800,197	18,216,330
<b>Fund Balance, Beginning</b>	<u>26,438,264</u>	<u>26,438,264</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 16,022,131</u>	<u>\$ 34,238,461</u>	<u>\$ 18,216,330</u>

**Midland Development Corporation**  
**A Component Unit of the City of Midland, Texas**  
**Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget and Actual – General Fund**  
**Year Ended September 30, 2023**

***Notes to Schedule***

The annual budget is legally adopted by the MDC Board and approved by the City Council of the City of Midland (City) on a basis consistent with U.S. generally accepted accounting principles.

The MDC Board follows these procedures in establishing the budget reflected for the MDC:

1. At least sixty (60) days prior to October 1 of each year, the MDC Board, with the assistance of the MDC Treasurer, prepares and adopts a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and other such budgetary information as required by the City Council for approval and adoption.
2. The proposed budget is then submitted to the City Council for approval and is considered adopted upon formal approval by the City Council.
3. Expenditures may not exceed the appropriation for the adopted annual operating budget.
4. Supplemental appropriations during the year must be approved and adopted by the MDC Board and the City Council through passage of resolution.

# UTPB SAS Analytics



UNIVERSITY OF TEXAS PERMIAN BASIN SAS ANALYTICS PROJECT DIRECTED AT  
IDENTIFYING REGIONAL WORKFORCE GAPS AND SUPPORTING EVIDENCE BASED EFFORTS  
TO CLOSE THE GAPS

The University of Texas Permian Basin and the Permian Strategic Partnership (PSP) propose a collaboration with Midland Development Corporation and Odessa Development Corporation to develop a SAS analytics workforce model that will support plans to close the workforce gaps and to provide support for economic development. Recent economic reports show that over the next 20 years the region will require an additional 190,000 workers including 38,000 bachelor's degrees. This initiative will provide ongoing statistical analyses that identify the specific gaps, supports planning efforts to close the gaps, and tracks the progress for economic, educational, and business leaders.

OBJECTIVES

1. To develop a model that tracks ongoing specific workforce gaps for the Permian Basin and develops executive dashboards for decision makers.
2. To provide analysis and briefings to economic development, industry, and educational leaders to support efforts to close workforce gaps.
3. In year two of the project to connect workforce analytics to the pipeline data for higher education and K-12 education to support efforts to impact curriculum and program relevance, skills development and career pathways.
4. To use these tools to provide connections between leaders that support collaborative regional workforce planning and outcomes.

UTPB/PSP/SAS Workforce Analytics Project  
2024

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BUDGETARY CONSIDERATIONS

	Year 1	Year 2
Economic projections data/reports	150,000	300,000
SAS consulting/dashboard/public launch	196,288	0
Software/hosting/modeling (SAS via advanced)	290,270	231,561
Ongoing policy/stat analyses/database admin	210,000	360,000
materials/training/briefings/meeting support	100,000	100,000
<b>Total project Costs</b>	<b>946,558</b>	<b>991,561</b>

Proposal for funding: Two-year contract with UTPB, with provision to evaluate after two years and to provide option to renew annually after initial startup project, if approved

Permian Strategic Partnership	150,000	150,000
Midland Development Corporation	398,279	420,781
Odessa Development Corporation	398,279	420,781
<b>Total project cost</b>	<b>946,558</b>	<b>991,561</b>

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# Promotional Funds Appropriation

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION APPROPRIATING FUNDS FROM THE  
MIDLAND DEVELOPMENT CORPORATION'S  
2022-2023 FISCAL YEAR BUDGET TO BE USED FOR  
PROMOTIONAL PURPOSES, AS AUTHORIZED BY  
CHAPTER 504 OF THE TEXAS LOCAL GOVERNMENT  
CODE**

**WHEREAS**, pursuant to Chapter 504 of the Texas Local Government Code, the Midland Development Corporation may spend no more than ten percent (10%) of the corporate revenues for promotional purposes; and

**WHEREAS**, the Board of Directors finds it to be in the public interest to appropriate the sum of \$1,721,430.00 from the Midland Development Corporation's fiscal year 2022-2023 budget to Project No. 800705 for promotional purposes; and

**WHEREAS**, the Board of Directors finds that said project will advertise or publicize the City of Midland for the purposes allowed under Chapter 504 of the Texas Local Government Code;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MIDLAND DEVELOPMENT CORPORATION:**

**SECTION ONE.** That the sum of \$1,721,430.00 is hereby appropriated from the Midland Development Corporation (235) Unappropriated Fund Balance (35650) to the Midland Development Corporation Promotions Project (800705). This sum will be reviewed after all income and expenses for the 2022-2023 fiscal year have been received, and this sum may be reduced by future Board action in a budget reconciliation resolution; in no event shall the sum appropriated for promotional purposes exceed ten percent (10%) of the corporate revenues.

**SECTION TWO.** That the sum appropriated herein shall not be expended without the approval of the Midland Development Corporation Board of Directors and the Midland City Council.

On motion of Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, the above and foregoing resolution was adopted by the Board of Directors of the Midland

Development Corporation at a regular meeting on the \_\_\_\_\_ day of \_\_\_\_\_, AD,  
2024, by the following vote:

Directors voting "AYE":

Directors voting "NAY":

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P. LOURCEY SAMS,  
Chairman of the Midland  
Development Corporation

ATTEST:

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JILL PENNINGTON,  
Secretary of the Midland  
Development Corporation

APPROVED AS TO FORM ONLY:

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JOHN OHNEMILLER,  
Attorney for the Midland  
Development Corporation

# Income Statement

**MIDLAND DEVELOPMENT CORPORATION**  
**INCOME STATEMENT FOR THE 7 MONTHS ENDED**  
**April 30, 2024**

	Apr-24	YTD	Budgeted Amount
<b>Revenue</b>	<b>\$1,458,558.57</b>	<b>\$7,900,145.90</b>	<b>\$12,976,644.00</b>
40100 - State Sales Tax	\$1,226,873.37	\$6,745,495.55	\$12,000,000.00
40600 - Public ROW Use Fees	\$4,823.00	\$4,823.00	\$0.00
43000 - Interest	\$60,200.00	\$244,506.81	\$0.00
43010 - Interest - Nonpooled Invest	\$50,983.58	\$300,132.81	\$0.00
46190 - Miscellaneous Rentals	\$81,387.00	\$569,709.00	\$976,644.00
48480 - Reimbursement of Budget Exp	\$0.00	\$1,187.11	\$0.00
49112 - Incr/Decr In Fair Value of Inv	\$34,291.62	\$34,291.62	\$0.00
<b>4235150 - Midland Dvlpmt Corp Revenue</b>	<b>\$1,458,558.57</b>	<b>\$7,900,145.90</b>	<b>\$12,976,644.00</b>

