

**STAFFORD ECONOMIC
DEVELOPMENT CORPORATION,
A COMPONENT UNIT OF
THE CITY OF STAFFORD, TEXAS**

ANNUAL FINANCIAL REPORT

**Year Ended September 30, 2023
with Independent Auditors Report**

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stafford Economic Development Corporation
Stafford, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Stafford Economic Development Corporation ("SEDC"), a component unit of the City of Stafford, Texas (the "City") as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the SEDC'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 each major fund of the SEDC as of September 30, 2023, and the respective changes in financial position, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SEDC, 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 SEDC'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.

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 SEDC'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 SEDC'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 management's discussion and analysis and the budgetary comparison schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

To the Board Directors
Stafford Economic Development Corporation

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SEDC's basic financial statements. The other supplementary information is 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 other supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is written in a cursive, flowing style.

Houston, Texas
February 27, 2024



STAFFORD ECONOMIC DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Stafford Economic Development Corporation ("SEDC"), we offer readers of the SEDC's financial statements this narrative overview and analysis of the financial activities of the SEDC for the fiscal year ended September 30, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the SEDC's basic financial statements. The SEDC's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. Although the SEDC is not a political subdivision or a political corporation under state law, under GAAP it is treated as a governmental unit. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the SEDC's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the SEDC's assets, deferred outflows of resources and liabilities, with the difference between the three reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the SEDC is improving or deteriorating.

The *statement of activities* presents information showing how the SEDC's net position changed during the 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 only result in cash flows in the future fiscal periods.

The government-wide financial statements show the functions of the SEDC that are supported by taxes and investment earnings. The activities of the SEDC include general administration and interest due on bonds. Major construction projects currently funded by the SEDC's bonds will be transferred to the City of Stafford, Texas for operation. The SEDC has no business-type activities.

The government-wide financial statements can be found beginning on page 11 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The SEDC, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The SEDC consists only of governmental 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 available at the end of the fiscal year. Such information may be useful in evaluating the SEDC'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 SEDC's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenue, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The SEDC maintains three individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenue, Expenditures, and Changes in Fund Balances for the General Fund, the Debt Service Fund and the Capital Projects Fund, all of which are considered to be major funds.

The SEDC adopts annual appropriated budgets for all governmental funds. A budgetary comparison statement has been provided for the General Fund in the Required Supplementary Information section to demonstrate compliance with this budget. The same types of budgetary comparisons are presented for the Debt Service Fund and the Capital Projects Fund in the Other Supplementary Information section to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found beginning on page 13 of this report.

Notes to the 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. The notes to the financial statements can be found beginning on page 17 of this report.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the budget to actual comparisons of the General Fund. Required supplementary information can be found beginning on page 29 of this report.

The other supplemental information is presented following the required supplementary information. This individual schedule is found beginning on page 33 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows exceeded its liabilities at the close of the most recent fiscal year by \$4.9 million. The SEDC's total net position increased during the year by \$4.5 million primarily due to the sales tax revenue exceeding amounts spent on capital projects.

The following table summarizes the SEDC's net position as of September 30, 2023 and 2022:

Condensed Statement of Net Position September 30, 2023 and 2022

	Governmental Activities		
	2023	2022	Change
Current and other assets	\$ 16,364,431	\$ 13,435,786	\$ 2,928,645
Deferred outflow of resources	503,284	677,329	(174,045)
Total Assets and Deferred Outflows	16,867,715	14,113,115	2,754,600
Current and other liabilities	611,648	713,649	(102,001)
Long-term liabilities	11,341,769	12,991,107	(1,649,338)
Total Liabilities	11,953,417	13,704,756	(1,751,339)
Unrestricted net position	4,914,298	408,359	4,505,939
Total Net Position (Deficit)	\$ 4,914,298	\$ 408,359	\$ 4,505,939

STAFFORD ECONOMIC DEVELOPMENT CORPORATION**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

The following table summarizes the change in net position for the SEDC for the years ended September 30, 2023 and 2022:

**Condensed Statement of Activities
For the Years Ended September 30, 2023 and 2022**

	Governmental Activities		
	2023	2022	Change
Revenues:			
Sales tax	\$ 5,918,885	\$ 5,982,677	\$ (63,792)
Miscellaneous	2,585	24,025	(21,440)
Investment income (loss)	567,259	(192,083)	759,342
Capital grants and contributions	-	272,742	(272,742)
Total Revenues	6,488,729	6,087,361	401,368
Expenses:			
Economic development	1,306,501	1,415,623	(109,122)
Capital outlay on behalf of City	440,445	651,101	(210,656)
Interest on long-term debt	235,844	294,262	(58,418)
Total Expenses	1,982,790	2,360,986	(378,196)
Change in net position	4,505,939	3,726,375	779,564
Net Position (Deficit) - Beginning	408,359	(3,318,016)	3,726,375
Net Position (Deficit) - Ending	\$ 4,914,298	\$ 408,359	\$ 4,505,939

Financial Analysis of the SEDC's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the SEDC's governmental funds reported combined ending fund balances of \$15.8 million, of which \$13.1 million constitutes unassigned fund balance. The remainder of the fund balance has been committed by the Board of Directors for debt service in the amount of \$0.6 million and construction related projects in the amount of \$2.1 million.

