BIG SPRING ECONOMIC DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE CITY OF BIG SPRING, TEXAS)

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

AND

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS
LUBBOCK, TEXAS

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Independent Auditor's Report

To the City Council
City of Big Spring, Texas
and to the Board of Directors of
Big Spring Economic Development Corporation

Opinions

We have audited the accompanying financial statements of the governmental activities and governmental fund of Big Spring Economic Development Corporation, a component unit of the City of Big Spring, Texas, as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Big Spring Economic Development Corporation's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and governmental fund of the Big Spring Economic Development Corporation, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Big Spring Economic Development Corporation (BSEDC), 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 BSEDC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the BSEDC'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 BSEDC's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the plan's net pension liability and related ratios, the schedule of contributions, the schedule of changes in the total OPEB liability and related ratios, and budgetary comparison information on pages 4 through 9 and pages 32 through 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bolinger, Segars, Gilbert & Moss LLP

Certified Public Accountants

Lubbock, Texas

January 12, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplementary Information)

INTRODUCTION

Our discussion and analysis of the Big Spring Economic Development Corporation's (BSEDC) financial performance provides an overview of the entity's financial performance for the fiscal year ending September 30, 2022. It should be read in conjunction with BSEDC's basic financial statements and independent auditor's report.

FINANCIAL HIGHLIGHTS

During the fiscal year 2021-2022, the BSEDC's net position increased by 104.5 percent or $1,420,569. This increase is due to spending less on economic development projects.

BSEDC closed the fiscal year ended September 30, 2022 with total assets and deferred outflows of $7,476,160 and net position of $2,780,304.

The balance of cash and investments at September 30, 2022 totaled $6,699,279 which was a increase of $1,023,401. Liabilities decreased by $578,988 to $4,626,308 due to paying down debt in the amount of $550,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of BSEDC as a whole and present a long-term view of BSEDC's property, debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise. These statements are referred to as government-wide financial statements.

Fund financial statements include the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance that report the operations in more detail than the government-wide statements by providing information about BSEDC's general fund. For governmental activities, these statements tell how services were financed in the short-term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for tax needs and the appropriations budget.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide or the fund financial statements.

Government-Wide Statements

The analysis of BSEDC's overall financial condition and operations is reflected in these statements. Its primary purpose is to show whether the entity is faring better or worse as a result of the year's activities. The Statement of Net Position includes all of BSEDC's assets and liabilities at the end of the year while the Statement of Activities includes all the revenues and expenses generated by operations during the year. These apply the accrual basis of accounting which is the basis used by private sector companies.

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All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. BSEDC's revenues are divided into those provided by outside parties (Big Spring Chamber of Commerce and United Way of Howard County) who share the costs of the building facility and revenues provided by sales tax or investment earnings (general revenues). All of BSEDC's assets are reported whether they serve the current year or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report BSEDC's net position and changes in them. The net position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) provide one measure of BSEDC's financial health or financial position. Increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of BSEDC however, you should consider non-financial factors as well, such as changes in the city's economic activity, stability, and workforce.

In the Statement of Net Position and the Statement of Activities, we present the activities of BSEDC as follows:

Governmental activities - BSEDC's basic purpose is reported here, including the cost of maintaining the operation of economic development programs. Sales tax finances are the majority of these activities.

Fund Financial Statement

BSEDC requires only one fund to maintain its operations and programs. The fund financial statements provide information about the fund, not the entity as a whole.

BSEDC's basic operations and services are reported in a government (General) fund. This fund uses modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and reports balances that are available for future spending. The governmental fund statement provides a detailed short-term view of BSEDC's general operations and the basic services it provides. We describe the differences between government-wide activities (reported in the Statement of Net Position and the Statement of Activities) and governmental fund in the reconciliation schedules following each of the fund financial statements.

GOVERNMENT FINANCIAL ANALYSIS

We present both current and prior year data and discuss significant changes in the accounts. Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of BSEDC's governmental activities.

Table I
Net Position

	Governmental Activities	
	2022	2021
Current and Other Assets	$ 7,322,724	$ 6,443,739
Capital Assets	115,556	121,625
Total Assets	$ 7,438,280	$ 6,565,364
Deferred Outflows of Resources	$ 37,880	$ 27,442
Current Liabilities	$ 77,978	$ 70,315
Noncurrent Liabilities	4,548,330	5,134,981
Total Liabilities	$ 4,626,308	$ 5,205,296
Deferred Inflows of Resources	$ 69,548	$ 27,775
Net Investment in Capital Assets	$ 115,556	$ 121,625
Unrestricted	2,664,748	1,238,110
Total Net Position	$ 2,780,304	$ 1,359,735

Total assets and deferred outflows of BSEDC's governmental activities increased from $6,592,806 to $7,476,160. Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by enabling legislation or other legal requirements. This balance was $2,664,748 at September 30, 2022.