<b>Expense</b>	<b>\$425,460.89</b>	<b>\$4,064,460.47</b>	<b>\$26,583,805.00</b>
51010 - Base Salary	\$25,181.95	\$186,916.07	\$360,047.00
51090 - Fica MDC Portion	\$1,926.43	\$12,902.89	\$29,038.00
51110 - Health Insurance	\$1,911.13	\$15,235.47	\$28,440.00
51135 - ACCE Profit Sharing	\$1,481.94	\$11,816.96	\$25,203.00
52010 - Office Supplies	\$555.33	\$2,600.29	\$6,500.00
52110 - Motor Vehicle Supplies	\$28.00	\$249.15	\$1,500.00
52115 - Minor Furniture & Fixtures	\$0.00	\$0.00	\$1,000.00
52155 - Minor Computer Hrdwre & Periph	\$0.00	\$0.00	\$12,000.00
52160 - Computer Software & Supplies	\$0.00	\$25,535.91	\$35,000.00
52620 - Postage	\$0.00	\$315.24	\$1,000.00
53010 - Communication	\$1,664.22	\$10,108.47	\$17,000.00
53030 - Light & Power	\$7.52	\$52.79	\$150.00
53110 - Insurance-External	\$4,049.00	\$4,828.00	\$150,000.00
53212 - Equipment Rental-External	\$0.00	\$2,025.53	\$5,000.00
53220 - Advertising	\$2,803.45	\$126,388.53	\$225,000.00
53370 - Grounds Maintenance	\$2,175.67	\$14,481.41	\$25,000.00
53405 - Software Maintenance	\$1,875.54	\$11,028.78	\$15,000.00
53440 - External Audit Fees	\$8,200.00	\$34,832.78	\$40,000.00
53450 - Consulting Fees	\$2,332.50	\$181,371.05	\$500,000.00
53510 - Travel & Entertainment	\$2,259.43	\$9,741.98	\$10,000.00
53520 - Dues & Subscriptions	\$1,230.78	\$11,639.09	\$17,000.00
53530 - Training,Registration Fees,Etc	\$125.08	-\$174.92	\$15,000.00
53905 - Economic Development Incentive	\$0.00	\$0.00	\$9,098,141.00
53907 - Business Recruitment & Retentn	\$4,656.79	\$80,088.69	\$70,000.00
53909 - Prior Year Committed Incentives	\$209,635.78	\$2,542,444.69	\$13,464,662.00
53920 - Rent	\$5,817.00	\$40,719.00	\$69,804.00
54010 - Building Maintenance	\$1,200.54	\$37,681.71	\$80,000.00
55120 - Maint. - Instruments & Appara.	\$116.87	\$1,098.90	\$1,200.00
56188 - MOTRAN	\$71,250.00	\$142,500.00	\$142,500.00
56202 - General Fund Services	\$37,080.00	\$259,560.00	\$444,960.00
56410 - Payment of Principal	\$0.00	\$0.00	\$70,605.00
56420 - Interest Expense	\$0.00	\$0.00	\$6,595.00
56910 - Depreciation Expense	\$29,725.03	\$182,589.77	\$416,460.00
56995 - Project Non Capital - Promotions	\$8,170.91	\$115,882.24	\$1,200,000.00
<b>235235 - Midland Development Corp</b>	<b>\$425,460.89</b>	<b>\$4,064,460.47</b>	<b>\$26,583,805.00</b>

**April 2024 Net Income: \$1,033,097.68**

**Year-to-Date Net Income: \$3,835,685.43**

# Balance Sheet



MIDLAND DEVELOPMENT CORPORATION  
BALANCE SHEET FOR THE PERIOD ENDED  
April 30, 2024  
(Used for Internal Purposes Only)

ASSETS

Current Assets

Cash and cash equivalents	29,334,410	
Investments	5,792,815	
Sales tax receivable	-	
Prepaid expenses	133,644	
Accounts receivable	-	
	-	35,260,868

Non-Current Assets

Capital Assets, net	26,723,935	
Forgivable Loans		
Made to Primary Government	2,984,110	
Made to Other	6,579	
Total Forgivable Loans	2,990,689	
		29,714,624

Total Assets \$ 64,975,492

LIABILITIES AND NET POSITION

Liabilities

Accounts payable	190,895	
Retainage Payable	130,200	
Capital Leases payable	523,818	
Commitments payable		
Due within one year	15,815,781	
Due in more than one year	45,644,023	
Total Commitments Payable	61,459,804	
		62,304,717

Net Position

Net investment in capital assets	26,723,935	
Restricted for Forgivable Loans	2,990,689	
Restricted for Capital Leases	523,818	
Promotions	2,438,351	
Unrestricted	(30,006,018)	
	-	2,670,774

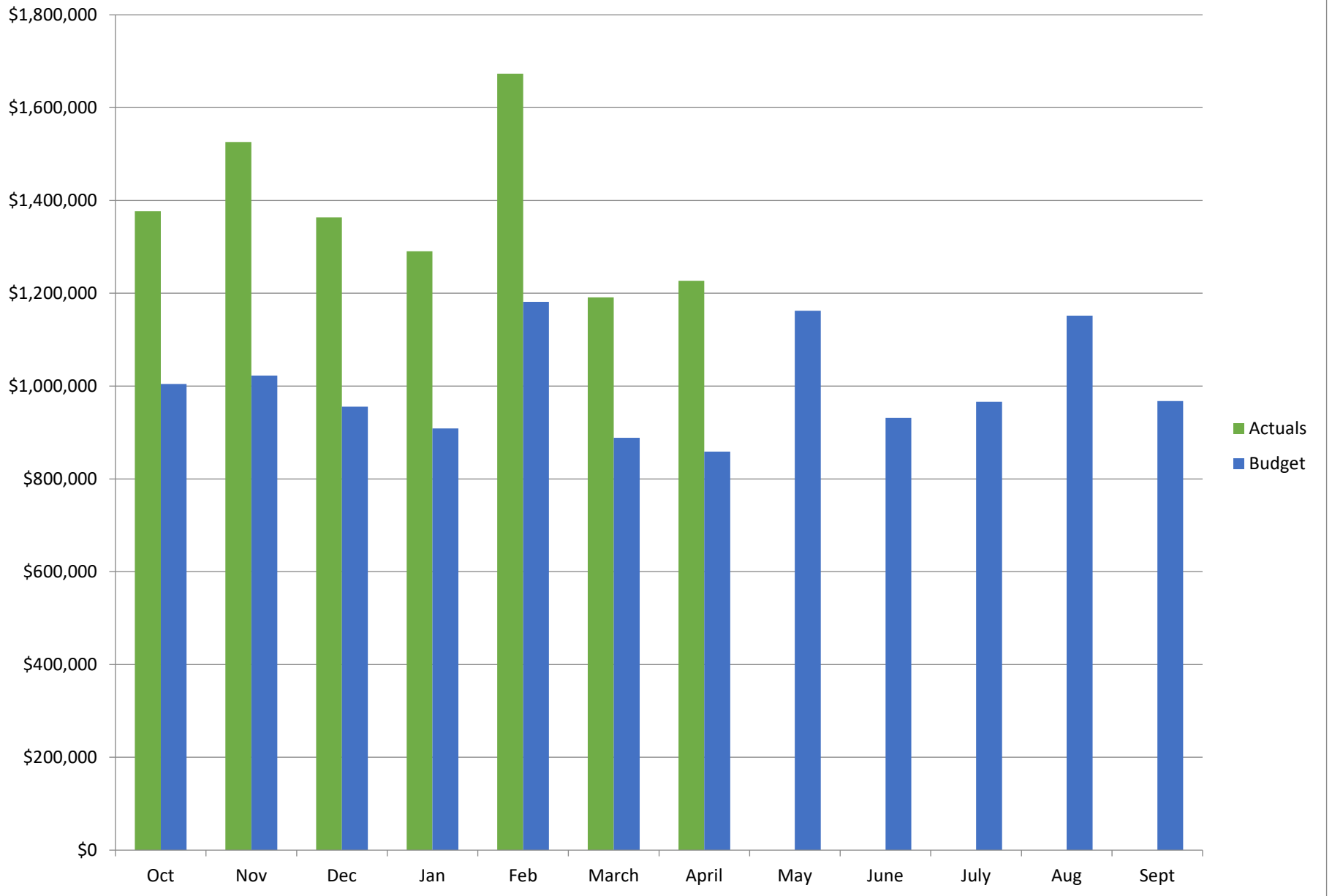
Total Liabilities and Net Position \$ 64,975,492