Fund balance in the General Fund increased by approximately \$1.6 million. The sales tax revenues net of reimbursement for 380 agreements was \$5.9 million, while expenditures in the General Fund were \$1.3 million.

Fund balance in the Debt Service Fund remained stable relatively unchanged from the prior year.

Fund balance in the Capital Projects Fund increased by approximately \$1.4 million primarily transfers in from the general fund in the amount of \$1.7 million and committed for future capital projects.

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

General Fund Budgetary Highlights

Actual sales tax revenues for the 2023 fiscal year of \$5.4 million (net of 380 agreement reimbursement of \$507,475) were more than budgeted revenue projections by \$177,671 (see Note 8 to the financial statements). Actual total expenditures were less than final appropriations by \$0.1 million due to operating costs being less than anticipated. These variances resulted in an ending fund balance in the General Fund of \$13.1 million, or \$0.5 million higher than budgeted expectations.

Additional information on the SEDC's General Fund budgetary highlights can be found in the required supplementary information beginning on page 29 of this report.

Debt Administration

At the end of the current fiscal year, the SEDC had sales tax revenue bonds outstanding of \$11.1 million. The SEDC has secured the payment of the principal and interest on such bonds by a pledge of the sales tax revenue received by the SEDC from the City. Sales taxes collected by the SEDC are being used to service the debt payments. Further, at the end of the current fiscal year, the SEDC had excess sales tax liability outstanding of \$246,769. The SEDC has secured the payment of the principal on such excess sales tax by a pledge of the sales tax revenue received by the SEDC from the City.

The SEDC Series 2014 and Series 2021 Sales Tax Revenue Refunding Bonds hold an "A2" rating from Standard & Poor's. Additional information regarding the SEDC's debt outstanding can be found in Note 7 to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

The SEDC is dependent on a one-half percent sales tax that is received from the City for ongoing operations, supplements for capital asset costs funded primarily by bond proceeds and debt service costs on bonds outstanding.

The following schedule outlines a comparison of the fiscal year 2023 budgeted operations and the fiscal year 2024 General Fund budget:

	2023 Budget	2024 Budget	Net Change
Total Revenues	\$ 6,001,214	\$ 6,126,214	\$ 125,000
Total Expenditures	(1,400,738)	(1,716,109)	(315,371)
Operating transfers in (out)	(3,435,441)	(3,719,830)	(284,389)
Changes in fund balance	1,165,035	690,275	(474,760)
Beginning budgetary fund balance	11,444,375	12,609,410	1,165,035
Ending budgetary fund balance	<u>\$ 12,609,410</u>	<u>\$ 13,299,685</u>	<u>\$ 690,275</u>

The increase in expenditures for 2024 is due to anticipated increases in costs for landscape services and utilities.

Request for Information

This financial report is designed to provide a general overview of the SEDC's finances for all those with an interest in the SEDC. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Stafford, 2610 South Main, Stafford, Texas 77477.

BASIC FINANCIAL STATEMENTS



STAFFORD ECONOMIC DEVELOPMENT CORPORATION**STATEMENT OF NET POSITION****September 30, 2023**

	Governmental Activities
Assets	
Current assets:	
Cash and cash equivalents	\$ 7,244,972
Investments	7,433,048
Accounts receivable	1,136,053
Interest receivable	35,983
Due from City	514,375
Total Assets	16,364,431
 Deferred Outflows of Resources	
Deferred charge on refunding	503,284
Total Deferred Outflows of Resources	503,284
 Liabilities	
Current liabilities:	
Accounts Payable	598,683
Interest payable	12,965
Noncurrent liabilities:	
Due within one year:	
Bonds payable	1,535,000
Sales tax obligation	27,409
Due in more than one year:	
Bonds payable	9,560,000
Sales tax obligation	219,360
Total Liabilities	11,953,417
 Net Position	
Unrestricted	4,914,298
Total Net Position	\$ 4,914,298

