



Comprehensive Annual Financial Report



For Fiscal Year Ended September 30, 2019

CITY OF ODESSA, TEXAS

CITY OF ODESSA, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Prepared by:

The Finance Department

Cindy Muncy, CPA
Assistant City Manager
of Administrative Services

**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 Changes in Net Pension Liability and Related Ratios - TMRS	99
Schedule of Contributions - TMRS	101
Schedule of Changes in Net Pension Liability and Related Ratios - OFRRF	103
Schedule of Contributions - OFRRF	106
Schedule of Changes in Net OPEB Liability & Related Ratios-TMRS-SDBF	108
Schedule of Changes in Net OPEB Liability & Related Ratios-City Retiree Health Plan	109
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Non-major Government Funds	111
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-major Governmental Funds	113
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget (GAAP Basis) and Actual:	
Special Revenue Funds	
Housing and Community Development Fund	115
Convention & Visitors Fund	116
Other Special Revenue Fund	117
Debt Service Fund	118

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

FINANCIAL SECTION (Continued)	<u>Page</u>
Combining and Individual Fund Statements and Schedules - Continued:	
Combining Statement of Net Position - Non-major Enterprise Funds	120
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Non-major Enterprise Funds	121
Combining Statement of Cash Flows -Non-major Enterprise Funds	122
Combining Statement of Net Position - Internal Service Funds	124
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds	125
Combining Statement of Cash Flows - Internal Service Funds	126
Combining Statement of Assets and Liabilities - Agency Funds	128
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	129
Capital Assets used in the Operation of Governmental Funds:	
Schedule by Source	132
Schedule by Function and Activity	133
Schedule of Changes in Capital Assets in the Operations of Governmental Funds and Activity	135
STATISTICAL SECTION (Unaudited)	
Financial Trends	
Net Position by Component	136
Changes in Net Position	137
Program Revenues by Function/Program	139
Fund Balances of Governmental Funds	140
Changes in Fund Balances of Governmental Funds	141
Revenue Capacity	
Tax Revenues by Source, Governmental Funds	143
Assessed Value and Estimated Actual Value of Taxable Property	144
Direct and Overlapping Property Tax Rates	145
Principle Property Tax Payers	146
Property Tax Levies and Collections	147
Direct and Overlapping Sales Tax Rates	148
Sales Tax Revenue Payers by Industry	149
Debt Capacity	
Ratio of Outstanding Debt by Type	150
Ratio of General Bonded Debt Outstanding	151
Direct and Overlapping Governmental Activities Debt	152
Legal Debt Margin Information	153
Pledged-Revenue Coverage	154
Demographic and Economic Information	
Demographic and Economic Statistics	155
Principle Employers	156
Full-Time Equivalent City Government Employees by Function/Program	157
Operating Information	
Operating Indicators by Function/Program	158
Capital Asset Statistics by Function/Program	159

INTRODUCTORY SECTION



City of Odessa

June 23, 2020

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 (the City) for fiscal year ended September 30, 2019. Both the Department of Finance and the Office of the City Manager prepared this report, in order to provide citizens, investors, grantor agencies, and other interested parties with reliable financial information about the City in accordance with governing State law.

This report consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all 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.

Weaver and Tidwell, LLP, a firm of licensed certified public accountants, have audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a sample 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 unmodified ("*clean*") opinion that the City's financial statements for the fiscal year ended September 30, 2019, 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 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's separately issued Single Audit Report.

GAAP requires 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 is located in a thriving community along the western range of the Permian region that is comprised of various counties in western Texas and a portion of adjacent areas in southeastern New Mexico. Odessa boasts a longstanding reputation for its geological fields, which consist of mostly arid terrain and an astonishing supply of oil and natural gas reserves. 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 50 square miles of area land which is about 86% developed. Odessa has a current population of approximately 126,753 residents.

Incorporated in April 1927, the City is empowered by State statute to extend beyond its limits by annexation, and such events occur at various periods throughout the year when deemed appropriate by the governing City Council. The City 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 operates under a home rule charter with a Council-Manager form of government. Policy-making and legislative authority are vested in the governing council that consists of a mayor and six other members who are elected on a non-partisan basis. The mayor and one council person are elected at large while the remaining five 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 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 (Enterprise funds), 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 the Corporation 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 considers 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 pages 28, as part of the basic financial statements for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental funds subsection of this report and begins on page 115.

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. The City of Odessa is fortunate to be located in the heart of the Permian Basin. The Permian Basin is the nation's top oil and gas production region. Stretching over 86,000 square miles in western Texas and New Mexico, the Permian Basin is the most productive formation in the U.S. Since 2007, new technologies have created a boom in the region by increasing the production of old wells and enabling drilling in previously underdeveloped geological layers. This extraordinary regional performance primarily resulted from technological advances that 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*.

After 21 months of gradual downturn, in 2017, the upward trend started again. Performance trends moved forward for both large and small energy sector companies within the Permian community. In early 2019, oil production had reached a record 3.6 million barrels per day (BPD), making it the world's second-most-prolific field, behind the legendary Ghawar in Saudi Arabia. One of the major reasons for the upturn was the increase in hydraulic fracturing operations. Energy production activities revealed the total US rig count had increased from the all-time low of 404 to a current 1,051 rigs. The Permian basin rig count had increased from a low of 203 to 485 rigs. The average price of oil per barrel increased from \$26.55 in January 2016 to \$66 per barrel as of October 2018. Overall, the economic gain of the energy sector had facilitated an all-time stronger economy, and a stable performance base for the local community. During fiscal year 2018-2019, the local economy was thriving, with workforce housing and a shortage of employees as growing issues in our local economy.

Employment gains occurred in the energy sector, as well as, the employment base for the retail, manufacturing, construction, and financial services sectors. By the end of the fiscal year 2019, Odessa's employment activities revealed an unemployment rate of approximately 2.6%. The strengthening performance of the local economy was best evidenced by the City's sales tax revenue collections, which represents the City's largest source of governmental revenue, increased for the fiscal year 2018-19 to \$58.1 million. For fiscal year-end 2018 total sales tax receipts were \$53.6 million, reflecting an increase in the current year of \$4.5 million or 8.4%. Looking into the First six months of the 2019-20 fiscal year, sales tax collected monthly has declined from the prior year. With the onslaught of COVID-19 and the drastic decrease in the oil and gas economy, the City has seen more significant decrease in sales tax in recent months.

Assessed property values continued to increase. Assessed property values for fiscal year end 2018-19 reflected a noticeable increase over the previous fiscal year end's property valuations. The City had a slight decrease in the tax rate for 2018-19 to 47.66 cents per \$100 of taxable value. For the current 2019-20 fiscal year, property values rose significantly, and the tax rate remained the same. Odessa's housing market activities also continued to reflect the area's economy, environment. Sales activities for new and existing homes have skyrocketed, including the demand for affordable and workforce housing. Currently, a new home construction is 9 months out for the average house size. When comparing single-family housing permit activity for fiscal year end 2019 and 2018, the annualized number of starts decreased from 62 monthly to 61 monthly with a monthly average in value of just over \$12 million for both years.

As mentioned earlier, the local economy was thriving throughout the fiscal year 2018-19. Many development projects and construction activities were underway throughout the city. In addition, downtown development is continuing in Odessa, where the City and a local private sector corporation constructed a full-service upscale hotel, conference center and parking garage that opened in late October 2019. The revitalization of the historic Ector Theatre is still in progress and will be opening soon.

The Odessa Development Corporation (ODC) continues funding the development of a skilled and educated workforce. These job creation and workforce readiness efforts were primarily made possible by the Corporation via designated sales tax collections. ODC is also taking a roll in the facilitation of increasing the workforce housing in Odessa through collaboration with the council and community stakeholders.