# Sales Tax Revenue

Sales Tax Variance

	2021-2022	2022-2023	% Change	2022-2023	2023-2024	% Change	YTD Change
October	\$971,343.63	\$1,416,510.48	45.83%	\$1,416,510.48	\$1,376,937.05	-2.79%	-2.79%
November	\$1,156,353.89	\$1,364,595.51	18.01%	\$1,364,595.51	\$1,526,083.42	11.83%	4.38%
December	\$1,013,549.80	\$1,380,834.52	36.24%	\$1,380,834.52	\$1,363,408.12	-1.26%	2.51%
January	\$1,117,874.02	\$1,358,336.22	21.51%	\$1,358,336.22	\$1,290,650.15	-4.98%	0.67%
February	\$1,434,528.04	\$1,649,985.00	15.02%	\$1,649,985.00	\$1,673,418.77	1.42%	0.84%
March	\$983,421.74	\$1,344,612.50	36.73%	\$1,344,612.50	\$1,191,145.36	-11.41%	-1.09%
April	\$1,015,116.31	\$1,266,881.01	24.80%	\$1,266,881.01	\$1,226,873.37	-3.16%	-1.36%
May	\$1,487,467.44	\$1,597,917.80	7.43%	\$1,597,917.80			
June	\$1,218,236.38	\$1,325,843.43	8.83%	\$1,325,843.43			
July	\$1,326,275.50	\$1,395,392.32	5.21%	\$1,395,392.32			
August	\$1,582,536.23	\$1,662,691.61	5.06%	\$1,662,691.61			
September	\$1,303,011.95	\$1,328,790.99	1.98%	\$1,328,790.99			
Annual Total	\$14,609,714.93	\$17,092,391.39	16.99%	\$17,092,391.39	\$9,648,516.24		

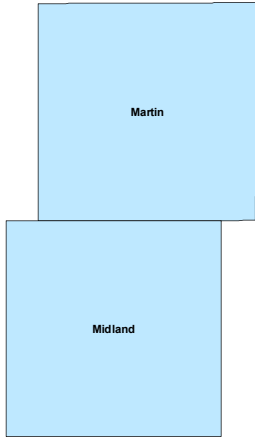
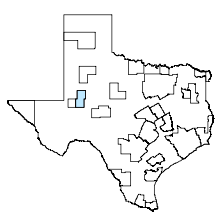
## Sales Tax Actuals vs Budget Estimates



# Activity Report

## Midland MSA

## March 2024



MSA Labor Force Statistics				
	Mar-24	Feb-24	Mar-23	Yearly Change
Civilian Labor Force	116,336	116,326	114,408	1,928
Employed	113,322	112,992	111,520	1,802
Unemployed	3,014	3,334	2,888	126
Unemployment Rate	2.6%	2.9%	2.5%	0.1%

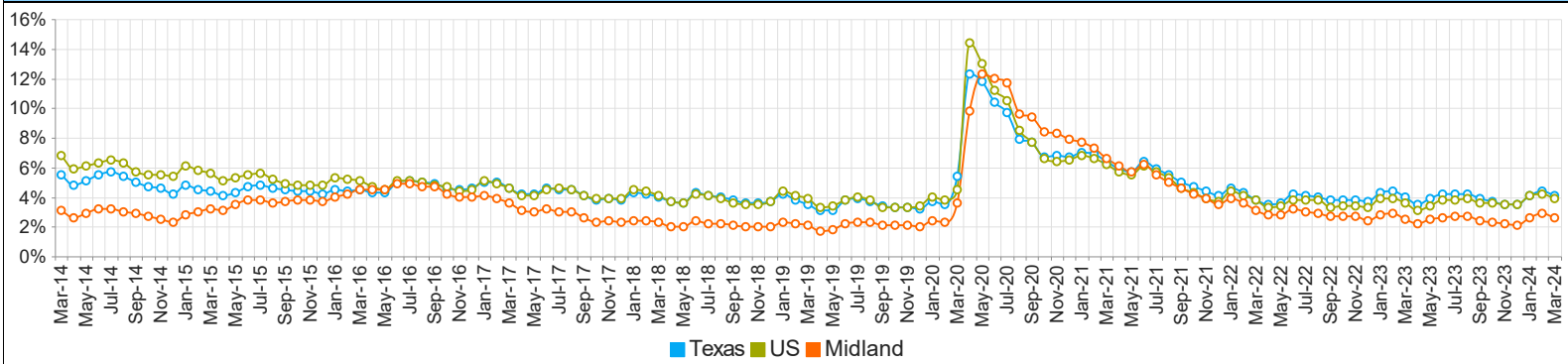
  

Texas Labor Force Statistics				
	Mar-24	Feb-24	Mar-23	Yearly Change
Civilian Labor Force	15,276,869	15,295,403	15,058,520	218,349
Employed	14,653,971	14,629,674	14,453,735	200,236
Unemployed	622,898	665,729	604,785	18,113
Unemployment Rate	4.1%	4.4%	4.0%	0.1%

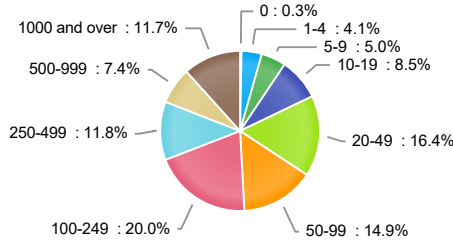
  

US Labor Force Statistics				
	Mar-24	Feb-24	Mar-23	Yearly Change
Civilian Labor Force	167,960,000	167,285,000	166,783,000	1,177,000
Employed	161,356,000	160,315,000	160,741,000	615,000
Unemployed	6,604,000	6,970,000	6,043,000	561,000
Unemployment Rate	3.9%	4.2%	3.6%	0.3%