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

		Net (Expense) Revenue and Changes in Net Position
Functions/Programs	Expenses	Governmental Activities
Stafford Economic Development Corporation		
Governmental Activities:		
Economic development	\$ 1,306,501	\$ (1,306,501)
Capital outlay on behalf of City	440,445	(440,445)
Interest on long-term debt	235,844	(235,844)
Total Stafford Economic Development Corporation	<u>1,982,790</u>	<u>(1,982,790)</u>
General revenues:		
Taxes:		
Sales and use tax		5,918,885
Unrestricted investment income (loss)		567,259
Miscellaneous		2,585
Total General Revenues		<u>6,488,729</u>
Change in net position		4,505,939
Net Position - Beginning		<u>408,359</u>
Net Position - Ending		<u>\$ 4,914,298</u>

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 4,446,893	\$ 632,018	\$ 2,166,061	\$ 7,244,972
Investments	7,433,048	-	-	7,433,048
Accounts receivable	1,136,053	-	-	1,136,053
Interest receivable	35,983	-	-	35,983
Due from City	514,375	-	-	514,375
Total Assets	<u>\$ 13,566,352</u>	<u>\$ 632,018</u>	<u>\$ 2,166,061</u>	<u>\$ 16,364,431</u>
Liabilities				
Accounts Payable	\$ 491,573	\$ -	\$ 107,110	\$ 598,683
Total Liabilities	<u>491,573</u>	<u>-</u>	<u>107,110</u>	<u>598,683</u>
Fund balances				
Committed:				
Debt service	-	632,018	-	632,018
Capital Projects	-	-	2,058,951	2,058,951
Unassigned	13,074,779	-	-	13,074,779
Total Fund Balances	<u>13,074,779</u>	<u>632,018</u>	<u>2,058,951</u>	<u>15,765,748</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 13,566,352</u>	<u>\$ 632,018</u>	<u>\$ 2,166,061</u>	<u>\$ 16,364,431</u>

STAFFORD ECONOMIC DEVELOPMENT CORPORATION**RECONCILIATION OF THE GOVERNMENTAL FUNDS****BALANCE SHEET TO THE STATEMENT OF NET POSITION****September 30, 2023**

Total Fund Balance, Governmental Funds \$ 15,765,748

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Uncollected fines, forfeitures, fees, and other assessments that are not available to pay current period expenditures and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.

Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Bonds payable	(11,095,000)
Excess sales tax due to State	(246,769)
Accrued interest	(12,965)
Deferred amounts on refunding transaction	503,284
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 4,914,298</u></u>

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
Revenues				
Taxes:				
Sales taxes	\$ 5,918,885	\$ -	\$ -	\$ 5,918,885
Investment income	478,285	32,835	56,139	567,259
Miscellaneous	2,585	-	-	2,585
Total Revenues	<u>6,399,755</u>	<u>32,835</u>	<u>56,139</u>	<u>6,488,729</u>
Expenditures				
Current:				
Recreation	1,306,501	-	-	1,306,501
Debt Service:				
Principal	27,409	1,470,000	-	1,497,409
Interest	-	217,378	-	217,378
Other debt service	-	1,500	-	1,500
Capital outlay on behalf of City	-	-	440,445	440,445
Total Expenditures	<u>1,333,910</u>	<u>1,688,878</u>	<u>440,445</u>	<u>3,463,233</u>
Revenues over (under) expenditures	<u>5,065,845</u>	<u>(1,656,043)</u>	<u>(384,306)</u>	<u>3,025,496</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	1,688,880	1,746,561	3,435,441
Operating Transfers Out	(3,435,441)	-	-	(3,435,441)
Total Other Financing Sources (Uses)	<u>(3,435,441)</u>	<u>1,688,880</u>	<u>1,746,561</u>	<u>-</u>
Changes in Fund Balance	1,630,404	32,837	1,362,255	3,025,496
Fund Balances - Beginning of Year	<u>11,444,375</u>	<u>599,181</u>	<u>696,696</u>	<u>12,740,252</u>
Fund Balances - End of Year	<u>\$ 13,074,779</u>	<u>\$ 632,018</u>	<u>\$ 2,058,951</u>	<u>\$ 15,765,748</u>

STAFFORD ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Net Change in Fund Balances - Total Governmental Funds: \$ 3,025,496

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal paid on sales tax obligation	27,409
Principal paid on bonds	1,470,000

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued interest on long-term debt	5,150
Amortization of bond premiums	151,929
Amortization on refunding	(174,045)

Change in Net Position of Governmental Activities	<u>\$ 4,505,939</u>
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STAFFORD ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization

In 1999, the City of Stafford (the "City") voters authorized the creation of the Stafford Economic Development Corporation ("SEDC"). The voters approved that a one-half percent sales tax be authorized for economic development purposes in accordance with specified projects, which were included on the ballot. In August 1999, the SEDC was formed under Article 5190.6 V.T.C.S., the Development Corporation Act of 1979 and governed by Section 4B of the Act. State law allows the City to collect sales tax to assist in the promoting and developing activities of the City. The SEDC has been included as a discretely presented component unit in the City's financial statements. The City Council approves the budget of the SEDC and appoints the members of the Board of Directors of the SEDC.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the SEDC have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The SEDC's financial statements include all the accounts and activities of the SEDC. Based on criteria prescribed by generally accepted accounting principles, the SEDC is considered a component unit of the City. As such, the financial statements of the SEDC are also included in the separately issued Annual Financial Report of the City.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the SEDC is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on these considerations, no other entities, organizations, or functions have been included in the SEDC's financial reporting entity.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report financial information on all of the activities of the SEDC. As a general rule, the effect of interfund activity within the SEDC has been eliminated from the government-wide financial statements. The governmental activities of the SEDC are primarily supported through sales taxes and interest earnings.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program or general revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* are grants and contributions that are restricted to meeting operational or capital requirements of a particular segment. Sales taxes, although required to be used for economic development activities, and other revenues reported in the statement of activities are not included in program revenues but are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds. The SEDC does not have any fiduciary or proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide 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. Sales taxes are recognized as revenues in the year when the transactions giving rise to the sales taxes occur. General revenues include sales taxes and interest earnings received by the SEDC. When both restricted and unrestricted resources are available for use, the SEDC will use restricted resources first, then unrestricted resources as they are needed.

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, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as claims and judgments, are recorded only when payment is due.

Sales taxes 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 in both the government-wide and individual fund financial statements.

The SEDC reports the following major governmental funds:

The *general fund* is used to account for all financial transactions except those required to be accounted for in another fund. The principal sources of revenue are sales taxes and interest earnings. Expenditures consist of all costs associated with the daily operations of the SEDC, including maintenance and landscaping for completed projects.

The *debt service fund* is used to account for the payment of interest and principal on all general obligation debts of the SEDC. The primary source of revenue is sales taxes.

The *capital projects fund* is used to account for the expenditure of long-term debt proceeds and other resources used for the acquisition of capital assets and the maintenance activities on those completed projects.

D. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting -- under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation -- is utilized. Encumbrances outstanding at year-end are reported as an assignment of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no outstanding encumbrances at September 30, 2023.

E. Cash and Investments

The SEDC's Investment Committee manages cash, money market accounts, certificates of deposit and U.S. agency securities. The City's staff maintains these investments based on investment policies prescribed by the SEDC's Investment Committee.

The SEDC considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

E. Cash and Investments (continued)

The SEDC categorizes fair value measurements of its investments based on the hierarchy established by GAAP. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The SEDC's local government investment pools are valued and recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

F. Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Fund Balance

Restrictions of fund balance represent those portions of fund balance legally segregated for a specific use and include amounts restricted for future debt service and construction activities. Committed fund balance is comprised of amounts constrained to specific purposes by the SEDC itself, using its highest level of decision-making authority. Commitments of fund balance cannot be used for any other purposes unless the SEDC takes the same highest level of action to remove or change the constraint. Fund balance has been 100 percent committed in the Capital Projects Fund and Debt Service Fund by the SEDC. Unassigned fund balance represents fund balance that can be used for any lawful purpose of the SEDC as described in the enabling legislation.

H. Net Position

Net position represents the differences between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the government or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

I. Federal Income Tax Status

The SEDC qualifies as a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code; therefore, no provision for federal income tax is made in the financial statements. Additionally, the SEDC is not a private foundation under provisions of the Internal Revenue Code.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The SEDC has only one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 2 - Summary of Significant Accounting Policies (continued)

K. Implementation of New Standards

GASB No. 96, *Subscription-Based Information Technology Arrangements*, was effective during fiscal year 2023 but did not impact the financial statements.

Note 3 – Cash and Investments

The SEDC classifies deposits and investments for financial statement purposes as cash and cash equivalents, current investments, and non-current investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose, an investment is considered a cash equivalent if when purchased it has a maturity date of three months or less. Investments are classified as either current investments or non-current investments. Non-current investments are those that have a maturity of one year or more.

Bank Deposits

At September 30, 2023, the deposit balance of the SEDC's cash, savings and time deposits was \$122,081 with a carrying value of \$122,081. Bank balances were covered by federal depository insurance and by collateral pledged in the SEDC's name. The collateral was held in safekeeping departments of unrelated banks, which act as the pledging bank's agent.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the SEDC's deposits may not be returned to them. The SEDC requires that all deposits with financial institutions be collateralized in an amount equal to 110 percent of uninsured balances.

Under Texas state law, a bank serving as the depository must have a bond or, in lieu thereof, deposited or pledged securities with the SEDC or an independent third-party agent, an amount equal to the highest daily balance of all deposits the SEDC may have during the term of the depository contract, less any applicable FDIC insurance.