By the end of the 2018-19 fiscal year, the increasing economic impact of energy sector gains and the community growth factors were expected to continue the ascent within the area. But after the first six months of the current fiscal year, our City, like many others is feeling the staggering effect of COVID-19 and the declining oil and gas economy. City Council and Staff continue to work diligently to identify, prioritize, and address the community's needs, as well as, its available resources. City Council and Staff have focused on developing initiatives and strategies that provide the foundation for many other community improvements including traffic safety, downtown revitalization, affordable and workforce housing, parkland development, and much needed water, sewer and roadway infrastructure. City Council and Staff remain committed to working 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 Staff makes every effort to comply with the governing council's adopted plans and strategies. For example, the City's Capital Improvement Program (CIP) for fiscal year end 2019 revealed great progress in the areas of downtown revitalization, park improvements, street infrastructure, and information technology infrastructure improvements, as the past fiscal year brought the completion of the conference center and parking garage, several street infrastructure and park improvements projects. City efforts to facilitate public purpose goals regarding public safety, street improvements, park improvements, and water and sewer line improvements continue to be of high priority for the coming fiscal year. In September 2019, the City issued \$81 million in certificates of obligation for the purpose of building two fire stations and a new animal shelter, improving two City buildings and a couple of parks, and improving streets, curbs, drainage, etc. The City will also continue to focus on improvements necessary for the successful operation of its comprehensive master plan. 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.

Positive changes in the economic environment have boosted the local community in 2019 as oil production and prices increase. City Officials are 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 Staff remains committed to implementing action plans that continually provide quality municipal services for the citizens of Odessa while demonstrating financial resilience. The City will continue to use any excess sales tax revenues for one-time non-recurring purposes and may look to issuing additional water and sewer debt to finance the increasing infrastructure and improvement needs of its water and sewer system for its citizens. The City's operations will continue to reflect financial management strategies that are designed to offset potential drafts 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 for its comprehensive annual financial report for the fiscal year ended September 30, 2018. This was the thirty third 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, 2018. This is the thirty second consecutive year receiving this award. 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 has enabled the City to maintain its goal of excellence in all aspects of financial management.

Respectfully submitted,



Michael Marrero
City Manager



Cindy Muncy, CPA
Assistant City Manager
of Administrative Services



Government Finance Officers Association

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

Presented to

**City of Odessa
Texas**

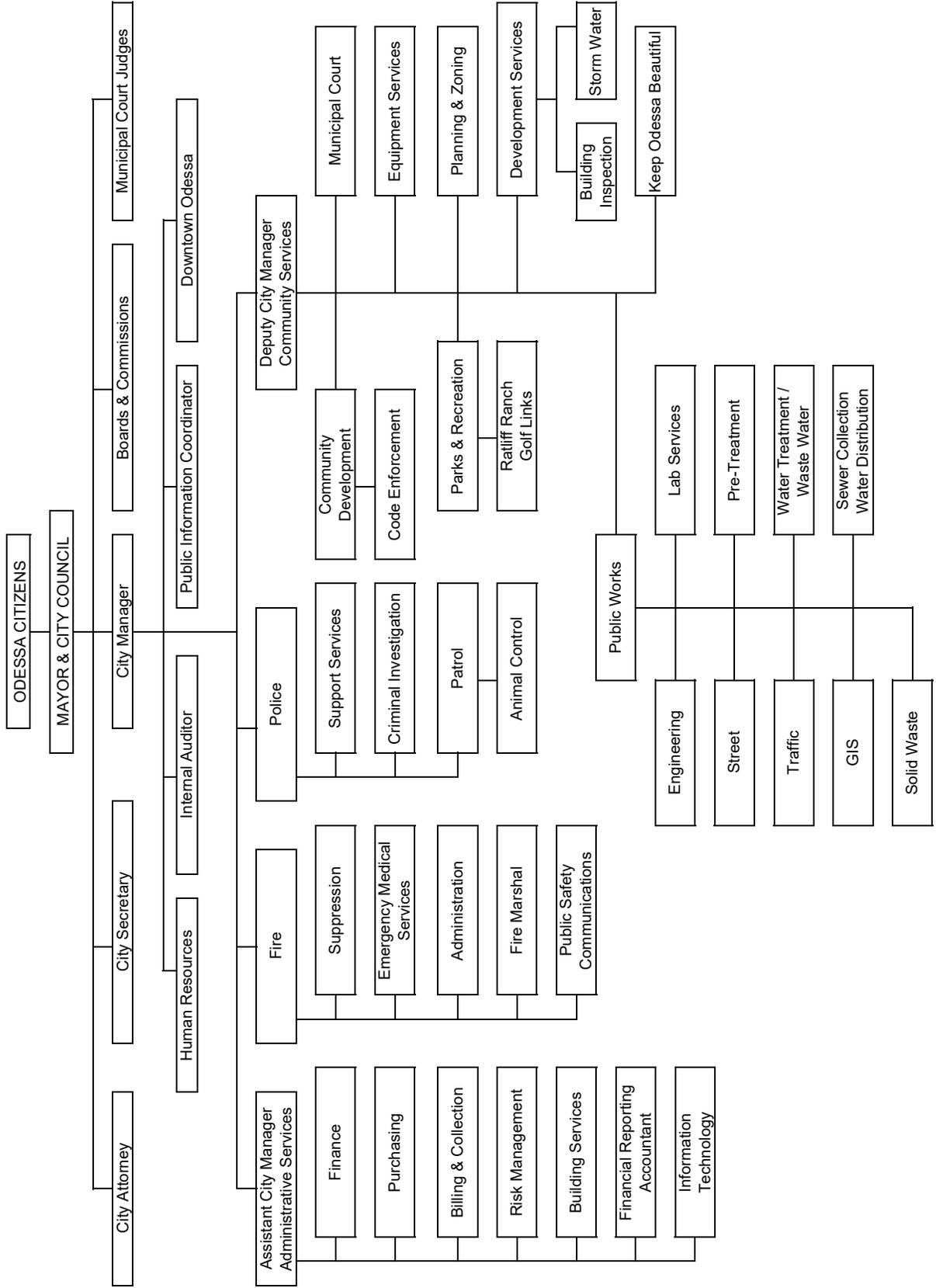
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrill

Executive Director/CEO

CITY OF ODESSA ORGANIZATION CHART



CITY OF ODESSA, TEXAS

CITY OFFICIALS
(as of September 30, 2019)

MAYOR

DAVID R. TURNER

CITY COUNCIL

DISTRICT 1

MALCOLM HAMILTON

DISTRICT 2

DEWEY BRYANT

DISTRICT 3

DETRA WHITE

DISTRICT 4

TOM SPRAWLS

DISTRICT 5

MARI WILLIS

AT LARGE

PEGGY DEAN

CITY MANAGER

MICHAEL MARRERO

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, 2019, 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

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, as of September 30, 2019, and the respective changes in financial position, cash flows, where applicable, and 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 and the Required Supplementary Information as listed in the table of contents, 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, schedules of capital assets used in operation of governmental funds, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, and schedules of capital assets used in operation of governmental funds are the responsibility of management and was 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2020, 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.

