

2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT

CITY OF MIDLAND, TX



City of Midland, Texas

Annual Comprehensive Financial Report

Year Ended September 30, 2025

Prepared by the Department of Finance

Christy Weakland, CPA, CPFO

Director of Finance

Gerry Adkins, CPA

Comptroller



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City of Midland, Texas
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Introductory Section (Unaudited)

CITY OF MIDLAND
PRINCIPAL OFFICIALS
CITY COUNCIL

The Honorable Lori Merritt Blong Mayor
John Burkholder At Large Council Member
Robin Poole..... At Large Council Member
Brian Stubbs..... District 1 Council Member
John Norman District 2 Council Member
Jack Ladd District 3 Council Member
Amy Stretcher Burkes District 4 Mayor Pro Tem

OTHER PRINCIPAL OFFICERS

Tommy Gonzalez City Manager
Morris Williams Deputy City Manager
Jose Ortiz Deputy City Manager
Taylor Novak..... Chief of Staff
Nicholas Tulet-Crump..... City Attorney
Marcia Bentley-German City Governance Officer / City Secretary
Elizabeth Triggs Chief Planning and Development Officer
Charles Blumenauer..... Managing Director Public Safety
Gorgees Eskander Chief Information Officer
Mike Tully Fire Chief
Greg Snow Chief of Police
Christy Weakland Chief Financial Officer
Nicole Weaverling Director of Human Relations & Development
Justine Ruff Director of Airports
Carl Craig Public Works Officer
Jeffery Ahrllett Director of Solid Waste Management

Regina Stephenson Director of General Services
Gabe McClelland Director of Engineering Services
Timothy Meek.....Municipal Court Presiding Judge
Lindsey Adams.....Intergovernmental Relations Officer
Laurie Williams Parks & Recreation Director



CITIZENS OF MIDLAND

CITY COUNCIL

Boards and Commissions

CITY GOVERNANCE OFFICER
Marcia Bentley-German

CITY ATTORNEY
Interim: Nicholas Toulet-Crump

CITY MANAGER
Tommy Gonzalez

MUNICIPAL COURT PRESIDING JUDGE
Tim Meek

MUNICIPAL COURT ASSOCIATE JUDGE
Wayne Frost

CHIEF OF STAFF
Taylor Novak

PROCESS ENGINEER
Dr. Steven Sierra Alcabes

STRATEGIC COMMUNICATIONS- STEWART DOREEN

DEPUTY CITY MANAGER- DEVELOPMENT AND QUALITY OF LIFE
Jose Ortiz

PUBLIC WORKS OFFICER
Carl Craigio

ENGINEERING- GABE MCCLELLAND
Assistant Director- Bobby Wojciechowski
Assistant City Engineer- Josh Ferguson
City Traffic Engineer- Taha Sakrani
Transportation- Abe Langston
Utilities Franchise Agreements
Right of Way- John Simmons

UTILITIES (WATER AND SEWER)- CARL CRAIGO
Assistant Director- Alma McCammond
Water Purification Plant- Raymond Saddler
Environmental Compliance- Anjela Munoz
Water Distribution/ Waste Water- Rex Swearinger
Water Reclamation Facility- Vacant
City Utility Billing- Jennifer Shipp

STRATEGIC PARTNERSHIPS OFFICE- LINDSEY ADAMS
Strategic Investments Manager- Michele Hagemann

CAPITAL IMPROVEMENTS PROGRAM- CARL CRAIGO
Coordinator- Lindsey Adams

CHIEF PLANNING AND DEVELOPMENT OFFICER
Elizabeth Triggs

PARKS AND RECREATION- LAURIE WILLIAMS
Parks & Recreation- Joey Joly
Sports Complex- Andy Cedillo
Golf Course- Tyson Kerby
Golf Pro- Thomas Brantley
Senior Services

DEVELOPMENT SERVICES- ELIZABETH TRIGGS
Code Enforcement- Larry Gomez
Permitting & Inspections- Jeff Pinkstaff
Planning- Landon Ochoa
Community Development- Isaac Garnett
Oil and Gas Officer- Garrick Clayton

SOLID WASTE- JEFFERY AHRLETT
Assistant Director- Shaquawanna Carter
Solid Waste- Miley Guzman
Landfill- Martin Navarrete

AIRPORTS- JUSTINE RUFF
Deputy Aviation Director- Nick Krakovec
Asst. Director of Airport Admin. - Michael Carrillo
Operations- John Yanez
Facilities- Steve Hirst
Parking Lots- Elizabeth OroSCO

DEPUTY CITY MANAGER- INTERNAL SERVICES
Morris Williams, Jr.

INFORMATION TECHNOLOGY- GORGEES ESKANDER
Deputy CIO- Mihir Patel
Enterprise Applications- Tommy Hill
Project Management- Adam Kane
GIS- Richard Osuamkpe
Infrastructure- Mansoor Chaudhary
Technology Services- Toree Finley
Security Operations- Kimma Wreh

HUMAN RELATIONS - NICOLE WEAVERLING
Human Resources- Lauren Reynosa
Employee Benefits and Wellness- April Huitt
Safety and Risk- Jamee Higgins
Talent Acquisition- Lupe Reyes

FINANCE- CHRISTY WEAKLAND
Reporting Manager- Jamie Barton
Comptroller- Gerry Adkins
Budget- Alyssa Coppens
Treasury- Chris Hayes

GENERAL SERVICES- REGINA STEPHENSON
Purchasing- Erika Martinez
Facilities Services- Mark Garcia
Vehicle Services- Eddie Chavez
Garage- Manuel Salinas
Warehouse- Arturo Delgado

POLICE- CHIEF GREG SNOW
Administration- Rosemary Sharp
Investigative Services- Brian Rackow
Support Services- Deputy Chief Greg Chatwell
Field Operations- Deputy Chief Ed Marker
Emergency Communications- (911/Dispatch) Vacant

MANAGING DIRECTOR-PUBLIC SAFETY
Charles Blumenauer

FIRE DEPARTMENT- CHIEF MICHAEL TULLY
Administration- Assistant Chief Bryce Pruitt
Prevention- Assistant Chief Michael Cota
Operations- Assistant Chief Brian Cruz

HEALTH DEPARTMENT
Dr. Whitney Craig

ANIMAL SERVICES
Alexsey Dobberstine



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Midland
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2024

Christopher P. Morill

Executive Director/CEO



Mayor
Lori Blong

March 16, 2026

At-Large
Robin Poole

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

At-Large
John Burkholder

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Midland, Texas (the City) for the fiscal year ended September 30, 2025, in accordance with Article IV, Section 29 of the City Charter.

District 1
Brian Stubbs

Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. We believe the information presented is accurate in all material respects and fairly sets forth the financial position and results of operations of the City on both a government-wide and fund basis.

District 2
John Norman

District 3
Jack Ladd

In accordance with the laws of the State of Texas and the City Charter, the City's financial statements have been audited by Forvis Mazars, a firm of licensed certified public accountants. Forvis Mazars has issued an unmodified ("clean") opinion on the City of Midland's financial statements for the fiscal year ended September 30, 2025. The independent auditor's report appears as the first component of the financial section of this report.

District 4
Amy Stretcher-Burkes

City Manager
Tommy Gonzalez

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview and analysis of the City's financial performance. The MD&A complements this Letter of Transmittal and should be read in conjunction with it.

CITY PROFILE

The City of Midland was incorporated on January 25, 1911, under the provisions of H.B. 901 of the Texas Legislature. The City was subsequently chartered on November 5, 1940 (amended May 4, 1996), and operates under the Council-Manager form of government. The City Council consists of a Mayor and seven council members and is responsible for enacting ordinances, resolutions, and policies governing the City. The Council appoints the City Manager, City Attorney, City Secretary, and Municipal Judge.

The City Manager serves as the chief administrative officer and is responsible for implementing Council policy, enforcing laws and ordinances, supervising department directors, and overseeing the day-to-day operations of the municipal organization.

The City provides a wide range of services to citizens including police and fire protection, public infrastructure, streets and traffic control, planning and zoning, water and wastewater utilities, solid waste services, drainage infrastructure, airport operations, parks and recreation facilities, public health services, and general administrative services.

The financial reporting entity includes all funds of the primary government as well as its component units.

Component units are legally separate entities for which the primary government is financially accountable.

The Midland Development Corporation (MDC) and the Midland Firemen's Relief and Retirement Fund (MFRRF) are the City's component units. MDC is reported as a discretely presented component unit and MFRRF is reported as a fiduciary component unit as a pension trust fund in accordance with GASB Statements No. 14 and No. 84.

LOCAL ECONOMY

Midland is located along Interstate 20 in West Texas between Fort Worth and El Paso and serves as a major management and operational center for the Permian Basin energy industry. The community benefits from a highly skilled workforce, strong business environment, favorable climate, and strategic geographic location.

Midland continues to experience strong economic activity and development. The city recently reported one of the highest per capita incomes in the nation at approximately \$146,000, significantly exceeding the national average. The Midland metropolitan area also ranks among the leading metropolitan economies in Texas when measured by GDP per capita.

According to the U.S. Bureau of Labor Statistics, Midland reported an unemployment rate of 3.3 percent in September 2025, declining further to 2.9 percent by December 2025—among the lowest in the State of Texas.

Oil and gas production remains a major driver of the regional economy. Midland County continues to rank among the leading counties in the United States in oil production, producing approximately 16 to 18 million barrels per month.

Passenger activity and aviation demand at Midland International Air & Space Port have continued to increase. In response, the Airport Department has developed a five-year capital improvement plan focused on expanding parking capacity, improving terminal facilities, and enhancing security infrastructure.

Population growth continues to drive infrastructure demand. The City currently has more than \$100 million in infrastructure projects underway to support continued development and long-term community growth.

LONG-TERM FINANCIAL PLANNING

The City has established a comprehensive five-year Capital Improvement Plan (CIP) aligned with the goals of the City's Strategic Plan. The CIP provides a structured framework for prioritizing infrastructure investments needed to support continued growth.

The CIP is reviewed annually by the City Council during the budget process and adjusted as necessary based on economic conditions, funding availability, and community priorities. This approach allows the City to strategically allocate resources and coordinate infrastructure investment while maintaining long-term financial stability.

The City also emphasizes long-term financial planning practices that align operating budgets, capital planning, and financial policies with the community's strategic goals. This integrated planning approach helps ensure infrastructure needs can be met while maintaining fiscal sustainability.

RELEVANT FINANCIAL POLICIES

The City's financial policies provide the framework for sound fiscal management and responsible stewardship of public resources. These policies address key areas including budgeting, accounting, capital planning, investment management, debt management, and reserve levels.

The City maintains a comprehensive budgetary control system. The legally adopted budget serves as the City's primary fiscal management tool, and ongoing monitoring of revenues and expenditures ensures compliance with adopted appropriations and financial policies.

The City utilizes the accrual basis of accounting for government-wide financial statements, Enterprise

Funds, and Internal Service Funds, while Governmental Funds are reported using the modified accrual basis of accounting in accordance with generally accepted accounting principles.

The City also maintains a strong commitment to fiscal discipline and financial resilience. The General Fund maintains a reserve policy of at least 120 days of operating expenditures to mitigate revenue volatility

associated with the cyclical energy economy that influences the Midland region.

Management believes that the City's system of internal controls provides reasonable assurance that assets are safeguarded and financial transactions are recorded appropriately.

In recent years, the City has continued to strengthen its financial management practices through improvements in financial reporting, policy development, and internal processes. These efforts have focused on enhancing transparency, strengthening internal controls, and ensuring decision-makers have clear and timely financial information. The Finance Department remains committed to maintaining the highest standards of governmental financial reporting and supporting the City Council and administration with reliable financial analysis and stewardship of public resources.

MAJOR INITIATIVES

The City experienced continued revenue growth during fiscal years 2024 and 2025, particularly in sales tax and economically sensitive revenue sources. The FY2026 adopted budget reflects an overall increase of approximately 6.7 percent over the prior fiscal year.

The City's Strategic Plan identifies the following priorities guiding policy decisions and investment:

- Strong Economy with More Quality Jobs
- Set the Standard for a Safe and Secure City
- Quality of Life and Place for Recruitment and Retention
- Transparent and Consistent Communication
- Provide Sound Governance and Fiscal Management
- Strengthen and Sustain Infrastructure

RECENT EVENTS AND ECONOMIC OUTLOOK

Economic indicators continue to reflect a strong and stable local economy. Sales tax revenue in 2025 exceeded expectations by 6.3 percent, while building permit activity increased by 57 percent compared to 2024.

Midland International Air & Space Port continues to experience record passenger activity, and hotel/motel tax revenues have reached historic levels, reflecting increased business and tourism travel.

The stability of oil prices has supported continued economic activity throughout the region, contributing to a positive outlook for the City as it continues to plan for growth and infrastructure investment.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded the City of Midland a Certificate of Achievement for Excellence in Financial Reporting for its ACFR for the fiscal year ended September 30, 2024. This represented the forty-second consecutive year the City has received this prestigious award.

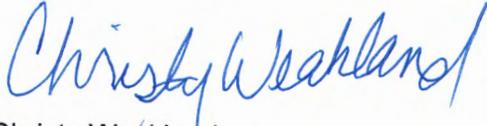
We believe that the current report continues to meet the requirements of the GFOA program and it has been submitted for consideration for another Certificate of Achievement.

The preparation of this report reflects the dedication and professionalism of the Finance Department staff and the cooperation of departments throughout the organization. Their commitment to accuracy, accountability, and transparency ensures the City continues to meet the highest standards of governmental financial reporting.

Respectfully submitted,



Tommy Gonzalez
City Manager



Christy Weakland
Chief Financial Officer

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Financial Section

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Midland, Texas (City), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Midland Firemen's Relief and Retirement Fund (MFRRF), a fiduciary component unit, which represent 24%, 25%, and 18%, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregate remaining fund information, respectively, as of September 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for MFRRF is based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Forvis Mazars, LLP

**Dallas, Texas
March 16, 2026**

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City of Midland, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2025

As management of the City of Midland, Texas (City of Midland or City), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City of Midland for the fiscal year ended September 30, 2025. Please read this in conjunction with the transmittal letter at the beginning of the report and the City's financial statements following this section.

Financial Highlights

- The assets and deferred outflows of resources of the City of Midland exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1.1 billion (net position). Unrestricted net position of \$123 million, an increase of \$43.3 million from the prior year, may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of fiscal year 2025, the City of Midland governmental activities reported combined net position of \$411.7 million, an increase of \$35.1 million, or 9.3 % from the prior year. The increase was primarily driven by a strong investment return, a 2.6% increase in property taxes and the use of the American Rescue Plan Act grant dollars for capital activity. Unrestricted net position was a \$60.0 million deficit.
- As of September 30, 2025, unassigned fund balance of the General Fund was \$109.1 million, or 57% of total General Fund expenditures. At the close of the prior fiscal year, unassigned fund balance for the General Fund was \$97.8 million or 50.0% of that year's expenditures.
- As of September 30, 2025, the City had total committed balances of approximately \$35.0 million, a 32% decrease from prior year committed balances of approximately \$51.4 million which was due to the completion of the new radio system and progress on parks and roads projects.
- The City's business-type activities total net position increased from \$581.3 million in fiscal year 2024 to \$645.5 million in the current year, an increase of 11.1%. This increase was due mainly to investment return related to higher interest rates, an increase in grant activities, and an increase in charges for services driven by new agreements with the airlines operating out of the Midland International Airport.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

The government-wide financial statements distinguish functions of the City of Midland that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type

City of Midland, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2025

activities). The governmental activities of the City include general government, development services, engineering, parks and recreation, police, and fire. The business-type activities of the City include airport, water and sewer, drainage, and sanitation operations.

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Proprietary Funds

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

City of Midland, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2025

Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Airport Fund, the Water and Sewer Fund and the Sanitation Fund, each of which is considered to be a major fund of the City of Midland. Data for the only nonmajor enterprise fund, the Drainage Fund, is presented separately as well.

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

Fiduciary Funds

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

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

Notes to Financial Statements

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

Other Information

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

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

Government-wide Overall Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position was \$1.1 billion at September 30, 2025.

By far the largest portion of the City's net position, \$826.9 million, or 78.2%, reflects its investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Midland uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted portion of the City's net position, \$107.1 million, or 10.1%, represents resources that are subject to external restrictions on how they may be used.

City of Midland, Texas
Management’s Discussion and Analysis (Unaudited)
Year Ended September 30, 2025

The remaining balance of net position, referred to as unrestricted, is \$123.3 million, or 11.7%, and may be used to meet the government’s ongoing obligations to citizens and creditors.

City of Midland’s Net Position

	Governmental Activities		Business-type Activities		Totals	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Current and other assets	\$ 368,859,151	\$ 380,059,233	\$ 300,448,597	\$ 316,021,476	\$ 669,307,748	\$ 696,080,709
Capital, lease, and subscription assets, net	569,622,762	501,275,580	798,397,039	726,744,254	1,368,019,801	1,228,019,834
Total assets	938,481,913	881,334,813	1,098,845,636	1,042,765,730	2,037,327,549	1,924,100,543
Deferred outflows of resources	103,746,052	82,048,714	12,473,771	14,358,009	116,219,823	96,406,723
Other liabilities	24,302,960	20,413,186	35,611,943	39,800,561	59,914,903	60,213,747
Long-term liabilities	523,425,669	496,061,417	425,963,734	429,916,274	949,389,403	925,977,691
Total liabilities	547,728,629	516,474,603	461,575,677	469,716,835	1,009,304,306	986,191,438
Deferred inflows of resources	82,768,819	70,258,971	4,214,245	6,141,866	86,983,064	76,400,837
Net investment in capital assets	386,435,029	345,041,232	440,419,854	400,554,015	826,854,883	745,595,247
Restricted	85,285,242	106,252,975	21,857,866	26,098,412	107,143,108	132,351,387
Unrestricted	(59,989,754)	(74,644,254)	183,251,765	154,612,611	123,262,011	79,968,357
Total net position	\$ 411,730,517	\$ 376,649,953	\$ 645,529,485	\$ 581,265,038	\$ 1,057,260,002	\$ 957,914,991

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

Total assets in the Governmental activities increased by \$57.1 million and in the Business-type activities increased by \$56.1 million. Both Governmental and Business-type activities experienced operational growth and benefitted from capital grants and contributions.

The City’s long-term liabilities increased by \$23.4 million due primarily to the issuance of bonds for water, sewer, solid waste and golf projects.

Overall, the City’s net position increased \$99.3 million, during the current fiscal year, with governmental activities reflecting an increase of \$35.1 million and business-type activities an increase of \$64.3 million. Governmental activities also benefitted from a 2.6% increase in property taxes over 2024. In addition, business-type funds saw a 34.2% decrease in capital grant revenue, due to decreased contributions received from developers. However, the business-type funds saw a 48.7% increase in operating grant revenue, due to increased grant activity with the City’s Airport Improvement Program. Expenditures for governmental activities showed an increase of 14.4% while business-type activities showed a decrease of 2.2%, respectively.

City of Midland, Texas
Management's Discussion and Analysis (Unaudited)
Year Ended September 30, 2025

The following table provides a summary of the City's operations for the year ended September 30, 2025, with comparative totals for the year ended September 30, 2024.

City of Midland's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
REVENUES						
<i>Program revenues:</i>						
Charges for services	\$ 24,007,052	\$ 22,956,065	\$ 161,900,313	\$ 142,091,439	\$ 185,907,365	\$ 165,047,504
Operating grants and contributions	1,875,248	1,854,366	18,693,818	12,573,283	20,569,066	14,427,649
Capital grants and contributions	20,639,678	13,858,707	9,259,290	14,063,871	29,898,968	27,922,578
Total program revenues	46,521,978	38,669,138	189,853,421	168,728,593	236,375,399	207,397,731
<i>General revenues:</i>						
Property taxes	75,883,372	73,978,925	-	-	75,883,372	73,978,925
Sales taxes	69,122,570	66,602,391	-	-	69,122,570	66,602,391
Franchise and other taxes	9,696,543	18,717,648	-	-	9,696,543	18,717,648
Hotel-motel taxes	9,181,143	7,519,814	-	-	9,181,143	7,519,814
Grants not restricted to specific programs	1,222,114	12,118,087	-	-	1,222,114	12,118,087
Investment income	17,536,977	25,402,216	13,152,779	14,971,070	30,689,756	40,373,286
Oil and gas royalties	10,748,816	11,516,924	1,901,680	3,273,785	12,650,496	14,790,709
Gain on sale of assets	-	-	-	4,971	-	4,971
Miscellaneous	5,091,202	5,751,898	11,514,656	6,849,422	16,605,858	12,601,320
Total general revenues	198,482,737	221,607,903	26,569,115	25,099,248	225,051,852	246,707,151
Total Revenues	245,004,715	260,277,041	216,422,536	193,827,841	461,427,251	454,104,882
EXPENSES						
General government	22,416,499	23,761,960	-	-	22,416,499	23,761,960
Development services	6,890,142	5,401,560	-	-	6,890,142	5,401,560
Engineering	31,185,005	27,537,251	-	-	31,185,005	27,537,251
Parks and recreation	14,045,066	12,317,772	-	-	14,045,066	12,317,772
Police	44,718,655	43,021,956	-	-	44,718,655	43,021,956
Fire	72,467,397	55,986,673	-	-	72,467,397	55,986,673
Golf	4,122,629	3,442,730	-	-	4,122,629	3,442,730
Sports complex	3,566,180	2,899,690	-	-	3,566,180	2,899,690
Housing programs	896,435	765,003	-	-	896,435	765,003
Economic development	6,282,495	5,068,428	-	-	6,282,495	5,068,428
Other	6,931,654	6,921,899	-	-	6,931,654	6,921,899
Interest on long-term debt	7,682,386	6,211,857	-	-	7,682,386	6,211,857
Airport	-	-	23,104,575	26,036,843	23,104,575	26,036,843
Water and sewer	-	-	90,758,517	92,242,869	90,758,517	92,242,869
Sanitation	-	-	26,168,755	25,004,403	26,168,755	25,004,403
Drainage	-	-	845,850	797,930	845,850	797,930
Total expenses	221,204,543	193,336,779	140,877,697	144,082,045	362,082,240	337,418,824
Increase in net position before transfers	23,800,172	66,940,262	75,544,839	49,745,796	99,345,011	116,686,058
Transfers	11,280,392	(1,409,874)	(11,280,392)	1,409,874	-	-
Change in net position	35,080,564	65,530,388	64,264,447	51,155,670	99,345,011	116,686,058
Net position, beginning	376,649,953	311,119,565	581,265,038	530,109,368	957,914,991	841,228,933
Net Position, ending	\$ 411,730,517	\$ 376,649,953	\$ 645,529,485	\$ 581,265,038	\$ 1,057,260,002	\$ 957,914,991

City of Midland, Texas
Management's Discussion and Analysis (Unaudited)
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Governmental Activities

Governmental activities net position increased by \$35.1 million or 9.3%. Total revenues for governmental activities decreased from the previous year by \$15.3 million or 5.9%. General revenue had a net decrease of \$23.1 million or 10.4%. Sales taxes increased \$2.5 million or 3.8 % due to improved consumer spending within the City. Investment income decreased by \$7.9 million or 31.0% as the City's portfolio saw lower interest rate returns. Oil and gas royalties' revenues decreased by \$0.8 million or 6.7% due to the leveling off of the oil prices. Hotel-motel tax increased by \$1.7 million or 22.1%, consistent with higher occupancy and room rates and indicative of increased tourism and business activity within the City.

Program revenues had a net increase of \$7.9 million or 20.3% due mostly to increased service revenues and increased contributions from developers.

Total expenses for governmental activities increased \$27.9 million or 14.4%. The primary driver related to the increase was the firemen's pension plan. In fiscal year 2025, the City paid out \$54.4 million to the firemen's pension plan to help bring the unfunded liability of the Fund to within a 30 year amortization, as recommended by the Pension Review Board of Texas.

Business-type Activities

Net position from business-type activities increased by \$64.3 million or 11.1% from \$581.3 million to \$645.5 million due to City growth and fee restructuring of business-type activities.

Program revenues for business-type activities increased by \$21.1 million, or 12.5% due to growth within the City and increasing rates after a fee analysis was performed. Total revenue increased \$22.6 million, due mainly to increased charges for services.

Total business-type expenses decreased by \$3.2 million. Airport decreased \$2.9 million, Sanitation increased \$1.2 million, while Water and Sewer decreased \$1.5 million from prior year. The Airport saw decreased contractual services that were partially offset by increased personnel costs. Sanitation saw increases in both personnel services and contractual, while Water and Sewer primarily decreased due to decreased repairs and maintenance.

Financial Analysis of the City's Funds

Governmental Funds

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$298.2 million. Within this total \$1.1 million is nonspendable for prepaid items and inventories, \$145.2 million is restricted for specific purposes such as debt service, streets, buildings, public safety, roadway improvements, or other purposes; \$35.0 million has been committed to specific types of expenditures, primarily capital related; and \$8.0 million has been assigned for the sports complex and golf. The remaining \$109.0 million is unassigned fund balance in the General Fund and can be used for any lawful purposes.

City of Midland, Texas
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General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned General Fund fund balance was \$109.1 million, while total fund balance was \$141.7 million. This is a decrease over last year of \$1.7 million, or 1.2%. This was mainly due to increased personnel costs, which were partially offset by increased activity from tax revenues, licenses and permits, and contributions. Unassigned fund balance represents 56.7% of total general fund expenditures.

Debt Service Fund. The Debt Service Fund fund balance decreased in 2025 by \$840 thousand, primarily for payment to escrow agent as a result of the refunding of outstanding debt.

Parks and Oil and Gas Fund. The Park and Oil and Gas Fund fund balance decreased by \$45.1 million. The additional fire pension contribution previously mentioned was funded from the Parks and Oil and Gas Fund.

Nonmajor Governmental Funds. This consists of all the governmental funds that were not presented as major funds. Total fund balance increased by \$33.1 million primarily due to new bond issuance that will be expended on upcoming capital projects.

Proprietary Funds

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

Airport Fund. The Airport Fund ended the year with a net position of \$208.0 million, which was an increase of \$37.1 million or 21.7% compared to the previous year. The unrestricted net position of the Airport Fund was \$64.9 million. Operating revenue exceeded operating expenses by \$0.8 million. The operating income was further increased by non-operating revenues of \$36.3 million, which includes federal government contributions of \$18.7 million and oil and gas royalties of \$9.6 million. The significant increases in revenue for the fiscal year are the result of the execution of new long-term operating agreements between the City and its major airline carriers.

Water and Sewer Fund. Water and Sewer Fund net position amounted to \$354.7 million, which was an increase of \$16.5 million or 4.9% higher than the previous year. There was net operating income of \$15.9 million, capital contributions of \$9.2 million and net non-operating expense of \$0.4 million driven primarily by \$15.0 million long term-debt interest. The increase in net position is primarily driven by increased contributions from developers as the City continues to grow, along with revenue derived from right-of-way sales.

Sanitation Fund. The City's Sanitation Fund net position increased by \$4.7 million or 12.6% driven by investment return and an increase in charges for service related to fee analysis and an increase to account for growth. Total operating revenues amounted to \$33.7 million while total operating expenses were \$28.3 million.

Drainage Fund (Nonmajor). Total net position increased by \$1.4 million primarily from operations as new citizens move and open accounts.

City of Midland, Texas
Management’s Discussion and Analysis (Unaudited)
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General Fund Budgetary Highlights

Actual General Fund revenues collected in FY2025 exceeded management’s budget by \$15.1 million or 9.3%. This positive variance was due to the recognition of grant funds spent from the *American Rescue Plan Act*, as well as an increase in sales taxes due to increased consumer spending. Investment income came in \$5.6 million higher than expected, due to favorable interest rates.

Overall, FY2025 expenditures were \$7.8 million over budget. This was primarily due to capital outlay expenditures appropriated in previous years that were utilized in current year. This excess was partially offset by significant savings within the Engineering, Parks & Recreation, Support Services, and Police Department. All departments have experienced an increase in prices of chemicals for maintenance as well as other operational supplies and equipment yet saw savings in personnel vacancies.

Capital, Lease, and Subscription Assets

The City of Midland’s investment in capital, lease, and subscription assets for its governmental and business type activities as of September 30, 2025 , amounts to \$1.4 billion (net of accumulated depreciation and amortization), compared to \$1.2 billion (net of accumulated depreciation and amortization) at September 30, 2024. This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, infrastructure, intangible and other assets, lease assets, and construction in progress. Capital, lease, and subscription assets detail can also be found in *Note 5* to the financial statements.

Capital, Lease, and Subscription Assets, net of Depreciation and Amortization

	Governmental Activities		Business-type Activities		Totals	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
Land	\$ 23,246,793	\$ 22,128,793	\$ 23,458,844	\$ 23,458,844	\$ 46,705,637	\$ 45,587,637
Buildings	89,889,606	91,135,299	42,124,281	35,484,437	132,013,887	126,619,736
Improvements other than buildings	53,349,189	46,308,481	53,837,900	45,788,272	107,187,089	92,096,753
Machinery and equipment	67,336,319	43,692,293	14,270,494	11,719,694	81,606,813	55,411,987
Infrastructure	247,457,123	214,945,895	552,396,064	534,414,478	799,853,187	749,360,373
Lease assets	301,944	538,528	72,647	145,068	374,591	683,596
SBITA assets	3,904,624	1,086,651	123,231	369,711	4,027,855	1,456,362
Intangible and other	248,485	706,052	573,470	725,586	821,955	1,431,638
Construction in progress	83,888,679	80,733,588	111,540,108	74,638,164	195,428,787	155,371,752
Total	<u>\$ 569,622,762</u>	<u>\$ 501,275,580</u>	<u>\$ 798,397,039</u>	<u>\$ 726,744,254</u>	<u>\$ 1,368,019,801</u>	<u>\$ 1,228,019,834</u>

City of Midland, Texas
Management’s Discussion and Analysis (Unaudited)
Year Ended September 30, 2025

Major capital asset activities during fiscal year 2025 included the following:

- Parks - Doug Russel Aquatic Center Improvements; Beal Park Phase I; Dunagen Park Restrooms; Sports Complex Video Board and HVAC Replacement.
- Engineering - Construction and improvements on several traffic signals and street projects including Fairgrounds Road, Sinclair Avenue, Avalon Drive, Wadley Avenue and Main Street, and several unpaved roads throughout the City; Thermoplastic Striping Truck for in-house work.
- Airport - New Terminal Project groundbreaking; Enhanced safety lighting.
- Water and Sewer - Northeast Water and Sewer Infrastructure completion; T-Bar Well Field Improvements.
- Technology - New Servers for Enhanced Cybersecurity.

Debt Administration

At the end of the current fiscal year, the City of Midland had total bond debt, lease and subscription obligations outstanding of \$593.7 million. Of this amount, \$226.2 million was general government bond debt and lease obligations and \$367.5 million was from business-type activities.

The City of Midland’s bond debt increased by \$41.9 million during the current fiscal year. The increase was due to the issuance of Certificate of Obligation Bonds, Series 2025 in the amount of \$55.425 million and \$16.710 million of General Obligation Refunding Bonds, Series 2025 partially offset by scheduled principal payments. The City maintains an AAA rating with Fitch Ratings, Inc. and an Aa1 rating with Moody’s on tax-supported debt.

Long-Term Debt at Year-end

	Governmental Activities		Business-type Activities		Totals	
	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024
General obligation refunding bonds	\$ 120,793,276	\$ 109,646,552	\$ 279,150,000	\$ 281,445,000	\$ 399,943,276	\$ 391,091,552
Certificates of obligation	101,506,724	66,363,448	88,305,000	90,375,000	189,811,724	156,738,448
Lease and subscription obligations	3,898,005	1,113,357	75,763	313,192	3,973,768	1,426,549
	<u>\$ 226,198,005</u>	<u>\$ 177,123,357</u>	<u>\$ 367,530,763</u>	<u>\$ 372,133,192</u>	<u>\$ 593,728,768</u>	<u>\$ 549,256,549</u>

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

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

Additional information concerning the City’s long-term debt may be found in *Note 10* of the Notes to Financial Statements.

