

City of Odessa, Texas

Comprehensive Annual Financial Report

Year Ended September 30, 2014



CITY OF ODESSA, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

Prepared by:

The Finance Department

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**CITY OF ODESSA, TEXAS
TABLE OF CONTENTS**

Page

INTRODUCTORY SECTION

Letter of Transmittal	i
GFOA Certificate of Achievement	vii
Organization Chart	viii
City Officials	ix

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet - Governmental Funds	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	25
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (GAAP Basis) and Actual - General Fund	28
Statement of Net Position - Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	33
Statement of Cash Flows - Proprietary Funds	35
Statement of Fiduciary Assets and Liabilities - Agency Funds	39
Notes to Financial Statements - Index	40
Notes to Financial Statements	41
Required Supplementary Information	
Schedule of Funding Progress	90
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Government Funds	93
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	95

**CITY OF ODESSA, TEXAS
TABLE OF CONTENTS**

FINANCIAL SECTION (Continued)	<u>Page</u>
Combining and Individual Fund Statements and Schedules (Continued))	
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual:	
Special Revenue Funds	
Housing and Community Development Fund	97
Convention and Visitors Fund	98
Other Special Revenue Fund	99
Debt Service Fund	100
Combining Statement of Net Position - Internal Service Funds	103
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds	104
Combining Statement of Cash Flows - Internal Service Funds	105
Combining Statement of Assets and Liabilities - Agency Funds	108
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	109
 Capital Assets used in the Operation of Governmental Funds:	
Schedule by Source	112
Schedule by Function and Activity	113
Schedule of Changes in Capital Assets in the Operations of Governmental Funds and Activity	115
 STATISTICAL SECTION (Unaudited)	
Financial Trends	
Net Position by Component	116
Changes in Net Position	117
Program Revenues by Function/Program	119
Fund Balances of Governmental Funds	120
Changes in Fund Balances of Governmental Funds	121
Revenue Capacity	
Tax Revenues by Source, Governmental Funds	123
Assessed Value and Estimated Actual Value of Taxable Property	124
Direct and Overlapping Property Tax Rates	125
Principle Property Tax Payers	126
Property Tax Levies and Collections	127
Direct and Overlapping Sales Tax Rates	128
Sales Tax Revenue Payers by Industry	129

**CITY OF ODESSA, TEXAS
TABLE OF CONTENTS**

STATISTICAL SECTION (Unaudited)	<u>Page</u>
Debt Capacity	
Ratio of Outstanding Debt by Type	130
Ratio of General Bonded Debt Outstanding	131
Direct and Overlapping Governmental Activities Debt	132
Legal Debt Margin Information	133
Pledged-Revenue Coverage	134
Demographic and Economic Information	
Demographic and Economic Statistics	135
Principle Employers	136
Full-Time Equivalent City Government Employees by Function/Program	137
Operating Information	
Operating Indicators by Function/Program	138
Capital Asset Statistics by Function/Program	139

INTRODUCTORY SECTION



March 20, 2015

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Odessa:

We are pleased to submit for your information the Comprehensive Annual Financial Report (CAFR) of the City of Odessa for fiscal year ended September 30, 2014. This report was prepared by both the Departments of Finance and the Office of the City Manager, in order to provide citizens, investors, grantor agencies, and other interested parties with reliable financial information about the City of Odessa in accordance with governing State law.

This report consists of management's representations concerning the finances of the City of Odessa. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Odessa's financial statements have been audited by Weaver and Tidwell, LLP., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Odessa for the fiscal year ended September 30, 2014, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates presented by management; and evaluating the overall financial statement presentation. Weaver and Tidwell, LLP., concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("*clean*") opinion that the City of Odessa's financial statements for fiscal year ended September 30, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Odessa was also part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Odessa's separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Odessa's MD&A can be found immediately following the independent auditors' report.

PROFILE OF THE GOVERNMENT

Location/Entity Structure

The City of Odessa is located in a thriving community along the western range of the Permian region which is comprised of various counties in western Texas and a portion of adjacent areas in southeastern New Mexico. The Odessa community boasts a longstanding reputation for its geological fields which consist of mostly flat terrain and an astonishing supply of oil and natural gas reserves. In many instances, Odessa is often referred to as one of the largest oil producing areas of Texas and the United States. Odessa is uniquely positioned within Ector County, along the Interstate 20 corridor, between Dallas-Fort Worth and El Paso and consists of approximately 45 square miles of area land which is about 86% developed. Odessa has a current population of approximately 126,930 residents.

Incorporated in April 1927, the City of Odessa is empowered by State statute to extend its corporate limits by annexation, and such events occur at various periods throughout the year when deemed appropriate by the governing City Council. The City of Odessa is further empowered to levy a property tax on both real and personal properties located within its boundary; however, it neither collects personal or corporate taxes from residents. Presently, the City of Odessa operates under a home rule charter with a Council-Manager form of government. Policy-making and legislative authority are vested in the governing council which consists of a mayor and five other members who are elected on a non-partisan basis. The mayor is elected at large while council members are elected by geographical district. The governing City Council is responsible for passing ordinances; determining policies; adopting the budget; and appointing its staff including the City Manager. The City Manager is responsible for implementing City Council policies and governing ordinances; overseeing the daily operations of the government; and appointing the various Department Directors.

City Services Provided

The City of Odessa (the City) provides a full range of services including water utilities; waste management; police and fire protection; emergency medical support; street and infrastructure maintenance; planning and zoning assistance; parks and recreation facilities; and general administrative support services. The water utilities and waste management services are provided by the Water & Sewer and Solid Waste Departments of the City, and therefore, have been included as integral parts of the City's financial statements. The City is also financially accountable for the Odessa Development Corporation (the Corporation), a legally separate entity, which is reported separately within the City's financial statements as a discretely presented component unit. Additional information on this can be found in Note 8 in the notes to the financial statements.

Financial Accounting System & Budgetary Accounting Controls

The City's accounting policies for financial recordkeeping conform to generally accepted accounting principles in general governmental operations, as well as, other proprietary operations. City management is responsible for establishing and maintaining an accounting system that gives adequate consideration to the internal control structure for these activities. Likewise, City management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. All evaluations for internal control occur within the framework as described. Therefore, we

believe the City's policies for financial recordkeeping and its internal accounting controls provide reasonable assurance for proper recording of financial activities.

Each year, the annually adopted budget serves as the foundation for the City's budgetary accounting controls. All City departments are required to submit requests for appropriations to the City Manager on or before May 31st of each year. The City Manager uses these requests as a starting point for developing the proposed budget. The City Manager then presents a proposed budget to the City Council for review by July 31st. City Council is required to hold public hearings on the proposed City budget and to adopt a final budget by September 30th of each fiscal year.

The City Manager prepares the annual budget by fund (e.g., Water & Sewer), function, and department (e.g., Billing & Collection). Department directors can make transfers of appropriations within their respective departmental line item budget. Transfers of appropriations between funds, however, require special approval by the governing City Council. Financial reports are also prepared monthly to disclose the City's revenue collections and its budgeted and actual expenditures by city department. These reports are posted monthly for department management to review. Budgetary reviews and analysis are also conducted.

In this report, budget to actual comparisons are provided for each individual governmental fund for which an appropriated annual budget has been adopted. The General Fund comparison is presented on page 28 as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, with appropriated annual budgets, this comparison is presented in the governmental funds subsection of this report and begins on page 97.

ECONOMIC OUTLOOK AND FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment from which the City operates.

Regional And Local Economy. While other communities across our nation may have seen moderate economic growth during fiscal year 2013-2014, the economic gains within the Permian region continued to be remarkably favorable. The Permian region was named one of the top seven oil-producing regions in the United States and was specifically recognized for its massive petroleum production by the US Energy Information Administration. This extraordinary regional performance primarily resulted from technological advances which supported horizontal drilling and hydraulic fracturing in the area. Many observers across the nation noted the region's promising performance. In fact, one analyst for Oilprice.com stated, "the Permian is king", and described the region as "the nation's most productive" in its September 2014 article entitled *West Texas Now the Heart of America's Oil Boom*. Without a doubt, the regional economy clearly reflected the dynamics of explosive growth led by oil drilling and production activities.

The area's expanding production activities were not only immensely evident but seemingly incessant. The presence of increased area activity was labeled as "continued dominance for the region" in the Wall Street Daily's July 2014 article entitled, *Permian Basin Exhibits Unstoppable Growth*. Performance trends were impressive for both large and small energy sector companies within the Permian community. As a result, the

Permian region was producing about 1.7 million barrels per day (bpd) by the third quarter of 2014 and clearly held the lead in the industry. Energy production activities revealed the total US rig count had increased by 9.6%, from approximately 1,760 rigs to 1,930 rigs at September 2014, while the West Texas rig count had increased by 22% from approximately 381 rigs to 464 rigs. The average price of oil registered around \$93 per barrel for the month ending September 2014. Overall, the economic rise of the energy sector facilitated a strong performance base for the local community.

During fiscal year 2013-2014, the local economy continued to be very prosperous. The high level of energy service and production activities within the Odessa community continued to bring tremendous benefits to the area. This extraordinary position was best described by our City Mayor when he stated, "we are in wonderful times – the economics are amazing" at his State of the City address last November. Significant employment gains were evident in the energy sector, as well as, the employment base for the retail, manufacturing, construction, and financial services sectors. Many new businesses were added to the community and area payrolls continued to be expanded. By the end of the fiscal year, Odessa's employment activities revealed an unemployment rate of approximately 3.1%. The strong performance of the local economy was best evidenced by the City's sales tax revenue collections which continued to represent the City's largest source of revenue and reflected an increase of \$17.3 million dollars, or nearly 93%, over the past five (5) fiscal years. The City has continued to realize extraordinary sales tax revenue collections as consumers continued to spend larger shares of their incomes on goods and services in the community. For fiscal year-end 2014, total sales tax receipts were \$35,966,827 and exceeded budget by \$7,180,189 or 25%.

With favorable economic conditions present in the area, assessed property values increased. Assessed property values for fiscal year end 2014 reflected an 18% increase over the previous fiscal year end's property valuations. The 2013-14 property tax rate for the City reflected no change from the past fiscal year and was adopted once again at the rate of 51.2750 cents per \$100 of valuation. Odessa's housing market activities also continued to support the area's thriving economic environment. Sales activities for new and existing homes continued to be moderate while the demand for affordable housing remained constant. When comparing single-family housing permit activity for fiscal year end 2014 and 2013, the number of permits issued for such purposes decreased by nearly one-third for the most current period. However, about 43 permits were issued during September 2014 and those permits represented a solid value of approximately \$10.6 million in additions to the community.

As mentioned earlier, the local community continued to be robust and there were numerous development projects and construction activities underway throughout the city. The soaring energy sector performance generated a strong economic boon within many business market segments including hoteliers and retail/restaurant owners. Several mixed-use/retail commercial and residential developments were noted as future additions for the community. For example, in northeast Odessa along the intersection of Eastridge Road and Parks Legado Road, plans for new townhouse residential and office developments were introduced by area developers. A large single family residential development was planned for 100th Street and Rainbow Drive, and an industrial development project was initiated for an area along the intersection of IH-20 and Lufkin Road. The community also welcomed new construction of a mixed used/retail center on 87th Street, as well as, a new 71-unit hotel located in the Legado Estates area.

During this past fiscal year, area productivity was also evident amidst the efforts of the Odessa Development Corporation (the Corporation) which coordinated opportunities for job creation and the continued development of a skilled and educated workforce. These job creation and workforce readiness efforts were primarily made

possible by the Corporation via their exercise of industry-luring incentive strategies and other enhancement activities which are funded by designated sales tax collections. The Corporation also continued to work to assist our community with the retention of the proposed clean coal power plant (Summit Texas Clean Energy) which was previously identified as a potential community partnership project with the U.S. Department of Energy. To date, the proposal for the power plant is still being reviewed and considered a potential partnership effort for the respective entities involved.

By the end of the fiscal year, the economic impact of energy sector gains and the community growth factors were expected to remain present within the area. City Management continued to work diligently to identify, prioritize, and address the community's needs, as well as, its available resources. For example, the need for an alternative water supply source continues to be high priority for the City and business community leaders of Odessa. There is an ample supply of raw water for many years for the Odessa community. Planning efforts for water supply alternatives are in place and continue to be promising. In addition, City management has focused on developing initiatives and strategies that provide the foundation for many other community improvements including traffic safety, downtown revitalization, affordable housing, and parkland development. City Management remains committed to work diligently to secure solutions for every challenge that lies ahead. With sound planning and successful economic development partnerships in place for each of these efforts, Odessa residents will continue to realize many benefits.

Long-Term Financial Planning. As previously discussed, the City Council establishes the City's operating budget and related policies. City Management makes every effort to comply with the governing council's adopted plans and strategies. For example, the City of Odessa's Capital Improvement Program (CIP) for fiscal year end 2014 revealed great progress in the areas of park improvements, public works improvements, street infrastructure, and information technology infrastructure improvements. This past fiscal year brought the completion of several street infrastructure and park improvements projects including the Parkway/42nd to University Reconstruction, the 5th Street Medical corridor, and the Jim Parker Park renovations. The City also recognized the completion of network information technology infrastructure and several other infrastructure projects including the South US 385 18" waterline, Phase 9 sewer line and manhole replacements, and the 18" sewer line crossing along I-20 and BI-20. City efforts to facilitate public purpose goals regarding street improvements, park improvements, and water and sewer line improvements continue to be of high priority for the coming fiscal year. The City will also continue to focus on improvements necessary for the successful operation of both state and federal mandated programs for water conservation, water quality reporting, and water treatment. Generally, all planned initiatives will reflect the collaborative efforts necessary to effectively enhance and improve the Odessa community with top priority for projects based upon City Council directives.

The American economy demonstrated many measures that supported recovery in 2014 and growth trends are expected to continue in 2015. However, changes in the economic environment could bring new challenges to the local community in 2015 as oil prices decline. City Officials are quite mindful of the primary source of the community's extraordinary economic trends and they are actively engaged in planning activities to guide the City's financial affairs. Therefore, when considering long-term financial planning, City management remains committed to implementing action plans that continually provide quality municipal services for the citizens of Odessa while demonstrating financial resilience. It is anticipated City operations for the coming fiscal year will continue to reflect financial management strategies that are designed to offset potential downdrafts in the economic environment, yet provide the financial stability necessary to address the priorities and policies of the governing City Council. Refer to the MD& A for further explanation.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Odessa for its comprehensive annual financial report for the fiscal year ended September 30, 2013. This was the twenty-eighth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City of Odessa also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2013. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document met appropriate criteria as a policy document, an operating guide, and a financial plan.

The preparation of this report was made possible by the dedicated service and hard work of staff in the Departments of Finance, Office of the City Manager, and Purchasing. Each member of these departments has our sincere appreciation for their contributions made in the preparation of this report. We also acknowledge the professional assistance provided by our independent auditors, Weaver & Tidwell, LLP.

In closing, I wish to acknowledge the Mayor and City Council whose consistent support and leadership have enabled the City to maintain its goal of excellence in all aspects of financial management.

Respectfully Submitted,



Richard Morton
City Manager



Konrad Hildebrandt Assistant City Manager
Of Administrative Services



Government Finance Officers Association

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

Presented to

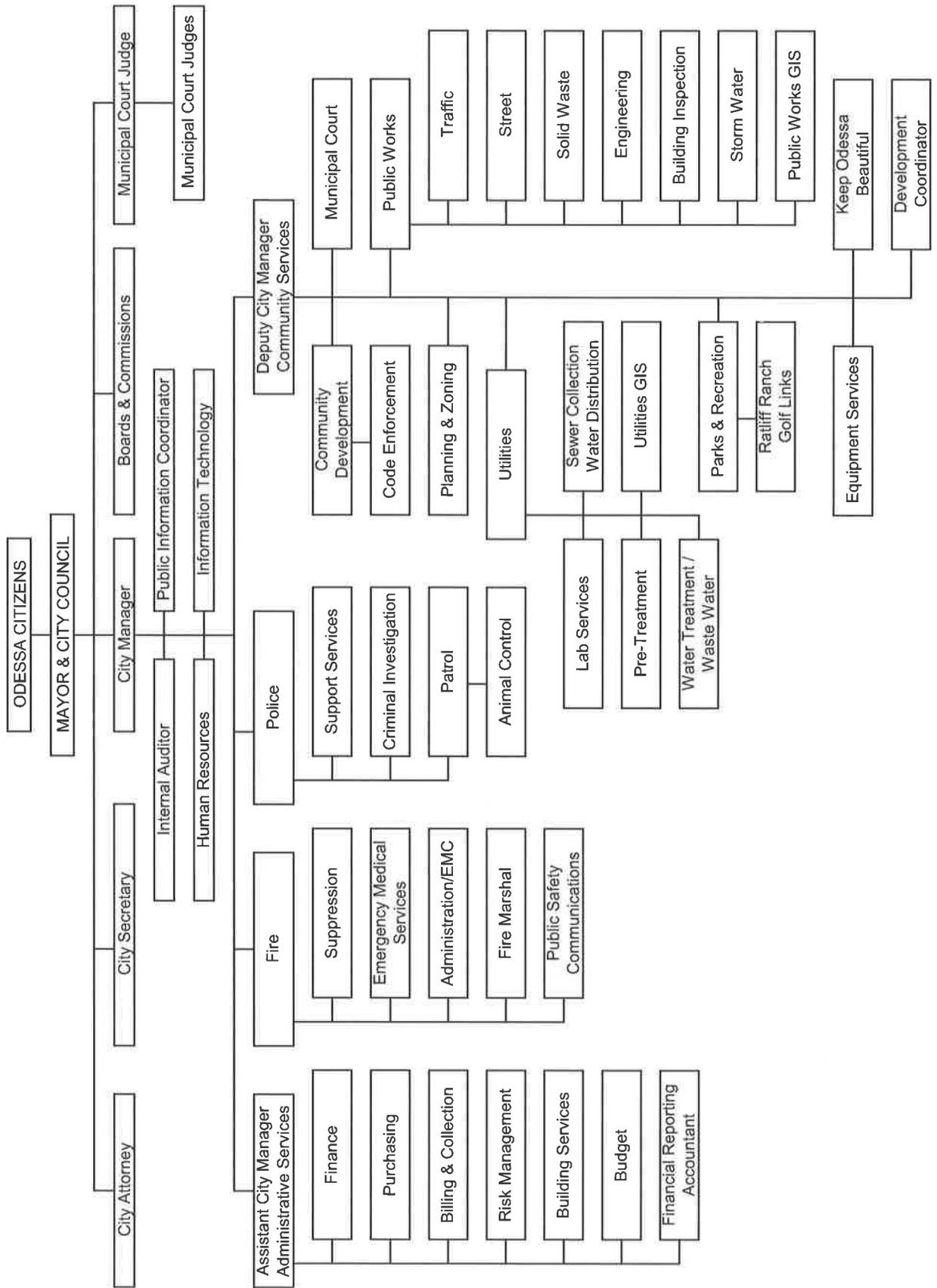
**City of Odessa
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

CITY OF ODESSA ORGANIZATION CHART



CITY OF ODESSA, TEXAS

CITY OFFICIALS

MAYOR

DAVID R. TURNER

CITY COUNCIL

DISTRICT 1

ROGER T. MCNEIL

DISTRICT 2

DEWEY BRYANT

DISTRICT 3

BARBARA GRAFF

DISTRICT 4

DEAN COMBS

DISTRICT 5

SANDRA CARRASCO

CITY MANAGER

RICHARD MORTON

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
Odessa, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Odessa, Texas (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Honorable Mayor and Members of the City Council
City of Odessa, Texas

Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Odessa, Texas, as of September 30, 2014, and the respective changes in financial position, cash flows, and, where applicable, the budgetary (GAAP basis) and actual comparison for the general fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 – 19 and schedule of funding progress on page 90 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, statistical section, and schedules of capital assets used in operation of governmental funds are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Mayor and Members of the City Council
City of Odessa, Texas

Page 3

The combining and individual nonmajor fund financial statements and schedules, and schedules of capital assets used in operation of governmental fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and schedules of capital assets used in the operation of governmental funds and activity are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Odessa, Texas
March 20, 2015

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

As management of the City of Odessa, we offer readers of the City of Odessa's financial statements this narrative overview and analysis of the financial activities of the City of Odessa for the fiscal year ended September 30, 2014. The purpose of the Management's Discussion and Analysis (MD&A) is to provide the readers with an objective and easily understood analysis of the government's activities. The vision of the government's elected public officials and sound administration of the public's financial resources provide the underlying base for the services provided to the Odessa citizens. Accordingly, we encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal (pages i-vi of this report), as well as, the annual budget and other information found on the City of Odessa website at www.odessa-tx.gov. All amounts, unless otherwise indicated, are expressed in millions of dollars.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Odessa (City) exceeded its liabilities at the close of the most recent fiscal year by \$252.1 million (net position). Of this amount \$74.4 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The government's total net position increased \$32.8 million during the 2014 fiscal year. Accordingly, unrestricted net position increased by \$12.2 million or 19.6%.
- The City's governmental funds reported an increase in fund balances of \$6.9 million over the previous year with combined ending fund balances of \$121.3 million as of the close of the current fiscal year. Approximately 27.5%, or \$33.4 million, of this total amount is available for spending at the government's discretion (unassigned fund balances). Within the remaining \$87.9 million, \$696,852 has been restricted for specific debt service requirements, \$70.5 million is restricted or nonspendable, and \$16.6 million is assigned to specific types of expenditures.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$33.4 million, or 42.5%, of total general fund expenditures and is available for spending at the government's discretion for any lawful purpose. Along with the thriving local economic impact upon the General Fund, the City continues to benefit from the employment of sound, financial management practices as discussed herein.
- The City's capital projects fund balance totaled \$54.9 million and decreased by \$421,489 at the close of the current fiscal year.
- Economic factors indicated the most current fiscal year ended with very favorable trends in many areas especially sales tax revenues.

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, finance, public works, planning and inspection, public safety, welfare, and culture and recreation. The business-type activities of the City include water and sewer, solid waste, municipal golf course, liquid waste and storm water.

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

FUND FINANCIAL STATEMENTS

Fund financial statements provide more detailed information about the City's funds and primarily focus on funds that are classified as major funds. 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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Refer to the both the governmental fund Balance Sheet and the governmental fund Statement Of Revenues, Expenditures, And Changes In Fund Balances for a reconciliation that facilitates comparison between governmental funds and governmental activities.

The City maintains seven, individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, And Changes In Fund Balances for both the General Fund and the Capital Projects Fund which are each considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is in presented in combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund, the majority of its Special Revenue Funds and its Debt Service Fund. Budgetary comparisons are provided in this report.

Proprietary Funds

The City maintains two different types of proprietary funds. Enterprise funds (one type of proprietary fund) are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its operations in water and sewer, solid waste, Ratliff golf course, liquid waste and storm water funds. Internal service funds (another type of proprietary fund) are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment service, insurance, and information technology funds. The internal service funds predominantly benefit governmental rather than business-type functions and have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, only in greater detail. The proprietary fund financial statements provide separate information for operations in the Water and Sewer Fund and the Solid Waste Fund, with each being considered a major fund of the City. Although they do not meet the criteria of a major fund, the Ratliff Ranch Golf Course, Liquid Waste and Storm Water Funds are also presented separately because they are believed to be particularly important to financial statement users. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds

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

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is necessary to obtain a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found in the last section of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits.

The General Fund budgetary comparison schedule is presented as part of the basic financial statements. In addition, the combining statements referred to earlier regarding nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and retiree health benefits for its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities by \$252.1 million at the close of the fiscal year.

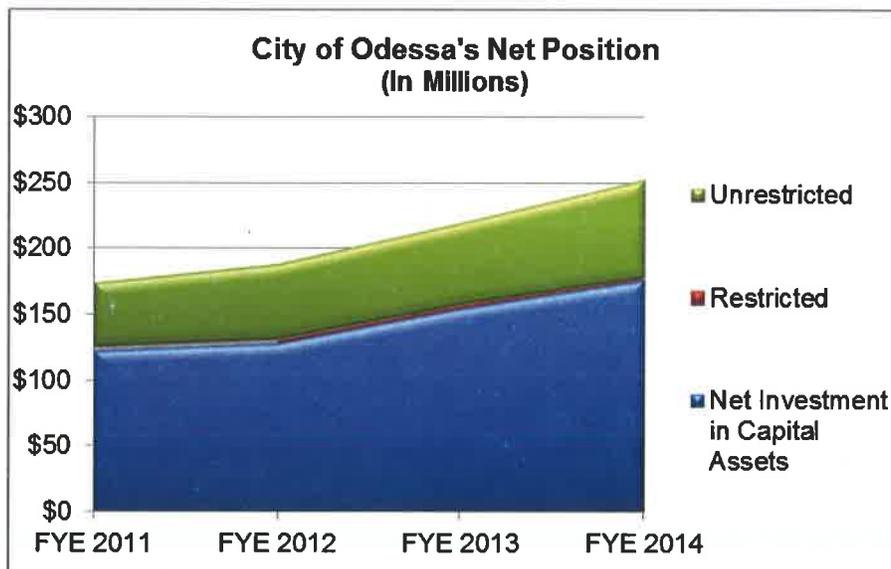
By far, the largest portion of the City's net position, \$175.9 million, or 69.8%, reflects its investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

Table 1
City of Odessa's Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current & Other Assets	\$ 143	\$ 135	\$ 55	\$ 59	\$ 198	\$ 194
Capital Assets	121	111	135	119	256	230
Total Assets	<u>264</u>	<u>246</u>	<u>190</u>	<u>178</u>	<u>454</u>	<u>424</u>
Deferred Outflows of Resources	1	-	-	-	1	-
Long-Term Liabilities						
Outstanding	104	103	68	73	172	176
Other Liabilities	17	16	14	13	31	29
Total Liabilities	<u>121</u>	<u>119</u>	<u>82</u>	<u>86</u>	<u>203</u>	<u>205</u>
Net Investment in Capital Assets	91	79	85	76	176	155
Restricted	-	1	1	1	1	2
Unrestricted	53	47	22	15	75	62
Total Net Position	<u>\$ 144</u>	<u>\$ 127</u>	<u>\$ 108</u>	<u>\$ 92</u>	<u>\$ 252</u>	<u>\$ 219</u>

As of September 30, 2014, positive balances were reflected in the categories of net position, for the government as a whole, as well as, for its separate governmental and business-type activities. An additional portion of the City's net position (\$1 million) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$75 million) may be used to meet the government's ongoing obligations to citizens and creditors.



CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

Table 2
City of Odessa's Changes in Net Position
(In Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Program Revenues:						
Charges for Services	\$ 9,462	\$ 9,032	\$ 64,241	\$ 61,244	\$ 73,703	\$ 70,276
Operating Grants						
Contributions	6,326	9,770	-	-	6,326	9,770
Capital Grants & Contributions	5,331	12,036	8,947	7,723	14,278	19,759
General Revenues:						
Property Taxes	27,754	23,499	-	-	27,754	23,499
Sales Taxes	35,967	31,807	-	-	35,967	31,807
Other Taxes	16,260	15,215	-	-	16,260	15,215
Other Revenues	4,770	3,530	63	103	4,833	3,633
Total Revenues	105,870	104,889	73,251	69,070	179,121	173,959
General Government	5,118	4,957	-	-	5,118	4,957
Finance	1,198	1,505	-	-	1,198	1,505
Public Works	19,151	20,508	-	-	19,151	20,508
Planning & Inspection	1,568	852	-	-	1,568	852
Public Safety	47,043	42,924	-	-	47,043	42,924
Welfare	1,102	1,344	-	-	1,102	1,344
Culture & Recreation	9,137	8,147	-	-	9,137	8,147
Interest on Long-Term Debt	3,694	2,001	-	-	3,694	2,001
Water & Sewer	-	-	43,253	46,220	43,253	46,220
Solid Waste	-	-	12,220	10,568	12,220	10,568
Ratliff Golf Course	-	-	1,979	1,718	1,979	1,718
Liquid Waste	-	-	9	11	9	11
Storm Water	-	-	822	714	822	714
Total Expenses	88,011	82,238	58,283	59,231	146,294	141,469
Increase(Decrease) in Net Position Before Transfers	17,859	22,651	14,968	9,839	32,827	32,490
Transfers	(471)	(200)	471	200	-	-
Increase in Net Position	17,388	22,451	15,439	10,039	32,827	32,490
Net Position-Beginning, as previously reported	126,917	104,943	92,358	83,105	219,275	188,048
Prior Period Adjustment	-	(477)	-	(786)	-	(1,263)
Net Position-Beginning, as restated	126,917	104,466	92,358	82,319	219,275	186,785
Net Position-Ending	\$144,305	\$126,917	\$107,797	\$92,358	\$252,102	\$219,275

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

The previous page displayed a comparative summary of the City's operations for fiscal years ended 2014 and 2013. During the current fiscal year, the City's total net position increased by approximately \$32.8 million. Governmental type activities had an increase of \$17.4 million; and the business-type activities had a \$15.4 million increase. The total revenues increased to \$179.1 million, which was 3.0% more than the previous year. Total expenses increased to \$146.3 million, which was an increase of \$4.8 million or 3.4%. The net increase to the government's net position of \$32.8 million was \$1.6 million more than the previous year's amount of \$31.2 million.

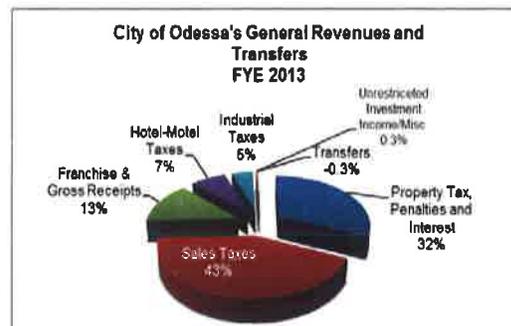
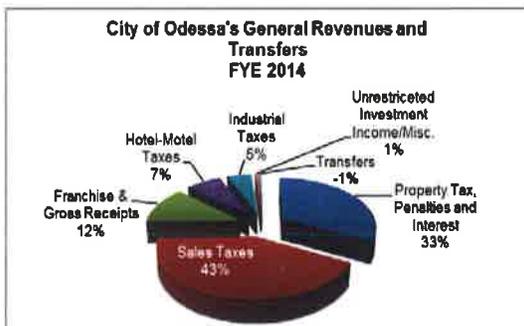
Governmental Activities

Program revenues for governmental activities were \$21.1 million and were used to pay expenses associated with governmental activities of \$88 million.

The City's general revenues and transfers provided \$84.3 million to fund the costs associated with those activities that are not self-supporting. It is anticipated that governmental activities will not be self-supporting and will be paid for through general revenues.