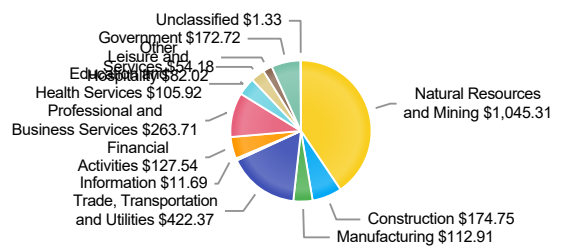
### Historical Unemployment Rates



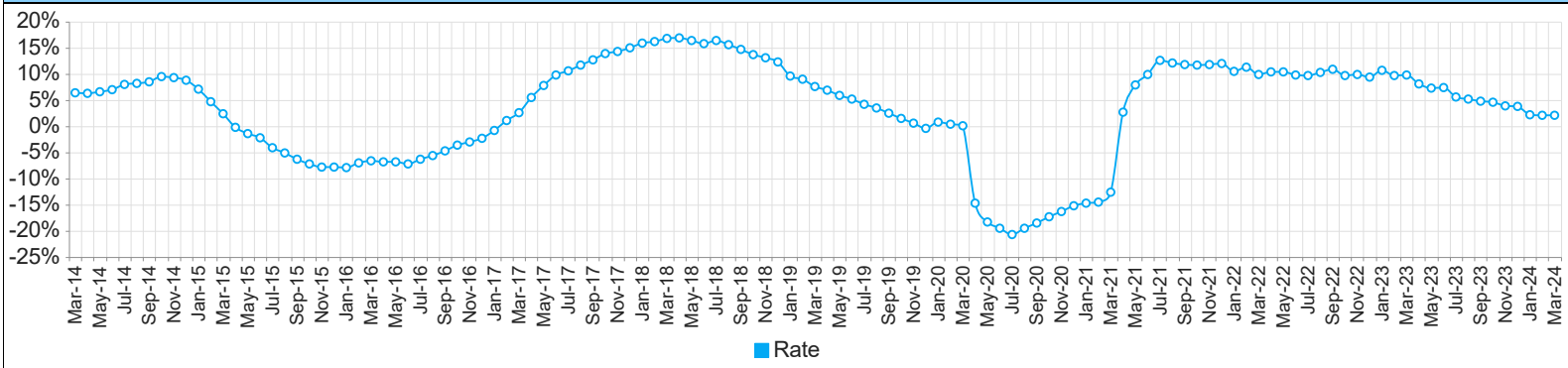
### Employment by Size Class (3rd Quarter 2023)



### Wages by Industry (in millions) (3rd Quarter 2023)



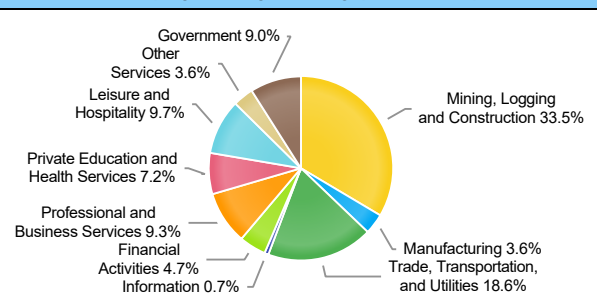
### Annual Growth Rate Total Non-agricultural employment



### Employment by Industry (March 2024)

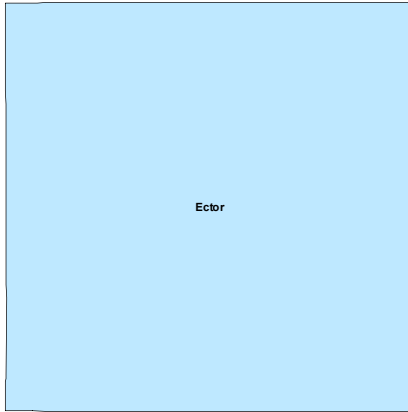
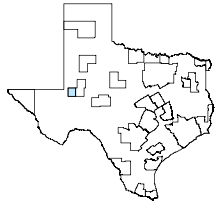
Industry	Current Month Employment	% Monthly Change	% Yearly Change
Total Nonfarm	121,700	0.4%	2.1%
Mining, Logging and Construction	40,800	0.5%	0.0%
Manufacturing	4,400	0.0%	2.3%
Trade, Transportation, and Utilities	22,600	0.0%	3.2%
Information	900	0.0%	-10.0%
Financial Activities	5,700	0.0%	5.6%
Professional and Business Services	11,300	-0.9%	-1.7%
Private Education and Health Services	8,800	0.0%	2.3%
Leisure and Hospitality	11,800	1.7%	3.5%
Other Services	4,400	2.3%	4.8%
Government	11,000	0.9%	8.9%

### Employment by Industry (March 2024)



## Odessa MSA

## March 2024



MSA Labor Force Statistics				
	Mar-24	Feb-24	Mar-23	Yearly Change
Civilian Labor Force	87,269	87,194	86,166	1,103
Employed	84,322	83,905	83,236	1,086
Unemployed	2,947	3,289	2,930	17
Unemployment Rate	3.4%	3.8%	3.4%	0.0%

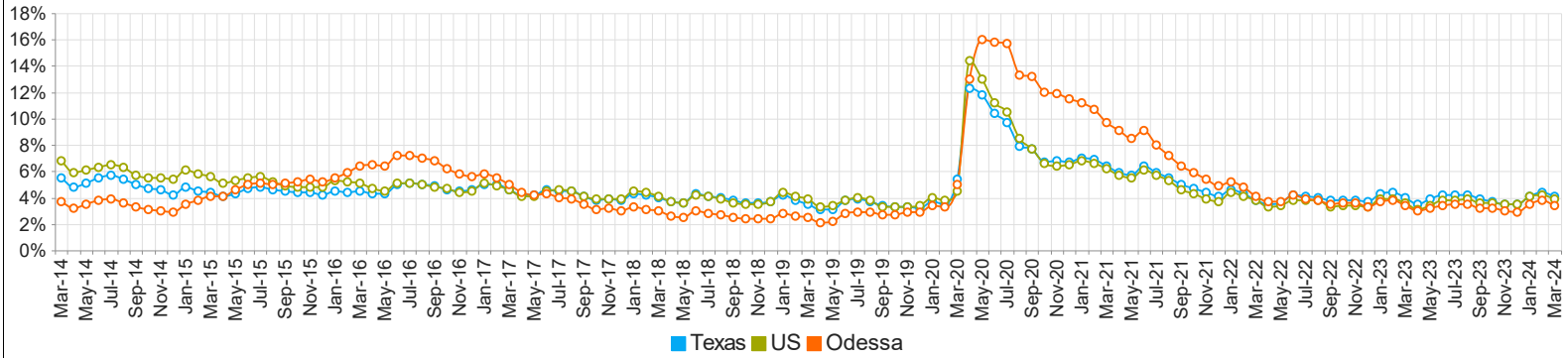
  

Texas Labor Force Statistics				
	Mar-24	Feb-24	Mar-23	Yearly Change
Civilian Labor Force	15,276,869	15,295,403	15,058,520	218,349
Employed	14,653,971	14,629,674	14,453,735	200,236
Unemployed	622,898	665,729	604,785	18,113
Unemployment Rate	4.1%	4.4%	4.0%	0.1%