City of Midland, Texas
Management's Discussion and Analysis (Unaudited)
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Economic Factors and Next Year's Budgets and Rates

The Fiscal Year 2025 budget process was guided by the City's Strategic Plan, which is built around six key goals: fostering a strong economy with quality jobs, setting the standard for safety and security, enhancing quality of life and place to attract and retain talent, ensuring transparent and consistent communication, providing sound governance and fiscal management, and strengthening and sustaining infrastructure.

The total General Fund Budget is \$188.2 million, reflecting an \$11.9 million increase from the FY 2025 adopted budget. The combined property tax rate is 34.7999 cents per \$100 valuation, a 0.6% decrease from the previous year's rate of 34.8662 cents. Despite the lower rate, property tax revenue for the General Fund is projected to increase by \$3.7 million (4.8%), driven by rising property values and new development. Sales tax revenue, one of the City's largest revenue sources, is budgeted at \$65.0 million, consistent with the FY 2025 adopted budget.

Midland continues to demonstrate a robust growth trajectory across key economic indicators. FY 2025 sales tax collections exceeded budget estimates by 6.3%. The City's unemployment rate remains the lowest in Texas at 3.3%, while its per capita income of approximately \$146,000 ranks second highest in the nation. Midland also ranks first nationally for the most dynamic metropolitan area and leads in short-term GDP growth and per-capita income. With a GDP of \$53.7 billion, Midland stands as the fifth-largest MSA in Texas. Additionally, Midland International Airport has experienced a 39.8% increase in airline boardings over the past decade, prompting expansion and reconstruction projects to accommodate continued growth.

Request for Information

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

Basic Financial Statements

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City of Midland, Texas
Statement of Net Position
September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Midland Development Corporation
Assets and Deferred Outflows of Resources				
Assets				
Cash and cash equivalents	\$ 74,294,636	\$ 74,690,828	\$ 148,985,464	\$ 44,896,596
Investments	146,762,058	111,355,830	258,117,888	694,191
Receivables (net of allowance where applicable)				
Property taxes	1,812,528	-	1,812,528	-
Sales taxes	11,310,889	-	11,310,889	2,827,722
Accounts	10,475,340	17,774,417	28,249,757	-
Interest	1,282,285	957,138	2,239,423	132,200
Assessments	110	-	110	-
Intergovernmental	541,229	8,227,943	8,769,172	-
Leases	1,641,487	1,529,831	3,171,318	1,816,318
Prepaid items and other assets	926,222	-	926,222	245,683
Inventories	1,145,530	-	1,145,530	-
Internal balances	(29,048,372)	29,048,372	-	-
Notes receivable	-	491,156	491,156	6,579
Restricted assets				
Cash and cash equivalents	117,673,233	25,702,707	143,375,940	-
Investments	30,041,976	29,907,742	59,949,718	-
Accounts receivable	-	762,633	762,633	-
Capital and lease assets				
Nondepreciable	107,135,472	134,998,952	242,134,424	15,438,846
Depreciable, net of accumulated depreciation/amortization	462,487,290	663,398,087	1,125,885,377	14,011,766
Total assets	938,481,913	1,098,845,636	2,037,327,549	80,069,901
Deferred Outflows of Resources				
Pension items	98,572,738	2,515,882	101,088,620	-
OPEB items	5,173,314	934,641	6,107,955	-
Loss on refunding	-	9,023,248	9,023,248	-
Total deferred outflows of resources	103,746,052	12,473,771	116,219,823	-
Total assets and deferred outflows of resources	\$ 1,042,227,965	\$ 1,111,319,407	\$ 2,153,547,372	\$ 80,069,901

City of Midland, Texas
Statement of Net Position
September 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Midland Development Corporation
Liabilities, Deferred Inflows of Resources and Net Position				
Liabilities				
Accounts payable	\$ 11,796,413	\$ 15,082,189	\$ 26,878,602	\$ 517,644
Accrued payroll	5,881,527	1,015,802	6,897,329	-
Accrued interest payable	907,087	1,374,457	2,281,544	9,421
Retainage payable	2,594,980	4,815,506	7,410,486	-
Customer deposits	-	4,965,263	4,965,263	-
Unearned revenue	847,904	859,808	1,707,712	-
Other accrued liabilities	2,275,049	7,498,918	9,773,967	-
Long-term liabilities				
Due within one year				
Bonds payable	10,040,000	5,815,000	15,855,000	-
Lease obligations payable	157,193	69,870	227,063	72,880
Lease obligations payable - primary government	-	-	-	103,760
Subscription liability	1,080,594	-	1,080,594	-
Compensated absences	4,217,048	559,773	4,776,821	20,219
Estimated unpaid claims	2,377,081	-	2,377,081	-
Total OPEB liability	222,929	39,804	262,733	-
Due in more than one year				
Bonds payable	228,204,620	378,892,625	607,097,245	-
Arbitrage liability	1,003,756	1,011,131	2,014,887	-
Lease obligations payable	149,693	5,893	155,586	-
Lease obligations payable - primary government	-	-	-	1,147,106
Subscription liability	2,510,525	-	2,510,525	-
Compensated absences	12,651,144	1,679,320	14,330,464	6,739
Estimated unpaid claims	3,269,832	-	3,269,832	-
Landfill closure/postclosure care	-	26,831,195	26,831,195	-
Total OPEB liability	19,246,712	3,576,360	22,823,072	-
Net pension liability	238,294,542	7,482,763	245,777,305	-
Total liabilities	547,728,629	461,575,677	1,009,304,306	1,877,769
Deferred Inflows of Resources				
Pension items	70,019,026	869,985	70,889,011	-
OPEB items	9,388,546	1,706,726	11,095,272	-
Deferred gain on refunding	1,674,299	-	1,674,299	-
Lease related	1,686,948	1,637,534	3,324,482	1,802,811
Total deferred inflows of resources	82,768,819	4,214,245	86,983,064	1,802,811
Net Position				
Net investment in capital assets	386,435,029	440,419,854	826,854,883	28,126,866
Restricted for				
Debt service	595,487	-	595,487	-
Public safety	2,480,478	-	2,480,478	-
Court	860,644	-	860,644	-
Buildings and renovations	1,716,504	-	1,716,504	-
Roadway improvements	17,043,278	-	17,043,278	-
Parks and recreation	3,714,980	-	3,714,980	-
Passenger facility improvements	-	9,232,908	9,232,908	-
Customer facility improvements	-	4,758,437	4,758,437	-
Capital projects	37,650,163	-	37,650,163	-
Hotel/motel	20,969,502	-	20,969,502	-
Economic development	-	-	-	48,262,455
Other purposes	254,206	7,866,521	8,120,727	-
Unrestricted (deficit)	(59,989,754)	183,251,765	123,262,011	-
Total net position	411,730,517	645,529,485	1,057,260,002	76,389,321
Total liabilities, deferred inflows of resources and net position	\$ 1,042,227,965	\$ 1,111,319,407	\$ 2,153,547,372	\$ 80,069,901

**City of Midland, Texas
Statement of Activities
Year Ended September 30, 2025**

Functions/Programs	Expenses	Program Revenues	
		Primary Government	Operating Grants and Contributions
		Charges for Services	
Primary Government			
Governmental Activities			
General government	\$ 22,416,499	\$ 764,665	\$ 8,222
Other	6,931,654	65,852	-
Development services	6,890,142	521,745	71,235
Engineering	31,185,005	6,910,812	72,341
Parks and recreation	14,045,066	543,003	2,196
Police	44,718,655	3,731,810	74,198
Fire	72,467,397	3,986,890	817,302
Golf	4,122,629	5,817,613	-
Sports complex	3,566,180	1,596,509	-
Housing programs	896,435	68,153	829,754
Economic development	6,282,495	-	-
Interest	7,682,386	-	-
Total governmental activities	<u>221,204,543</u>	<u>24,007,052</u>	<u>1,875,248</u>
Business-Type Activities			
Airport	23,104,575	35,170,102	18,693,818
Water and sewer	90,758,517	90,470,296	-
Sanitation	26,168,755	33,690,281	-
Drainage	845,850	2,569,634	-
Total business-type activities	<u>140,877,697</u>	<u>161,900,313</u>	<u>18,693,818</u>
Total primary government	<u>\$ 362,082,240</u>	<u>\$ 185,907,365</u>	<u>\$ 20,569,066</u>
Component Unit			
Midland Development Corporation	<u>12,357,049</u>	<u>1,136,327</u>	<u>-</u>
Total component unit	<u>\$ 12,357,049</u>	<u>\$ 1,136,327</u>	<u>\$ -</u>
General Revenues			
Taxes			
Property			
Sales			
Franchise and other taxes			
Hotel-motel			
Grants not restricted to specific programs			
Investment income			
Oil and gas royalties			
Miscellaneous			
Transfers in (out)			
Total general revenues and transfers			
Change in net position			
Net position, beginning of year			
Net position, end of year			

Program Revenues	Net (Expense) Revenue and Changes in Net Position				Component Unit Midland Development Corporation
	Primary Government			Total	
	Governmental Activities	Business-type Activities			
Capital Grants and Contributions					
\$ 277	\$ (21,643,335)	\$ -	\$ (21,643,335)	\$ -	
10,050,836	3,185,034	-	3,185,034	-	
10,096,014	3,798,852	-	3,798,852	-	
29,751	(24,172,101)	-	(24,172,101)	-	
-	(13,499,867)	-	(13,499,867)	-	
274,915	(40,637,732)	-	(40,637,732)	-	
187,885	(67,475,320)	-	(67,475,320)	-	
-	1,694,984	-	1,694,984	-	
-	(1,969,671)	-	(1,969,671)	-	
-	1,472	-	1,472	-	
-	(6,282,495)	-	(6,282,495)	-	
-	(7,682,386)	-	(7,682,386)	-	
<u>20,639,678</u>	<u>(174,682,565)</u>	<u>-</u>	<u>(174,682,565)</u>	<u>-</u>	
16,000	-	30,775,345	30,775,345	-	
9,243,290	-	8,955,069	8,955,069	-	
-	-	7,521,526	7,521,526	-	
-	-	1,723,784	1,723,784	-	
<u>9,259,290</u>	<u>-</u>	<u>48,975,724</u>	<u>48,975,724</u>	<u>-</u>	
<u>\$ 29,898,968</u>	<u>\$ (174,682,565)</u>	<u>\$ 48,975,724</u>	<u>\$ (125,706,841)</u>	<u>\$ -</u>	
-	-	-	-	(11,220,722)	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,220,722)</u>	
	75,883,372	-	75,883,372	-	
	69,122,570	-	69,122,570	17,280,642	
	9,696,543	-	9,696,543	-	
	9,181,143	-	9,181,143	-	
	1,222,114	-	1,222,114	-	
	17,536,977	13,152,779	30,689,756	770,159	
	10,748,816	1,901,680	12,650,496	-	
	5,091,202	11,514,656	16,605,858	11,356	
	11,280,392	(11,280,392)	-	-	
	<u>209,763,129</u>	<u>15,288,723</u>	<u>225,051,852</u>	<u>18,062,157</u>	
	35,080,564	64,264,447	99,345,011	6,841,435	
	<u>376,649,953</u>	<u>581,265,038</u>	<u>957,914,991</u>	<u>69,547,886</u>	
	<u>\$ 411,730,517</u>	<u>\$ 645,529,485</u>	<u>\$ 1,057,260,002</u>	<u>\$ 76,389,321</u>	

City of Midland, Texas
Balance Sheet
Governmental Funds
September 30, 2025

	General	Debt Service	Parks and Oil and Gas	Total Nonmajor	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 35,834,497	\$ 282,114	\$ 7,748,454	\$ 117,201,673	\$ 161,066,738
Investments	101,524,202	-	4,803,497	30,041,976	136,369,675
Receivables (net, where applicable, of allowances for uncollectibles)					
Property taxes	1,525,543	286,985	-	-	1,812,528
Sales taxes	11,310,889	-	-	-	11,310,889
Assessments	110	-	-	-	110
Accounts	5,940,056	16,101	1,161,937	2,455,338	9,573,432
Interest receivable	639,067	10,287	125,883	215,888	991,125
Intergovernmental	181,851	-	-	359,378	541,229
Leases	1,641,487	-	-	-	1,641,487
Prepaid items and other assets	806,355	-	-	-	806,355
Due from other funds	289,204	-	-	-	289,204
Inventories	257,248	-	-	-	257,248
	<u>\$ 159,950,509</u>	<u>\$ 595,487</u>	<u>\$ 13,839,771</u>	<u>\$ 150,274,253</u>	<u>\$ 324,660,020</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts payable	\$ 4,611,180	-	\$ 98,053	\$ 5,722,578	\$ 10,431,811
Accrued payroll	5,623,627	-	-	-	5,623,627
Retainage payable	613,276	-	765,207	1,214,985	2,593,468
Due to other funds	-	-	-	105,067	105,067
Unearned revenue	798,605	-	-	49,299	847,904
Other liabilities	2,269,482	-	-	3	2,269,485
	<u>13,916,170</u>	<u>-</u>	<u>863,260</u>	<u>7,091,932</u>	<u>21,871,362</u>
Deferred Inflows of Resources					
Unavailable revenue	2,619,287	286,985	-	-	2,906,272
Lease related	1,686,948	-	-	-	1,686,948
	<u>4,306,235</u>	<u>286,985</u>	<u>-</u>	<u>-</u>	<u>4,593,220</u>

**City of Midland, Texas
Balance Sheet
Governmental Funds
September 30, 2025**

	General	Debt Service	Parks and Oil and Gas	Total Nonmajor	Total Governmental Funds
Fund Balances					
Nonspendable					
Prepayments and inventories	1,063,603	-	-	-	1,063,603
Restricted					
Debt service	-	308,502	-	-	308,502
Public safety	26,205	-	-	2,454,273	2,480,478
Court	443,531	-	-	417,113	860,644
Buildings and renovations	-	-	-	1,716,504	1,716,504
Roadway improvements	-	-	-	17,043,278	17,043,278
Streets and drainage	-	-	-	61,400,278	61,400,278
Parks and recreation	-	-	3,714,980	26,235,440	29,950,420
Golf	-	-	-	10,643,636	10,643,636
Hotel motel	-	-	-	20,497,942	20,497,942
Other purposes	-	-	-	254,206	254,206
Committed					
Buildings and renovations	1,585,693	-	-	2,616,878	4,202,571
Streets and drainage	14,380,341	-	-	-	14,380,341
Parks and recreation	-	-	9,261,531	-	9,261,531
Public safety	3,211,653	-	-	-	3,211,653
Technology	1,079,473	-	-	-	1,079,473
Emergency response	2,865,503	-	-	-	2,865,503
Assigned					
Golf	1,298,936	-	-	-	1,298,936
Sports complex	6,685,932	-	-	-	6,685,932
Unassigned	109,087,234	-	-	(97,227)	108,990,007
Total fund balances	141,728,104	308,502	12,976,511	143,182,321	298,195,438
Total liabilities, deferred inflows of resources and fund balances	\$ 159,950,509	\$ 595,487	\$ 13,839,771	\$ 150,274,253	\$ 324,660,020

City of Midland, Texas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2025

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

Total fund balances - governmental funds	\$	298,195,438
Capital assets, net of accumulated depreciation/amortization used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		511,393,841
Certain revenues receivable by the City and recognized in the statement of net position do not provide current financial resources and are deferred in the governmental funds balance sheet.		2,906,272
Long-term liabilities and related deferred outflows and inflows of resources (deferred outflows of resources – pension, deferred outflows of resources – OPEB, deferred inflows of resources – pension, and deferred inflows of resources – OPEB), including bonds payable, compensated absences, net pension liability and total OPEB liability are not due and payable in the current period and, therefore are not reported in the governmental funds financial statements. Long-term liabilities consist of:		
Compensated absences payable	\$	(16,263,076)
Bonds payable		(222,300,000)
Premium on bonds		(15,944,620)
Arbitrage liability		(1,003,756)
Leases		(306,886)
Deferred gain on refunding		(1,674,299)
Total other postemployment benefit (OPEB) liability		(18,821,467)
Net pension liability		(236,938,969)
Deferred outflows of resources – pension		98,116,962
Deferred outflows of resources – OPEB		5,006,023
Deferred inflows of resources – pension		(69,861,420)
Deferred inflows of resources – OPEB		(9,082,964)
		<u>(489,074,472)</u>
Accrued interest on long-term liabilities is reported as a liability on the statement of net position.		(809,759)
A portion of the net position of the internal service funds are included in the governmental activities in the statement of net position:		
Cash		30,901,131
Investments		40,434,359
Receivables		1,193,068
Capital assets net of depreciation		58,228,921
Internal balances		(29,048,372)
Other assets		1,008,149
Deferred outflows related to pensions		455,776
Deferred outflows related to OPEB		167,291
Current liabilities		(5,527,117)
Noncurrent liabilities		(8,230,821)
Deferred inflows related to pensions		(157,606)
Deferred inflows related to OPEB		(305,582)
		<u>89,119,197</u>
Total net position - governmental activities	\$	<u>411,730,517</u>

City of Midland, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2025

	General	Debt Service	Parks and Oil and Gas	Total Nonmajor	Total Governmental Funds
Revenues					
Taxes	\$ 141,579,870	\$ 12,487,666	\$ -	\$ 9,193,655	\$ 163,261,191
Licenses and permits	7,856,913	-	-	65,852	7,922,765
Fines and forfeitures	2,908,899	-	-	119,162	3,028,061
Charges for services	11,584,693	-	-	58,795	11,643,488
Rentals	300,500	-	-	543,003	843,503
Program income	-	-	-	9,542	9,542
Intergovernmental	2,153,616	-	-	1,968,863	4,122,479
Investment earnings	6,912,884	160,911	1,188,770	6,133,079	14,395,644
Oil and gas royalties	-	-	10,748,816	-	10,748,816
Impact fees	-	-	-	4,397,367	4,397,367
Contributions and donations	4,735,310	-	5,484,800	563,605	10,783,715
Miscellaneous	433,316	10,570	-	50,930	494,816
Total revenues	178,466,001	12,659,147	17,422,386	23,103,853	231,651,387
Expenditures					
Current					
General government	17,819,992	-	-	-	17,819,992
Development services	6,987,655	-	-	-	6,987,655
Engineering	18,665,785	-	-	38,754	18,704,539
Parks and recreation	12,087,549	-	-	-	12,087,549
Police	44,723,543	-	-	448,422	45,171,965
Fire	57,057,231	-	54,442,231	87,566	111,587,028
Housing programs	-	-	-	896,435	896,435
Economic development	-	-	-	5,679,722	5,679,722
Golf	4,063,024	-	-	-	4,063,024
Sports Complex	3,537,129	-	-	-	3,537,129
Other	6,721,762	-	605,165	550,187	7,877,114
Debt Service					
Principal retirement	233,865	7,860,000	-	-	8,093,865
Interest and fiscal charges	10,573	7,938,470	-	-	7,949,043
Issuance costs	-	-	-	906,998	906,998
Capital outlay	20,647,248	-	5,480,876	38,390,224	64,518,348
Total expenditures	192,555,356	15,798,470	60,528,272	46,998,308	315,880,406
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,089,355)	(3,139,323)	(43,105,886)	(23,894,455)	(84,229,019)
Other Financing Sources (Uses)					
Transfers in	13,280,392	2,464,395	-	6,729,974	22,474,761
Transfers out	(919,595)	-	(2,000,000)	(8,524,774)	(11,444,369)
Bonds issued	-	16,710,000	-	55,425,000	72,135,000
Payment to escrow agent	-	(18,414,475)	-	-	(18,414,475)
Premium on bonds	-	1,539,682	-	3,327,396	4,867,078
Total other financing sources (uses)	12,360,797	2,299,602	(2,000,000)	56,957,596	69,617,995
Net Change in Fund Balances	(1,728,558)	(839,721)	(45,105,886)	33,063,141	(14,611,024)
Fund Balances, Beginning of Year	143,456,662	1,148,223	58,082,397	110,119,180	312,806,462
Fund Balances, End of Year	\$ 141,728,104	\$ 308,502	\$ 12,976,511	\$ 143,182,321	\$ 298,195,438

City of Midland, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2025

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

Net Change in Fund Balances - Governmental Funds	\$ (14,611,024)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital expenditures (\$64,518,348) exceeded depreciation/amortization expense (\$22,242,033) in the current period.	42,276,315
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position	9,941,320
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (i.e., earned but unavailable revenues). This is the net change in these revenues.	249,964
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Bond issued including premium	\$ (77,002,078)
Payment to escrow agent	18,414,475
Principal amount of debt paid to bondholders and lessors	8,093,865
Amortization of bond premium	<u>1,651,136</u>
	(48,842,602)
Current year change in accrued interest payable does/(does not) require the use of current financial resources; but they (are)/are not reported as expenses in governmental activities.	(224,147)
Current year changes in arbitrage liability does not require the use of current financial resources, and therefore, are not reported as expenses in governmental funds	(253,337)
Current year changes in long-term liabilities for compensated absences does/(does not) require the use of current financial resources; but they (are)/are not reported as expenses in governmental activities.	(4,124,946)
Current year pension and OPEB expenditures are reported on the fiscal year basis in the governmental statement of revenues, expenditures and changes in fund balance and as actuarially determined in the government-wide statement of activities. These differences are reflected in net pension liability, total OPEB liability, and related deferred outflows/inflows of resources balances.	38,595,277
Internal service funds are used by management to charge the costs of the garage, warehouse, and three self-insurance funds to other individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	<u>12,073,744</u>
Change in the Net Position of Governmental Activities	<u>\$ 35,080,564</u>

City of Midland, Texas
Statement of Net Position
Proprietary Funds
September 30, 2025

	Business-Type Activities					Governmental
	Airport	Water and Sewer	Sanitation	Nonmajor Drainage	Total Enterprise Funds	Internal Service Funds
Assets						
Current assets						
Cash and cash equivalents	\$ 23,147,012	\$ 29,805,802	\$ 20,728,218	\$ 1,009,796	\$ 74,690,828	\$ 30,901,131
Investments	32,063,271	51,128,566	26,507,284	1,656,709	111,355,830	40,434,359
Accounts receivable (net of allowance for uncollectibles)	4,034,038	10,564,446	2,932,497	243,436	17,774,417	901,908
Interest receivable	230,787	523,419	191,006	11,926	957,138	291,160
Intergovernmental receivable	8,227,943	-	-	-	8,227,943	-
Lease receivable	1,390,971	138,860	-	-	1,529,831	-
Inventories	-	-	-	-	-	888,282
Prepaid items and other assets	-	-	-	-	-	119,867
Restricted assets						
Cash and equivalents	6,027,405	5,939,509	13,735,793	-	25,702,707	-
Investments	8,369,711	21,538,031	-	-	29,907,742	-
Accounts receivable	762,633	-	-	-	762,633	-
Total current assets	84,253,771	119,638,633	64,094,798	2,921,867	270,909,069	73,536,707
Noncurrent assets						
Capital, lease, and subscription assets						
Land	9,573,455	13,110,737	221,717	552,935	23,458,844	44,343
Buildings	59,611,650	6,471,901	14,679,175	452,465	81,215,191	3,933,253
Improvements other than buildings	25,468,930	46,725,029	23,424,816	987,532	96,606,307	2,375,852
Infrastructure	128,229,515	732,208,196	-	7,024,932	867,462,643	-
Machinery and equipment	15,234,723	5,607,953	5,804,384	143,054	26,790,114	109,742,752
Intangible and other	1,867,836	4,472,969	98,002	-	6,438,807	360,092
Subscription assets	-	-	492,951	-	492,951	5,092,341
Construction in progress	34,209,765	70,197,731	6,952,959	179,653	111,540,108	1,376,017
Lease assets	-	335,295	-	-	335,295	-
Less: accumulated depreciation/amortization	(140,838,779)	(253,491,982)	(21,377,713)	(234,747)	(415,943,221)	(64,695,729)
Net capital, lease, and subscription assets	133,357,095	625,637,829	30,296,291	9,105,824	798,397,039	58,228,921
Notes receivable	-	491,156	-	-	491,156	-
Total noncurrent assets	133,357,095	626,128,985	30,296,291	9,105,824	798,888,195	58,228,921
Total assets	217,610,866	745,767,618	94,391,089	12,027,691	1,069,797,264	131,765,628
Deferred Outflows of Resources						
Pension items	472,705	1,229,292	813,885	-	2,515,882	455,776
OPEB items	160,516	458,884	315,241	-	934,641	167,291
Loss on refunding	-	9,023,248	-	-	9,023,248	-
Total deferred outflows of resources	633,221	10,711,424	1,129,126	-	12,473,771	623,067

City of Midland, Texas
Statement of Net Position
Proprietary Funds
September 30, 2025

	Business-Type Activities				Governmental Activities -	
	Airport	Water and Sewer	Sanitation	Nonmajor Drainage	Total Enterprise Funds	Internal Service Funds
Liabilities						
Current liabilities						
Accounts payable	\$ 2,802,460	\$ 11,044,639	\$ 362,705	\$ 152,166	\$ 14,361,970	\$ 1,364,602
Accrued payroll	167,108	419,760	418,197	10,737	1,015,802	257,900
Accrued interest	-	-	-	-	-	97,328
Retainage payable	861,854	3,187,739	310,482	7,246	4,367,321	1,512
Customer deposits	-	4,964,641	622	-	4,965,263	-
Bonds payable from unrestricted assets	-	5,265,000	550,000	-	5,815,000	-
Lease liability	-	69,870	-	-	69,870	-
Subscription liability	-	-	-	-	-	1,080,594
Compensated absences	148,786	208,059	202,928	-	559,773	151,279
Total OPEB liability	6,805	19,547	13,452	-	39,804	7,120
Estimated unpaid claims	-	-	-	-	-	2,377,081
Unearned revenue	607,100	-	252,708	-	859,808	-
Due to other funds	-	-	-	-	-	184,137
Other liabilities	79,651	7,415,584	3,683	-	7,498,918	5,564
Current liabilities payable from restricted assets						
Accounts payable	720,219	-	-	-	720,219	-
Retainage payable	448,185	-	-	-	448,185	-
Accrued interest payable	-	1,300,261	74,196	-	1,374,457	-
Total current liabilities	5,842,168	33,895,100	2,188,973	170,149	42,096,390	5,527,117
Noncurrent liabilities						
Estimated unpaid claims	-	-	-	-	-	3,269,832
Bonds payable	-	359,417,327	19,475,298	-	378,892,625	-
Arbitrage liability	-	1,011,131	-	-	1,011,131	-
Subscription liability	-	-	-	-	-	2,510,525
Net pension liability	1,405,923	3,656,174	2,420,666	-	7,482,763	1,355,573
Compensated absences	446,357	624,178	608,785	-	1,679,320	453,837
Total OPEB liability	620,778	1,754,938	1,200,644	-	3,576,360	641,054
Lease liability	-	5,893	-	-	5,893	-
Landfill closure post closure care	-	-	26,831,195	-	26,831,195	-
Total noncurrent liabilities	2,473,058	366,469,641	50,536,588	-	419,479,287	8,230,821
Total liabilities	8,315,226	400,364,741	52,725,561	170,149	461,575,677	13,757,938
Deferred Inflows of Resources						
Pension items	163,460	425,085	281,440	-	869,985	157,606
OPEB items	293,815	837,856	575,055	-	1,706,726	305,582
Lease related	1,502,921	134,613	-	-	1,637,534	-
Total deferred inflows of resources	1,960,196	1,397,554	856,495	-	4,214,245	463,188
Net Position						
Net invested in capital assets	129,113,843	278,702,172	23,505,261	9,098,578	440,419,854	54,636,290
Restricted for passenger facility improvements	9,232,908	-	-	-	9,232,908	-
Restricted for customer facility improvements	4,758,437	-	-	-	4,758,437	-
Restricted for impact fees	-	7,866,521	-	-	7,866,521	-
Unrestricted	64,863,477	68,148,054	18,432,898	2,758,964	154,203,393	63,531,279
Total net position	\$ 207,968,665	\$ 354,716,747	\$ 41,938,159	\$ 11,857,542	\$ 616,481,113	\$ 118,167,569
Reconciliation to government-wide statement of net position:						
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds					<u>29,048,372</u>	
Net position of business-type activities					<u>\$ 645,529,485</u>	

City of Midland, Texas
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2025

	Business-type Activities					Governmental
	Airport	Water and Sewer	Sanitation	Nonmajor Drainage	Total Enterprise Funds	Internal Service Funds
Operating Revenues						
International airport parking revenues	\$ 9,163,463	\$ -	\$ -	\$ -	\$ 9,163,463	\$ -
Airport building and ground area rentals	11,638,146	-	-	-	11,638,146	-
Landing fees	3,297,639	-	-	-	3,297,639	-
Water sales	-	70,393,590	-	-	70,393,590	-
Sewer charges	-	19,430,549	-	-	19,430,549	-
Tap installations and service charges	-	523,648	-	2,569,634	3,093,282	-
Impact fees	-	2,402,549	-	-	2,402,549	-
Garbage collection fees	-	-	33,690,281	-	33,690,281	-
Billings to other funds	-	-	-	-	-	61,159,419
Employee payments	-	-	-	-	-	2,304,039
Miscellaneous	94,876	14,531	-	-	109,407	-
Total operating revenues	24,194,124	92,764,867	33,690,281	2,569,634	153,218,906	63,463,458
Operating Expenses						
Cost of goods sold	-	-	-	-	-	2,230,223
Salaries and fringe benefits	3,830,492	9,631,894	8,973,536	265,546	22,701,468	5,540,849
Contractual services	11,154,351	37,242,544	14,236,747	491,977	63,125,619	11,335,668
Maintenance of structure	540,605	5,975,092	39,438	130,851	6,685,986	45,345
Maintenance of equipment	305,139	3,050,924	44,699	-	3,400,762	5,476,079
Payment of claims	-	-	-	-	-	14,263,977
Closure and postclosure care	-	-	3,185,535	-	3,185,535	-
Supplies	592,914	4,294,260	305,915	3,691	5,196,780	3,624,450
Other expenses	266,465	225,388	206,477	49,999	748,329	212,992
Depreciation and amortization	6,676,483	16,459,505	1,316,032	139,565	24,591,585	7,729,308
Total operating expenses	23,366,449	76,879,607	28,308,379	1,081,629	129,636,064	50,458,891
Operating Income (Loss)	827,675	15,885,260	5,381,902	1,488,005	23,582,842	13,004,567
Nonoperating Revenues (Expenses)						
Investment income	3,287,271	6,784,905	2,965,519	115,084	13,152,779	3,141,333
Interest expense	-	(15,003,787)	(782,200)	-	(15,785,987)	(165,868)
Rentals	-	108,050	-	-	108,050	-
Right of way or airway sales	93,192	7,479,269	-	-	7,572,461	-
Intergovernmental	18,693,818	-	-	-	18,693,818	-
Oil and gas royalties	9,645,893	150,613	-	-	9,796,506	-
Gain on sale of capital assets	-	-	-	-	-	308,389
Passenger facility charge revenue	3,031,392	-	-	-	3,031,392	-
Other, net	1,537,070	71,063	(18,799)	-	1,589,334	79,677
Total nonoperating revenues (expenses)	36,288,636	(409,887)	2,164,520	115,084	38,158,353	3,363,531
Income Before Transfers and Contributions	37,116,311	15,475,373	7,546,422	1,603,089	61,741,195	16,368,098
Transfers in	-	-	-	-	-	250,000
Transfers out	-	(8,197,438)	(2,845,807)	(237,147)	(11,280,392)	-
Capital contributions	16,000	9,243,290	-	-	9,259,290	-
Change in Net Position	37,132,311	16,521,225	4,700,615	1,365,942	59,720,093	16,618,098
Net Position, Beginning of Year	170,836,354	338,195,522	37,237,544	10,491,600	556,761,020	101,549,471
Net Position, End of Year	\$ 207,968,665	\$ 354,716,747	\$ 41,938,159	\$ 11,857,542	\$ 616,481,113	\$ 118,167,569