Table 3
City of Odessa's General Revenues and Transfers
(In Thousands)

	2014	2013	Variance
Property Tax, Penalties and Interest	\$ 27,754	\$ 23,499	\$ 4,255
Sales Taxes	35,967	31,807	4,160
Franchise & Gross Receipts	10,247	9,833	414
Hotel-Motel Taxes	6,013	5,382	631
Industrial Taxes	4,259	3,286	973
Unrestricted Investment Income/Misc.	511	244	267
Transfers	(471)	(200)	(271)
Total General Revenues and Transfers	\$ 84,280	\$ 73,851	\$ 10,429



CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

The primary sources of revenue for governmental activities are property taxes, sales taxes, franchise and gross receipts, charges for services from public safety, and hotel-motel taxes. During fiscal year 2014, property taxes generated \$27.8 million, or 33% of the City's total revenues, and reflected an increase of \$4.3 million over the previous year. Property tax collections were derived from growth in the property tax base that increased to \$5.3 billion during the year and was combined with a property tax rate of \$0.51275 per hundred dollars valuation, the same rate as the previous year. Sales taxes revenues generated \$36.0 million, which represented the largest share of the City's revenues at 42%, and exceeded budget by approximately \$7.2 million. Franchise and gross receipts taxes contributed \$10.2 million to operations, which was an increase from last year by \$414,000. As depicted on Table 2, the total charges for services came in at \$9.5 million with the majority coming from public safety in the amount of \$7.8 million. Hotel-motel taxes income provided an additional \$6.0 million, which is an increase over the prior year of \$.6 million.

The most significant expenses of governmental activities are those associated with providing public safety (police, fire and public safety communications), public works (engineering, streets and traffic) culture and recreation (parks, recreation opportunities and aquatic facilities) and the related support functions necessary to provide these services. Public safety expenses of \$47.0 million represents 53.4% of all combined governmental activities expenses. Refer to Table 2 for additional details.

Business-Type Activities

Net position from business-type activities totaled \$107.8 million at the close of the fiscal year and reflected a 16.7% increase from the prior year. Revenues of business-type activities contributed \$73.3 million to the operations of the City. Expenses associated with these activities totaled \$58.3 million. This resulted in an increase to the City's net position of \$15.4 million from business-type activities.

The major components of the revenue stream for business-type activities represent Water and Sewer revenues of \$49.3 million and Solid Waste revenues of \$12.6 million. Investment earnings were lower in the current fiscal year, and represented only \$0.1 million of the revenue component of business-type activities for the City. Meanwhile, grants and contributions revenue totaled \$8.9 million as compared to \$7.7 million during the prior year. The Ratliff Golf Course depicted revenues of \$1.5 million.

Water and Sewer had \$43.3 million in expenses coupled with a positive position of \$15 million net revenues over expenses for the current fiscal year end. Solid Waste expenses were \$12.2 million and resulted in an excess of revenues over expenses totaling \$350,238. The Ratliff Ranch Golf Course had expenses of \$2 million and a transfer-in of \$0.2 million and then resulted in a deficit of revenues over expenses totaling \$(239,530).

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

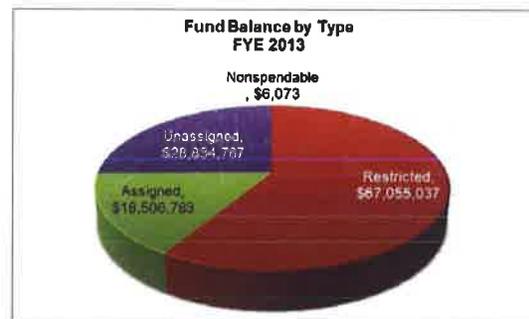
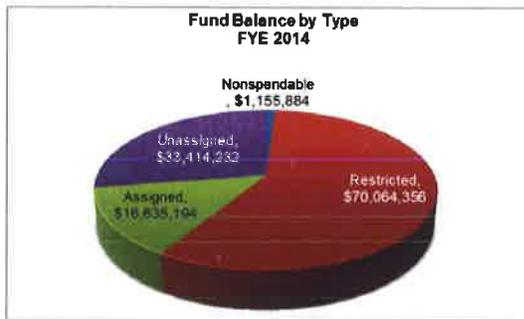
FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

As of September 30, 2014, the City's governmental funds reported combined ending fund balance of \$121.3 million, an increase of \$6.9 million in comparison with the prior year. Approximately 27.5% of this total amount, \$33.4 million, constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending.



The General Fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General Fund was \$33.4 million, while total fund balance reached \$50.6 million. Within the General Fund's unassigned fund balance, the City maintains a 60-day contingency balance of \$13,428,296 and a 25-day budget stabilization balance of \$5,595,123. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

Unassigned fund balance represents 42.5% of total General Fund expenditures, while total fund balance represents 64.4% of that same amount. Fund balance of the City's General Fund increased by \$4.0 million during the current fiscal year. Some reasons for the increase are apparent in the performance of both General Fund revenues and expenditures, including increased sales tax revenue and property tax revenue and monies not spent in the capital outlay area.

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

The Capital Projects Fund has a total fund balance of \$54.9 million. Of that amount, \$54.3 million is restricted for capital outlay and construction; and \$0.6 million is reported as assigned. The net decrease in fund balance during the current year for the Capital Projects Fund was \$(421,489).

Proprietary Funds

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

The net position of the Water and Sewer Fund at the end of the year amounted to \$97.1 million. The total change in net position was an increase of \$14.6 million. Major factors impacting this change include operating income of \$9.0 million, \$8.9 million in capital contributions, and \$(3.4) million in interest expense. Operating income was \$4.0 million higher in 2014 than it was in 2013. This increase is attributable to \$2.1 million increased water and reuse water sales and \$2.4 million decrease in water purchase service charges.

Unrestricted net position of the Solid Waste Fund at the end of the year totaled \$1.1 million. The change in net position from the previous fiscal year was a \$518,707 increase.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

At the beginning of the fiscal year, a balanced budget for the General Fund was adopted. The City had no changes in budgeted revenues for the year. Actual revenues exceeded the final revenue budget by \$11.1 million during the fiscal year as depicted below.

	Final Budget	Actual	Variance Over (Under)
Property Tax, Penalties & Interest	\$ 19,956,643	\$ 20,728,011	\$ 771,368
City Sales Tax	28,786,638	35,966,827	7,180,189
Franchise & Gross Receipts	9,250,348	10,246,409	996,061
Fines & Forfeitures	3,061,100	3,156,952	95,852
Permits & Licenses	686,700	1,162,582	475,882
Investment Income	100,000	70,923	(29,077)
Industrial Contracts	3,006,000	4,258,646	1,252,646
Other	3,139,298	3,396,480	257,182
Intergovernmental	986,649	1,134,591	147,942
Total Revenues	\$ 68,973,376	\$ 80,121,421	\$ 11,148,045

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

City sales tax made up 64.4% of this favorable variance as the economy in Odessa was still doing well. Property tax, gross receipts tax and building permits all showed favorable variances, again due to increased businesses, buildings, and commercial sales in our current local economy.

Differences between the original budget and the final amended budget resulted in an increase in appropriations of \$22,069,480 and can be briefly summarized, in thousands of dollars, as follows:

- \$ 141 increase in general government activities
- \$ (1,341) increase in finances service activities
- \$ 854 increase in public works activities
- \$ 1,857 increase in public safety activities
- \$ 592 increase in planning and inspection activities
- \$ 680 increase in culture and recreation activities
- \$ 19,286 increase in capital outlays

Approximately \$17.0 million of this increase relates to encumbrances and obligated projects carryover, and \$5.0 million is attributable to one-time supplemental requests approved by the governing body during the fiscal year,

With the adjustments made during fiscal year 2014, the actual expenditures were \$78.6 million as compared to the final budget amount of \$90.7 million causing a positive variance of \$12.1 million. The majority of this variance (88.5%) is in the area of capital outlay expenditures. Many of the one-time supplemental requests in capital outlay were not spent by fiscal year end causing budget to significantly exceed actual expenditures. In addition, some of the obligated projects carried over into 2014 did not get completed. This positive variance is offset by the assigned balances at the end of the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2014, amounts to \$255.5 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, infrastructure, furniture and office equipment, data processing equipment, automotive equipment, and radio and communication equipment.

Construction in progress as of September 30, 2014 was \$4.6 million in the governmental activities and \$14.5 million in the business type activities for a total of \$19.1 million. Additional information on the City's capital assets can be found in Note 6 of this report.

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

Table 4
Capital Assets as of September 30, 2014
(Net of Depreciation, in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Land	\$ 23,686	\$ 22,797	\$ 524	\$ 458	\$ 24,210	\$ 23,255
Buildings	9,699	10,441	3,414	3,673	13,113	14,114
Improvements other than Buildings	23,173	23,735	28,348	30,280	51,521	54,015
Infrastructure	40,897	34,889	87,365	76,466	128,262	111,355
Furniture & Office Equipment	47	64	2	2	49	66
Machinery & Equipment	1,058	1,076	345	345	1,403	1,421
Data Processing Equipment	1,265	778	6	8	1,271	786
Automotive Equipment	12,705	11,526	-	-	12,705	11,526
Radio & Communications Equipment	3,924	1,279	-	-	3,924	1,279
Construction in Progress	4,561	4,184	14,499	7,373	19,060	11,557
Totals	\$ 121,015	\$ 110,769	\$ 134,503	\$ 118,605	\$ 255,518	\$ 229,374

The following major capital projects were completed during fiscal year 2014:

Governmental Projects

- Jim Parker Park Renovations
- IT Network System
- Parkway/University/42nd Street Reconstruction
- Other Street Reconstruction
- Water Wells for Parks

Water and Sewer Projects

- Manhole Replacements
- Water Line Replacements
- Sewer Line Replacements

Long Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$143.9 million. Of this amount, \$76.6 million is governmental-type tax supported debt. Water and Sewer system revenues support \$67.2 million of business-type activity debt.

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

Table 5
Outstanding Debt, at Year-End
(in Thousands)

	Governmental Activites		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Certificates of Obligation Serviced	\$ 54,740	\$ 67,690	\$ 62,855	\$ 62,855	\$ 117,595	\$ 130,545
Refunding General Obligations Serviced	21,895	12,980	4,375	8,595	26,270	21,575
Totals	<u>\$ 76,635</u>	<u>\$ 80,670</u>	<u>\$ 67,230</u>	<u>\$ 71,450</u>	<u>\$ 143,865</u>	<u>\$ 152,120</u>

The City's total bonded debt decreased \$8.3 million during the current fiscal year. Debt serviced by governmental type activities decreased by \$4.0 million, while debt serviced by business-type activities decreased by \$4.2 million. Refunding debt in the amount of \$10.1 million was issued in 2014 to refund certain 2005 and 2006 certificates of obligation.

The City maintains a rating of "Aa2" by Moody's Investors Service, Inc. and "AA" Standard & Poor's Ratings Services for the most recent refunding bonds issued and previously outstanding debt held. Ratings reflect the respective view of the organizations and can be revised by such ratings companies if circumstances warrant such.

General property taxes are limited by the Home Rule Charter to \$2.00 per \$100 assessed valuation. There is no limitation within \$2.00 ceiling for debt service. Additional information on the City's long-term debt can be found in note 13 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Through September 30, 2014, Odessa's economy saw increased sales tax revenues, as well as, a continued rise in local property valuations. With the recent decline in oil prices, our local economy could experience a decline. Past economic diversification efforts of the community leaders are expected to afford the continuance of stabilizing trends including low unemployment, solid housing market activities, and traditional consumer spending.

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

Additionally, area business prospects have continued to affect an influx of both residential and commercial opportunities. The City will likely continue to experience some development in both residential and commercial areas along the JBS Parkway, as well as, along the Billy Hext Road and Eastridge Roads.

The annual budget for the 2015 fiscal year continues to focus on community objectives that are geared toward enhancing the City's image, improving services, researching viable water resources, and expanding economic development. These objectives and other initiatives have allowed financial resources to be allocated toward the completion of major capital improvement, street reconstruction, and park redevelopment projects.

Current budgeted expenditures for the City's 2015 fiscal year total \$185.8 million. This amount represents \$9.6 million, or 5.4%, increase above the 2014 fiscal year budget of \$176.2 million. Changes in expenditures reflected are noted as follows, in millions:

- \$ 7.6 increase in the General Fund
- \$ 0.7 increase in the Water and Sewer Fund
- \$ 0.6 increase in the Solid Waste Fund
- \$ 0.2 increase in the Information Technology Fund
- \$ 0.2 increase in the Risk Management Fund
- \$ (0.8) decrease in the Equipment Service Fund
- \$ 0.5 increase in Convention and Visitors Fund
- \$ 0.4 increase in Other Funds
- \$ 0.2 increase in the Community Development Fund

Total revenues for the 2015 fiscal year are projected at \$185.9 million; an amount that exceeds last year's adopted budget by \$11.5 million, or 6.6%. The more significant revenue changes are derived from several sources including;

- \$ 7.6 increase in the General Fund
- \$ 0.9 increase in the Water and Sewer Fund
- \$ 0.5 increase in the Solid Waste Fund
- \$ 1.6 increase in the Equipment Service Fund
- \$ 0.6 increase in the Convention and Visitors Fund
- \$ 0.2 decrease in the Community Development Fund
- \$ 0.1 increase in the Other Funds

Also, when considering the various revenue categories of the annual budget, General Fund Revenues have historically reflected the most significant change. Property taxes and sales taxes are projected to be the leading revenues in the new fiscal year, with a 10.5% increase in property taxes and a 14.1% increase in sales taxes over the prior year.

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2014

Because assessed values of property in Odessa continued to rise for 2014, the City was able to lower its tax rate from 51.275 cents to 47.5845 cents per \$100 valuation. Sales taxes are projected higher than the prior year as actual sales tax for 2014 came in \$7.2 million higher than budget. General Fund revenues for the 2015 fiscal year are budgeted at \$81.7 million.

Expenditures projected for the 2015 General Fund total \$81.7 million. This amount yields a balanced budget for 2015, yet reflects a \$7.6 million, or 10.3% increase, over the previous adopted budget.

Some of the factors contributing to the minor changes within the General Fund expenditures include:

- 3% pay increase to personnel
- Increased capital outlay expenditures
- Addition of seventeen full-time positions
- Increased fleet maintenance and replacement cost

The combined balance of the assigned and unassigned fund balances of the General Fund of \$49.4 million, is essential for positive bond ratings; future budget stabilization considerations; disaster recovery needs, cash flow shortages, and other regulatory changes.

Water and Sewer Fund revenues were budgeted at \$46.5 million and reflect an increase of \$.9 million, or 2%, above revenues budgeted for 2014. There was an increase to the rates in 2013 and those rates remain in effect, and are expected to generate revenues sufficient to support increased water costs and to encourage water conservation.

Water and Sewer Fund operating expenditures were budgeted at \$46.4 million with a \$.8 million, or 1.8%, increase in operating costs from the previous fiscal year. Budgeted expenditures should cover the rising costs of fleet maintenance, chemical supplies, and other water and sewer system replacement costs, and the cost of purchasing water.

In the Solid Waste Fund, budgeted revenues are projected at \$13.4 million and expenditures are estimated at \$13.5 million. Budgeted revenues reflect only a \$.5 million increase. A rate increase of approximately 21% went into effect for the 2014 year and rates did not change for the 2015 year. Budgeted expenditures reflected a \$.5 million increase as well.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant City Manager of Administrative Services, City of Odessa, P.O. Box 4398, Odessa, Texas, 79760-4398.

BASIC FINANCIAL STATEMENTS

CITY OF ODESSA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government			Component Unit Odessa Development Corporation
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and Investments	\$ 133,403,470	\$ 40,037,955	\$ 173,441,425	\$ 31,783,370
Receivables (Net of Allowance for Uncollectibles)	14,812,614	5,452,455	20,265,069	1,673,388
Internal Balances	(5,858,977)	5,858,977	-	-
Inventories	3,140	589,763	592,903	-
Restricted Assets:				
Cash and Investments	-	3,159,399	3,159,399	-
Property Held for Sale	1,152,744	-	1,152,744	-
Capital Assets (Net of Accumulated Depreciation):				
Land	23,686,412	524,396	24,210,808	-
Buildings	9,699,332	3,413,636	13,112,968	-
Improvements	23,172,455	28,348,173	51,520,628	-
Infrastructure	40,897,411	87,364,656	128,262,067	-
Furniture and Office Equipment	46,803	1,630	48,433	-
Machinery and Equipment	1,057,730	345,152	1,402,882	-
Data Processing Equipment	1,265,132	5,600	1,270,732	-
Automotive Equipment	12,704,898	-	12,704,898	-
Radio and Communication Equipment	3,923,770	-	3,923,770	-
Construction-in-Progress	4,561,341	14,499,361	19,060,702	-
TOTAL ASSETS	264,528,275	189,601,153	454,129,428	33,456,758
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on Refunding	1,116,459	9,784	1,126,243	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,116,459	9,784	1,126,243	-
LIABILITIES				
Accounts Payable and Other Current Liabilities	9,309,559	5,303,688	14,613,247	61,537
Accrued Interest Payable	345,047	268,969	614,016	-
Unearned Revenue	-	3,124,781	3,124,781	-
Noncurrent Liabilities:				
Due Within One Year	7,446,230	4,743,465	12,189,695	-
Due in More Than One Year	104,238,868	68,373,023	172,611,891	-
TOTAL LIABILITIES	121,339,704	81,813,926	203,153,630	61,537
NET POSITION				
Net Investment in Capital Assets	90,884,767	85,059,979	175,944,746	-
Restricted for:				
Debt Service	696,852	-	696,852	-
Rate Stabilization	-	1,000,000	1,000,000	-
Unrestricted	52,723,411	21,737,032	74,460,443	39,996,105
TOTAL NET POSITION	\$ 144,305,030	\$ 107,797,011	\$ 252,102,041	\$ 39,996,105

The accompanying notes are an integral part
of these financial statements

**CITY OF ODESSA, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 5,117,636	\$ 248,007	\$ -	\$ -
Finance	1,197,677	297,926	-	-
Public Works	19,151,147	269,175	4,853,347	5,182,117
Planning and Inspection	1,568,135	740,404	-	-
Public Safety	47,043,017	7,827,230	416,968	149,361
Welfare	1,102,354	-	1,055,305	-
Culture and Recreation	9,136,826	79,445	-	-
Interest on Long-term Debt & Bond Costs	3,694,451	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	88,011,243	9,462,187	6,325,620	5,331,478
Business-Type Activities:				
Water and Sewer	43,252,875	49,324,059	-	8,946,800
Solid Waste	12,220,037	12,570,275	-	-
Ratliff Golf Course	1,979,473	1,502,951	-	-
Liquid Waste	9,233	97,527	-	-
Storm Water	821,485	746,764	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	58,283,103	64,241,576	-	8,946,800
TOTAL PRIMARY GOVERNMENT	\$ 146,294,346	\$ 73,703,763	\$ 6,325,620	\$ 14,278,278
Component Unit:				
Odessa Development Corporation	\$ 3,300,442	\$ -	\$ -	\$ -
TOTAL COMPONENT UNITS	\$ 3,300,442	\$ -	\$ -	\$ -

General Revenues:

Property Taxes
Sales Taxes
Franchise and Gross Receipts Taxes
Hotel-Taxes
Industrial Contracts
Unrestricted Investment Earnings
Miscellaneous
Incentives Returned
Transfers

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF THE YEAR

NET POSITION - END OF THE YEAR

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit Odessa Development Corporation
Governmental Activities	Business-type Activities	Total	
\$ (4,869,629)	\$ -	\$ (4,869,629)	\$ -
(899,751)	-	(899,751)	-
(8,846,508)	-	(8,846,508)	-
(827,731)	-	(827,731)	-
(38,649,458)	-	(38,649,458)	-
(47,049)	-	(47,049)	-
(9,057,381)	-	(9,057,381)	-
(3,694,451)	-	(3,694,451)	-
<u>(66,891,958)</u>	<u>-</u>	<u>(66,891,958)</u>	<u>-</u>
-	15,017,984	15,017,984	-
-	350,238	350,238	-
-	(476,522)	(476,522)	-
-	88,294	88,294	-
-	(74,721)	(74,721)	-
<u>-</u>	<u>14,905,273</u>	<u>14,905,273</u>	<u>-</u>
<u>(66,891,958)</u>	<u>14,905,273</u>	<u>(51,986,685)</u>	<u>-</u>
-	-	-	(3,300,442)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,300,442)</u>
27,754,060	-	27,754,060	-
35,966,827	-	35,966,827	9,091,581
10,246,409	-	10,246,409	-
6,013,374	-	6,013,374	-
4,258,646	-	4,258,646	-
419,971	62,968	482,939	35,993
90,992	-	90,992	-
-	-	-	5,103,500
<u>(470,515)</u>	<u>470,515</u>	<u>-</u>	<u>-</u>
<u>84,279,764</u>	<u>533,483</u>	<u>84,813,247</u>	<u>14,231,074</u>
<u>17,387,806</u>	<u>15,438,756</u>	<u>32,826,562</u>	<u>17,531,516</u>
<u>126,917,224</u>	<u>92,358,255</u>	<u>219,275,479</u>	<u>22,464,589</u>
<u>\$ 144,305,030</u>	<u>\$ 107,797,011</u>	<u>\$ 252,102,041</u>	<u>\$ 39,996,105</u>

The accompanying notes are an integral part
of these financial statements.

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**CITY OF ODESSA, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2014**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 46,935,276	\$ 55,204,039	\$ 14,433,872	\$ 116,573,187
Receivables, net of Allowance for Uncollectibles				
Property Taxes	1,494,746	-	-	1,494,746
Accounts Receivable	11,310,884	-	1,999,773	13,310,657
Interfund Receivables	363,836	-	-	363,836
Inventories	3,140	-	-	3,140
Property Held for Sale	1,152,744	-	-	1,152,744
TOTAL ASSETS	\$ 61,260,626	\$ 55,204,039	\$ 16,433,645	\$ 132,898,310
LIABILITIES				
Accounts Payable	\$ 1,862,588	\$ 285,582	\$ 271,512	\$ 2,419,682
Accrued Payroll	2,081,284	-	19,468	2,100,752
Interfund Payable	434,578	-	363,836	798,414
Other	638,824	25,389	-	664,213
TOTAL LIABILITIES	5,017,274	310,971	654,816	5,983,061
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	1,364,887	-	-	1,364,887
Unavailable Revenue - Other Revenues	4,280,696	-	-	4,280,696
TOTAL DEFERRED INFLOWS OF RESOURCES	5,645,583	-	-	5,645,583
FUND BALANCES				
Nonspendable	1,155,884	-	-	1,155,884
Restricted	-	54,285,527	15,778,829	70,064,356
Assigned	16,027,653	607,541	-	16,635,194
Unassigned	33,414,232	-	-	33,414,232
TOTAL FUND BALANCES	50,597,769	54,893,068	15,778,829	121,269,666
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 61,260,626	\$ 55,204,039	\$ 16,433,645	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	105,920,464
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	5,645,583
Internal service funds are used by management to charge the costs of fleet management and self-insurance costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	21,155,265
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(109,685,948)
Net Position of Governmental Activities	\$ 144,305,030

The accompanying notes are an integral part
of these financial statements.

**CITY OF ODESSA, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2014**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property Tax, Penalties and Interest	\$ 20,728,011	\$ -	\$ 6,922,137	\$ 27,650,148
City Sales Tax	35,966,827	-	-	35,966,827
Franchise and Gross Receipts	10,246,409	-	-	10,246,409
Fines and Forfeitures	3,156,952	-	141,965	3,298,917
Permits and Licenses	1,162,582	-	-	1,162,582
Grants and Entitlements	-	-	6,082,876	6,082,876
Hotel and Motel Occupancy Tax	-	-	6,013,374	6,013,374
Investment Income	70,923	88,495	23,038	182,456
Donations	-	-	10,000	10,000
Industrial Contracts	4,258,646	-	-	4,258,646
Other	3,396,480	6,188	90,779	3,493,447
Intergovernmental	1,134,591	-	-	1,134,591
Sale of Confiscated Property	-	-	215,585	215,585
TOTAL REVENUES	80,121,421	94,683	19,499,754	99,715,858
EXPENDITURES				
Current				
General Government	4,816,892	-	-	4,816,892
Finance	924,578	-	247,372	1,171,950
Public Works	11,953,949	13,876	4,847,237	16,815,062
Planning and Inspection	1,522,539	-	-	1,522,539
Public Safety	44,016,782	-	234,314	44,251,096
Welfare	-	-	1,072,810	1,072,810
Culture and Recreation	5,155,884	52,984	2,888,131	8,096,999
TOTAL CURRENT	68,390,624	66,860	9,289,864	77,747,348
Debt Service				
Principal Retirement	1,157,017	-	3,585,000	4,742,017
Bond Issuance Costs	-	-	168,289	168,289
Interest and Fiscal Charges	175,713	-	3,153,177	3,328,890
TOTAL DEBT SERVICE	1,332,730	-	6,906,466	8,239,196
Capital Outlay	8,835,464	449,312	43,195	9,327,971
TOTAL EXPENDITURES	78,558,818	516,172	16,239,525	95,314,515
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (Carried Forward)	1,562,603	(421,489)	3,260,229	4,401,343

(Continued)

**CITY OF ODESSA, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (Brought Forward)	\$ 1,562,603	\$ (421,489)	\$ 3,260,229	\$ 4,401,343
OTHER FINANCING SOURCES (USES)				
Refunding Bonds Issued	-	-	10,060,000	10,060,000
Premium on Refunding Bonds Issued	-	-	1,184,597	1,184,597
Capital Lease Proceeds	3,100,529	-	-	3,100,529
Payment to Escrow	-	-	(11,227,819)	(11,227,819)
Transfers In	-	-	60,372	60,372
Transfers (Out)	(681,880)	-	(30,136)	(712,016)
TOTAL OTHER FINANCING SOURCES (USES)	2,418,649	-	47,014	2,465,663
NET CHANGE IN FUND BALANCES	3,981,252	(421,489)	3,307,243	6,867,006
FUND BALANCE - AT BEGINNING OF YEAR	46,616,517	55,314,557	12,471,586	114,402,660
FUND BALANCE - AT END OF YEAR	\$ 50,597,769	\$ 54,893,068	\$ 15,778,829	\$ 121,269,666

The accompanying notes are an integral part
of these financial statements.

**CITY OF ODESSA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2014**

Amounts reported for governmental activities in the statement of activities (page 21) are different because:

Net change in fund balances-total governmental funds (page 25)	\$ 6,867,006
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,327,582
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	4,507,597
Net change in revenues in the statement of activities that do not provide current financial resources and are not reported as revenue in the funds (i.e. deferred revenues and earned but unavailable revenues).	584,713
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,773,887
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(2,470,297)
Internal service funds are used by management to charge the costs of the garage, warehouse, self-insurance and information technology funds to individual funds. The net gain of certain activities of internal service funds is reported with governmental activities.	<u>1,797,318</u>
Change in net position of governmental activities (page 21)	<u><u>\$ 17,387,806</u></u>

The accompanying notes are an integral part
of these financial statements.

**CITY OF ODESSA, TEXAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amount		Actual	Variance Over (Under)
	Original	Final		
REVENUES				
Property Tax, Penalties and Interest	\$ 19,956,643	\$ 19,956,643	\$ 20,728,011	\$ 771,368
City Sales Tax	28,786,638	28,786,638	35,966,827	7,180,189
Franchise and Gross Receipts	9,250,348	9,250,348	10,246,409	996,061
Fines and Forfeitures	3,061,100	3,061,100	3,156,952	95,852
Permits and Licenses	686,700	686,700	1,162,582	475,882
Investment Income	100,000	100,000	70,923	(29,077)
Industrial Contracts	3,006,000	3,006,000	4,258,646	1,252,646
Other	3,139,298	3,139,298	3,396,480	257,182
Intergovernmental	986,649	986,649	1,134,591	147,942
TOTAL REVENUES	68,973,376	68,973,376	80,121,421	11,148,045
EXPENDITURES				
Current				
General Government	4,775,362	4,916,856	4,816,892	(99,964)
Finance	2,639,041	1,298,452	924,578	(373,874)
Public Works	11,486,297	12,340,773	11,953,949	(386,824)
Planning and Inspection	1,527,950	2,119,538	1,522,539	(596,999)
Public Safety	41,919,054	43,577,714	44,016,782	439,068
Culture and Recreation	4,851,896	5,531,776	5,155,884	(375,892)
Landfill closure and postclosure care (\$9,176) [total amount determined for the year under GASB-18] plus \$9,176 change in general long-term debt account group liability)	-	-	-	-
TOTAL CURRENT	67,199,600	69,785,109	68,390,624	(1,394,485)
Debt Service				
Principal Retirement	959,038	1,157,017	1,157,017	-
Interest	175,713	175,713	175,713	-
Capital Outlay	310,025	19,596,017	8,835,464	(10,760,553)
TOTAL EXPENDITURES	68,644,376	90,713,856	78,558,818	(12,155,038)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	329,000	(21,740,480)	1,562,603	23,303,083
OTHER FINANCING SOURCES (USES)				
Capital Lease Proceeds	-	-	3,100,529	(3,100,529)
Transfers (Out)	(329,000)	(803,628)	(681,880)	(121,748)
TOTAL OTHER FINANCING SOURCES (USES)	(329,000)	(803,628)	2,418,649	(3,222,277)
NET CHANGE IN FUND BALANCE	-	(22,544,108)	3,981,252	26,525,360
FUND BALANCE - AT BEGINNING OF YEAR	46,616,517	46,616,517	46,616,517	-
FUND BALANCE - AT END OF YEAR	\$ 46,616,517	\$ 24,072,409	\$ 50,597,769	\$ 26,525,360

The accompanying notes are an integral part of these financial statements.