Midland, Texas
June 23, 2020

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2019

As management of the City of Odessa, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. 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's 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 exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$351.0 million (net position), of which \$46.1 million was unrestricted net position. The government's total net position increased \$55.9 million during the 2019 fiscal year. The vast majority of the City's net position is the net investment in capital assets of \$293.1 million. Net position restricted for specific purposes totaled \$11.8 million, a large portion of which is restricted for special revenue funds.
- The City's governmental funds reported an increase in fund balances of \$100.9 million over the previous year with combined ending fund balances of \$216.9 million as of the close of the current fiscal year. This large increase is due to the issuance of Certificates of Obligation prior to the end of the fiscal year. Approximately 34.1%, or \$73.9 million, of this total amount is available for spending at the government's discretion (unassigned fund balances). Within the remaining \$143.0 million, \$0.8 million has been restricted for specific debt service requirements, \$125.6 million is restricted or nonspendable, \$3.9 million is committed, and \$13.5 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 \$73.9 million, or 80.5%, of total general fund expenditures and is available for spending at the government's discretion for any lawful purpose.
- The City's capital projects fund balance totaled \$114.9 million and increased by \$76.0 million at the close of the current fiscal year. The City issued \$81.0 million in Certificates of Obligation in September 2019 for the purpose of various capital projects.
- During the fiscal year ended September 30, 2019, the City continued to see productive oil and gas activity in our area and monthly sales taxes were higher than the previous year. The Economic Factors and Next Year's Budget section on the last few pages of this discussion provide additional information about the next fiscal year.

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2019

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, 2019

By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Refer to 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 the General Fund and the Capital Projects Fund, which are both considered 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 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, 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. Non-major enterprise funds include the Ratliff Ranch Golf Course, Liquid Waste and Storm Water Funds and are combined into a single, aggregated presentation in the proprietary fund financial statements. Likewise, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and 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, 2019

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 non-major governmental funds, non-major enterprise 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 and deferred inflow of resources by \$351.0 million at the close of the fiscal year. As a result of operations, total net position increased by \$55.9 million during the period.

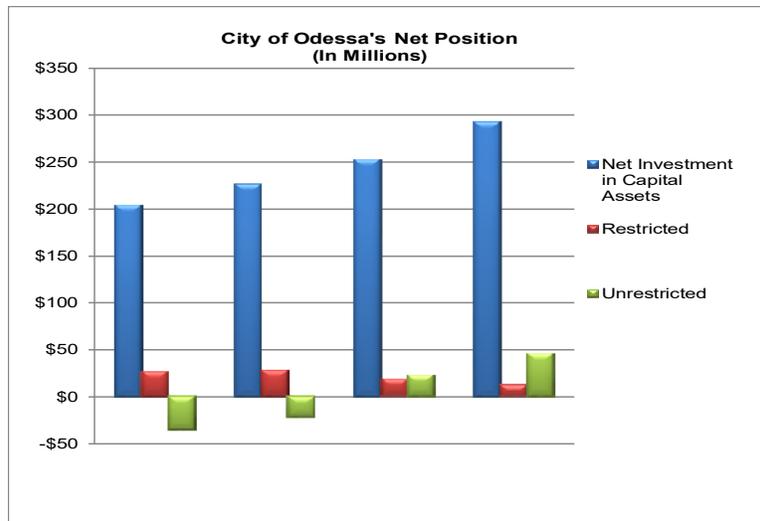
By far, the largest portion of the City's net position, \$293.1 million, reflects its net investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to 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, 2019

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current & Other Assets	\$ 247	\$ 149	\$ 106	\$ 84	\$ 353	\$ 233
Capital Assets	225	195	152	148	377	343
Total Assets	<u>472</u>	<u>344</u>	<u>258</u>	<u>232</u>	<u>730</u>	<u>576</u>
Deferred Outflows of Resources	47	25	5	3	52	28
Long-Term Liabilities						
Outstanding	319	193	55	57	374	250
Other Liabilities	22	20	16	12	38	32
Total Liabilities	<u>341</u>	<u>213</u>	<u>71</u>	<u>69</u>	<u>412</u>	<u>282</u>
Deferred Inflows of Resources	18	25	1	1	19	-
Net Investment in Capital Assets	184	152	109	101	293	253
Restricted	11	18	1	1	12	19
Unrestricted	(35)	(39)	81	62	46	23
Total Net Position	<u>\$ 160</u>	<u>\$ 131</u>	<u>\$ 191</u>	<u>\$ 164</u>	<u>\$ 351</u>	<u>\$ 295</u>

As of September 30, 2019, positive balances were reflected in the total 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 (\$12 million) represents resources that are subject to external restrictions on how they may be used. While the implementation of GASB 68 resulted in a negative unrestricted net position in the governmental activities, the current year's total unrestricted net position is positive. The implementation of GASB 75 in 2018 reduced net position by \$2.7 million.



CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2019

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Charges for Services	\$ 5,113	\$ 11,703	\$ 88,007	\$ 88,415	\$ 93,120	\$ 100,118
Operating Grants						
Contributions	7,582	6,847	-	-	7,582	6,847
Capital Grants &						
Contributions	8,017	5,714	8,267	7,886	16,284	13,600
General Revenues:						
Property Taxes	39,850	36,811	-	-	39,850	36,811
Sales Taxes	58,060	53,592	-	-	58,060	53,592
Other Taxes	18,399	20,194	-	-	18,399	20,194
Other Revenues	6,787	4,991	1,825	820	8,612	5,811
Total Revenues	143,808	139,852	98,099	97,121	241,907	236,973
General Government	6,188	5,479	-	-	6,188	5,479
Finance	2,154	2,831	-	-	2,154	2,831
Public Works	23,547	21,900	-	-	23,547	21,900
Planning & Inspection	1,873	1,765	-	-	1,873	1,765
Public Safety	65,666	56,836	-	-	65,666	56,836
Welfare	1,047	959	-	-	1,047	959
Culture & Recreation	10,710	10,632	-	-	10,710	10,632
Interest on Long-Term						
Debt	3,218	2,319	-	-	3,218	2,319
Water & Sewer	-	-	54,637	53,135	54,637	53,135
Solid Waste	-	-	13,926	13,056	13,926	13,056
Ratliff Golf Course	-	-	1,986	2,075	1,986	2,075
Liquid Waste	-	-	69	71	69	71
Storm Water	-	-	1,034	1,066	1,034	1,066
Total Expenses	114,403	102,721	71,652	69,403	186,055	172,124
Increase(Decrease) in Net						
Position Before Transfers	29,405	37,131	26,447	27,718	55,852	64,849
Transfers	(326)	(200)	326	200	-	-
Increase in Net Position	29,079	36,931	26,773	27,918	55,852	64,849
Net Position-Beginning, as						
previously reported	130,573	95,751	164,549	137,199	295,122	232,950
Prior Period Adjustment	-	(2,109)	-	(568)	-	(2,677)
Net Position-Beginning, as						
restated	130,573	93,642	164,549	136,631	295,122	230,273
Net Position-Ending	\$159,652	\$130,573	\$191,322	\$164,549	\$350,974	\$295,122

CITY OF ODESSA, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2019

The previous page displayed a comparative summary of the City’s operations for fiscal years ended 2019 and 2018. During the current fiscal year, the City’s total net position increased by approximately \$55.9 million. Governmental type activities had an increase of \$29.1 million; and the business-type activities had a \$26.8 million increase. The total revenues increased to \$241.9 million, which was up 2.1% from the previous year. Total expenses increased to \$186.1 million, which was an increase of \$13.9 million or 8.1%. The net increase to the government’s net position of \$55.9 million was \$8.9 million less than the previous year’s amount of \$64.8 million.