Investments (Cash Equivalents)

The SEDC also holds investments in a local government investment pool, Local Government Investment Cooperative (LOGIC). The investments are considered cash equivalents and are valued and recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. LOGIC is a "Constant Dollar" net asset value pool and is administered by First Southwest and JP Morgan Chase. LOGIC maintains three primary goals for investing public funds: safety, liquidity and yield. The SEDC's amortized cost in Logic is the same as the value of the pool shares. In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the LOGIC does not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. In addition, LOGIC does not impose any liquidity fees or redemption gates.

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 3 - Cash and Investments (continued)

Investments (Cash Equivalents) (continued)

Investment Policy

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the SEDC to invest its funds under a written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies, which excludes certain instruments allowed under chapter 2256 of the Texas Government Code.

The SEDC's deposits and investments are invested pursuant to the investment policy, which is approved by the Board. The investment policy includes lists of authorized investment instruments and allowable stated maturity of individual investments. In addition, it includes an "Investment Strategy Statement" that specifically addresses each investment option and describes the priorities of suitability of investment type, preservation and safety of principal, liquidity, marketability, diversification and yield. Additionally, the soundness of financial institutions (including broker/dealers) in which the SEDC will deposit funds is addressed. The SEDC's investment policy and types of investments are governed by the Public Funds Investment Act (PFIA). The SEDC's management believes it complied with the requirements of the PFIA and the SEDC's investment policy.

The SEDC's Investment Officer submits an investment report each month to the Board. The report details the investment positions of the SEDC and the compliance of the investment portfolios as they relate to both the adopted investment strategy statements and Texas State law.

The SEDC is authorized to invest in the following investment instruments provided that they meet the guidelines of the investment policy:

1. Obligations of, or guaranteed by, governmental entities as permitted by Government Code 2256.009;
2. Certificates of deposit and share certificates as permitted by Government Code 2256.010;
3. Fully collateralized repurchase agreements permitted by Government Code 2256.011;
4. Banker's acceptances as permitted by Government Code 2256.012;
5. Commercial paper as permitted by Government Code 2256.013;
6. No-load money market mutual funds and no-load mutual funds as permitted by Government Code 2256.014;
7. A guaranteed investment contract as an investment vehicle for bond proceeds, provided it meets the criteria and eligibility requirements established by Government Code 2256.015; and
8. Public funds investment pools as permitted by Government Code 2256.016.

Credit Risk - As a means of minimizing risk of loss due to interest rate fluctuations, the Investment Policy requires that investment maturities will not exceed the lesser of a dollar weighted average maturity of 365 days or the anticipated cash flow requirements of the funds. Quality short-to-medium term securities should be purchased, which complement each other in a structured manner that minimizes risk and meets SEDC's cash flow requirements.

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 3 - Cash and Investments (continued)

Investments (Cash Equivalents) (continued)

The SEDC's investments in U.S. Agency Securities (FHLB, FHLMC, FFCB) and certificates of deposits are valued using quoted prices for identical assets in active markets (Level 1 inputs). Additional details on the portfolio of SEDC is as follows:

<u>Fund/Description</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Weighted Average Maturity</u>	<u>Moody Rating</u>	<u>S&P Rating</u>
Cash and cash equivalents:					
Bank deposits	\$ 122,081	1%	1	N/A	N/A
LOGIC investment pool	<u>7,122,891</u>	<u>49%</u>	39	N/A	N/A
Total Cash and Cash Equivalents	<u>7,244,972</u>	<u>50%</u>			
Investments:					
Certificates of deposit	494,588	3%	30	N/A	N/A
Federal Home Loan Bank	4,458,170	30%	146	Aaa	AA+
Federal Home Loan Mortgage Corporation	1,481,960	10%	277	Aaa	AA+
Federal Farm Credit Bank	<u>998,330</u>	<u>7%</u>	148	Aaa	AA+
Total Investments	<u>7,433,048</u>	<u>50%</u>			
Total Cash and Investments	<u><u>\$ 14,678,020</u></u>	<u>100%</u>	102		

Note 4 - Receivables

Receivables at September 30, 2023, for the SEDC's individual funds are as follows:

	<u>General Fund</u>
Sales taxes	\$ 1,136,053
Accrued interest	<u>35,983</u>
Total Receivables	<u><u>\$ 1,172,036</u></u>

Note 5 - Sales Tax Revenue

The SEDC's revenues consist principally of a one-half percent sales tax which the voters approved in 1999 for the purpose of economic development activities and costs associated with promoting and enhancing economic and industrial development activities. In fiscal year 2023, sales tax produced \$5.9 million in revenues, of which, \$1.7 million was allocated for the SEDC's Debt Service Fund.