Reconciliation to government- wide statement of net position:

Change in net position enterprise funds	\$ 59,720,093
Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds	4,544,354
Change in Net Position of Business-Type Activities	<u>\$ 64,264,447</u>

City of Midland, Texas
Statement of Cash Flows - Proprietary Funds
Year Ended September 30, 2025

	Business-Type Activities				Governmental Activities	
	Airport	Water and Sewer	Sanitation	Nonmajor Drainage	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities						
Receipts from customers and users	\$ 21,625,773	\$ 94,469,962	\$ 33,921,849	\$ 2,585,336	\$ 152,602,920	\$ -
Receipts from interfund service transactions	-	-	-	-	-	60,719,425
Receipts from miscellaneous revenues (payments)	11,276,155	7,808,995	(18,798)	(49,999)	19,016,353	241,355
Receipts from employees and retirees	-	-	-	-	-	2,265,228
Payments to suppliers and service providers	(7,525,389)	(58,728,050)	(13,934,291)	(572,888)	(80,760,618)	(36,585,600)
Payments to employees for salaries and benefits	(3,714,767)	(9,242,691)	(8,583,467)	(264,146)	(21,805,071)	(5,407,566)
Payments for interfund service transactions	(5,397,587)	(2,183,913)	(1,335,347)	(45,104)	(8,961,951)	(625,424)
Net cash from operating activities	16,264,185	32,124,303	10,049,946	1,653,199	60,091,633	20,607,418
Cash Flows from Noncapital Financing Activities						
Transfers in	-	-	-	-	-	250,000
Transfers out	-	(8,197,438)	(2,845,807)	(237,147)	(11,280,392)	-
Operating grants	15,919,386	-	-	-	15,919,386	-
Net cash from (used in) noncapital financing activities	15,919,386	(8,197,438)	(2,845,807)	(237,147)	4,638,994	250,000
Cash Flows from Capital and Related Financing Activities						
Capital grants and contributions	16,000	-	-	-	16,000	-
Acquisition and construction of capital assets	(34,536,464)	(37,253,438)	(7,127,730)	(2,112,239)	(81,029,871)	(19,609,464)
Principal paid on capital debt, notes payable, and leases	(1,195)	(4,365,000)	(330,957)	-	(4,697,152)	(1,328,782)
Interest and fees paid on capital debt, notes payable, and leases	(4)	(15,886,667)	(753,484)	-	(16,640,155)	(78,034)
Proceeds from the sale of capital assets	-	-	-	-	-	406,292
Passenger facility charge revenue	2,992,526	-	-	-	2,992,526	-
Net cash from (used in) capital and related financing activities	(31,529,137)	(57,505,105)	(8,212,171)	(2,112,239)	(99,358,652)	(20,609,988)
Cash Flows from Investing Activities						
Purchase of investments	(5,738,343)	(7,921,800)	(4,430,465)	-	(18,090,608)	(4,549,618)
Sale of investments	-	-	-	179,446	179,446	362,535
Interest on investments	2,613,064	5,526,389	2,507,462	95,185	10,742,100	2,441,763
Net cash from (used in) investing activities	(3,125,279)	(2,395,411)	(1,923,003)	274,631	(7,169,062)	(1,745,320)
Net Increase in Cash and Cash Equivalents	(2,470,845)	(35,973,651)	(2,931,035)	(421,556)	(41,797,087)	(1,497,890)
Cash and Cash Equivalents, October 1	31,645,262	71,718,962	37,395,046	1,431,352	142,190,622	32,399,021
Cash and Cash Equivalents, September 30	\$ 29,174,417	\$ 35,745,311	\$ 34,464,011	\$ 1,009,796	\$ 100,393,535	\$ 30,901,131

City of Midland, Texas
Statement of Cash Flows - Proprietary Funds
Year Ended September 30, 2025

	Business-Type Activities				Total Enterprise Funds	Governmental
	Airport	Water and Sewer	Sanitation	Nonmajor Drainage		Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Flows From Operating Activities						
Operating income (loss)	\$ 827,675	\$ 15,885,260	\$ 5,381,902	\$ 1,488,005	\$ 23,582,842	\$ 13,004,567
Adjustments to reconcile operating income (loss) to net cash from operating activities						
Depreciation and amortization	6,676,483	16,459,505	1,316,032	139,565	24,591,585	7,729,308
Other income	11,276,155	7,808,995	(18,798)	-	19,066,352	79,677
(Increase) decrease in						
Receivables	(478,207)	1,580,206	313,971	15,702	1,431,672	(317,127)
Inventories	-	-	-	-	-	21,639
Prepaid items and other assets	-	-	-	-	-	90,748
Pension deferred outflow of resources	(102,632)	(266,897)	616,835	-	247,306	345,428
OPEB deferred outflow of resources	21,474	60,584	41,416	-	123,474	22,134
Increase (decrease) in						
Accounts payable and accrued liabilities	(63,502)	(10,123,755)	(450,217)	8,527	(10,628,947)	(805,105)
Accrued payroll	18,217	67,199	89,938	1,400	176,754	53,271
Customer deposits	-	206,303	-	-	206,303	-
Estimated unpaid claims	-	-	-	-	-	670,428
Unearned revenue	123,062	-	(68,548)	-	54,514	-
Pension deferred inflow of resources	419,865	1,091,875	(70,635)	-	1,441,105	(39,556)
OPEB deferred inflow of resources	(14,206)	(38,897)	(26,293)	-	(79,396)	(14,291)
Lease deferred inflow of resources	(2,213,206)	297,124	-	-	(1,916,082)	-
Compensated absences	171,767	(863,499)	222,766	-	(468,966)	139,045
Net pension liability	(412,958)	41,714	(512,897)	-	(884,141)	(387,882)
Total other postemployment benefit liability	14,198	(81,414)	28,939	-	(38,277)	15,134
Closure/postclosure cost liabilities	-	-	3,185,535	-	3,185,535	-
Net Cash From Operating Activities	\$ 16,264,185	\$ 32,124,303	\$ 10,049,946	\$ 1,653,199	\$ 60,091,633	\$ 20,607,418
Noncash Transactions						
Purchase of capital assets with accounts payable	\$ 4,243,252	\$ 5,627,562	\$ 501,525	\$ 8,006	\$ 10,380,345	\$ -
Contributions of capital assets	-	9,243,290	-	-	9,243,290	-
Acquisition of capital assets with subscription	-	-	-	-	-	4,347,295

City of Midland, Texas
Statement of Fiduciary Net Position - Fiduciary Fund
December 31, 2024

	Pension Trust Fund
Assets	
Cash and cash equivalents	\$ 1,963,024
Receivables	
Accrued interest and declared dividends	47,843
Investments, at fair value	
Domestic equities	37,937,004
International equities	10,142,624
Fixed income	14,029,775
Real estate	8,967,248
Private equity and credit	<u>18,593,027</u>
Total assets	<u>91,680,545</u>
Liabilities	
Accounts payable	51,780
DROP payable	451,575
QDRO payable	<u>83,724</u>
Total liabilities	<u>587,079</u>
Net Position Restricted for Pension Benefits	<u><u>\$ 91,093,466</u></u>

City of Midland, Texas
Statement of Changes in Fiduciary Net Position - Fiduciary Fund
Year Ended December 31, 2024

	Pension Trust Fund
Additions	
Contributions	
Employer contributions	\$ 6,616,532
Member contributions	<u>3,906,248</u>
Total contributions	10,522,780
Investment income	
Net appreciation in fair value of investments	8,013,377
Interest	6,742
Dividends	2,310,181
Rental income	75,770
Investment expenses	<u>(706,107)</u>
Net investment income	9,699,963
Total additions	20,222,743
Deductions	
Benefits paid including refunds of plan member contributions	12,334,370
Wages expense, benefits, and taxes	155,717
Administrative expenses	<u>330,853</u>
Total deductions	<u>12,820,940</u>
Changes in pension plan net position	7,401,803
Net Position Restricted for Pension Benefits, Beginning	<u>83,691,663</u>
Net Position Restricted for Pension Benefits, Ending	<u><u>\$ 91,093,466</u></u>

Notes to Financial Statements

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Note 1. Summary of Significant Accounting Policies

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

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

The Financial Reporting Entity

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

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

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

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

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

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

City of Midland, Texas
Notes to Financial Statements
September 30, 2025

MFRRF is established under the authority of the Texas Local Firefighters' Retirement Act passed in 1937 by the Texas State Legislature. The City's firefighters participate in MFRRF. MFRRF is governed by seven trustees composed of the Mayor or his designee, the Director of Finance of the City, or his designee, three firefighters elected by majority vote of firefighters, and two citizens who are not officers or employees of the City and who must be elected by the majority vote of the board of trustees. MFRRF is reported as a fiduciary component unit in the accompanying financial statements as a pension trust fund, under the provisions of GASB 84 and GASB 14, as amended. The financial information included in these statements is as of MFRRF's year end, December 31, 2024.

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

Joint Venture

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

The Midland-Odessa Urban Transit District (MOUTD) was established through an interlocal agreement between the City and the City of Odessa on August 28, 2001, to provide mass transit to both cities. The MOUTD is to be exclusively governed by both City Councils or through an equally appointed board. The Transit Board (the Board) is the official governing agency of EZ-Rider. It is comprised of six individuals from both cities, appointed by their respective City Councils. The Board approves the budget, routes, fares, schedules, policies and procedures, new services, etc. Further information concerning MOUTD may be found in *Note 18* of this financial report.

Government-wide and Fund Financial Statements

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

Although the effect of indirect interfund activity has been removed from these statements, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the City is reported separately from certain legally separate component units that meet the criteria for discrete presentation as set forth in applicable GASB Statements. The government-wide statement of net position reports all financial and capital resources of the City and is presented in an "assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position" format. Assets and liabilities are presented in relative order of liquidity with liabilities that have an average maturity of more than one year separated into the amount due within one year and the amount due in more than one year.

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

City of Midland, Texas
Notes to Financial Statements
September 30, 2025

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers grant revenues to be available if they are collected within 1 year of the end of the current fiscal period and all other revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are

City of Midland, Texas
Notes to Financial Statements
September 30, 2025

reported as other financing sources. Property taxes, sales taxes, franchise taxes, occupancy taxes, ambulance fees, assessments and federal and state grant proceeds, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 1 year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

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

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

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

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

The following funds are used by the City:

Governmental Funds - Major Funds

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

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

Parks and Oil and Gas Fund - to account for funds received from private organizations, individuals, and oil lease money generated from park land. Such funds are used solely for park related development.

Governmental Funds - Nonmajor Funds

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

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

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

Enterprise Funds – Major Funds

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

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

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

Enterprise Funds – Nonmajor Funds

The drainage fund is the only nonmajor enterprise fund.

Other Fund Types

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

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

Budgetary Basis of Accounting

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

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

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

Cash, Cash Equivalents, and Investments

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

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

Inventories and Prepaid Items

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

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

Receivables, Payables, and Interfund Transactions

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

Capital, Lease, and Subscription Assets

Capital, lease, and subscription assets include the purchase, other acquisition, or construction, of equipment, facilities, or other similar assets at a cost in excess of \$5,000 (\$15,000 for lease and subscription assets) and for which a useful life of over one year is expected. These assets include property, plant, equipment, infrastructure, lease, and all other tangible and intangible assets purchased or acquired. Purchased or constructed assets are carried at historical cost or estimated historical cost. Infrastructure assets, which include streets and associated drainage, sidewalks, bridges, drainage systems, water and sewer systems, runways and taxiways, lighting systems, and other similar type assets, have been recorded at historical cost for all assets acquired after April 1986. Infrastructure assets acquired prior to April 1986 and after June 1980 were capitalized based upon estimated historical cost obtained from bond documents used to obtain financing for construction of infrastructure

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assets. Donated capital assets are recorded at acquisition value at the date of donation. Intangible assets are reported in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.

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

Assets

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

Lease Receivable

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

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

Lease Liability

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

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

Subscription Liability

The City recognizes a subscription liability and an intangible right-to-use IT asset (subscription asset) in the financial statements. The City recognizes subscription liability with an initial, individual value of \$15,000 or more. Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at and certain payments made before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets

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are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

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

Compensated Absences

Paid-time off (PTO) is accrued as a liability as employees earn the benefit to the extent that they meet all of the following criteria: 1) the City's obligation is attributable to employees' services already rendered; 2) the leave accumulates; and 3) it is more likely than not that the City will compensate the employees for the benefits through PTO or some other means, such as cash payments.

The liability for compensated absences is reported in the government-wide financial statements, as well as the proprietary fund financial statements based on the last-in-first-out (LIFO) method. The liability includes salary related benefits, where applicable.

Federal and State Grants

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

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

Long-Term Debt

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

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

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

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

Defined Benefit Pension Plans

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

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

Defined Benefit Other Postemployment Benefit Plans

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

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

Indirect and Centralized Expenses

The City charges the hotel motel fund, garage fund, and all enterprise funds for "centralized" expenses, which include an administrative overhead initially paid by the General Fund. These costs are determined on an annual basis through a full cost allocation study. During the fiscal year ended September 30, 2025, the City's General Fund was reimbursed \$10,752,728 for these services. Allocations are treated as reimbursements rather than as interfund services provided and used because they do not involve a programmatic service of the provider fund.

Deferred Outflows/Inflows of Resources

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

- Loss on refunding - This results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded and refunding debt.
- Pension contributions after measurement - These contributions are deferred and will be recognized in the subsequent fiscal year.
- Difference in expected and actual experience - pension - This difference is deferred and amortized over the average remaining service life of all participants in the pension plan and recorded as a component of pension expense beginning with the period in which they are incurred.

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

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

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

Net Position

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

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

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

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

Nature and Purpose of Classifications of Fund Equity

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

Use of Estimates

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

New Accounting Pronouncements

Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* updates the recognition and measurement guidance for compensated absences under a unified model. Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements. The City adopted this standard in fiscal year 2025. There was no effect on beginning net position.

GASB Statement 102, *Certain Risk Disclosures*, clarifies the definitions for a concentration and a constraint, and it provides disclosure requirements for concentrations and constraints that are determined to have a risk of substantial impact. The City adopted this standard in fiscal year 2025. There was no effect on the financial statements.

Future Changes in Accounting Principle

GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), improves the financial reporting model by standardizing the presentation for various matters within governmental financial statements. The purpose is to eliminate diversity in practice and improve comparability. Impacted areas include management's discussion and analysis, unusual or infrequent items, the definitions and presentation of operating and nonoperating revenues and expenses in enterprise funds, presentation of major component units, presentation of budgetary comparison information, and financial trends information within the statistical section of separately issued financial reports. The requirements of this Statement are effective for the City's fiscal year 2026 and all reporting periods thereafter. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, (GASB 104), requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. GASB 104 requires lease assets recognized in accordance with Statement No. 87, *Leases*, intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, and intangible assets other than those three types to be disclosed separately by major class. In addition, GASB 104 requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for the City's fiscal year 2026 and all reporting periods thereafter. Management has not yet determined the impact of this Statement on its financial statements.

GASB Statement No. 105, *Subsequent Events*, (GASB 105), defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this Statement are effective for the City's fiscal year 2026 and all reporting periods thereafter. Management has not yet determined the impact of this Statement on its financial statements.

Note 2. Deposits and Investments

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

Deposits

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

The City's deposits were fully insured or collateralized as of September 30, 2025. At September 30, 2025, the carrying amount of cash for the City and MDC was \$(3,887,557) and \$18,145,938, respectively, of which \$411,584 was insured by the Federal Deposit Insurance Corporation (FDIC). The remaining bank balance was collateralized by securities, with a fair value of \$39,052,371 at September 30, 2025, held in the City's name by BNY Mellon as agent for the City.

In addition to these bank balances, Wells Fargo Bank serves as custodian for eligible federal treasury and agency securities in the amount of \$318,761,797, which includes the MDC balances of \$694,191.

Investments

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

Obligations of the United States or Its Agencies and Instrumentalities

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

Direct Obligations of the State of Texas or Its Agencies

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

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

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

Fully Collateralized Repurchase Agreements Having a Defined Termination Date

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

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

Money Market Funds

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

Other Securities or Obligations Approved by the City Council

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

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

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

State statutes permit the City to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in fair value of the securities. If the dealers' default on their obligations to resell these securities to the City or provide securities or cash of equal value, the City would suffer an economic loss equal to the difference between the fair value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. During the year ended September 30, 2025, the City invested in no reverse repurchase agreements.

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Credit Risk

In compliance with the City's investment policy, as of September 30, 2025, the City minimized credit risk by limiting investments to the safest types of securities and diversifying the portfolio so that potential losses on individual securities were minimized. The investment pools (which represent approximately 50% of the portfolio) are rated AAAM by Standard and Poor's. The Federal National Mortgage Association, Federal Home Loan Bank notes and Federal Home Loan Mortgage Corporation obligations were all rated AAA by Standard and Poor's.

Interest Rate Risk

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

The City's investments carried at fair value as of September 30, 2025, are:

Investments	Fair Value			Weighted-Average Maturity (in Years)	Credit Risk
	Primary Government	Component Unit	Total		
FHLB	\$ 169,088,792	\$ 369,042	\$ 169,457,834	7.70	AAA
FFCB	100,742,752	20,387	100,763,139	6.50	AAA
FHLMC	24,614,044	53,721	24,667,765	7.00	AAA
FNMA	9,340,800	219,873	9,560,673	7.90	AAA
FNBS2013	1,690,013	3,688	1,693,701	1.30	AAA
FAMCA	9,673,279	21,112	9,694,391	10.00	AAA
FHLMB	1,915,387	4,180	1,919,567	0.10	AAA
Municipal bonds	1,002,539	2,188	1,004,727	6.00	AAA
TexPool	52,514,569	14,082,755	66,597,324	0.27	AAAM
TexStar	27,384,530	5,320,552	32,705,082	0.19	AAAM
Texas CLASS	216,349,861	7,347,352	223,697,213	0.23	AAAM
Total	<u>\$ 614,316,566</u>	<u>\$ 27,444,850</u>	<u>\$ 641,761,416</u>	3.92	

Concentration of Credit Risk

The City's investment policy states that the portfolio(s) shall be diversified by type of investment and maturities to reduce risks resulting from undue investment concentration. At September 30, 2025, more than 5% of the City's investments are in the following investments:

Investment	Amount
FHLB	\$ 169,457,834
FFCB	100,763,139
FHLMC	24,667,765
TexPool	66,597,324
TexStar	32,705,082
Texas CLASS	223,697,213

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Fair Value of Investments

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

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

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

Level 3: Unobservable inputs.

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches: debt securities are normally valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors; equity securities are valued using fair value per share for each fund. Securities classified as Level 3 have limited trade information, these securities are priced or using the last trade price or estimated using recent trade prices. The City has no Level 3 investments at September 30, 2025.

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, 2025:

	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	\$ 317,757,070	\$ 45,230,469	\$ 272,526,601	\$ -
Municipal bonds	<u>1,004,727</u>	<u>-</u>	<u>1,004,727</u>	<u>-</u>
Total investments by fair value level	<u>\$ 318,761,797</u>	<u>\$ 45,230,469</u>	<u>\$ 273,531,328</u>	<u>\$ -</u>
Investments measured at net asset value				
TexStar	32,705,082			
Texas CLASS	<u>223,697,213</u>			
Total investments at net asset value	<u>256,402,295</u>			
Investments measured at amortized cost				
TexPool	<u>66,597,324</u>			
Total investments at amortized cost	<u>66,597,324</u>			
Total investments	<u>\$ 641,761,416</u>			

City of Midland, Texas
Notes to Financial Statements
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Note 3. Property Taxes

Property taxes for the current fiscal year are levied on October 1; attach as an enforceable lien on property as of January 1; and become delinquent at January 31, unless the half-payment option is elected by the taxpayer, in which case one-half of the tax is due November 30, and the balance is due the following June 30. On February 1, delinquent taxes are assessed a 6% penalty plus 1% interest. Penalty and interest rates each increase 1% per month through June. According to Article V, Section (2) of the City Charter, the maximum tax rate is \$2.00 per \$100.00 assessed valuation, which includes debt service. The combined tax rate of the 2024 tax roll or Fiscal Year 2024-2025 was \$0.34866 per \$100.00 assessed valuation, resulting in a tax levy in the amount of \$78,070,102 on an assessed valuation of \$22,264,393,000. The levy is composed of a maintenance and operations levy of \$0.290320 and an interest and sinking fund (debt service) levy of \$0.058342 per \$100.00 assessed valuation. Property taxes are imposed non-exchange revenues and, as such, require different revenue recognition at the government-wide level and fund level.

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

Note 4. Receivables

Receivables, excluding those related to leases, as of September 30, 2025, for the City's individual major and nonmajor funds, and internal service funds in the aggregate, including applicable allowances for uncollectible amounts, are as follows:

	General	Debt Service	Parks and Oil and Gas	Airport	Water and Sewer	Sanitation	Nonmajor and Other Funds	Total
Receivables								
Property taxes	\$ 2,507,353	\$ 476,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,983,580
Sales taxes	11,310,889	-	-	-	-	-	-	11,310,889
Accounts	9,287,730	16,101	1,161,937	4,048,544	17,576,928	4,455,715	3,864,439	40,411,394
Interest	639,067	10,287	125,883	290,929	523,419	191,006	518,974	2,299,565
Assessments	491,736	-	-	-	-	-	-	491,736
Intergovernmental	181,851	-	-	8,930,434	-	-	359,378	9,471,663
Gross Receivables	24,418,626	502,615	1,287,820	13,269,907	18,100,347	4,646,721	4,742,791	66,968,827
Less allowance for uncollectibles	(4,821,110)	(189,242)	-	(14,506)	(7,012,482)	(1,523,218)	(263,757)	(13,824,315)
Net total receivables	<u>\$ 19,597,516</u>	<u>\$ 313,373</u>	<u>\$ 1,287,820</u>	<u>\$ 13,255,401</u>	<u>\$ 11,087,865</u>	<u>\$ 3,123,503</u>	<u>\$ 4,479,034</u>	<u>\$ 53,144,512</u>

City of Midland, Texas
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Governmental funds report deferred inflows in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The City also records unearned revenue, revenue received but not yet earned, in both its governmental funds and proprietary funds. At September 30, 2025, the proprietary funds reported \$859,808 in unearned revenues related to advance payments for rent and services. At September 30, 2025, the composition of the governmental revenues was as follows:

	Deferred Inflows – Unavailable Revenue	Governmental Unearned Revenue
Delinquent property taxes receivable - General Fund	\$ 1,525,543	\$ -
Ambulance receivable – General Fund	640,883	-
Municipal court fines – General Fund	452,861	-
Delinquent property taxes receivable Debt Service Fund	286,985	-
Grant drawdowns/receipts prior to meeting all eligibility requirements	-	847,904
	<u>\$ 2,906,272</u>	<u>\$ 847,904</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 2,906,272</u>	<u>\$ 847,904</u>

Note 5. Capital, Lease, and SBITA Assets

Capital, lease, and SBITA asset activity for the year ended September 30, 2025, was as follows:

	Balance Beginning of Year	Additions	Sales/ Disposals	Transfers	Balance End of Year
Governmental activities					
Capital assets not being depreciated					
Land	\$ 22,128,793	\$ 303,830	\$ -	\$ 814,170	\$ 23,246,793
Construction in progress	80,733,588	50,828,900	13,833	(47,687,642)	83,888,679
Total capital assets not being depreciated	<u>102,862,381</u>	<u>51,132,730</u>	<u>13,833</u>	<u>(46,873,472)</u>	<u>107,135,472</u>
Capital and lease assets being depreciated/amortized					
Buildings	126,974,754	1,511,835	-	301,538	128,788,127
Improvements other than buildings	112,232,875	697,981	-	10,261,159	123,192,015
Machinery and equipment	126,545,473	19,899,020	(2,389,985)	11,415,475	155,469,983
Infrastructure	360,897,565	20,783,335	(20,197)	24,895,300	406,556,003
Other	8,571,946	64,941	-	-	8,636,887
Lease assets - equipment	1,211,822	-	(407,966)	-	803,856
SBITA assets	2,056,962	4,347,295	(1,311,916)	-	5,092,341
Total capital, lease, and SBITA assets being depreciated	<u>738,491,397</u>	<u>47,304,407</u>	<u>(4,130,064)</u>	<u>46,873,472</u>	<u>828,539,212</u>
Less accumulated depreciation/amortization for					
Buildings	(35,839,455)	(3,059,066)	-	-	(38,898,521)
Improvements other than buildings	(65,924,394)	(3,918,432)	-	-	(69,842,826)
Machinery and equipment	(82,853,180)	(7,558,219)	2,277,735	-	(88,133,664)
Infrastructure	(145,951,670)	(13,147,210)	-	-	(159,098,880)
Other	(7,865,894)	(522,508)	-	-	(8,388,402)
Lease assets - equipment	(673,294)	(236,584)	407,966	-	(501,912)
SBITA assets	(970,311)	(1,529,322)	1,311,916	-	(1,187,717)
Total accumulated depreciation/amortization	<u>(340,078,198)</u>	<u>(29,971,341)</u>	<u>3,997,617</u>	<u>-</u>	<u>(366,051,922)</u>
Total capital, lease, and SBITA assets being depreciated/amortized, net	<u>398,413,199</u>	<u>17,333,066</u>	<u>(132,447)</u>	<u>46,873,472</u>	<u>462,487,290</u>
Governmental activities capital, lease, and SBITA assets, net	<u>\$ 501,275,580</u>	<u>\$ 68,465,796</u>	<u>\$ (118,614)</u>	<u>\$ -</u>	<u>\$ 569,622,762</u>

City of Midland, Texas
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	Balance Beginning of Year	Additions	Sales/ Disposals	Transfers	Balance End of Year
Business-type activities					
Capital assets not being depreciated					
Land	\$ 23,458,844	\$ -	\$ -	\$ -	\$ 23,458,844
Construction in progress	74,638,164	76,717,898	-	(39,815,954)	111,540,108
Total capital assets not being depreciated	<u>98,097,008</u>	<u>76,717,898</u>	<u>-</u>	<u>(39,815,954)</u>	<u>134,998,952</u>
Capital and lease assets being depreciated/amortized					
Water rights	717,058	-	-	-	717,058
Buildings	72,809,015	880,680	-	7,525,496	81,215,191
Improvements other than building	86,077,850	4,994,497	-	5,533,960	96,606,307
Machinery and equipment	22,578,712	1,340,263	-	2,871,139	26,790,114
Infrastructure	831,385,528	12,814,041	-	23,263,074	867,462,643
Other	5,602,473	119,276	-	-	5,721,749
Lease assets - buildings	371,035	-	(35,740)	-	335,295
SBITA assets	492,951	-	-	-	492,951
Total capital and lease assets being depreciated	<u>1,020,034,622</u>	<u>20,148,757</u>	<u>(35,740)</u>	<u>39,193,669</u>	<u>1,079,341,308</u>
Less accumulated depreciation for					
Water rights	(717,058)	-	-	-	(717,058)
Buildings	(37,324,578)	(1,766,332)	-	-	(39,090,910)
Improvements other than building	(40,289,578)	(2,478,829)	-	-	(42,768,407)
Machinery and equipment	(10,859,018)	(1,660,602)	-	-	(12,519,620)
Infrastructure	(296,971,050)	(18,095,529)	-	-	(315,066,579)
Other	(4,876,887)	(271,392)	-	-	(5,148,279)
Lease assets - buildings	(225,967)	(72,421)	35,740	-	(262,648)
SBITA assets	(123,240)	(246,480)	-	-	(369,720)
Total accumulated depreciation/amortization	<u>(391,387,376)</u>	<u>(24,591,585)</u>	<u>35,740</u>	<u>-</u>	<u>(415,943,221)</u>
Total capital and lease assets being depreciated/amortized, net	<u>628,647,246</u>	<u>(4,442,828)</u>	<u>-</u>	<u>39,193,669</u>	<u>663,398,087</u>
Business-type activities capital and lease assets, net	<u>\$ 726,744,254</u>	<u>\$ 72,275,070</u>	<u>\$ -</u>	<u>\$ (622,285)</u>	<u>\$ 798,397,039</u>

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

Governmental Activities

General government	\$ 5,535,816
Engineering	13,289,312
Parks and recreation	2,310,779
Police	615,526
Fire	490,600
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of assets	<u>7,729,308</u>
Total depreciation and amortization expense – governmental activities	<u><u>\$ 29,971,341</u></u>

Business-type Activities

Airport	\$ 6,676,483
Water and sewer	16,459,505
Sanitation	1,316,032
Drainage	<u>139,565</u>
Total depreciation and amortization expense – business-type activities	<u><u>\$ 24,591,585</u></u>

Discretely Presented Component Unit

Capital and lease asset activity for the MDC for the year ended September 30, 2025 was as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Decreases/ Adjustments</u>	<u>Transfers</u>	<u>Balance End of Year</u>
Capital assets not being depreciated					
Land	\$ 13,239,334	\$ 1,470,357	\$ -	\$ -	\$ 14,709,691
Construction in progress	<u>1,307,593</u>	<u>-</u>	<u>-</u>	<u>(578,438)</u>	<u>729,155</u>
Total capital assets not being depreciated	<u>14,546,927</u>	<u>1,470,357</u>	<u>-</u>	<u>(578,438)</u>	<u>15,438,846</u>
Capital and lease assets being depreciated/amortized					
Buildings	10,011,046	-	-	-	10,011,046
Improvements other than buildings	3,521,263	308,811	-	-	3,830,074
Machinery and equipment	162,581	-	-	578,438	741,019
Lease asset - buildings	1,272,510	-	-	-	1,272,510
Lease asset - land	558,854	-	-	-	558,854
Infrastructure	<u>1,362,237</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>1,392,237</u>
Total capital and lease assets being depreciated/amortized	<u>16,888,491</u>	<u>338,811</u>	<u>-</u>	<u>578,438</u>	<u>17,805,740</u>
Less accumulated depreciation/amortization for					
Buildings	(1,973,078)	(227,472)	-	-	(2,200,550)
Improvements other than buildings	(335,442)	(61,124)	-	-	(396,566)
Machinery and equipment	(127,429)	(15,479)	-	-	(142,908)
Lease asset - buildings	(299,116)	-	-	-	(299,116)
Lease asset - land	(60,966)	(181,946)	-	-	(242,912)
Infrastructure	<u>(457,595)</u>	<u>(54,327)</u>	<u>-</u>	<u>-</u>	<u>(511,922)</u>
Total accumulated depreciation/amortization	<u>(3,253,626)</u>	<u>(540,348)</u>	<u>-</u>	<u>-</u>	<u>(3,793,974)</u>
Total capital and lease assets being depreciated, net	<u>13,634,865</u>	<u>(201,537)</u>	<u>-</u>	<u>578,438</u>	<u>14,011,766</u>
Midland Development Corporation capital and lease assets, net	<u>\$ 28,181,792</u>	<u>\$ 1,268,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,450,612</u>

Note 6. Employee Benefit Plans

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

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
Governmental Activities				
Texas Municipal Retirement System (TMRS)	\$ 31,247,892	\$ 10,506,282	\$ 3,633,036	\$ 9,119,428
Midland Firemen's Relief and Retirement Fund	<u>207,046,650</u>	<u>88,066,456</u>	<u>66,385,990</u>	<u>22,752,432</u>
Total governmental activities	<u>238,294,542</u>	<u>98,572,738</u>	<u>70,019,026</u>	<u>31,871,860</u>
Business-Type Activities*				
Texas Municipal Retirement System (TMRS)	<u>7,482,763</u>	<u>2,515,882</u>	<u>869,985</u>	<u>2,183,780</u>
Total business-type activities	<u>7,482,763</u>	<u>2,515,882</u>	<u>869,985</u>	<u>2,183,780</u>
Total primary government	<u>\$ 245,777,305</u>	<u>\$ 101,088,620</u>	<u>\$ 70,889,011</u>	<u>\$ 34,055,640</u>

*Same amounts for proprietary funds' financial statements.