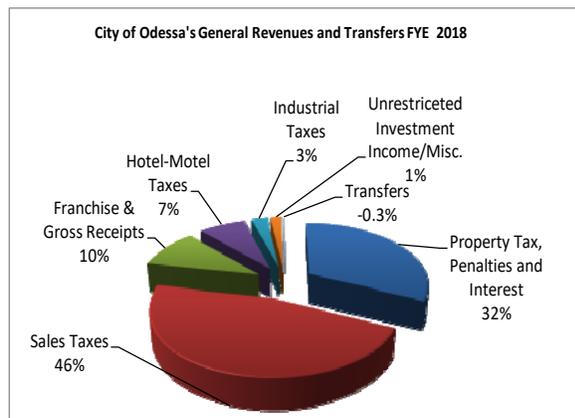
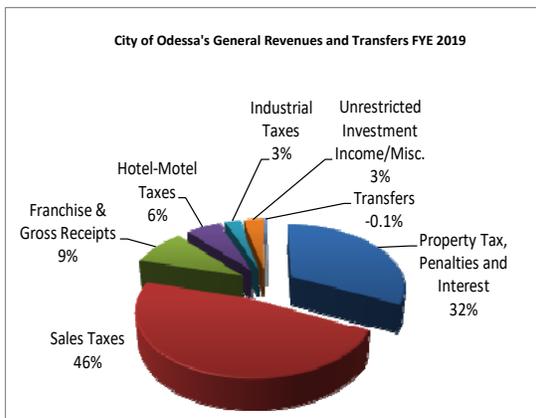
Governmental Activities

Program revenues for governmental activities were \$20.7 million and were used to pay expenses associated with governmental activities of \$114.4 million.

The City’s general revenues and transfers provided \$122.8 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)

	2019	2018	Variance
Property Tax, Penalties and Interest	\$ 39,850	\$ 36,811	\$ 3,039
Sales Taxes	58,060	53,592	4,468
Franchise & Gross Receipts	11,278	11,637	(359)
Hotel-Motel Taxes	7,121	8,558	(1,437)
Industrial Taxes	2,998	2,909	89
Unrestricted Investment Income/Misc.	3,789	2,082	1,707
Transfers	(326)	(200)	(126)
Total General Revenues and Transfers	\$ 122,770	\$ 115,389	\$ 7,381



CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2019

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 2019, property taxes generated \$39.9 million, or 32.5% of the City's total general revenues, and reflected an increase of \$3.0 million over the previous year. Property tax collections were derived from growth in the property tax base that increased to \$8.2 billion during the year and was combined with a property tax rate of \$0.476601 per hundred dollars valuation, a decreased rate from the previous year by \$0.016647. Sales taxes revenues generated \$58.1 million, which represented the largest share of the City's general revenues at 47.3%. Franchise and gross receipts taxes contributed \$11.3 million to operations, which was a decrease from last year by \$358,762. As depicted on Table 2, the total charges for services came in at \$5.1 million. Hotel-motel taxes income provided an additional \$7.1 million, which is slightly lower by \$1.4 million from the prior year amount of \$8.5 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 \$65.7 million represents 57.4% of all combined governmental activities expenses. Refer to Table 2 for additional details.

Business-Type Activities

Net position from business-type activities totaled \$191.3 million at the close of the fiscal year and reflected a 16.3% increase from the prior year. Revenues of business-type activities contributed \$98.1 million to the operations of the City. Expenses associated with these activities totaled \$71.7 million. This resulted in an increase to the City's net position of \$26.8 million from business-type activities.

The major components of the revenue stream for business-type activities represent Water and Sewer revenues of \$69.0 million and Solid Waste revenues of \$15.2 million. Investment earnings were higher in the current fiscal year, and represented \$1.8 million of the revenue component of business-type activities for the City. Meanwhile, grants and contributions revenue totaled \$8.3 million as compared to \$7.9 million during the prior year.

Water and Sewer had \$54.6 million in expenses coupled with a positive position of \$22.6 million net revenues over expenses for the current fiscal year end. Solid Waste expenses were \$13.9 million and resulted in revenues over expenses totaling \$1.3 million.

The remaining non-major business-type activities had revenues and transfers of \$4.1 million and expenses of \$3.1 million resulting in revenues over expenses of \$1.0 million.

CITY OF ODESSA, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2019

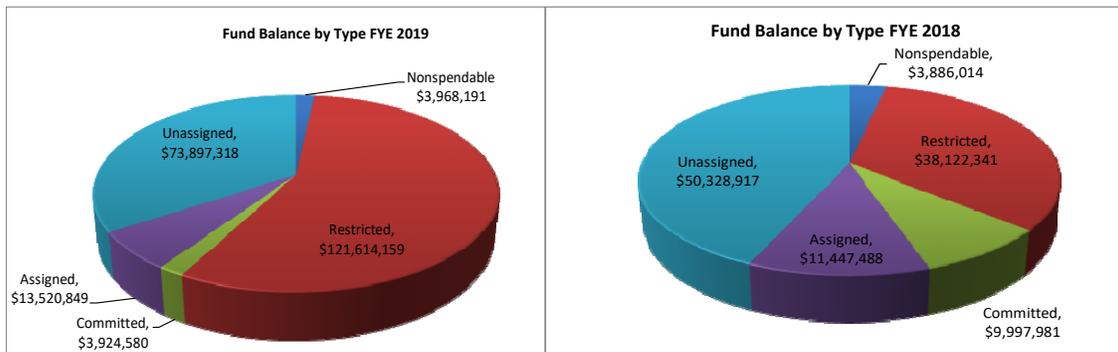
FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS

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’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, 2019, the City’s governmental funds reported combined ending fund balance of \$216.9 million, an increase of \$100.9 million in comparison with the prior year. Approximately 34.1% of this total amount, \$73.9 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 \$73.9 million, while total fund balance increased to \$91.3 million. With the General Fund’s unassigned fund balance, the City maintains a 60-day contingency balance of \$16,155,910 and a 25-day budget stabilization balance of \$6,731,629. 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 80.5% of total General Fund expenditures, while total fund balance represents 99.5% of that same amount. Fund balance of the City’s General Fund increased by \$23.7 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 of \$4.5 million, increased property tax revenue of \$3.1 million, offset by capital outlay expenditures of \$3.9 million.

CITY OF ODESSA, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2019

The Capital Projects Fund has a total fund balance of \$114.9 million. Of that amount, \$110.9 million is restricted for capital outlay and construction, \$3.9 million is committed for construction, and \$0.1 million is reported as assigned. The net increase in fund balance during the current year for the Capital Projects Fund was \$76.0 million due to certificates of obligation issuance of \$93.8 million, transfers in of \$6.5 million, interest earnings of \$0.8 million and less expenditures of \$(25.1) million.

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 \$172.6 million. The total change in net position was an increase of \$23.2 million. Major factors impacting this change include operating income of \$15.0 million, \$8.3 million in capital contributions, and \$(1.7) million in interest expense. Operating income was \$2.2 million lower in 2019 than it was in 2018. This decrease is attributable to \$0.9 million decreased water, sewer and reuse water sales, and \$1.3 million increase in operating expenses.

The net position of the Solid Waste Fund at the end of the year totaled \$2.2 million. The change in net position from the previous fiscal year was a \$1.4 million increase. This increase is attributable to revenues of \$15.3 million and operating expenses of \$13.9 million.

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 very minimal changes in budgeted revenues for the year. Actual revenues exceeded the final revenue budget by \$26.4 million during the fiscal year as depicted below in thousands.

	Final Budget	Actual	Variance Over (Under)
Property Tax, Penalties & Interest	\$ 31,439	\$ 32,854	\$ 1,415
City Sales Tax	37,208	58,060	20,852
Franchise & Gross Receipts	11,599	11,278	(321)
Fines & Forfeitures	3,336	2,969	(367)
Permits & Licenses	1,041	2,244	1,203
Investment Income	400	1,990	1,590
Industrial Contracts	2,440	2,998	558
Other	3,740	5,029	1,289
Intergovernmental	1,154	1,332	178
Total Revenues	\$ 92,357	\$ 118,754	\$ 26,397

CITY OF ODESSA, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2019

City sales tax created the very favorable variance due to the economic upswing in Odessa and in surrounding communities. Property tax also showed a favorable variance for the fiscal year.