Table II
Changes in Net Position

	Governmental Activities	
	2022	2021
Revenues:		
General Revenues		
Sales Taxes	$ 2,774,566	$ 2,661,997
Investment Earnings	27,144	17,924
Rents and Land Lease Revenue	6,900	16,900
Miscellaneous	61,535	4,312
Total Revenues	$ 2,870,145	$ 2,701,133
Expenses:		
General Government	$ 305,143	$ 295,456
Economic Development	394,433	3,091,248
Water and Waste Water Project	750,000	750,000
Total Expenses	$ 1,449,576	$ 4,136,704
Change in Net Position	$ 1,420,569	$ (1,435,571)
Beginning Net Position	1,359,735	2,795,306
Ending Net Position	$ 2,780,304	$ 1,359,735

Total revenues increased from $2,701,133 in fiscal year 2021 to $2,870,145 in fiscal year 2022, an increase of 6.3 percent. This increase was due to the increase in sales tax revenues and miscellaneous revenues due to a one time right-of-way payment received.

Total expenses decreased from $4,136,704 in the preceding year to $1,449,576 for the year ending September 30, 2022 which reflects a decrease of 65 percent or $2,687,128. The decrease in expenses is due to spending less on the reliever roads project.

Revenues exceeded expenses by $1,420,569.

FUND BALANCES

As BSEDC completed the year, its governmental fund reported a fund balance of $7,244,746 which is more than last year's balance of $6,373,424. $78,839 of fund balance is in non-spendable and is invested in prepaid items and land inventory.

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BUDGET AND PLANNING

The original budget for 2021-2022 was developed in the summer of 2021 and adopted by the Board in August 2021. This budget was approved by the City of Big Spring in September 2021. The budget was not amended.

LAND INVENTORY

The 315 acres of unimproved real estate continues to be held for future needs.

CAPITAL ASSETS

At the end of 2022, BSEDC had $115,556 invested in various capital assets including facilities and equipment.

DEBT

BSEDC has long-term debt other than pension, OPEB, and accrued compensated absences obligations. BSEDC has outstanding sales and use tax revenue note in the amount of $4,400,000 as of September 30, 2022. See the notes to the financial statements for more details on debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

BSEDC's appointed directors considered many factors when setting the fiscal year 2022-2023 budget. Sales tax collection, which accounts for the majority of BSEDC revenues, is projected to remain fairly steady.

The construction of the $135 million US Highway 87 reliever route from South US Highway 87 around the west side of town connecting with North US Highway 87 was completed in August 2020. In 2022 the I-27 designation was approved by the U.S. President and is expected to have a major impact on the continued development of the Ports-to-Plains Corridor and long-term benefits to the region and, in particular, Big Spring. This addition will create new opportunities for development and new business location along the route.

The Board and City completed the construction of the new Reliever Route Access roads from the completed reliever route into the Airport/Industrial Park from the south and west interchanges. These access roads will be vital to future development of the park and attraction of business. The Board allocated $2 million dollars in the 2019-2020 budget and received funding to complete the $6 million project to be funded from future sales tax revenues. This project was completed in May of 2021 and all financial obligations have been met to the engineer and contractors.

The Board facilitated an EDA grant with the City of Big Spring for infrastructure to develop the western area of the Airport/Industrial Park. The grant was awarded to extend water, sewer and fiber conduit to supply this portion of development. The EDC contribution to the match of the grant will be up to $400,000. The EDC believes development is the industrial growth pattern of the city.

The short line rail operator at the Airpark had a slight decrease in business during the past year due to sagging oil prices and crude oil being stranded in the Permian Basin. Rail car shipments for 2022-2023 will remain consistent with movements of chemicals and other commodities being delivered and stored on the rail line.

BSEDC continues its contract with Leading EDG to provide business counseling and facilitation to startups, existing business and entrepreneurs needing assistance in becoming vital businesses in Big Spring. The service is being well utilized by the community, and it has had several successes.

The Board funded $100,000 for the new Howard County Community Health Center in 2020-2021. Construction was complete early 2022.

The Board and staff have been working very closely with the City and County in facilitating many other industrial and retail ventures.

BSEDC's sole purpose is to stimulate the local economy by providing incentives and marketing support for industrial development. To that end, it is impossible to predict at the start of the budget process how many or what types of economic development projects will present themselves for consideration. Thus, at any given point throughout the fiscal year, a small or large portion of fund balance could become encumbered as incentives to fulfill BSEDC's mission.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the BSEDC's BSEDC finances and to demonstrate BSEDC's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to Mark Willis, Big Spring Economic Development Corporation, 215 W. 3rd, Big Spring, Texas 79720.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

		Governmental Activities
ASSETS:		
Cash and Cash Equivalents	$	6,699,279
Due From Other Governments		544,606
Prepaid Insurance		10,859
Land Inventory		67,980
Capital Assets:		
Land		25,000
Depreciable Capital Assets, Net		90,556
Total Assets	$	7,438,280
DEFERRED OUTFLOWS OF RESOURCES:		
Pension Plan - Employer Contribution Deferrals	$	24,831
Pension Plan - Difference in Expected and Actual Experience		10,553
Pension Plan - Changes in Assumptions		46
OPEB Plan - Employer Contribution Deferrals		357
OPEB Plan - Changes in Assumptions		2,093
Total Deferred Outflows of Resources	$	37,880
LIABILITIES:		
Accounts Payable	$	1,533
Interest Payable		4,873
Due To Other Governments		71,572
Noncurrent Liabilities:		
Due Within One Year		550,000
Due in More Than One Year		3,850,000
Accrued Compensated Absences		26,741
Net Pension Liability		104,215
Total OPEB Liability		17,374
Total Liabilities	$	4,626,308
DEFERRED INFLOWS OF RESOURCES:		
Pension Plan - Difference in Projected and Actual Earnings	$	67,788
OPEB Plan - Difference in Expected and Actual Experience		1,760
Total Deferred Inflows of Resources	$	69,548
NET POSITION:		
Net Investment in Capital Assets	$	115,556
Unrestricted		2,664,748
Total Net Position	$	2,780,304