Texas Municipal Retirement System (TMRS)

The City participates as one of over 930 plans in the defined benefit cash-balance pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of the System with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (annual report) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

City of Midland, Texas
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Employees Covered by Benefit Terms

At the December 31, 2024 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	712
Inactive employees entitled to but not yet receiving benefits	748
Active employees	861
	2,321

Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 15.28% and 15.55% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025 was \$12,177,319 and were equal to the required contributions.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

City of Midland, Texas
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Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees for Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males a 3-year set-forward for females. In addition a 3.5% and 3.0% minimum mortality rate is applied, for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.10%
Core Fixed Income	6.00%	5.00%
Non-Core Fixed Income	6.00%	6.80%
Other Public and Private Markets	4.00%	7.30%
Real Estate	12.00%	6.70%
Hedge Funds	5.00%	6.40%
Private Equity	13.00%	8.50%
Private Debt	13.00%	8.20%
Infrastructure	6.00%	6.00%
	<u>100.00%</u>	

City of Midland, Texas
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Discount Rate

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

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at January 1, 2024	\$ 404,839,099	\$ 356,495,161	\$ 48,343,938
Changes for the period:			
Service cost	11,267,442	-	11,267,442
Interest	26,969,255	-	26,969,255
Difference between expected and actual experience	4,878,182	-	4,878,182
Employer contributions	-	11,022,179	(11,022,179)
Employee contributions	-	5,049,430	(5,049,430)
Net investment income (loss)	-	36,899,669	(36,899,669)
Benefit payments, including refunds of employee contributions	(21,856,610)	(21,856,610)	-
Administrative expense	-	(237,561)	237,561
Other changes	-	(5,555)	5,555
Net Changes	21,258,269	30,871,552	(9,613,283)
Balance at December 31, 2024	<u>\$ 426,097,368</u>	<u>\$ 387,366,713</u>	<u>\$ 38,730,655</u>

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net pension liability	\$ 96,380,141	\$ 38,730,655	\$ (8,530,780)

Pension Plan Fiduciary Net Position

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

City of Midland, Texas
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended September 30, 2025, the City recognized pension expense of \$11,303,208

At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 3,639,822	\$ -
Change of assumptions	-	1,062,342
Net difference between projected and actual earnings on pension plan investments	-	3,440,679
Contributions made after the measurement date	<u>9,382,342</u>	<u>-</u>
Total	<u><u>\$ 13,022,164</u></u>	<u><u>\$ 4,503,021</u></u>

\$9,382,342 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

2026	\$ 1,544,361
2027	5,855,530
2028	(5,695,844)
2029	<u>(2,567,246)</u>
	<u><u>\$ (863,199)</u></u>

Allocation of Pension Items

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

Midland Firemen’s Relief and Retirement Fund (MFRRF)

Plan Administration

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

The MFRRF issues separately available audited financial statements. Additionally, the MFRRF has its own actuarial valuations performed as of December 31 in odd numbered years. The latest actuarial report available is for the year ended December 31, 2023. All assumptions for this valuation are contained in the MFRRF’s Actuarial

City of Midland, Texas
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Valuation Report and Review as of December 31, 2023. Both the audited financial statements and actuarial valuation report may be obtained by writing the Midland Firemen's Relief and Retirement Fund Board of Trustees, 1500 W. Wall, Midland, TX 79701.

The plan was originally effective October 27, 1941, and was most recently amended in April 1, 2025.

Eligibility

All uniformed employees of the Midland Fire Department become members of the Plan as a condition of their appointment.

Benefits Provided

The MFRRF provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters become eligible for normal service retirement at age 50 with 20 years of service or with 25 years of service regardless of age. If a terminated firefighter has a fully vested benefit but is not eligible for normal retirement, he may elect an actuarially equivalent early retirement benefit or he may wait to retire starting on the date he would have first satisfied both age and service requirements for normal retirement if he had remained a Midland firefighter. A partially vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. If a terminated firefighter has a fully or partially vested benefit, he may retire starting on the date he would have satisfied service retirement eligibility if he had remained a Midland firefighter. The present plan effective December 14, 2011 provides a monthly normal service retirement benefit, payable in a Joint and 75% to Spouse form of annuity equal to 75% of Highest 60-Month Average Salary plus \$80 for each year of service in excess of 20. A supplemental benefit of \$500 per month is paid to those who retire at age 50 or above with at least 20 years of service.

Effective January 1, 2024, two key changes were approved by the firefighters and the board, (1) to exclude unscheduled overtime pay from the final average pay used to determine benefits and (2) to use the highest 60 consecutive months of pay to determine the final average pay instead of the 60 highest months. The changes were accompanied by an acceptable transition protecting those eligible for normal retirement or within two years of normal retirement eligibility. The December 31, 2023 actuarial valuation included these changes.

A retiring firefighter eligible for normal service retirement has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest 60-Month Average Salary as if he had terminated employment on his selected RETRO DROP benefit calculation date, which is no earlier than the later of the date he meets the RETRO DROP eligibility requirements and the date preceding the date he actually retires by the maximum lump sum accumulation period (36 months). Upon retirement, the member will receive, in addition to his monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the Fund after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date he retired under the plan plus (3) 4% annual interest. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

A retiring firefighter eligible for normal service retirement also has the option to elect the Reverse DROP. The reduced monthly benefit is 90% of the normal service retirement benefit, and the lump sum is 24 times the reduced monthly benefit. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

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A new plan was effective April 1, 2025 which made significant changes to the plan. The key changes were these:

- The monthly retirement benefit formula was changed from 75% of the final average salary plus \$80/year for years above 20 to a percentage of the final average salary equal to 3.3%/year for years 1-20, 2.0%/year for years 21-30, and 1.0%/year for years above 30.
- The averaging period for the final average salary was changed from 60 months to 72 months.
- The DROP provisions were changed to increase the eligibility provisions by two years and to exclude any firefighter contributions and any interest from the DROP lump sum determination.
- The supplemental \$500 per month benefit for those retiring with at least 20 years of service at age 50 or above was removed.
- These changes were accompanied by an acceptable transition protecting those eligible for normal retirement or within one year of normal retirement eligibility as of December 31, 2024. For all others, the vested accrued benefit as of March 31, 2025 was protected.

In February 2025, the firefighters approved this package of changes, the board of trustees approved it to become effective April 1, 2025, and the Midland City Council approved a contribution of over \$54 million. These changes together restored an adequate contribution arrangement and included an actuarially determined contribution rate agreement that will maintain an adequate contribution arrangement. The liability reflects the plan in effect on the December 31, 2024 measurement date, which does not reflect these changes made in 2025.

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

Plan Membership

At the December 31, 2023 valuation date, the following employees were covered by the benefit terms:

Retirees and beneficiaries currently receiving benefits	201
Terminated employees entitled to but not yet receiving benefits	8
Active employees	249
	458

Contributions

Texas Local Fire Fighters Retirement Act, Texas Vernon's Civil Statutes, Article 6243e, Section 29, establishes the statutory authority for Plan member and employer contributions. While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the Plan must be approved by a qualified actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. This financing arrangement includes consideration of the Plan's funding status on a going-concern basis and progress made in accumulating sufficient assets to pay benefits when due. Using the entry age actuarial cost method, the Plan's normal cost is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost rate is used to amortize the Plan's UAAL, and the number of years needed to amortize the Plan's UAAL is determined using a level percentage of payroll method. For years in which actuarial valuations are not performed, estimates are made using the actuarial methods and principles.

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The funding policy of the MFRRF requires contributions equal to 14.20% of pay by the firefighters. The contribution rates for the City was 24.20% for calendar years 2025 and 2024. The City's contributions for the year ended September 30, 2025 were \$61,404,227 and the required contributions were \$6,961,996.

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

Cash and Investments

Investment Policy: The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board or Trustees by a majority vote of its members. Substantially all of the Plan's investments are held by its trustee/custodians. The Plan's Board of Trustees authorizes various portfolio managers to manage investments within certain policies as set forth by the Board. These policies mandate a diversified portfolio, which includes investments, either directly or in commingled accounts, in real estate, cash, money market funds, bonds, hedge funds, venture capital and equity securities. The Board adopted a new investment policy on February 2, 2024, with approval of a new asset allocation. The following was the Board's adopted asset allocation policy as of December 31, 2024:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	25%
International equity	15%
Alternative equity	10%
Real estate	10%
Fixed income	15%
Private equity/venture capital	15%
Private credit	5%
Cash equivalents	5%
	<u>100%</u>

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

Custodial Credit Risk – Deposits: Deposits with financial institutions are fully secured by federal deposit insurance coverage at December 31, 2024.

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

As required by GASB 40, investments included in assets whose use is limited and long-term investments are categorized by investment type. As of December 31, 2024, the Plan had the following debt securities and their related maturities:

City of Midland, Texas
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Investment Type	Fair Value	2024 Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Mutual Bond funds	\$ 8,650,363	\$ -	\$ 2,342,198	\$ 4,724,204	\$ 1,583,961
Total fair value	\$ 8,650,363	\$ -	\$ 2,342,198	\$ 4,724,204	\$ 1,583,961

Custodial Credit Risk: Custodial credit risk is the risk that in the event of failure of the counterparty, the Plan would not be able to recover the value of its investments. The Plan does not have a formal policy for custodial credit risk. As of December 31, 2024, all investments are registered in the name of the Midland Firemen's Relief and Retirement Fund or in the name of the Plan's custodian, established through a master trust custodial agreement, with the exception of investments in real estate and commingled funds, which are recorded as venture capital funds in the accompanying statement of fiduciary net position.

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

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

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

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

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The Plan's rated debt investments as of December 31, 2024, using the Moody's, S&P, or Fitch rating scale are presented below:

December 31, 2024			
Investment Type	Moody's Ratings	Fair Value	Total
Mutual bonds	AAA	\$ 2,942,244	\$ 2,942,244
	AA	3,249,153	3,249,153
	A	444,083	444,083
	BBB	1,225,314	1,225,314
	BB	320,570	320,570
	B	225,343	225,343
	Below B	209,344	209,344
	Not rated	<u>34,312</u>	<u>34,312</u>
Total		<u><u>\$ 8,650,363</u></u>	<u><u>\$ 8,650,363</u></u>

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

Concentrations: GASB Statement No. 67 *Financial Reporting for Pension Plans* (GASB 67), requires the disclosure of concentrations of investments in any one organization that represent 5% or more of the pension plan's fiduciary net position. The Plan had investment holdings investment holdings in excess of 5% of the Plan's fiduciary net position with StepStone and Radcliffe as of December 31, 2024.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchanged rates will adversely affect the fair value of an investment or deposit. All 2024 assets were priced in U.S. dollars.

Rate of return: For the years ended December 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.75%. The money-weighted rate of return expresses investment performance, net of plan investment expense, adjusted for the changing amounts actually invested.

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The following tables summarize the Plan's financial instruments measured at fair value as of December 31, 2024, based on the three-tier hierarchy:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Inputs (Level 3)
Investments by fair value level				
Domestic equities	\$ 25,870,534	\$ 25,870,534	\$ -	\$ -
International equities	10,142,624	10,142,624	-	-
Master limited partnerships	12,066,470	12,066,470	-	-
Fixed Income	8,650,366	8,650,366	-	-
Real estate / private REIT	5,408,047	-	-	5,408,047
Total investments by fair value level	<u>\$ 62,138,041</u>	<u>\$ 56,729,994</u>	<u>\$ -</u>	<u>\$ 5,408,047</u>
Investments measured at net asset value				
Fixed income	5,379,409			
Real estate / private REIT	3,559,201			
Private equity and credit	<u>18,593,027</u>			
Total investments at net asset value	<u>27,531,637</u>			
Total investments	<u>\$ 89,669,678</u>			

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024.

Domestic and international equities/real estate, master limited partnerships, and fixed income (level 1): Valued at the closing price reported on the active market on which the individual securities are traded.

Real estate (level 3): Investments are comprised of equity interests in partially and wholly owned real estate entities and are reflected at their estimated fair values in accordance with GASB 72.

Additional information related to investments measured at the net asset value (NAV) per share (or its equivalent) as of December 31, 2024, is presented on the following tables:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Fixed Income				
Radcliffe	\$ 5,379,409	\$ -	G Monthly	40 days
Real estate / private REIT				
Harvest Interest Fund II	3,559,630	-	A n/a	n/a
Davis Investment Ventures Fund II-B	(429)	207,498	B n/a	n/a
Private equity and credit				
Bloomfield Capital	3,563,830	482,114	E n/a	n/a
Greenspring alternative invest	7,096,507	322,970	C n/a	n/a
Glendower alternative invest	2,646,495	1,259,126	C Not limited	Repurchases at discretion of partner
Serenitas Credit Gamma	<u>5,286,195</u>	<u>-</u>	F Quarterly	Last business day of month
Reported at net asset value	<u>\$ 27,531,637</u>	<u>\$ 2,271,708</u>		

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

- A. This type includes investments in real estate funds that develop, own, and operate multiple property types as well as multifamily projects, all located in the U.S. These investments can never be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. There is no set redemption schedule for the funds. The fair values of the investments in this type have been determined using the NAV per share of the investments.
- B. The real estate fund's investment objective is to acquire and originate debt and equity investments in real estate and real estate-related assets. This investment can never be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated. The fair values of the investments in this type have been determined using the NAV per share of the investments.
- C. This type includes investments in 5 venture capital funds with the goal of investment returns from capital appreciation. Investments in the Greenspring investments in this type can never be redeemed. It is expected the fund will be liquidated on December 13, 2025. Investments in the Glendower investment can be redeemed with 30 days' notice, but only to another limited partner. The fair values of the investments in this type have been determined using the NAV per share of the investments.
- D. The Real Estate Income Trust (REIT) invests primarily in stabilized income-generating commercial real estate in the United States. To a lesser extent, the REIT may invest outside the U.S. and in real estate debt. The fair values of the investments in this type have been determined using the NAV per share of the investments.
- E. This type's investment targets middle market real estate opportunities, investing in both debt and equity investments. The investment strategy has a primary focus on private credit and specialty finance assets with short to intermediate-term durations and often contractual cash flows. The fair values of the investments in this type have been determined using the NAV per share of the investments.
- F. The fund's investment strategy is to trade and invest in a broad range of listed and unlisted credit securities.
- G. This type's investment objective is to generate risk-adjusted returns by trading primarily in short-term, non-investment grade corporate debt securities.

Net Pension Liability

The MFRRF's net pension liability was measured as of December 31, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023.

Actuarial Assumptions

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

Inflation	2.75% per year
Overall payroll growth	3.00% per year, plus promotion, step and longevity increases that vary by service
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Municipal bond rate	4.06%
Discount rate	4.63%

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Salary increases were based on a service-related table, setting back each salary increase rate in the table used for the 2024 valuation by one year of service. Mortality rates were based on the PubS-2010 (public safety) total dataset tables for employees and for retirees (sex distinct), projected generationally using the projection scale MP-2019. Actuarial assumptions used in the December 31, 2024 valuation were based on results of actuarial experience studies. The experience study periods covered were different depending on how much prior data was available.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.63%) and by adding expected inflation (2.75%). In addition, the final 7% assumption was selected by rounding down. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Cash and short-fixed income	5%	0.00%
Fixed income	15%	0.75%
Equities		
Large-cap domestic	20%	5.25%
Small/mid-cap domestic	5%	5.75%
International developed	15%	5.75%
Alternatives		
Real estate	10%	4.25%
Venture Capital/Private Equity	15%	7.25%
Master Limited Partnerships	10%	6.75%
Private credit	5%	3.75%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 4.63%. The projection of cash flows used to determine the discount rate, assumed that employee contributions will be made at the current 14.2% contribution rate and that city contributions will be made at the current 24.2% contribution rate. Based on those assumptions, the Fund's fiduciary net position was projected to make projected future benefit payments of current active and inactive employees through 2045. Therefore, the discount rate of 4.63% is the single rate of return that results in a present value of all projected benefits equal to the sum of (a) the present value of benefits through 2045 discounted at the long-term expected rate of return of 7% and (b) the present value of benefits after 2045 discounted at the 4.06% discount rate based on the Bond Buyer Index of general obligation bonds with 20 years to maturity at/near December 31, 2024.

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Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at January 1, 2024	\$ 311,425,736	\$ 83,691,663	\$ 227,734,073
Changes for the period:			
Service cost	12,982,196	-	12,982,196
Interest	12,697,806	-	12,697,806
Assumption changes	(26,631,252)	-	(26,631,252)
Employer contributions	-	6,616,532	(6,616,532)
Employee contributions	-	3,906,248	(3,906,248)
Net investment income (loss)	-	9,699,963	(9,699,963)
Benefit payments and refunds	(12,334,370)	(12,334,370)	-
Administrative expense	-	(486,570)	486,570
Net Changes	(13,285,620)	7,401,803	(20,687,423)
Balance at December 31, 2024	\$ 298,140,116	\$ 91,093,466	\$ 207,046,650

Changes in Actuarial Assumptions

The changes in assumptions relate to a change in the discount rate from 3.99% in prior year to 4.63% in current year.

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

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 4.63% as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.63%) or 1 percentage point higher (5.63%) than the current rate:

	1% Decrease (3.63%)	Current Discount Rate (4.63%)	1% Increase (5.63%)
Net pension liability	\$ 252,453,527	\$ 207,046,650	\$ 170,700,762

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2025, the City recognized pension expense of \$22,752,432. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in expected and actual experience	\$ 4,224,268	\$ 1,168,654
Changes of assumptions	21,980,691	65,217,336
Net difference between projected and actual earnings on pension plan investments	2,291,229	-
Contributions made after the measurement date	<u>59,570,268</u>	<u>-</u>
 Total	 <u>\$ 88,066,456</u>	 <u>\$ 66,385,990</u>

\$59,570,268 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>	
2026	\$ (2,382,026)
2027	(8,173,771)
2028	(14,216,858)
2029	(7,958,951)
2030	(2,847,722)
Thereafter	<u>(2,310,474)</u>
	 <u>\$ (37,889,802)</u>

Allocation of Pension Items

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

Deferred Compensation Plans

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

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

Flexible Spending Account

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

Health Reimbursement Account

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

Note 7. Other Postemployment Benefits

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

	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Income)
Governmental Activities				
Retiree Health Care Plan	\$ 17,174,920	\$ 4,993,736	\$ 8,889,771	\$ 1,127,376
Supplemental Death Benefits Plan	2,294,721	179,578	498,775	(21,829)
Total Governmental Activities	<u>19,469,641</u>	<u>5,173,314</u>	<u>9,388,546</u>	<u>1,105,547</u>
Business-type Activities *				
Retiree Health Care Plan	3,066,586	891,633	1,587,272	201,293
Supplemental Death Benefits Plan	549,578	43,008	119,454	(5,228)
Total Business-type Activities	<u>3,616,164</u>	<u>934,641</u>	<u>1,706,726</u>	<u>196,065</u>
Total Primary Government	<u>\$ 23,085,805</u>	<u>\$ 6,107,955</u>	<u>\$ 11,095,272</u>	<u>\$ 1,301,612</u>

*Same amounts for proprietary funds' financial statements.

City of Midland Postemployment Healthcare Benefit Plan

Plan Description

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

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

Benefits Provided

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

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

Plan Membership

At the December 31, 2024 measurement date, the following employees were covered by the benefit terms:

Active primary members	1,110
Retired members and beneficiaries	250
	1,360
	1,360

Total OPEB Liability for Retiree Health Care Plan

The Plan’s total OPEB liability was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

City of Midland Texas
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Actuarial Assumptions

The Plan's total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions; applied to all periods included in the measurement, unless otherwise specified.

Inflation	3.00% per year
Discount rate	4.28% (4.00% in prior year)
Health-care cost trend rates	8.0% for 2025 decreasing annually, to an ultimate rate of 4.5% for 2031 and later years
Assumed utilization	70% of eligible retirees will elect plan benefits

The discount rate used to measure the Plan's total OPEB liability was 4.28% at year end and was based on the bond buyer 20-bond GO index. The prior year discount rate was 4.00%.

Mortality rates were based on the Pri-2012 Mortality Table with adjustments for mortality improvements based on scale MP-2021.

Changes in the Plan's Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2024	<u>\$ 19,561,907</u>
Changes for the period	
Service cost	1,285,669
Interest on total OPEB liability	769,827
Difference between expected and actual experience	(185,341)
Change of assumptions	(815,020)
Benefit payments	<u>(375,536)</u>
Net changes	<u>679,599</u>
Balance at December 31, 2024	<u><u>\$ 20,241,506</u></u>

City of Midland Texas
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Rate Sensitivity

The following is a sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the City calculated using the discount rate of 4.28%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.28%) or 1 percentage point higher (5.28%) than the current rate:

	1% Decrease (3.28%)	Current Discount Rate (4.28%)	1% Increase (5.28%)
Total OPEB liability	\$ 23,343,562	\$ 20,241,506	\$ 17,633,885

The table below presents the total OPEB liability of the City calculated using the healthcare rate of 8.0%, decreasing to 4.50% by 2031, as well as what the City's total OPEB liability would be if it were calculated using a healthcare rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Healthcare Rate	1% Increase
Total OPEB liability	\$ 17,874,062	\$ 20,241,506	\$ 23,185,838

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

For the year ended September 30, 2025, the City recognized OPEB expense of \$1,328,669. At September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 2,801,999	\$ 4,469,888
Difference in assumption changes	2,468,876	6,007,155
Contributions made subsequent to measurement date	614,494	-
Total	<u>\$ 5,885,369</u>	<u>\$ 10,477,043</u>

City of Midland Texas
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The \$614,494 reported as deferred outflows related to OPEB resulting from contributions subsequent to the measurement date will reduce the total OPEB liability during the year ending September 30, 2026. The amount reported as deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending September 30,</u>	
2026	\$ (726,827)
2027	(726,827)
2028	(726,827)
2029	(714,802)
2030	(714,802)
2031	(714,802)
Thereafter	<u>(881,281)</u>
	<u>\$ (5,206,168)</u>

Allocation of OPEB Items

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

Texas Municipal Retirement System Supplemental Death Benefits Fund

Plan Description

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

Benefits Provided

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

City of Midland Texas
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Plan Membership

At the December 31, 2024 measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	516
Inactive employees entitled to but not yet receiving benefits	143
Active employees	861
 Total	 1,520

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

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

The retiree portion of the contribution rates to the SDBF for the City was 0.19% and 0.19% in calendar years 2024 and 2025, respectively. The City's contributions to the SDBF for the year ended September 30, 2025 were \$137,056 and were equal to the required contributions.

Total OPEB Liability for Supplemental Death Benefits

The City's total OPEB liability was measured as of December 31, 2024 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation	2.50% per year
Salary increases	3.60% to 11.85%, including inflation
Discount rate	4.08% (3.77% in prior year)
Retirees' share of benefit-related costs	\$ 0

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis with scale MP-2021. Mortality rates for disabled retirees were based on 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis with scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

City of Midland Texas
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Actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

The discount rate used to measure the Total OPEB Liability was 4.08% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at January 1, 2024	<u>\$ 2,938,015</u>
Changes for the period	
Service cost	100,989
Interest on total OPEB liability	110,083
Differences between expected and actual experience	(24,228)
Changes in assumptions or other inputs	(143,505)
Benefit payments	<u>(137,055)</u>
Net changes	<u>(93,716)</u>
Balance at December 31, 2024	<u><u>\$ 2,844,299</u></u>

Rate Sensitivity

The following presents the total OPEB liability of the City, calculated using the discount rate of 4.08%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) or 1 percentage point higher (5.08%) than the current rate:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Total OPEB liability	\$ 3,349,166	\$ 2,844,298	\$ 2,447,082

City of Midland Texas
Notes to Financial Statements
September 30, 2025

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

For the year ended September 30, 2025 , the City recognized OPEB income of \$27,057. At September 30, 2025 , the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,379	\$ 57,290
Changes in assumptions and other inputs	94,568	560,939
Contributions made subsequent to measurement date	114,639	-
	<hr/>	<hr/>
Total	<u>\$ 222,586</u>	<u>\$ 618,229</u>

The \$114,639 reported as deferred outflows related to OPEB resulting from contributions subsequent to the measurement date will reduce the total OPEB liability during the year ending September 30, 2026. The other amount reported as deferred outflows of resources will be recognized in OPEB expense as follows:

Year Ending September 30,	
2025	\$ (290,436)
2026	(187,217)
2027	(17,732)
2028	(14,897)
	<hr/>
	<u>\$ (510,282)</u>

Allocation of OPEB Items

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

City of Midland, Texas
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Note 8. Leases

Leases Liability

The City's general fund has agreements for equipment, the terms of which expire in various years through 2027. During the fiscal year ended September 30, 2025, the City did not recognize any rental expense for variable payments not previously included in the measurement of the lease liability.

The City's proprietary funds have agreements for equipment and buildings, the terms of which expire in various years through 2027. During the fiscal year ended September 30, 2025, the City did not recognize any rental expense for variable payments not previously included in the measurement of the lease liability.

The MDC has agreements for buildings and land, the terms of which expire in various years through 2049. During the fiscal year ended September 30, 2025, 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 are with the City and have an ending lease liability balance of \$1,250,866 at September 30, 2025.

The following is a schedule by year of payments under the leases as of September 30, 2025:

Governmental Activities

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 157,193	\$ 5,491	\$ 162,684
2027	<u>149,693</u>	<u>431</u>	<u>150,124</u>
	<u>\$ 306,886</u>	<u>\$ 5,922</u>	<u>\$ 312,808</u>

Business-type Activities

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 69,870	\$ 996	\$ 70,866
2027	<u>5,893</u>	<u>11</u>	<u>5,904</u>
	<u>\$ 75,763</u>	<u>\$ 1,007</u>	<u>\$ 76,770</u>

City of Midland, Texas
Notes to Financial Statements
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MDC

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	176,640	27,588	\$ 204,228
2027	106,551	24,549	131,100
2028	109,421	21,679	131,100
2029	112,373	18,727	131,100
2030	115,410	15,690	131,100
2031-2035	405,355	35,945	441,300
2036-2040	104,554	15,446	120,000
2041-2045	111,294	8,706	120,000
2046-2049	82,148	1,853	84,001
	<u>\$ 1,323,746</u>	<u>\$ 170,183</u>	<u>\$ 1,493,929</u>

Leases Receivable

The City's general fund leases building space to third parties, the terms of which expire between 2025 and 2037. The City recognized approximately \$215,160 in lease revenue and interest revenue during the current fiscal year related to the leases. As of September 30, 2025, the City's general fund receivable for lease payments was \$1,641,487 and the balance of the deferred inflow of resources was \$1,686,948.

The City's proprietary funds lease buildings, land and equipment to third parties, the terms of which expire between 2025 and 2032. The City recognized approximately \$2,369,073 in lease revenue and interest revenue during the current fiscal year related to the leases. Certain leases include a monthly percentage fee of gross revenues earned from sales of items or gross revenues derived from operations at City property. The gross revenue percentage payments are not included in the measurement of the lease receivable because they are not fixed in substance. As of September 30, 2025, the City's proprietary funds receivable for lease payments was \$1,529,831 and the balance of the deferred inflow of resources was \$1,637,534. The City recognized lease revenue of approximately \$1,760,000 for the year ended September 30, 2025, for variable payments not previously included in the measurement of the lease receivable.

Regulated Leases

Governmental Activities and Business-type Activities

In accordance with GASB 87, the City does not recognize a lease receivable and a deferred inflow of resources for regulated leases in which the City is the lessor. Regulated leases are certain leases that are subject to external laws, regulation, or legal rulings, e.g. the U.S. Department of Transportation and the Federal Aviation Administration, between airports and air carriers and other aeronautical users. The City has regulated leases related to the City's regional airport. These leases are for use of the land and structures owned by the City. The tenant constructs or improves, owns, and maintains all the improvements on the land. These leases allow access to the land for aeronautical use. At the end of the ground lease, the improvements revert to City ownership. The City had 26 leases during the year that had terms exceeding one year. The revenue recognized by the governmental activities and business-type activities for the leases during the fiscal year ended September 30, 2025 was approximately \$131,000 and \$5,231,363, respectively.

The City's governmental activities regulated leases are with the MDC.

City of Midland, Texas
Notes to Financial Statements
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The future lease receipts for the City's regulated leases as of September 30, 2025 were as follows:

Governmental Activities

<u>Year Ending September 30,</u>	<u>Future Regulated Lease Receipts</u>
2026	\$ 131,100
2027	131,100
2028	131,100
2029	131,100
2030	131,100
2031-2035	441,300
2036-2040	120,000
2041-2045	120,000
2046-2050	84,000
	<u>\$ 1,420,800</u>

Business-type Activities

<u>Year Ending September 30,</u>	<u>Future Regulated Lease Receipts</u>
2026	\$ 5,380,975
2027	5,331,163
2028	736,160
2029	737,637
2030	645,497
2031-2035	1,822,429
2036-2040	998,214
2041-2045	674,914
2046-2050	652,320
2051-2055	359,574
2056-2060	120,748
	<u>\$ 17,459,631</u>

City of Midland, Texas
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MDC

The MDC has a regulated lease related to a sublease at the City of Midland’s regional airport. The lease is for use of the land leased by MDC and subsequently subleased to the tenant. The tenant constructs or improves, owns, and maintains all the improvements on the land. These leases allow access to the land for aeronautical use. At the end of the ground lease, the improvements revert to City ownership. The MDC had 1 lease during the year that had a term exceeding one year. The revenue recognized for the lease during the fiscal year ended September 30, 2025 was approximately \$975,000.

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

Year Ending September 30,	Future Regulated Lease Receipts
2026	\$ 976,644
2027	976,644
2028	976,644
2029	976,644
2030	976,644
2031-2035	<u>3,011,319</u>
	<u>\$ 7,894,539</u>

Note 9. Subscription Liability

The City’s internal service fund has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2029. During the fiscal year ended September 30, 2025 , the City did not recognize any rental expense for variable payments not previously included in the measurement of the lease liability.

The City’s proprietary funds has one subscription-based information technology arrangement (SBITA), the terms of which expire in 2025. During the fiscal year ended September 30, 2025 , the City did not recognize any rental expense for variable payments not previously included in the measurement of the lease liability.