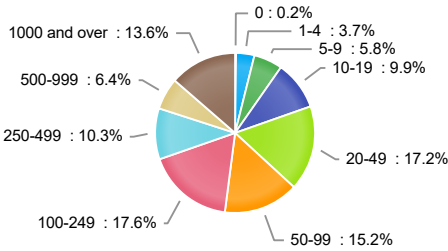
  

US Labor Force Statistics				
	Mar-24	Feb-24	Mar-23	Yearly Change
Civilian Labor Force	167,960,000	167,285,000	166,783,000	1,177,000
Employed	161,356,000	160,315,000	160,741,000	615,000
Unemployed	6,604,000	6,970,000	6,043,000	561,000
Unemployment Rate	3.9%	4.2%	3.6%	0.3%

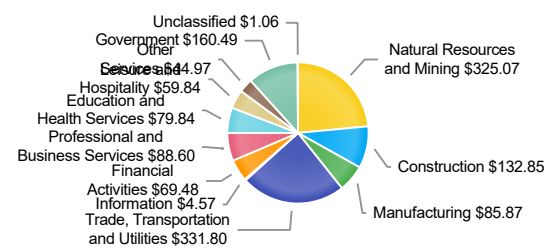
### Historical Unemployment Rates



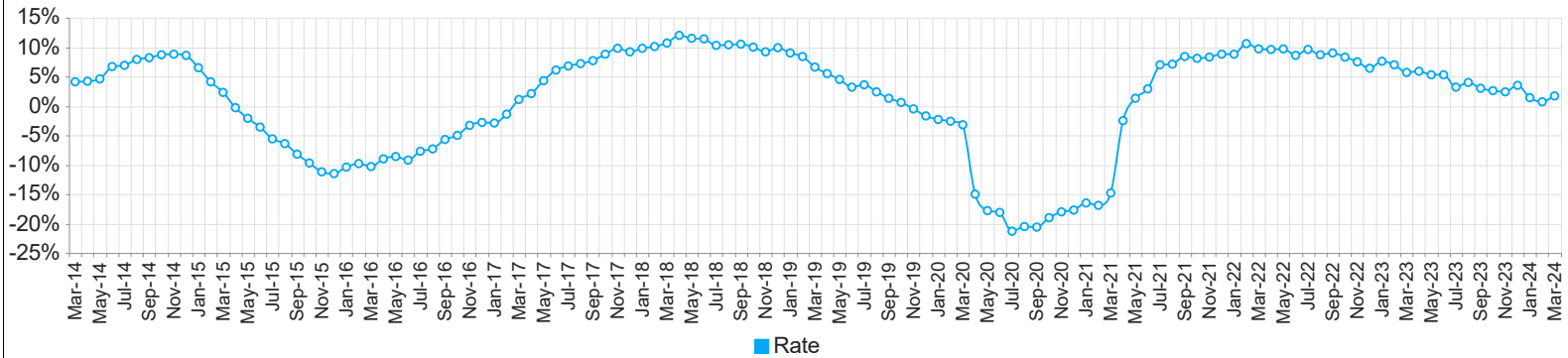
### Employment by Size Class (3rd Quarter 2023)



### Wages by Industry (in millions) (3rd Quarter 2023)



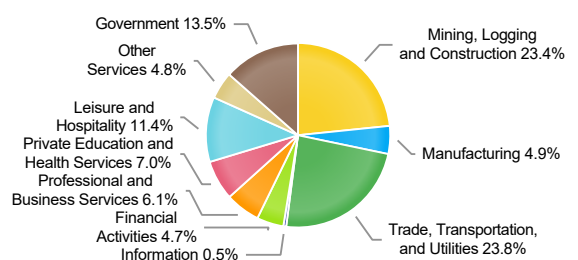
### Annual Growth Rate Total Non-agricultural employment



### Employment by Industry (March 2024)

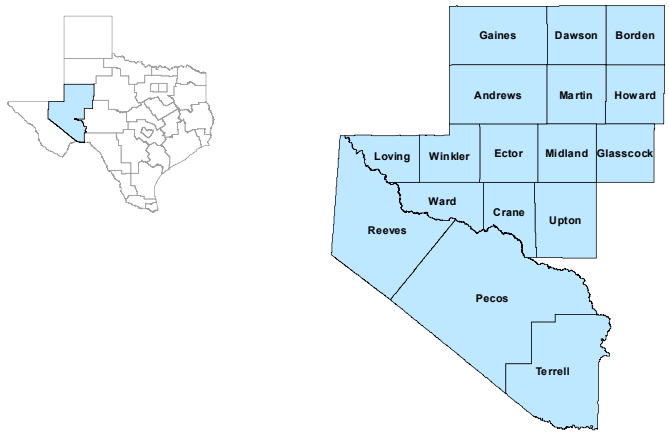
Industry	Current Month Employment	% Monthly Change	% Yearly Change
Total Nonfarm	81,600	0.6%	1.7%
Mining, Logging and Construction	19,100	1.6%	-2.6%
Manufacturing	4,000	0.0%	2.6%
Trade, Transportation, and Utilities	19,400	0.0%	2.1%
Information	400	0.0%	33.3%
Financial Activities	3,800	0.0%	0.0%
Professional and Business Services	5,000	0.0%	0.0%
Private Education and Health Services	5,700	0.0%	3.6%
Leisure and Hospitality	9,300	1.1%	1.1%
Other Services	3,900	0.0%	5.4%
Government	11,000	0.9%	7.8%

### Employment by Industry (March 2024)



## Permian Basin Workforce Development Area

March 2024



WDA Labor Force Statistics				
	Mar-24	Feb-24	Mar-23	Yearly Change
Civilian Labor Force	277,636	277,300	272,636	5,000
Employed	269,313	268,116	264,328	4,985
Unemployed	8,323	9,184	8,308	15
Unemployment Rate	3.0%	3.3%	3.0%	0.0%

Texas Labor Force Statistics				
	Mar-24	Feb-24	Mar-23	Yearly Change
Civilian Labor Force	15,276,869	15,295,403	15,058,520	218,349
Employed	14,653,971	14,629,674	14,453,735	200,236
Unemployed	622,898	665,729	604,785	18,113
Unemployment Rate	4.1%	4.4%	4.0%	0.1%