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	Expenses	Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental Activities:		
General Government	$ 305,143	$ (305,143)
Economic Development	394,433	(394,433)
Water and Waste Water Project	750,000	(750,000)
Total Governmental Activities	$ 1,449,576	$ (1,449,576)
General Revenues:		
Sales Tax Revenue		$ 2,774,566
Miscellaneous Revenue		61,535
Rents and Land Lease Revenue		6,900
Investment Earnings		27,144
Total General Revenues		$ 2,870,145
Change in Net Position:		$ 1,420,569
Net Position - Beginning		1,359,735
Net Position - Ending		$ 2,780,304

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

BALANCE SHEET - GOVERNMENTAL FUND
SEPTEMBER 30, 2022

		General Fund
ASSETS:		
Cash and Cash Equivalents	$	6,699,279
Due From Other Governments		544,606
Prepaid Insurance		10,859
Land Inventory		67,980
Total Assets	$	7,322,724
LIABILITIES:		
Accounts Payable	$	1,533
Interest Payable		4,873
Due to Other Governments		71,572
Total Liabilities	$	77,978
FUND BALANCE:		
Nonspendable - Prepaid Expenses and Inventory	$	78,839
Unassigned		7,165,907
Total Fund Balance	$	7,244,746
Total Liabilities and Fund Balance	$	7,322,724

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION SEPTEMBER 30, 2022

Total Fund Balance - Governmental Fund Balance Sheet	$	7,244,746
Amounts reported for governmental activities in the Statement of Net Position (SNP) are different because:		
Capital assets used in governmental activities are not reported in the funds.		115,556
Payables for compensated absences which are not reported in the funds.		(26,741)
Long-term liabilities are not due and payable from current financial resources and are not reported on the Governmental Fund Balance Sheet.		(4,400,000)
Net Pension Liability and Related Deferred Outflows and Inflows are not reported in the Funds.		(136,573)
Total OPEB Liability and Related Deferred Outflows and Inflows are not reported in the Funds.		(16,684)
Net Position of Governmental Activities - Statement of Net Position	$	2,780,304

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

		General Fund
Revenues:		
Taxes:		
Sales Taxes	$	2,774,566
Rents		6,900
Interest Income		27,144
Other Revenues		61,535
Total Revenues	$	2,870,145
Expenditures:		
General Government	$	304,390
Economic Development		277,394
Water and Waste Water Project - City of Big Spring		750,000
Debt Service		
Principal		550,000
Interest Expense		117,039
Total Expenditures	$	1,998,823
Net Change in Fund Balance	$	871,322
Fund Balance - Beginning		6,373,424
Fund Balance - Ending	$	7,244,746

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

Net Change in Fund Balance - Total Governmental Fund	$	871,322
Amounts reported for governmental activities in the Statement of Activities (SOA) are different because:		
The depreciation of capital assets used in governmental activities is not reported in the funds.		(6,069)
Debt principal payments are not reported as expenses in the SOA.		550,000
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.		(12,057)
Net change in pension expense to convert amounts paid in for the governmental funds to accrued pension expense for governmental activities.		18,749
Net change in OPEB expense to convert amounts paid in for the governmental funds to accrued OPEB expense for governmental activities.		(1,376)
Change in Net Position of Governmental Activities - Statement of Activities	$	1,420,569

The accompanying notes are an integral part of this statement.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

NOTES TO BASIC FINANCIAL STATEMENTS

1. REPORTING ENTITY

Big Spring Economic Development Corporation (BSEDC) was incorporated under the laws of the State of Texas and operates under a Board of Directors which is appointed by the City Council of Big Spring, Texas (the City Council). The corporation is a non-profit corporation created under the Texas Development Corporation Act of 1979 and is governed by Section 4A of Article 5190.6 of the Revised Civil Statues of the State of Texas. The purpose of the corporation is to promote, assist, and enhance economic development for Big Spring, Texas. It is funded by a one-half cent sales tax.

The corporation was originally incorporated as Moore Development for Big Spring, Inc.

BSEDC is a component unit of the City of Big Spring, Texas (the City). It is legally separate from the City, but the City Council appoints its five directors and approves the annual budget of BSEDC. The financial statements presented here are also included in the comprehensive financial report of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As a component unit of the City, the BSEDC's financial reporting policies conform to the accounting principles generally accepted in the United States of America applicable to its primary government (Big Spring).

Basis of Accounting and Presentation

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the government-wide entity as a whole. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

These government-wide financial statements were prepared 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.

The Statement of Activities demonstrates the degree to which the direct expenses of a given description are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific description. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given description or segment.