The following is a schedule by year of payments under the subscriptions as of September 30, 2025 :

Year Ending September 30,	Governmental Activities		
	Principal	Interest	Total
2026	\$ 1,080,594	\$ 86,716	\$ 1,167,310
2027	916,882	53,696	970,578
2028	784,999	26,327	811,326
2029	<u>808,644</u>	<u>2,030</u>	<u>810,674</u>
	<u>\$ 3,591,119</u>	<u>\$ 168,769</u>	<u>\$ 3,759,888</u>

City of Midland, Texas
Notes to Financial Statements
September 30, 2025

Note 10. Long-Term Debt

Changes in the government's long-term liabilities for the year ended September 30, 2025, are as follows:

Governmental Activities	Balance Beginning of Year	Borrowings/ Additions	Repayments/ Reductions	Adjustments/ Transfers	Balance End of Year	Due within One Year
General obligation and refunding bonds	\$ 109,646,552	\$ 16,710,000	\$ 5,563,276	\$ -	\$ 120,793,276	\$ 6,512,241
Certificates of obligation	66,363,448	55,425,000	2,296,724	(17,985,000)	101,506,724	3,527,759
Bond Premiums	14,832,452	4,867,078	1,651,136	(2,103,774)	15,944,620	-
Total bonds payable	<u>190,842,452</u>	<u>77,002,078</u>	<u>9,511,136</u>	<u>(20,088,774)</u>	<u>238,244,620</u>	<u>10,040,000</u>
Lease obligations	540,751	-	233,865	-	306,886	157,193
SBITA obligations	572,606	4,347,295	1,328,782	-	3,591,119	1,080,594
Compensated absences (A)	12,604,201	4,263,991	-	-	16,868,192	4,217,048
Arbitrage liability	750,419	253,337	-	-	1,003,756	-
Self-insurance liability	4,976,485	14,263,977	13,593,549	-	5,646,913	2,377,081
Total Governmental Activities	<u>\$ 210,286,914</u>	<u>\$ 100,130,678</u>	<u>\$ 24,667,332</u>	<u>\$ (20,088,774)</u>	<u>\$ 265,661,486</u>	<u>\$ 17,871,916</u>

City of Midland, Texas
Notes to Financial Statements
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Business-type Activities	Balance Beginning of Year	Borrowings/ Additions	Repayments/ Reductions	Adjustments/ Transfers	Balance End of Year	Due within One Year
Water and Sewer						
Certificates of obligation	\$ 72,020,000	\$ -	\$ 2,070,000	\$ -	\$ 69,950,000	\$ 2,855,000
General obligation refunding bonds	281,445,000	-	2,295,000	-	279,150,000	2,410,000
Plus issuance premiums	17,236,621	-	1,654,295	-	15,582,326	-
Sanitation						
Certificates of obligation	18,355,000	-	-	-	18,355,000	550,000
Plus issuance premiums	1,835,195	-	164,896	-	1,670,299	-
Total bonds and premium payable	390,891,816	-	6,184,191	-	384,707,625	5,815,000
Water and Sewer						
Compensated absences (A)	535,113	297,124	-	-	832,237	208,059
Arbitrage liability	714,740	296,391	-	-	1,011,131	-
Lease obligations	145,937	-	70,174	-	75,763	69,870
Sanitation Fund						
Closure/postclosure care	23,645,660	3,185,535	-	-	26,831,195	-
Compensated absences (A)	588,947	222,766	-	-	811,713	202,928
Lease obligations	2,343	-	2,343	-	-	-
SBITA obligations	163,717	-	163,717	-	-	-
Airport Fund						
Compensated absences (A)	423,375	171,769	-	-	595,144	148,786
Lease obligations	1,195	-	1,195	-	-	-
Total business-type activities	\$ 417,112,843	\$ 4,173,585	\$ 6,421,620	\$ -	\$ 414,864,808	\$ 6,444,643

(A) The change in the compensated absences is presented as a net amount.

City of Midland, Texas
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The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 5 to 25 years. Long-term debt at September 30, 2025 consists of the following issues:

	<u>Original Issue</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity Date</u>	<u>Principal Outstanding at September 30, 2025</u>	<u>Call Provisions</u>
Governmental Activities:					
<i>General Obligation Bonds</i>					
General Obligation Refunding Bonds, Series 2018A	\$ 21,700,000	3.25% - 5.00%	2043	\$ 19,580,000	1
General Obligation Refunding Bonds, Series 2019	24,950,000	3.00% - 5.00%	2042	22,565,000	2
General Obligation Bonds, Series 2020	20,385,000	2.00% - 5.00%	2045	19,195,000	3
General Obligation Refunding Bonds, Series 2020	17,475,517	0.36% - 1.86%	2034	14,468,276	4
General Obligation Refunding Bonds, Series 2021	6,370,000	2.00% - 5.00%	2032	5,190,000	4
General Obligation Bonds, Series 2023	23,930,000	4.00% - 5.00%	2040	23,085,000	6
General Obligation Refunding Bonds, Series 2025	16,710,000	4.00% - 5.00%	2040	16,710,000	7
<i>Certificates of Obligation</i>					
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2016	23,070,000	2.00% - 5.00%	2042	3,485,000	
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019	7,010,000	4.00% - 5.00%	2040	6,445,000	2
General Obligation Refunding Bonds, Series 2020	1,294,483	0.36% - 1.86%	2034	1,071,724	4
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020	6,630,000	4.00% - 5.00%	2040	6,095,000	3
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021	20,465,000	3.00% - 5.00%	2041	18,895,000	4
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024	10,090,000	4.00% - 5.00%	2045	10,090,000	6
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2025	55,425,000	4.00% - 5.00%	2045	<u>55,425,000</u>	7
				<u>\$ 222,300,000</u>	
Business-type Activities:					
<i>General Obligation Bonds</i>					
General Obligation Refunding Bonds, Series 2018A	\$ 21,860,000	3.25% - 5.00%	2043	\$ 19,650,000	1
General Obligation Refunding Bonds, Taxable Series 2018B	6,550,000	3.25% - 4.08%	2037	5,655,000	1
General Obligation Refunding Bonds, Series, 2021	7,440,000	2.00% - 5.00%	2032	6,055,000	4
General Obligation Refunding Bonds, Series 2022A	167,620,000	3.48% - 4.20%	2050	167,620,000	5
General Obligation Refunding Bonds, Series 2022B	80,170,000	4.00% - 5.00%	2050	80,170,000	5
<i>Certificates of Obligation</i>					
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2019	13,620,000	4.00% - 5.00%	2040	12,520,000	2
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020	12,860,000	4.00% - 5.00%	2040	11,820,000	3
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2021	24,560,000	3.00% - 5.00%	2041	22,670,000	4
Tax and Limited Pledge Revenue Certificates of Obligation, Series 2024	41,295,000	4.00% - 5.00%	2040	<u>41,295,000</u>	6
				<u>\$ 367,455,000</u>	

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

1. Callable as a whole or in part, bonds maturing 2028 through 2043, on March 1, 2027, or on any interest payment date thereafter at par plus accrued interest.
2. Callable as a whole or in part, bonds maturing 2029 through 2042, on March 1, 2028, or on any interest payment date thereafter at par plus accrued interest.
3. Callable as a whole or in part, bonds maturing 2030 through 2045, on March 1, 2029, or on any interest payment date thereafter at par plus accrued interest.
4. Callable as a whole or in part, bonds maturing 2031 through 2041, on March 1, 2030, or on any interest payment date thereafter at par plus accrued interest.
5. Callable as a whole or in part, bonds maturing 2033 through 2050, on March 1, 2032, or on any interest payment date thereafter at par plus accrued interest.
6. Callable as a whole or in part, bonds maturing 2034 through 2045, on March 1, 2034, or on any interest payment date thereafter at par plus accrued interest.
7. Callable as a whole or in part, bonds maturing 2035 through 2045, on March 1, 2034, or on any interest payment date thereafter at par plus accrued interest.

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

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

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2026	10,040,000	9,062,876	5,815,000	16,322,568	41,240,444
2027	10,460,000	8,637,086	6,110,000	16,031,654	41,238,740
2028	10,435,000	8,184,747	6,395,000	15,732,131	40,746,878
2029	10,890,000	7,723,639	6,695,000	15,424,020	40,732,659
2030	10,720,000	7,255,632	10,695,000	15,027,936	43,698,568
2031-2035	56,055,000	29,032,827	60,900,000	67,696,940	213,684,767
2036-2040	59,025,000	17,178,394	75,540,000	52,999,150	204,742,544
2041-2045	50,195,000	5,489,975	94,320,000	34,201,808	184,206,783
2046-2050	4,480,000	273,600	100,985,000	11,773,852	117,512,452
	<u>\$ 222,300,000</u>	<u>\$ 92,838,776</u>	<u>\$ 367,455,000</u>	<u>\$ 245,210,059</u>	<u>\$ 927,803,835</u>

The City issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. The City is restricted by City Charter to a maximum of \$2.00 on each \$100.00 of appraised valuation. The City's current tax levy is \$0.058342 per \$100.00 valuation for the payment of debt. The Constitution and Statutes of the State and the Charter of the City do not provide for a legal debt limit. However, a limit of 8% of assessed value has been recommended by the Finance Advisory Board of the City and has been adopted by the City Council as a guideline of safe debt limit. This guideline provides the City with a debt limit of \$1,781,151,440.

The City has also issued certificates of obligation to provide funds for the acquisition and construction of major capital facilities owned and operated by the enterprise funds of the City. These certificates of obligation are supported by revenues of the respective enterprise funds and appropriately recorded as liabilities of the appropriate fund. There are a number of restrictions and requirements contained in the various indentures. Management believes that the City is in compliance with such restrictions and requirements at September 30, 2025.

City of Midland, Texas
Notes to Financial Statements
September 30, 2025

Changes in Financing

In fiscal year 2025, the City issued \$16,710,000 of General Obligation Refunding Bonds, series 2025 dated January 22, 2025 with a premium of approximately \$1,500,000 bearing interest rates ranging from 4.0% to 5.0%. As a result of the refunding transaction, the City achieved cash flow savings of \$1,816,325 and an economic gain of \$1,358,058. The City also issued \$55,425,000 of Tax & Limited Pledge Revenue Certificates of Obligation, series 2025 dated August 1, 2025 with a premium of approximately \$3,300,000 bearing interest rates ranging from 4.0% to 5.0%. The Bonds will be used to refund all or a portion of the City's outstanding debt obligations on the Tax & Limited Pledge Revenue Certificates of Obligation, Series 2016 to achieve debt service savings. The Certificates will be used for the purpose of paying contractual obligations to be incurred for constructing, improving and renovating streets, alleys, culverts and bridges, including drainage and erosion control, landscaping, screening walls, curbs, gutters, sidewalks, lighting, signage and traffic signalization incidental thereto and the acquisition of land, equipment and rights-of-way therefore. The Certificates will also be used for acquiring, constructing, improving, modeling, renovating and equipping park and recreation facilities, including the acquisition of land and right-of-way therefor.

Note 11. Restricted Assets

Certain resources of the City are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants or City ordinance, resulting in enabling legislation. Customer deposits, passenger facility charges, customer facility charges, capital projects, debt service and impact fees are, by law, to be considered restricted assets. These activities are spread across the City's various enterprise funds. The City's recorded the following restricted assets at September 30, 2025:

	Business-Type Activities			Total Enterprise Funds
	Airport	Water and Sewer	Sanitation	
Restricted Assets				
Passenger facility charge				
Cash and cash equivalents	\$ 3,764,722	\$ -	\$ -	\$ 3,764,722
Investments	6,074,066	-	-	6,074,066
Accounts receivable	562,524	-	-	562,524
Customer facility charge				
Cash and cash equivalents	2,262,683	-	-	2,262,683
Investments	2,295,645	-	-	2,295,645
Accounts receivable	200,109	-	-	200,109
Customer deposits				
Cash and cash equivalents	-	2,061,884	-	2,061,884
Investments	-	2,902,757	-	2,902,757
Bond construction fund				
Cash and cash equivalents	-	-	13,735,793	13,735,793
Investments	-	14,669,640	-	14,669,640
Impact fees				
Cash and cash equivalents	-	3,877,625	-	3,877,625
Investments	-	3,965,634	-	3,965,634
Total restricted assets	<u>\$ 15,159,749</u>	<u>\$ 27,477,540</u>	<u>\$ 13,735,793</u>	<u>\$ 56,373,082</u>

City of Midland, Texas
Notes to Financial Statements
September 30, 2025

Note 12. Interfund Transactions

Due to/from Other Funds

The composition of interfund balances for the year ended September 30, 2025 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Community Development	\$ 105,067
General Fund	Garage Fund	<u>184,137</u>
Totals		<u>\$ 289,204</u>

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

Transfers

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

Interfund transfers during the year ended September 30, 2025 were as follows:

<u>Transfer from Fund / Purpose</u>	<u>Transfer to Fund</u>	<u>Amount</u>
Major Governmental Funds:		
General Fund		
Miscellaneous projects	Technology Fund	\$ 250,000
Golf supported debt service	Debt Service	669,595
Parks and Oil and Gas		
Park supported maintenance	General Fund	2,000,000
Nonmajor Governmental Funds:		
Hotel Motel		
Hotel tax supported debt service	Debt Service	1,794,800
Road Bond (120)		
Capital Projects	2019 General Purpose Certificate of Obligation	4,000,000
2019 General Purpose Certificate of Obligation		
Capital Projects	2018 General Purpose Certificate of Obligation	2,729,974
Enterprise Funds		
Water and Sewer		
Franchise fees	General Fund	8,197,438
Sanitation		
Franchise fees	General Fund	2,845,807
Drainage		
Franchise fees	General Fund	237,147
Totals		<u>\$ 22,724,761</u>

Note 13. Contingent Liabilities

Federal Grant Programs

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

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

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

Texas Natural Resource Conservation Commission

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

Note 14. Risk Management

The City is exposed to various risks of loss related to torts: environmental or eminent domain claims; civil rights claims; equal employment opportunity claims; wage and hour claims; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; medical and dental claims of employees and their dependents; and natural disasters. The City maintains fire and extended coverage insurance for city buildings, furnishings, and computer equipment. This coverage provides replacement cost coverage with an annual limit of \$818,717,381 and a \$25,000 per occurrence deductible.

The City also maintains the following other insurance coverage:

- Airport liability coverage for premises, products, personal injury liability and malpractice aggregate liability coverage with a \$10,000,000 per occurrence and annual aggregate with \$25,000 per occurrence deductible for each type of coverage
- Ground hangar keepers legal liability coverage with a \$10,000,000 per occurrence and annual aggregate, and \$100,000 fire damage coverage
- Boiler and machinery liability coverage of \$100,000 per occurrence with a \$25,000 deductible
- Healthcare professional liability protection for the health department with a \$1,000,000 per occurrence and a \$3,000,000 aggregate limit
- Errors and omissions coverage with a \$25,000 per occurrence deductible, \$3,000,000 per claim limit and a \$6,000,000 aggregate annual limit
- Law enforcement liability coverage with a \$25,000 per occurrence deductible, \$3,000,000 per claim limit and a \$6,000,000 aggregate annual limit
- Auto catastrophe coverage with limit of liability \$9,000,000 and a \$50,000 deductible
- Automobile liability coverage of \$1,000,000 per occurrence with a \$50,000 deductible
- General liability coverage of \$1,000,000 each occurrence and a \$2,000,000 aggregate limit with a \$50,000 deductible

City of Midland, Texas
Notes to Financial Statements
September 30, 2025

- Medical claims stop-loss coverage for claims exceeding \$175,000 per occurrence, lifetime maximum unlimited with an annual aggregate lifetime maximum of \$1,000,000 with a minimum aggregate deductible of \$12,321,746 and specific excess and aggregate excess workers' compensation coverage meets the statutory limit requirement for claims
- Cyber liability and data breach response coverage of a \$2,000,000 aggregate limit
- Supplemental sewage backup coverage with a \$500 per occurrence deductible, \$25,000 per structure limit, and \$50,000 per occurrence limit

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

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

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

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

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

City of Midland, Texas
Notes to Financial Statements
September 30, 2025

Changes in the claim's liability amounts for each of the self-insurance funds in the fiscal years ended September 30, 2024 and 2025 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2023 to 2024				
Medical/Dental	1,915,370	9,352,915	9,762,634	1,505,651
General Liability	4,222,601	1,355,829	2,107,596	3,470,834
	<u>\$ 6,137,971</u>	<u>\$ 10,708,744</u>	<u>\$ 11,870,230</u>	<u>\$ 4,976,485</u>
2024 to 2025				
Medical/Dental	\$ 1,505,651	\$ 12,646,978	\$ 12,776,567	\$ 1,376,062
General Liability	3,470,834	1,616,999	816,982	4,270,851
	<u>\$ 4,976,485</u>	<u>\$ 14,263,977</u>	<u>\$ 13,593,549</u>	<u>\$ 5,646,913</u>

Note 15. Commitments

Contracts

The City leases water rights from two sources. One of the leases renewed in August 2008, and as of August 2013 requires payment at a constant five-year rate of \$0.50 per 1,000 gallons. The second, smaller lease was renewed in February 2011 and as of 2016 requires payment at a constant five-year rate of \$0.50 per 1,000 gallons. Total royalty paid amounted to \$368,700 in fiscal year 2025.

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

The City's primary source of water is Colorado River Municipal Water District (CRMWD), which delivers untreated water from Lake J.B. Thomas (in Scurry and Borden Counties), E.V. Spence Reservoir (in Coke County) and O.H. Ivie Reservoir (in Coleman, Concho and Runnels Counties) through underground aqueduct systems. The CRMWD's member cities, Odessa, Big Spring and Snyder, receive all of their water supply from CRMWD. CRMWD also has supply contracts with four "Contract Cities" Midland, San Angelo, Stanton, and Robert Lee, and with the City of Abilene, for the O.H. Ivie Reservoir.

Midland's water supply contract with CRMWD (the "1966 Contract") is dated May 10, 1966, was amended in 1995, and extends through the City's fiscal year ending September 30, 2030. The City commenced receiving water under the 199 Contract in 1970. Under the 1966 Contract, Midland is entitled to receive 1900 acre feet (17.11 MGD) in FY 2024 and continuing to increase annually to 20,167 acre feet (17.94 MGD) in FY2029. Maximum daily contract delivery increases annually to 18.47\ MGD in FY 2029. For the final fiscal year of the 1966 Contract, which is the City's FY 2030, the amount provided is 4,364 acre feet or 3.9 MGD. The cost of the water to the City is the contract price per 1,000 gallons of water paid by the City of Odessa to CRMWD during the immediately preceding calendar year. Payments for water under the 1966 Contract are an operating expense of the System.

In addition, the City participates in the CRMWD's O.H. Ivie Reservoir (the "Reservoir") on the Colorado River in Coleman, Concho and Runnels Counties. The Reservoir, which has a conservation pool capacity of 554,340 acre feet of water, was completed in March 1990; water impoundment commenced April 25, 1990. Other participants include Abilene, San Angelo and the CRMWD's member cities. Under a 1985 Water Supply Contract with CRMWD, the City purchased the right to an estimated 10,900 acre feet per year of water, or 16.54% of the safe

City of Midland, Texas
Notes to Financial Statements
September 30, 2025

yield of the reservoir, which is equivalent to an average daily volume of 9.7 MGD which, when added to the City's daily allocation under the 1966 Contract, gives the City a raw water surface supply average capacity of over 26.81 MGD. Maximum daily contract deliver from the Reservoir is 20 MGD.

Reservoir water is being delivered to Midland through a transmission system, completed in 1995. Under a 1988 Water Transmission Contract with CRMWD, the City is paying its pro rata share of transmission fixed costs, including debt services, and its share of operation and maintenance expenses; these payments are an operating expenses of the System. During the City's FY2025, Midland received approximately 66% of its water supply from water obtained under the 1966 Contract and approximately 10% of its water supply from the Reservoir.

The City shared in the total construction costs at the rate of 22.222% of Segment 1, 30.769% of Segment 2, and 36.364% of Segment 3. The City also shared 22.222% of the total construction costs of the O. H. Ivie Pump Station Substructure. Operation and maintenance of the system is provided for by contractual agreements executed between the parties. The City paid \$1,018,034 to CRMWD in 2025, pursuant to this agreement.

Construction Commitments

The City has active construction projects as of September 30, 2025 . Approved budgets for the larger ongoing capital projects are as follows:

Streets and Drainage	\$ 12,774,278
Parks	46,234,398
Airport	68,453,122
Utilities	13,384,472
Sanitation	<u>5,018,146</u>
 Total	 <u><u>\$ 145,864,416</u></u>

Customer Water Credit Liability

The City entered into an agreement with Pioneer Water Management LLC (Pioneer), whereby Pioneer undertook a construction project to improve a Water Pollution Control Plant owned by the City. During 2021, construction was completed, and the City recorded a capital contribution in the Water and Sewer Fund for approximately \$120 million. Pioneer received a credit from the City for \$8,919,362 to be used over seven years towards the amount owed to the City for reclaimed water. If Pioneer is unable to use the credit amount in any calendar year, such unused portion and any prior unused portion shall be carried over and added to the next calendar year's approved amortized amount. The seven-year term described above shall be extended as needed for additional calendar years for Pioneer to fully use the total credit amount. At September 30, 2025 , the Water and Sewer Fund reports a liability of \$6,675,897 for the remaining credit amount in the other liabilities line item. See estimated amortization of the credit amount below:

<u>Year Ending September 30,</u>	
2026	2,225,299
2027	2,225,299
2028	<u>2,225,299</u>
	<u><u>\$ 6,675,897</u></u>

Economic Development Agreements

The City entered into a 380 agreement for a full service, 4.0 + star hotel and new parking facility in downtown Midland. This will be a \$125 + million-dollar project containing 135 to 150 rooms and up to 10,000 square feet of meeting and ballroom areas. Included is the 800-space parking garage with additional retail and restaurant space. The city will provide certain fee waivers and performance-based tax rebates. The agreement is between the City of Midland, Midland Development Corporation and Private Investors.

Another agreement was entered into with a developer for the construction of a six-story, 34,000 square foot hotel with 80 rooms, a boardroom, market or pantry area, fitness center, lounge with a lobby, and an upscale restaurant including a bar. The City will allow for an incentive for municipal hotel tax funds annually for ten years to promote tourism, and will allow for property tax abatement for ten years, in accordance with Chapter 312. The City will also assist the developer by waiving inspection, utility and tap fees.

The City has entered into an agreement with a wholesale retail facility to build a 174,000 square foot wholesale and retail general merchandise facility. The City is providing an incentive of 50% property tax reimbursement for 20 years and 100% sales tax reimbursement for 30 years. They will also pay development and permitting fees during construction.

These agreements and related projects are in early stages and have not generated a liability for the City currently. Commitments for the future, based on certain contractual milestones, range from \$25,000 a year for hotel taxes for 10 years, to a 50% sales tax rebate over 30 years.

Additionally, at September 30, 2025, the MDC had contracts for economic development commitments of approximately \$62,000,000 with the majority due over the next six years if various conditions are satisfied by the third parties.

Note 16. Litigation

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

Note 17. Closure and Post-closure Care Cost

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

The \$26,831,195 reported as a landfill closure and post-closure care liability at September 30, 2025 , represents the cumulative amount reported to date based on the use of 74.20% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$9,330,674 as the remaining estimated capacity is filled.

These amounts are based on what it would cost to perform all closure and post-closure care in the fiscal year ended September 30, 2025 . The City expects to close the landfill around the year 2063. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

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

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

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

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

Closure costs	\$ 22,548,892
Postclosure costs	<u>13,612,977</u>
	<u>\$ 36,161,869</u>

The anticipated year of closure is 2063 with closure costs having been fully incurred at that time. It is anticipated that post-closure costs will be incurred evenly across the 30-year post-closure monitoring period.

Note 18. Joint Venture

An interlocal agreement between the City and the City of Odessa established the MOUTD as an urban transportation system provider under Chapter 458 of the Texas Transportation Code. The MOUTD began operating bus routes during the year ended September 30, 2004. Federal and state grants were obtained to cover start-up costs and purchases of buses and vehicles, as well as portions of operating costs. For the year ended September 30, 2025, the City contributed money to the MOUTD in the amount of \$730,000. Both cities have budgeted contributions to the MOUTD but do not have an equity interest at dissolution. Audited financial statements are available by contacting the Midland-Odessa Urban Transit District at PO Box 60808, Midland, Texas, 79711.

Note 19. Discretely Presented Component Unit

Significant Accounting Policies

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

Revenues and Expenses

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

Assets and Liabilities

The MDC assets consist primarily of cash and cash equivalents, sales tax revenues receivable, notes receivable, and capital assets. The MDC's liabilities as of September 30, 2025 consist primarily of accounts payable and leases in which the City is the lessor.

Related Party Transactions

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, 2025, the City was reimbursed \$427,412 for these services.

The MDC provides amounts to the City for capital projects. During fiscal year 2025, \$4,022,314 was provided by the MDC to the City.

Note 20. Subsequent Events

Economic Environment

The current economic environment presents heightened uncertainty for the energy industry, which represents a significant component of the City's economic base. As a result, future changes arising from economic conditions and their potential impact on the City's financial position and results of operations cannot be reasonably estimated at this time. Such impacts, if any, could be material.

Required Supplementary Information (Unaudited)

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City of Midland, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance
Revenues				
Taxes	\$ 138,668,941	\$ 138,668,941	\$ 141,579,870	\$ 2,910,929
Licenses and permits	4,841,000	4,841,000	7,856,913	3,015,913
Fines and penalties	2,753,500	2,753,500	2,908,899	155,399
Services, rentals, and other charges	14,900,671	14,900,671	11,885,193	(3,015,478)
Intergovernmental	-	-	2,153,616	2,153,616
Investment income	1,300,000	1,300,000	6,912,884	5,612,884
Contributions and donations	-	-	4,735,310	4,735,310
Miscellaneous	870,000	870,000	433,316	(436,684)
Total revenues	<u>163,334,112</u>	<u>163,334,112</u>	<u>178,466,001</u>	<u>15,131,889</u>
Expenditures				
Current				
General government				
Administration	2,099,893	2,099,893	2,331,596	(231,703)
Support Services	21,720,005	21,720,005	12,930,388	8,789,617
Fiscal management	2,995,782	2,995,782	2,558,008	437,774
Development services	6,822,793	6,822,793	6,987,655	(164,862)
Engineering	24,059,646	24,059,646	18,665,785	5,393,861
Parks and recreation	18,242,583	18,242,583	12,087,549	6,155,034
Police	45,294,577	45,294,577	44,723,543	571,034
Fire	47,431,349	47,431,349	57,057,231	(9,625,882)
Golf	4,178,242	4,178,242	4,063,024	115,218
Sports Complex	4,263,979	4,263,979	3,537,129	726,850
Other	7,673,074	7,673,074	6,721,762	951,312
Debt service:				
Principal	-	-	233,865	(233,865)
Interest and fiscal charges	-	-	10,573	(10,573)
Capital outlay	-	-	20,647,248	(20,647,248)
Total expenditures	<u>184,781,923</u>	<u>184,781,923</u>	<u>192,555,356</u>	<u>(7,773,433)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,447,811)</u>	<u>(21,447,811)</u>	<u>(14,089,355)</u>	<u>7,358,456</u>
Other Financing Sources (Uses)				
Transfers in	21,447,811	21,447,811	13,280,392	(8,167,419)
Transfers out	-	-	(919,595)	(919,595)
Total other financing sources (uses)	<u>21,447,811</u>	<u>21,447,811</u>	<u>12,360,797</u>	<u>(9,087,014)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,728,558)</u>	<u>\$ (1,728,558)</u>
Fund Balances, October 1			<u>143,456,662</u>	
Fund Balances, September 30			<u>\$ 141,728,104</u>	

The City budgets for capital projects in the year of commencement and initial funding; carryover budgets for these capital projects are not included herein.

City of Midland, Texas
Notes to Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended September 30, 2025

Budgetary Data

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

1. Prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them. Annual budgets are legally adopted for the General Fund and the Debt Service Fund on a basis consistent with generally accepted accounting principles, except for the classification of interfund transfers for General Fund services to other funds as charges for services for budgetary purposes instead of interfund transfers. Formal budgetary integration is not employed for the proprietary funds. The City adopts an annual budget for managerial control for all proprietary funds.
2. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the City Council through passage of an ordinance.
4. Expenditures may not legally exceed appropriations at the division level for legally adopted annual operating budgets. The City Manager has the authority to transfer appropriation balances from one department, the primary subunits of each fund, or division and the primary subunit of each department, to another within a single fund of the City. Department heads may approve amendments of amounts between line items within a division so long as the transfers do not significantly change the work program contemplated in the approved budget.
5. Supplemental appropriations during the year must be approved and adopted by City Council action through passage of a resolution or motion. Budget appropriations throughout fiscal year 2025 in the General Fund were primarily for new capital projects.
6. At the close of each fiscal year, unexpended budgetary appropriations lapse or revert to the undesignated fund balance. The unexpended appropriation balances in capital projects do not lapse at year end.

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

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

Measurement Date December 31,	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability								
Service cost	\$ 73,857	\$ 92,146	\$ 82,858	\$ 113,882	\$ 154,467	\$ 146,155	\$ 79,123	\$ 100,989
Interest	91,101	91,369	108,018	89,681	76,007	72,963	108,678	110,083
Benefit payments	(32,312)	(29,099)	(36,250)	(37,961)	(102,978)	(101,184)	(115,641)	(137,056)
Differences between expected and actual experience	-	190,456	(328,253)	(103,111)	(77,209)	(80,580)	23,791	(24,228)
Changes in assumptions	<u>206,935</u>	<u>(185,515)</u>	<u>508,567</u>	<u>488,915</u>	<u>118,018</u>	<u>(1,278,580)</u>	<u>140,398</u>	<u>(143,505)</u>
Net change in total OPEB liability	339,581	159,357	334,940	551,406	168,305	(1,241,226)	236,349	(93,717)
Total OPEB liability – beginning	<u>2,389,303</u>	<u>2,728,884</u>	<u>2,888,241</u>	<u>3,223,181</u>	<u>3,774,587</u>	<u>3,942,892</u>	<u>2,701,666</u>	<u>2,938,015</u>
Total OPEB Liability - Ending	<u>\$ 2,728,884</u>	<u>\$ 2,888,241</u>	<u>\$ 3,223,181</u>	<u>\$ 3,774,587</u>	<u>\$ 3,942,892</u>	<u>\$ 2,701,666</u>	<u>\$ 2,938,015</u>	<u>\$ 2,844,298</u>
Covered-employee payroll	\$ 46,160,369	\$ 48,498,044	\$ 51,786,368	\$ 54,229,577	\$ 57,210,115	\$ 56,213,391	\$ 60,863,506	\$ 72,134,713
Employer's total OPEB liability as a percentage of covered-employee payroll	5.91%	5.96%	6.22%	6.96%	6.89%	4.81%	4.83%	3.94%

Notes to Schedule:

Changes of Benefit Terms: None

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

- December 31, 2017 – 3.31%
- December 31, 2018 – 3.71%
- December 31, 2019 – 2.75%
- December 31, 2020 – 2.00%
- December 31, 2021 – 1.84%
- December 31, 2022 – 4.05%
- December 31, 2023 – 3.77%
- December 31 2024 – 4.08%

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

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

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

Measurement Date December 31,	2017	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability								
Service cost	\$ 1,481,407	\$ 1,638,363	\$ 893,162	\$ 1,037,092	\$ 1,165,404	\$ 1,613,131	\$ 1,057,296	\$ 1,285,669
Interest	618,336	629,421	567,354	374,640	341,617	389,271	673,232	769,827
Difference between expected and actual experience	108,933	(6,561,175)	(1,944,463)	(255,599)	1,834,952	222,831	1,484,625	(185,341)
Change of assumptions	831,742	(2,144,151)	990,072	1,050,491	425,778	(5,404,030)	692,790	(815,020)
Benefit payments	<u>(740,576)</u>	<u>(778,169)</u>	<u>(715,398)</u>	<u>(356,896)</u>	<u>(254,314)</u>	<u>(152,265)</u>	<u>(260,397)</u>	<u>(375,536)</u>
Net change in total OPEB liability	2,299,842	(7,215,711)	(209,273)	1,849,728	3,513,437	(3,331,062)	3,647,546	679,599
Total OPEB liability – beginning	<u>19,007,400</u>	<u>21,307,242</u>	<u>14,091,531</u>	<u>13,882,258</u>	<u>15,731,986</u>	<u>19,245,423</u>	<u>15,914,361</u>	<u>19,561,907</u>
Total OPEB Liability - Ending	<u>\$ 21,307,242</u>	<u>\$ 14,091,531</u>	<u>\$ 13,882,258</u>	<u>\$ 15,731,986</u>	<u>\$ 19,245,423</u>	<u>\$ 15,914,361</u>	<u>\$ 19,561,907</u>	<u>\$ 20,241,506</u>
Covered-employee payroll	\$ 62,175,066	\$ 66,066,278	\$ 71,190,080	\$ 74,426,311	\$ 79,314,016	\$ 79,641,432	\$ 85,999,703	\$ 99,643,502
Employer's total OPEB liability as a percentage of covered-employee payroll	34.27%	21.33%	19.50%	21.14%	24.26%	19.98%	22.75%	20.31%

Notes to Schedule:

Changes of Benefit Terms: None

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

- December 31, 2016 – 3.78%
- December 31, 2017 – 3.00%
- December 31, 2018 – 4.10%
- December 31, 2019 – 2.74%
- December 31, 2020 – 2.21%
- December 31, 2021 – 2.05%
- December 31, 2022 – 4.31%
- December 31, 2023 – 4.00%
- December 31, 2024 -- 4.28%

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

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

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

Fiscal Year Ended September 30,	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	\$ 6,927,806	\$ 6,614,908	\$ 7,063,858	\$ 7,184,163	\$ 7,673,542	\$ 8,272,675	\$ 8,286,526	\$ 8,706,243	\$ 10,453,028	\$ 12,177,319
Contributions in relation to the actuarially determined contribution	<u>6,927,806</u>	<u>6,614,908</u>	<u>7,063,858</u>	<u>7,184,163</u>	<u>7,673,542</u>	<u>8,272,675</u>	<u>8,286,526</u>	<u>8,706,243</u>	<u>10,453,028</u>	<u>12,177,319</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>								
Covered payroll	\$ 45,487,794	\$ 43,854,427	\$ 48,149,842	\$ 50,365,108	\$ 53,438,852	\$ 57,059,458	\$ 57,878,038	\$ 59,123,353	\$ 69,289,343	\$ 78,629,497
Contributions as a percentage of covered payroll	15.23%	15.08%	14.67%	14.26%	14.36%	14.50%	14.32%	14.73%	15.09%	15.49%

Notes to Required Supplementary Information

The information presented was determined as part of the actuarial valuations as of January 1 of the prior fiscal year. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, closed, and the amortization period was 21 years; the asset valuation method was at ten-year smoothed fair value, with 12.00% soft corridor; and the significant actuarial assumptions were an investment rate of return at 6.75% annually, projected salary increases assumption of 3.60% to 11.85% compounded annually, and postretirement benefit increases of 2.50% compounded annually. The retirement age was based on an experience-based table of rates that vary by age that were last updated for the 2023 valuation pursuant to an experience study of the period ending 2022. Mortality for post-retirement was based on the 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. Mortality for pre-retirement is based on PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee used for females. The rates for both post-retirement and pre-retirement are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). There were no benefit changes during the year.