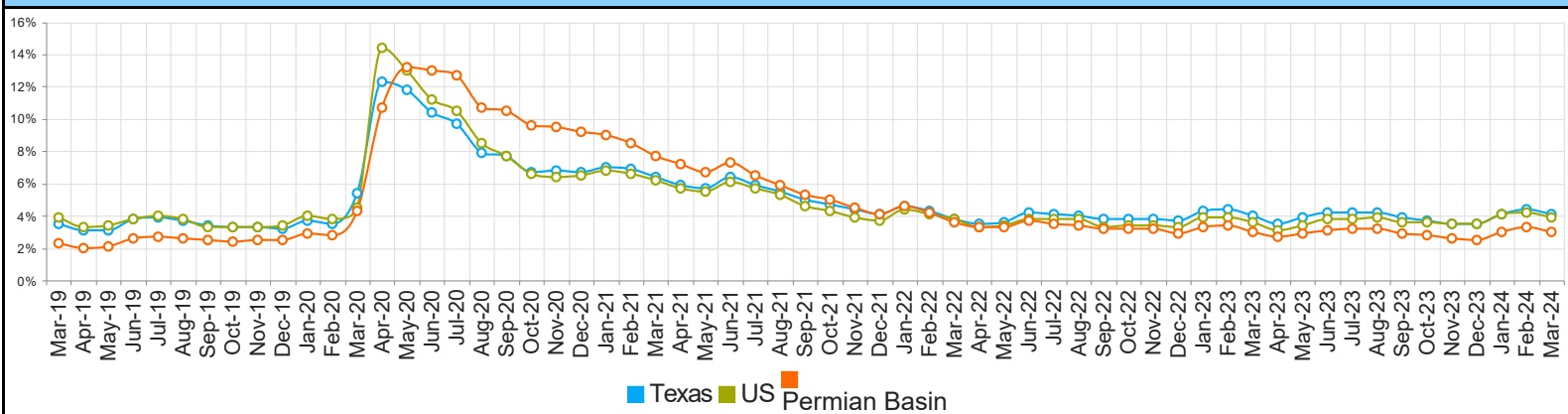
  

US Labor Force Statistics				
	Mar-24	Feb-24	Mar-23	Yearly Change
Civilian Labor Force	167,960,000	167,285,000	166,783,000	1,177,000
Employed	161,356,000	160,315,000	160,741,000	615,000
Unemployed	6,604,000	6,970,000	6,043,000	561,000
Unemployment Rate	3.9%	4.2%	3.6%	0.3%

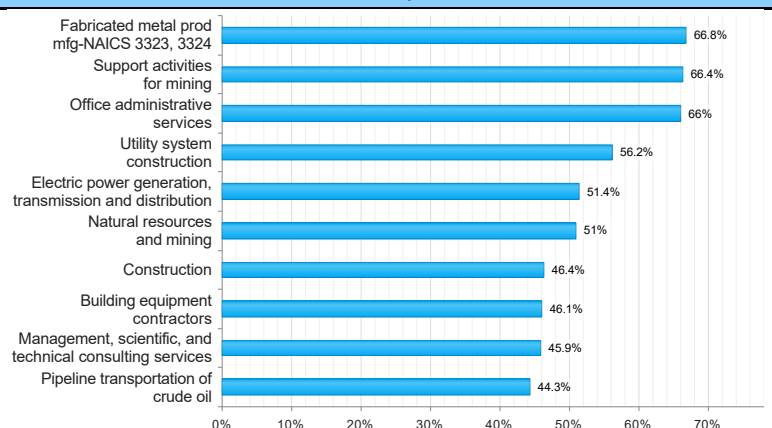
  

Continued Claims for the Week of the 12th				
	Mar-24	Feb-24	Mar-23	Yearly Change
WDA	1,184	1,138	971	213
Texas	120,439	115,533	103,413	17,026

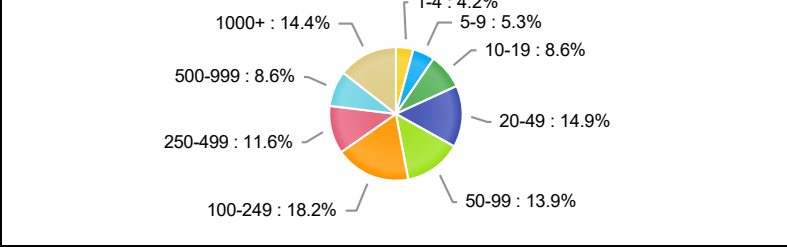
## Historical Unemployment Rates



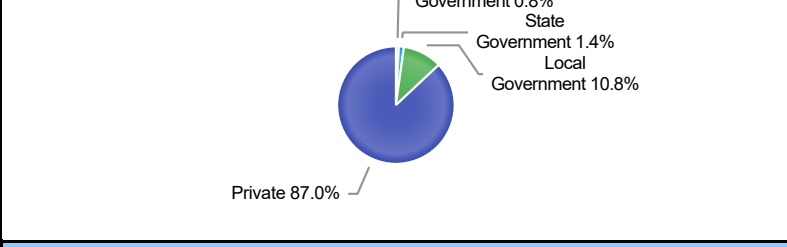
## Projected Top Ten Fastest Growing Industries in WDA (% Growth 2020-2030)



## Employment by Size Class (3rd Quarter 2023)



## Employment by Ownership (3rd Quarter 2023)

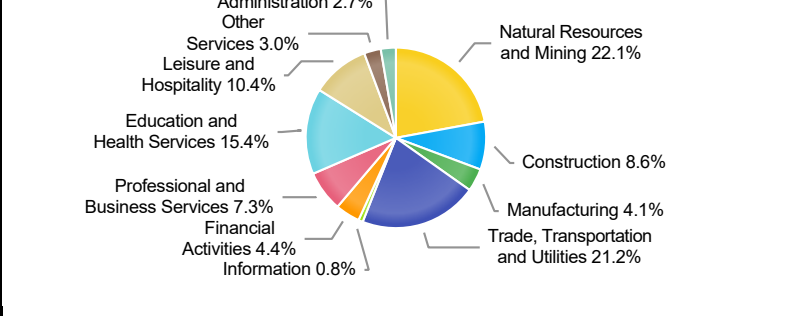


Average Weekly Wage (3rd Quarter 2023)					
	Q3 2023	Q2 2023	Q3 2022	Quarterly Change	Yearly Change
WDA	\$1,505	\$1,470	\$1,488	\$35	\$17
Texas	\$1,335	\$1,321	\$1,332	\$14	\$3
US	\$1,334	\$1,332	\$1,333	\$2	\$1

## Employment by Industry (3rd Quarter 2023, Percent Change)

Industry	Employment	% of Total	% Quarterly Change	% Yearly Change
Natural Resources and Mining	56,394	22.1%	-0.8%	7.9%
Construction	22,085	8.6%	0.3%	7.4%
Manufacturing	10,538	4.1%	0.9%	1.2%
Trade, Transportation and Utilities	54,214	21.2%	1.1%	4.5%
Information	2,005	0.8%	-1.9%	-5.9%
Financial Activities	11,217	4.4%	1.1%	3.1%
Professional and Business Services	18,576	7.3%	-2.2%	2.6%
Education and Health Services	39,331	15.4%	-1.4%	3.3%
Leisure and Hospitality	26,514	10.4%	0.6%	2.0%
Other Services	7,673	3.0%	-0.6%	4.9%
Public Administration	6,968	2.7%	0.7%	-0.6%

## Employment by Industry (3rd Quarter 2023)







# MARKETING REPORT

May 6, 2024



Spaceport  
Development  
Board Meeting

FAM Trips

MDC  
Newsletter

MHCC  
Business  
Expo

Founders  
Blend



In the News:  
SFA Annoucement,  
Castelion news,  
and the Spaceport  
Development  
Board

Spaceport  
Website



April

MDC | Board Meeting

# SOCIAL MEDIA

## Facebook

- 3,944 followers (+173 followers)
- Top posts: Repost - Spaceport's Eclipse post, MDC Funds post, and Repost - Delta Air Lines at MAF

## LinkedIn

- 2,156 followers
- Top posts: MC Truck Presentation post, SFA Meet & Greet, MDC Funds post

## Instagram

- 3,019 followers (+148 followers)
- Top posts: Small Business Week post, Desert Dreams BRE Visit post, MC Truck Presentation (& Cost of Living Reel!)