Note 6 - Interfund Receivables, Payables and Transfers

As of September 30, 2023, SEDC had no interfund receivables or payables. During fiscal year 2023, the SEDC transferred \$1.7 million from the general fund to the debt service fund for scheduled principal and interest payments on long-term debt. In addition, \$1.7 million was transferred from the general fund to the capital projects fund and committed for future capital projects.

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 7 - Long-Term Debt

Use of Bond Proceeds

Although the capital assets constructed or acquired with the proceeds of these bonds already have been or will eventually be entirely transferred to the City, the bonded debt will continue to be reflected in the SEDC's financial statements.

The Sales Tax Revenue Refunding Bonds, Series 2021, were issued during fiscal year 2021 for \$11,610,000 with an interest rate from 0.3 percent to 1.9 percent. The maturity date is September 1, 2030 with a call date of September 1, 2026. The proceeds of the bonds were used to refund \$10,365,000 of the Sales Tax Revenue Refunding Bonds, Series 2014. The transaction resulted in net present value savings of \$875,265 and a deferred loss of \$647,082 to be amortized over the life of the bonds. The proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds and were callable September 1, 2023.

The following is a summary of the long-term debt transactions of the SEDC for the year ended September 30, 2023.

	Balance September 30, 2022	Additions	Retirements	Balance September 30, 2023	Due Within One Year
Sales tax revenue bonds	\$ 12,565,000	\$ -	\$ (1,470,000)	\$ 11,095,000	\$ 1,535,000
Bond issuance premiums	151,929	-	(151,929)	-	-
Sales tax obligation	274,178	-	(27,409)	246,769	27,409
	<u>\$ 12,991,107</u>	<u>\$ -</u>	<u>\$ (1,649,338)</u>	<u>\$ 11,341,769</u>	<u>\$ 1,562,409</u>

The annual requirements on the SEDC Sales Tax Revenue Bonds, as of September 30, 2023, are shown below:

Year Ending 9/30	Revenue Refunding Bonds		
	Principal	Interest	Total
2024	\$ 1,535,000	\$ 155,578	\$ 1,690,578
2025	1,545,000	144,065	1,689,065
2026	1,560,000	128,615	1,688,615
2027	1,575,000	109,115	1,684,115
2028	1,605,000	86,278	1,691,278
2029	1,620,000	59,795	1,679,795
2030	1,655,000	31,445	1,686,445
	<u>\$ 11,095,000</u>	<u>\$ 714,891</u>	<u>\$ 11,809,891</u>

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 7 - Long-Term Debt (continued)

Federal Tax Compliance (Arbitrage) for Long-term Debt

In accordance with provisions of Section 148 of the Internal Revenue Code of 1986 (the "Code"), as amended, the SEDC's long-term debt obligations must meet certain minimum criteria to be considered and continue to be considered "tax exempt." This "tax exempt" status means that interest income earned by purchasers of the SEDC's long-term debt instruments is not subject to federal income taxes. Related Treasury Regulations promulgated under Section 148 of the Code generally provide that the determination of whether these obligations are tax exempt is made as of the date such obligations are issued based on reasonable expectations regarding the use of the proceeds of the bonds issued. Long-term debt that does not meet and continue to meet the minimum criteria of Section 148 of the Code and the related Treasury Regulations described above are considered "arbitrage bonds" and are not considered "tax exempt" as described above.

Rebate

Section 148 of the Code also provides that in order for debt not to be considered arbitrage bonds (as described above), proceeds of such debt must be invested at a yield that is not materially higher than the yield on the debt issued starting on the third anniversary of the issue date of such debt. Accordingly, any unexpended proceeds of debt issued by the SEDC that remain unexpended more than three years after such debt was issued should be yield restricted. The yield restriction may be accomplished by making yield reduction payments pursuant to Treas. Reg. Section 1.148-5(c). The SEDC presently has unexpended proceeds from certain debt issues that require yield restriction as described above. The SEDC is currently in compliance with these yield restriction requirements and does not anticipate associated significant noncompliance issues. The SEDC is continuing to proceed with reasonable diligence to expend any remaining debt issuance proceeds on qualifying projects.

Sales Tax Obligation

The SEDC negotiated a long-term payout of excess sales tax received in prior years in the amount of \$479,338, with the State Comptroller. This amount was collected by the SEDC during the fiscal year periods 2000 through 2007. The total negotiated payout calls for a twenty-five-year period with equal amounts deducted each month from the SEDC's sales tax receipts beginning with October 2007. No interest is associated with this long-term liability.

During the 2015 fiscal year, the SEDC negotiated a long-term payout of excess sales tax received in prior years in the amount of \$140,674, with the State Comptroller. The total negotiated payout calls for an eighteen-year period with equal amounts deducted each month from the SEDC's sales tax receipts beginning with May 2015. No interest is associated with this long-term liability. The annual requirements on the SEDC Excess Sales Tax liability, as of September 30, 2023, are \$27,409 through 2031 and \$27,497 in fiscal year 2032, for a total of \$246,769.