Differences between the original budget and the final amended budget resulted in an increase in appropriations of \$18.3 million and can be briefly summarized, in thousands of dollars, as follows:

\$	232	increase in general government activities
\$	(959)	decrease in finance service activities
\$	777	increase in public works activities
\$	1,922	increase in public safety activities
\$	111	increase in planning and inspection activities
\$	(104)	increase in culture and recreation activities
\$	16,301	increase in capital outlays

Approximately \$15.3 million of this increase relates to encumbrances and obligated projects carried over. Budget amendments of \$3.0 million were made during the fiscal year - \$2.9 million to cover additional costs increase to the University street widening and reconstruction, \$0.1 million to the installation of an additional bathroom to our municipal golf course.

With the adjustments made during fiscal year 2019, the actual expenditures were \$91.8 million as compared to the final budget amount of \$105.5 million causing a positive variance of \$13.7 million. The majority of this variance (87.84%) 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 2019 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, 2019, amounts to \$376.3 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, 2019 was \$53.2 million in the governmental activities and \$3.3 million in the business type activities for a total of \$56.5 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, 2019

Table 4
Capital Assets as of September 30, 2019
(Net of Depreciation, in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 28,311	\$ 27,531	\$ 524	\$ 524	\$ 28,835	\$ 28,055
Buildings	10,227	10,755	2,271	2,494	12,498	13,249
Improvements other than Buildings	33,405	33,512	21,394	20,919	54,799	54,431
Infrastructure	70,160	65,907	118,332	113,541	188,492	179,448
Furniture & Office Equipment	25	5	82	95	107	100
Machinery & Equipment	3,823	1,517	5,758	6,294	9,581	7,811
Data Processing Equipment	436	671	-	2	436	673
Automotive Equipment	20,927	22,465	-	-	20,927	22,465
Radio & Communications Equipment	4,150	4,844	-	-	4,150	4,844
Works of Art	10	10	-	-	10	10
Construction in Progress	53,172	27,724	3,283	3,855	56,455	31,579
Totals	\$ 224,646	\$ 194,941	\$ 151,644	\$ 147,724	\$ 376,290	\$ 342,665

The following major capital projects were completed during fiscal year 2019:

Governmental Projects

- Traffic Signals
- School Zone Improvements
- Slator Park Community Center Renovations
- Sherwood Park Community Center Renovations
- Dawn Street Paving
- Progressive Park Improvements

Water and Sewer Projects

- Sewer Line Replacements
- Water Line Replacements
- Raw Water Pump Station

Long Term Debt

At the end of the current fiscal year, the City had total debt outstanding of \$180.5 million. Of this amount, \$137.2 million is governmental-type tax supported debt. Water and Sewer system revenues support \$43.3 million of business-type activity debt.

CITY OF ODESSA, TEXAS
MANAGEMENT’S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2019

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Certificates of Obligation Serviced	\$ 87,515	\$ 8,480	\$ -	\$ -	\$ 87,515	\$ 8,480
Refunding General Obligations Serviced	49,665	52,185	43,290	47,645	92,955	99,830
Totals	<u>\$137,180</u>	<u>\$60,665</u>	<u>\$43,290</u>	<u>\$47,645</u>	<u>\$180,470</u>	<u>\$108,310</u>

The City’s total bonded debt increased \$72.2 million during the current fiscal year. Debt serviced by governmental activities increased by \$76.5 million, while debt serviced by business-type activities decreased by \$4.4 million. The City issued \$81.0 million in certificates of obligation in September 2019 for governmental projects.

The City maintains a rating of “Aa2” by Moody’s Investors Service, Inc. and “A+” Standard & Poor’s Ratings Services for the most recent certificates of obligation 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

During the fiscal year ended September 30, 2019, Odessa’s economy blossomed and sales tax revenues increased significantly over the prior year. With the increased oil and gas activity, our local economy was on an upward trend. 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.

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 to the north, as well as, to the east.

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2019

The annual budget for the 2020 fiscal year continues to focus on community objectives that are geared toward enhancing the City's image, improving services, researching viable water resources, exploring affordable housing, and expanding economic development. These objectives and other initiatives have allowed financial resources to be allocated toward the completion of major capital improvements, utility infrastructure and street reconstruction, and park redevelopment projects.

Current budgeted expenditures for the City's 2020 fiscal year total \$234.9 million. This amount represents \$18.4 million, or 8.5%, increase above the 2019 fiscal year budget of \$216.5 million. Changes in expenditures reflected are noted as follows, in millions:

- \$ 5.8 increase in the General Fund
- \$ 5.6 increase in the Water and Sewer Fund
- \$ (2.1) decrease in the Equipment Service Fund
- \$ 0.7 increase in the Information Technology Fund
- \$ 6.6 increase in the Debt Service Fund
- \$ 1.4 increase in the Solid Waste Fund
- \$ 0.4 decrease in Other Funds

Total revenues for the 2020 fiscal year are projected at \$245.4 million; an amount that exceeds last year's adopted budget by \$22.5 million, or 10.1%. The more significant revenue changes are derived from several sources including, in millions;

- \$ 6.7 increase in the General Fund
- \$ 6.5 increase in the Water and Sewer Fund
- \$ 0.4 increase in the Solid Waste Fund
- \$ 6.6 increase in the Debt Service Fund
- \$ 0.5 increase in the Information Technology Fund
- \$ (1.1) decrease in the Equipment Service Fund
- \$ 2.9 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, and are projected at 8.5% higher than the prior year.

Assessed values of property in Odessa continued to rise for tax year 2019, and the City elected to maintain the tax rate to \$47.6601 cents per \$100 valuation. Sales taxes are projected 10.5% higher than the prior year as actual sales tax for 2019 came in \$20.9 million higher than budget. General Fund revenues for the 2020 fiscal year are budgeted at \$105.1 million.

Expenditures projected for the 2020 General Fund total \$99.4 million. This amount yields a net increase to the budget for 2020, and reflects a \$5.8 million, or 6.2% increase, over the previous adopted budget.

CITY OF ODESSA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For Fiscal Year Ended September 30, 2019

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

- 4.6% increase in personnel costs, including seventeen new positions
- 3.1% increase in street maintenance
- 1.5% decrease in other expenditures

The combined balance of the assigned and unassigned fund balances of the General Fund of \$87.4 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 \$67.0 million and reflect an increase of \$6.5 million, or 10.7%, above revenues budgeted for 2019. There was no increase to the rates for 2020 since the current rates 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 \$66.1 million with a \$5.6 million, or 9.2%, 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. The additional reuse water revenue allows for additional budgeted expenditures to study and improve our water resources and water quality.

In the Solid Waste Fund, budgeted revenues are projected at \$14.7 million and expenditures are estimated at \$14.7 million. Budgeted revenues reflected a \$0.3 million increase. There were no rate increases for the year. Budgeted expenditures reflected a \$1.4 million increase from the previous year.