**CITY OF ODESSA, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2014**

	Business-Type Activities - Enterprise Funds	
	Water and Sewer Fund	Solid Waste Fund
ASSETS		
CURRENT ASSETS:		
Cash and Investments	\$ 37,583,909	\$ 1,593,768
Accounts Receivable (Net of Allowance for Uncollectible Accounts)	4,209,699	1,168,575
Interfund Receivable	-	-
Inventories	528,310	-
RESTRICTED ASSETS:		
Cash and Investments	3,159,399	-
TOTAL CURRENT ASSETS	45,481,317	2,762,343
NONCURRENT ASSETS:		
CAPITAL ASSETS:		
Land	503,878	-
Buildings	9,120,631	-
Improvements	78,305,947	-
Infrastructure	162,084,597	-
Furniture and Office Equipment	99,670	-
Machinery and Equipment	2,820,247	39,082
Data Processing Equipment	828,564	6,441
Automotive Equipment	-	-
Radio and Electronic Equipment	3,750	-
Construction-In-Progress	14,499,361	-
Less Accumulated Depreciation	(136,865,757)	(45,523)
TOTAL CAPITAL ASSETS (Net of Accumulated Depreciation)	131,400,888	-
DEFERRED OUTFLOWS OF RESOURCES:		
Loss on Refunding (Net of Accumulated Amortization)	9,784	-
TOTAL NONCURRENT ASSETS	131,410,672	-
TOTAL ASSETS	176,891,989	2,762,343

Business-Type Activities - Enterprise Funds				Governmental
Ratliff Golf Course Fund	Liquid Waste Fund	Storm Water Fund	Totals	Activities - Internal Service Funds
\$ 63,732	\$ 289,039	\$ 507,507	\$ 40,037,955	\$ 16,830,282
9,867	-	64,314	5,452,455	7,211
-	-	-	-	434,578
61,453	-	-	589,763	-
-	-	-	3,159,399	-
<u>135,052</u>	<u>289,039</u>	<u>571,821</u>	<u>49,239,572</u>	<u>17,272,071</u>
20,518	-	-	524,396	89,531
206,604	-	-	9,327,235	1,356,554
3,883,791	-	-	82,189,738	466,874
-	-	-	162,084,597	-
-	-	-	99,670	88,595
61,231	-	-	2,920,560	1,647,441
7,000	-	-	842,005	4,150,746
-	-	-	-	34,339,607
-	-	-	3,750	81,624
-	-	-	14,499,361	-
<u>(1,077,428)</u>	<u>-</u>	<u>-</u>	<u>(137,988,708)</u>	<u>(27,126,152)</u>
<u>3,101,716</u>	<u>-</u>	<u>-</u>	<u>134,502,604</u>	<u>15,094,820</u>
-	-	-	9,784	-
<u>3,101,716</u>	<u>-</u>	<u>-</u>	<u>134,512,388</u>	<u>15,094,820</u>
<u>3,236,768</u>	<u>289,039</u>	<u>571,821</u>	<u>183,751,960</u>	<u>32,366,891</u>

(Continued)

**CITY OF ODESSA, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION (CONTINUED)
 SEPTEMBER 30, 2014**

	Business-Type Activities - Enterprise Funds	
	Water and Sewer Fund	Solid Waste Fund
LIABILITIES		
CURRENT LIABILITIES:		
Accounts Payable	\$ 3,667,859	\$ 323,003
Compensated Absences	249,671	89,906
Accrued Payroll	336,181	132,841
Contracts Payable	471,101	-
Deposits and Billings Payable	3,124,781	-
Current Portion of Bonds Payable	4,375,000	-
Accrued Interest	268,969	-
Other Liabilities	250,083	77,144
	<u>12,743,645</u>	<u>622,894</u>
TOTAL CURRENT LIABILITIES		
NONCURRENT LIABILITIES:		
Compensated Absences	501,506	246,497
Other Post Employment Benefits Payable	1,311,306	503,009
TMRS Phase In Liability	699,639	255,807
Bonds Payable (Net of Current Maturities)	64,488,732	-
	<u>67,001,183</u>	<u>1,005,313</u>
TOTAL NONCURRENT LIABILITIES		
	<u>79,744,828</u>	<u>1,628,207</u>
TOTAL LIABILITIES		
NET POSITION		
Net Investment in Capital Assets	81,958,263	-
Restricted for Rate Stabilization	1,000,000	-
Unrestricted	14,188,898	1,134,136
	<u>97,147,161</u>	<u>1,134,136</u>
TOTAL NET POSITION	<u>\$ 97,147,161</u>	<u>\$ 1,134,136</u>

Reconciliation to government-wide statement of net position:

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.

Net position of business-type activities

Business-Type Activities - Enterprise Funds				Governmental
Ratliff Golf Course Fund	Liquid Waste Fund	Storm Water Fund	Totals	Activities - Internal Service Funds
\$ 790	\$ -	\$ -	\$ 3,991,652	\$ 3,980,263
20,951	-	7,937	368,465	142,135
30,812	-	13,875	513,709	143,711
-	-	-	471,101	-
-	-	-	3,124,781	-
-	-	-	4,375,000	-
-	-	-	268,969	-
-	-	-	327,227	935
<u>52,553</u>	<u>-</u>	<u>21,812</u>	<u>13,440,904</u>	<u>4,267,044</u>
86,700	-	63,608	898,311	418,408
102,191	6,375	38,179	1,961,060	427,047
53,555	3,803	12,116	1,024,920	240,149
-	-	-	64,488,732	-
<u>242,446</u>	<u>10,178</u>	<u>113,903</u>	<u>68,373,023</u>	<u>1,085,604</u>
<u>294,999</u>	<u>10,178</u>	<u>135,715</u>	<u>81,813,927</u>	<u>5,352,648</u>
3,101,716	-	-	85,059,979	15,094,820
-	-	-	1,000,000	-
<u>(159,947)</u>	<u>278,861</u>	<u>436,106</u>	<u>15,878,054</u>	<u>11,919,423</u>
<u>\$ 2,941,769</u>	<u>\$ 278,861</u>	<u>\$ 436,106</u>	<u>101,938,033</u>	<u>\$ 27,014,243</u>
			<u>5,858,978</u>	
			<u>\$ 107,797,011</u>	

The accompanying notes are an integral part of these financial statements.

**CITY OF ODESSA, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 YEAR ENDED SEPTEMBER 30, 2014**

	Business-Type Activities - Enterprise Funds	
	Water and Sewer Fund	Solid Waste Fund
OPERATING REVENUES		
Water	\$ 33,742,317	\$ -
Sewer	13,554,161	-
Other	2,027,581	49,883
User Fees	-	12,520,392
TOTAL OPERATING REVENUES	49,324,059	12,570,275
OPERATING EXPENSES		
Personal Services	7,464,517	3,323,410
Supplies and Materials	14,207,150	137,213
Other Services	10,586,909	7,929,925
Maintenance	1,695,561	392,659
Depreciation and Amortization	6,292,604	5,099
Other	-	400,141
TOTAL OPERATING EXPENSES	40,246,741	12,188,447
OPERATING INCOME (LOSS)	9,077,318	381,828
NON-OPERATING REVENUES (EXPENSES)		
Investment Income	59,645	2,053
Gain(Loss) on Sale of City Property	-	-
Interest Expense and Fiscal Charges	(3,394,195)	-
Other Non-Operating Expense	(141,936)	(31,590)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(3,476,486)	(29,537)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	5,600,832	352,291
CAPITAL CONTRIBUTIONS	8,946,800	-
TRANSFERS IN (OUT)	49,144	166,416
CHANGE IN NET POSITION	14,596,776	518,707
NET POSITION - BEGINNING OF YEAR	82,550,385	615,429
NET POSITION - END OF YEAR	\$ 97,147,161	\$ 1,134,136

Change in fund net position of proprietary funds

Adjustment to reflect the inclusion of internal service fund activities related to enterprise fund.

Change in net position of business-type activities

Business-Type Activities - Enterprise Funds				Governmental
Ratliff Golf Course Fund	Liquid Waste Fund	Storm Water Fund	Totals	Activities - Internal Service Funds
\$ -	\$ -	\$ -	\$ 33,742,317	\$ -
-	-	-	13,554,161	-
-	-	-	2,077,464	520,569
1,502,951	97,527	746,764	14,867,634	27,292,453
1,502,951	97,527	746,764	64,241,576	27,813,022
748,990	-	347,437	11,884,354	3,732,233
388,838	971	2,624	14,736,796	3,263,389
617,763	8,262	449,004	19,591,863	10,384,317
81,565	-	6,047	2,175,832	3,539,538
142,317	-	-	6,440,020	4,876,165
-	-	-	400,141	1,297,930
1,979,473	9,233	805,112	55,229,006	27,093,572
(476,522)	88,294	(58,348)	9,012,570	719,450
-	403	867	62,968	20,373
-	-	-	-	625,663
-	-	-	(3,394,195)	-
-	-	(16,373)	(189,899)	-
-	403	(15,506)	(3,521,126)	646,036
(476,522)	88,697	(73,854)	5,491,444	1,365,486
-	-	-	8,946,800	780,700
236,992	-	17,963	470,515	181,129
(239,530)	88,697	(55,891)	14,908,759	2,327,315
3,181,299	190,164	491,997	87,029,274	24,686,928
\$ 2,941,769	\$ 278,861	\$ 436,106	\$ 101,938,033	\$ 27,014,243
			\$ 14,908,759	
			529,997	
			\$ 15,438,756	

The accompanying notes are an integral part
of these financial statements.

**CITY OF ODESSA, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED SEPTEMBER 30, 2014**

	Business-Type Activities - Enterprise Funds	
	Water and Sewer Fund	Solid Waste Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 47,429,830	\$ 12,390,231
Cash Received from Other Funds for Services	2,027,581	-
Cash Paid to Employees	(7,169,068)	(3,249,723)
Cash Paid for Goods and Services	(18,565,890)	(3,550,440)
Cash Paid to Other Funds for Services	(8,219,529)	(5,214,230)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	15,502,924	375,838
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Capital Contributions Out	(141,936)	(31,590)
Transfer from(to) General Fund	49,144	166,416
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(92,792)	134,826
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Paid on Debt	(4,486,956)	-
Interest Paid on Debt	(3,398,758)	-
Acquisition and Construction of Capital Assets	(13,390,411)	-
Proceeds from Sale of Capital Assets	-	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCIAL ACTIVITIES	(21,276,125)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income Received on Investments	59,645	2,053
NET CASH PROVIDED BY INVESTING ACTIVITIES	59,645	2,053
NET INCREASE (DECREASE) IN CASH	(5,806,348)	512,717
CASH - AT BEGINNING OF YEAR		
(Included in Cash and Investments of Business-Type Activities \$45,426,663 and \$3,081,231 in Restricted Accounts)	46,549,656	1,081,051
CASH - AT END OF YEAR		
(Included in Cash and Investments of Business-Type Activities of \$40,037,955 and \$3,159,399 in Restricted Accounts)	\$ 40,743,308	\$ 1,593,768

Business-Type Activities - Enterprise Funds				Governmental
Ratliff Golf Course Fund	Liquid Waste Fund	Storm Water Fund	Totals	Activities - Internal Service Funds
\$ 1,502,951	\$ 97,527	\$ 744,264	\$ 62,164,803	\$ 27,288,073
-	-	-	2,027,581	520,569
(702,239)	-	(331,630)	(11,452,660)	(3,622,397)
(800,038)	(9,867)	(17,180)	(22,943,415)	(16,127,549)
(299,544)	-	(441,005)	(14,174,308)	(1,324,705)
<u>(298,870)</u>	<u>87,660</u>	<u>(45,551)</u>	<u>15,622,001</u>	<u>6,733,991</u>
-	-	(16,373)	(189,899)	-
236,992	-	17,963	470,515	181,129
<u>236,992</u>	<u>-</u>	<u>1,590</u>	<u>280,616</u>	<u>181,129</u>
-	-	-	(4,486,956)	-
-	-	-	(3,398,758)	-
-	-	-	(13,390,411)	(5,506,085)
-	-	-	-	625,663
-	-	-	<u>(21,276,125)</u>	<u>(4,880,422)</u>
-	403	867	62,968	20,373
-	<u>403</u>	<u>867</u>	<u>62,968</u>	<u>20,373</u>
(61,878)	88,063	(43,094)	(5,310,540)	2,055,071
<u>125,610</u>	<u>200,976</u>	<u>550,601</u>	<u>48,507,894</u>	<u>14,775,211</u>
\$ <u>63,732</u>	\$ <u>289,039</u>	\$ <u>507,507</u>	\$ <u>43,197,354</u>	\$ <u>16,830,282</u>

(Continued)

**CITY OF ODESSA, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS (CONTINUED)
 YEAR ENDED SEPTEMBER 30, 2014**

	<u>Business-Type Activities - Enterprise Funds</u>	
	Water and Sewer Fund	Solid Waste Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	\$ 9,077,318	\$ 381,828
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities		
Depreciation and Amortization	6,292,604	5,099
(Increase) Decrease in Accounts Receivable	(112,013)	(180,044)
(Increase) Decrease in Inventories	(117,909)	-
(Increase) Decrease in Interfund Receivable	-	-
(Decrease) Increase in Accounts Payable	(393,577)	78,566
(Decrease) Increase in Accrued Employee Benefits Payable	130,335	22,654
(Decrease) Increase in Accrued Payroll	87,257	15,361
(Decrease) Increase in Contracts Payable	181,768	-
(Decrease) Increase in Deposits and Billings Payable	245,365	-
(Decrease) Increase in Other Post Employment Payable	131,645	60,420
(Decrease) Increase in TMRS Phase In Liability	(53,788)	(24,748)
(Decrease) Increase in Other Liabilities	33,919	16,702
	6,425,606	(5,990)
TOTAL ADJUSTMENTS		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 15,502,924	\$ 375,838

NONCASH INVESTING CAPITAL AND FINANCING ACTIVITIES

During the fiscal year ended September 30, 2014, the Water and Sewer Fund acquired capital assets of \$8,946,800 through contributed capital.

During the fiscal year ended September 30, 2014, the Internal Service Funds acquired capital assets of \$780,700 through contributed capital.

Business-Type Activities - Enterprise Funds				Governmental
Ratliff Golf Course Fund	Liquid Waste Fund	Storm Water Fund	Totals	Activities - Internal Service Funds
\$ (476,522)	\$ 88,294	\$ (58,348)	\$ 9,012,570	\$ 719,450
142,317	-	-	6,440,020	4,876,165
-	-	(2,500)	(294,557)	(4,380)
2,973	-	-	(114,936)	-
-	-	-	-	(133,945)
(14,389)	(634)	(510)	(330,544)	1,167,560
33,123	-	9,582	195,694	64,276
5,613	-	1,755	109,986	4,701
-	-	-	181,768	-
-	-	-	245,365	-
12,772	-	6,877	211,714	58,946
(4,757)	-	(2,407)	(85,700)	(18,088)
-	-	-	50,621	(694)
177,652	(634)	12,797	6,609,431	6,014,541
\$ (298,870)	\$ 87,660	\$ (45,551)	\$ 15,622,001	\$ 6,733,991

The accompanying notes are an integral part
of these financial statements.

**CITY OF ODESSA, TEXAS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
SEPTEMBER 30, 2014**

	<u>Agency Funds</u>
ASSETS	
Cash and Investments	\$ 1,389,652
Accounts Receivable	<u>152,105</u>
TOTAL ASSETS	<u><u>\$ 1,541,757</u></u>
LIABILITIES	
Accounts Payable	\$ 1,218,271
Deposits and Billings Payable	<u>323,486</u>
TOTAL LIABILITIES	<u><u>\$ 1,541,757</u></u>

The accompanying notes are an integral part
of these financial statements.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

INDEX

<u>Notes</u>	<u>Description</u>	<u>Page</u>
1	Summary of Significant Accounting Policies	41
	A. Reporting Entity	42
	B. Government-Wide and Fund Financial Statements	43
	C. Measurement Focus and Basis of Accounting	45
	D. Cash and Investments	48
	E. Receivables, Payables and Interfund Transactions	49
	F. Inventories	49
	G. Restricted Assets	49
	H. Property Held for Sale	49
	I. Capital Assets	49
	J. Deferred Outflows/Inflows of Resources	50
	K. Compensated Absences	50
	L. Long-Term Obligations	51
	M. Fund Equity	51
	N. Revenue Recognition - Property Taxes	53
	O. Federal and State Grants and Entitlements	53
	P. Use of Estimates	53
2	Reconciliation of Government-Wide and Fund Financial Statements	54
3	Stewardship, Compliance and Accountability	56
4	Deposits and Investments	57
5	Receivables	58
6	Capital Assets	59
7	Retirement Commitments	61
8	Discrete Component Unit – Odessa Development Corporation	72
9	Joint Venture	78
10	Deferred Compensation Plan	78
11	Flexible Benefits Plan	79
12	Interfund Transactions	79
13	Long-Term Debt	80
14	Capital Lease Obligations	85
15	Landfill Closure and Post-closure Care Cost	86
16	Risk Management	86
17	Fund Balance	87
18	Commitments and Contingencies	88
19	Litigation	88
20	New Pronouncements	88

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Odessa, Texas (the City), was incorporated on April 18, 1927, under what is commonly known as the Home Rule Amendment to the Constitution of the state of Texas. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: Public Safety (Police and Fire), Highways and Streets, Sanitation, Public Improvements, Planning and Inspection, Water Utilities, Parks and Recreation, and General Administrative Services.

The financial statements of the City are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative literature. The following is a summary of the more significant policies:

GASB requires that the basic financial statements and required supplementary information (RSI) for general purpose governments should consist of:

- Management's Discussion and Analysis (MD&A) – MD&A is RSI presented before the basic financial statements, which introduces the basic financial statements and provides an analytical overview of the government's financial activities.
- Basic Financial Statements – The basic financial statements, including notes to the financial statements that are essential to a user's understanding of the statements, are presented on two basic levels:
 - A. The government-wide level where all statements are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements present all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, expenses and gains and losses of the City and distinguish between governmental and business-type activities of the City and activities of the City's discretely presented component unit.
 - B. The fund level, where governmental fund statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting, and proprietary and fiduciary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting. These statements focus on information about the City's major governmental and enterprise funds.
- Required Supplementary Information - RSI, other than MD&A, includes budgetary comparison schedules for the General Fund and any major governmental funds and other data, such as pension related data, required by other GASB statements. The budgetary comparison schedules for the General Fund have been reported as part of the basic financial statements.

The Capital Projects Fund does not adopt an annual budget but rather a budget covering the life of the respective projects. Budgetary information is disclosed in Note 3. Pension related data and trend information is disclosed in Note 7.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A. Reporting Entity

Accounting principles generally accepted in the United States of America require that these financial statements present the City (the primary government) and its component units. Component units generally are legally separate entities for which the primary government is considered to be financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: the primary government is accountable for the potential component unit (i.e., the primary government appoints the voting majority of its board) and the primary government is able to impose its will upon the potential component unit, or there is a possibility that the potential component unit may provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may determine, in management's professional judgment, that the inclusion of an entity that does not meet the financial accountability criteria is necessary to prevent the reporting entity's financial statements from being misleading. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities; and are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government wide financial statements to emphasize that it is legally separate from the primary government.

The component units discussed in this note are included in the City's reporting entity because of the nature and significance of their operational or financial relationships with the City.

Individual Component Unit Disclosures:

Discrete Component Units:

1. Odessa Development Corporation – "ODC" is a quasi-governmental organization created on December 1, 1997, as a public instrumentality and non-profit industrial development corporation under provisions of the Development Corporation Act of 1979 of the State of Texas, and is funded by a 1/4 percent sales tax. The City of Odessa serves as fiscal agent for the Corporation's funds and accounting records and, accordingly, its cash and investments are held by the City in a fiduciary capacity.

ODC is considered to be a part of the City's financial reporting entity because the City Council appoints its Board of Directors, approves its budget, and exercises final authority over its operations. ODC is discretely presented in a separate column of the City's comprehensive annual financial report to emphasize that it is legally separate from the City. Further information concerning ODC may be found in Note 8 of this financial report.

2. Ector County Parks Foundation, Inc. – The Foundation is a non-profit organization, which assists Odessa and Ector County governmental agencies and local groups improve park systems and recreational facilities through land acquisition and development of existing parks. A substantial amount of funding for the Foundation is acquired through the \$1 donation on the City's customer water bills and its expenditure is controlled by the City. As of and for the year ended September 30, 2014, the financial activity for the Foundation is immaterial to the City of Odessa's reporting entity. The Foundation issues its own annual audited financial statements.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A. Reporting Entity – Continued

3. The Odessa Health Facilities Development Corporation - "Development Corporation" is a non-profit corporation created pursuant to the provisions of the Health Facilities Development Act for the purpose of issuing Health Facility Revenue Bonds. A majority of the Development Corporation's board is appointed by the City Council and the Council can impose will. The Corporation issued several bonds from 1982 through 1994, of which all have been paid out. These bonds posed no liability to the Corporation or the City as they were considered "no commitment debt". As of and for the year ended September 30, 2014, there was no financial activity (no operating or account balances) for the Odessa Health Facilities Development Corporation, thus no financial information is included in the City's basic financial statements.

The Odessa Health Facilities Development Corporation does not issue separate component unit financial statements and financial information therefore cannot be obtained outside of the City of Odessa's basic financial statements.

The City Council is also responsible for appointing members of the boards of other organizations, but the City's accountability for these organizations do not extend beyond making appointments. The organizations included in this category are the Odessa Housing Authority, the Odessa Housing Finance Corporation, and PALS.

Joint Venture:

On August 28, 2001, the City signed an interlocal agreement with the City of Midland, Texas to create the Midland-Odessa Urban Transit District ("MOUTD"). The MOUTD shall be exclusively governed by both City Councils or they may delegate this authority to an equally appointed Board. For the year ended September 30, 2014, the two Cities made a \$500,000 contribution into the MOUTD. Further information concerning MOUTD may be found in Note 9 of this financial report.

B. Government-Wide and Fund Financial Statements

As previously discussed, the basic financial statements of the City are presented at two basic levels, the government-wide level and the fund level. These statements focus on the City as a whole at the government-wide level and on major funds at the fund level. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities for the financial reporting entity of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements – Continued

The government-wide statement of net position reports all financial and capital resources of the City and is presented in an “assets plus deferred outflows of resources minus liabilities and deferred inflows of resources equal net position” format with net position reported in the order of relative liquidity. Also, assets and liabilities are presented in relative order of liquidity with liabilities which have an average maturity of more than one year separated into the amount due within one year and the amount due in more than one year.

The government-wide statement of activities identifies the relative financial burden of each of the City’s functions (General, Finance, Public Works, Planning and Inspection, Public Safety, Welfare, and Cultural and Recreation) or segments (Water and Sewer, Solid Waste, Liquid Waste, Golf and Storm Water) on the taxpayers by identifying direct expenses and the extent of self support through program revenues. Direct expenses are clearly identifiable expenses that can be specifically associated with a function or segment. Program revenues are revenues derived directly from the function or segment or from other sources which reduce the net cost of the function to be financed from general government revenues.

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

Interfund services provided and used are not eliminated in process of consolidation in the government-wide statement of activities. However, the effect of internal service fund activities in the government-wide statements is eliminated to the extent possible to avoid the effect of “doubling up” internal service fund activity. Internal service funds report activities which provide goods or services to the financial reporting entity on a cost reimbursement basis. Any net profit or loss from these activities is allocated back to the function or segment that benefited from the goods or services provided based upon their proportionate benefit to the extent possible. Any residual assets of internal service funds are reported with governmental activities at the entity-wide level.

Fund level financial statements are presented for governmental funds, proprietary funds with a focus on major funds, and fiduciary funds, which are excluded from the government-wide financial statements because they do not represent assets which can be used to support the City’s programs. GASB sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category and for the governmental and enterprise funds combined) for the determination of major funds. Non-major funds are combined in a column in the fund financial statements.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

B. Government-Wide and Fund Financial Statements - Continued

Additionally, any fund deemed particularly important by the City may be reported as a major fund. The financial information for each major fund is presented in a separate column, with nonmajor funds aggregated and displayed in a single column, on either the governmental or proprietary fund financial statements. The fund level statements for proprietary funds also contain combined totals for all internal service funds. This information is presented in a separate column immediately to the right of the total column for all enterprise fund activity.

The focus of fiduciary funds is on net position and changes in net position. These funds report assets held in a trustee or agency capacity by the City for the benefit of others and cannot be used to support City activities.

C. Measurement Focus and Basis of Accounting

The government-wide statements and proprietary fund statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The agency funds have no measurement focus. Exchange and exchange-like transactions, transactions in which the City gives or receives value and receives or gives equal value, that create revenues, expenses, gains, losses, assets or liabilities are recognized when the exchange occurs. Nonexchange transactions, transactions in which the City gives or receives value without receiving or giving equal value in exchange, that result in revenues, expenses, gains, losses, assets or liabilities are recognized in accordance with GASB. The treatment of nonexchange transactions is grouped in four classes based upon the principal characteristics of the transaction and reported according to those characteristics. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Capital assets are reported as historical cost and depreciated, except for inexhaustible assets such as land, in accordance with the City's depreciation policy.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

In the case of property and sales taxes, available means due within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Grant revenues are considered to be available if they are to be received within one year. Expenditures are generally recorded when a liability is incurred. However, expenditures related to general long-term debt, compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus and Basis of Accounting – Continued

Governmental fund level revenues which have been accrued based upon the susceptible to accrual concept are:

General Fund – ad valorem taxes, sales taxes, interest and federal and state grant proceeds, except where such grants are expenditure driven and other requirements related to the grant have not been met.

Special Revenue Funds – federal and state grant proceeds and interest, except where such grants are expenditure driven and other requirements related to the grant have not been met.

Debt Service Fund – ad valorem taxes and interest.

Capital Projects Fund – interest.

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

Proprietary fund operating statements distinguish between operating and non-operating revenues and expenses. Operating revenues and expenses generally are the result of providing or delivering goods or services in association with the fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, solid waste, liquid waste, golf and storm water funds are charges of this type. Operating expenses include the costs of administration, sales, services and depreciation.

Transactions resulting in nonoperating revenues and expenses are normally created by such items as cash flows from capital and related financing activities, noncapital financing activities, investing activities, and include most nonexchange and exchange-like revenues.

The following major funds are used by the City:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund – The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those financed by business-type activities).

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus and Basis of Accounting – Continued

Other Governmental Funds – The non-major governmental funds include:

1. *Special Revenue Funds* – The Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
2. *Debt Service Fund* – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Financing is provided by property tax levies.

PROPRIETARY FUNDS

All Proprietary Funds are considered major funds.

Water and Sewer Fund – The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing, and billing and collection.

Solid Waste Fund – The Solid Waste Fund is used to account for the provision of solid waste services to the residents of the City

Ratliff Golf Course Fund – The Ratliff Golf Course Fund is used to account for the provision of a public golf course located in Odessa.

Liquid Waste Fund – The Liquid Waste Fund is used to account for the provision of liquid waste disposal to the City, County and citizens.

Storm Water Fund – The Storm Water Fund is used to account for the provision of the new Storm Water Program as approved by the Texas Commission on Environmental Quality and Environmental Protection Agency (EPA).

OTHER FUND TYPES

Internal Service Funds account for the fleet management services, insurance and information technology services provided to other departments or agencies of the City or to other governments, on a cost reimbursement basis.

Agency Funds are used to report assets which cannot be used to support City activities and are held in an agency capacity by the City for the benefit of others. The Payroll Fund accounts for the collection and distribution of wages, salaries, and employee deductions. The Ector County Utility District Fund accounts for the billing and collection service provided to this entity by the City. The Martin Luther King Memorial and Motor MPO funds account for the financial activities of those activities.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

D. Cash and Investments

Cash and Investments include amounts in demand deposits as well as investments. Cash and Cash Equivalents, as defined for cash flow purposes, include cash and investments with original maturity dates no longer than three months. The City's investments are stated at fair value, except for external investment pools. Fair value is based on quoted market prices as of the valuation date. Management's intent is to hold all investments to maturity and thereby recover the full value of the various investments made. The gain/loss resulting from valuation will be reported within the "Investment Income" account on the Statement of Revenues, Expenditures, and Changes in Fund Balance (Equity).

The portfolio did hold investments in external pools that are not SEC-registered. The external investment pools are:

LOGIC - LOGIC was created by an interlocal contract under the laws of the state of Texas and is governed by the Public Funds Investment Act, Chapter 2256, Texas Government Code and is rated AAAM by Standard & Poor's. It is not registered with the SEC as an investment company. LOGIC is governed by a board of directors consisting of three local government participants. It is required by the Public Funds Investment Act to maintain an "AAA" rating.

LOGIC uses the amortized cost method permitted by SEC Rule 2a7. LOGIC operates in substantial compliance with Rule 2a7, to the extent such rule is applicable to its operations. The fair value of LOGIC shares is the same as the value of LOGIC's shares, pursuant to the amortized cost method permitted by Rule 2a7.

TexPool – Texpool was also created by an interlocal contract and is governed by the Public Funds Investment Act, and is rated AAAM by Standard and Poor's. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than fair value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

TexStar – TexStar is administered by First Southwest Asset Management, Inc. and JP Morgan Chase. TexStar is a local government investment pool created under the Interlocal Cooperation Act and is rated AAAM by Standard and Poor's. The fund seeks to maintain a constant dollar objective and fulfills all requirements of the Texas Public Fund Investment Act. The fair value of the position in TexStar is the same as the value of TexStar shares.

In addition to the investments in external pools, the City also held investments in U.S. Government securities at September 30, 2014, recorded at fair value based on quoted market price.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

E. Receivables, Payables and Interfund Transactions

The City's Water and Sewer Enterprise Fund operates on a monthly billing cycle, issuing billings continuously throughout the month. The accounts receivable for water and sewer at September 30, 2014, represents the final unpaid billings issued prior to September 30, 2014, and includes an amount for unbilled September 2014 consumption.

Short-term loans between funds are reported as interfund receivables in the fund making the loan and as interfund payables in the fund receiving the loan. Arms length transactions between funds for goods and services are reported as revenues in the selling fund and as expenses/expenditures in the acquiring fund. Any unpaid amounts are appropriately recorded as interfund receivables/payables. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances", flows or assets from one fund to another with no requirement for repayment or without an equivalent flow of assets in return are accounted for as transfers.

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out method and recorded under the consumption method. Inventories in the General Fund consist of expendable supplies. The cost is recorded as inventory at the time individual items are acquired and included in expenditures as supplies are used.

G. Restricted Assets

These assets consist of cash and other investments legally restricted for the repayment of Water and Sewer debt as required by applicable bond covenants.

H. Property Held for Sale

The City acquired certain properties in conjunction with a federal grant program. These properties have now been released from grant requirements and are being sold by the City to the public.

I. Capital Assets

Capital Assets are defined as a purchase, construction or other acquisition of any equipment, facilities or other similar assets, in which the cost is in excess of \$5,000 and has a useful life of more than one year. These assets include property, plant, equipment, infrastructure, and all other tangible and intangible assets purchased or acquired. Purchased or constructed assets are carried at historical cost or estimated historical cost. Infrastructure assets, which include streets and associated drainage, sidewalks, bridges, drainage systems, water and sewer systems, lighting systems and other similar type assets, have been recorded at historical or estimated historical cost. Donated assets are recorded at estimated fair market value at the time of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend lives are not capitalized.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. Capital Assets – Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets for business-type activities is capitalized as part of the value of the asset during the construction period.

Depreciable capital assets are depreciated using the straight line method over the following estimated useful lives:

Buildings	25 - 40 Years	Machinery & Equipment	5 - 20 Years
Improvements	25 - 40 Years	Data Processing Equipment	5 - 20 Years
Infrastructure	25 Years	Automotive Equipment	3 - 20 Years
Furniture & Office Equipment	7 - 10 Years	Radio & Comm. Equipment	5 - 10 Years

J. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and other revenues. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

K. Compensated Absences

The City has in place a consolidated leave policy for sick, vacation, and emergency leave which is referred to as unileave. The rate at which employees accrue unileave time is dependent upon length of service and ranges from seventeen days to twenty-days per year. Any unileave not used within the year in which it was accrued may be carried over to the following year without limitation, until termination of employment, at which time it would be paid to the employee at his or her current salary per hour. The vacation time that had accrued prior to the inception of this policy was transferred to the employee's unileave account and considered to be the beginning unileave balance. All sick leave an employee accrued prior to this policy was placed in an Old Plan accrual account.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

K. Compensated Absences - Continued

This sick leave is available to the employee to be utilized after the employee has utilized five consecutive full days of unileave and needs additional days for the same reason. At termination, those employees with sick leave hours remaining under the Old Plan will be paid for those hours at a rate of one-for-two, which means the employee will receive one hour of current pay for every two hours of sick leave accrued. The City accrues a liability for compensated absences that meet the following criteria:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' service already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment for compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the City accrued a liability for unileave and for remaining sick leave, and compensatory time which has been earned but not taken by City employees. For government-wide financial statements and proprietary fund financial statements, the entire liability for compensated absences has been recorded in the liabilities section.