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

Fiscal Year Ended September 30,	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Required contributions	\$ 3,560,801	\$ 3,405,259	\$ 3,555,264	\$ 4,213,911	\$ 4,393,733	\$ 4,665,419	\$ 5,336,820	\$ 5,275,731	\$ 6,347,771	\$ 6,961,996
Contributions in relation to the required contributions	<u>3,560,801</u>	<u>3,405,259</u>	<u>3,555,264</u>	<u>4,213,911</u>	<u>4,393,733</u>	<u>4,665,419</u>	<u>5,336,820</u>	<u>5,275,731</u>	<u>6,347,771</u>	<u>61,404,227</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (54,442,231)</u>								
Covered payroll	\$ 16,130,469	\$ 15,339,005	\$ 16,014,703	\$ 18,981,581	\$ 19,791,590	\$ 21,015,401	\$ 24,039,730	\$ 23,764,554	\$ 28,593,563	\$ 253,736,475
Contributions as a percentage of covered payroll	22.07%	22.20%	22.20%	22.20%	22.20%	22.20%	22.20%	22.20%	24.20%	24.20%

Notes to Required Supplementary Information

While the contribution requirements are not actuarially determined, state law requires that a qualified actuary must approve each plan of benefits adopted by the Fund. The actuary certifies that the contribution commitments by the firefighters and the City provide an adequate financing arrangement. Additional information as of the latest actuarial valuation presented is as follows: the actuarial cost method was entry-age normal; the amortization method was level percent of pay, open, and the amortization period was 5 years; the asset valuation method was at fair value; and the significant actuarial assumptions were an investment rate of return at 7.0% annually, projected salary increases assumption of 3.0%, plus promotion, step and longevity increases that vary by service, and inflation increases of 2.75% compounded annually.

There have been no benefit changes.

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

Measurement Date December 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service cost	\$ 6,819,607	\$ 7,218,730	\$ 7,173,321	\$ 7,560,845	\$ 8,083,852	\$ 8,270,010	\$ 8,673,053	\$ 8,499,465	\$ 9,166,044	\$ 11,267,442
Interest	19,670,175	19,807,241	20,425,225	21,065,557	21,672,779	22,698,880	23,688,821	25,008,346	26,086,920	26,969,255
Differences between expected and actual experience	(1,598,670)	(1,502,270)	(1,024,053)	(1,585,052)	2,885,110	2,327,207	6,663,319	2,737,448	1,471,711	4,878,182
Changes of assumptions	3,644,493	-	-	-	1,495,283	-	-	-	(3,322,650)	-
Benefit payments, including refunds of member contributions	(16,732,102)	(15,862,016)	(16,829,343)	(17,734,365)	(18,879,579)	(19,177,639)	(18,486,006)	(20,293,750)	(20,905,598)	(21,856,610)
Net change in total pension liability	11,803,503	9,661,685	9,745,150	9,306,985	15,257,445	14,118,458	20,539,187	15,951,509	12,496,427	21,258,269
Total pension liability – beginning	285,958,750	297,762,253	307,423,938	317,169,088	326,476,073	341,733,518	355,851,976	376,391,163	392,342,672	404,839,099
Total Pension Liability - Ending	\$ 297,762,253	\$ 307,423,938	\$ 317,169,088	\$ 326,476,073	\$ 341,733,518	\$ 355,851,976	\$ 376,391,163	\$ 392,342,672	\$ 404,839,099	\$ 426,097,368
Plan Fiduciary Net Position										
Contributions – employer	\$ 6,612,574	\$ 6,896,363	\$ 6,862,664	\$ 6,972,364	\$ 7,358,089	\$ 7,814,479	\$ 8,336,855	\$ 8,037,557	\$ 8,771,112	\$ 11,022,179
Contributions – member	3,077,837	3,214,447	3,232,126	3,394,863	3,625,046	3,796,070	4,016,325	3,934,937	4,260,777	5,049,430
Net investment income (loss)	380,860	16,971,040	36,325,527	(8,727,324)	42,509,375	23,470,380	42,351,528	(26,324,536)	37,708,884	36,899,669
Benefit payments, including refunds of member contributions	(16,732,102)	(15,862,016)	(16,829,343)	(17,734,365)	(18,879,579)	(19,177,639)	(18,486,006)	(20,293,750)	(20,905,598)	(21,856,610)
Administrative expense	(232,003)	(191,753)	(188,365)	(168,839)	(240,549)	(152,133)	(196,327)	(228,350)	(240,699)	(237,561)
Other	(11,458)	(10,331)	(9,546)	(8,821)	(7,227)	(5,935)	1,345	272,490	(1,684)	(5,555)
Net change in plan fiduciary net position	(6,904,292)	11,017,750	29,393,063	(16,272,122)	34,365,155	15,745,222	36,023,720	(34,601,652)	29,592,792	30,871,552
Plan fiduciary net position – beginning	258,135,525	251,231,233	262,248,983	291,642,046	275,369,924	309,735,079	325,480,301	361,504,021	326,902,369	356,495,161
Plan Fiduciary Net Position - Ending	\$ 251,231,233	\$ 262,248,983	\$ 291,642,046	\$ 275,369,924	\$ 309,735,079	\$ 325,480,301	\$ 361,504,021	\$ 326,902,369	\$ 356,495,161	\$ 387,366,713
Employer's Net Pension Liability	\$ 46,531,020	\$ 45,174,955	\$ 25,527,042	\$ 51,106,149	\$ 31,998,439	\$ 30,371,675	\$ 14,887,142	\$ 65,440,303	\$ 48,343,938	\$ 38,730,655
Plan fiduciary net position as a percentage of the total pension liability	84.40%	85.30%	92.00%	84.30%	90.60%	91.50%	96.00%	83.30%	88.10%	90.90%
Covered payroll	\$ 43,969,099	\$ 45,920,672	\$ 46,160,369	\$ 48,498,044	\$ 51,786,368	\$ 54,229,577	\$ 57,210,115	\$ 56,213,391	\$ 60,863,506	\$ 72,134,713
Employer's net pension liability as a percentage of covered payroll	105.80%	98.40%	55.30%	105.40%	61.80%	56.00%	26.00%	116.40%	79.40%	53.70%

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

Measurement Date December 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service cost	\$ 4,197,602	\$ 4,336,753	\$ 4,531,907	\$ 7,379,188	\$ 7,068,081	\$ 12,589,269	\$ 15,104,164	\$ 18,447,677	\$ 12,273,369	\$ 12,982,196
Interest	10,022,772	10,654,714	11,265,786	10,263,125	11,146,672	10,542,067	10,181,819	9,980,243	12,643,407	12,697,806
Change of benefit provisions									(16,980,187)	-
Differences between expected and actual experience	(800,260)	-	(5,933,150)	-	4,109,296	-	(3,100,310)	-	5,764,982	-
Changes of assumptions	1,104,367	-	66,944,828	(9,374,280)	75,415,005	27,206,943	17,709,555	(80,042,659)	8,132,817	(26,631,252)
Benefit payments, including refunds of member contributions	(6,684,894)	(6,843,836)	(8,252,601)	(8,609,277)	(9,976,378)	(10,356,445)	(12,669,033)	(10,875,344)	(11,521,513)	(12,334,370)
Net change in total pension liability	7,839,587	8,147,631	68,556,770	(341,244)	87,762,676	39,981,834	27,226,195	(62,490,083)	10,312,875	(13,285,620)
Total pension liability – beginning	124,429,495	132,269,082	140,416,713	208,973,483	208,632,239	296,394,915	336,376,749	363,602,944	301,112,861	311,425,736
Total Pension Liability - Ending	\$ 132,269,082	\$ 140,416,713	\$ 208,973,483	\$ 208,632,239	\$ 296,394,915	\$ 336,376,749	\$ 363,602,944	\$ 301,112,861	\$ 311,425,736	\$ 298,140,116
Plan Fiduciary Net Position										
Contributions - employer	\$ 3,729,857	\$ 3,582,056	\$ 3,555,264	\$ 3,900,148	\$ 4,307,624	\$ 4,483,675	\$ 4,907,065	\$ 5,201,025	\$ 5,580,525	\$ 6,616,532
Contributions - member	2,258,218	2,129,871	2,113,940	2,339,699	2,755,199	2,867,985	3,138,754	3,326,782	3,569,340	3,906,248
Net investment income (loss)	(708,892)	3,106,027	9,952,749	(7,141,143)	8,139,508	4,831,173	12,456,242	(10,056,095)	5,483,462	9,699,963
Benefit payments, including refunds of member contributions	(6,684,894)	(6,843,836)	(8,252,601)	(8,609,277)	(9,976,378)	(10,356,445)	(12,669,033)	(10,875,344)	(11,521,513)	(12,334,370)
Administrative expense	(211,442)	(251,621)	(279,569)	(230,738)	(390,407)	(330,045)	(406,490)	(388,777)	(399,589)	(486,570)
Other	7,118	66	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(1,610,035)	1,722,563	7,089,783	(9,741,311)	4,835,546	1,496,343	7,426,538	(12,792,409)	2,712,225	7,401,803
Plan fiduciary net position – beginning	82,552,420	80,942,385	82,664,948	89,754,731	80,013,420	84,848,966	86,345,309	93,771,847	80,979,438	83,691,663
Plan Fiduciary Net Position - Ending	80,942,385	82,664,948	89,754,731	80,013,420	84,848,966	86,345,309	93,771,847	80,979,438	83,691,663	91,093,466
Employer's Net Pension Liability	\$ 51,326,697	\$ 57,751,765	\$ 119,218,752	\$ 128,618,819	\$ 211,545,949	\$ 250,031,440	\$ 269,831,097	\$ 220,133,423	\$ 227,734,073	\$ 207,046,650
Plan fiduciary net position as a percentage of the total pension liability	61.20%	58.90%	43.00%	38.40%	28.60%	25.70%	25.80%	26.90%	26.90%	30.60%
Covered payroll	\$ 17,089,837	\$ 16,135,387	\$ 16,014,697	\$ 17,568,234	\$ 19,403,712	\$ 20,196,734	\$ 22,103,901	\$ 23,428,041	\$ 25,136,197	\$ 27,508,789
Employer's net pension liability as a percentage of covered payroll	300.30%	357.90%	744.40%	732.10%	1090.20%	1238.00%	1220.70%	939.60%	906.00%	752.70%
The total pension liability was determined using a change in assumptions related to: Change in the investment rate of return										

2017: 7.75%
2019: 7.50%
2020: 7.50%
2021: 7.00%
2022: 7.00%
2023: 7.00%
2024: 7.00%

Change in the discount rate

2017: 4.84%
2018: 5.29%
2019: 3.47%
2020: 2.95%
2021: 2.65%
2022: 4.11%
2023: 3.99%
2024: 4.63%

**Combining and Individual Fund Financial Statements and Schedules
(Unaudited)**

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Major Governmental Fund

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City of Midland, Texas
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Debt Service Fund
Year Ended September 30, 2025

	Original Budget	Final Budget	Actual	Variance
Revenues				
Property taxes	\$ 12,406,528	\$ 12,406,528	\$ 12,487,666	\$ 81,138
Investment earnings	-	-	160,911	160,911
Miscellaneous	-	-	10,570	10,570
Total revenues	<u>12,406,528</u>	<u>12,406,528</u>	<u>12,659,147</u>	<u>252,619</u>
Expenditures				
Debt service				
Principal	7,860,000	7,860,000	7,860,000	-
Interest and fiscal changes	6,882,860	6,882,860	7,938,470	(1,055,610)
Total expenditures	<u>14,742,860</u>	<u>14,742,860</u>	<u>15,798,470</u>	<u>(1,055,610)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,336,332)</u>	<u>(2,336,332)</u>	<u>(3,139,323)</u>	<u>(802,991)</u>
Other Financing Sources (Uses)				
Transfers in	2,336,332	2,336,332	2,464,395	128,063
Bonds issued	-	-	16,710,000	16,710,000
Payment to escrow agent	-	-	(18,414,475)	(18,414,475)
Premium on bonds	-	-	1,539,682	1,539,682
Total other financing sources (uses)	<u>2,336,332</u>	<u>2,336,332</u>	<u>2,299,602</u>	<u>(36,730)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	(839,721)	<u>\$ (839,721)</u>
Fund Balances, October 1			<u>1,148,223</u>	
Fund Balances, September 30			<u>\$ 308,502</u>	

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Nonmajor Governmental Funds

City of Midland, Texas
Combining Balance Sheet
Governmental Funds
September 30, 2025

	Special Revenue	Capital Projects	Total Nonmajor Governmental
Assets			
Cash and cash equivalents	\$ 18,218,822	\$ 98,982,851	\$ 117,201,673
Investments	21,565,977	8,475,999	30,041,976
Receivables			
Accounts	2,455,338	-	2,455,338
Interest	154,850	61,038	215,888
Intergovernmental	359,378	-	359,378
Total assets	<u>\$ 42,754,365</u>	<u>\$ 107,519,888</u>	<u>\$ 150,274,253</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 336,226	\$ 5,386,352	\$ 5,722,578
Retainage payable	31,419	1,183,566	1,214,985
Due to other funds	105,067	-	105,067
Unearned revenue	49,299	-	49,299
Other liabilities	3	-	3
Total liabilities	<u>522,014</u>	<u>6,569,918</u>	<u>7,091,932</u>
Fund Balances			
Nonspendable			
Restricted			
Public safety	2,454,273	-	2,454,273
Court	417,113	-	417,113
Buildings and renovations	1,662,766	53,738	1,716,504
Roadway improvements	17,043,278	-	17,043,278
Streets and drainage	-	61,400,278	61,400,278
Parks and recreation	-	26,235,440	26,235,440
Golf	-	10,643,636	10,643,636
Hotel motel	20,497,942	-	20,497,942
Other purposes	254,206	-	254,206
Committed			
Buildings and renovations	-	2,616,878	2,616,878
Unassigned	(97,227)	-	(97,227)
Total fund balances	<u>42,232,351</u>	<u>100,949,970</u>	<u>143,182,321</u>
Total liabilities and fund balances	<u>\$ 42,754,365</u>	<u>\$ 107,519,888</u>	<u>\$ 150,274,253</u>

City of Midland, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2025

	Special Revenue	Capital Projects	Total Nonmajor Governmental
Revenues			
Hotel-motel tax revenues	\$ 9,193,655	\$ -	\$ 9,193,655
Pet licenses	-	65,852	65,852
Fines and forfeitures	119,162	-	119,162
Charges for services	-	58,795	58,795
Rentals	543,003	-	543,003
Program income	9,542	-	9,542
Intergovernmental	1,968,863	-	1,968,863
Investment earnings	1,684,944	4,448,135	6,133,079
Impact fees	4,397,367	-	4,397,367
Contributions and donations	556,251	7,354	563,605
Miscellaneous	50,930	-	50,930
	<u>18,523,717</u>	<u>4,580,136</u>	<u>23,103,853</u>
Expenditures			
Current			
Engineering	-	38,754	38,754
Police	448,422	-	448,422
Fire	87,566	-	87,566
Housing programs	896,435	-	896,435
Economic development	5,679,722	-	5,679,722
Other	546,114	4,073	550,187
Issuance costs	-	906,998	906,998
Capital outlay	470,437	37,919,787	38,390,224
	<u>8,128,696</u>	<u>38,869,612</u>	<u>46,998,308</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,395,021</u>	<u>(34,289,476)</u>	<u>(23,894,455)</u>
Other Financing Sources (Uses)			
Transfers in	-	6,729,974	6,729,974
Transfers out	(1,794,800)	(6,729,974)	(8,524,774)
Bonds issued	-	55,425,000	55,425,000
Premium on bonds	-	3,327,396	3,327,396
	<u>(1,794,800)</u>	<u>58,752,396</u>	<u>56,957,596</u>
Net Change in Fund Balances	8,600,221	24,462,920	33,063,141
Fund Balances, Beginning of Year	<u>33,632,130</u>	<u>76,487,050</u>	<u>110,119,180</u>
Fund Balances, End of Year	<u>\$ 42,232,351</u>	<u>\$ 100,949,970</u>	<u>\$ 143,182,321</u>

Nonmajor Governmental Funds

Special Revenue Funds

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

The City's Special Revenue Funds are as follows:

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

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

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

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

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

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

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

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

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

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

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

City of Midland, Texas
Combining Balance Sheet
Governmental Funds - Special Revenue
September 30, 2025

	Community Development	Federal Police Special Purposes	State Police Special Purposes	Department of Justice Grant	Tax Increment Reinvestment Zone
Assets					
Cash and cash equivalents	\$ -	\$ 349,284	\$ 279,592	\$ 101,895	\$ 26,512
Investments	-	-	-	137,398	-
Receivables					
Accounts	-	-	-	-	-
Interest	-	-	-	-	427
Intergovernmental	155,566	-	-	11,744	-
Total assets	<u>\$ 155,566</u>	<u>\$ 349,284</u>	<u>\$ 279,592</u>	<u>\$ 251,037</u>	<u>\$ 26,939</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 75,924	\$ -	\$ -	\$ 23,770	\$ -
Retainage payable	22,500	-	-	-	-
Due to other funds	105,067	-	-	-	-
Unearned revenue	49,299	-	-	-	-
Other liabilities	3	-	-	-	-
Total liabilities	<u>252,793</u>	<u>-</u>	<u>-</u>	<u>23,770</u>	<u>-</u>
Fund Balances					
Nonspendable					
Restricted					
Public safety	-	349,284	279,592	-	-
Court	-	-	-	-	-
Buildings and renovations	-	-	-	-	-
Roadway improvements	-	-	-	-	-
Hotel motel	-	-	-	-	-
Other purposes	-	-	-	227,267	26,939
Unassigned	(97,227)	-	-	-	-
Total fund balances	<u>(97,227)</u>	<u>349,284</u>	<u>279,592</u>	<u>227,267</u>	<u>26,939</u>
Total liabilities and fund balances	<u>\$ 155,566</u>	<u>\$ 349,284</u>	<u>\$ 279,592</u>	<u>\$ 251,037</u>	<u>\$ 26,939</u>

Hotel Motel Tax	Municipal Court Technology	Municipal Court Building Security	Police Technology and Equipment	Fire Technology and Equipment	Impact Fee	Total
\$ 8,159,262	\$ 58,539	\$ 134,482	\$ 11,485	\$ 881,682	\$ 8,216,089	\$ 18,218,822
11,687,175	53,101	173,442	111,816	639,060	8,763,985	21,565,977
2,443,338	-	-	-	12,000	-	2,455,338
84,170	383	1,250	801	4,615	63,204	154,850
-	-	-	-	192,068	-	359,378
<u>\$ 22,373,945</u>	<u>\$ 112,023</u>	<u>\$ 309,174</u>	<u>\$ 124,102</u>	<u>\$ 1,729,425</u>	<u>\$ 17,043,278</u>	<u>\$ 42,754,365</u>
\$ 204,318	\$ -	\$ 4,084	\$ 27,748	\$ 382	\$ -	\$ 336,226
8,919	-	-	-	-	-	31,419
-	-	-	-	-	-	105,067
-	-	-	-	-	-	49,299
-	-	-	-	-	-	3
<u>213,237</u>	<u>-</u>	<u>4,084</u>	<u>27,748</u>	<u>382</u>	<u>-</u>	<u>522,014</u>
-	-	-	96,354	1,729,043	-	2,454,273
-	112,023	305,090	-	-	-	417,113
1,662,766	-	-	-	-	-	1,662,766
-	-	-	-	-	17,043,278	17,043,278
20,497,942	-	-	-	-	-	20,497,942
-	-	-	-	-	-	254,206
-	-	-	-	-	-	(97,227)
<u>22,160,708</u>	<u>112,023</u>	<u>305,090</u>	<u>96,354</u>	<u>1,729,043</u>	<u>17,043,278</u>	<u>42,232,351</u>
<u>\$ 22,373,945</u>	<u>\$ 112,023</u>	<u>\$ 309,174</u>	<u>\$ 124,102</u>	<u>\$ 1,729,425</u>	<u>\$ 17,043,278</u>	<u>\$ 42,754,365</u>

City of Midland, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Special Revenue
Year Ended September 30, 2025

	Community Development	Federal Police Special Purposes	State Police Special Purposes	Department of Justice Grant	Tax Increment Reinvestment Zone
Revenues					
Hotel-motel tax revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-
Rentals	-	-	-	-	-
Program income	9,542	-	-	-	-
Intergovernmental grants	888,365	68,258	153,556	41,382	-
Investment income	-	3,462	4,934	10,408	2,598
Impact fees	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>897,907</u>	<u>71,720</u>	<u>158,490</u>	<u>51,790</u>	<u>2,598</u>
Expenditures					
Current					
Police	-	89,465	-	11,803	-
Fire	-	-	-	-	-
Housing programs	896,435	-	-	-	-
Economic development	-	-	-	-	-
Other	-	-	-	-	414,823
Capital outlay	161,142	-	-	29,579	-
Total expenditures	<u>1,057,577</u>	<u>89,465</u>	<u>-</u>	<u>41,382</u>	<u>414,823</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(159,670)</u>	<u>(17,745)</u>	<u>158,490</u>	<u>10,408</u>	<u>(412,225)</u>
Other Financing Sources (Uses)					
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances (Deficit)	<u>(159,670)</u>	<u>(17,745)</u>	<u>158,490</u>	<u>10,408</u>	<u>(412,225)</u>
Fund Balances, Beginning of Year	<u>62,443</u>	<u>367,029</u>	<u>121,102</u>	<u>216,859</u>	<u>439,164</u>
Fund Balances (Deficit), End of Year	<u>\$ (97,227)</u>	<u>\$ 349,284</u>	<u>\$ 279,592</u>	<u>\$ 227,267</u>	<u>\$ 26,939</u>

Hotel Motel Tax	Municipal Court Technology	Municipal Court Building Security	Police Technology and Equipment	Fire Technology and Equipment	Impact Fee	Total
\$ 9,193,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,193,655
-	54,142	65,020	-	-	-	119,162
543,003	-	-	-	-	-	543,003
-	-	-	-	-	-	9,542
-	-	-	-	817,302	-	1,968,863
888,882	3,752	13,555	8,556	50,124	698,673	1,684,944
-	-	-	-	-	4,397,367	4,397,367
81,451	-	-	274,915	199,885	-	556,251
50,930	-	-	-	-	-	50,930
<u>10,757,921</u>	<u>57,894</u>	<u>78,575</u>	<u>283,471</u>	<u>1,067,311</u>	<u>5,096,040</u>	<u>18,523,717</u>
-	-	-	347,154	-	-	448,422
-	-	-	-	87,566	-	87,566
-	-	-	-	-	-	896,435
5,679,722	-	-	-	-	-	5,679,722
31,639	80,000	19,652	-	-	-	546,114
178,377	-	-	48,046	53,293	-	470,437
<u>5,889,738</u>	<u>80,000</u>	<u>19,652</u>	<u>395,200</u>	<u>140,859</u>	<u>-</u>	<u>8,128,696</u>
<u>4,868,183</u>	<u>(22,106)</u>	<u>58,923</u>	<u>(111,729)</u>	<u>926,452</u>	<u>5,096,040</u>	<u>10,395,021</u>
<u>(1,794,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,794,800)</u>
<u>(1,794,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,794,800)</u>
3,073,383	(22,106)	58,923	(111,729)	926,452	5,096,040	8,600,221
19,087,325	134,129	246,167	208,083	802,591	11,947,238	33,632,130
<u>\$ 22,160,708</u>	<u>\$ 112,023</u>	<u>\$ 305,090</u>	<u>\$ 96,354</u>	<u>\$ 1,729,043</u>	<u>\$ 17,043,278</u>	<u>\$ 42,232,351</u>

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Nonmajor Governmental Funds

Capital Projects Funds

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

The City's Capital Projects Funds are as follows:

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

Golf Course Capital Improvement Fund – to account for funds set aside relating to construction of remodel of the golf course.

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

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

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

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

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

Golf Bond - to account for irrigation system replacement and club house remodel.

City of Midland, Texas
Combining Balance Sheet
Governmental Funds - Capital Projects
September 30, 2025

	Animal Shelter Facility and Equipment	Golf Course Capital Improvement	Road Bond Construction	Facility Bond Construction	Parks Bond Construction
Assets					
Cash and cash equivalents	\$ 399,994	\$ 678,836	\$ 21,692,918	\$ 53,738	\$ 28,514,170
Investments	537,774	989,274	-	-	-
Receivables					
Interest receivable	3,875	7,125	-	-	-
Total assets	<u>\$ 941,643</u>	<u>\$ 1,675,235</u>	<u>\$ 21,692,918</u>	<u>\$ 53,738</u>	<u>\$ 28,514,170</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 1,376,402	\$ -	\$ 1,499,104
Retainage payable	-	-	126,115	-	779,626
Total liabilities	<u>-</u>	<u>-</u>	<u>1,502,517</u>	<u>-</u>	<u>2,278,730</u>
Fund Balances					
Restricted					
Buildings and renovations	-	-	-	53,738	-
Streets and drainage	-	-	20,190,401	-	-
Parks and recreation	-	-	-	-	26,235,440
Golf	-	-	-	-	-
Committed					
Buildings and renovations	941,643	1,675,235	-	-	-
Total fund balances	<u>941,643</u>	<u>1,675,235</u>	<u>20,190,401</u>	<u>53,738</u>	<u>26,235,440</u>
Total liabilities and fund balances	<u>\$ 941,643</u>	<u>\$ 1,675,235</u>	<u>\$ 21,692,918</u>	<u>\$ 53,738</u>	<u>\$ 28,514,170</u>

2018 General Purpose Certificates of Obligation	2019 General Purpose Certificates of Obligation	Golf Bond	Total
\$ 7,076,061	\$ 36,599,364	\$ 3,967,770	\$ 98,982,851
-	-	6,948,951	8,475,999
-	-	50,038	61,038
<u>\$ 7,076,061</u>	<u>\$ 36,599,364</u>	<u>\$ 10,966,759</u>	<u>\$ 107,519,888</u>
\$ 1,575,285	\$ 656,813	\$ 278,748	\$ 5,386,352
89,004	144,446	44,375	1,183,566
1,664,289	801,259	323,123	6,569,918
-	-	-	53,738
5,411,772	35,798,105	-	61,400,278
-	-	-	26,235,440
-	-	10,643,636	10,643,636
-	-	-	2,616,878
<u>5,411,772</u>	<u>35,798,105</u>	<u>10,643,636</u>	<u>100,949,970</u>
<u>\$ 7,076,061</u>	<u>\$ 36,599,364</u>	<u>\$ 10,966,759</u>	<u>\$ 107,519,888</u>

City of Midland, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds - Capital Projects
Year Ended September 30, 2025

	Animal Shelter Facility and Equipment	Golf Course Capital Improvement	Road Bond Construction	Facility Bond Construction	Parks Bond Construction
Revenues					
Pet licenses	\$ 65,852	\$ -	\$ -	\$ -	\$ -
Charges for services	-	58,795	-	-	-
Investment earnings	41,758	76,750	829,448	3,621	1,484,205
Contributions and donations	7,354	-	-	-	-
Total revenues	114,964	135,545	829,448	3,621	1,484,205
Expenditures					
Engineering	-	-	-	-	-
Other	-	-	-	-	4,073
Issuance costs	-	-	167,496	-	470,841
Capital outlay	-	-	9,344,224	-	19,864,619
Total expenditures	-	-	9,511,720	-	20,339,533
Excess (Deficiency) of Revenues Over (Under) Expenditures	114,964	135,545	(8,682,272)	3,621	(18,855,328)
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(4,000,000)	-	-
Bonds issued	-	-	-	-	27,324,525
Premium on bonds	-	-	-	-	1,640,406
Total other financing sources (uses)	-	-	(4,000,000)	-	28,964,931
Net Change in Fund Balances	114,964	135,545	(12,682,272)	3,621	10,109,603
Fund Balances, Beginning of Year	826,679	1,539,690	32,872,673	50,117	16,125,837
Fund Balances, End of Year	\$ 941,643	\$ 1,675,235	\$ 20,190,401	\$ 53,738	\$ 26,235,440

2018 General Purpose Certificates of Obligation	2019 General Purpose Certificates of Obligation	Golf Bond	Total
\$ -	\$ -	\$ -	\$ 65,852
-	-	-	58,795
374,010	1,109,089	529,254	4,448,135
-	-	-	7,354
<u>374,010</u>	<u>1,109,089</u>	<u>529,254</u>	<u>4,580,136</u>
1,114	37,640	-	38,754
-	-	-	4,073
-	268,661	-	906,998
<u>3,126,309</u>	<u>4,331,529</u>	<u>1,253,106</u>	<u>37,919,787</u>
<u>3,127,423</u>	<u>4,637,830</u>	<u>1,253,106</u>	<u>38,869,612</u>
<u>(2,753,413)</u>	<u>(3,528,741)</u>	<u>(723,852)</u>	<u>(34,289,476)</u>
2,729,974	4,000,000	-	6,729,974
-	(2,729,974)	-	(6,729,974)
-	28,100,475	-	55,425,000
-	1,686,990	-	3,327,396
<u>2,729,974</u>	<u>31,057,491</u>	<u>-</u>	<u>58,752,396</u>
(23,439)	27,528,750	(723,852)	24,462,920
<u>5,435,211</u>	<u>8,269,355</u>	<u>11,367,488</u>	<u>76,487,050</u>
<u>\$ 5,411,772</u>	<u>\$ 35,798,105</u>	<u>\$ 10,643,636</u>	<u>\$ 100,949,970</u>