BSEDC reports all direct expenses in the Statement of Activities. Direct expenses are those that are clearly identifiable with a description. Indirect expenses of other types are not allocated but are reported separately in the Statement of Activities. Depreciation expense is reported in the Statement of Activities under general government expenses.

Fund Financial Statements

BSEDC applies GASB Statement No. 54, which redefined how fund balances of the governmental funds are presented in the financial statements. Fund balances are classified as follows:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by BSEDC itself, using its highest level of decision-making authority. To be reported as committed, amounts cannot be used for any other purpose unless BSEDC takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts BSEDC intends to use for a specific purpose. Intent can be expressed by an official or body to which BSEDC delegates authority.

Unassigned fund balance – amounts that are available for any purpose.

For the fiscal year ended September 30, 2022, BSEDC's fund balance was categorized as nonspendable and unassigned.

Financial statements are provided for the governmental fund.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, BSEDC considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from local sources consist primarily of sales taxes. Miscellaneous revenues are recorded when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

BSEDC reports the following governmental fund:

General Fund

This fund is established to account for financial resources used for BSEDC's operations. This is a budgeted fund and unassigned fund balances are considered resources available for current operations.

Budgets and Budgetary Accounting

The annual budget is presented on the modified accrual basis of accounting. The current year's budget was adopted in August 2021 and was approved by the City Council in September 2021.

Cash and Cash Equivalents

BSEDC has defined cash and cash equivalents to include cash in bank.

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all capital assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	40 years
Building Improvements	10 years
Computer Equipment	5 years
Other Equipment	5 - 10 years

3. INVESTMENTS POLICIES AND RISK

Legal and Contractual Provisions Governing Deposits and Investments

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports, and establishment of appropriate policies. Among other things, it requires BSEDC to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

Statutes authorize BSEDC to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) investment pools, (9) guaranteed investment contracts, and (10) common trust funds. The Act also requires BSEDC to have independent auditors perform test procedures related to investment practices as provided by the Act. BSEDC is in substantial compliance with the requirements of the Act and with local policies.

Policies Governing Deposits and Investments

In compliance with the Public Funds Investment Act, BSEDC has adopted a deposit and investment policy. That policy addresses the following risks:

a. Custodial Credit Risk – Deposits and Investments: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits and investments in certificates of deposits may not be returned to it. BSEDC's policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits and investments, other than the following: The State of Texas requires that a financial institution secure deposits and investments made by state or local governments by pledging securities in excess of the highest cash balance of the government. BSEDC is not exposed to custodial credit risk, for its deposits are all covered by depository insurance and securities pledged by the depository bank.

b. Concentration of Credit Risk – The investment policy of BSEDC contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent five percent or more of the total entity investments represent a concentration risk. As of September 30, 2022, BSEDC's investments are with Western Bank which are covered by FDIC insurance and pledged securities, and as such BSEDC has no risk.

c. Credit Risk – The risk that an issuer of other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. As of September 30, 2022, BSEDC was not significantly exposed to credit risk.

d. Interest Rate Risk – Not applicable.

e. Foreign Currency Risk – Not applicable and is not covered by the investment policy.

4. CASH AND CASH EQUIVALENTS

At September 30, 2022, the carrying amount of BSEDC's cash and cash equivalents was $6,699,279, with a bank balance of $6,691,864. BSEDC's cash and cash equivalents at September 30, 2022 and the year ended were entirely covered by FDIC insurance and securities pledged by the depository bank.

5. DUE FROM/TO OTHER GOVERNMENTS

At September 30, 2022, BSEDC had $544,606 due from the City of Big Spring related to two months of sales tax revenue that came in subsequent to year end.

At September 30, 2022, BSEDC owed $71,572 to the City of Big Spring related to reimbursement for salaries and benefits and various other items paid on their behalf.

6. LAND INVENTORY

Land inventory consists of 315 acres of land acquired for marketing purposes and future economic development. As of September 30, 2022, BSEDC had land inventory with a balance of $67,980.

7. CAPITAL ASSETS

	Balance 10/1/2021	Increases	Transfers/ Decreases	Balance 9/30/2022
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	$ 25,000	$	$	$ 25,000
Total Capital Assets Not Being Depreciated	$ 25,000	$ 0	$ 0	$ 25,000
Depreciable Assets:				
Buildings and Improvements	$ 239,604	$	$	$ 239,604
Furniture and Equipment	48,063			48,063
Total Depreciable Assets	$ 287,667	$ 0	$ 0	$ 287,667
Less Accumulated Depreciation for:				
Buildings and Improvements	$ 142,979	$ 6,069	$	$ 149,048
Furniture and Equipment	48,063			48,063
Total Accumulated Depreciation	$ 191,042	$ 6,069	$ 0	$ 197,111
Total Depreciable Assets, Net	$ 96,625	$ (6,069)	$ 0	$ 90,556
Governmental Activities Capital Assets, Net	$ 121,625	$ (6,069)	$ 0	$ 115,556

Depreciation expense totaling $6,069 was recognized in the Statement of Activities under general government.