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (continued)

Note 8 - 380 Agreement

The SEDC enters into sales tax abatement agreements with local businesses under Chapter 380 of the Texas Local Government Code which authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects. Specifically, it provides for offering loans and grants of SEDC funds or services at little or no cost to promote state and local economic development and to stimulate business and commercial activity.

For fiscal year 2023, the SEDC provided tax abatements through two programs: (i) Texas Instruments Redevelopment Property project and (ii) Stafford Retail Sales Center III project.

- The Stafford Retail Sales Center III project provides sales tax abatements to a business in order to operate a Retail Sales Center and attract businesses contracted with the developer. Under the agreement the developer receives an 80% rebate of the combined City and SEDC 2.0% sales tax revenues generated solely by the activity of this business. The threshold to trigger the rebate is new net taxable revenues in excess of \$50 million in a 12-month period. The agreement was effective April 11, 2018, and expires on April 11, 2030.
- The Texas Instruments Redevelopment Property project provides sales tax abatements to develop a mixed-use, commercial, retail, and residential development to be known as the TI Redevelopment Property. The project's developer will pay all costs of the development project and the City and SEDC will make payments to the project's developer in a combined total amount not to exceed \$8,400,000 plus developer interest calculated at an annual rate of 4.5% for a term not to exceed 10 years. The annual payments are based on the sales tax generated directly by the project on a calendar year, minus administrative fees deducted by the State Comptroller. The agreement was effective October 1, 2019, and expires on September 30, 2034. The percentage applied to the additional sales tax generated by the project is as follows:

Additional Sales Tax Generated on Project (Less Administrative Fees)				%
\$0	to	\$250,000		0%
\$250,001	to	\$1,000,000		50%
\$1,000,001	to	\$1,500,000		60%
\$1,500,001	to	\$2,000,000		70%
\$2,000,001	to	N/A		80%

The following table summarizes the cumulative sales tax revenues generated by these programs, net of the amount rebated to the companies under the agreement.

Fiscal Year	Sales Tax Revenue Generated	Rebated Amount	Administrative Fee Charged by City	Sales Tax Revenue, Net
2020	\$ 603,459	\$ (482,767)	\$ 9,655	\$ 130,347
2021	776,108	(620,886)	12,418	167,640
2022	681,079	(544,863)	10,897	147,113
2023	647,290	(517,832)	10,357	139,815
Totals	\$ 2,707,936	\$ (2,166,348)	\$ 43,327	\$ 584,915

Note 9 - Capital Outlay on Behalf of the City

As part of its charge, the SEDC will expend capital outlay for certain road projects on behalf of the City of Stafford to promote economic development. These projects are expended in the funds of the SEDC and capitalized in the financial statements of the City. Some of these mobility projects are subject to reimbursement by Fort Bend County as part of the County's ongoing mobility bond projects. A listing of current capital projects and outlays is presented in the supplementary information section of this report.



REQUIRED SUPPLEMENTARY INFORMATION



STAFFORD ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Taxes:				
Sales taxes	\$ 6,082,500	\$ 5,741,214	\$ 5,918,885	\$ 177,671
Investment income	45,000	255,000	478,285	223,285
Miscellaneous	25,000	5,000	2,585	(2,415)
Total Revenues	<u>6,152,500</u>	<u>6,001,214</u>	<u>6,399,755</u>	<u>398,541</u>
Expenditures				
Current:				
Recreation	1,429,245	1,373,329	1,306,501	66,828
Debt Service:				
Principal	27,409	27,409	27,409	-
Total Expenditures	<u>1,456,654</u>	<u>1,400,738</u>	<u>1,333,910</u>	<u>66,828</u>
Revenues over (under) expenditures	<u>4,695,846</u>	<u>4,600,476</u>	<u>5,065,845</u>	<u>465,369</u>
Other Financing Sources (Uses)				
Operating Transfers Out	(2,913,880)	(3,435,441)	(3,435,441)	-
Total Other Financing Sources (Uses)	<u>(2,913,880)</u>	<u>(3,435,441)</u>	<u>(3,435,441)</u>	<u>-</u>
Changes in Fund Balance	1,781,966	1,165,035	1,630,404	465,369
Fund Balances - Beginning of Year	<u>11,444,375</u>	<u>11,444,375</u>	<u>11,444,375</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 13,226,341</u>	<u>\$ 12,609,410</u>	<u>\$ 13,074,779</u>	<u>\$ 465,369</u>

STAFFORD ECONOMIC DEVELOPMENT CORPORATION

NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – GENERAL FUND

For the Year Ended September 30, 2023

Budgetary Data

The SEDC prepares and adopts an appropriated budget on its General Fund, Debt Service Fund and Capital Projects Fund. The budgets are generally prepared on a basis of accounting that is used for reporting in accordance with generally accepted accounting principles (GAAP).