Reel insights

16.4K	255	68	195	30
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Overview ⓘ

Accounts reached	10,335
Reel interactions	548
Profile activity	147

Reach ⓘ



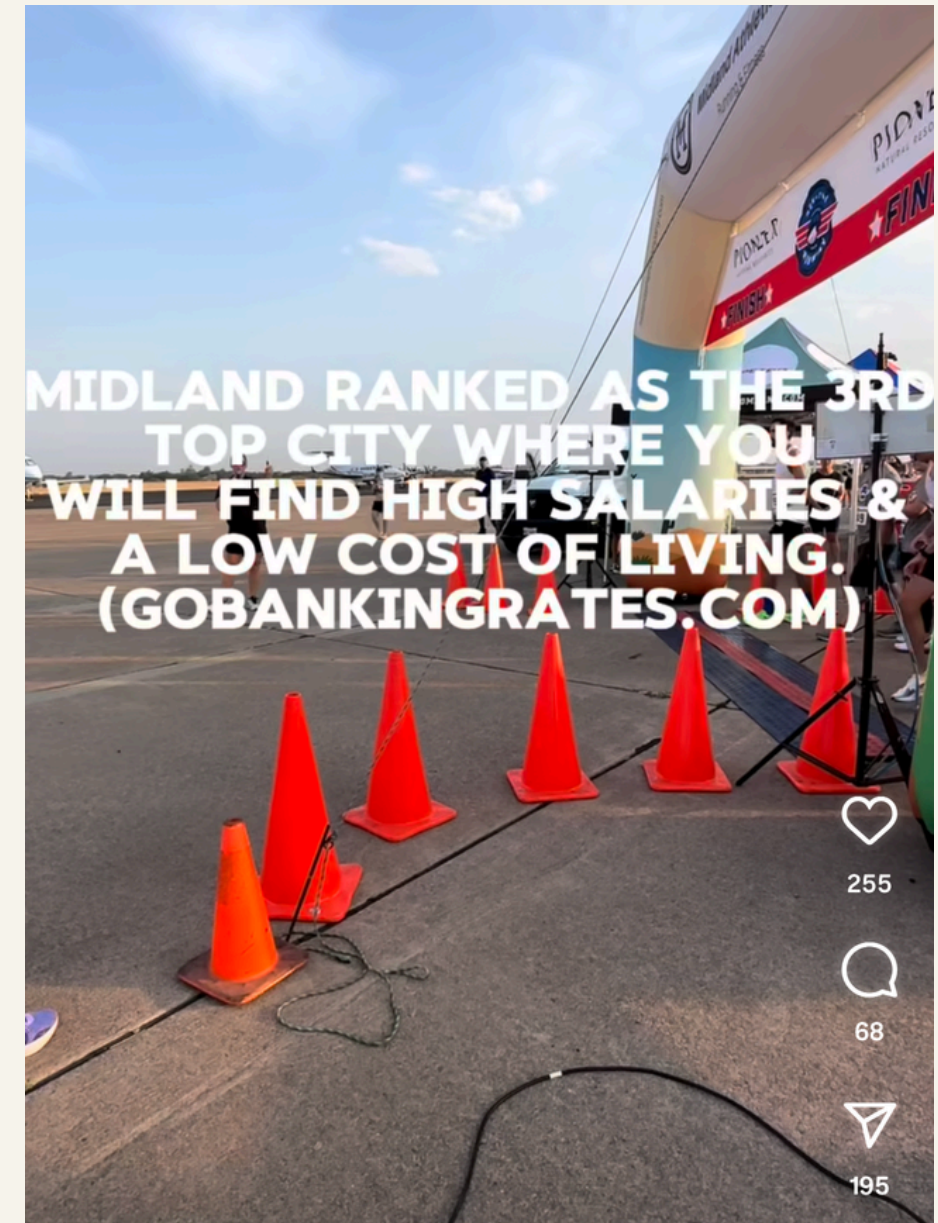
Plays	16,445
Initial plays	10,728
Replays	5,717
Watch time	38 hr 47 min 31 sec
Average watch time	12 sec



# SOCIAL MEDIA

3

- 16.4K Views
- Reached 10,335 people
- Over 80% non-followers





# FOUNDERS BLEND

- **April Founders Blend**
  - Coffee by Scooter's, Cake from Simply Sweet and Macarons from Sugar & Almonds
  - Brown's BBQ & Page 27 Designs



# MARKETING

- **Website updates**
  - Worked with Golden Shovel to complete microsite
  - Phase 2: updates to content and continue to build out
- **Marketing Materials**
  - Airport brochures in progress
- **Digital Content + Other**
  - Presented to the Spaceport Development Corporation Board in April
  - Hosted a member of the Texas Space commission along with several other companies on 2 FAM trips
  - Exploratory meetings for content creation
  - HSAT Workshop prep: save the date for November 13- November 14