L. Long-Term Obligations

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

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

M. Fund Equity

Fund Balance

In the fund financial statements, fund balances are required to be reported according to the following classifications:

1. Nonspendable fund balance represents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. Restricted fund balance represents amounts constrained to use by either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. Fund Equity - Continued

3. Committed fund balance includes amounts constrained to specific purposes determined by a formal action (ordinance) of the City itself, using its highest level of decision-making authority (City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. The City did not have committed fund balances at September 30, 2014.
4. Assigned fund balance amounts are intended to be used by the government for specific purposes but do not meet the criteria to be restricted or committed. The City Council has, by ordinance, authorized the city manager or the Council itself to assign fund balance. Assigned fund balance represents the remaining amount that is not restricted or committed in governmental funds other than the general fund, which is classified as unassigned.
5. Unassigned fund balance is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance.

The City's policy is to use restricted resources first, then unrestricted resources as they are needed. Within unrestricted fund balance, the committed amount should be used first, assigned amount next, and unassigned amount should be used last.

In 1983 and 1999, the City Council established a fund balance policy to maintain a certain General Fund minimum fund balance for contingencies equal to 60 days of subsequent year budgeted General Fund expenditures (\$13,428,296 at September 30, 2014) and for budget stabilization equal to 25 days of subsequent year budgeted General Fund expenditures (\$5,595,123 at September 30, 2014). As the policy does not meet the criteria to be reported within the restricted or committed fund balance classifications, these amounts are included in the unassigned classification.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction, or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Restricted net position reported in the proprietary funds and government-wide net assets consist of the following:

1. Restricted for Debt Service – Net position legally restricted for the retirement of debt.
2. Restricted for Rate Stabilization – Net position legally restricted under debt covenants for the repayment of debt, if necessary.

See note 17 for additional information on fund balances, including a schedule of September 30, 2014, fund balance classifications.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

N. Revenue Recognition - Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on the following October 1 and are due and payable at that time. Taxes are collected by the collecting agency beginning September 1. All unpaid taxes levied October 1 become delinquent February 1 of the following year.

For fund financial statements, property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected soon enough after year-end to be used to pay current expenditures. This is approximately sixty days after year-end. All other outstanding receivables are adjusted from revenue and recognized as deferred for future collections. An allowance equal to 4% of the outstanding property taxes at September 30, 2014 has been reported.

General property taxes are limited by Home Rule Charter to \$2.00 per \$100 for assessed valuation. There is no limitation within the \$2.00 ceiling for debt service. The combined tax rate for the year ended September 30, 2014, was \$.51275 per \$100 of assessed valuation, therefore leaving a tax margin of \$1.48725 per \$100 which represented approximate potential property tax revenue of \$79,077,512.

State statutes limit the debt service tax rate to an amount no greater than that needed to meet current year principal and interest requirements, but does provide for an allowance for the uncollected current year's tax levy. The City has adopted a policy to record all delinquent taxes in the General Fund. The effect of accounting for the delinquent taxes in this manner is to maximize the tax revenue earmarked for debt service and is not significant to the financial statements.

O. Federal and State Grants and Entitlements

Grants and entitlements may be accounted for within any of the fund types. The purpose and requirements of each grant or entitlement are carefully analyzed to determine the proper fund type in which to record the related transactions. Grants or entitlements received for purposes normally financed through a particular fund type may be accounted for in that fund type provided that applicable legal restrictions can be appropriately satisfied. Such revenues received for purposes normally financed through the general government are accounted for within the Special Revenue Funds: Housing and Community Development Fund and Other Fund. The recognition of these revenues is expenditure driven.

P. Use of Estimates

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

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between fund balance – total government funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$(109,685,948) difference are as follows:

Bonds, Certification of Obligations and Notes Payable	\$ (76,635,000)
Plus Bond Premiums	(4,484,987)
Less Deferred Loss	1,116,459
Accrued Interest Payable	(345,047)
Landfill Payable	(1,609,240)
Compensated Absences	(7,480,596)
Capital Lease Payable	(4,698,115)
Other Post Employment Benefits Obligation	(6,613,190)
Firemen's Benefit Obligation	(5,337,210)
TMRS Phase-in Liability	<u>(3,599,022)</u>
 Net adjustment to reduce Fund balance - Total	
Governmental Funds to arrive at net position - Governmental Activities	<u>\$ (109,685,948)</u>

Another element of that reconciliation states that “Other long-term assets are not available to pay for current-period expenditures and therefore, are ‘deferred inflows of resources’.” The details of this \$5,645,583 difference are as follows:

Deferred Property Tax Revenue	\$ 1,364,887
Deferred Municipal Court Fines Revenue	2,231,556
Deferred Other Miscellaneous Revenue	<u>2,049,140</u>
 Net adjustment to increase Fund Balance - Total	
Governmental Funds to arrive at net position - Governmental Activities	<u>\$ 5,645,583</u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation *between net changes in fund balances – total governmental funds and changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$4,327,582 difference are as follows:

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS –
CONTINUED**

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities –
Continued

Capital Outlay	\$ 9,327,971
Depreciation Expense	<u>(5,000,389)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,327,582</u>

Another element of that reconciliation states that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position." The details of this \$4,507,597 difference are as follows:

Donated land, paving and drainage from developers	\$ 5,182,117
Other miscellaneous transactions of capital assets decrease net position in the statement of activities, but do not appear in the governmental funds because they are not uses of financial resources	<u>(674,520)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 4,507,597</u>

Another element of that reconciliation states that the "Issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." Neither transaction, however, has any effect on net position.

Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas premiums and discounts are deferred and amortized in the statement of activities. The details of this \$1,773,887 difference are as follows:

Capital Lease Proceeds	\$ (3,100,529)
Refunding Bonds Issued	(10,060,000)
Premium on Refunding Bonds Issued	(1,184,597)
Payments to Escrow	11,227,819
Principal repayments on Bonds, Certificates of Obligation and Capital Leases	4,742,017
Amortization of Premium	217,146
Amortization of Deferred Loss	<u>(67,969)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 1,773,887</u>

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

A. Budgetary Information - Continued

6. Budgets for the General Fund, most Special Revenue Funds, and Debt Service Fund are legally adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Proprietary Funds are included in the annual budget adopted as a financial plan only. The MOUTD Fund does not require a legally adopted budget in the City's budget process as these are grant dollars budgeted on grant periods exceeding or not conferring with the City's fiscal year.
7. All annual appropriations lapse at the end of each fiscal year.
8. The City Council may authorize supplemental appropriations during the year. During the fiscal year ended September 30, 2014, supplemental appropriations in the amount of \$16.98 million for rollover encumbrances were necessary in the General Fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2014, expenditures exceeded appropriations in the General Fund Public Safety Function by \$439,068 and in the Debt Service Fund Bond Issuance Costs by \$168,289. The over expenditures in the General Fund were funded by available fund balance and excess current year revenues, and the over expenditure in the Debt Services Fund was funded by interest savings.

NOTE 4: DEPOSITS AND INVESTMENTS

In order to facilitate cash management and increase income through combined investment activities, the operating cash of certain funds is pooled into one account in a local bank. At September 30, 2014, certain funds have made disbursements from the pooled account in excess of their individual equity in the pooled cash account, which is recorded as a liability (interfund payable) in the financial statements. The City is authorized to use demand accounts and certificates of deposit.

Deposits - State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by the state statutes at September 30, 2014. At year-end, the carrying amount of the City's deposits was \$177,990,476 (\$176,600,824 in the Primary Government and \$1,389,652 in the Agency Funds). Of the total, \$102,699,901 was in deposits (including \$42,593,795 in CD's, \$23,398,494 in CDARS CD's and \$33,881,910 in savings) and \$75,290,575 was in investments, and the respective bank balances totaled \$103,456,672. Of the total bank balance, the Federal Depository Insurance Corporation (FDIC) covered \$26,730,799 and \$76,725,873 was covered by collateral held by the pledging bank's agent for the City in the City's name.

Investments – State statutes, city bond ordinances and city resolutions authorize the City's investments. The City is authorized to invest in U.S. Government obligations and its agencies or instrumentalities; direct obligations of this state or its agencies and instrumentalities; other obligations, the principal of and interest of which are unconditionally guaranteed or insured by the State of Texas or the United States or their respective agencies or instrumentalities; obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 4: DEPOSITS AND INVESTMENTS – CONTINUED

rating firm not less than A or its equivalent rating; no-load, SEC registered money market mutual funds with a weighted average stated maturity of 90 days on less fully collateralized repurchase agreements; insured or collateralized certificates of deposit; and local government pools..

The City's investments carried at fair value as of September 30, 2014, are:

	Fair Value	Effective Duration or Weighted Average Maturity	Credit Risk
Investment Pools:			
U.S. Government Securities	\$ 10,377,677	N/A	N/A
LOGIC	3,748,812	57 Days	AAAm - S&P
TEXPOOL	26,158,194	51 Days	AAAm - S&P
TexStar	35,005,892	49 Days	AAAm - S&P
Total Fair Value:	<u>\$ 75,290,575</u>		

Interest Rate Risk—As required by the City's investment policy, the City minimizes the interest rate risk, related to the decline in fair value of securities due to rising interest rates in the portfolio by: 1) limiting the effective duration of security types not to exceed three years with the exception of securities purchases related to reserve funds, 2) structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the secondary market prior to maturity, 3) monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act, and 4) investing operating funds primarily in shorter-term securities and government investment pools.

Credit Risk – In compliance with the City's investment policy, as of September 30, 2014, the City minimized credit risk losses due to default of a security issuer or backer, by: 1) limiting investments to the safest types of securities by purchasing investments in US Agencies Notes that were rated AAA, AAA, and Aaa by Standard & Poor's, Fitch and Moody's respectively, 2) pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business, and 3) diversifying the investment portfolio so that potential losses on individual securities were minimized. See Note 8 for disclosure of deposit and investment disclosure for the discretely presented component unit.

NOTE 5: RECEIVABLES

Receivables as of September 30, 2014, for the City's individual major funds, and non-major and all other funds in the aggregate, including applicable allowances for uncollectible amounts, are as follows:

	General	Water and Sewer	Solid Waste	Ratliff Golf Course	Storm Water	Nonmajor and Other Funds	Total
Receivables:							
Property Taxes	\$ 1,557,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,557,027
Sales Taxes	6,653,205	-	-	-	-	-	6,653,205
Accounts	12,239,788	4,561,826	1,262,401	9,867	69,909	33,255	18,177,046
Hotel/Motel Tax	-	-	-	-	-	1,555,474	1,555,474
Intergovernmental	-	-	-	-	-	418,255	418,255
Gross Receivables	20,450,020	4,561,826	1,262,401	9,867	69,909	2,006,984	28,361,007
Less: Allowance for Uncollectible	(7,644,390)	(352,127)	(93,826)	-	(5,595)	-	(8,095,938)
Net Total Receivables	<u>\$ 12,805,630</u>	<u>\$4,209,699</u>	<u>\$ 1,168,575</u>	<u>\$9,867</u>	<u>\$64,314</u>	<u>\$2,006,984</u>	<u>\$20,265,069</u>

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5: RECEIVABLES – CONTINUED

The City reports, in its governmental funds, deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At September 30, 2014, deferred inflows of resources in the amount of \$5,645,583 was reported.

NOTE 6: CAPITAL ASSETS

Capital asset acquisition and disposal of the reporting entity was restricted to activities of the primary government only. Capital asset activity for the year ended September 30, 2014, was as follows:

Primary Government

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 22,797,005	\$ 889,407	\$ -	\$ 23,686,412
Construction in Progress	4,184,198	4,354,529	3,977,386	4,561,341
Total Capital Assets, not being depreciated	26,981,203	5,243,936	3,977,386	28,247,753
Capital Assets, being depreciated				
Buildings	28,909,203	19,071	-	28,928,274
Improvements other than buildings	38,844,071	551,413	-	39,395,484
Infrastructure	89,250,063	8,464,665	-	97,714,728
Furniture and Office Equipment	410,550	-	9,667	400,883
Machinery and Equipment	4,727,905	311,291	141,788	4,897,408
Data Processing Equipment	5,522,607	889,571	172,715	6,239,463
Automotive Equipment	31,208,480	5,639,088	2,507,959	34,339,609
Radio and Communication Equipment	6,285,060	3,100,529	3,594	9,381,995
Total Capital Assets, being depreciated	205,157,939	18,975,628	2,835,723	221,297,844
Less Accumulated Depreciation for				
Buildings	18,467,910	761,032	-	19,228,942
Improvements other than buildings	15,109,263	1,113,766	-	16,223,029
Infrastructure	54,361,161	2,456,156	-	56,817,317
Furniture and Office Equipment	346,139	17,608	9,667	354,080
Machinery and Equipment	3,651,952	329,514	141,788	3,839,678
Data Processing Equipment	4,744,354	402,692	172,715	4,974,331
Automotive Equipment	19,682,471	4,340,377	2,388,137	21,634,711
Radio and Communication Equipment	5,006,410	455,409	3,594	5,458,225
Total Accumulated Depreciation	121,369,660	9,876,554	2,715,901	128,530,313
Total Capital Assets, being depreciated, net	83,788,279	9,099,074	119,822	92,767,531
Governmental Activities Capital Assets, net	\$ 110,769,482	\$ 14,343,010	\$ 4,097,208	\$ 121,015,284

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6: CAPITAL ASSETS – CONTINUED

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Business-type Activities				
Capital Assets, not being depreciated				
Land	\$ 458,208	\$ 66,188	\$ -	\$ 524,396
Construction in Progress	7,373,108	11,265,941	4,139,688	14,499,361
Total Capital Assets, not being depreciated	<u>\$ 7,831,316</u>	<u>11,332,129</u>	<u>4,139,688</u>	<u>15,023,757</u>
Capital Assets, being depreciated				
Buildings	9,327,235	-	-	9,327,235
Improvements other than buildings	82,102,873	86,865	-	82,189,738
Infrastructure	147,113,867	14,970,730	-	162,084,597
Furniture and Office Equipment	99,670	-	-	99,670
Machinery and Equipment	2,865,872	91,853	37,165	2,920,560
Radio Equipment	3,750	-	-	3,750
Data Processing Equipment	843,253	-	1,248	842,005
Total Capital Assets, being depreciated	<u>242,356,520</u>	<u>15,149,448</u>	<u>38,413</u>	<u>257,467,555</u>
Less Accumulated Depreciation for				
Buildings	5,654,767	258,832	-	5,913,599
Improvements other than buildings	51,823,051	2,018,514	-	53,841,565
Infrastructure	70,647,919	4,072,022	-	74,719,941
Furniture and Office Equipment	97,224	816	-	98,040
Machinery and Equipment	2,520,860	87,036	32,488	2,575,408
Radio Equipment	3,750	-	-	3,750
Data Processing Equipment	834,853	2,800	1,248	836,405
Total Accumulated Depreciation	<u>131,582,424</u>	<u>6,440,020</u>	<u>33,736</u>	<u>137,988,708</u>
Total Capital Assets, being depreciated, net	<u>110,774,096</u>	<u>8,709,428</u>	<u>4,677</u>	<u>119,478,847</u>
Business-type Activities Capital Assets, net	<u>\$ 118,605,412</u>	<u>\$ 20,041,557</u>	<u>\$ 4,144,365</u>	<u>\$ 134,502,604</u>

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6: CAPITAL ASSETS – CONTINUED

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General Government	\$ 257,440
Finance	22,350
Public Works	2,553,396
Public Safety	1,209,284
Cultural and Recreation	957,919
Capital Assets held by government's Internal Service	
Funds are charged to the various functions based on their usage of assets	<u>4,876,165</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 9,876,554</u>
 Business-type Activities	
Water and Sewer	\$ 6,292,604
Solid Waste	5,099
Ratliff Golf Course	<u>142,317</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 6,440,020</u>

NOTE 7: RETIREMENT COMMITMENTS

Texas Municipal Retirement System

Plan Description:

The City provides pension benefits for all of its full-time employees with the exception of firefighters through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained from TMRS' website at www.TMRS.com.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Texas Municipal Retirement System (Continued)

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City are as follows:

	Plan Year 2014	Plan Year 2013
Employee Deposit Rate	7%	7%
Matching Ratio (City to Employee)	2 to 1	2 to 1
Years Required for Vesting	5	5
Service Retirement Eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated Service Credit	100 % Repeating, Transfers	100 % Repeating, Transfers
Annuity Increase (to Retirees)	50% of CPI	50% of CPI

Contributions:

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation / (asset) as of September 30, 2014, are as follows:

Annual Required Contribution (ARC)	\$ 5,331,930
Interest on Net Pension Obligation	368,970
Adjustment to the ARC	<u>(329,878)</u>
Annual Pension Cost (APC)	5,371,022
Contributions Made	<u>(5,777,933)</u>
Increase (Decrease) in Net Pension Obligation	(406,911)
Net Pension Obligation / (Asset), Beginning of Year	<u>5,271,001</u>
Net Pension Obligation / (Asset), End of Year	<u>\$ 4,864,090</u>

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Texas Municipal Retirement System – Continued

Annual TMRS pension cost, net annual pension obligation (NPO) and related information for the last three fiscal years ended September 30, are as follows:

	2014	2013	2012
Annual Pension Cost	\$ 5,371,022	\$ 5,089,904	\$ 5,000,907
Actual Contributions Made	5,777,931	5,029,815	4,713,140
Net Pension Obligation Increase	\$ (406,911)	\$ 60,089	\$ 287,767
Net Pension Obligation Balance	\$ 4,864,090	\$ 5,271,001	\$ 5,210,912
Contributions as a % of Annual Pension Cost	107.6%	98.8%	94.2%

The City contributed 107.6%, 98.8%, and 94.2% of the annual pension cost for 2014, 2013, and 2012, respectively. The required contribution rates for the fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
GASB 25 Equivalent Single Amortization Period	24.0 years; closed period	25.2 years; closed period	26.2 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-yr Smoothed Mkt.	10-yr Smoothed Mkt.	10-yr Smoothed Mkt.
Actuarial Assumptions:			
Investment Rate of Return *	7.0%	7.0%	7.0%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at Cost-of-Living Adjustments	3.0% 1.5%	3.0% 1.5%	3.0% 1.5%

Funded Status and Funding Progress:

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded AAL Funded (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL Actuarial as a % of Covered Payroll
12/31/13	\$ 180,638,933	\$213,565,320	\$ 32,926,387	84.6%	\$33,726,855	97.6%

Additional information regarding the funding progress can be found immediately following the notes to the financial statements in the "Required Supplementary Information" section, and it contains multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Texas Municipal Retirement System – Continued

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets. The schedule of funding progress presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability of benefits.

Supplemental Death Benefits Fund (SDBF)

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The plan does not issue a stand-alone financial report, but is included within the TMRS Comprehensive Annual Financial Report.

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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

Contributions:

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

The City's contributions to the TMRS-SDBF for the years ended 2014, 2013 and 2012 were \$69,126, \$62,865, and \$60,287, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates:
(RETIREE-only portion of the rate)

Plan/Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2014	0.06%	0.06%	100%
2013	0.05%	0.05%	100%
2012	0.05%	0.05%	100%

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Other Postemployment Health Care Benefits (OPEB)

Plan Description

The City offers postemployment health care and dental benefits to all employees who retire from the City and meet certain age-and service-related requirements. Health care benefits are offered directly by the City. For all retirees except firemen, eligibility for benefits for either option begins upon retirement with 20 years of service or upon retirement at age 60 with at least 5 years of service. For firemen, eligibility for benefits begins upon retirement with 20 years of service at age 50. Medical coverage continues past a members' age 65, but Medicare becomes primary. Eligible retired employees participating in the Plan pay their premiums directly to the City. The City of Odessa paid benefits of \$1,087,125 for fiscal year 2014.

GASB Statement No. 45 requires governmental entities to recognize and match other postretirement benefit costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services. The Plan is considered a single-employer plan and consists of hospital benefits, major medical benefits, a prescription drug program, dental benefits, and a preferred care program. The health care benefits cover medical and hospitalization costs for retirees and their dependents. If the retiree is eligible for Medicare, City coverage is secondary. The authority under which the Plan's benefit provisions are established or amended is the City Council. Recommendations for modifications are brought to the Council by the Family Health Benefit Pool Committee. Any amendments to the obligations of the plan members or employer to contribute to the plan are brought forth by the Family Health Benefit Pool Committee and approved by the Council.

Participants included in the actuarial valuation include retirees and survivors, and active employees who may be eligible to participate in the Plan upon retirement. Expenditures for postretirement health care and other benefits are recognized monthly and financed on a pay-as-you-go basis. The City funded approximately 17.2% of the postretirement healthcare and other benefit costs, which totaled \$1,087,125 for fiscal year ended September 30, 2014. The retirees were responsible for funding approximately 82.8% of the healthcare and other benefit costs. The City accrued an additional \$971,629 in retiree healthcare expenses during fiscal year 2014.

The Plan does not issue a stand-alone financial report. For inquiries relating to the Plan, please contact Darrell Wells, Director of Risk Management, City of Odessa, P.O. Box 83, Odessa, Texas, 79764.

The required schedule of funding progress immediately following the notes to the financial statements in the "Required Supplementary Information" section presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial Note accrued liability for benefits. As of September 30, 2014:

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
9/30/14	\$ -	\$ 12,502,677	\$ 12,502,677	0%	\$ 47,663,822	26.2%

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Other Postemployment Health Care Benefits (OPEB) – Continued

Determination of Annual Required Contribution (ARC) and End of Year Accrual

Cost Element	Fiscal Year Ending September 30, 2014 Amount	Percent of Payroll ¹
1. Unfunded actuarial accrued liability at October 1, 2014	\$ 12,502,677	26.2%
<u>Annual Required Contribution (ARC)</u>		
2. Normal Cost	\$ 683,615	
3. Amortization of the unfunded actuarial accrued liability over 30 years using open amortization	658,385	
4. Annual Required Contribution (ARC = 2 + 3)	<u>\$ 1,342,000</u>	2.8%
<u>Annual OPEB Cost (Expenses)</u>		
5. ARC	\$ 1,342,000	
6. Interest on beginning of year CAFR accrual	240,890	
7. Amortization of beginning of year CAFR accrual	(409,668)	
8. Fiscal 2013 OPEB cost (5 + 6 - 7)	<u>\$ 1,173,222</u>	2.5%
<u>End of Year CAFR Accrual (Net OPEB Obligation) ²</u>		
9. Beginning of year CAFR accrual	\$ 8,029,668	
10. Annual OPEB cost	1,173,222	
11. Employer contribution (benefit payments)	(201,593)	
12. End of year CAFR accrual (9 + 10 - 11) ²	<u>\$ 9,001,297</u>	18.9%

¹ Annual payroll for the 787 active plan participants as of October 1, 2014 was \$47,663,822.

² Actual benefits and administrative fees paid in fiscal year 2014 of \$1,087,125 less participant contributions of \$885,532. Employer contributed 17.2% of annual OPEB cost during fiscal year 2014.

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contributions	Actual Contributions ³	Percentage Contributed
September 30, 2014	\$ 1,342,000	\$ 201,593	15.0%
September 30, 2013	1,185,071	414,948	35.0
September 30, 2012	1,274,623	299,941	23.5

³ Since there is no funding, these are actual benefit payments of \$1,087,125 less retiree contributions of \$885,532 for 2014. For 2013, actual benefit payments were \$1,249,693 and retiree contributions were \$834,745.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Other Postemployment Health Care Benefits (OPEB) – Continued

Note: The annual required contribution (ARC) of \$1,342,000 for fiscal year 2014 and CAFR accrual of \$9,001,297 as of September 30, 2014, are based on a current decision not to fund in a segregated GASB qualified trust.

Three-Year Schedule of Percentage of OPEB cost contributed

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
September 30, 2014	\$ 1,173,222	17.2%	\$ 9,001,297
September 30, 2013	1,029,128	40.3	8,029,668
September 30, 2012	1,136,936	26.4	7,415,488

Summary of Key Actuarial Methods and Assumptions

Valuation Year	October 1, 2013 – September 30, 2014
Actuarial Cost Method	Projected Unit Credit Cost Method
Amortization Method	30 years, level dollar open amortization ⁴
Asset Valuation Method	N/A

⁴ Open amortization means a fresh-start each year for the cumulative unrecognized amount.

Actuarial assumptions:

Discount Rate	3.0%
Inflation Rate	3.5%
Projected payroll growth rate	N/A
Health care cost trend rate for Medical and prescription drugs	6.5% in fiscal year 2014, and then decreasing by one-half percentage point per year to an ultimate of 4% in fiscal year 2018 and thereafter.

General Overview of the Valuation Methodology

The estimation of the retiree healthcare benefit obligation is generally based on per participant contributions developed from recent periods for which claims experience is available. The City provided actual claims for 2007-2012.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Calculations are based on the types of benefits provided under the terms of the Plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Other Postemployment Health Care Benefits (OPEB) – Continued

General Overview of the Valuation Methodology – Continued

Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Date of Census Data October 1, 2019 **Actuarial Cost Method** Projected Unit Credit actuarial cost method; Unfunded Actuarial Liability (UAL) amortized on a level dollar basis over 30 years.

Annual Health Care Trend Rate Medical and Fiscal Rx Combined

<u>Year</u>	<u>Rate</u>
2012	5.5%
2013	5.0
2014	4.5
2015	4.0

Discount Rate 3.00% per annum

Spouse Age Difference Husbands are assumed to be three years older than wives for current and future retirees who are married
Mortality IRS 2008 Combined Static Mortality Table
Participation Rates Active employees are assumed to elect spousal coverage, where applicable.

Retirement Rates

Employees are assumed to retire according to the following schedule:

<u>Age</u>	<u>Male Retirement Rates</u>	<u>Female Retirement Rates</u>
55-59	5.0%	5.0%
60	17.5%	30.0%
61	15.0%	14.0%
62	45.0%	35.0%
63	25.0%	20.0%
64	25.0%	16.0%
65	100.0%	100.0%

Sample Withdrawal and Disability Rates

Employees are assumed to terminate or become disabled according to the following percentages:

<u>Service</u>	<u>Male Termination Rates</u>	<u>Female Termination Rates</u>
0	23.0%	23.3%
3	10.1%	13.5%
6	6.4%	8.8%
9	3.9%	5.0%
12	2.5%	2.1%
15	1.8%	1.4%
18	1.6%	1.1%

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Firefighters' Relief and Retirement Fund

Plan Description:

The Board of Trustees is the administrator of the Odessa Firefighters' Relief and Retirement Fund ("OFRRF"), a single-employer defined benefit pension plan. The Odessa Firefighters' Relief and Retirement Fund is a separate legal entity and issues its own audited financial statements which may be obtained by writing the Odessa Firefighters' Relief and Retirement Fund Board of Trustees, P.O. Box 4398, Odessa, Texas 79760.

Additionally, the Fund has single entity actuarial valuations performed as of December 31 in even numbered years. The last actuarial valuation report available is for the year ended December 31, 2012. A degree of financial dependence upon the City does exist to the extent the City makes contributions to the Fund equal to a percentage of the participant's pay – 16.36% for 2014 and 15.15% for 2013.

In the City's professional judgment, this dependence is not sufficient to warrant inclusion of the Fund's activities within the City's basic financial statements.

Firefighters in the Odessa Fire Department are covered by the Odessa Firefighters' Relief and Retirement Fund. The table below summarizes the membership of the fund at December 31, 2012:

	<u>December 31, 2012</u>
Retirees and beneficiaries currently receiving benefits and Terminated employees entitled to benefits but not yet receiving	166
Current employees	
a. Vested	75
b. Nonvested	<u>91</u>
TOTAL	<u>332</u>

The Odessa Firefighters' Relief and Retirement Fund provides service retirement, death, disability and withdrawal benefits. These benefits become fully vested after 20 years of credited service. Employees may retire at age 50 with 20 years of service. A partially vested benefit is provided for employees who terminate employment with at least 10 but less than 20 years of service. Employees are also eligible for immediate actuarially reduced early retirement benefits upon completion of 20 years of service. The monthly benefit at normal retirement, payable in a joint and 2/3 to spouse form of annuity, is equal to 72% of highest 60-monthly average salary plus \$107 per month for each whole year of service in excess of 20 years.

This plan of benefits, which is described as the "New Plan", became effective October 1, 2000. Firefighters retiring after age 50 with 20 years of service are eligible for a supplemental benefit of \$500 per month for life of member/eligible surviving spouse. Also, a change in the Cost of Living Adjustment (COLA) was made to increase the COLA to one percent with a minimum of \$37. The plan also provides for an optional "DROP" benefit. A partially vested benefit is provided for employees who terminate employment with at least 10, but less than 20 years of service. These partially vested employees are permitted to draw a reduced, but actuarially equivalent benefit prior to the date the member would have had 20 years of service or the member reached age 50, whichever occurs later.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Firefighters' Relief and Retirement Fund – Continued

A member drawing a benefit under this proposal is not eligible for supplemental benefits or for COLA benefits. Employees are also eligible for immediate actuarially reduced early retirement benefits upon completion of 20 years of service. Odessa firefighters are required to contribute 15.00% of their pay to the fund. The City is required to make contributions which will equal the effective matching requirement of TMRS. This rate for 2014 was 16.36% and for 2013 was 15.15%. The benefit and contribution provisions of this plan are authorized by the Texas Local Firefighters Retirement Act (TELFRA).

While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the Fund must be approved by a qualified actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. This financing arrangement includes consideration of the Fund's funding status on a going-concern basis and progress made in accumulating sufficient assets to pay benefits when due.

Using the entry age actuarial cost method, the plan's normal cost is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost rate is used to amortize the plan's unfunded actuarial accrued liability, and the number of years needed to amortize the plan's unfunded actuarial accrued liability is determined using a level percentage of payroll method.

Actuarial valuations are performed every two years. For years in which actuarial valuations are not performed, estimates are made using the actuarial methods and principles.

Basis of Accounting:

The Odessa Firefighters' Relief and Retirement Fund financial statements are prepared using the accrual basis of accounting with a December 31 year-end. Employee and employer contributions are recognized as revenues in the period in which they are received by the Fund for benefit purposes, but reported as accrued in the audited statements. Benefits paid are recognized in the period paid.

Method Used to Value Investments:

The Odessa Firefighters' Relief and Retirement Fund's investments are reported at fair value. Investment income is recognized as earned.

Summary of Significant Accounting Policies and Plan Asset Matters:

In accordance with the policy of stating investments at fair value, the amount reflected as the net appreciation (depreciation) in fair value represents the net changes in fair values from the beginning of the year or date of purchase (whichever is later) to the end of the year, adjusted for securities sold during the year. The Fund has no single investment that represents 5% or more of the Fund's net assets. The Odessa Firefighters' Relief and Retirement Fund adopted the current plan effective December 19, 2002.