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, 2019**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Odessa Development Corporation
ASSETS				
Cash and Investments	\$ 237,664,720	\$ 79,527,353	\$ 317,192,073	\$ 57,959,202
Receivables (Net of Allowance for Uncollectibles)	16,726,350	10,577,704	27,304,054	2,543,138
Internal Balances	(11,820,968)	11,820,968	-	-
Inventories	16,619	770,684	787,303	-
Prepaid Items	250,000	-	250,000	286,847
Restricted Assets:				
Cash and Investments	-	3,304,383	3,304,383	-
Property Held for Sale	3,951,572	-	3,951,572	-
Capital Assets (Net of Accumulated Depreciations):				
Land	28,310,874	524,396	28,835,270	-
Buildings	10,227,248	2,270,598	12,497,846	-
Improvements Other than Buildings	33,405,406	21,393,674	54,799,080	-
Infrastructure	70,160,267	118,331,994	188,492,261	-
Furniture and Office Equipment	25,082	81,528	106,610	-
Machinery and Equipment	3,822,448	5,758,631	9,581,079	-
Data Processing Equipment	435,828	-	435,828	-
Automotive Equipment	20,927,016	-	20,927,016	-
Radio and Communication Equipment	4,149,785	-	4,149,785	-
Works of Art	10,000	-	10,000	-
Construction-in-Progress	53,172,404	3,282,682	56,455,086	-
TOTAL ASSETS	471,434,651	257,644,595	729,079,246	60,789,187
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension Plans	43,591,701	3,511,848	47,103,549	-
Deferred Outflows - OPEB	526,353	146,820	673,173	-
Deferred Charge on Refunding	3,085,722	1,681,307	4,767,029	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	47,203,776	5,339,975	52,543,751	-
LIABILITIES				
Accounts Payable and Other Current Liabilities	11,402,285	6,363,801	17,766,086	8,432,738
Accrued Interest Payable	478,591	169,050	647,641	-
Unearned Revenue	-	3,737,303	3,737,303	-
Noncurrent Liabilities:				
Due Within One Year	10,726,644	4,947,902	15,674,546	-
Due in More Than One Year	318,697,085	55,499,607	374,196,692	-
TOTAL LIABILITIES	341,304,605	70,717,663	412,022,268	8,432,738
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension Plans	15,070,722	211,654	15,282,376	-
Deferred Inflows - OPEB	2,610,733	733,474	3,344,207	-
TOTAL DEFERRED INFLOWS OF RESOURCES	17,681,455	945,128	18,626,583	-
NET POSITION				
Net Investment in Capital Assets	184,498,418	108,627,494	293,125,912	-
Restricted for:				
Debt Service	844,567	-	844,567	-
Capital Projects	54,242	-	54,242	-
Special Revenue - Grants/Donations	9,865,977	-	9,865,977	-
Rate Stabilization	-	1,000,000	1,000,000	-
Unrestricted (Deficit)	(35,610,837)	81,694,285	46,083,448	52,356,449
TOTAL NET POSITION	\$ 159,652,367	\$ 191,321,779	\$ 350,974,146	\$ 52,356,449

The accompanying notes are an integral part
of these financial statements

**CITY OF ODESSA, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 6,188,006	\$ 397,874	\$ -	\$ -
Finance	2,154,066	568,964	-	-
Public Works	23,547,063	481,501	5,667,814	7,909,658
Planning and Inspection	1,872,732	1,615,150	-	-
Public Safety	65,666,158	1,911,088	899,082	50,530
Welfare	1,046,946	-	1,015,094	-
Culture and Recreation	10,709,880	138,259	-	56,360
Interest on Long-term Debt & Bond Costs	3,218,027	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	114,402,878	5,112,836	7,581,990	8,016,548
Business-Type Activities:				
Water and Sewer	54,637,499	68,980,503	-	8,267,068
Solid Waste	13,925,717	15,223,535	-	-
Ratliff Golf Course	1,986,125	1,733,852	-	-
Liquid Waste	68,862	152,612	-	-
Storm Water	1,033,739	1,916,034	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	71,651,942	88,006,536	-	8,267,068
TOTAL PRIMARY GOVERNMENT	186,054,820	93,119,372	7,581,990	16,283,616
Component Unit:				
Odessa Development Corporation	10,976,106	-	-	-
TOTAL COMPONENT UNITS	\$ 10,976,106	\$ -	\$ -	\$ -

General Revenues:
Property Taxes
Sales Taxes
Franchise and Gross Receipts Taxes
Hotel-Taxes
Industrial Contracts
Unrestricted Investment Earnings
Transfers

TOTAL GENERAL REVENUES AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF YEAR

NET POSITION - END OF YEAR

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Odessa Development Corporation
\$ (5,790,132)	\$ -	\$ (5,790,132)	\$ -
(1,585,102)	-	(1,585,102)	-
(9,488,090)	-	(9,488,090)	-
(257,582)	-	(257,582)	-
(62,805,458)	-	(62,805,458)	-
(31,852)	-	(31,852)	-
(10,515,261)	-	(10,515,261)	-
(3,218,027)	-	(3,218,027)	-
<u>(93,691,504)</u>	<u>-</u>	<u>(93,691,504)</u>	<u>-</u>
-	22,610,072	22,610,072	-
-	1,297,818	1,297,818	-
-	(252,273)	(252,273)	-
-	83,750	83,750	-
-	882,295	882,295	-
<u>-</u>	<u>24,621,662</u>	<u>24,621,662</u>	<u>-</u>
<u>(93,691,504)</u>	<u>24,621,662</u>	<u>(69,069,842)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,976,106)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,976,106)</u>
39,850,478	-	39,850,478	-
58,060,175	-	58,060,175	14,731,649
11,278,237	-	11,278,237	-
7,121,062	-	7,121,062	-
2,997,515	-	2,997,515	-
3,789,187	1,824,871	5,614,058	1,891,349
(325,958)	325,958	-	-
<u>122,770,696</u>	<u>2,150,829</u>	<u>124,921,525</u>	<u>16,622,998</u>
29,079,192	26,772,491	55,851,683	5,646,892
<u>130,573,175</u>	<u>164,549,288</u>	<u>295,122,463</u>	<u>46,709,557</u>
<u>\$ 159,652,367</u>	<u>\$ 191,321,779</u>	<u>\$ 350,974,146</u>	<u>\$ 52,356,449</u>

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

THIS PAGE LEFT INTENTIONALLY BLANK

**CITY OF ODESSA, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2019**

	General Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 80,597,014	\$ 118,574,121	\$ 8,790,947	\$ 207,962,082
Receivables (Net of Allowance for Uncollectibles)				
Property Taxes	1,800,165	-	-	1,800,165
Accounts Receivable	12,113,235	25,028	2,743,188	14,881,451
Interfund Receivables	195,991	-	-	195,991
Inventories	16,619	-	-	16,619
Prepaid Items	-	-	250,000	250,000
Property Held for Sale	3,951,572	-	-	3,951,572
	\$ 98,674,596	\$ 118,599,149	\$ 11,784,135	\$ 229,057,880
LIABILITIES				
Accounts Payable	\$ 959,216	\$ 3,502,497	\$ 870,233	\$ 5,331,946
Accrued Payroll	2,473,733	-	27,250	2,500,983
Interfund Payable	-	19,883	176,108	195,991
Other	995,517	180,440	-	1,175,957
	4,428,466	3,702,820	1,073,591	9,204,877
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	1,683,004	-	-	1,683,004
Unavailable Revenue - Other Revenues	1,244,902	-	-	1,244,902
	2,927,906	-	-	2,927,906
FUND BALANCES				
Nonspendable	3,968,191	-	-	3,968,191
Restricted	-	110,903,615	10,710,544	121,614,159
Committed	-	3,924,580	-	3,924,580
Assigned	13,452,715	68,134	-	13,520,849
Unassigned	73,897,318	-	-	73,897,318
	91,318,224	114,896,329	10,710,544	216,925,097
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 98,674,596	\$ 118,599,149	\$ 11,784,135	

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. 202,008,469

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. 2,927,906

Deferred Outflows of Resources not reported in the funds. 43,288,522

Deferred Inflows of Resources not reported in the funds. (17,314,128)