8. OFFICE RENTAL AND UTILITIES REIMBURSEMENT

BSEDC leases office space to the Big Spring Chamber of Commerce and Howard County United Way. The duration is indefinite and was established as a verbal extension of a three-year lease that expired in May 1999. The monthly rent is $575 plus 50% of shared utility costs.

9. RISK MANAGEMENT

BSEDC is exposed to various risks of loss to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. BSEDC carries commercial insurance for these risks.

Workers' Compensation Pool - BSEDC's employees are covered by the City's workers' compensation plan. The City's workers compensation plan is administered by Texas Municipal League's Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program, and the City pays an annual premium for this coverage. The City has acquired stop-loss coverage, which limits the City's possible loss to $250,000 per occurrence.

10. ACCRUED COMPENSATED ABSENCES

Compensated absences consists of vacation leave, sick leave, and compensatory leave. Vacation leave of 5-20 days is granted to all regular employees dependent upon the date employed, years of service, and civil service status. Currently, two times the employee's annual accrual of vacation leave may be "carried over" to the next calendar year. The City is obligated to make payment upon retirement or termination for employees in good standing for any available, unused vacation and compensatory leave. Sick leave for employees is accrued at 5-15 days per year. After 20 years of continuous full-time service for non-civil service personnel, vested sick leave is paid on retirement or termination at the current hourly rate for up to 90 days. Post-Employment Benefits for retirees of the City include the option to purchase health insurance.

11. LONG-TERM DEBT

BSEDC's long-term debt is made up of a sales and use tax revenue note. The activity from the year is summarized below and shows the amounts payable at September 30, 2022.

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year	Interest and Fees
Governmental Activities:						
Sales and Use Tax Revenue Note	$ 4,950,000	$	$ 550,000	$ 4,400,000	$ 550,000	$ 117,343
Total Governmental Activities	$ 4,950,000	$ 0	$ 550,000	$ 4,400,000	$ 550,000	$ 117,343

Detail on the maturity dates and interest rates of the outstanding sales and use tax revenue note of BSEDC as of September 30, 2022 are as follows:

Governmental Activities:

Debt	Year of Maturity	Interest Rate
Sales and Use Tax Revenue Note	3/15/2030	2.51%

Debt service requirements on the sales and use tax revenue note at September 30, 2022, are as follows:

	Principal	Interest	Total
Year Ending September 30,			
2023	$ 550,000	$ 103,538	$ 653,538
2024	550,000	89,733	639,733
2025	550,000	75,928	625,928
2026	550,000	62,123	612,123
2027	550,000	48,318	598,318
Thereafter	1,650,000	62,123	1,712,123
Totals	$ 4,400,000	$ 441,763	$ 4,841,763

12. PENSION PLAN

Plan Description

BSEDC participates through the City of Big Spring, Texas (the City) as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.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 benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Currently the City has adopted the following provisions related to the pension plan:

	December 31, 2021
Employee Deposit Rate	7%
Matching Ratio (City to Employee)	2 to 1
Years Required for Vesting	5
Service Requirement Eligibility (Expressed as Age / Years of Service)	60/5,0/20
Updated Service Credit	100% Repeating, Transfers
Annuity Increase (to Retirees)	70% of CPI Repeating

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	0
Inactive Employees Entitled to but not Yet Receiving Benefits	0
Active Employees	2
Total Plan Employees	2

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the 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 actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for BSEDC were required to contribute 7.00% of their annual gross earnings during the fiscal year. The required contribution rates for the City were 17.98% and 17.38% in calendar years 2021 and 2022, respectively. BSEDC's contributions to TMRS for the year ended September 30, 2022, were $34,250, and were equal to the required contributions.

Net Pension Liability

BSEDC's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

Inflation	2.50% per year
Overall Payroll Growth	2.05% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation
Amortization Period	24 years

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for 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 in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of arithmetic 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)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%

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 Asset (Liability)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset (Liability)
Balance 12/31/2020	$ 850,274	$ 696,917	$ (153,357)
Service Cost	28,910		(28,910)
Interest (on the Total Pension Liability)	78,017		(78,017)
Difference Between Expected and Actual Expenses	16,990		(16,990)
Contributions - Employee		12,923	12,923
Contributions - Employer		33,193	33,193
Net Investment Income		132,135	132,135
Benefit Payments	(62,230)	(62,230)	
Administrative Expense		(612)	(612)
Other	4,584	4	(4,580)
Balance 12/31/2021	$ 916,545	$ 812,330	$ (104,215)

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

The following presents the net pension liability of BSEDC, calculated using the discount rate of 6.75%, as well as what BSEDC'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	Current Rate Assumption	1% Increase
$ 274,844	$ 104,215	$ (35,387)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at *www.tmrs.com*.