Funding Status and Progress:

The Fund is required by statute to conduct actuarial studies every two years and conducted the last study December 31, 2012, for the plan in effect at that time. The following disclosures relative to the funding and progress of the plan are made for the plan in effect and the plan year ended December 31, 2012. The funding policy of the Fund requires contributions equal to 15.00% of pay by the firefighters and 16.36% of pay by the City of Odessa.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Firefighters' Relief and Retirement Fund – Continued

The schedule of funding progress immediately following the notes to the financial statements in the "Required Supplementary Information" section presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time. As of September 30, 2014:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL Funded (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
12/31/12	\$ 42,756,974	\$ 87,585,700	\$ 44,828,726	48.80%	\$ 9,518,672	471.0%

Annual Odessa Firefighters' Relief and Retirement Fund pension cost, net pension obligation (NPO) and related information for the last three fiscal years is as follows:

	2014	2013	2012
Annual Required Contribution ARC	\$ 3,704,023	\$ 3,094,934	\$ 2,143,523
Annual Pension Cost	\$ 3,704,023	\$ 3,094,934	\$ 2,143,523
Contributions Made	1,789,672	1,573,344	1,477,045
Change in Net Pension Obligation	1,914,351	1,521,590	666,478
NPO, Beginning of Year	3,422,859	1,901,269	1,234,791
NPO, End of Year	\$ 5,337,210	\$ 3,422,859	\$ 1,901,269
Contributions as a % of Annual Pension Cost	48.3%	50.8%	68.9%

Actuarial valuation date	January 1, 2013	January 1, 2011
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Open method	Open method
payroll	Level percentage of payroll	Level percentage of
Asset valuation method	5-Year Smoothed market values	5-Year Smoothed market values
Amortization period for ARC	30 years	30 years
Amortization period for UAAL		
Actuarial assumptions:		
Investment rate of return	8.25%	8.5%
Inflation rate	3.0%	3.0%
Cost-of-living adjustments	1%	1%
Projected salary increases	4.5% per year	4.5% per year

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8: DISCRETE COMPONENT UNIT - ODESSA DEVELOPMENT CORPORATION

The financial report of the Odessa Development Corporation can be obtained or reviewed by writing to Odessa Development Corporation, Treasurer, P.O. Box 4398, Odessa, Texas, 79760.

A. Significant Accounting Policies

1. Definition and Nature of Entity

The Odessa Development Corporation, ("the Corporation") is a quasi-governmental organization created on December 1, 1997 as a public instrumentality and non-profit industrial development corporation under provisions of the Development Corporation Act of 1979 of the State of Texas, and is funded by a ¼ percent sales tax.

The Corporation is governed by a five-member Board of Directors appointed by the City Council, and the Corporation's annual operating budget, as well as projects undertaken by it, is subject to approval by the City Council. Because of this oversight responsibility, the Corporation is considered to be a component unit of the City of Odessa, and in accordance with Governmental Accounting Standards Board (GASB) its financial affairs are included in the City's comprehensive annual financial report as a discretely-presented entity. Based on the nature of its major revenues, it is included in the City's governmental funds presentation.

The purpose of the Corporation is to promote and develop industrial and manufacturing enterprises in order to eliminate unemployment and underemployment, and to promote and encourage employment and the public welfare of, for, and on behalf of the City, and to do any and all projects authorized by section 4A of the Development Corporation Act.

2. Government-Wide and Fund Financial Statements

The basic financial statements of the Corporation are presented at two basic levels, the government-wide level and the fund level. These statements focus on the Corporation as a whole at the government-wide level and on the major fund at the fund level whereas financial statements prior to GASB No. 34, as amended by GASB No. 61, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, focused on reporting by fund type. The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of activities of the Corporation. There is no interfund activity in the Corporation's statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are the only reported activities.

The government-wide statement of net position reports all financial and capital resources of the Corporation and is presented in an "assets minus liabilities equal net position" format with net position reported in the order of relative liquidity. Also, assets and liabilities are presented in relative order of liquidity with liabilities which have an average maturity of more than one year separated into the amount due within one year and the amount due in more than one year.

The government-wide statement of activities identifies the relative financial burden of each of the Corporation's functions on the taxpayers by identifying direct expenses and the extent of self-support through program revenues. Direct expenses are clearly identifiable expenses that can be specifically associated with a function. Program revenues are revenues derived directly from the function or from other sources which reduce the net cost of the function to be financed from

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8: DISCRETE COMPONENT UNIT - ODESSA DEVELOPMENT CORPORATION—CONTINUED

A. Significant Accounting Policies – Continued

2. Government-Wide and Fund Financial Statements - Continued

general government revenues. Program revenues are 1) charges to customers who purchase, use, or directly benefit from services provided by a function and which are generated by that function, 2) grants and contributions restricted to operating requirements of a function and, 3) grants and contributions restricted to capital requirements of a function. The Corporation had no program revenues for the 2014 year. Items such as taxes, investment earnings and non-specific grants are not included as program revenues but are instead reported as general revenues which normally cover the net cost of a function.

Fund level financial statements are presented for the governmental fund, with a focus on the major fund. A major fund is defined by GASB as a fund meeting certain specific asset, liability, revenue, or expenditure/expense criteria relative to all funds of that type and relative to the total for all governmental and enterprise funds combined.

A budgetary comparison schedule for the General Fund is included in the RSI – required supplementary information of the Corporation's financial statements.

3. Measurement Focus and Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. Exchange and exchange-like transactions, transactions in which the Corporation gives or receives value and receives or gives equal value, that create revenues, expenses, gains, losses, assets or liabilities are recognized when the exchange occurs. Non-exchange transactions, transactions in which the Corporation gives or receives value without receiving or giving equal value in exchange, that result in revenues, expenses, gains, losses, assets or liabilities are recognized in accordance with GASB No. 33, "Accounting and Financial Reporting for Non-exchange Transactions", as amended by GASB Statement Nos. 34 and 36, "Recipient Reporting for Certain shared Nonexchange Revenues." The treatment of Non-exchange transactions is grouped in four classes based upon the principal characteristics of the transaction and reported according to those characteristics.

Government fund financial statements are reported using a current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. In the case of sales taxes, available means due within the current period and collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Such time thereafter shall not exceed 60 days. Expenditures are generally recorded when a fund liability is incurred.

Governmental fund level revenues, which have been accrued based upon the susceptible to accrual concept, are sales taxes.

The only major fund used by the Corporation is the General Fund. As the only operating unit of the Corporation; this fund accounts for the major activities of the Corporation's, collection of sales tax revenues and payment of contractual expense items.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8: DISCRETE COMPONENT UNIT - ODESSA DEVELOPMENT CORPORATION—CONTINUED

A. Significant Accounting Policies – Continued

4. Use of Estimates

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

5. Budget

The annual budget is legally adopted by the Corporation's Board and is prepared on a basis consistent with accounting principles generally accepted in the United States of America. At least sixty days prior to the commencement of each fiscal year of the Corporation, the Board shall adopt a proposed budget of expected revenues and proposed expenditures for the next ensuing fiscal year.

The budget shall contain such classifications and shall be in such form as may be prescribed by the Council. The budget shall not be effective until the same has been approved by the Council. Expenditures may not exceed the appropriation of the adopted annual operating budget. Supplemental appropriations during the year must be approved and adopted by the Corporation's Board and the City Council.

6. Investments

In accordance with GASB, the Corporation's investments are stated at fair value, except for external investment pools.

The Corporation utilizes the following methods and assumptions:

- a) Fair value is based on quoted market prices as of the valuation date;
- b) The portfolio did not hold investments in any of the following:
 - 1) Items required to be reported at amortized cost,
 - 2) Items subject to involuntary participation in an external pool,
 - 3) Items associated with a fund other than the funds to which the income is assigned;
- c) The portfolio did hold investments in external pools that are not SEC registered. The external investment pool is TexPool. The State Comptroller of Public Accounts exercises oversight over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters. TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.
- d) The gain/loss resulting from valuation will be reported within the "Investment Income" account on the Statement of Revenues, Expenditures, and Changes in Fund Balance.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8: DISCRETE COMPONENT UNIT - ODESSA DEVELOPMENT CORPORATION – CONTINUED

A. Significant Accounting Policies – Continued

7. Sales Taxes

Sales taxes are recognized as receivables and revenues in the period when the exchange transaction imposed occurs on the accrual basis and when measurable and available under the modified accrual basis. Sales taxes accrued are considered available.

8. Income Taxes

Because the Corporation is wholly-owned by the City of Odessa and its revenues are related to its public purpose, any net revenues of the Corporation are exempt from federal income tax under the Internal Revenue Code of 1986, as amended.

9. Net Position/Fund Balances

The Corporation reports its fund balances under GASB No. 54, *Fund Balance, Reporting and Governmental Fund Type Definitions*, for the governmental fund. Under GASB 54, fund balances are required to be reported according to the following classifications:

Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. The Corporation has no nonspendable fund balance at September 30, 2014.

Restricted Fund Balance – Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation). The Corporation has no restricted fund balance at September 30, 2014.

Committed Fund Balance – Amounts that can only be used for specific purposes because of a formal action (resolution) by the Board – the highest level of decision-making authority. This classification includes incentive agreements and training grants.

Assigned Fund Balance – Amounts that are constrained by the Corporation's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body (such as a Finance Committee), or by an official to whom that authority has been given. The Corporation has no assigned fund balance at September 30, 2014.

Unassigned Fund Balance – This is the residual classification of the General Fund. Only the General Fund reports a positive unassigned fund balance.

The Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed. Within unrestricted fund balance, the committed amount should be used first, assigned amount next and unassigned amount used last.

The government-wide financial statements utilize a net position presentation. Net position is categorized as unrestricted net position.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8: DISCRETE COMPONENT UNIT - ODESSA DEVELOPMENT CORPORATION – CONTINUED

B. Reconciliation of Government-Wide and Fund Financial Statements

1. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:
 - There are no differences between the governmental fund balance sheet and the government-wide statement of net position. The nature of the other assets and liabilities which were reported at the government-wide level are such that they also met the criteria for reporting at the fund level.
2. Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities:
 - There are no differences between the governmental fund statement of revenues, expenditures and changes in fund balance and the government-wide statement of activities because the nature of the revenues and expenses which were accrued at the government-wide level were such that they also met the criteria for accrual at the fund level.

C. Cash and Investments

As further described in Note F, the City of Odessa serves as the Corporation's fiscal agent. Under the arrangement, the Corporation's cash and investments are accounted for by the City as an agency fund, and its uninvested cash (if any) is held in the City's depository in the City's name as agent for the Corporation. As required by the Revised Statutes of the State of Texas, all of the City's deposits, to the extent not insured by federal depository insurance, are collateralized by securities held by an independent third party agent in the City's name under a joint custody arrangement giving the City unconditional rights and claims to the collateral.

At year-end, the carrying amount of the Corporation's cash and investments were \$31,783,370, of which \$10,982,991 was held in investments in TexPool, and \$6,029,583 was held in a high yield savings account at a local bank, and \$7,283,806 was held in certificates of deposit, and \$7,486,990 was held in U.S. Government securities. The fair value amount (\$10,982,991) held in Texpool had a weighted average maturity of 49 days and was rated AAAM by Standards & Poor. The high yield savings account was entirely covered by federal depository insurance or collateralized with securities held by the pledging financial institution's agent in the Corporation's name.

The Corporation's investments are administered by City management under terms of an investment policy and strategy that has been updated to conform to the latest amendments to the Texas Public Funds Investment Act. The Corporation is authorized to invest in the same investments as the City, which is disclosed in Note 4. At September 30, 2014, 35% of the Corporation's investments were in an external investment pool, TexPool, 24% were invested in U.S. securities, 23% were invested in certificates of deposit, and 18% were held in a high yield savings account.

D. Receivables

Receivables of \$1,673,388 as of year-end for the government's individual major fund were entirely from sales tax and the Corporation does not anticipate any uncollectible accounts as of September 30, 2014.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8: DISCRETE COMPONENT UNIT - ODESSA DEVELOPMENT CORPORATION – CONTINUED

E. Concentrations of Risk

As described in Note A, the Corporation's funding is dependent upon ¼ percent sales tax assessed on retail sales within the city limits of the City of Odessa. This revenue source is subject to the normal economic fluctuations experienced by the City and the surrounding region.

As described in Note C, the Corporation's cash and investments, which were in the total amount of \$31,783,370 at September 30, 2014, are held at TexPool, JP Morgan Chase Bank, Lone Star State Bank, AIM Bank, and Frost Bank.

F. Transactions with Municipality

The City of Odessa serves as fiscal agent for the Corporation, furnishing accounting, investment management, and data processing services under a contract, which provides that the City will be reimbursed for its cost of providing the services. The City will also prepare and provide space and information for the Corporation's board meetings. Fees charged under this agreement, are \$6,260 per month and for the period ended September 30, 2014, the Corporation paid the City \$75,115.

G. Commitments

The Corporation entered into a contract with the Odessa Chamber of Commerce to provide economic development services (referred to as the "Economic Development Program") in accordance with the General Development Plan, as prepared by the Corporation. The Corporation paid the Chamber \$718,853 for the current year, paid in equal quarterly installments. The Chamber contributed certain in-kind services as provided in the contract. The Corporation received a \$4,898 refund in the current year for the 2012-2013 contract. The contract period began October 1, 2013 and terminated on September 30, 2014, whereby a new annual contract began with essentially the same provisions.

The Corporation entered into a contract with MOTRAN Alliance, Inc. to provide economic development services in accordance with the General Development Plan. The Corporation paid MOTRAN \$78,305 for the current year, paid in equal quarterly installments. The Corporation received a \$195 refund from MOTRAN in the current year for the 2012-2013 contract period. The contract period began October 1, 2013 and terminated September 30, 2014, whereby a new annual contract began with essentially the same provisions.

The Corporation entered into a contract with the Odessa Hispanic Chamber of Commerce (OHCC) to provide economic development services in accordance with the General Development Plan. The Corporation paid OHCC \$72,915 for the current year, paid throughout the year. The contract period began October 1, 2013 and terminated September 30, 2014, whereby a new annual contract began with essentially the same provisions.

In September 2012, The Corporation entered into an agreement with the City of Odessa for a test water well and study (referred to as "Desal Water Project"). The agreement was amended during 2013 to increase the amount to \$3,000,000. However, in 2014, the Board of Directors decided that there was no specific water study that would be conducted in the near future. As such, the funds set aside for the Desal Water Project were shifted back to incentives and the line item committed for the Desal Water Project was removed.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8: DISCRETE COMPONENT UNIT - ODESSA DEVELOPMENT CORPORATION –CONTINUED

H. Contingencies

The Corporation has entered into business incentive agreements/training grants with multiple entities, both in the current year and since inception. The agreements require the Corporation to pay incentives/grants upon the completion of certain transactions, which may or may not correspond to the entity's earnings of those incentives/grants. Based on accrual and modified accrual accounting, these expenditures are recorded by the Corporation when paid out. If the entities fail to meet their requirements, the agreement states that the entities will refund incentive/training dollars back to the Corporation. At September 30, 2014, the Corporation was committed for \$15,421,727, for incentive agreements signed but not yet completed on the part of the entities.

I. Return of Incentive

The Corporation entered into an economic development agreement with Summit Texas Clean Energy, LLC (Summit), thereby granting and paying Summit \$5,000,000 which was fully guaranteed by Summit with an irrevocable letter of credit naming the Corporation as the beneficiary. Summit was also granted some land. During the fiscal year ended September 30, 2014, the agreement was amended and restated, the letter of credit was cancelled and \$5,000,000 cash was returned to the Corporation. Summit is eligible to receive the money back in the future upon achievement of commercial operation and full employment. Another incentive recipient returned \$103,500 as they did not meet their incentive requirements.

NOTE 9: JOINT VENTURE

The Midland-Odessa Urban Transit District (MOUTD), created by the cities of Odessa and Midland, incurred start-up costs and purchased buses and other vehicles prior to September 30, 2003. During the year ended September 30, 2004 the MOUTD began operating the bus routes. Federal and state grants were obtained to cover the start-up costs and purchases of buses and vehicles, and to provide for operating expenses. An annual audit was performed as of September 30, 2014, and can be obtained from the MOUTD. For the year ended September 30, 2014, the cities had contributed money to the MOUTD in the amount of \$500,000. Both cities have budgeted contributions to the MOUTD, but do not have an equity interest. As of September 30, 2014, the MOUTD had net position of \$11,176,179 of which \$11,292,532 represented "Investment in Capital Assets." The financial report of the Midland-Odessa Urban Transit District can be obtained by writing to 8007 East Highway 80, Odessa, Texas 79765.

NOTE 10: DEFERRED COMPENSATION PLAN

The City of Odessa offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The supplementary retirement plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

In prior years, the Internal Revenue Code specified that the plan's assets were the property of the City until paid or made available to participants, subject only on an equal basis to the claims of the City's general creditors. Therefore, the plan's assets were recorded in the Agency Fund. A 1996 federal law now requires all assets and income of Internal Revenue Code Section 457 deferred compensation plans to be held in trust, custodial accounts, or annuity contracts for the exclusive benefit of the participants and their beneficiaries. Assets of the City's plan are administered by private administrators under contract with the City. The City added endorsements to the plan's contracts as of October 13, 1998 to comply with the new federal law. Consequently, the plan's assets and liabilities have been removed from the City's financial statements for all subsequent years.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11: FLEXIBLE BENEFITS PLAN

The City of Odessa established a Medical Reimbursement Plan for its employees. This plan is intended to constitute a "cafeteria plan" under Section 125 of the Internal Revenue Code. Under this plan, each employee will be eligible to have a portion of his/her family's uninsured medical expenses reimbursed on a tax-free basis. The plan is available to all employees who have completed one year of service and work at least 40 hours per week. The maximum reimbursement allowed under this plan is the lesser of (a) the amount the employee has earmarked for medical payments, or (b) five percent of his/her gross salary.

The City of Odessa has also established a Dependent Care Assistance Plan for its employees. Under this plan, each employee will be eligible to have a portion of his/her family's dependent care expenses reimbursed on a tax-free basis. The plan is available to all employees who have completed 30 days of service and work at least 40 hours per week. The maximum reimbursement allowed under this plan is the lesser of (a) the amount the employee has earmarked for dependent care, (b) \$5,000, or (c) the amount earned by the participant's spouse.

NOTE 12: INTERFUND TRANSACTIONS

During the course of normal operations, the City of Odessa has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The governmental and proprietary type funds' financial statements generally reflect such transactions as transfers. The internal service funds record charges for service to City departments as operating revenue. All City funds record these payments to the internal service funds as operating expenses. The proprietary funds record operating subsidies as other income whereas the fund paying the subsidy records it as either an expenditure or transfer. The purpose of the interfund balances is to track amounts owed between funds for short-term loans between funds and unpaid amounts for arms length transactions between funds for goods and services. Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to spend them; and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Individual fund interfund receivable and payable balances at September 30, 2014, arising from these transactions were as follows:

	Interfund	
	Receivables	Payables
Governmental Funds		
General Fund	\$ 363,836	\$ 434,578
Non-Major Government Funds		
Housing and Community Development	-	93,541
MOUTD	-	124,280
Other	-	146,015
Internal Service Funds		
Equipment Service Fund	434,578	-
	\$ 798,414	\$ 798,414

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 12: INTERFUND TRANSACTIONS – CONTINUED

Interfund transfers for the year ended September 30, 2014, are as follows:

	Interfund	
	Transfers In	Transfers Out
Governmental Funds		
General Fund	\$ -	\$ 681,880
Non-Major Governmental Funds		
Housing and Community Development Fund	22,417	-
Special Revenue Funds-Other	37,955	30,136
Enterprise Funds		
Water and Sewer Fund	49,144	-
Solid Waste Fund	166,416	-
Ratliff Golf Course Fund	236,992	-
Storm Water Fund	17,963	-
Internal Service Funds		
Equipment Service Fund	91,593	-
Risk Management Fund	25,382	-
Information Technology Fund	64,154	-
	<u>\$ 712,016</u>	<u>\$ 712,016</u>

NOTE 13: LONG-TERM DEBT

GOVERNMENTAL ACTIVITIES:

The following is a summary of debt transactions for governmental activities of the City for the year ended September 30, 2014:

	Balance October 1, 2013	Additions	Reductions	Balance September 30, 2014	Due Within One Year
Certificates of Obligation :					
Series 2005	\$ 4,510,000	\$ -	\$ 4,365,000	\$ 145,000	\$ 145,000
Series 2006	7,660,000	-	6,720,000	940,000	460,000
Series 2007	4,185,000	-	45,000	4,140,000	40,000
Series 2013	51,335,000	-	1,820,000	49,515,000	1,710,000
General Refunding Bond:					
Series 2006	4,290,000	-	540,000	3,750,000	565,000
General Obligation Refunding:					
Series 2009	2,080,000	-	315,000	1,765,000	325,000
Series 2012	6,610,000	-	290,000	6,320,000	300,000
Series 2014	-	10,060,000	-	10,060,000	-
Unamortized Premiums:					
Series 2007	118,740	-	8,481	110,259	-
Series 2009	31,710	-	5,285	26,425	-
Series 2012	366,578	-	34,367	332,211	-
Series 2013	3,000,508	-	150,029	2,850,479	-
Series 2014	-	1,184,597	18,984	1,165,613	-
Capital Lease Payable	2,754,603	3,100,529	1,157,017	4,698,115	1,195,265
Compensated Absences	7,938,889	2,708,215	2,605,965	8,041,139	2,605,965
Landfill Closure/Post-Closure	1,618,416	22,218	31,394	1,609,240	100,000
Other Post Employment					
Benefits Obligation	6,280,322	759,915	-	7,040,237	-
Firemen's Benefit Obligation	3,422,859	1,914,351	-	5,337,210	-
TMRS Phase-in Liability	4,160,381	-	321,211	3,839,170	-
	<u>\$ 110,363,006</u>	<u>\$ 19,749,825</u>	<u>\$ 18,427,733</u>	<u>\$ 111,685,098</u>	<u>\$ 7,446,230</u>

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 13: LONG-TERM DEBT – CONTINUED

CERTIFICATES OF OBLIGATION

September 30, 2014

\$5,400,000 Certificates of Obligation Bonds due in annual installments from March 1, 2005 through March 1, 2016; interest rates 3.5 - 4.5% -Construction of improvements to City parks, construction of drainage, paving, curb and gutter, and street improvements. This issue partially defeased in 2014. \$ 145,000

\$10,150,000 Certificates of Obligation Bonds due in annual installments from March 1, 2007 through March 1, 2026; interest rates 4.0% –Construction of improvements to City parks; constructing and equipping 3 fire stations and acquisition of land thereof; improvements to City's public safety radio system; improvments to municipal golf course. This issues partially defeased in 2014. 940,000

\$4,345,000 Certificates of Obligation Bonds due in annual installments from September 30, 2008 through September 30, 2027; interest rates 4.0 - 5.0% – Developing park facilities; constructing and installing traffic signals; constructing drainage, cubs, gutters and paving streets. 4,140,000

\$51,335,000 Certificates of Obligation Bonds due in annual installments from March 1, 2014 through March 1, 2033; interest rates 4.2-4.9% - Construction of improvements to City parks, drainage improvements, paving, curb and gutter improvements, and street improvements. 49,515,000

BONDS

\$5,905,000 General Obligation Refunding Bonds, Series 2006 due in annual installments beginning March 1, 2008 through March 1, 2020; effective interest at 4.00% 3,750,000

\$3,280,000 General Obligation Refunding Bonds, Series 2009 due in annual installments beginning March 1, 2009 through March 1, 2019; effective interest at 3.39% 1,765,000

\$6,780,0000 General Obligation Refunding Bonds, Series 2012 due in annual installments beginning March 1, 2013 through March 1, 2024; effective interest at 3.22% 6,320,000

\$10,060,000 General Obligation Refunding Bonds, Series 2014 due in annual installments beginning September 1, 2014 through March 1, 2026; effective interest at 2.51%. 10,060,000

Currently, principal payments are due annually for all bonds on March 1 and interest payments are due semi-annually on March 1 and September 1. Governmental accrued compensated absences will be liquidated by the general fund and the special revenue funds.

At September 30, 2014, the City still held unspent bond proceeds of \$54,571,126.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 13: LONG-TERM DEBT – CONTINUED

The annual requirements to amortize general bonded debt outstanding as of September 30, 2014, are as follows:

<u>Year Ending September 30</u>	Certificates of Obligation		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 2,355,000	\$ 2,525,017	\$ 4,880,017
2016	2,285,000	2,453,015	4,738,015
2017	1,850,000	2,396,475	4,246,475
2018	1,920,000	2,329,300	4,249,300
2019	2,030,000	2,230,550	4,260,550
2020-2024	13,450,000	9,330,163	22,780,163
2025-2029	16,355,000	5,646,688	22,001,688
2030-2033	14,495,000	1,494,875	15,989,875
	<u>\$ 54,740,000</u>	<u>\$ 28,406,083</u>	<u>\$ 83,146,083</u>

<u>Year Ending September 30</u>	Bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,190,000	\$ 798,138	\$ 1,988,138
2016	1,480,000	754,050	2,234,050
2017	2,070,000	699,450	2,769,450
2018	2,320,000	627,400	2,947,400
2019	2,455,000	539,350	2,994,350
2020-2024	10,350,000	1,448,425	11,798,425
2025-2026	2,030,000	70,400	2,100,400
	<u>\$ 21,895,000</u>	<u>\$ 4,937,213</u>	<u>\$ 26,832,213</u>

The ordinances authorizing the issuance of general obligation bonds created an interest and sinking fund (General Debt Service Fund). The ordinances require the City to ascertain a rate and amount of ad-valorem tax which will be sufficient to pay interest as it comes due and provide a reserve fund which is adequate to meet principal as it matures. The bonds have various call options whereby they may be redeemed during certain periods prior to maturity. There are a number of limitations and restrictions contained in the various bond indentures. The City was in compliance with all significant limitations and restrictions.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 13: LONG-TERM DEBT – CONTINUED

Business-type Activities:

	Balance October 1, 2013	Additions	Reductions	Due Balance September 30, 2014	Within One Year
\$12,830,000 General Obligation Refunding Bonds - Series 2006 (Water & Sewer Fund portion) due in annual installments beginning March 1, 2008 through March 1, 2020; effective interest at 4.00%	\$ 6,535,000	\$ -	\$ 3,205,000	\$ 3,330,000	\$ 3,330,000
Unamortized Premium on General Obligation Refunding Bonds Series 2006 (W&S portion)	90,442	-	44,356	46,086	-
Combination Tax and Revenue Certificates of Obligation - Series 2007 due in annual installments from September 30, 2008 through September 30, 2027; effective interest at 4.75%	62,855,000	-	-	62,855,000	-
Unamortized Premium on Certificate of Obligations - 2007	1,778,545	-	206,980	1,571,565	-
\$4,065,000 General Obligation Refunding Bonds - Series 2009 (Water & Sewer Fund portion) due in annual installments beginning March 1, 2010 through March 1, 2015; effective interest 3.39%	2,060,000	-	1,015,000	1,045,000	1,045,000
Unamortized Premium on General Obligation Refunding Bonds Series 2009 (W&S portion)	31,700	-	15,620	16,080	-
Compensated Absences	1,071,083	564,159	368,466	1,266,776	368,465
Other Post Employment Benefits Obligation	1,749,346	211,714	-	1,961,060	-
TMRS Net Pension Obligation	1,110,620	-	85,700	1,024,920	-
	<u>\$ 77,281,736</u>	<u>\$ 775,873</u>	<u>\$ 4,941,122</u>	<u>\$ 73,116,487</u>	<u>\$ 4,743,465</u>

Principal payments are due annually for revenue bonds on April 1 and interest payments are due semi-annually on October 1 and April 1.

All business-type activity debt was issued for the purpose of improving the City's capital infrastructure of its Water and Sewer System. Debt proceeds were used to replace and enhance water and sewer lines, and to make water and sewer plant improvements. All refunding issues are therefore related to the same purpose.

At September 30, 2014, the City still held unspent bond proceeds of \$19,411,323 on the Series 2007 Certificates of Obligation as many capital improvement projects are ongoing.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 13: LONG-TERM DEBT – CONTINUED

The annual requirements to amortize all revenue bonds outstanding as of September 30, 2014, are as follows:

<u>Year Ending September 30</u>	<u>Certificates of Obligation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ -	\$ 3,142,750	\$ 3,142,750
2016	3,920,000	3,044,750	6,964,750
2017	4,120,000	2,843,750	6,963,750
2018	4,330,000	2,632,500	6,962,500
2019	4,555,000	2,410,375	6,965,375
2020-2024	26,520,000	8,300,250	34,820,250
2025-2027	19,410,000	1,488,000	20,898,000
	<u>\$ 62,855,000</u>	<u>\$ 23,862,375</u>	<u>\$ 86,717,375</u>

<u>Year Ending September 30</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 4,375,000	\$ 84,888	\$ 4,459,888
	<u>\$ 4,375,000</u>	<u>\$ 84,888</u>	<u>\$ 4,459,888</u>

REFUNDING

During the fiscal year ended September 30, 2014, the City issued \$10,060,000 in General Obligation Refunding Bonds, Series 2014 to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$4,225,000 Certificates of Obligation, Series 2005 and \$6,285,000 Certificates of Obligation, Series 2006. As a result, these certificates have been considered defeased and the liability has been removed from the Governmental Activities statement of net assets. The new bonds were issued at a premium which is being amortized over the life of the bonds. The amount required to refund the old debt exceeded its book value, resulting in a deferred loss of \$718,818. The loss is being amortized over the life of the new debt which is the same as the remaining life of the old debt. The refunding was undertaken to reduce future total debt service payments over the next 12 years by approximately \$937,750 and resulted in an economic gain of \$646,270.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 13: LONG-TERM DEBT – CONTINUED

Defeasance of Debt

In addition to the refunding this year, the City had issued \$6,780,000 in General Obligation Refunding Bonds, Series 2013; \$7,345,000 in General Obligation Refunding Bonds, Series 2009; and \$18,735,000 in General Obligation Refunding Bonds, Series 2006 to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of 1) \$3,280,000 Certificates of Obligation, Series 1998, 2) \$5,580,000 Certificates of Obligation, Series 2000, 3) \$16,290,000 Waterworks and Sewer System Refunding Revenue Bonds, Series 2001 4) \$1,810,000 Certificates of Obligation, Series 2001, and 5) \$5,085,000 Certificates of Obligation, Series 2004. As a result, these certificates and bonds have been considered defeased and the liability has been removed from the Governmental Activities statement of net assets, and from the Water and Sewer Enterprise Fund statement of net assets.

At September 30, 2014, outstanding issues are considered to be defeased. They are analyzed as follows:

Issue	Amount Defeased	Defeased Debt Outstanding
Certificates of Obligation, Series 1998	\$ 3,280,000	\$ 1,805,000
Certificates of Obligation, Series 2000	5,580,000	3,705,000
Waterworks and Sewer System Refunding Bonds, Series 2001	16,290,000	4,370,000
Certificates of Obligation, Series 2001	1,810,000	1,540,000
Certificates of Obligation, Series 2004	5,085,000	4,970,000
Certificates of Obligation, Series 2005	4,225,000	4,225,000
Certificates of Obligation, Series 2006	6,285,000	6,285,000
		<u>\$ 26,900,000</u>

NOTE 14: CAPITAL LEASE OBLIGATIONS

The City is obligated under a capital lease for equipment which cost \$13,328,605 and is included in governmental activities' assets.