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Internal Service Funds

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

The City's Internal Service Funds are as follows:

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

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

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

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

City of Midland, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2025

	Garage	Technology	Medical Dental Self- Insurance	General Liability Self- Insurance	Total
Assets					
Current assets					
Cash and cash equivalents	\$ 8,063,629	\$ 2,441,351	\$ 14,608,345	\$ 5,787,806	\$ 30,901,131
Investments	13,254,371	1,670,449	19,122,967	6,386,572	40,434,359
Accounts receivable, net of allowance for uncollectibles	139,380	758,888	3,640	-	901,908
Interest receivable	95,391	12,054	137,720	45,995	291,160
Inventories	888,282	-	-	-	888,282
Prepaid items and other assets	-	-	75,000	44,867	119,867
Total current assets	<u>22,441,053</u>	<u>4,882,742</u>	<u>33,947,672</u>	<u>12,265,240</u>	<u>73,536,707</u>
Noncurrent assets					
Capital and Subscription Assets					
Land	44,343	-	-	-	44,343
Buildings	3,933,253	-	-	-	3,933,253
Improvements other than buildings	1,069,226	1,306,626	-	-	2,375,852
Machinery and equipment	106,062,193	3,680,559	-	-	109,742,752
Intangible and other	36,790	323,302	-	-	360,092
Subscription assets	-	5,092,341	-	-	5,092,341
Construction in progress	1,376,017	-	-	-	1,376,017
Less accumulated depreciation and amortization	(61,471,124)	(3,224,605)	-	-	(64,695,729)
Total capital and subscription assets	<u>51,050,698</u>	<u>7,178,223</u>	<u>-</u>	<u>-</u>	<u>58,228,921</u>
Total noncurrent assets	<u>51,050,698</u>	<u>7,178,223</u>	<u>-</u>	<u>-</u>	<u>58,228,921</u>
Total assets	<u>73,491,751</u>	<u>12,060,965</u>	<u>33,947,672</u>	<u>12,265,240</u>	<u>131,765,628</u>
Deferred Outflows of Resources					
Pension items	432,336	-	-	23,440	455,776
OPEB items	154,538	-	-	12,753	167,291
Total deferred outflows of resources	<u>586,874</u>	<u>-</u>	<u>-</u>	<u>36,193</u>	<u>623,067</u>

City of Midland, Texas
Combining Statement of Net Position
Internal Service Funds
September 30, 2025

	Garage	Technology	Medical Dental Self- Insurance	General Liability Self- Insurance	Total
Liabilities					
Current liabilities					
Accounts payable	261,013	56,652	954,552	92,385	1,364,602
Accrued payroll	167,522	15,290	15,633	59,455	257,900
Accrued interest	-	97,328	-	-	97,328
Retainage payable	-	1,512	-	-	1,512
Subscription liability	-	1,080,594	-	-	1,080,594
Compensated absences	101,510	21,140	-	28,629	151,279
Total OPEB liability	6,568	-	-	552	7,120
Estimated unpaid claims	-	-	1,376,062	1,001,019	2,377,081
Due to other funds	184,137	-	-	-	184,137
Other liabilities	-	-	5,564	-	5,564
Total current liabilities	720,750	1,272,516	2,351,811	1,182,040	5,527,117
Noncurrent liabilities					
Estimated unpaid claims	-	-	-	3,269,832	3,269,832
Subscription liability	-	2,510,525	-	-	2,510,525
Net pension liability	1,285,858	-	-	69,715	1,355,573
Compensated absences	304,530	63,419	-	85,888	453,837
Total OPEB liability	594,068	-	-	46,986	641,054
Total noncurrent liabilities	2,184,456	2,573,944	-	3,472,421	8,230,821
Total liabilities	2,905,206	3,846,460	2,351,811	4,654,461	13,757,938
Deferred Inflows of Resources					
Pension items	149,501	-	-	8,105	157,606
OPEB items	282,487	-	-	23,095	305,582
Total deferred inflows of resources	431,988	-	-	31,200	463,188
Net Position					
Net invested in capital assets	51,050,698	3,585,592	-	-	54,636,290
Unrestricted	19,690,733	4,628,913	31,595,861	7,615,772	63,531,279
Total net position	\$ 70,741,431	\$ 8,214,505	\$ 31,595,861	\$ 7,615,772	\$ 118,167,569

City of Midland, Texas
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended September 30, 2025

	Garage	Technology	Medical Dental Self- Insurance	General Liability Self- Insurance	Total
Operating Revenues					
Billings to other funds	\$ 28,722,855	\$ 9,207,178	\$ 16,383,778	\$ 6,845,608	\$ 61,159,419
Employee payments	-	-	2,304,039	-	2,304,039
Total operating revenues	<u>28,722,855</u>	<u>9,207,178</u>	<u>18,687,817</u>	<u>6,845,608</u>	<u>63,463,458</u>
Operating Expenses					
Cost of goods sold	2,230,223	-	-	-	2,230,223
Salaries and fringe benefits	3,461,531	342,021	395,701	1,341,596	5,540,849
Contractual services	1,962,826	3,405,644	3,014,070	2,953,128	11,335,668
Maintenance of structure	44,204	1,141	-	-	45,345
Maintenance of equipment	5,392,035	84,044	-	-	5,476,079
Payment of claims	-	-	12,646,978	1,616,999	14,263,977
Supplies	2,982,002	634,994	3,346	4,108	3,624,450
Other expenses	2,637	449	209,906	-	212,992
Depreciation and amortization	6,053,055	1,676,253	-	-	7,729,308
Total operating expenses	<u>22,128,513</u>	<u>6,144,546</u>	<u>16,270,001</u>	<u>5,915,831</u>	<u>50,458,891</u>
Operating Income (Loss)	<u>6,594,342</u>	<u>3,062,632</u>	<u>2,417,816</u>	<u>929,777</u>	<u>13,004,567</u>
Nonoperating Revenues (Expenses)					
Investment income	995,856	163,281	1,488,673	493,523	3,141,333
Interest expense	(58,657)	(107,211)	-	-	(165,868)
Gain on sale of capital assets	308,389	-	-	-	308,389
Other	79,677	-	-	-	79,677
Total nonoperating revenues (expenses)	<u>1,325,265</u>	<u>56,070</u>	<u>1,488,673</u>	<u>493,523</u>	<u>3,363,531</u>
Income (Loss) Before Transfers	<u>7,919,607</u>	<u>3,118,702</u>	<u>3,906,489</u>	<u>1,423,300</u>	<u>16,368,098</u>
Transfers in	-	250,000	-	-	250,000
Change in Net Position	<u>7,919,607</u>	<u>3,368,702</u>	<u>3,906,489</u>	<u>1,423,300</u>	<u>16,618,098</u>
Net Position, Beginning of Year	<u>62,821,824</u>	<u>4,845,803</u>	<u>27,689,372</u>	<u>6,192,472</u>	<u>101,549,471</u>
Net Position, End of Year	<u>\$ 70,741,431</u>	<u>\$ 8,214,505</u>	<u>\$ 31,595,861</u>	<u>\$ 7,615,772</u>	<u>\$ 118,167,569</u>

City of Midland, Texas
Combining Statement of Cash Flows - Internal Service Funds
Year Ended September 30, 2025

	Garage	Technology	Medical/ Dental Self- Insurance	General Liability Self- Insurance	Total
Cash Flows From Operating Activities					
Receipts from interfund service transactions	\$ 28,722,855	\$ 8,767,184	\$ 16,383,778	\$ 6,845,608	\$ 60,719,425
Receipts from miscellaneous revenues	241,355	-	-	-	241,355
Receipts from employees and retirees	-	-	2,265,228	-	2,265,228
Payments to suppliers and service providers	(12,561,614)	(4,260,170)	(15,909,281)	(3,854,535)	(36,585,600)
Payments to employees for salaries and benefits	(3,344,406)	(326,768)	(395,855)	(1,340,537)	(5,407,566)
Payments for interfund service transactions	(625,424)	-	-	-	(625,424)
	<u>12,432,766</u>	<u>4,180,246</u>	<u>2,343,870</u>	<u>1,650,536</u>	<u>20,607,418</u>
Net cash from (used in) operating activities					
Cash Flows From Noncapital Financing Activities					
Transfer from other funds	-	250,000	-	-	250,000
	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
Cash Flows From Capital and Related Financing Activities					
Acquisition and construction of capital assets	(18,896,562)	(712,902)	-	-	(19,609,464)
Principal paid on capital debt, notes payable, and leases	-	(1,328,782)	-	-	(1,328,782)
Interest and fees paid on capital debt, notes payable, and leases	(58,657)	(19,377)	-	-	(78,034)
Proceeds from sale of capital assets	406,292	-	-	-	406,292
	<u>(18,548,927)</u>	<u>(2,061,061)</u>	<u>-</u>	<u>-</u>	<u>(20,609,988)</u>
Net cash used in capital and related financing activities					
Cash Flows From Investing Activities					
Purchase of investments	-	(878,465)	(2,939,242)	(731,911)	(4,549,618)
Sale of investments	362,535	-	-	-	362,535
Interest on investments	772,244	132,043	1,154,692	382,784	2,441,763
	<u>1,134,779</u>	<u>(746,422)</u>	<u>(1,784,550)</u>	<u>(349,127)</u>	<u>(1,745,320)</u>
Net cash from (used in) investing activities					
Net Increase (Decrease) in Cash and Cash Equivalents	(4,981,382)	1,622,763	559,320	1,301,409	(1,497,890)
Cash and Cash Equivalents, October 1	13,045,011	818,588	14,049,025	4,486,397	32,399,021
Cash and Cash Equivalents, September 30	<u>\$ 8,063,629</u>	<u>\$ 2,441,351</u>	<u>\$ 14,608,345</u>	<u>\$ 5,787,806</u>	<u>\$ 30,901,131</u>

City of Midland, Texas
Combining Statement of Cash Flows - Internal Service Funds
Year Ended September 30, 2025

Reconciliation of Operating Income (Loss)
to Net Cash Flows From (Used in)

Operating Activities

Operating income (loss)	\$ 6,594,342	\$ 3,062,632	\$ 2,417,816	\$ 929,777	\$ 13,004,567
Adjustments to reconcile operating income (loss) to net cash from (used in) operating activities					
Depreciation and amortization	6,053,055	1,676,253	-	-	7,729,308
Other income (expense)	79,677	-	-	-	79,677
(Increase) decrease in					
Receivables	161,678	(439,994)	(38,811)	-	(317,127)
Inventories	21,639	-	-	-	21,639
Prepaid items and other assets	90,748	-	-	-	90,748
Pension deferred outflow of resources	327,663	-	-	17,765	345,428
OPEB deferred outflow of resources	20,523	-	-	1,611	22,134
Increase (decrease) in					
Accounts payable and accrued liabilities	(685,498)	(133,898)	94,608	(80,317)	(805,105)
Accrued payroll	40,222	7,715	(154)	5,488	53,271
Estimated unpaid claims	-	-	(129,589)	800,017	670,428
Pension deferred inflow of resources	(37,521)	-	-	(2,035)	(39,556)
OPEB deferred inflow of resources	(13,361)	-	-	(930)	(14,291)
Compensated absences	98,310	7,538	-	33,197	139,045
Net pension liability	(332,584)	-	-	(55,298)	(387,882)
Total OPEB liability	13,873	-	-	1,261	15,134

Net Cash From (Used in) Operating Activities

\$ 12,432,766 \$ 4,180,246 \$ 2,343,870 \$ 1,650,536 \$ 20,607,418

Noncash Transactions

Acquisition of capital assets with subscription \$ - \$ 4,347,295 \$ - \$ - \$ 4,347,295

Statistical Section (Unaudited)

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have been changed over time.	134-138
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the sales tax and property tax.	139-146
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	147-150
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	151-152
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	153-155

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

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

Table 1

Fiscal Year	2016	2017	2018*	2019	2020	2021	2022	2023	2024	2025
Governmental Activities										
Net investment in capital assets	\$ 145,003,274	\$ 164,184,133	\$ 174,150,136	\$ 207,165,514	\$ 244,745,150	\$ 254,191,567	\$ 299,126,720	\$ 315,961,224	\$ 345,041,232	\$ 386,435,029
Restricted	29,841,000	16,363,069	23,121,441	27,383,814	21,014,235	24,186,610	44,647,499	64,957,835	106,252,975	85,285,242
Unrestricted	<u>(9,238,708)</u>	<u>24,802,362</u>	<u>(3,984,736)</u>	<u>(298,134)</u>	<u>(12,384,572)</u>	<u>(52,265,914)</u>	<u>(60,294,408)</u>	<u>(69,799,494)</u>	<u>(74,644,254)</u>	<u>(59,989,754)</u>
Total Governmental Activities	<u>\$ 165,605,566</u>	<u>\$ 205,349,564</u>	<u>\$ 193,286,841</u>	<u>\$ 234,251,194</u>	<u>\$ 253,374,813</u>	<u>\$ 226,112,263</u>	<u>\$ 283,479,811</u>	<u>\$ 311,119,565</u>	<u>\$ 376,649,953</u>	<u>\$ 411,730,517</u>
Business-type Activities										
Net investment in capital assets	\$ 222,763,783	\$ 224,677,468	\$ 218,454,203	\$ 223,734,874	\$ 232,438,136	\$ 365,965,726	\$ 344,935,827	\$ 371,112,093	\$ 400,554,015	\$ 440,419,854
Restricted	6,489,537	7,032,618	7,901,365	9,614,298	9,784,610	11,679,196	14,821,024	19,243,761	26,098,412	21,857,866
Unrestricted	<u>92,582,619</u>	<u>65,244,637</u>	<u>118,398,177</u>	<u>138,649,471</u>	<u>147,025,898</u>	<u>142,807,951</u>	<u>136,093,860</u>	<u>139,753,514</u>	<u>154,612,611</u>	<u>183,251,765</u>
Total Business-type Activities	<u>\$ 321,835,939</u>	<u>\$ 296,954,723</u>	<u>\$ 344,753,745</u>	<u>\$ 371,998,643</u>	<u>\$ 389,248,644</u>	<u>\$ 520,452,873</u>	<u>\$ 495,850,711</u>	<u>\$ 530,109,368</u>	<u>\$ 581,265,038</u>	<u>\$ 645,529,485</u>
Primary Government										
Net investment in capital assets	\$ 367,767,057	\$ 388,861,601	\$ 392,604,339	\$ 430,900,388	\$ 477,183,286	\$ 620,157,293	\$ 644,062,547	\$ 687,073,317	\$ 745,595,247	\$ 826,854,883
Restricted	36,330,537	23,395,687	31,022,806	36,998,112	30,798,845	35,865,806	59,468,523	84,201,596	132,351,387	107,143,108
Unrestricted	<u>83,343,911</u>	<u>90,046,999</u>	<u>114,413,441</u>	<u>138,351,337</u>	<u>134,641,326</u>	<u>90,542,037</u>	<u>75,799,452</u>	<u>69,954,020</u>	<u>79,968,357</u>	<u>123,262,011</u>
Total Primary Government	<u>\$ 487,441,505</u>	<u>\$ 502,304,287</u>	<u>\$ 538,040,586</u>	<u>\$ 606,249,837</u>	<u>\$ 642,623,457</u>	<u>\$ 746,565,136</u>	<u>\$ 779,330,522</u>	<u>\$ 841,228,933</u>	<u>\$ 957,914,991</u>	<u>\$ 1,057,260,002</u>

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

**City of Midland, Texas
Changes in Net Position
Last Ten Fiscal Years**

Table 2

Fiscal Year	2016	2017	2018*	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities										
General government	\$ 19,762,424	\$ 25,570,754	\$ 27,645,583	\$ 24,258,411	\$ 25,706,951	\$ 19,096,260	\$ 23,997,291	\$ 28,695,726	\$ 30,683,859	\$ 29,348,153
Development services	5,313,316	3,608,938	4,320,319	3,768,080	3,208,576	3,180,738	2,653,301	4,108,029	5,401,560	6,890,142
Engineering	14,919,310	17,837,007	22,463,436	22,732,126	23,690,401	25,559,912	22,347,858	25,475,424	27,537,251	31,185,005
Community services	13,653,821	17,218,438	17,362,841	13,541,026	14,515,055	22,277,865	18,308,419	15,734,720	-	-
Parks and recreation	-	-	-	-	-	-	-	-	12,317,772	14,045,066
Police	28,457,968	29,056,164	32,888,963	28,779,195	32,829,786	34,355,875	30,809,955	37,126,195	43,021,956	44,718,655
Fire	32,556,517	32,302,838	30,936,240	48,866,362	64,134,650	72,393,498	75,106,009	74,821,550	55,986,673	72,467,397
Golf	-	-	-	-	-	-	2,992,999	3,086,870	3,442,730	4,122,629
Sports complex	-	-	-	-	-	-	3,233,475	2,877,754	2,899,690	3,566,180
Housing programs	-	-	-	778,450	685,029	1,527,713	826,731	1,525,055	765,003	896,435
Economic development	-	-	-	4,045,087	3,977,192	3,730,100	3,405,197	4,024,382	5,068,428	6,282,495
Interest on long-term debt	1,801,049	2,867,573	2,587,862	4,133,382	5,058,084	5,375,616	4,652,710	4,833,302	6,211,857	7,682,386
Total governmental activities expenses	<u>116,464,405</u>	<u>128,461,712</u>	<u>138,205,244</u>	<u>150,902,119</u>	<u>173,805,724</u>	<u>187,497,577</u>	<u>188,333,945</u>	<u>202,309,007</u>	<u>193,336,779</u>	<u>221,204,543</u>
Business-type activities										
Airport	10,718,273	13,624,989	11,525,312	13,261,610	13,661,666	14,827,819	17,415,536	20,919,858	26,036,843	23,104,575
Water and sewer	70,466,172	71,977,966	76,868,084	84,043,753	92,172,311	81,762,406	87,890,959	86,318,024	92,242,869	90,758,517
Sanitation	13,304,713	13,730,752	13,977,814	17,366,746	16,593,760	17,539,987	19,740,658	23,103,022	25,004,403	26,168,755
Drainage	-	-	-	470,516	-	322,873	523,701	618,553	797,930	845,850
Sports complex	4,438,796	4,257,900	3,828,851	4,780,610	5,035,059	4,910,380	-	-	-	-
Golf course	2,762,118	2,701,329	2,727,783	2,873,990	2,785,653	2,903,240	-	-	-	-
Total business-type activities expenses	<u>101,690,072</u>	<u>106,292,936</u>	<u>108,927,844</u>	<u>122,326,709</u>	<u>130,718,965</u>	<u>122,266,705</u>	<u>125,570,854</u>	<u>130,959,457</u>	<u>144,082,045</u>	<u>140,877,697</u>
Total Primary Government Expenses	<u>\$ 218,154,477</u>	<u>\$ 234,754,648</u>	<u>\$ 247,133,088</u>	<u>\$ 273,228,828</u>	<u>\$ 304,524,689</u>	<u>\$ 309,764,282</u>	<u>\$ 313,904,799</u>	<u>\$ 333,268,464</u>	<u>\$ 337,418,824</u>	<u>\$ 362,082,240</u>
Program Revenues										
Governmental activities										
Charges for services										
General government	\$ 1,516,056	\$ 3,507,741	\$ 1,690,851	\$ 1,545,492	\$ 1,608,971	\$ 1,122,535	\$ 1,019,203	\$ 1,236,774	\$ 1,009,296	\$ 830,517
Development services	2,201,743	2,617,349	3,663,827	307,348	220,871	203,635	164,162	140,617	111,164	521,745
Engineering	34,501	14,750	24,650	4,342,387	2,441,378	2,546,974	2,459,548	2,109,484	4,306,677	6,910,812
Parks and recreation	1,628,503	1,573,961	1,557,952	1,869,653	902,200	1,240,119	1,185,805	1,207,256	460,369	543,003
Police	3,965,168	5,044,751	5,044,874	3,881,438	2,391,452	2,069,781	2,811,206	2,765,467	3,648,254	3,731,810
Fire	1,625,476	1,766,971	3,233,630	2,082,870	1,851,874	2,218,882	4,346,498	4,271,680	7,548,523	3,986,890
Golf	-	-	-	-	-	-	3,024,148	3,753,640	4,155,549	5,817,613
Sports complex	-	-	-	-	-	-	1,386,131	1,481,961	1,622,811	1,596,509
Operating grants and contributions	1,526,617	1,738,336	1,566,451	2,189,675	12,261,766	3,237,936	3,059,361	2,717,379	1,854,366	1,875,248
Capital grants and contributions	503,113	6,695,626	158,284	21,197,225	26,468,798	5,008,089	7,648,721	5,691,669	13,858,707	20,639,678
Total governmental activities program revenues	<u>13,001,177</u>	<u>22,959,485</u>	<u>16,940,519</u>	<u>37,416,088</u>	<u>48,147,310</u>	<u>17,647,951</u>	<u>27,104,783</u>	<u>25,375,927</u>	<u>38,575,716</u>	<u>46,453,825</u>
Business-type activities										
Charges for services										
Airport	10,776,810	13,268,192	20,443,321	15,378,172	10,055,652	10,967,114	14,848,391	15,787,221	18,455,824	35,170,102
Water and sewer	61,966,908	68,281,460	79,858,913	79,605,969	85,986,682	76,018,939	88,127,899	84,607,456	88,755,441	90,470,296
Sanitation	14,945,478	15,600,965	18,575,987	21,409,769	20,433,270	19,229,179	24,885,922	25,327,858	32,440,717	33,690,281
Drainage	-	-	-	-	2,378,958	2,370,954	2,199,249	2,246,244	2,439,457	2,569,634
Sports complex	9,668,859	7,585,308	985,826	1,106,202	766,869	1,036,611	-	-	-	-
Golf course	1,987,133	2,258,982	2,633,486	2,794,295	2,314,724	2,775,712	-	-	-	-
Operating grants and contributions	34,214	-	-	-	5,042,711	7,570,515	5,894,700	10,572,246	12,573,283	18,693,818
Capital grants and contributions	5,224,553	7,394,240	5,602,635	13,664,923	13,535,324	130,439,420	10,179,047	7,977,731	14,063,871	9,259,290
Total business-type activities program revenues	<u>104,603,955</u>	<u>114,389,147</u>	<u>128,100,168</u>	<u>133,959,330</u>	<u>140,515,190</u>	<u>250,408,444</u>	<u>146,135,208</u>	<u>146,518,756</u>	<u>168,728,593</u>	<u>189,853,421</u>
Total Primary Government Program Revenues	<u>\$ 117,605,132</u>	<u>\$ 137,348,632</u>	<u>\$ 145,040,687</u>	<u>\$ 171,375,418</u>	<u>\$ 188,662,500</u>	<u>\$ 268,056,395</u>	<u>\$ 173,239,991</u>	<u>\$ 171,894,683</u>	<u>\$ 207,304,309</u>	<u>\$ 236,307,246</u>

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

Table 2

Fiscal Year	2016	2017	2018*	2019	2020	2021	2022	2023	2024	2025
Net (Expense) Revenue										
Governmental activities	\$ (103,463,228)	\$ (105,502,227)	\$ (121,264,725)	\$ (113,486,031)	\$ (125,658,414)	\$ (169,849,626)	\$ (161,229,162)	\$ (176,933,080)	\$ (154,667,641)	\$ (174,682,565)
Business-type activities	2,913,883	8,096,211	19,172,324	11,632,621	9,796,225	128,141,739	20,564,354	15,559,299	24,646,548	48,975,724
Total Primary Government Net (Expense) Revenue	\$ (100,549,345)	\$ (97,406,016)	\$ (102,092,401)	\$ (101,853,410)	\$ (115,862,189)	\$ (41,707,887)	\$ (140,664,808)	\$ (161,373,781)	\$ (130,021,093)	\$ (125,706,841)
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property	\$ 44,048,630	\$ 47,726,894	\$ 50,646,396	\$ 52,666,273	\$ 58,169,464	\$ 61,552,508	\$ 62,142,187	\$ 67,617,647	\$ 73,978,925	\$ 75,883,372
Sales	34,858,568	42,762,809	53,462,267	61,170,620	50,705,816	46,435,724	61,052,772	68,857,224	66,602,391	69,122,570
Gross receipts	13,856,431	14,149,139	14,768,594	14,926,559	15,187,724	15,200,760	18,837,109	18,790,678	18,717,648	9,696,543
Hotel-motel	5,290,840	5,497,928	12,546,459	10,036,671	5,298,023	4,338,753	5,671,276	7,275,924	7,519,814	9,181,143
Other	108,193	111,018	93,883	-	-	-	-	-	-	-
Grants not restricted to specific programs	-	-	-	-	-	-	6,936,582	4,083,522	12,118,087	1,222,114
Investment income	877,094	1,056,329	2,224,030	6,025,741	3,437,255	113,128	(13,119,425)	12,803,850	25,402,216	17,536,977
Oil and gas royalties	-	-	-	2,824,803	9,888,515	10,291,068	21,783,344	15,699,482	11,516,924	10,748,816
Gain on sale of capital assets	-	-	-	471,387	1,598	92,350	5,024	625	-	-
Miscellaneous	5,120,698	185,392	772,117	1,061,313	2,114,648	2,563,760	4,582,084	2,943,113	5,751,898	5,091,202
Transfers	4,829,399	33,756,716	(26,960,087)	(1,955,269)	(21,010)	1,999,025	50,705,757	6,500,769	(1,409,874)	11,280,392
Total governmental activities	108,989,853	145,246,225	107,553,659	147,228,098	144,782,033	142,587,076	218,596,710	204,572,834	220,198,029	209,763,129
Business-type activities										
Investment earnings	723,194	779,289	1,713,385	4,060,350	2,339,130	82,587	(9,938,173)	6,436,758	14,971,070	13,152,779
Oil and gas royalties	-	-	-	4,518,436	2,340,074	2,306,472	9,942,263	2,113,738	3,273,785	1,901,680
Gain on sale of capital assets	-	-	-	8,046	5,296	-	36,020	33,001	4,971	-
Miscellaneous	-	-	-	4,016,571	2,748,266	2,672,456	5,499,131	16,616,630	6,849,422	11,514,656
Transfers	(4,829,399)	(33,756,716)	26,960,087	1,955,269	21,010	(1,999,025)	(50,705,757)	(6,500,769)	1,409,874	(11,280,392)
Total business-type activities	(4,106,205)	(32,977,427)	28,673,472	14,558,672	7,453,776	3,062,490	(45,166,516)	18,699,358	26,509,122	15,288,723
Total Primary Government	\$ 104,883,648	\$ 112,268,798	\$ 136,227,131	\$ 161,786,770	\$ 152,235,809	\$ 145,649,566	\$ 173,430,194	\$ 223,272,192	\$ 246,707,151	\$ 225,051,852
Change in Net Position										
Governmental activities	\$ 5,526,625	\$ 39,743,998	\$ (13,711,066)	\$ 33,742,067	\$ 19,123,619	\$ (27,262,550)	\$ 57,367,548	\$ 27,639,754	\$ 65,530,388	\$ 35,080,564
Business-type activities	(1,192,322)	(24,881,216)	47,845,796	26,191,293	17,250,001	131,204,229	(24,602,162)	34,258,657	51,155,670	64,264,447
Total Primary Government Change in Net Position	\$ 4,334,303	\$ 14,862,782	\$ 34,134,730	\$ 59,933,360	\$ 36,373,620	\$ 103,941,679	\$ 32,765,386	\$ 61,898,411	\$ 116,686,058	\$ 99,345,011

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

**During 2024, the Community Services department was renamed to the Parks and Recreation Department and animal welfare workers previously included in this department were transferred to the Fire Department. Information above presents classification of Community Services until the change to Parks and Recreation.