Encumbrances outstanding at year-end are appropriately provided for in the subsequent year's budget.

The SEDC Board prepares an annual budget for the SEDC for the ensuing fiscal year. The Board reviews, considers and revises the proposed new budget for the forthcoming fiscal year, prior to the end of the current fiscal year. The budget, as adopted, must set forth the appropriations for services, functions and activities of the SEDC, and shall meet all fund requirements provided by law and required by bond covenants. Once approved by the Board, the budget is approved by the City Council along with the City's budget.

The SEDC performs budget reviews during the year through which budget requirements are re-evaluated and revisions are recommended for the SEDC's Board to approve and make changes as required. Total expenditures may not legally exceed budgeted appropriations. Expenditure requests, which would require an increase in total budgeted appropriations, must be approved by the Board and City Council through a formal budget amendment. Revisions to the budget were not made during the year.

OTHER SUPPLEMENTARY INFORMATION



STAFFORD ECONOMIC DEVELOPMENT CORPORATION**SCHEDULE OF REVENUES, EXPENDITURES AND****CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – DEBT SERVICE FUND****For the Year Ended September 30, 2023**

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Investment income	\$ 1,600	\$ 18,000	\$ 32,835	\$ 14,835
Total Revenues	<u>1,600</u>	<u>18,000</u>	<u>32,835</u>	<u>14,835</u>
Expenditures				
Debt Service:				
Principal	1,470,000	1,470,000	1,470,000	-
Interest	217,380	217,380	217,378	2
Other debt service	1,500	1,500	1,500	-
Total Expenditures	<u>1,688,880</u>	<u>1,688,880</u>	<u>1,688,878</u>	<u>2</u>
Revenues over (under) expenditures	<u>(1,687,280)</u>	<u>(1,670,880)</u>	<u>(1,656,043)</u>	<u>14,837</u>
Other Financing Sources (Uses)				
Operating Transfers In	1,688,880	1,688,880	1,688,880	-
Total Other Financing Sources (Uses)	<u>1,688,880</u>	<u>1,688,880</u>	<u>1,688,880</u>	<u>-</u>
Changes in Fund Balance	1,600	18,000	32,837	14,837
Fund Balances - Beginning of Year	<u>599,181</u>	<u>599,181</u>	<u>599,181</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 600,781</u>	<u>\$ 617,181</u>	<u>\$ 632,018</u>	<u>\$ 14,837</u>

STAFFORD ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF CAPITAL PROJECT EXPENDITURES AND COMMITMENTS
For the Year Ended September 30, 2023

	Security Cameras	Trinity Drive Extension	Cash Road Expansion	Drainage Project	Craven & Pike Road Expansion	Meadows Trail	Landscape Improvements	County Project	Unallocated (Accumulated Interest Income)	Total
Project Commitments:										
Prior year	\$ -	\$ 1,210,000	\$ 1,665,772	\$ 632,000	\$ 10,000	\$ 470,000	\$ -	\$ -	\$ -	\$ 3,987,772
Current year	12,300	141,329	1,040	1,000,000	-	-	128,500	462,870	56,661	1,802,700
Total Project Commitments	<u>12,300</u>	<u>1,351,329</u>	<u>1,666,812</u>	<u>1,632,000</u>	<u>10,000</u>	<u>470,000</u>	<u>128,500</u>	<u>462,870</u>	<u>56,661</u>	<u>5,790,472</u>
Project Expenditures:										
Prior year	-	1,093,381	1,666,812	43,167	1,350	23,496	-	462,870	-	3,291,076
Current year	-	257,948	-	83,997	3,000	-	95,500	-	-	440,445
Total Project Expenditures	<u>-</u>	<u>1,351,329</u>	<u>1,666,812</u>	<u>127,164</u>	<u>4,350</u>	<u>23,496</u>	<u>95,500</u>	<u>462,870</u>	<u>-</u>	<u>3,731,521</u>
Remaining Commitment										
Prior year	-	116,619	(1,040)	588,833	8,650	446,504	-	(462,870)	-	696,696
Current year	12,300	(116,619)	1,040	916,003	(3,000)	-	33,000	462,870	56,661	1,362,255
Total Remaining Commitment	<u>\$ 12,300</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,504,836</u>	<u>\$ 5,650</u>	<u>\$ 446,504</u>	<u>\$ 33,000</u>	<u>\$ -</u>	<u>\$ 56,661</u>	<u>\$ 2,058,951</u>