Future minimum lease payments as of September 30, 2014 are as follows:

Year ending September 30,	General Fund
2015	\$ 1,332,730
2016	1,332,730
2017	797,979
2018	797,979
2019	797,980
Total minimum lease payments	5,059,398
Less amounts representing interest	(361,283)
Present value of net minimum capital lease payments	4,698,115
Less current obligations under capital lease	(1,195,265)
Obligations Under Capital Leases Less Current Portion	<u>\$ 3,502,850</u>

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 15: LANDFILL CLOSURE AND POST-CLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its Johnson Ranch landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The Johnson Ranch landfill site reached its operating capacity during the 1996 fiscal year. The site received approval to enter the post-closure care period during that fiscal year. During the year ended September 30, 2014, \$31,394 was expended for the post-closure care costs for the landfill, and \$22,218 was added to the liability to reflect inflated estimated costs. The City's post-closure liability as of September 30, 2014 was \$1,609,240. The post-closure care costs are based on prior estimates and have been adjusted for inflation. Actual costs may vary due to changes in inflation, changes in technology or changes in regulations

Although closure and post-closure care costs has been paid only near or after the date that the landfill stopped accepting waste, the City reported a portion of these estimated closure and post-closure care costs as an operating expense in the prior periods based on landfill capacity used in those prior periods. At September 30, 2014, the City does not operate a landfill.

The City has met the financial and public notice component sections of the Local Financial Test and Government Guarantee, and is in compliance with the state and federal laws and regulations governing landfill closure and post-closure care at September 30, 2014.

NOTE 16: RISK MANAGEMENT

It is the policy of the City not to purchase commercial insurance for the risks of losses to which it is exposed, except for certain stop-loss provisions. The City did not have a significant reduction in insurance coverage from coverage in the prior year. Instead, the City believes it is more economical to manage its risks internally and set aside assets for claim settlements in its internal service fund, the Risk Management Fund.

Medical claims exceeding \$300,000 per covered individual, workmen's compensation claims in excess of \$350,000, and comprehensive general liability, law enforcement liability, employment practices liability, EMT liability and automotive liability exceeding \$250,000 with a limit of \$10,000,000 are covered through private insurance carriers. The Risk Management Fund services all claims for risk of loss to which the City is exposed, including general liability, property and casualty, employee health and accident, environmental, and antitrust. All funds participate in the Risk Management Fund. The cost of providing claim servicing and claim payments is allocated by charging a "premium" to each fund. For 2014, these premiums did adequately cover expenditures. There have been no settlements exceeding insurance coverage for the last five years.

Self-Insurance Fund liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used to compute claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, effects of specific incremental claim adjustment expenditures, salvage, subrogation, and allocated claim adjustment expenditures. All outstanding claims and the IBNR (Incurred but not Reported) claims are reported as current liabilities in accounts payable.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 16: RISK MANAGEMENT – CONTINUED

Changes in the balances of claims liabilities during the fiscal years 2014 and 2013 were as follows:

Fiscal Year	Liability at Beginning	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End
2014	\$ 1,305,409	\$ 7,632,779	\$ 6,968,713	\$ 1,969,475
2013	1,172,031	6,663,286	6,529,908	1,305,409

The City is a defendant in a significant number of lawsuits pertaining to material matters. As stated in Note 19 - Litigation, the City has accrued and recorded potential losses that are determinable at this time within accounts payable in the Internal Service Funds.

NOTE 17: FUND BALANCE

In accordance with GASB Statement 54, the City classifies its fund balances at September 30, 2014, as follows:

	General	Capital Projects	NonMajor			Debt Service	Total NonMajor	Total Governmental
			Housing & Comm. Dev	Convention & Visitors	Other			
NONSPENDABLE:								
Inventories	\$ 3,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,140
Peoperty Held for Sale	1,152,744	-	-	-	-	-	-	1,152,744
RESTRICTED FOR:								
Parks Improvements	-	13,905,206	-	-	-	-	-	13,905,206
Streets, Drainage, Curbs, etc. Improvements	-	40,380,321	-	-	-	-	-	40,380,321
Culture & Recreation	-	-	-	13,876,411	-	-	13,876,411	13,876,411
Public Safety	-	-	-	-	783,432	-	783,432	783,432
Municipal Court	-	-	-	-	106,359	-	106,359	106,359
Debt Service	-	-	-	-	-	696,852	696,852	696,852
Welfare	-	-	4,912	-	-	-	4,912	4,912
Other Purposes	-	-	-	-	310,863	-	310,863	310,863
ASSIGNED TO:								
Compensated Absences	1,143,523	-	-	-	-	-	-	1,143,523
Parks Improvements/Development	2,857,647	-	-	-	-	-	-	2,857,647
Other Capital Projects	-	607,541	-	-	-	-	-	607,541
Police Vehicle Storage Facility	2,000,000	-	-	-	-	-	-	2,000,000
Radio System	2,406,739	-	-	-	-	-	-	2,406,739
Police Vehicle Expansion Project	2,678,212	-	-	-	-	-	-	2,678,212
Other Public Safety Projects	865,213	-	-	-	-	-	-	865,213
Public Works Drainage Project	1,545,635	-	-	-	-	-	-	1,545,635
Other Public Works Projects	789,501	-	-	-	-	-	-	789,501
Information Technology	25,240	-	-	-	-	-	-	25,240
Other Purposes	1,415,944	-	-	-	-	-	-	1,415,944
Welfare	300,000	-	-	-	-	-	-	300,000
UNASSIGNED:								
	33,414,231	-	-	-	-	-	-	33,414,231
	<u>\$50,597,769</u>	<u>\$54,893,068</u>	<u>\$ 4,912</u>	<u>\$13,876,411</u>	<u>\$1,200,654</u>	<u>\$696,852</u>	<u>\$15,778,829</u>	<u>\$121,269,666</u>

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 18: COMMITMENTS AND CONTINGENCIES

Colorado River Municipal Water District

The City has entered into an agreement with the Colorado River Municipal Water District, ("CRMWD"). The City has agreed with the CRMWD pursuant to a water sales contract, to purchase all of its water needs from the CRMWD. The contract constitutes an obligation of the City to make payments solely from the revenues of its water and sewer utility. These payments are computed annually based upon debt service requirements and production costs.

Federally Assisted Programs - Compliance Audits

The City participates in numerous federally assisted programs. Principal among these is Community Development Block Grant. In connection with this grant, the City is required to comply with specific terms and agreements as well as applicable federal laws and regulations. Such compliance is subject to additional review and audit by the grantors and their representatives.

In the opinion of management, the City has materially complied with all requirements. However, since such programs are subject to future audit or review, the possibility of disallowed expenditures exists. In the event of any disallowance of claimed expenditures, the City expects the resulting liability to be immaterial. This liability would be paid from the General Fund, or the City would seek reimbursement from those organizations benefited.

NOTE 19: LITIGATION

The City is party to various legal actions arising in the ordinary course of its business. In the opinion of the City's management, upon advice of the City Attorney, the City has adequate legal defense and/or insurance coverage regarding each of these actions and does not believe that they will materially affect the City's operations or financial position. The potential losses of those lawsuits that are determinable at this time have been accrued in the risk management fund.

NOTE 20: NEW PRONOUNCEMENTS

GASB issued Statement No. 69 "Government Combinations and Disposals of Government Operations" intended to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations, by providing guidance for accounting situations encountered in government environments. This statement is effective for financial statements for periods beginning after December 15, 2013.

GASB issued Statement No. 68 "Accounting and Financial Reporting for Pension – an amendment of GASB Statement No 27" to address new accounting and financial reporting standards for the activities of certain pension plans that are administered through trusts. In particular, it established standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement is effective for financial statements for periods beginning after June 15, 2014.

**CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS**

NOTE 20: NEW PRONOUNCEMENTS – CONTINUED

GASB issued Statement No. 71 "Pension Transition for Contributions made subsequent to the Measurement Date – an amendment to GASB Statement No. 68". The provisions of this Statement are required to be applied simultaneously with the provision of Statement 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement 68, Accounting and Financial Reporting for Pensions. The issue related to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement is effective for financial statements for periods ending on or after June 15, 2015.

The City of Odessa's management is reviewing the implementation process of this standard by gathering required information.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF ODESSA, TEXAS
SCHEDULE OF FUNDING PROGRESS**

Texas Municipal Retirement System

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL Funded (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
12/31/13	\$ 180,638,933	\$ 213,565,320	\$ 32,926,387	84.6%	\$ 33,726,855	97.6%
12/31/12	171,061,334	191,557,767	20,496,433	89.3	30,839,646	66.5
12/31/11	162,075,646	184,473,148	22,397,502	87.9	29,942,709	74.8
12/31/10	152,172,364	178,894,653	25,772,289	85.6	29,205,009	88.1
12/31/09	72,702,578	123,786,574	51,083,996	58.7	29,207,496	174.9
12/31/08	68,052,044	117,079,347	49,027,303	58.1	27,289,656	179.7
12/31/07	69,364,043	114,111,914	44,747,871	60.8	23,268,108	192.3
12/31/06	70,288,601	95,771,547	25,482,946	73.4	23,405,500	108.9
12/31/05	69,230,189	93,028,393	23,798,204	74.4	21,777,646	109.3

Retiree Health Plan

Fiscal Year Ending	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded/ (Overfunded) AAL (UAAL)	Funded Ratio	Annual Covered Payroll *	UAAL as a % of Covered Payroll *
9/30/14	\$ -	\$ 12,502,677	\$ 12,502,677	0	\$ 47,663,822	26.2%
9/30/13	-	11,880,732	11,880,732	0	44,387,012	26.8
9/30/12	-	12,645,073	12,645,073	0	40,367,312	31.3
9/30/11	-	15,575,694	15,575,694	0	38,789,201	40.2
9/30/10	-	15,173,522	15,173,522	0	38,167,117	39.8
9/30/09	-	38,026,634	38,026,634	0	38,560,534	98.6

* Estimated payroll as of September 30, 2014, 2013, 2012, 2011 and 2010 includes only plan participants.

Firefighter's Relief and Retirement

Actuarial Valuation Date **	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL Funded (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Covered Payroll
12/31/13	N/A	N/A	N/A	N/A	N/A	N/A
12/31/12	\$ 42,756,974	\$ 87,585,700	\$ 44,828,726	48.8%	\$ 9,518,672	471.0%
12/31/11	N/A	N/A	N/A	N/A	N/A	N/A
12/31/10	46,170,391	74,359,256	28,188,865	62.1	8,661,029	325.5
12/31/09	N/A	N/A	N/A	N/A	N/A	N/A
12/31/08	40,697,590	69,827,153	29,129,563	58.3	8,437,868	345.2
12/31/07	N/A	N/A	N/A	N/A	N/A	N/A
12/31/06	46,340,444	60,504,139	14,163,695	76.6	7,562,781	187.3
12/31/05	N/A	N/A	N/A	N/A	N/A	N/A
12/31/04	40,209,041	53,098,711	12,889,670	75.7	6,922,260	186.2

** Actuarial valuation performed every two years.

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NON MAJOR GOVERNMENT FUNDS

SPECIAL REVENUE FUNDS

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

Housing and Community Development Fund: To account for funds received from the U.S. Department of Housing and Urban Development that are restricted for expenditure on community development programs.

Convention and Visitors Fund: To account for funds received from a special tax on local hotels/motels to be used to attract conventions and tourists to Odessa in accordance with the Texas Hotel Occupancy Tax Act.

MOUSD - To account for funds received from the U.S. and Texas Departments of Transportation and the disbursement of these restricted monies to the Midland - Odessa Transit District.

Other Special Revenue Fund: To account for funds received from different individual grants that are small in amount or that are one-time only grants, whose expenditures are restricted to each grant's purpose, including; public safety, public works, health and welfare, and finance. And to account for miscellaneous other specific revenues that are to be spent for these specified purposes:

- Federal and State forfeiture funds spent for police training, supplies and materials.

- Court security fees spent for personnel costs, training, maintenance, and capital outlay.

- State fire and police revenue spent on supplies and materials for fire and police training.

- Revenue donated to the Police and Fire departments to be spent on police and fire supplies, equipment, etc.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources from property tax levies for, and the payment of, general long-term debt principal, capitalized lease obligations, interest and related costs.

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**CITY OF ODESSA, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2014**

	Special Revenue Funds	
	Housing and Community Development	Convention and Visitors
ASSETS		
Cash and Investments	\$ -	\$ 12,440,774
Accounts Receivable	118,106	1,555,474
	TOTAL ASSETS	\$ 13,996,248
	\$ 118,106	\$ 13,996,248
LIABILITIES		
Accounts Payable	\$ 10,026	\$ 119,837
Accrued Payroll	9,627	-
Interfund Payable	93,541	-
	TOTAL LIABILITIES	119,837
	113,194	119,837
FUND BALANCES		
Restricted	4,912	13,876,411
	TOTAL FUND BALANCES	13,876,411
	4,912	13,876,411
TOTAL LIABILITIES AND FUND BALANCES	\$ 118,106	\$ 13,996,248

<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Total NonMajor Governmental Funds</u>
<u>MOU</u>	<u>Other</u>		
\$ -	\$ 1,322,290	\$ 670,808	\$ 14,433,872
263,337	36,812	26,044	1,999,773
<u>\$ 263,337</u>	<u>\$ 1,359,102</u>	<u>\$ 696,852</u>	<u>\$ 16,433,645</u>
\$ 139,057	\$ 2,592	\$ -	\$ 271,512
-	9,841	-	19,468
124,280	146,015	-	363,836
<u>263,337</u>	<u>158,448</u>	<u>-</u>	<u>654,816</u>
-	1,200,654	696,852	15,778,829
-	1,200,654	696,852	15,778,829
<u>\$ 263,337</u>	<u>\$ 1,359,102</u>	<u>\$ 696,852</u>	<u>\$ 16,433,645</u>

**CITY OF ODESSA, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2014**

	Special Revenue Funds	
	Housing and Community Development	Convention and Visitors
REVENUES		
Property Tax, Penalties and Interest	\$ -	\$ -
Fines and Forfeitures	-	-
Grants and Entitlements	964,526	-
Hotel and Motel Occupancy Tax	-	6,013,374
Investment Income	-	17,865
Donations	-	-
Other	90,779	-
Sale of Confiscated Property	-	-
TOTAL REVENUES	<u>1,055,305</u>	<u>6,031,239</u>
EXPENDITURES		
Current		
Finance	-	-
Public Works	-	-
Public Safety	-	-
Welfare	1,072,810	-
Culture and Recreation	-	2,888,131
TOTAL CURRENT	<u>1,072,810</u>	<u>2,888,131</u>
Debt Service		
Principal Retirement	-	-
Bond Issuance Costs	-	-
Interest and Fiscal Charges	-	-
TOTAL DEBT SERVICE	<u>-</u>	<u>-</u>
Capital Outlay	-	-
TOTAL EXPENDITURES	<u>1,072,810</u>	<u>2,888,131</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(17,505)</u>	<u>3,143,108</u>
OTHER FINANCING SOURCES (USES)		
Refunding Bonds Issued	-	-
Premium on Refunding Bonds Issued	-	-
Payments to Escrow	-	-
Transfer In	22,417	-
Transfer (Out)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>22,417</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	4,912	3,143,108
FUND BALANCES - AT BEGINNING OF YEAR	<u>-</u>	<u>10,733,303</u>
FUND BALANCES - AT END OF YEAR	<u>\$ 4,912</u>	<u>\$ 13,876,411</u>

Special Revenue Funds		Debt Service Fund	Total NonMajor Governmental Funds
MOUTD	Other		
\$ -	\$ -	\$ 6,922,137	\$ 6,922,137
-	141,965	-	141,965
4,847,237	271,113	-	6,082,876
-	-	-	6,013,374
-	1,986	3,187	23,038
-	10,000	-	10,000
-	-	-	90,779
-	215,585	-	215,585
<u>4,847,237</u>	<u>640,649</u>	<u>6,925,324</u>	<u>19,499,754</u>
-	247,372	-	247,372
4,847,237	-	-	4,847,237
-	234,314	-	234,314
-	-	-	1,072,810
-	-	-	2,888,131
<u>4,847,237</u>	<u>481,686</u>	<u>-</u>	<u>9,289,864</u>
-	-	3,585,000	3,585,000
-	-	168,289	168,289
-	-	3,153,177	3,153,177
-	-	6,906,466	6,906,466
-	43,195	-	43,195
<u>4,847,237</u>	<u>524,881</u>	<u>6,906,466</u>	<u>16,239,525</u>
-	115,768	18,858	3,260,229
-	-	10,060,000	10,060,000
-	-	1,184,597	1,184,597
-	-	(11,227,819)	(11,227,819)
-	37,955	-	60,372
-	(30,136)	-	(30,136)
-	7,819	16,778	47,014
-	123,587	35,636	3,307,243
-	1,077,067	661,216	12,471,586
<u>\$ -</u>	<u>\$ 1,200,654</u>	<u>\$ 696,852</u>	<u>\$ 15,778,829</u>

**CITY OF ODESSA, TEXAS
HOUSING AND COMMUNITY DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
REVENUES				
Grants and Entitlements	\$ 1,044,769	\$ 1,044,769	\$ 964,526	\$ (80,243)
Other	-	-	90,779	90,779
TOTAL REVENUES	<u>1,044,769</u>	<u>1,044,769</u>	<u>1,055,305</u>	<u>10,536</u>
EXPENDITURES				
Current				
Welfare	1,044,769	2,086,629	1,072,810	(1,013,819)
Capital Outlay	-	146,075	-	(146,075)
TOTAL EXPENDITURES	<u>1,044,769</u>	<u>2,232,704</u>	<u>1,072,810</u>	<u>(1,159,894)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(1,187,935)</u>	<u>(17,505)</u>	<u>1,170,430</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	-	22,417	22,417	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>22,417</u>	<u>22,417</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	-	(1,165,518)	4,912	1,170,430
FUND BALANCE - AT BEGINNING OF YEAR	-	-	-	-
FUND BALANCE - AT END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ (1,165,518)</u></u>	<u><u>\$ 4,912</u></u>	<u><u>\$ 1,170,430</u></u>

**CITY OF ODESSA, TEXAS
CONVENTION AND VISITORS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
REVENUES				
Hotel and Motel Occupancy Tax	\$ 3,200,000	\$ 3,200,000	\$ 6,013,374	\$ 2,813,374
Investment Income	-	-	17,865	17,865
TOTAL REVENUES	<u>3,200,000</u>	<u>3,200,000</u>	<u>6,031,239</u>	<u>2,831,239</u>
EXPENDITURES				
Current				
Culture and Recreation	3,045,235	3,045,235	2,888,131	(157,104)
TOTAL EXPENDITURES	<u>3,045,235</u>	<u>3,045,235</u>	<u>2,888,131</u>	<u>(157,104)</u>
NET CHANGE IN FUND BALANCE	154,765	154,765	3,143,108	2,988,343
FUND BALANCE - AT BEGINNING OF YEAR	<u>1,073,303</u>	<u>10,733,303</u>	<u>10,733,303</u>	<u>-</u>
FUND BALANCE - AT END OF YEAR	<u>\$ 1,228,068</u>	<u>\$ 10,888,068</u>	<u>\$ 13,876,411</u>	<u>\$ 2,988,343</u>

**CITY OF ODESSA, TEXAS
OTHER SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014**

	Budgeted Amount		Actual	Variance Over (Under)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ 135,000	\$ 135,000	\$ 141,965	\$ 6,965
Grants and Entitlements	209,351	422,174	271,113	(151,061)
Investment Income	-	-	1,986	1,986
Donations	-	10,000	10,000	-
Sale of Confiscated Property	-	-	215,585	215,585
TOTAL REVENUES	<u>344,351</u>	<u>567,174</u>	<u>640,649</u>	<u>73,475</u>
EXPENDITURES				
Current				
Finance	1,447,385	315,903	247,372	(68,531)
Public Safety	-	525,363	234,314	(291,049)
TOTAL CURRENT	<u>1,447,385</u>	<u>841,266</u>	<u>481,686</u>	<u>(359,580)</u>
Capital Outlay	<u>273,367</u>	<u>570,012</u>	<u>43,195</u>	<u>(526,817)</u>
TOTAL EXPENDITURES	<u>1,720,752</u>	<u>1,411,278</u>	<u>524,881</u>	<u>(886,397)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,376,401)</u>	<u>(844,104)</u>	<u>115,768</u>	<u>959,872</u>
OTHER FINANCING SOURCES (USES)				
Transfer In	-	41,582	37,955	(3,627)
Transfer (Out)	-	-	(30,136)	(30,136)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>41,582</u>	<u>7,819</u>	<u>(33,763)</u>
NET CHANGE IN FUND BALANCE	<u>(1,376,401)</u>	<u>(802,522)</u>	<u>123,587</u>	<u>926,109</u>
FUND BALANCE - AT BEGINNING OF YEAR	<u>1,077,067</u>	<u>1,077,067</u>	<u>1,077,067</u>	<u>-</u>
FUND BALANCE - AT END OF YEAR	<u>\$ (299,334)</u>	<u>\$ 274,545</u>	<u>\$ 1,200,654</u>	<u>\$ 926,109</u>

CITY OF ODESSA, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2014

	Budgeted Amount		Actual	Variance Over (Under)
	Original	Final		
REVENUES				
Property Tax, Penalties and Interest	\$ 6,922,137	\$ 6,922,137	\$ 6,922,137	\$ -
Investment Income	-	-	3,187	3,187
Miscellaneous Income	-	-	-	-
TOTAL REVENUES	<u>6,922,137</u>	<u>6,922,137</u>	<u>6,925,324</u>	<u>3,187</u>
EXPENDITURES				
Debt Service				
Principal Retirement	3,585,000	3,585,000	3,585,000	-
Bond Issuance Costs	-	-	168,289	168,289
Interest and Fiscal Charges	3,337,137	3,337,137	3,153,177	(183,960)
TOTAL EXPENDITURES	<u>6,922,137</u>	<u>6,922,137</u>	<u>6,906,466</u>	<u>(15,671)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>18,858</u>	<u>18,858</u>
OTHER FINANCING SOURCES (USES)				
Refunding Bonds Issues	-	-	10,060,000	10,060,000
Premium on Refunding Bonds Issues	-	-	1,184,597	1,184,597
Payments to Escrow	-	-	(11,227,819)	(11,227,819)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>16,778</u>	<u>16,778</u>
NET CHANGE IN FUND BALANCE	<u>-</u>	<u>-</u>	<u>35,636</u>	<u>18,858</u>
FUND BALANCE - AT BEGINNING OF YEAR	<u>661,216</u>	<u>661,216</u>	<u>661,216</u>	<u>-</u>
FUND BALANCE - AT END OF YEAR	<u>\$ 661,216</u>	<u>\$ 661,216</u>	<u>\$ 696,852</u>	<u>\$ 18,858</u>

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INTERNAL SERVICE FUNDS

The Internal Service Funds account for the financing of goods and services provided by one department to other departments on a cost-reimbursement basis. The three Internal Service Funds are described as follows:

Equipment Service Fund: To account for the cost of providing automotive, radio and other equipment for use by other city departments. Such costs are billed to the other departments at rates sufficient to cover actual costs including provision for replacement of equipment at the end of its useful life.

Risk Management Fund: To account for the activities of the City's general and professional liability and health insurance plans. This fund has been renamed and was formerly known as the Self Insurance Fund.

Information Technology Fund: To account for the cost of providing information technology equipment and services for use by other city departments. Such costs are billed to the other departments at rates sufficient to cover actual costs including provision for replacement of equipment as the end of its useful life.

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CITY OF ODESSA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Equipment Service Fund	Risk Management Fund	Information Technology Fund	Total
ASSETS				
CURRENT ASSETS:				
Cash and Investments	\$ 10,064,858	\$ 5,201,776	\$ 1,563,648	\$ 16,830,282
Accounts Receivable	-	7,211	-	7,211
Interfund Receivable	434,578	-	-	434,578
TOTAL CURRENT ASSETS	<u>10,499,436</u>	<u>5,208,987</u>	<u>1,563,648</u>	<u>17,272,071</u>
NONCURRENT ASSETS:				
CAPITAL ASSETS				
Land	53,831	35,700	-	89,531
Buildings	490,161	866,393	-	1,356,554
Improvements	256,575	210,299	-	466,874
Furniture and Office Equipment	-	67,571	21,024	88,595
Machinery and Equipment	825,057	235,225	587,159	1,647,441
Data Processing Equipment	255,406	35,731	3,859,609	4,150,746
Automotive Equipment	34,339,607	-	-	34,339,607
Radio and Electronic Equipment	77,874	3,750	-	81,624
Less Accumulated Depreciation	<u>(23,306,857)</u>	<u>(618,759)</u>	<u>(3,200,536)</u>	<u>(27,126,152)</u>
TOTAL CAPITAL ASSETS (Net of Accumulated Depreciation)	<u>12,991,654</u>	<u>835,910</u>	<u>1,267,256</u>	<u>15,094,820</u>
TOTAL ASSETS	<u>23,491,090</u>	<u>6,044,897</u>	<u>2,830,904</u>	<u>32,366,891</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts Payable	1,800,501	2,115,902	63,860	3,980,263
Compensated Absences	58,901	55,726	27,508	142,135
Accrued Payroll	50,590	41,660	51,461	143,711
Other Liabilities	-	935	-	935
TOTAL CURRENT LIABILITIES	<u>1,909,992</u>	<u>2,214,223</u>	<u>142,829</u>	<u>4,267,044</u>
NONCURRENT LIABILITIES:				
Compensated Absences	234,270	184,138	-	418,408
Other Post Employment Benefits Payable	250,261	147,282	29,504	427,047
TMRS Phase In Liability	142,912	97,237	-	240,149
TOTAL NONCURRENT LIABILITIES	<u>627,443</u>	<u>428,657</u>	<u>29,504</u>	<u>1,085,604</u>
TOTAL LIABILITIES	<u>2,537,435</u>	<u>2,642,880</u>	<u>172,333</u>	<u>5,352,648</u>
NET POSITION				
Net Investment in Capital Assets	12,991,654	835,910	1,267,256	15,094,820
Unrestricted	7,962,001	2,566,107	1,391,315	11,919,423
TOTAL NET POSITION	<u>\$ 20,953,655</u>	<u>\$ 3,402,017</u>	<u>\$ 2,658,571</u>	<u>\$ 27,014,243</u>

CITY OF ODESSA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEAR ENDED SEPTEMBER 30, 2014

	Equipment Service Fund	Risk Management Fund	Information Technology Fund	Total
OPERATING REVENUES				
Rental and Other Charges for Services	\$ 13,851,088	\$ 10,040,942	\$ 3,400,423	\$ 27,292,453
Other	80,490	440,079	-	520,569
TOTAL OPERATING REVENUES	13,931,578	10,481,021	3,400,423	27,813,022
OPERATING EXPENSES				
Personal Services	1,274,393	1,064,542	1,393,298	3,732,233
Supplies and Materials	2,830,792	162,689	269,908	3,263,389
Other Services	495,292	9,669,297	219,728	10,384,317
Maintenance	2,912,573	15,405	611,560	3,539,538
Depreciation and Amortization	4,391,125	46,466	438,574	4,876,165
Other	699,819	389,983	208,128	1,297,930
TOTAL OPERATING EXPENSES	12,603,994	11,348,382	3,141,196	27,093,572
OPERATING (LOSS) INCOME	1,327,584	(867,361)	259,227	719,450
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	11,362	6,968	2,043	20,373
Gain on Sale of City Property	625,663	-	-	625,663
TOTAL NON-OPERATING REVENUES (EXPENSES)	637,025	6,968	2,043	646,036
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,964,609	(860,393)	261,270	1,365,486
CAPITAL CONTRIBUTIONS	203,120	-	577,580	780,700
TRANSFERS IN	91,593	25,382	64,154	181,129
CHANGE IN NET POSITION	2,259,322	(835,011)	903,004	2,327,315
NET POSITION - AT BEGINNING OF YEAR	18,694,333	4,237,028	1,755,567	24,686,928
NET POSITION - AT END OF YEAR	\$ 20,953,655	\$ 3,402,017	\$ 2,658,571	\$ 27,014,243

**CITY OF ODESSA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2014**

	Equipment Service Fund	Risk Management Fund	Information Technology Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Other Funds for Rental and Other Charges for Services	\$ 13,851,088	\$ 10,036,562	\$ 3,400,423	\$ 27,288,073
Cash Received from Employees and Others	80,490	440,079	-	520,569
Cash Paid to Employees	(1,206,651)	(1,050,181)	(1,365,565)	(3,622,397)
Cash Paid To Suppliers and Providers	(5,763,148)	(9,012,780)	(1,351,621)	(16,127,549)
Cash Paid to Other Funds for Services	(726,166)	(538,876)	(59,663)	(1,324,705)
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>6,235,613</u>	 <u>(125,196)</u>	 <u>623,574</u>	 <u>6,733,991</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from General Fund	91,593	25,382	64,154	181,129
 NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	 <u>91,593</u>	 <u>25,382</u>	 <u>64,154</u>	 <u>181,129</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	(5,379,813)	-	(126,272)	(5,506,085)
Proceeds from Sale of Capital Assets	625,663	-	-	625,663
 NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(4,754,150)</u>	 <u>-</u>	 <u>(126,272)</u>	 <u>(4,880,422)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income Received on Investments	11,362	6,968	2,043	20,373
 NET CASH PROVIDED BY INVESTING ACTIVITIES	 <u>11,362</u>	 <u>6,968</u>	 <u>2,043</u>	 <u>20,373</u>
 NET (DECREASE) INCREASE IN CASH	 <u>1,584,418</u>	 <u>(92,846)</u>	 <u>563,499</u>	 <u>2,055,071</u>
 CASH - AT BEGINNING OF YEAR	 <u>8,480,440</u>	 <u>5,294,622</u>	 <u>1,000,149</u>	 <u>14,775,211</u>
 CASH - AT END OF YEAR	 <u>\$ 10,064,858</u>	 <u>\$ 5,201,776</u>	 <u>\$ 1,563,648</u>	 <u>\$ 16,830,282</u>

(Continued)

**CITY OF ODESSA, TEXAS
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014**

	Equipment Service Fund	Risk Management Fund	Information Technology Fund	Total
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
OPERATING (LOSS) INCOME	<u>\$ 1,327,584</u>	<u>\$ (867,361)</u>	<u>\$ 259,227</u>	<u>\$ 719,450</u>
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided (Used) by Operating Activities				
Depreciation and Amortization	4,391,125	46,466	438,574	4,876,165
(Increase) Decrease in Accounts Receivable	-	(4,380)	-	(4,380)
(Increase) Decrease in Interfund Receivable	(133,945)	-	-	(133,945)
(Decrease) Increase in Accounts Payable	583,107	686,413	(101,960)	1,167,560
(Decrease) Increase in Accrued Employee Benefits	45,373	6,938	11,965	64,276
(Decrease) Increase in Accrued Payroll	5,998	561	(1,858)	4,701
(Decrease) Increase in Other Post Employment Benefi	25,543	14,737	18,666	58,946
(Decrease) Increase in TMRS Phase In Payable	(9,172)	(7,876)	(1,040)	(18,088)
(Decrease) Increase in Other Liabilities	-	(694)	-	(694)
TOTAL ADJUSTMENTS	<u>4,908,029</u>	<u>742,165</u>	<u>364,347</u>	<u>6,014,541</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 6,235,613</u>	<u>\$ (125,196)</u>	<u>\$ 623,574</u>	<u>\$ 6,733,991</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

The Equipment Service Fund acquired capital assets during the fiscal year ended September 30, 2014 in the amount of \$203,120 through contributed capital.