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. 35,049,268

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefor are not reported in the funds. (323,232,767)

Net Position of Governmental Activities **\$ 159,652,367**

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, 2019**

	General Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
REVENUES				
Property Tax, Penalties and Interest	\$ 32,854,285	\$ -	\$ 7,018,625	\$ 39,872,910
City Sales Tax	58,060,175	-	-	58,060,175
Franchise and Gross Receipts	11,278,237	-	-	11,278,237
Fines and Forfeitures	2,969,482	-	137,325	3,106,807
Permits and Licenses	2,243,868	-	-	2,243,868
Grants and Entitlements	-	-	7,079,192	7,079,192
Hotel and Motel Occupancy Tax	-	-	7,121,062	7,121,062
Investment Income	1,989,758	849,376	292,568	3,131,702
Donations	-	-	207,316	207,316
Industrial Contracts	2,997,515	-	-	2,997,515
Other	5,029,292	86,685	127,834	5,243,811
Intergovernmental	1,331,812	-	-	1,331,812
TOTAL REVENUES	118,754,424	936,061	21,983,922	141,674,407
EXPENDITURES				
Current				
General Government	5,725,646	-	-	5,725,646
Finance	1,879,983	-	112,577	1,992,560
Public Works	13,052,657	148,604	5,637,489	18,838,750
Planning and Inspection	1,809,546	-	-	1,809,546
Public Safety	55,142,402	-	338,040	55,480,442
Welfare	-	-	1,026,023	1,026,023
Culture and Recreation	6,458,708	-	2,798,297	9,257,005
TOTAL CURRENT	84,068,942	148,604	9,912,426	94,129,972
Debt Service				
Principal Retirement	776,614	-	4,485,000	5,261,614
Interest and Fiscal Charges	21,365	-	2,531,979	2,553,344
Bond Issue Costs	-	751,409	-	751,409
TOTAL DEBT SERVICE	797,979	751,409	7,016,979	8,566,367
Capital Outlay	6,949,501	24,224,694	309,828	31,484,023
TOTAL EXPENDITURES	91,816,422	25,124,707	17,239,233	134,180,362
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (Carried Forward)	26,938,002	(24,188,646)	4,744,689	7,494,045

(Continued)

**CITY OF ODESSA, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

	General Fund	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (Brought Forward)	\$ 26,938,002	\$ (24,188,646)	\$ 4,744,689	\$ 7,494,045
OTHER FINANCING SOURCES (USES)				
Transfers In	-	6,461,755	61,384	6,523,139
Transfers (Out)	(3,287,342)	-	(3,561,755)	(6,849,097)
Certificates of Obligation Proceeds	-	81,000,000	-	81,000,000
Premium on Issuance	-	12,751,759	-	12,751,759
TOTAL OTHER FINANCING SOURCES (USES)	(3,287,342)	100,213,514	(3,500,371)	93,425,801
NET CHANGE IN FUND BALANCES	23,650,660	76,024,868	1,244,318	100,919,846
FUND BALANCE - BEGINNING OF YEAR	67,667,564	38,871,461	9,466,226	116,005,251
FUND BALANCE - END OF YEAR	<u>\$ 91,318,224</u>	<u>\$ 114,896,329</u>	<u>\$ 10,710,544</u>	<u>\$ 216,925,097</u>

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, 2019**

Amounts reported for governmental activities in the statement of activities (page 22) are different because:

Net change in fund balances-total governmental funds (page 26)	\$ 100,919,846
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.	23,584,677
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	7,793,411
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).	(6,484,050)
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.	(88,148,113)
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; and the net change in pension and OPEB expense more than offsets these expenses.	(11,458,219)
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>2,871,640</u>
Change in net position of governmental activities (page 22)	<u>\$ 29,079,192</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, 2019

	Budgeted Amount		Actual	Variance
	Original	Final		Over (Under)
REVENUES				
Property Tax, Penalties and Interest	\$ 31,439,273	\$ 31,439,273	\$ 32,854,285	\$ 1,415,012
City Sales Tax	37,208,410	37,208,410	58,060,175	20,851,765
Franchise and Gross Receipts	11,598,527	11,598,527	11,278,237	(320,290)
Fines and Forfeitures	3,335,760	3,335,760	2,969,482	(366,278)
Permits and Licenses	1,040,600	1,040,600	2,243,868	1,203,268
Investment Income	400,000	400,000	1,989,758	1,589,758
Industrial Contracts	2,440,000	2,440,000	2,997,515	557,515
Other	3,740,500	3,740,500	5,029,292	1,288,792
Intergovernmental	1,154,133	1,154,133	1,331,812	177,679
TOTAL REVENUES	92,357,203	92,357,203	118,754,424	26,397,221
EXPENDITURES				
Current				
General Government	6,003,516	6,235,184	5,725,646	(509,538)
Finance	3,722,546	2,763,950	1,879,983	(883,967)
Public Works	13,581,262	14,358,464	13,052,657	(1,305,807)
Planning and Inspection	1,887,715	1,998,795	1,809,546	(189,249)
Public Safety	52,203,065	54,124,796	55,142,402	1,017,606
Culture and Recreation	6,360,377	6,255,877	6,458,708	202,831
Landfill closure and postclosure care (\$8,006 [total amount determined for the year under GASB-18] less \$8,006 change in general long-term debt account group liability)	-	-	-	-
TOTAL CURRENT	83,758,481	85,737,066	84,068,942	(1,668,124)
Debt Service				
Principal Retirement	776,614	776,614	776,614	-
Interest	21,365	21,365	21,365	-
Capital Outlay	2,637,523	18,938,281	6,949,501	(11,988,780)
TOTAL EXPENDITURES	87,193,983	105,473,326	91,816,422	(13,656,904)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,163,220	(13,116,123)	26,938,002	40,054,125
OTHER FINANCING SOURCES (USES)				
Transfers (Out)	(438,479)	(3,464,437)	(3,287,342)	(177,095)
TOTAL OTHER FINANCING SOURCES (USES)	(438,479)	(3,464,437)	(3,287,342)	(177,095)
NET CHANGE IN FUND BALANCE	4,724,741	(16,580,560)	23,650,660	40,231,220
FUND BALANCE - BEGINNING OF YEAR	67,667,564	67,667,564	67,667,564	-
FUND BALANCE - END OF YEAR	\$ 72,392,305	\$ 51,087,004	\$ 91,318,224	\$ 40,231,220

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

**CITY OF ODESSA, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

ASSETS

CURRENT ASSETS:

Cash and Investments
Accounts Receivable (Net of Allowance for Uncollectible Accounts)
Inventories

RESTRICTED ASSETS:

Cash and Investments

TOTAL CURRENT ASSETS

NONCURRENT ASSETS:

CAPITAL ASSETS:

Land
Buildings
Improvements
Infrastructure
Furniture and Office Equipment
Machinery and Equipment
Data Processing Equipment
Automotive Equipment
Radio and Electronic Equipment
Construction-In-Progress
Less Accumulated Depreciation

TOTAL CAPITAL ASSETS (Net of Accumulated Depreciation)

TOTAL ASSETS

DEFERRED OUTFLOWS OF RESOURCES:

Deferred Charge on Refunding
Deferred Outflows - Pension Plan
Deferred Outflows - OPEB