Pension Expense, Deferred Outflows, and Deferred Inflows Related to Pensions

For the year ended September 30, 2022, BSEDC recognized pension expense of $10,150 and calculated as shown below:

Total Service Cost	$	28,910
Interest on the Total Pension Liability		78,017
Employee Contributions (Reduction of Expense)		(12,923)
Projected Earnings on Plan Investments (Reduction of Expense)		(68,481)
Administrative Expense		612
Other Changes in Fiduciary Net Position		(4)
Recognition of Current Year Outflow (Inflow) of Resources-Liabilities		6,877
Recognition of Current Year Outflow (Inflow) of Resources-Assets		(22,858)
Total Pension Expense	$	10,150

At September 30, 2022, BSEDC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows/(Inflows) of Resources - Pension Plan	Plan Year		Amount	Remaining Amortization Period
Employer Contribution Deferrals	2021	$	24,831	1.000
Differences Between Projected and Actual Investment Earnings	2018		17,075	1.000
Differences Between Projected and Actual Investment Earnings	2019		(29,160)	2.000
Differences Between Projected and Actual Investment Earnings	2020		(4,780)	3.000
Differences Between Projected and Actual Investment Earnings	2021		(50,923)	4.000
Change in Assumptions	2019		46	0.070
Differences Between Expected and Actual Economic Experience	2019		163	0.070
Differences Between Expected and Actual Economic Experience	2020		(1,206)	1.200
Differences Between Expected and Actual Economic Experience	2021		11,596	2.150
Total Deferred Outflows/(Inflows) of Resources		$	(32,358)	

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year		Amortization of Deferred Outflows
2022	$	17,600
2023		(23,711)
2024		(13,515)
2025		(12,732)
2026		
	$	(32,358)

13. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description:

Texas Municipal Retirement System (TMRS) administers a 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. 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. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan.

The member 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 is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

Benefits Provided:

The plan provides a $7,500 post-retirement death benefit to beneficiaries of service retirees and disability retirees of employers that have elected participation in the SDBF. The OPEB benefit is a fixed $7,500 lump-sum benefit and no future increases are assumed in the benefit amount.

The SDBF fund does not meet the requirements of a trust under Paragraph 4b of GASB No. 75, as the assets of the SDBF can be used to pay active SDBF benefits which are not part of the OPEB plan. The contributions for retiree SDBF coverage are assigned to the OPEB plan under GASB 75 and are used to determine the benefit payments shown in the changes in the total OPEB liability.

Benefit terms are established under the TMRS Act. Participation in the retiree SDBF is optional and the employer may elect to opt out of (or opt into) coverage as of January 1 each year. BSEDC's contribution rate for the retiree SDBF program is calculated annually on an actuarial basis, and is equal to the cost of providing a one-year death benefit equal to $7,500.

Employees Covered by Benefit Terms:

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	0
Inactive Employees Entitled to but not Yet Receiving Benefits	0
Active Employees	2
Total Plan Employees	2

Total OPEB Liability:

BSEDC's total OPEB liability of $17,374 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions:

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

Actuarial Cost Method	Entry Age Normal
Amortization Method	
Recognition of Economic/Demographic Gains and Losses and Assumptions Changes or Inputs	Straight-Line Amortization over Expected Working Life
Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Discount Rate	1.84%
Retirees' Share of Benefit-Related Costs	$0
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates – Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality Rates – Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward 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 by Scale UMP to account for future mortality improvements subject to the floor.

The TMRS SDBF is treated as unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. Under GASBS No. 75 (paragraph 155), the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. As of December 31, 2021, the rate of 1.84% is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate.

Annuity Purchase Rates:

Annuity purchase rates are used to determine the amount of the monthly benefit at the time of retirement for both healthy and disabled annuitants; the annuity purchase rates (APRs) for 2014 are based on the UP-1984 Table with an age setback of two years for retirees and an age setback of eight years for beneficiaries. Beginning in 2027, the APRs will be based on a unisex blend of the RP-2000 Combined Healthy Mortality Tables with Blue Collar Adjustment for males and females with both male and female rates multiplied by 107.5% and projected on a fully generational basis with scale BB. For members, a unisex blend of 70% of the males table and 30% of the female table is used, while 30% of the male table and 70% of the female table is used for beneficiaries. From 2015 through 2026, the fully generational APRs will be phased into.

Experience Studies:

Actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. For determining the amount of the monthly benefit at the time of retirement for both healthy and disabled annuitants, the annuity purchase rates (APRs) until 2027 are based on a mortality study performed in 2013. TMRS uses the experience studies as a basis for determining assumptions, except where required to be treated different by GASB 75.

Changes in the Total OPEB Liability:

Balance as of December 31, 2020	$	16,940
Changes for the year:		
Service Cost		609
Interest on Total OPEB Liability		349
Benefit Payments		(572)
Differences Between Expected and Actual Experience		(943)
Changes in Assumptions or Other Inputs		484
Other - Proportionate Share Adjustment		507
Balance as of December 31, 2021	$	17,374

Changes of assumptions or other inputs reflect a change in the discount rate from year to year.

There were no changes of benefit terms that affected measurement during the measurement period.