The Information Technology Fund acquired capital assets during the fiscal year ended September 30, 2014 in the amount of \$577,580 through contributed capital.

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AGENCY FUNDS

Agency funds are used to account for short-term custodial collections on resources on behalf of another individual, entity or government.

Payroll Fund: To account for the collection and disbursement of wages, salaries and employee deductions.

Ector County Utility District: To account for the billing and collection service provided for the Ector County Utility District.

Martin L. King Memorial: To account for the financial activities of the Martin L. King Memorial.

MOTOR MPO: To account for the financial activities of the MOTOR MPO.

**CITY OF ODESSA, TEXAS
 AGENCY FUNDS
 COMBINING STATEMENT OF ASSETS AND LIABILITIES
 SEPTEMBER 30, 2014**

	Payroll	Ector County Utility District	Martin L. King Memorial	MOTOR MPO	Total
ASSETS					
Cash and Investments	\$ 1,204,524	\$ 184,670	\$ 458	\$ -	\$ 1,389,652
Accounts Receivable	-	152,105	-	-	152,105
TOTAL ASSETS	\$ 1,204,524	\$ 336,775	\$ 458	\$ -	\$ 1,541,757
LIABILITIES					
Accounts Payable	\$ 1,204,524	\$ 13,289	\$ 458	\$ -	\$ 1,218,271
Deposits and Billing Payable	-	323,486	-	-	323,486
TOTAL LIABILITIES	\$ 1,204,524	\$ 336,775	\$ 458	\$ -	\$ 1,541,757

**CITY OF ODESSA, TEXAS
ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED SEPTEMBER 30, 2014**

	Balance October 1	Additions	Deletions	Balance September 30
PAYROLL FUND				
ASSETS				
Cash and Investments	\$ 943,774	\$ 58,574,128	\$ 58,313,378	\$ 1,204,524
TOTAL ASSETS	\$ 943,774	\$ 58,574,128	\$ 58,313,378	\$ 1,204,524
LIABILITIES				
Accounts Payable	\$ 943,774	\$ 28,927,262	\$ 28,666,512	\$ 1,204,524
TOTAL LIABILITIES	\$ 943,774	\$ 28,927,262	\$ 28,666,512	\$ 1,204,524
ECTOR COUNTY UTILITY DISTRICT				
ASSETS				
Cash and Investments	\$ 173,376	\$ 3,879,712	\$ 3,868,418	\$ 184,670
Accounts Receivable	127,227	3,914,750	3,889,872	152,105
TOTAL ASSETS	\$ 300,603	\$ 7,794,462	\$ 7,758,290	\$ 336,775
LIABILITIES				
Accounts Payable	\$ -	\$ 4,117,345	\$ 4,104,056	\$ 13,289
Deposits and Billings Payable	300,603	91,478	68,595	323,486
TOTAL LIABILITIES	\$ 300,603	\$ 4,208,823	\$ 4,172,651	\$ 336,775
MARTIN L. KING MEMORIAL				
ASSETS				
Cash and Investments	\$ 458	\$ -	\$ -	\$ 458
TOTAL ASSETS	\$ 458	\$ -	\$ -	\$ 458
LIABILITIES				
Accounts Payable	\$ 458	\$ -	\$ -	\$ 458
TOTAL LIABILITIES	\$ 458	\$ -	\$ -	\$ 458

(Continued)

CITY OF ODESSA, TEXAS
ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2014

	Balance October 1	Additions	Deletions	Balance September 30
MOTOR - MPO				
ASSETS				
Cash and Investments	\$ -	\$ 811,852	\$ 811,852	\$ -
TOTAL ASSETS	\$ -	\$ 811,852	\$ 811,852	\$ -
LIABILITIES				
Accounts Payable	\$ -	\$ 811,852	\$ 811,852	\$ -
TOTAL LIABILITIES	\$ -	\$ 811,852	\$ 811,852	\$ -
 ALL FUNDS				
ASSETS				
Cash and Investments	\$ 1,117,608	\$ 63,265,692	\$ 62,993,648	\$ 1,389,652
Accounts Receivable	127,227	3,914,750	3,889,872	152,105
TOTAL ASSETS	\$ 1,244,835	\$ 67,180,442	\$ 66,883,520	\$ 1,541,757
LIABILITIES				
Accounts Payable	\$ 944,232	\$ 33,856,459	\$ 33,582,420	\$ 1,218,271
Deposits and Billing Payable	300,603	91,478	68,595	323,486
TOTAL LIABILITIES	\$ 1,244,835	\$ 33,947,937	\$ 33,651,015	\$ 1,541,757

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CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS

**CITY OF ODESSA, TEXAS
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY SOURCE
 SEPTEMBER 30, 2014**

	2014
GOVERNMENTAL FUNDS CAPITAL ASSETS:	
Land	\$ 23,596,881
Buildings	27,571,719
Improvements	38,928,614
Infrastructure	94,239,658
Traffic Signals	3,475,070
Furniture and Office Equipment	312,288
Machinery and Equipment	3,249,967
Data Processing Equipment	2,088,716
Communication Equipment	9,300,371
Construction-In-Progress	4,561,341
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 207,324,625
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE	
General Fund	\$ 44,374,339
Capital Projects Fund	76,618,321
Special Revenue Funds	21,850,538
Other Funds	3,114,385
Donations	61,367,042
TOTAL INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 207,324,625

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF ODESSA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2014

<u>Function</u>	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>
General Government	\$ 11,696,399	\$ 842,875	\$ 5,802,060	\$ 3,871,255
Finance	1,378,977	522,208	-	182,538
Public Works	114,221,402	13,969,376	687,001	1,906,314
Planning and Inspection	10,083	-	-	-
Public Safety	34,906,528	247,956	17,566,216	4,728,522
Culture and Recreation	40,549,895	8,014,466	3,516,442	28,239,985
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS BY FUNCTION	<u>\$ 202,763,284</u>	<u>\$ 23,596,881</u>	<u>\$ 27,571,719</u>	<u>\$ 38,928,614</u>
Construction-In-Progress	<u>4,561,341</u>			
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 207,324,625</u>			

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally the capital assets of internal service funds are included as governmental activities in the statement of net assets.

<u>Infrastructure</u>	<u>Traffic Signals</u>	<u>Furniture and Office Equipment</u>	<u>Machinery and Equipment</u>	<u>Data Processing Equipment</u>	<u>Communication Equipment</u>
\$ 908,938	\$ -	\$ 76,531	\$ 61,309	\$ 99,706	\$ 33,725
-	-	76,744	172,224	281,043	144,220
93,316,139	3,475,070	35,131	536,087	293,138	3,146
-	-	10,083	-	-	-
-	-	87,640	1,788,020	1,375,258	9,112,916
14,581	-	26,159	692,327	39,571	6,364
<u>\$ 94,239,658</u>	<u>\$ 3,475,070</u>	<u>\$ 312,288</u>	<u>\$ 3,249,967</u>	<u>\$ 2,088,716</u>	<u>\$ 9,300,371</u>

CITY OF ODESSA, TEXAS
SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN
THE OPERATIONS OF GOVERNMENTAL FUNDS AND ACTIVITY
YEAR ENDED SEPTEMBER 30, 2014

Function	Governmental Funds Capital Assets October 1, 2013	Additions	Transfers or Deductions	Governmental Funds Capital Assets September 30, 2014
General Government	\$ 11,679,627	\$ 19,071	\$ 2,299	\$ 11,696,399
Finance	2,417,239	522,208	1,560,470	1,378,977
Public Works	105,102,186	9,125,163	5,947	114,221,402
Planning and Inspection	17,955	-	7,872	10,083
Public Safety	30,112,921	4,973,798	180,191	34,906,528
Culture and Recreation	40,174,061	378,656	2,822	40,549,895
Construction-In-Progress	4,184,196	4,354,529	3,977,384	4,561,341
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 193,688,185	\$ 19,373,425	\$ 5,736,985	\$ 207,324,625

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally the capital assets of internal service funds are included as governmental activities in the statement of net assets.

STATISTICAL SECTION

(Unaudited)

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

Contents	Page
Financial Trends	116-121
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	123-129
<i>These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.</i>	
Debt Capacity	130-134
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.</i>	
Demographic and Economic Information	135-137
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.</i>	
Operating Information	138-139
<i>These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.</i>	

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

CITY OF ODESSA, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
GOVERNMENTAL ACTIVITIES										
Net Investment In Capital Assets	\$ 90,884,767	\$ 78,928,482	\$ 57,826,941	\$ 57,809,053	\$ 60,031,983	\$ 60,097,708	\$ 64,711,923	\$ 54,747,465	\$ 38,194,475	\$ 46,367,892
Restricted	696,852	661,216	644,531	545,365	541,064	517,217	406,646	378,704	311,979	217,553
Unrestricted	52,723,411	47,327,526	45,994,633	33,526,485	23,979,513	22,362,740	23,008,977	33,935,504	39,560,529	27,742,297
Total Governmental Activities Net Position	<u>\$ 144,305,030</u>	<u>\$ 126,917,224</u>	<u>\$ 104,466,105</u>	<u>\$ 91,880,903</u>	<u>\$ 84,552,560</u>	<u>\$ 82,977,665</u>	<u>\$ 88,127,546</u>	<u>\$ 89,061,673</u>	<u>\$ 78,066,983</u>	<u>\$ 74,327,742</u>
BUSINESS-TYPE ACTIVITIES										
Net Investment In Capital Assets	\$ 85,059,979	\$ 76,417,777	\$ 71,527,087	\$ 65,408,661	\$ 64,507,840	\$ 62,825,071	\$ 57,575,123	\$ 50,458,234	\$ 47,269,444	\$ 41,996,868
Restricted	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Unrestricted	21,737,032	14,940,478	9,791,782	15,617,347	14,970,722	14,834,570	18,236,777	20,181,896	19,595,139	21,191,991
Total Business-Type Activities Net Position	<u>\$ 107,797,011</u>	<u>\$ 92,358,255</u>	<u>\$ 82,318,869</u>	<u>\$ 82,026,008</u>	<u>\$ 80,478,562</u>	<u>\$ 78,659,641</u>	<u>\$ 76,811,900</u>	<u>\$ 71,640,130</u>	<u>\$ 67,864,583</u>	<u>\$ 64,188,859</u>
PRIMARY GOVERNMENT										
Net Investment In Capital Assets	\$ 175,944,746	\$ 155,346,259	\$ 129,354,028	\$ 123,217,714	\$ 124,539,823	\$ 122,922,779	\$ 122,287,046	\$ 105,205,699	\$ 85,463,919	\$ 88,364,760
Restricted	1,696,852	1,661,216	1,644,531	1,545,365	1,541,064	1,517,217	1,406,646	1,378,704	1,311,979	1,217,553
Unrestricted	74,460,443	62,268,004	55,786,415	49,143,832	38,950,235	37,197,310	41,245,754	54,117,400	59,155,668	48,934,288
Total Primary Government Net Position	<u>\$ 252,102,041</u>	<u>\$ 219,275,479</u>	<u>\$ 186,784,974</u>	<u>\$ 173,906,911</u>	<u>\$ 165,031,122</u>	<u>\$ 161,637,306</u>	<u>\$ 164,939,446</u>	<u>\$ 160,701,803</u>	<u>\$ 145,931,566</u>	<u>\$ 138,516,601</u>

CITY OF ODESSA, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
EXPENSES										
Governmental Activities:										
General Government	\$ 5,117,636	\$ 4,956,868	\$ 4,279,814	\$ 4,171,431	\$ 4,219,813	\$ 4,469,668	\$ 3,726,808	\$ 3,509,104	\$ 3,420,627	\$ 3,092,316
Finance	1,197,677	1,505,331	985,369	1,143,460	821,498	978,331	824,208	1,608,949	1,424,160	1,394,410
Public Works	19,151,147	20,508,014	14,804,737	13,825,631	15,485,987	12,271,018	8,942,795	9,545,955	8,710,545	7,936,761
Planning & Inspection	1,568,135	852,050	785,512	726,735	734,271	608,961	518,135	544,824	988,344	858,535
Public Safety	47,043,017	42,924,590	39,051,055	38,688,978	37,843,822	38,383,034	33,650,031	29,607,065	31,209,706	29,351,601
Welfare	1,102,354	1,344,043	1,105,568	1,859,913	2,929,321	1,967,159	1,404,924	1,507,099	1,898,378	2,078,137
Culture & Recreation	9,136,826	8,146,726	7,039,829	7,011,306	7,052,105	7,006,832	6,395,924	5,192,067	5,424,420	4,848,271
Interest on Long-Term Debt	3,694,451	2,000,685	1,607,185	1,643,943	1,692,839	1,680,395	1,774,688	1,461,078	1,346,318	1,192,710
Total Governmental Activities Expenses	88,011,243	82,238,307	69,659,069	69,071,397	70,779,656	67,365,398	57,237,512	52,976,141	54,422,498	50,742,741
Business-type Activities:										
Water & Sewer	43,252,875	46,220,245	43,282,176	39,690,780	39,795,955	39,818,058	37,342,699	29,559,991	32,369,694	28,978,835
Solid Waste	12,220,037	10,567,831	10,495,612	9,695,444	9,806,223	9,877,745	9,202,271	8,837,002	7,579,974	7,327,080
Natural Gas	-	-	-	-	14,270,216	10,543,829	21,153,516	19,527,764	20,474,867	17,451,033
Ratlift Golf Course	1,979,473	1,717,376	1,679,188	1,738,122	1,585,941	1,908,251	1,377,420	981,938	685,745	-
Liquid Waste	9,233	10,997	12,608	16,601	50,634	58,564	46,926	22,020	41,525	40,006
Storm Water	821,485	714,340	559,034	551,492	523,047	-	-	-	-	-
Total Business-Type Activities Expenses	58,283,103	59,230,789	56,028,618	51,692,439	66,032,016	62,206,447	69,122,832	58,928,715	61,151,805	53,796,954
Total Primary Government Expenses	\$ 146,294,346	\$ 141,469,096	\$ 125,687,687	\$ 120,763,836	\$ 136,811,672	\$ 129,571,845	\$ 126,360,344	\$ 111,904,856	\$ 115,574,303	\$ 104,539,695
PROGRAM REVENUES										
Governmental Activities:										
Charges For Services:										
General Government	\$ 248,007	\$ 410,723	\$ 111,421	\$ 86,316	\$ 93,066	\$ 108,861	\$ 101,499	\$ 85,643	\$ 111,965	\$ 71,099
Finance	297,926	214,231	223,453	203,192	277,002	281,508	300,335	253,776	254,119	345,495
Public Works	269,175	270,278	277,745	412,002	174,435	383,690	471,067	372,293	799,676	218,696
Planning & Inspection	740,404	894,857	806,596	408,991	347,018	330,753	482,551	342,124	320,753	329,947
Public Safety	7,827,230	7,129,828	7,141,097	8,526,988	7,281,874	6,650,040	6,612,682	6,892,991	6,569,059	6,165,260
Culture & Recreation	79,445	111,833	102,663	86,201	85,400	69,363	157,782	175,891	58,540	149,494
Operating Grants & Contributions	6,325,620	9,769,911	5,297,270	5,835,502	6,798,461	2,643,119	1,067,393	742,622	564,205	1,916,604
Capital Grants & Contributions	5,331,478	12,036,440	2,368,036	1,424,548	2,181,310	2,135,521	3,104,028	3,240,351	3,769,274	4,793,103
Total Governmental Activities Program Revenues	21,119,285	30,838,101	16,328,281	16,983,740	19,238,566	12,602,850	12,297,337	12,105,691	12,447,591	13,989,698

CITY OF ODESSA, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)
(Unaudited)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Business-Type Activities:										
Charges For Services:										
Water & Sewer	\$ 49,324,059	\$ 48,351,897	\$ 37,761,523	\$ 39,657,324	\$ 38,671,498	\$ 37,178,348	\$ 37,789,399	\$ 32,202,693	\$ 33,315,232	\$ 29,663,132
Solid Waste	12,570,275	10,618,107	10,376,680	10,219,496	9,932,349	9,321,872	9,304,565	8,582,356	7,722,144	7,020,465
Natural Gas	1,502,951	1,445,726	1,343,284	1,281,974	1,263,383	10,559,184	21,148,085	19,508,935	20,465,037	17,433,005
Ratliff Golf Course	97,527	100,971	85,686	61,071	28,406	1,149,169	274,831	105,372	584,233	14,412
Liquid Waste	746,764	727,691	702,592	703,060	703,054	21,869	-	-	14,412	15,319
Storm Water	-	-	-	-	12,776	19,854	39,452	35,311	26,910	29,028
Operating Grants and Contributions	8,946,800	7,722,916	4,375,766	1,462,732	2,597,609	3,169,126	548,898	2,354,606	3,013,899	2,217,290
Capital Grants and Contributions	73,188,376	68,987,308	54,645,531	59,385,657	67,418,015	61,419,422	69,105,230	62,789,273	65,141,867	56,378,239
Total Business-Type Activities Program Revenues	\$ 94,307,661	\$ 99,805,409	\$ 70,973,812	\$ 70,369,397	\$ 86,656,581	\$ 74,022,272	\$ 81,402,567	\$ 74,894,964	\$ 77,589,458	\$ 70,367,937
Total Primary Government Program Revenues	\$ 94,307,661	\$ 99,805,409	\$ 70,973,812	\$ 70,369,397	\$ 86,656,581	\$ 74,022,272	\$ 81,402,567	\$ 74,894,964	\$ 77,589,458	\$ 70,367,937
NET (EXPENSE)/REVENUE	\$ (66,891,958)	\$ (51,400,206)	\$ (53,330,788)	\$ (52,087,657)	\$ (51,541,090)	\$ (54,762,548)	\$ (44,940,175)	\$ (40,870,450)	\$ (41,974,907)	\$ (36,753,043)
Governmental Activities:										
Business-Type Activities	14,905,273	9,736,519	(1,383,087)	1,693,218	1,385,999	(787,025)	(17,602)	3,860,558	3,990,062	2,581,285
Total Primary Government Net Expense	\$ (51,986,685)	\$ (41,663,687)	\$ (54,713,875)	\$ (50,394,439)	\$ (50,155,091)	\$ (55,549,573)	\$ (44,957,777)	\$ (37,009,892)	\$ (37,984,845)	\$ (34,171,758)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Taxes										
Property Taxes	\$ 27,754,060	\$ 23,498,496	\$ 21,669,691	\$ 20,943,529	\$ 20,550,483	\$ 19,923,296	\$ 18,507,872	\$ 17,251,565	\$ 16,422,345	\$ 15,772,166
Sales Taxes	35,966,827	31,807,317	28,591,360	23,077,255	18,666,954	18,339,589	19,712,982	17,554,919	15,607,492	13,333,770
Gross Receipts Taxes	10,246,409	9,833,158	9,923,693	9,033,646	9,215,471	8,914,736	8,965,937	9,766,148	8,104,150	7,800,527
Hotel-Motel Taxes	6,013,374	5,382,246	5,244,625	3,342,560	2,028,217	2,230,089	2,784,886	2,085,405	1,610,471	1,212,568
Gain on Sale of Assets	4,258,646	3,285,615	2,885,016	2,507,876	2,598,135	1,562,380	1,270,769	1,489,459	1,105,118	93,965
Industrial Contracts	419,971	216,151	253,807	133,408	187,157	415,596	1,566,562	2,544,148	1,707,718	1,153,087
Unrestricted Investment Earnings	90,992	28,340	129,802	27,726	16,940	130,989	-	-	-	779,839
Miscellaneous	-	-	-	-	52,628	(1,704,008)	(2,389,601)	-	-	-
Contributed Capital	(470,515)	(200,000)	(2,305,085)	350,000	(200,000)	(200,000)	(161,569)	-	-	-
Transfers	84,279,764	73,851,325	66,392,909	59,416,000	53,115,985	49,612,667	50,257,838	51,865,140	45,714,148	41,292,480
Total Governmental Activities	62,968	102,867	156,607	204,228	285,550	730,758	2,638,202	1,088,485	842,516	522,852
Business-Type Activities:										
Investment Earnings	470,515	200,000	2,305,085	(350,000)	(200,000)	200,000	161,569	(1,173,496)	(1,156,854)	(1,146,548)
Contributed Capital	533,483	302,867	2,461,692	(145,772)	432,922	2,634,766	5,189,372	(85,011)	(314,338)	(623,696)
Transfers	84,813,247	74,154,192	68,854,601	59,270,228	53,548,907	52,247,433	55,447,210	51,780,129	45,399,810	40,668,784
Total Business-Type Activities	\$ 84,813,247	\$ 74,154,192	\$ 68,854,601	\$ 59,270,228	\$ 53,548,907	\$ 52,247,433	\$ 55,447,210	\$ 51,780,129	\$ 45,399,810	\$ 40,668,784
Total Primary Government	\$ 17,387,806	\$ 22,451,119	\$ 13,062,121	\$ 7,328,343	\$ 1,574,895	\$ (5,149,881)	\$ 5,317,663	\$ 10,994,690	\$ 3,739,241	\$ 4,539,437
Governmental Activities	\$ 15,438,756	\$ 10,039,386	\$ 1,078,605	\$ 1,547,446	\$ 1,818,921	\$ 1,847,741	\$ 5,171,770	\$ 3,775,547	\$ 3,675,724	\$ 1,957,589
Business-Type Activities	\$ 32,826,562	\$ 32,490,505	\$ 14,140,726	\$ 8,875,789	\$ 3,393,816	\$ (3,302,140)	\$ 10,489,433	\$ 14,770,237	\$ 7,414,965	\$ 6,497,026
Total Primary Government	\$ 32,826,562	\$ 32,490,505	\$ 14,140,726	\$ 8,875,789	\$ 3,393,816	\$ (3,302,140)	\$ 10,489,433	\$ 14,770,237	\$ 7,414,965	\$ 6,497,026

* Effective September 30, 2010, the City was no longer purchasing and selling natural gas.

CITY OF ODESSA, TEXAS
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(accrual basis of accounting)
 (Unaudited)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
PROGRAM REVENUES										
FUNCTION/PROGRAM										
Governmental Activities:										
General Government	\$ 248,007	\$ 410,723	\$ 111,421	\$ 86,316	\$ 93,066	\$ 108,861	\$ 101,499	\$ 85,643	\$ 111,965	\$ 377,199
Finance	297,926	214,231	223,453	203,192	277,002	281,508	300,335	253,776	254,119	345,495
Public Works	10,304,639	20,114,326	5,129,613	5,031,534	6,794,186	2,392,970	1,266,616	512,362	2,078,828	357,209
Planning & Inspection	740,404	894,857	806,596	408,991	347,018	330,748	482,551	342,124	320,753	329,947
Public Safety	8,393,559	7,792,915	8,684,417	9,377,596	8,595,267	7,652,703	8,149,259	8,945,935	7,791,901	10,271,066
Welfare	1,055,305	1,299,216	1,270,118	1,789,910	3,046,627	1,766,697	1,503,434	1,789,960	1,831,485	2,159,288
Culture & Recreation	79,445	111,833	102,663	86,201	85,400	69,363	493,643	175,891	58,540	149,494
Subtotal Governmental Activities	21,119,285	30,838,101	16,328,281	16,983,740	19,238,566	12,602,850	12,297,337	12,105,691	12,447,591	13,989,698
Business-Type Activities:										
Water and Sewer	58,270,859	56,053,512	42,137,289	41,120,056	41,269,107	40,042,191	38,338,297	34,557,299	36,329,131	31,880,422
Solid Waste	12,570,275	10,618,107	10,376,680	10,219,496	9,932,349	9,627,155	9,304,565	8,582,356	7,722,144	7,020,465
Natural Gas **	-	-	-	-	14,263,383	10,559,184	21,148,085	19,508,935	20,465,037	17,433,005
Ratlift Golf Course *	1,502,951	1,467,027	1,343,284	1,281,974	1,208,940	1,149,169	274,831	105,372	584,233	-
Liquid Waste	97,527	100,971	85,686	61,071	41,182	41,723	39,452	35,311	41,322	44,347
Storm Water	746,764	727,691	702,592	703,060	703,054	-	-	-	-	-
Subtotal Business-Type Activities	73,188,376	68,967,308	54,645,531	53,385,657	67,418,015	61,419,422	69,105,230	62,789,273	65,141,867	56,378,239
Total Primary Government	\$ 94,307,661	\$ 99,805,409	\$ 70,973,812	\$ 70,369,397	\$ 86,656,581	\$ 74,022,272	\$ 81,402,567	\$ 74,894,964	\$ 77,589,458	\$ 70,367,937

Note: *On January 1, 2006, the City purchased a golf course; the City closed the golf course for renovations on November 1, 2006, and reopened on August 8, 2008.

**On September 30, 2010, the City no longer purchases and sold natural gas.

**CITY OF ODESSA, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**
(modified accrual basis of accounting)
(Unaudited)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
GENERAL FUND										
Reserved for Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,612,613	\$ 5,733,380	\$ 3,214,744	\$ 1,714,748	\$ 1,177,282
Unreserved, Reported in:										
Designated for Contingencies	-	-	-	-	-	9,692,830	9,608,235	8,836,665	8,350,312	7,693,239
Designated for Budget Stabilization	-	-	-	-	-	4,038,679	4,003,431	3,681,944	3,479,296	3,205,516
Designated for Compensated Absences	-	-	-	-	-	1,143,523	1,143,523	1,143,523	1,143,523	-
Undesignated, Reported in General Fund	-	-	-	-	-	7,878,225	7,625,703	7,652,340	4,035,112	4,983,903
Nonspendable	1,155,884	6,073	2,305	2,019	94	-	-	-	-	-
Committed	-	-	-	512,589	192,075	-	-	-	-	-
Assigned	16,027,653	17,775,677	17,837,824	7,764,667	3,477,559	-	-	-	-	-
Unassigned	33,414,232	28,834,767	26,750,335	26,734,646	23,404,156	-	-	-	-	-
Total General Fund	\$ 50,597,769	\$ 46,616,517	\$ 44,590,464	\$ 35,013,921	\$ 27,073,884	\$ 24,365,870	\$ 28,114,272	\$ 24,529,216	\$ 18,722,991	\$ 17,059,940
ALL OTHER GOVERNMENTAL FUNDS										
Reserved, Reported in:										
Reserved for Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 642,999	\$ 9,975,556	\$ 4,703,459	\$ 6,028,418	\$ 1,846,409
Reserved for Debt Service	-	-	-	-	-	517,217	406,646	378,704	311,979	217,553
Unreserved, Reported in:										
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
Designated for Obligated Projects	-	-	-	-	-	5,013,991	896,809	7,035,681	15,320,237	9,235,457
Undesignated	-	-	-	-	-	1,526,181	517,036	1,154,451	946,708	630,922
Special Revenue Funds										
Undesignated	-	-	-	-	-	3,343,053	2,170,104	1,733,060	891,967	1,330,342
Restricted	70,064,356	67,055,037	10,434,889	7,124,686	6,282,586	-	-	-	-	-
Committed	-	-	-	17,311	71,036	-	-	-	-	-
Assigned	607,541	731,106	587,587	565,095	580,992	-	-	-	-	-
Unassigned	-	-	-	(10,972)	(6,958)	-	-	-	-	-
Total All Other Governmental Funds	\$ 70,671,897	\$ 67,786,143	\$ 11,022,476	\$ 7,696,120	\$ 6,927,656	\$ 11,043,441	\$ 13,966,151	\$ 15,005,355	\$ 23,499,309	\$ 13,260,683

Note: The City implemented GASB Statement No. 54 in 2011 and reclassified the fund balances for fiscal year end 2010.