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

Table 3

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 873,127	\$ 903,858	\$ 102,773	\$ 839,801	\$ 105,251	\$ 144,482	\$ 659,088	\$ 833,191	\$ 907,142	\$ 1,063,603
Restricted	149,561	159,164	143,126	157,322	105,910	214,602	269,361	318,997	1,167,451	469,736
Committed	17,898,849	7,589,408	22,646,984	17,205,563	25,595,487	12,960,185	10,798,257	50,383,490	32,267,498	23,122,663
Assigned	509,058	-	-	-	-	-	15,727,060	12,392,569	11,346,364	7,984,868
Unassigned	43,560,973	90,920,065	61,888,543	85,112,929	97,769,496	105,525,069	118,268,041	84,517,335	97,768,207	109,087,234
Total General Fund	\$ 62,991,568	\$ 99,572,495	\$ 84,781,426	\$ 103,315,615	\$ 123,576,144	\$ 118,844,338	\$ 145,721,807	\$ 148,445,582	\$ 143,456,662	\$ 141,728,104
All Other Governmental Funds										
Nonspendable										
Restricted for	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,296	\$ 76,930	\$ 79,170	\$ -
Debt service	754,328	434,347	294,157	603,863	898,677	1,991,529	700,192	962,248	1,148,223	308,502
Public safety	1,130,934	1,022,342	1,089,622	1,132,907	907,710	1,617,577	1,367,210	1,039,032	1,419,635	2,454,273
Court	445,427	528,869	567,447	625,752	658,446	678,078	482,775	427,061	380,296	417,113
Communications	669,234	351,044	275,573	235,915	181,435	-	-	-	-	-
Downtown	577,160	580,249	588,770	332,661	32,052,994	-	-	-	493,767	-
Building renovations	5,164,977	35,127,370	25,326,788	9,927,905	3,183,968	1,414,166	1,340,817	1,187,641	11,947,238	1,716,504
Roadway improvements	-	-	-	-	-	-	-	-	-	17,043,278
Streets and drainage	4,357,040	1,055,640	21,136,386	46,596,828	30,717,230	47,391,775	34,358,383	52,671,535	46,577,239	61,400,278
Parks and recreation	990,256	878,003	273,062	152,522	68,283	25,005,148	18,781,679	56,066,905	57,399,600	29,950,420
Golf	-	-	-	-	-	-	-	-	11,367,488	10,643,636
Hotel/motel	-	-	15,428,012	13,839,542	12,725,158	13,250,577	12,970,769	15,441,712	18,643,675	20,497,942
Community development	-	-	-	-	-	-	-	-	62,443	-
Other purposes	15,602,083	10,306,905	1,538,529	2,211,219	3,687,145	4,808,845	27,462,246	7,061,812	656,023	254,206
Committed to										
Building renovations	101,878	202,660	270,287	387,247	454,173	534,367	568,568	1,810,745	2,366,369	2,616,878
Parks and recreation	-	-	-	-	-	-	-	18,179,583	16,808,634	9,261,531
Streets and drainage	3,688,513	3,312,271	2,858,688	2,790,591	1,998,377	1,734,228	427,245	4,160	-	-
Other purposes	467,525	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(58,071)	(131,905)	(25,938)	(11,883)	-	(97,227)
Total All Other Governmental Funds	\$ 33,949,355	\$ 53,799,700	\$ 69,647,321	\$ 78,836,952	\$ 87,475,525	\$ 98,294,385	\$ 98,514,242	\$ 154,917,481	\$ 169,349,800	\$ 156,467,334

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

Table 4

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024*	2025
Revenues										
Taxes	\$ 98,692,661	\$ 110,857,047	\$ 132,521,475	\$ 138,647,032	\$ 129,181,987	\$ 126,749,941	\$ 148,716,992	\$ 162,491,741	\$ 166,435,056	\$ 163,261,191
Licenses and permits	1,993,818	2,328,984	3,027,506	5,233,568	3,077,302	3,234,103	3,058,036	2,727,780	4,914,478	7,922,765
Fines and forfeitures	3,981,710	5,226,930	4,846,620	3,739,897	2,352,416	2,029,953	2,720,075	2,486,580	2,662,770	3,028,061
Charges for services	3,076,000	3,530,556	4,845,556	5,119,375	3,711,200	3,572,838	9,930,926	10,787,987	12,700,949	11,643,488
Rentals	273,883	220,903	232,102	200,257	359,950	461,919	412,497	601,620	655,858	843,503
Program income	142,196	115,062	179,790	105,767	96,932	98,030	95,614	14,055	3,548	9,542
Intergovernmental	1,526,617	1,737,434	1,564,361	2,189,675	12,261,786	3,237,936	9,995,943	6,924,437	15,496,709	4,122,479
Investment income (loss)	797,966	930,544	1,847,245	4,992,144	2,758,026	122,873	(10,077,111)	10,940,786	20,977,660	14,395,644
Oil and gas royalties	-	-	-	2,824,803	9,888,515	10,291,068	21,763,344	15,699,482	11,516,924	10,748,816
Impact fees	-	-	-	-	-	-	-	-	4,805,281	4,397,367
Contributions and donations	503,114	6,696,527	160,374	1,241,322	11,236,905	284,519	331,339	322,134	730,482	10,783,715
Miscellaneous	6,061,537	1,935,288	1,852,453	1,061,313	2,114,648	2,563,760	4,459,740	3,065,334	849,097	494,816
Total revenues	117,049,502	133,579,275	151,077,482	165,355,153	177,039,647	152,666,940	191,427,395	216,061,936	241,748,812	231,651,387
Expenditures										
Current										
General government	29,223,055	17,855,516	18,483,553	15,110,969	12,447,297	11,013,954	12,783,283	15,175,795	16,910,380	17,819,992
Development services	3,267,907	3,315,831	3,505,250	3,658,008	3,716,659	3,344,419	3,537,465	4,459,121	5,336,817	6,987,655
Engineering	15,178,993	13,576,698	15,519,206	15,422,953	16,789,171	18,488,813	14,231,017	13,853,455	16,154,513	18,704,539
Community services	11,984,591	11,054,390	11,010,270	13,963,143	13,963,143	20,753,328	16,011,856	15,060,816	-	-
Parks and recreation	-	-	-	-	-	-	-	-	10,256,447	12,087,549
Police	26,469,372	27,743,755	27,772,640	28,065,052	33,355,954	35,836,861	34,355,925	36,162,185	42,372,866	45,171,965
Fire	25,949,421	26,021,410	28,203,934	31,587,985	33,608,878	34,787,851	35,591,642	40,283,405	52,863,284	111,587,028
Housing	-	-	433,743	778,450	685,029	1,527,713	826,731	1,525,055	765,003	896,435
Economic development	-	-	3,016,266	4,045,087	3,977,192	3,730,100	3,405,197	4,024,382	5,068,428	5,679,722
Golf	-	-	-	-	-	-	2,992,999	3,074,802	3,357,785	4,063,024
Sports Complex	-	-	-	-	-	-	3,233,472	2,873,633	2,864,869	3,537,129
Other	9,398,124	4,358,509	3,971,901	6,159,906	5,015,408	335,933	6,045,562	6,924,095	6,866,942	7,877,114
Capital outlay	11,698,668	28,778,933	31,013,726	48,476,993	49,172,194	30,138,258	43,449,575	31,758,193	64,716,564	64,518,348
Debt service										
Principal	3,434,732	2,947,931	3,710,172	3,252,414	3,903,966	5,232,758	6,391,762	7,102,081	7,663,466	8,093,865
Interest and fiscal changes	2,159,066	3,078,111	2,899,644	4,471,532	5,878,374	6,122,037	6,358,849	6,003,137	7,001,030	7,949,043
Issuance costs	11,096	212,778	232,863	424,199	358,068	569,502	-	291,431	102,635	906,998
Total expenditures	138,775,025	138,943,862	149,773,168	173,277,750	182,871,333	171,881,527	189,215,335	188,571,586	242,301,029	315,880,406
Excess (Deficiency) of Revenues Over Expenditures	(21,725,523)	(5,364,587)	1,304,314	(7,922,597)	(5,831,686)	(19,214,587)	2,212,060	27,490,350	(552,217)	(84,229,019)
Other Financing Sources (Uses)										
Sale of capital assets	-	279,973	191,405	471,387	1,598	95,000	5,024	625	299,846	-
Leases issued	-	-	-	-	-	-	410,057	710,133	-	-
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Issuance of long-term debt, including premiums	-	31,194,386	29,150,047	39,701,350	33,872,932	52,961,716	-	25,302,120	11,105,644	77,002,078
Payment to refunded bond escrow agent	-	-	(4,064,106)	(5,890,881)	-	(27,392,887)	-	-	-	(18,414,475)
Accrued interest on debt issuance	-	-	-	-	-	-	-	-	-	-
Transfers in	6,313,533	41,558,533	31,548,801	2,182,707	3,000,827	6,799,247	35,512,788	30,195,940	2,373,927	22,474,761
Transfers out	(1,064,277)	(7,342,278)	(57,073,909)	(2,682,707)	(2,144,569)	(7,161,435)	(11,042,603)	(24,572,154)	(3,783,801)	(11,444,369)
Total other financing sources (uses)	5,249,256	65,690,614	(247,762)	33,781,856	34,730,788	25,301,641	24,885,266	31,636,664	9,995,616	69,617,995
Net Change in Fund Balances	\$ (16,476,267)	\$ 60,326,027	\$ 1,056,552	\$ 25,859,259	\$ 28,899,102	\$ 6,087,054	\$ 27,097,326	\$ 59,127,014	\$ 9,443,399	\$ (14,611,024)
Debt Service as a Percentage of Noncapital Expenditures	4.40%	5.47%	5.57%	6.19%	7.32%	8.01%	8.75%	8.36%	8.26%	8.26%

*During 2024, the Community Services department was renamed to the Parks and Recreation Department and animal welfare workers previously included in this department were transferred to the Fire Department. Information above presents classification of Community Services until the change to Parks and Recreation.

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

Table 5

Fiscal Year	Ad Valorem Tax	City Sales Tax	Gross Receipts Tax	Mixed Beverage Tax	Hotel Motel Tax	Miscellaneous	Totals
2016	44,048,630	34,858,568	13,200,933	655,498	5,290,840	638,192	98,692,661
2017	47,726,894	42,762,828	13,450,925	698,195	5,497,928	720,277	110,857,047
2018	50,646,396	53,462,267	13,907,146	861,448	12,546,459	93,883	131,517,599
2019	52,513,182	61,170,620	13,582,261	1,233,217	10,036,671	111,081	138,647,032
2020	57,990,424	50,705,816	14,199,448	712,531	5,298,023	275,745	129,181,987
2021	60,774,704	46,435,724	14,245,509	840,380	4,338,753	114,871	126,749,941
2022	63,155,835	61,052,772	17,602,888	1,123,456	5,671,276	110,765	148,716,992
2023	67,567,915	68,857,224	17,373,557	1,300,846	7,275,924	116,275	162,491,741
2024	73,595,203	66,602,391	17,354,568	1,398,558	7,361,652	122,684	166,435,056
2025	75,248,423	69,122,570	8,157,912	1,417,532	9,193,655	121,099	163,261,191
Change 2016-2025	71%	98%	-38%	116%	74%	-81%	65%

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

Table 6

Fiscal Year Ended September 30,	Real Property	Personal Property	Minerals Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2016	10,539,319	1,608,772	211,148	830,389	11,528,850	0.38048
2017	10,992,507	1,512,465	162,024	807,685	11,859,311	0.39968
2018	11,344,881	1,412,598	294,473	810,191	12,241,761	0.40839
2019	12,580,012	1,603,171	324,770	934,892	13,573,061	0.39225
2020	14,704,626	1,511,499	861,814	1,287,108	15,790,831	0.36470
2021	15,586,582	1,547,878	913,661	1,081,646	16,966,475	0.35893
2022	16,062,911	1,558,525	1,055,683	1,082,752	17,594,367	0.36715
2023	16,571,226	1,606,423	2,135,579	1,022,804	19,290,424	0.35504
2024	18,705,716	1,823,661	2,648,033	1,309,594	21,867,816	0.35066
2025	19,265,623	1,948,155	2,474,610	1,423,995	22,264,393	0.34866

Source: Midland Central Appraisal District

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

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

Table 7

Year	City Direct Rates			Overlapping Rates (a)			
	Basic Rate	General Obligation Debt Service	Total Direct	Midland Independent School District	Midland Junior College	Midland County	Midland County Hospital District
2016	0.3322	0.0483	0.3805	1.1401	0.1259	0.1560	0.1351
2017	0.3603	0.0394	0.3997	1.1201	0.1371	0.1560	0.1351
2018	0.3675	0.0409	0.4084	1.1201	0.1147	0.1400	0.1262
2019	0.3475	0.0448	0.3923	1.1201	0.1147	0.1400	0.1262
2020	0.3129	0.0518	0.3647	1.0501	0.0912	0.1280	0.0991
2021	0.2994	0.0595	0.3589	1.0266	0.0922	0.1288	0.0996
2022	0.3108	0.0563	0.3671	1.0236	0.0800	0.1311	0.0814
2023	0.3048	0.0502	0.3550	0.9148	0.0800	0.1311	0.0814
2024	0.2898	0.0608	0.3506	0.8770	0.0774	0.1204	0.0731
2025	0.2903	0.0583	0.3486	0.8415	0.0820	0.1214	0.0737

Source: Midland Central Appraisal District

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

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

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

Table 8

Fiscal Year 2025			Fiscal Year 2016		
Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value	Taxpayer	Taxable Assessed Value	Percentage of Total City Taxable Assessed Value
Permian Deep Rock Oil Co LLC	\$ 865,714,400	3.89%	Diamondback E&P LLC	\$ 195,386,370	1.69%
Diamondback E&P LLC WI	534,578,380	2.40%	Propetro Services (VEH)	176,548,650	1.53%
Pioneer Natural REEs -WI-	279,052,650	1.25%	Viper Energy Partners LLC	78,905,930	0.68%
Oncor Electric FKA: TXU Ele	140,248,890	0.63%	RSP Permian LLC	65,861,290	0.57%
Atmos Energy/WT Division	98,174,190	0.44%	Callon Petroleum Oper Co.	63,538,720	0.55%
Enterprise FM Trust	83,460,450	0.37%	Chevron USA	60,110,880	0.52%
Fasken Oil & Ranch LTD	82,605,830	0.37%	Oncor Electric FKA: TXU Ele	54,645,500	0.47%
Chevron USA Inc	66,982,020	0.30%	Pioneer Natural Resources USA	46,531,380	0.40%
Endeavor Energy Resources LP	65,521,960	0.29%	OXY USA	41,595,670	0.36%
OXY USA	62,021,542	0.28%	Basin Energy Services	41,450,270	0.36%
	<u>\$ 2,278,360,312</u>	<u>10.22%</u>		<u>\$ 824,574,660</u>	<u>7.13%</u>

Source: Midland Central Appraisal District

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

Table 9

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Adjustments to the Levy	Adjusted Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2016	43,993,236	(87,083)	43,906,153	43,388,728	98.82%	307,841	43,696,569	99.52%
2017	47,399,178	(76,649)	47,322,529	46,698,294	98.68%	361,628	47,059,922	99.45%
2018	50,032,693	33,238	50,065,931	49,570,541	99.01%	250,513	49,821,054	99.51%
2019	53,242,897	(55,874)	53,187,023	52,640,070	98.97%	442,619	53,082,689	99.80%
2020	57,681,245	88,780	57,770,025	56,992,168	98.65%	465,859	57,458,027	99.46%
2021	60,843,883	211,409	61,055,292	59,514,984	97.48%	887,468	60,402,452	98.93%
2022	62,913,597	(463,493)	62,450,104	61,556,327	98.57%	517,285	62,073,612	99.40%
2023	68,600,038	(1,288,998)	67,311,040	66,409,710	98.66%	318,632	66,728,342	99.13%
2024	76,682,405	(2,969,278)	73,713,127	73,162,885	99.25%	118,241	73,281,126	99.41%
2025	78,070,102	(2,141,354)	75,928,748	74,595,616	98.24%	-	74,595,616	98.24%

Source: Midland Central Appraisal District

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

Table 10

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Agriculture, Forestry, Fishing, Hunting	\$ 197	\$ 378	\$ 304	\$ 266	\$ 217	\$ 90	\$ 1	\$ 59	\$ 33	\$ 4
Mining	378,594	244,036	536,229	774,964	721,375	718,114	855,140	1,538,524	2,017,309	1,657,401
Utilities	183	15	69	228	114	111	5,822	-	1,879	4,920
Construction	149,861	105,871	147,344	195,903	172,110	143,449	139,982	171,610	203,037	194,529
Manufacturing	51,163	54,449	105,592	140,714	133,960	100,392	101,136	129,725	117,219	120,276
Wholesale Trade	236,256	150,259	249,368	348,478	291,216	253,898	263,508	385,382	379,554	357,191
Retail Trade	1,369,407	1,221,306	1,393,758	1,624,238	1,229,577	1,424,540	1,594,830	1,775,385	1,920,951	1,891,390
Transportation, Warehousing	23,907	16,757	22,042	19,793	19,793	14,764	12,895	14,709	17,916	24,028
Information	81,846	75,945	77,992	91,382	68,778	56,090	47,907	51,214	54,746	56,943
Finance, Insurance	5,867	5,389	6,033	5,455	3,700	4,614	4,453	4,249	4,507	4,702
Real Estate, Rental, Leasing	84,301	65,688	107,551	178,169	152,146	91,472	65,366	99,266	61,225	68,628
Professional, Scientific, Technical Svc	83,701	69,166	93,933	140,562	113,978	108,685	115,164	160,883	192,543	179,094
Management of Companies, Enterprises	1,834	22,214	23,445	26,059	20,754	26,450	25,994	29,720	33,716	32,824
Admin, Support, Waste Management, Remedies	70,198	62,074	42,481	40,992	35,664	40,644	45,234	51,113	62,739	60,317
Educational Services	395	414	456	884	465	593	651	1,015	1,044	912
Health Care, Social Assistance	4,234	4,359	3,788	4,588	3,259	3,656	4,136	4,222	5,176	6,145
Arts, Entertainment, Recreation	44,447	33,659	41,831	10,322	38,697	39,355	50,440	63,806	66,887	70,471
Accommodation, Food Services	353,934	333,202	381,221	441,495	353,000	395,186	470,662	533,319	596,767	635,713
Other Services	86,655	72,015	89,444	116,471	83,880	84,141	94,557	117,589	123,596	132,230
Public Administration	9,516	10,320	9,872	10,370	8,048	10,497	10,732	12,648	13,391	16,095
Other	-	4,599	27,166	18	24	280	-	1,442	36,554	27,193
Total	\$ 3,036,496	\$ 2,552,115	\$ 3,359,919	\$ 4,171,351	\$ 3,450,755	\$ 3,517,021	\$ 3,908,610	\$ 5,145,880	\$ 5,910,789	\$ 5,541,006
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Source: Texas Comptroller of Public Accounts

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

Table 11

Fiscal Year	City Direct Rate	Midland County	Midland Football/Soccer and Baseball Complex Development Corporation	Midland Development Corporation	Midland Memorial Hospital
2016	1.00%	0.50%	0.25%	0.25%	0.00%
2017	1.00%	0.50%	0.25%	0.25%	0.00%
2018	1.00%	0.50%	0.25%	0.25%	0.00%
2019	1.00%	0.50%	0.00%	0.25%	0.00%
2020	1.00%	0.50%	0.00%	0.25%	0.25%
2021	1.00%	0.50%	0.00%	0.25%	0.25%
2022	1.00%	0.50%	0.00%	0.25%	0.25%
2023	1.00%	0.50%	0.00%	0.25%	0.25%
2024	1.00%	0.50%	0.00%	0.25%	0.25%
2025	1.00%	0.50%	0.00%	0.25%	0.25%

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

Table 12

	2024				2015			
	Number of Filers	Percentage of Total	Sales Subject to Sales Tax	Percentage of Total	Number of Filers	Percentage of Total	Sales Subject to Sales Tax	Percentage of Total
Agriculture, Forestry, Fishing, Hunting	21	0.31%	\$ 4	0.00%	15	0.28%	\$ 197	0.01%
Mining	353	5.22%	1,657,401	29.92%	333	6.29%	378,594	12.46%
Utilities	17	0.25%	4,920	0.09%	9	0.17%	183	0.01%
Construction	588	8.70%	194,529	3.51%	423	7.99%	149,861	4.94%
Manufacturing	319	4.72%	120,276	2.17%	289	5.46%	51,163	1.68%
Wholesale Trade	330	4.88%	357,191	6.45%	263	4.97%	236,256	7.78%
Retail Trade	2,260	33.43%	1,891,390	34.13%	1,696	32.04%	1,369,407	45.10%
Transportation, Warehousing	74	1.09%	24,028	0.43%	61	1.15%	23,907	0.79%
Information	69	1.02%	56,943	1.03%	69	1.30%	81,846	2.70%
Finance, Insurance	34	0.50%	4,702	0.08%	43	0.81%	5,867	0.19%
Real Estate, Rental, Leasing	273	4.04%	68,628	1.24%	208	3.93%	84,301	2.78%
Professional, Scientific, Technical Svc	398	5.89%	179,094	3.23%	369	6.97%	83,701	2.76%
Management of Companies, Enterprises	26	0.38%	32,824	0.59%	4	0.08%	1,834	0.06%
Admin, Support, Waste Management, Remed	289	4.28%	60,317	1.09%	273	5.16%	70,198	2.31%
Educational Services	78	1.15%	912	0.02%	63	1.19%	395	0.01%
Health Care, Social Assistance	72	1.07%	6,145	0.11%	48	0.91%	4,234	0.14%
Arts, Entertainment, Recreation	165	2.44%	70,471	1.27%	119	2.25%	44,447	1.46%
Accommodation, Food Services	843	12.47%	635,713	11.47%	509	9.61%	353,934	11.66%
Other Services	521	7.71%	132,230	2.39%	482	9.10%	86,655	2.85%
Public Administration	7	0.10%	16,095	0.29%	6	0.11%	9,516	0.31%
Other	23	0.34%	27,193	0.49%	12	0.23%	-	0.00%
Total	6,760	100%	\$ 5,541,006	100%	5,294	100%	\$ 3,036,496	100%

Source: Texas Comptroller of Public Accounts

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

**City of Midland, Texas
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years**

Table 13

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)	
	General	Certificates	Premium			General	Certificates	Premium						
	Obligation	of	on	Leases	SBITAs	Obligation	of	on	Leases	SBITAs				
	Bonds	Obligation	Bonds (b)			Bonds	Obligation	Bonds (b)			Capital			
2016	2,429,689	50,194,519	-	-	-	13,797,701	58,087,908	-	-	-	232,896,859	357,406,676	4.88%	2,688
2017	1,560,000	78,536,123	-	-	-	-	56,053,285	-	-	-	234,096,590	370,245,998	4.72%	2,750
2018	26,370,000	65,262,587	9,275,982	-	-	34,555,000	14,067,413	4,016,080	-	-	235,484,581	389,031,643	4.48%	2,859
2019	54,290,000	64,505,173	11,700,225	-	-	33,915,000	28,384,827	5,105,754	-	-	237,076,810	434,977,789	2.85%	3,056
2020	74,200,000	69,446,207	15,577,753	-	-	32,610,000	41,558,793	7,248,421	-	-	238,028,119	478,669,293	3.24%	3,278
2021	97,877,414	63,145,000	17,298,791	-	-	39,990,000	56,087,586	11,851,408	-	-	239,157,075	525,407,274	4.48%	3,721
2022	94,443,966	61,686,034	15,623,935	456,165	-	285,750,000	52,910,000	18,055,962	309,462	-	-	529,235,524	4.26%	4,031
2023	114,810,518	58,469,482	15,413,572	844,217	123,243	283,645,000	51,040,000	16,447,497	229,117	-	-	541,022,646	4.02%	4,084
2024	109,646,552	66,363,448	14,832,452	540,751	572,606	281,445,000	90,375,000	19,071,816	149,475	163,717	-	583,160,817	4.37%	4,156
2025	120,793,276	101,506,724	15,944,620	306,886	3,591,119	279,150,000	88,305,000	17,252,625	75,763	-	-	626,926,013	4.17%	4,399

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

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

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

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

Table 14

Fiscal Year	General Bonded Debt Outstanding				Resources Restricted for Repayment of Outstanding Debt Principal	Net General Bonded Debt	Percentage of Actual Taxable Value (a) of Property	Net General Bonded Debt Per Capita (b)
	General Obligation Bonds	Certificates of Obligation	Premium on Bonds (c)	Total (d)				
2016	16,227,390	108,282,427	-	124,509,817	754,328	123,755,489	1.07%	931
2017	1,560,000	134,589,408	-	136,149,408	434,347	135,715,061	1.14%	1,008
2018	60,925,000	79,330,000	13,292,062	153,547,062	294,157	153,252,905	1.25%	1,126
2019	88,205,000	92,890,000	16,805,979	197,900,979	712,047	197,188,932	1.45%	1,385
2020	106,810,000	111,005,000	22,826,174	240,641,174	1,026,419	239,614,755	1.52%	1,641
2021	137,867,414	119,232,586	29,150,199	286,250,199	2,249,029	284,001,170	1.67%	2,011
2022	380,193,966	114,596,034	33,679,897	528,469,897	801,228	527,668,669	3.00%	4,019
2023	398,455,518	109,509,482	31,861,069	539,826,069	1,044,622	538,781,447	2.79%	4,067
2024	391,091,552	156,738,448	33,904,268	581,734,268	2,943,023	578,791,245	2.65%	3,986
2025	399,943,276	189,811,724	33,197,245	622,952,245	595,487	622,356,758	2.80%	4,283

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

(a) See Table 6 for property value data.

(b) See Table 18 for per capita data.

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

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

City of Midland, Texas
Direct and Overlapping Governmental Activities Debt
As of September 30, 2025

Table 15

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (a)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Midland Independent School District	\$ 866,845,000	41.17%	\$ 356,880,086
Midland Junior College	2,890,000	37.54%	1,084,906
Midland County	155,115,000	34.42%	53,390,583
Midland County Hospital District	<u>132,230,000</u>	33.83%	<u>44,733,409</u>
Subtotal, overlapping debt			456,088,984
City of Midland (Direct Debt)			<u>238,244,620</u>
Total Direct and Overlapping Debt			<u><u>\$ 694,333,604</u></u>

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

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

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

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

Table 16

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit	\$ 922,308	\$ 948,745	\$ 979,341	\$ 1,085,845	\$ 1,263,266	\$ 1,357,318	\$ 1,368,485	\$ 1,543,234	\$ 1,749,425	\$ 1,808,194
Total net debt applicable to limit	<u>129,095</u>	<u>127,205</u>	<u>99,127</u>	<u>197,297</u>	<u>239,615</u>	<u>284,001</u>	<u>527,669</u>	<u>538,781</u>	<u>578,791</u>	<u>622,357</u>
Debt margin	<u>\$ 793,213</u>	<u>\$ 821,540</u>	<u>\$ 880,214</u>	<u>\$ 888,548</u>	<u>\$ 1,023,651</u>	<u>\$ 1,073,317</u>	<u>\$ 840,816</u>	<u>\$ 1,004,453</u>	<u>\$ 1,170,634</u>	<u>\$ 1,185,837</u>
Total net debt applicable to the limit as a percentage of debt limit	14.00%	13.41%	10.12%	18.17%	18.97%	20.92%	38.56%	34.91%	33.08%	34.42%

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

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

Table 17

Year	Population	Personal Income (in thousands of dollars)*	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2015	132,950	17,457,778	131,311	33.5	24,651	4.5%
2016	134,613	17,420,746	129,414	33.5	25,668	2.9%
2017	136,090	12,379,069	90,962	33.5	26,159	2.3%
2018	142,339	15,501,036	108,902	31.4	25,943	1.9%
2019	146,042	23,513,106	161,002	31.5	22,549	2.1%
2020	141,192	22,522,939	159,520	31.4	25,128	4.9%
2021	131,292	21,726,357	165,481	33.0	26,398	5.7%
2022	132,490	25,470,876	192,248	31.4	26,387	2.9%
2023	140,322	25,597,739	182,421	32.0	26,398	2.8%
2024	143,687	26,157,911	182,048	31.6	29,602	3.0%

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

*Personal Income is provided for Midland Metropolitan Statistical Area, which could differ from City only statistics.

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

Table 18

2025			2016		
Employer	Employees	Percentage of Total City Employment	Employer	Employees	Percentage of Total City Employment
Midland Independent School District	3,358	3.18%	Pioneer Natural Resources	3,732	4.77%
Midland Memorial Hospital	2,586	2.45%	Midland Independent School District	3,194	4.08%
Diamondback Energy	1,400	1.33%	Midland Memorial Hospital	1,917	2.45%
HEB	1,200	1.14%	Endeavor Energy Resources	1,406	1.80%
City of Midland	1,140	1.08%	Dawson	1,211	1.55%
Walmart	840	0.80%	Concho	1,072	1.37%
Midland County	800	0.76%	City of Midland	1,013	1.29%
Conoco Phillips	750	0.71%	Walmart	841	1.07%
XTO Energy, Inc	700	0.66%	Midland College	770	0.98%
Chevron	600	0.57%	HEB	611	0.78%
	<u>13,374</u>	<u>12.68%</u>		<u>15,767</u>	<u>20.14%</u>
Total Employment	105,625		Total Employment	78,248	

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

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

Table 19

<u>Function/Program</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024*</u>	<u>2025</u>
General government										
Administration	10	7	10	9	7	8	10	8	12	13
Support services	135	123	131	105	116	107	120	117	157	159
Finance/Acct/Treasury	15	16	16	15	16	16	18	18	19	19
Development services	42	39	41	40	41	38	39	41	48	51
Engineering	77	73	72	70	78	72	63	66	73	82
Community services	75	69	70	66	72	78	70	76	-	-
Parks and recreation	-	-	-	-	-	-	-	-	85	82
Police	239	244	225	231	242	248	238	239	226	233
Fire	209	217	212	218	232	233	244	237	285	289
Airport	31	30	23	28	29	27	29	31	32	33
Water and sewer	96	92	89	84	104	97	71	80	84	92
Sanitation	59	52	51	60	67	69	73	72	75	77
Golf course	14	14	13	13	14	14	13	14	16	15
Total	<u>1,002</u>	<u>976</u>	<u>953</u>	<u>939</u>	<u>1,018</u>	<u>1,007</u>	<u>988</u>	<u>999</u>	<u>1,112</u>	<u>1,145</u>

Source: City Departments

*During 2024, the Community Services department was renamed to the Parks and Recreation Department and animal welfare workers previously included in this department were transferred to the Fire Department. Information above presents classification of Community Services until the change to Parks and Recreation.

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

Table 20

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024*	2025
Development services										
Street resurfacing/surface treatments (miles)	22.05	60.62	35.20	49.80	52.10	54.00	27.00	10.00	10.00	3.00
Potholes repaired	11,421	17,048	13,118	13,997	13,480	12,356	13,146	13,790	27,000	31,287
Police										
Traffic citations	15,124	21,573	19,078	13,488	9,639	10,176	9,616	7,073	9,115	10,265
Parking citations	3,049	2,881	5,238	2,895	521	1,052	1,009	830	1,213	647
Criminal misdemeanor citations	4,825	5,248	4,759	1,763	1,502	1,498	3,779	2,121	1,850	1,295
Fire										
Emergency responses	15,369	15,202	17,879	18,532	17,531	19,199	20,323	18,076	21,616	23,004
Fires extinguished	501	478	635	825	805	557	767	839	659	675
Inspections	135	7,097	14,092	15,235	14,993	14,808	10,921	2,251	1,932	2,421
Animal control animals handled	7,040	6,386	6,722	7,747	6,245	6,121	5,574	4,619	5,599	7,286
Health department immunizations given	21,441	12,499	17,489	19,877	10,435	9,470	13,077	18,267	7,481	15,362
Airport										
Major airlines	4	3	3	3	3	3	3	3	4	4
Passengers boardings	527,315	503,746	581,721	650,056	400,133	435,893	605,749	661,842	740,219	767,734
Commercial Landings	9,632	8,020	8,557	9,098	7,069	7,112	8,371	9,251	10,685	11,390
Water and sewer										
New accounts - net	709	1,141	1,011	1,229	501	1,310	770	856	1,038	1,328
Water main breaks	88	73	86	89	84	119	113	119	93	64
Average daily consumption (MGD)	12.442	12.492	18.974	19.350	18.814	20.500	23.700	24.200	25.700	25.000
Peak daily consumption (MGD)	17.364	17.731	37.843	31.860	39.723	32.500	30.290	43.200	35.900	32.739
Average daily sewage treatment (MGD)	8.849	9.379	10.027	10.300	9.260	10.500	10.500	10.500	10.500	10.500
Sanitation										
Refuse collected (tons)	272,533	245,724	299,698	335,929	331,068	281,008	289,786	308,813	346,282	359,257
Recyclables collected (tons)	1,282	1,314	366	655	748	803	858	739	800	826
Sports complex										
Baseball stadium attendance	324,307	348,173	336,742	351,524	25,101	151,268	205,602	233,724	225,274	230,411
Football/soccer stadium attendance	127,227	117,890	127,953	116,613	66,910	127,422	170,814	160,783	165,000	161,850
Golf course										
Attendance	51,040	51,253	54,888	56,470	52,894	61,095	65,400	76,346	79,001	91,076
Tournaments	81	69	72	83	43	61	99	104	102	102

Source: City Departments

Notes: *In 2024, Animal and Health activities moved under the Fire Department.

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

Table 21

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function/Program										
Development Services										
Streets – paved (miles)	615	627	635	653	664	667	674	667	679	698
Streets – unpaved (miles)	37	19	18	17	13	13	12	11	10	10
Alleys – paved (miles)	137	141	144	145	145	144	144	162	162	162
Streetlights	6,351	6,351	6,350	6,350	6,430	6,450	6,472	6,580	6,738	6,208
Signalized locations	102	113	114	115	114	115	115	115	115	125
Parks and Recreation										
Parks acreage	1,342	1,342	1,342	1,342	1,342	1,342	1,364	1,327	1,327	1,364
Playgrounds	40	40	40	40	40	40	42	42	42	43
Baseball/softball diamonds	64	64	64	64	64	64	67	67	67	70
Football/soccer fields	49	49	59	59	59	59	59	59	34	31
Community Centers	1	1	1	1	1	1	1	1	1	1
Senior Centers	2	2	2	2	2	2	2	2	2	2
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Marked patrol units	120	120	105	105	114	152	178	123	144	139
Fire										
Stations	10	10	10	10	11	11	11	11	11	11
Airport										
Primary runway (feet)	9,501	9,501	9,501	9,501	9,501	9,501	9,501	9,501	9,501	9,501
Primary crosswind runway (feet)	8,302	8,302	8,302	8,302	8,302	8,302	8,302	8,302	8,302	8,302
General aviation runways (feet)	8,944	8,944	8,944	8,944	8,944	8,944	8,944	8,852	8,852	8,852
Water and Sewer										
Water mains (miles)	843	845	854	893	892	932	946	1,003	1,016	992
Fire hydrants	3,885	4,074	3,988	4,650	4,459	4,660	4,672	5,168	5,254	5,132
System capacity (million gallons)	55	55	55	52	55	52	55	55	55	52
Sanitary sewers (miles)	636	663	668	670	685	685	694	654	670	670
Storm sewers (miles)	64	61	64	64	67	67	67	79	79	79
Sanitation										
Refuse trucks	46	47	35	47	46	47	31	31	33	36
Sports Complex										
Stadiums	2	2	2	2	2	2	2	3	2	2
Golf Course										
Courses	2	2	2	2	2	2	2	2	2	2
Holes	36	36	36	36	36	36	36	36	36	36

Source: City Departments

Notes: N/A – Data not available