Sensitivity Analysis:

The following presents the Total OPEB Liability of the employer, calculated using the discount rate of 1.84%, as well as what the Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.84%) or 1 percentage point higher (2.84%) than the current rate. Note that the healthcare cost trend rate does not affect the Total OPEB Liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total OPEB Liability	$ 20,874	$ 17,374	$ 14,625

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

For the year ended September 30, 2022, BSEDC recognized OPEB expense of $1,426. At September 30, 2022, BSEDC 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
Changes in Assumptions	$ 2,093	$
Difference in Expected and Actual Experience		1,760
Contributions Made Subsequent to Measurement Date	357	
	$ 2,450	$ 1,760

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB benefits will be recognized in OPEB expense as follows:

	Amortization of Deferred Resources
2020	$ 589
2021	151
2022	(18)
2023	(32)
	$ 690

14. HEALTH CARE BENEFITS

Health insurance benefits are provided to the employees of BSEDC through the City's self-insured health insurance plan. The City's health insurance plan is administered by a third-party administrator, Texas Municipal League's Multistate Intergovernmental Employee Benefits Pool (TMLMIEBP). TMLIEBP reviews and processes all health insurance claims. The City has acquired stop-loss coverage, which limits the City's possible liability exposure to $90,000 per claim. BSEDC's health insurance cost of $20,700 includes health insurance paid for both employees.

BSEDC does not provide post-retirement health benefits to its employees.

15. LITIGATION AND CONTINGENCIES

BSEDC has no litigation pending which would have a material impact on the financial statements.

16. COMMITMENT TO THE CITY OF BIG SPRING

In May 2012, the citizens of Big Spring voted to fund a 4B project to rehabilitate the City's water and waste water treatment plants including repair or replacing water distributions lines. As a part of that agreement with the City, BSEDC was obligated to fund $750,000 on January 1, 2016. In later years and through 2033, BSEDC is obligated to pay 40% of its sales tax revenue except the payment cannot exceed $750,000 or be less than $500,000. This agreement has a term ending in 2033 or a total amount of $13,000,000.

	Total Project	Expended to Date	Commitment
Water & Waste Water	$ 13,000,000	$ 7,500,000	$ 5,500,000

REQUIRED SUPPLEMENTARY INFORMATION

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION
DEFINED BENEFIT RETIREMENT PLAN

SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION ASSET/LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2022

REQUIRED SUPPLEMENTARY INFORMATION

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability	Total Pension Liability
Service Cost	$ 11,837	$ 32,062	$ 22,328	$ 30,102	$ 23,859	$ 25,105	$ 29,844	$ 28,910
Interest	34,258	76,779	52,479	74,355	59,604	63,442	73,042	78,017
Benefit Payments/Refunds of Employee Contributions	(27,162)	(42,272)	(39,022)	(52,953)	(46,382)	(47,565)	(59,600)	(62,230)
Differences between Expected and Actual Experience	2,350	7,513	4,116	(9,894)	(4,995)	6,312	(3,119)	16,990
Changes of Assumptions		2,281				1,786		
Other - Proportionate Share Adjustment			3,284	54,375	(40,647)	5,463	15,136	4,584
Net Change	$ 21,283	$ 76,363	$ 43,185	$ 95,985	$ (8,561)	$ 54,543	$ 55,303	$ 66,271
Beginning Balance	512,173	533,456	609,819	653,004	748,989	740,428	794,971	850,274
Ending Balance	$ 533,456	$ 609,819	$ 653,004	$ 748,989	$ 740,428	$ 794,971	$ 850,274	$ 916,545
	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position	Fiduciary Net Position
Employee Contributions	$ 6,874	$ 9,732	$ 9,830	$ 10,186	$ 10,497	$ 11,080	$ 13,264	$ 12,923
Employer Contributions	14,193	22,615	22,623	24,955	26,063	27,210	33,047	33,193
Net Investment Income	28,602	892	40,972	119,577	(22,595)	114,484	70,325	132,135
Benefit Payments/Refunds of Employee Contributions	(27,162)	(42,272)	(39,022)	(52,953)	(46,382)	(47,565)	(59,600)	(62,230)
Administration Expenses	(244)	(544)	(463)	(620)	(437)	(647)	(456)	(612)
Other	(20)	(27)	(26)	(31)	(23)	(20)	(17)	4
Net Change	$ 22,243	$ (9,604)	$ 33,914	$ 101,114	$ (32,877)	$ 104,542	$ 56,563	$ 115,413
Beginning Balance	421,022	443,265	433,661	467,575	568,689	535,812	640,354	696,917
Ending Balance	$ 443,265	$ 433,661	$ 467,575	$ 568,689	$ 535,812	$ 640,354	$ 696,917	$ 812,330
Net Pension Asset (Liability)	$ (90,191)	$ (176,158)	$ (185,429)	$ (180,300)	$ (204,616)	$ (154,617)	$ (153,357)	$ (104,215)
Fiduciary Net Position as a Percentage of Total Pension Liability	83.09%	71.11%	71.60%	75.93%	72.37%	80.55%	81.96%	88.63%
Covered Payroll	$ 124,282	$ 140,848	$ 142,256	$ 145,509	$ 149,963	$ 158,291	$ 189,707	$ 184,584
Net Pension Liability as a Percentage of Covered Payroll	-72.57%	-125.07%	-130.35%	-123.91%	-136.44%	-97.68%	-80.84%	-56.46%

Note: Only eight years of GASB 68 Data Available as of 12/31/2021. The remaining two years of data will be built on a go forward basis.

The accompanying notes are an integral part of this statement.