**CITY OF ODESSA, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**
(modified accrual basis of accounting)
(Unaudited)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
REVENUES										
Property Tax, Penalties and Interest	\$ 27,650,148	\$ 23,515,138	\$ 21,994,886	\$ 20,952,246	\$ 20,405,012	\$ 20,074,762	\$ 18,510,874	\$ 17,314,671	\$ 16,527,966	\$ 15,647,753
City Sales Tax	35,966,827	31,807,317	28,591,360	23,077,255	18,666,954	18,339,589	19,712,982	17,554,919	15,607,492	13,333,770
Franchise and Gross Receipts	10,246,409	9,833,158	9,923,693	9,033,646	9,215,471	8,914,736	8,965,937	9,766,148	8,104,150	7,800,527
Fines and Forfeitures	3,298,917	3,019,152	3,269,352	3,952,441	3,566,112	2,778,923	3,171,568	2,999,058	3,099,709	2,967,838
Permits and Licenses	1,162,582	1,448,932	1,021,736	525,418	441,524	596,579	627,010	430,234	390,571	396,901
Grants and Entitlements	6,082,876	9,623,440	5,782,548	5,509,208	8,765,475	2,552,137	2,583,844	3,255,295	2,360,800	3,936,110
Hotel and Motel Occupancy Tax	6,013,374	5,382,248	5,244,625	3,342,560	2,028,217	2,230,089	2,784,886	2,085,405	1,610,471	1,212,568
Investment Income	182,456	136,387	135,357	108,553	132,113	355,691	1,436,525	2,358,359	1,570,338	707,393
Donations	10,000	5,984	100,000	100,000	70,000	100,000	100,000	125,000	-	100,000
Industrial Contracts	4,258,646	3,285,615	2,885,016	2,507,876	2,598,135	1,562,380	1,270,769	1,489,459	1,105,118	1,153,097
Other	3,493,447	3,498,526	3,394,323	3,678,179	3,321,252	3,494,528	3,098,048	3,319,390	4,538,687	2,718,043
Intergovernmental	1,134,591	1,154,831	1,052,619	1,035,003	1,089,869	1,099,872	1,034,149	1,083,044	1,150,961	1,132,914
Sale of Confiscated Property	215,585	106,731	135,498	214,064	67,416	51,685	73,908	20,589	51,470	105,092
Total Revenues	99,715,858	92,817,459	83,531,013	74,036,449	70,367,550	62,150,971	63,370,500	61,801,571	56,117,733	51,212,006
EXPENDITURES										
General Government	4,816,892	4,614,981	3,886,153	3,738,075	3,766,157	3,940,662	3,411,384	3,078,633	3,001,237	2,705,055
Finance	1,171,950	1,432,676	800,716	1,011,168	503,217	676,440	957,891	2,078,689	1,465,575	1,492,590
Public Works	16,815,062	18,375,563	13,088,769	12,058,306	13,484,502	10,467,201	7,393,176	8,182,357	6,813,761	6,416,548
Planning & Inspection	1,522,539	943,643	749,346	699,959	697,351	565,315	533,890	530,304	958,695	859,724
Public Safety	44,251,096	41,245,798	37,561,741	35,754,263	35,244,368	35,825,377	33,247,688	30,369,548	28,309,701	27,221,598
Welfare	1,072,810	1,279,237	1,101,632	1,808,151	2,852,906	1,819,953	1,417,966	1,554,156	1,890,729	2,076,177
Culture & Recreation	8,096,999	7,168,376	6,087,068	6,035,266	6,176,343	6,176,343	5,739,989	4,721,025	4,756,824	4,268,456
Capital Outlay	9,327,971	8,658,125	3,121,325	1,407,548	5,418,090	6,227,457	9,769,480	12,952,144	11,659,946	2,555,040
Debt Service										
Interest and Fiscal Charges	3,328,890	1,502,106	1,398,138	1,585,546	1,647,450	1,498,335	1,501,798	1,156,862	1,194,965	1,030,882
Principal Retirement	4,742,017	2,737,129	1,987,039	1,879,666	1,792,976	1,425,000	1,135,000	915,000	825,000	905,000
Payments to Escrow Agent	-	-	-	-	-	-	-	124,078	-	-
Bond Issuance Costs	168,289	495,331	145,914	-	-	68,103	69,444	139,560	150,000	95,000
Total Expenditures	95,314,515	88,452,965	69,927,841	65,977,948	71,575,321	68,690,186	65,177,706	65,802,356	61,026,433	49,626,070
Excess Of Revenues	4,401,343	4,364,494	13,603,172	8,058,501	(1,207,771)	(6,539,215)	(1,807,206)	(4,000,785)	(4,908,700)	1,585,936

CITY OF ODESSA, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(Unaudited)

	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
OTHER FINANCING SOURCES (USES)										
Certificates of Obligations Issued	\$ -	\$ 51,335,000	\$ -	\$ -	\$ -	\$ 3,280,000	\$ 4,345,000	\$ -	\$ 10,150,000	\$ 5,400,000
General Fund Payment to Escrow	-	-	-	-	-	-	-	124,078	-	-
Reoffering Premium	1,184,597	3,000,508	412,401	-	-	58,128	169,626	41,304	-	-
Refunding Bonds Issued	10,060,000	-	6,780,000	-	-	-	-	5,905,000	-	-
Payments to Escrow Agent	(11,227,819)	-	(7,148,058)	-	-	(3,270,025)	-	(5,930,822)	-	-
Capital Lease Proceeds	3,100,529	289,718	1,560,469	-	-	-	-	-	4,360,000	-
Transfers In	60,372	26,654	126,678	882,749	17,766	21,624	140,059	1,681,420	1,262,846	1,409,466
Transfers Out	(712,016)	(226,654)	(2,431,763)	(232,749)	(217,766)	(221,624)	(301,628)	(507,924)	(105,992)	(98,472)
Total Other Financing Sources (Uses)	2,465,663	54,425,226	(700,273)	650,000	(200,000)	(131,897)	4,353,057	1,313,056	15,666,854	6,710,994
Net Changes in Fund Balances	\$ 6,867,006	\$ 58,789,720	\$ 12,902,899	\$ 8,708,501	\$ (1,407,771)	\$ (6,671,112)	\$ 2,545,851	\$ (2,687,729)	\$ 10,758,154	\$ 8,296,930
Debt Service As A										
Percentage of Noncapital Expenditures	9.39%	5.31%	5.07%	5.37%	5.20%	4.68%	4.76%	3.92%	4.09%	4.11%

CITY OF ODESSA, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(Unaudited)

Fiscal Year	Property Tax, Penalties & Interest	Sales Tax	Franchise & Gross Receipts Tax	Hotel-Motel Occupancy Tax	Other Tax	Total
2005	\$ 15,647,753	\$ 13,333,770	\$ 7,800,527	\$ 1,212,568	\$ 1,349,754	\$ 39,344,372
2006	16,527,966	15,607,492	8,104,150	1,610,471	1,411,899	43,261,978
2007	17,314,671	17,554,919	9,766,148	2,085,405	1,794,838	48,515,981
2008	18,510,874	19,712,982	8,965,937	2,784,886	1,662,076	51,636,755
2009	20,074,762	18,339,589	8,914,736	2,230,089	2,014,331	51,573,507
2010	20,405,012	18,666,954	9,215,471	2,028,217	3,004,785	53,320,439
2011	20,952,246	23,077,255	9,033,646	3,342,560	2,969,024	59,374,731
2012	21,994,886	28,591,360	9,923,693	5,244,625	3,310,230	69,064,794
2013	23,515,138	31,807,317	9,833,158	5,382,248	3,769,995	74,307,856
2014	27,650,148	35,966,827	10,246,409	6,013,374	4,884,250	84,761,008
Change 2005-2014	76.70%	169.74%	31.36%	395.92%	261.86%	115.43%

**CITY OF ODESSA, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

(in dollars)
 (Unaudited)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2005	\$ 1,548,306,017	\$ 1,548,306,017	\$ 1,548,306,017	\$ 1,548,306,017	\$ 1,548,306,017	0.6890
2006	1,793,622,462	1,495,476,041	181,801,084	1,038,923,251	2,431,976,336	0.6790
2007	2,027,853,606	1,580,559,982	211,757,752	1,105,062,056	2,715,109,284	0.6290
2008	2,473,689,283	1,780,692,356	193,893,854	1,313,131,214	3,135,144,279	0.5790
2009	3,047,012,432	1,949,231,265	184,436,189	1,632,178,508	3,548,501,378	0.5623
2010	3,301,115,617	2,115,230,278	116,966,523	1,655,083,564	3,878,228,854	0.5623
2011	3,262,135,178	2,022,079,075	129,547,939	1,506,811,876	3,906,950,316	0.5228
2012	3,281,707,916	2,082,022,187	133,744,508	1,440,889,244	4,056,585,367	0.5228
2013	3,519,827,156	2,290,039,855	134,944,500	1,455,997,639	4,488,813,872	0.5128
2014	3,991,645,009	2,772,399,137	118,957,539	1,565,972,805	5,317,028,880	0.5128

Source: Ector County Appraisal District (ECAD) and Midland Central Appraisal District (MCAD)

Note: Property in Ector County is reassessed annually. The ECAD assesses property at approximately 100% of actual value for Residential Property, Commercial Property, and Industrial Property. Tax rates are per \$100 of taxable value.

**CITY OF ODESSA, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS**
(rate per \$100 of assessed value)

Fiscal Year	CITY DIRECT RATES			OVERLAPPING RATES					Total Direct & Overlapping Rate
	Operating	General Obligation Debt Service	Total Direct Rate	Ector County	Hospital District	School District	Odessa College	Total Overlapping Rate	
2005	\$ 0.6029	\$ 0.0861	\$ 0.6890	\$ 0.4832	\$ 0.1200	\$ 1.5192	\$ 0.2000	\$ 2.3224	\$ 3.0114
2006	0.5921	0.0869	0.6790	0.4550	0.1045	1.4725	0.2000	2.2320	2.9110
2007	0.5534	0.0756	0.6290	0.4158	0.0808	1.3600	0.1900	2.0466	2.6756
2008	0.4957	0.0833	0.5790	0.4041	0.0695	1.1120	0.1817	1.7673	2.3463
2009	0.4771	0.0852	0.5623	0.3580	0.0577	1.1286	0.1624	1.7067	2.2690
2010	0.4482	0.0745	0.5228	0.3580	0.0584	1.1350	0.1624	1.7138	2.2366
2011	0.4481	0.0746	0.5227	0.3563	0.0552	1.1350	0.1584	1.7049	2.2276
2012	0.4501	0.0726	0.5228	0.3564	0.0521	1.1320	0.1948	1.7352	2.2580
2013	0.4481	0.0646	0.5128	0.3183	0.0498	1.1195	0.1872	1.6747	2.1875
2014	0.3826	0.1302	0.5128	0.2973	0.0456	1.1610	0.1741	1.6781	2.1908

Source: City of Odessa, Texas, Department of Finance.

Note: The City's rates for debt service are set based on each year's requirements.

CITY OF ODESSA, TEXAS
PRINCIPLE PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

TAXPAYER	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Family Dollar Distribution LP	\$ 73,071,635	1	1.37%	-	*	N/A
Oncor Electric Delivery Co.	34,934,688	2	0.66%	-	*	N/A
Odessa Regional Hospital LP	33,402,682	3	0.63%	\$ 20,252,861	5	1.31%
Archer Pressure Pumping LLC	31,426,237	4	0.59%	-	*	N/A
MCM Properties LTD	29,485,406	5	0.55%	24,556,711	3	1.59%
Brixmor Winwood Town Cntr LLC	25,553,261	6	0.48%	-	*	N/A
Faudree LLC	23,206,179	7	0.44%	-	*	N/A
JBS Parkway Apartments LLC	19,594,326	8	0.37%	-	*	N/A
Automotive Rentals Inc.	18,515,398	9	0.35%	-	*	N/A
Lithia Real Estate Inc.	17,022,258	10	0.32%	-	*	N/A
Four Star Oil & Gas	-	*	N/A	61,583,076	1	3.98%
TXU Electric Delivery Oil & Gas	-	*	N/A	32,037,895	2	2.07%
Southwestern Bell Telephone Company	-	*	N/A	20,369,168	4	1.32%
Centeramerica Venture Fund	-	*	N/A	17,345,033	6	1.12%
Albertson's Inc	-	*	N/A	11,020,386	7	0.71%
ICA Properties	-	*	N/A	9,969,991	8	0.64%
Wal-Mart Real Estate	-	*	N/A	7,823,973	9	0.51%
Houston Endowment Inc.	-	*	N/A	7,492,269	10	0.48%
	\$ 306,212,070		5.76%	\$ 212,451,363		13.72%

Source: Ector County Appraisal District

* Taxpayer was not in top ten that year.

**CITY OF ODESSA, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**
(Unaudited)

Fiscal Year Ended September 30,	Taxes Levied For The Fiscal Year		Collected Within The Fiscal Year Of The Levy		Collections In Subsequent Years	Total Collections To Date	
	Amount	Percentage Of Levy	Amount	Percentage Of Levy		Amount	Percentage Of Levy
2005	\$ 15,609,681	95.38%	\$ 14,888,541	95.38%	\$ 674,519	\$ 15,563,060	99.70%
2006	16,519,696	96.19%	15,889,843	96.19%	584,212	16,474,055	99.72%
2007	17,078,393	96.35%	16,455,427	96.35%	578,955	17,034,382	99.74%
2008	18,166,797	96.92%	17,607,299	96.92%	503,328	18,110,627	99.69%
2009	19,936,310	96.21%	19,180,760	96.21%	693,858	19,874,618	99.69%
2010	20,280,971	95.75%	19,419,554	95.75%	775,051	20,194,605	99.57%
2011	20,454,919	96.58%	19,755,373	96.58%	580,594	20,335,967	99.42%
2012	21,206,265	97.83%	20,745,059	97.83%	317,159	21,062,218	99.32%
2013	23,026,161	97.69%	22,494,624	97.69%	267,005	22,761,629	98.85%
2014	27,326,183	97.78%	26,719,602	97.78%	-	26,719,602	97.78%

Source: City of Odessa, Texas, Department of Finance.

Note: The collection amounts exclude discounts, penalties, and interest.

**CITY OF ODESSA, TEXAS
DIRECT AND OVERLAPPING SALES TAX RATES
LAST TEN FISCAL YEARS
(Unaudited)**

Fiscal Year	City Direct Rate	Odessa Development Corporation	Total	Hospital District	Midland County
2005	1.00%	0.25%	1.25%	0.75%	0.50%
2006	1.00	0.25	1.25	0.75	0.50
2007	1.00	0.25	1.25	0.75	0.50
2008	1.00	0.25	1.25	0.75	0.50
2009	1.00	0.25	1.25	0.75	0.50
2010	1.00	0.25	1.25	0.75	0.50
2011	1.00	0.25	1.25	0.75	0.50
2012	1.00	0.25	1.25	0.75	0.50
2013	1.00	0.25	1.25	0.75	0.50
2014	1.00	0.25	1.25	0.75	0.50

Source: City of Odessa, Texas, Department of Finance.

CITY OF ODESSA, TEXAS
SALES TAX REVENUE PAYERS BY INDUSTRY
FISCAL YEARS 2014 AND 2005
(Unaudited)

	FISCAL YEAR 2014				FISCAL YEAR 2005			
	Number Of Filers	Percentage Of Total	Tax Liability	Percentage Of Total	Number Of Filers	Percentage Of Total	Tax Liability	Percentage Of Total
Agriculture/Forestry	158	0.27%	\$ 131,618	0.29%	76	0.19%	\$ 34,640	0.21%
Mining	1,283	2.19%	3,673,590	8.13%	514	1.26%	229,464	1.36%
Construction	2,168	3.70%	616,697	1.36%	741	1.82%	174,893	1.04%
Manufacturing	2,652	4.53%	2,547,005	5.63%	1,156	2.84%	513,443	3.04%
Transportation/Utilities	2,935	5.01%	2,539,034	5.62%	1,304	3.20%	405,123	2.40%
Wholesale Trade:								
Durable Goods	2,611	4.46%	1,776,563	3.93%	1,137	2.79%	292,088	1.73%
Nondurable Goods	2,919	4.98%	2,571,553	5.69%	1,668	4.09%	567,873	3.36%
Total Wholesale Trade	5,530	9.44%	4,348,117	9.62%	2,805	6.88%	859,961	5.09%
Retail Trade:								
Building Materials	547	0.93%	846,684	1.87%	523	1.28%	351,310	2.08%
General Merchandise	2,898	4.95%	3,825,077	8.46%	2,986	7.32%	1,724,428	10.21%
Food Stores	239	0.41%	34,008	0.08%	112	0.27%	5,800	0.03%
Automotive	1,585	2.71%	2,012,842	4.45%	1,509	3.70%	844,576	5.00%
Clothing	2,225	3.80%	4,278,376	9.46%	1,184	2.90%	2,770,314	16.40%
Home Furnishings	530	0.90%	458,842	1.02%	510	1.25%	344,877	2.04%
Restaurants	2,937	5.01%	3,909,095	8.65%	2,463	6.04%	1,671,684	9.89%
Drug Stores	550	0.94%	293,032	0.65%	408	1.00%	128,529	0.76%
Liquor Stores	730	1.25%	304,429	0.67%	580	1.42%	181,484	1.07%
Miscellaneous Retail	7,965	13.59%	3,741,704	8.28%	5,459	13.39%	1,407,363	8.33%
Total Retail Trade	20,206	34.49%	19,704,090	43.59%	15,734	38.59%	9,430,365	55.82%
Financial Services	3,121	5.33%	503,618	1.11%	2,375	5.83%	260,717	1.54%
Services	8,585	14.65%	2,022,557	4.47%	6,027	14.78%	1,048,846	6.21%
Special Trade	2,444	4.17%	1,120,306	2.48%	1,500	3.68%	269,618	1.60%
Other	9,507	16.23%	7,999,266	17.70%	8,537	20.94%	3,667,448	21.71%
Total	58,589	100.00%	\$ 45,205,896	100%	40,769	100.00%	\$ 16,894,518	100%

Source: Texas State Comptroller's Office

Notes: Due to confidentiality issues, the names of the ten largest revenue payers are not available per Vernon's Statutes 151.027. The categories presented are intended to provide alternative information regarding the sources of the sales tax revenue.

CITY OF ODESSA, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Governmental Activities				Business-Type Activities				Total Primary Government	Percentage Of Personal Income ^a	Per Capita	
	Certification of		General		General Obligation		Revenue					Capital Leases
	Obligation Bonds	Obligation Bonds	Obligation Bonds	Obligation Bonds	Bonds	Bonds	Bonds					
2005	\$ 25,170,000	\$ -	\$ 1,944,280	\$ -	\$ -	\$ 36,555,078	\$ 672,537	\$ 64,341,895	3.55%	\$ 685		
2006	34,495,000	-	5,884,344	-	-	33,658,438	343,635	74,381,417	3.96%	767		
2007	27,745,000	5,905,000	5,083,365	13,007,563	17,854,700	-	-	69,595,628	3.57%	700		
2008	31,156,145	5,865,000	3,739,018	78,610,108	14,681,459	-	-	134,051,730	6.46%	1,365		
2009	26,622,664	9,108,128	3,231,226	82,464,786	7,207,624	-	-	128,634,428	5.46%	1,326		
2010	25,549,183	8,777,565	2,823,250	82,156,376	3,695,146	-	-	123,001,520	5.08%	1,274		
2011	24,845,702	8,012,280	2,398,584	81,847,964	-	-	-	117,104,530	4.65%	1,154		
2012	17,182,221	14,402,940	3,517,014	77,670,315	-	-	-	112,772,490	4.35%	1,052		
2013	70,809,248	13,378,288	2,754,603	73,350,687	-	-	-	160,292,826	5.97%	1,441		
2014	57,700,738	23,419,249	4,698,115	68,863,731	-	-	-	154,681,833	5.66%	1,219		

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
^a See Schedule 18 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

CITY OF ODESSA, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	General Bonded Debt Outstanding							Percentage of Estimated Taxable Value of Property	Per Capita ^b
	Governmental Activities		Business-Type		Less: Amounts Available in		Total		
	Certificate of Obligation Bonds	General Obligation Bonds	General Obligation Bonds	Debt Service Fund	Debt Service Fund	Total			
2005	\$ 25,170,000	\$ -	\$ -	\$ 217,553	\$ -	\$ 217,553	\$ 24,952,447	1.1010%	\$ 266
2006	34,495,000	-	-	311,979	-	311,979	34,183,021	1.4056%	353
2007	27,745,000	5,905,000	13,007,563	378,704	-	378,704	46,278,859	1.7045%	465
2008	31,156,145	5,865,000	78,610,108	406,646	-	406,646	115,224,607	3.6753%	1,173
2009	26,622,664	9,108,128	82,464,786	517,217	-	517,217	117,678,361	3.3163%	1,213
2010	25,549,183	8,777,565	82,156,376	541,064	-	541,064	115,942,060	2.9896%	1,201
2011	24,845,702	8,012,280	81,847,964	545,365	-	545,365	114,160,581	2.9220%	1,125
2012	17,182,221	14,402,940	77,670,315	644,531	-	644,531	108,610,945	2.6774%	1,014
2013	70,809,248	13,378,288	73,350,687	661,216	-	661,216	156,877,007	3.4948%	1,410
2014	57,700,738	23,419,249	68,863,731	696,852	-	696,852	149,286,866	2.8077%	1,176

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

^a See Schedule 7 for taxable property value data.

^b Population data can be found in Schedule 18.

**CITY OF ODESSA, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2014
(Unaudited)**

<u>GOVERNMENTAL UNIT</u>	<u>Taxable Assessed Value</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
DEBT REPAYED WITH PROPERTY TAXES				
Ector County	\$ 13,772,417,959	\$ 7,985,000	35.93%	\$ 2,869,011
Ector County Independent School District	13,401,694,166	190,288,720	36.93%	70,273,624
Odessa Jr. College District	13,788,295,102	68,340,000	35.89%	24,527,226
Midland County	18,550,830,506	19,055,000	1.98%	377,289
Midland County Hospital District	18,245,098,365	106,195,000	2.02%	2,145,139
Midland Independent School District	16,347,612,326	263,298,300	2.25%	5,924,212
Midland Jr. College District	17,876,798,643	28,414,745	2.06%	585,344
Subtotal, Overlapping Debt				<u>106,701,844</u>
CITY DIRECT DEBT				<u>81,119,987</u>
TOTAL DIRECT AND OVERLAPPING DEBT				<u>\$ 187,821,831</u>

Sources: Assessed value data used to estimate applicable percentages provided by the Ector County Appraisal District.
The outstanding bonded debt totals were obtained from each governmental entity.

Notes: Overlapping governments represent those that share, in part, geographic boundaries of the City of Odessa.
This schedule estimates the portion of the outstanding debt of those overlapping governments that is shared by the residents and businesses of the Odessa community.

**CITY OF ODESSA, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**
(Unaudited)

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt Limit	\$ 106,340,578	\$ 89,776,277	\$ 81,131,707	\$ 78,139,006	\$ 77,564,577	\$ 70,970,028	\$ 62,702,886	\$ 54,302,186	\$ 48,639,527	\$ 45,326,109
Total Net Debt Applicable to Limit	75,938,148	80,008,784	30,375,469	32,134,635	33,611,801	35,002,783	36,454,055	33,274,297	34,183,021	24,952,447
Legal Debt Margin	\$ 30,402,430	\$ 9,767,493	\$ 50,756,238	\$ 46,004,371	\$ 43,952,776	\$ 35,967,245	\$ 26,248,831	\$ 21,027,889	\$ 14,456,506	\$ 20,373,662
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	71.41%	89.12%	37.44%	41.12%	43.33%	49.32%	58.14%	61.28%	70.28%	55.05%

Note: General property taxes are limited by Home Rule Charter to \$2.00 per \$100 for assessed valuation. There is no limitation within the \$2.00 ceiling for debt service.

Legal Debt Margin for Fiscal Year 2014

Assessed Value	\$ 5,317,028,880
Debt Limit (2% of Assessed Value)	106,340,578
Debt Applicable to Limit:	
Certificates of Obligation	54,740,000
General Obligation Bonds	21,895,000
Less: Amount Set Aside for Repayment of GO Bonds and CO Bonds	696,852
Total Net Debt Applicable to Limit	75,938,148
Legal Debt Margin	\$ 30,402,430

**CITY OF ODESSA, TEXAS
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS**
 (Unaudited)

Fiscal Year	WATERWORKS AND SEWER SYSTEM BONDS										
	Less:			Plus:			Net				
	Operating Revenue	Operating Expenses	Depreciation & Amortization	Investment Income	Plus: Other	Available Revenue	Debt Service		a		
							Principal	Interest	Principal	Interest	Coverage
2005	\$ 29,663,132	\$ 27,169,636	\$ 4,790,259	\$ 498,449	\$ -	\$ 7,782,204	\$ 2,640,000	\$ 1,963,550	\$ 2,640,000	\$ 1,963,550	1.69
2006	33,315,232	30,306,366	4,992,593	810,817	-	8,812,276	2,775,000	1,831,550	2,775,000	1,831,550	1.91
2007	32,202,693	29,620,215	5,096,837	1,058,878	-	8,738,193	2,915,000	2,138,709	2,915,000	2,138,709	1.73
2008	37,789,399	33,482,624	5,113,690	2,621,941	-	12,042,406	3,260,000	4,404,269	3,260,000	4,404,269	1.57
2009	37,178,348	36,719,079	5,292,152	726,257	-	6,477,678	3,465,000	1,091,081	3,465,000	1,091,081	1.42
2010	38,671,498	36,560,147	5,487,342	283,582	-	7,882,275	3,540,000	194,700	3,540,000	194,700	2.11
2011	39,657,324	36,357,110	5,581,329	201,289	-	9,082,832	3,915,000	3,694,625	3,915,000	3,694,625	1.19
2012	37,761,523	40,179,512	5,926,236	152,006	-	3,660,253	4,055,000	3,547,350	4,055,000	3,547,350	0.48
2013	48,351,897	43,292,930	6,566,193	98,998	-	11,724,158	4,220,000	3,391,850	4,220,000	3,391,850	1.54
2014	49,324,059	40,246,741	6,292,604	59,645	-	15,429,567	4,375,000	3,227,638	4,375,000	3,227,638	2.03

Notes:

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

^a Annual Debt Service is the total principal and interest to be paid in the next fiscal year for all outstanding revenue bonds

^b Net Available Revenue consists of operating income adjusted for interest income and expenses not requiring consumption of working capital such as depreciation and amortization.

Source: City of Odessa, Texas, Department of Finance.

**CITY OF ODESSA, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS**
 (Unaudited)

Fiscal Year	Population	Personal Income <i>(in thousand of dollars)</i>	Per Capita Personal Income	Median Age	Education Level	School Enrollment	Unemployment Rate%
2005	93,952	\$ 1,814,020	\$ 24,040	32.3	12.4	26,094	5.7
2006	96,948	1,879,540	35,040	32.1	12.4	27,037	4.0
2007	99,459	1,951,890	36,033	30.7	12.4	30,878	3.8
2008	98,214	2,075,135	34,671	32.1	12.4	26,650	3.9
2009	96,987	2,353,818	35,096	30.8	12.4	28,848	8.3
2010	96,526	2,422,353	31,639	30.7	12.4	27,795	8.6
2011	101,459	2,519,247	32,687	31.0	12.4	28,049	5.3
2012	107,158	2,594,824	35,555	31.1	12.4	27,621	4.5
2013	111,270	2,685,643	36,163	30.9	12.4	28,566	3.9
2014	126,930	2,731,568	37,134	30.9	12.4	28,805	3.1

Source: Odessa Chamber of Commerce
 U.S. Census Bureau of Economic Analysis
 City of Odessa, Finance Department

**CITY OF ODESSA, TEXAS
PRINCIPLE EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**
(Unaudited)

Employer	2014			2005		
	Employees	Rank	Total City Employment %	Employees	Rank	Total City Employment %
ECISD	3,400	1	3.95	3,376	1	7.71
Saulsbury Companies	1,990	2	2.31	540	8	1.23
Medical Center Hospital	1,851	3	2.15	1610	2	3.68
Halliburton Services	1,579	4	1.84	-	*	N/A
Weatherford	1,100	5	1.28	-	*	N/A
Walmart	938	6	1.09	990	3	2.26
City of Odessa	900	7	1.05	805	4	1.84
Holloman Construction	867	8	1.01	-	*	N/A
ORMC	857	9	1.00	-	*	0.00
Dixie Electric	763	10	0.89	-	*	N/A
Odessa College	-	*	N/A	650	5	1.48
Ector County	-	*	N/A	625	6	1.43
Telvista, Inc.	-	*	N/A	575	7	1.31
Investment Corp.	-	*	N/A	500	9	1.14
Huntsman Corp.	-	*	N/A	451	10	1.03
Total Employment Population	85,970		16.57	43,803		23.11

Sources: Odessa Chamber of Commerce
Individual Employers
U. S. Bureau of Labor Statistics
City of Odessa Texas, Department of Finance

* Employer was not in top ten that year.

**CITY OF ODESSA, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
 BY FUNCTION /PROGRAM
 LAST TEN FISCAL YEARS**
 (Unaudited)

FUNCTION/PROGRAM	FULL-TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government	45	43	42	39	39	36	36	36	34	33
Finance	52	55	52	56	57	60	58	56	55	54
Public Works	87	88	89	81	87	90	83	81	83	79
Planning & Inspection	18	14	13	14	13	13	12	11	12	12
Public Safety	403	383	399	394	405	392	372	381	396	394
Welfare	4	4	5	4	6	5	5	5	5	6
Culture & Recreation	36	37	37	35	35	38	37	33	46	35
Golf Course	14	10	10	10	10	10	8	6	10	NA
Water & Sewer	104	96	95	105	108	122	109	106	110	114
Solid Waste	48	45	47	45	46	46	46	43	44	42
Liquid Waste	0	0	0	0	0	1	1	1	1	1
Equipment Services	18	18	19	22	18	22	21	22	23	23
Risk Management	14	15	13	15	15	14	14	14	14	14
Total	843	808	821	820	839	849	802	795	833	807

Source: City of Odessa, Texas, Department of Finance.

Notes: The City purchased the Golf Course in January 1,2006

CITY OF ODESSA, TEXAS
 OPERATING INDICATORS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS
 (Unaudited)

FUNCTION/PROGRAM	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
PUBLIC SAFETY										
Police										
Physical Arrests	6,242	6,723	6,065	7,600	9,489	8,711	7,469	7,711	8,791	8,418
Parking Violations	673	1,297	661	683	696	4,215	3,231	7,098	10,837	7,938
Traffic Violations	28,105	25,777	19,191	22,354	31,984	12,821	29,382	40,816	32,195	35,402
Fire										
Number Of Calls Answered	18,473	18,172	17,300	16,357	14,406	15,511	15,248	14,229	12,640	10,363
Inspections	3,631	3,237	3,682	2,678	2,165	2,236	1,831	1,937	1,620	133
PUBLIC WORKS										
Street Resurfacing (miles)	9.78	4.82	13	29	30	56	7	41	32	35
Potholes Repaired	165	15	17	21	53	25	33	36	50	176
New Construction Permits Issued	839	886	691	382	358	230	337	284	238	197
SOLID WASTE										
Refuse Collected (tons)	102,249	104,833	103,334	100,606	86,841	90,800	93,000	93,500	88,000	81,000
Recyclables Collected (tons)	1,934	1,042	1,410	1,327	1,210	1,365	812	2,595	2,088	1,328
CULTURE & RECREATION										
Community Center Rentals	960	1013	961	684	797	928	875	839	761	730
GOLF COURSE										
Number Of Paid Rounds Played	40,909	41,209	40,272	41,080	36,471	36,863	7,002	-	23,885	-
WATER & SEWER										
Customer Connections	21,065	19,227	17,871	16,459	16,384	14,601	15,358	15,227	15,604	16,341
New Connections-Fire Hydrants	82	76	46	16	35	72	28	20	26	45
Water Main Breaks	199	88	92	185	124	83	105	144	95	112
Average Daily Consumption (million gallons day)	16.34	15.78	14.12	19.72	18.60	19.81	18.42	12.58	19.63	18.31
LIQUID WASTE										
Average Daily Sewage Treatment (millions of gallons)	5.98	6.08	7.02	6.56	6.61	6.46	6.34	6.22	5.56	6.11

Source: City of Odessa, Texas

Notes: The City purchased the Golf Course in January 1, 2006.
 The Golf Course has been closed since November 1, 2006, for renovations.
 The Golf Course completed their renovations and reopened on August 8, 2008.

**CITY OF ODESSA, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(Unaudited)**

FUNCTION/PROGRAM	FISCAL YEAR									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
PUBLIC WORKS										
Streets (miles)	483	461	441	441	441	428	410	412	409	410
Streetlights	6,244	6,178	6,095	6,038	6,033	5,930	5,872	5,832	5,796	5,650
Metered sectors	12	12	12	12	12	12	12	12	12	12
Traffic signals	128	128	127	126	126	124	124	124	123	123
PUBLIC SAFETY										
Police:										
Stations/Storefronts	1	1	1	1	1	1	1	2	2	2
Patrol Units	48	59	58	42	48	49	43	43	45	46
Fire Stations	8	8	8	8	8	8	8	9	8	8
CULTURE AND RECREATION										
Parks Acreage	555	555	555	555	555	555	555	555	555	555
Parks	36	36	36	36	36	36	36	36	36	36
Swimming Pools	3	3	3	3	3	3	3	3	3	4
Tennis Courts	16	16	16	16	16	16	16	16	16	16
Community Centers	5	5	5	5	5	5	5	5	4	4
GOLF COURSE										
Golf Course Acreage	125	125	125	125	125	125	125	135	135	-
WATER & SEWER										
Water Mains (miles)	686	656	656	645	642	634	618	612	609	598
Fire Hydrants	2,638	2,623	2,290	2,244	2,228	2,194	2,106	2,090	2,073	2,047
Maximum Daily Capacity (millions of gallons)	50	50	50	50	50	50	50	50	50	50
SOLID WASTE										
Collection Trucks	37	39	39	39	32	32	32	36	50	42
Sanitary Sewers (miles)	519	519	512	506	504	495	489	487	486	481
Storm Sewers (miles)	13.89	13.89	13.89	13.89	13.89	13.89	13.89	13.89	13.89	13.89
Maximum Daily Treatment Capacity (thousands of gallons)	13	13	13	13	13	13	13	13	13	13
RISK MANAGEMENT										
Family Health Clinic	1	1	1	1	1	1	1	1	1	1
Health & Wellness Center	1	1	1	1	1	1	1	1	1	1

Source: City of Odessa, Texas