# BUSINESS RETENTION & EXPANSION

APRIL 2024

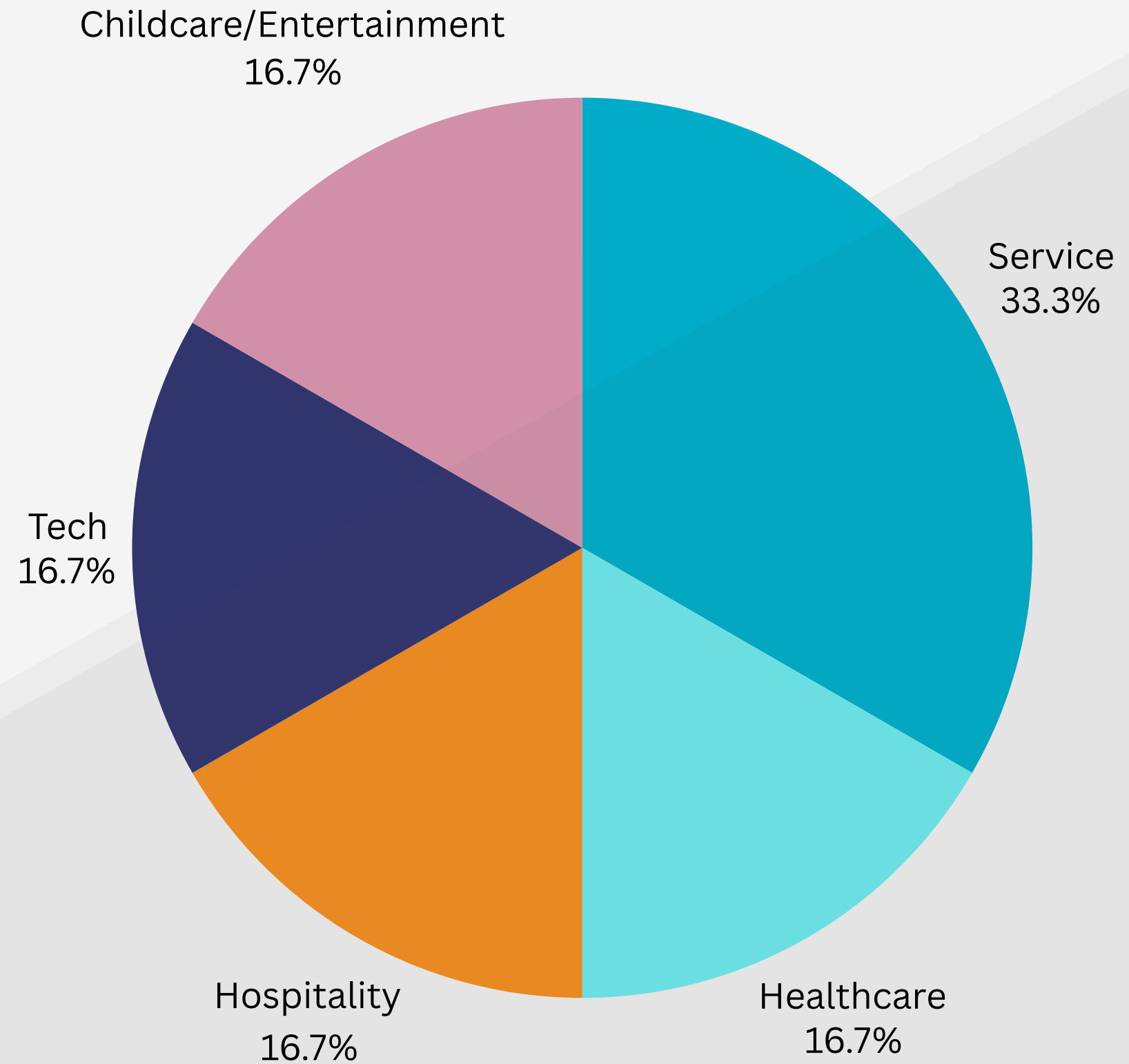


BRE COORDINATOR:  
SAMMI STEELE THOMAS





# WHAT KIND OF BUSINESSES DID WE VISIT IN FEBRUARY?



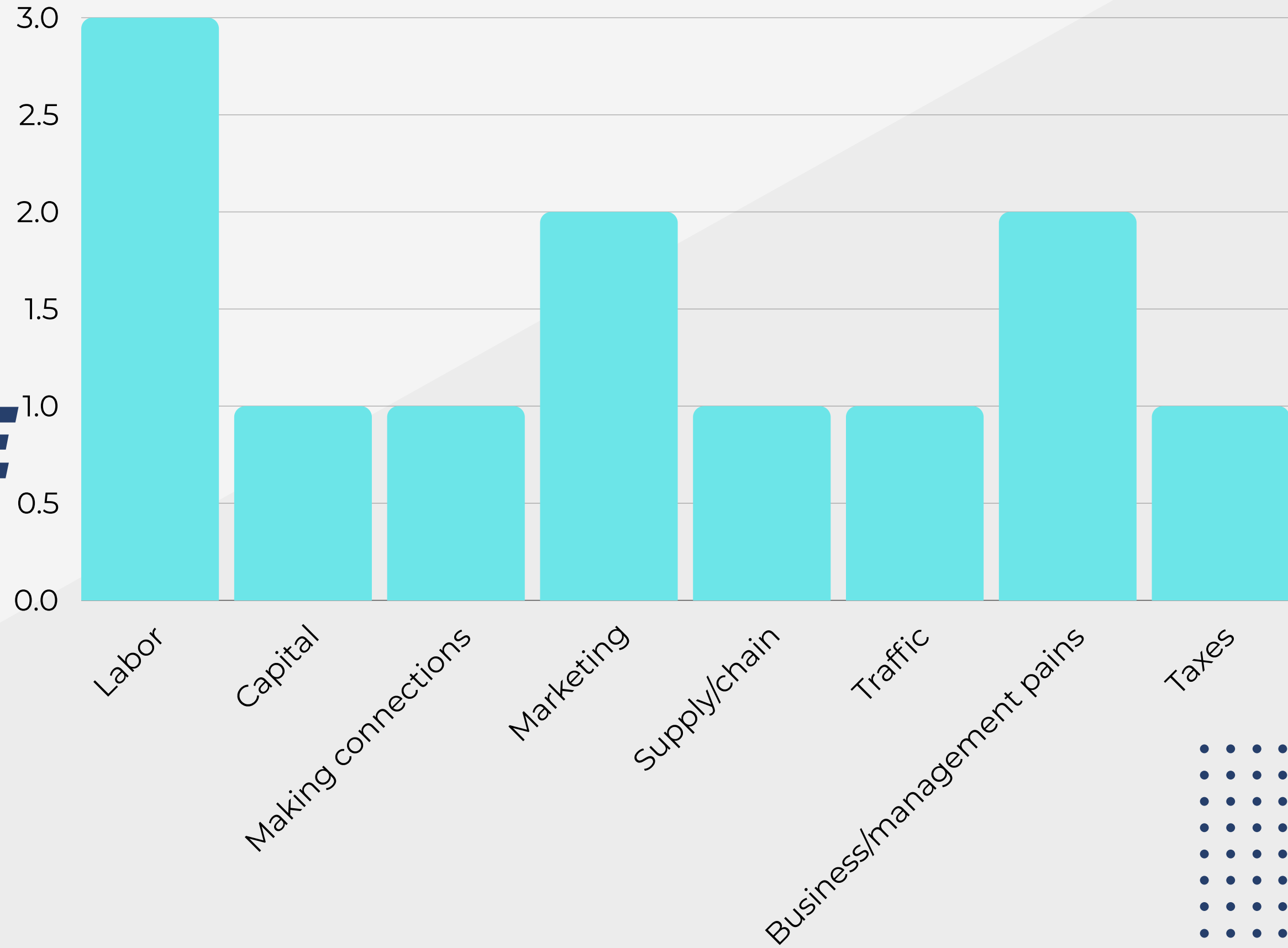
**6 BUSINESS VISITS**





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# ***WHAT FACTORS ARE IMPACTING BUSINESSES?***





# BIG TAKEAWAYS?



## **TALENT**

This month, I met with various industries who shared the high demand for their services in Midland. While this makes business come easier, meeting demand requires workforce and finding quality workforce continues to be a challenge. Businesses are realizing the importance of offering benefits and flexibility to their employees in order to retain them and compete against the oil and gas industry. Once again, word of mouth continues to be a vital aspect in recruiting good workers.

## **BEAUTIFICATION OF MIDLAND**

While we experience some unique weather throughout the year here in West Texas, business owners have presented opportunities for both the city and other private businesses to take advantage of presenting our community in a more inviting manner to visitors and locals alike when it comes to landscaping. Midland can utilize our many different nurseries and private landscapers to help identify what thrives in the desert.

## **THINKING AHEAD**

With an upcoming presidential election, I heard more concern this month about economic uncertainty. It seems companies are getting more conservative about spending as a means to brace themselves for an impending economic downturn. However, demand for energy doesn't seem to be going anywhere.



# UPCOMING FOUNDERS BLEND



Wednesday, May 8  
Second Story Coworking  
8 am - 9 am

*Blending Minds & Building Businesses*

**Business presenters:** Energy People Group & Phases of Design

**Food & coffee donors:** Leyenda

**Location:** Second Story Coworking

**For more details on  
Founders Blend visit:**





# QUESTIONS