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION
DEFINED BENEFIT RETIREMENT PLAN

SCHEDULE OF CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

REQUIRED SUPPLEMENTARY INFORMATION

	9/30/2015	9/30/2016	9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022
Actuarially Determined Contribution	$ 19,731	$ 25,555	$ 24,211	$ 26,027	$ 26,721	$ 31,388	$ 32,206	$ 34,250
Actual Contributions	19,731	25,555	24,211	26,027	26,721	31,388	32,206	34,250
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered Payroll	$ 127,585	$ 146,192	$ 144,631	$ 148,438	$ 155,046	$ 180,541	$ 180,576	$ 195,256
Contributions as a Percentage of Covered Employee Payroll	15.46%	17.48%	16.74%	17.53%	17.23%	17.39%	17.84%	17.54%

Note: Only eight years of GASB 68 Data Available as of 09/30/2022. The remaining two years of Data will be built on a go forward basis.

The accompanying notes are an integral part of this statement.

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION
SUPPLEMENTAL DEATH BENEFIT FUND

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2022

REQUIRED SUPPLEMENTARY INFORMATION

	12/31/2017 Total OPEB Liability	12/31/2018 Total OPEB Liability	12/31/2019 Total OPEB Liability	12/31/2020 Total OPEB Liability	12/31/2021 Total OPEB Liability
Service Cost	$ 436	$ 405	$ 364	$ 550	$ 609
Interest on Total OPEB Liability	484	375	493	418	349
Benefit Payments	(151)	(135)	(158)	(208)	(572)
Differences Between Expected and Actual Experience		1,696	(2,177)	(930)	(943)
Changes in Assumptions or Other Inputs	1,027	(711)	2,011	2,055	484
Other - Proportionate Share Adjustment		(3,262)	342	1,345	507
Net Change	$ 1,796	$ (1,632)	$ 875	$ 3,230	$ 434
Beginning Balance	12,671	14,467	12,835	13,710	16,940
Ending Balance	$ 14,467	$ 12,835	$ 13,710	$ 16,940	$ 17,374
Total OPEB Liability	$ 14,467	$ 12,835	$ 13,710	$ 16,940	$ 17,374
Covered Employee Payroll	$ 145,509	$ 149,963	$ 158,291	$ 189,707	$ 184,584
Total OPEB Liability as a Percentage of Covered Employee Payroll	9.94%	8.56%	8.66%	8.93%	9.41%

Note: Only five of GASB 75 Data Available as of 12/31/2021. The remaining five years of data will be built on a go forward basis.

The accompanying notes are an integral part of this statement.

BOLINGER, SEGARS, GILBERT & MOSS, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

	(Unaudited) Budgeted Amounts		Actual	Variance with Final Budget Positive or
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes:				
Sales Taxes	$ 2,400,000	$ 2,400,000	$ 2,774,566	$ 374,566
Investment Earnings	12,600	12,600	27,144	14,544
Other Revenues	4,300	4,300	61,535	57,235
Rental Income	6,900	6,900	6,900	
Total Revenues	$ 2,423,800	$ 2,423,800	$ 2,870,145	$ 446,345
Expenditures:				
General Government:				
Compensation	$ 269,510	$ 269,510	$ 261,408	$ 8,102
Office Facilities	32,300	32,300	23,482	8,818
Office Expenses	14,300	14,300	9,738	4,562
Insurance	10,880	10,880	9,762	1,118
Economic Development:				
Contractual Services	86,000	86,000	55,012	30,988
Meetings and Workshops	12,000	12,000	15,505	(3,505)
Professional Development	10,000	10,000	6,931	3,069
Promotion	140,000	140,000	31,203	108,797
Economic Development Grants	166,200	166,200	168,743	(2,543)
Water and Waste Water Project - City of Big Spring	750,000	750,000	750,000	
Capital Outlay:				
Building	5,000	5,000		5,000
Debt Service:				
Principal	550,000	550,000	550,000	
Interest Expense	117,343	117,343	117,039	304
Total Expenditures	$ 2,163,533	$ 2,163,533	$ 1,998,823	$ 164,710
Net Change in Fund Balance	$ 260,267	$ 260,267	$ 871,322	$ 611,055
Fund Balance - Beginning	6,373,424	6,373,424	6,373,424	
Fund Balance - Ending	$ 6,633,691	$ 6,633,691	$ 7,244,746	$ 611,055

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN
SEPTEMBER 30, 2022

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31, and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal.
Amortization Method	Level Percentage of Payroll, Closed.
Remaining Amortization Period	24 years
Asset Valuation Method	Ten Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to BSEDC's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

BIG SPRING ECONOMIC DEVELOPMENT CORPORATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
SEPTEMBER 30, 2022

BUDGETARY DATA

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

a. Prior to the beginning of the fiscal year, BSEDC prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.

b. A meeting of the Board of Directors is then called for the purpose of adopting the proposed budget. At least 72 hours public notice of the meeting must have been given.

c. Prior to the start of the fiscal year, the budget is legally enacted through passage of a resolution by the City of Big Spring City Council.

Once a budget is approved, it can be amended only by approval of a majority of the members of the Board of Directors and approval from the City of Big Spring City Council. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board of Directors and are not made after fiscal year end. The legal level of control is at the function level. During the year, the budget was amended as necessary. All budget appropriations lapse at year end.

The budget is presented on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).