TOTAL DEFERRED OUTFLOWS OF RESOURCES

Business-Type Activities - Enterprise Funds				Governmental
Water and Sewer Fund	Solid Waste Fund	Non-major Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 72,265,142	\$ 4,258,840	\$ 3,003,371	\$ 79,527,353	\$ 29,702,646
9,088,682	1,340,028	148,994	10,577,704	44,734
702,765	-	67,919	770,684	-
<u>3,304,383</u>	<u>-</u>	<u>-</u>	<u>3,304,383</u>	<u>-</u>
<u>85,360,972</u>	<u>5,598,868</u>	<u>3,220,284</u>	<u>94,180,124</u>	<u>29,747,380</u>
503,878	-	20,518	524,396	89,531
9,199,928	-	206,604	9,406,532	1,356,554
80,746,949	-	4,051,599	84,798,548	466,874
219,772,956	-	-	219,772,956	-
148,528	-	-	148,528	92,911
10,745,447	56,239	71,765	10,873,451	2,809,616
820,998	46	7,000	828,044	4,709,271
-	-	-	-	54,028,422
3,750	-	-	3,750	81,624
3,273,431	-	9,251	3,282,682	-
<u>(176,121,680)</u>	<u>(44,511)</u>	<u>(1,829,193)</u>	<u>(177,995,384)</u>	<u>(40,996,914)</u>
<u>149,094,185</u>	<u>11,774</u>	<u>2,537,544</u>	<u>151,643,503</u>	<u>22,637,889</u>
<u>234,455,157</u>	<u>5,610,642</u>	<u>5,757,828</u>	<u>245,823,627</u>	<u>52,385,269</u>
1,681,307	-	-	1,681,307	-
2,197,478	992,632	321,738	3,511,848	788,054
89,297	43,297	14,226	146,820	41,478
<u>3,968,082</u>	<u>1,035,929</u>	<u>335,964</u>	<u>5,339,975</u>	<u>829,532</u>

(Continued)

**CITY OF ODESSA, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2019**

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable
Compensated Absences
Accrued Payroll
Deposits and Billings Payable
Current Portion of Bonds Payable
Accrued Interest
Other Liabilities

TOTAL CURRENT LIABILITIES

NONCURRENT LIABILITIES:

Compensated Absences
Other Post Employment Benefits Payable
Net Pension Liability
Bonds Payable (Net of Current Maturities)

TOTAL NONCURRENT LIABILITIES

TOTAL LIABILITIES

DEFERRED INFLOWS OF RESOURCES:

Deferred Inflows - Pension Plan
Deferred Inflows - OPEB

TOTAL DEFERRED INFLOWS OF RESOURCES

NET POSITION

Net Investment in Capital Assets
Restricted for Rate Stabilization
Unrestricted

TOTAL NET POSITION

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
Water and Sewer Fund	Solid Waste Fund	Non-major Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 5,065,941	\$ 263,264	\$ 52,310	\$ 5,381,515	\$ 2,241,048
261,323	133,034	23,545	417,902	150,682
429,164	164,779	46,133	640,076	152,363
3,737,303	-	-	3,737,303	-
4,530,000	-	-	4,530,000	-
169,050	-	-	169,050	-
252,994	89,216	-	342,210	-
<u>14,445,775</u>	<u>650,293</u>	<u>121,988</u>	<u>15,218,056</u>	<u>2,544,093</u>
675,623	137,501	133,600	946,724	537,839
1,808,397	736,513	220,798	2,765,708	682,760
5,983,069	2,604,209	845,822	9,433,100	2,212,546
42,354,075	-	-	42,354,075	-
<u>50,821,164</u>	<u>3,478,223</u>	<u>1,200,220</u>	<u>55,499,607</u>	<u>3,433,145</u>
<u>65,266,939</u>	<u>4,128,516</u>	<u>1,322,208</u>	<u>70,717,663</u>	<u>5,977,238</u>
123,738	67,456	20,460	211,654	167,551
444,889	217,799	70,786	733,474	199,776
<u>568,627</u>	<u>285,255</u>	<u>91,246</u>	<u>945,128</u>	<u>367,327</u>
106,078,176	11,774	2,537,544	108,627,494	22,637,889
1,000,000	-	-	1,000,000	-
<u>65,509,497</u>	<u>2,221,026</u>	<u>2,142,794</u>	<u>69,873,317</u>	<u>24,232,347</u>
<u>\$ 172,587,673</u>	<u>\$ 2,232,800</u>	<u>\$ 4,680,338</u>	179,500,811	<u>\$ 46,870,236</u>

11,820,968

\$ 191,321,779

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, 2019**

OPERATING REVENUES

Water
Sewer
User Fees
Other

TOTAL OPERATING REVENUES

OPERATING EXPENSES

Personal Services
Supplies and Materials
Other Services
Maintenance
Depreciation and Amortization
Other

TOTAL OPERATING EXPENSES

OPERATING INCOME

NON-OPERATING REVENUES (EXPENSES)

Investment Income
Gain (Loss) on Sale of City Property
Interest Expense and Fiscal Charges
Other Non-Operating Expense

TOTAL NON-OPERATING REVENUES (EXPENSES)

INCOME BEFORE CONTRIBUTIONS AND TRANSFERS

CAPITAL CONTRIBUTIONS

TRANSFERS IN

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF YEAR

NET POSITION - END OF YEAR

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
Water and Sewer Fund	Solid Waste Fund	Non-major Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 53,014,247	\$ -	\$ -	\$ 53,014,247	\$ -
15,004,120	-	-	15,004,120	-
-	15,212,765	3,802,498	19,015,263	32,352,987
962,136	10,770	-	972,906	599,734
<u>68,980,503</u>	<u>15,223,535</u>	<u>3,802,498</u>	<u>88,006,536</u>	<u>32,952,721</u>
8,877,442	4,318,187	1,334,790	14,530,419	4,340,243
20,045,554	159,730	386,986	20,592,270	2,866,980
12,821,247	8,359,522	1,066,409	22,247,178	11,343,848
3,818,928	401,723	144,982	4,365,633	4,493,135
8,396,212	3,926	155,559	8,555,697	6,119,865
-	682,629	-	682,629	1,203,816
<u>53,959,383</u>	<u>13,925,717</u>	<u>3,088,726</u>	<u>70,973,826</u>	<u>30,367,887</u>
<u>15,021,120</u>	<u>1,297,818</u>	<u>713,772</u>	<u>17,032,710</u>	<u>2,584,834</u>
1,671,950	90,315	62,606	1,824,871	657,484
-	-	-	-	517,144
(1,732,711)	-	-	(1,732,711)	-
-	-	-	-	(123,145)
<u>(60,761)</u>	<u>90,315</u>	<u>62,606</u>	<u>92,160</u>	<u>1,051,483</u>
14,960,359	1,388,133	776,378	17,124,870	3,636,317
8,267,068	-	-	8,267,068	289,918
-	-	325,958	325,958	-
<u>23,227,427</u>	<u>1,388,133</u>	<u>1,102,336</u>	<u>25,717,896</u>	<u>3,926,235</u>
<u>149,360,246</u>	<u>844,667</u>	<u>3,578,002</u>	<u>153,782,915</u>	<u>42,944,001</u>
<u>\$ 172,587,673</u>	<u>\$ 2,232,800</u>	<u>\$ 4,680,338</u>	<u>\$ 179,500,811</u>	<u>\$ 46,870,236</u>
			\$ 25,717,896	
			1,054,595	
			<u>\$ 26,772,491</u>	

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, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers
Cash Received from Other Funds for Services
Cash Paid to Employees
Cash Paid for Goods and Services
Cash Paid to Other Funds for Services
NET CASH PROVIDED BY OPERATING ACTIVITIES

**CASH FLOWS FROM NONCAPITAL
FINANCING ACTIVITIES**

Capital Contributions Out
Transfer from General Fund
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Principal Paid on Debt
Interest Paid on Debt
Acquisition and Construction of Capital Assets
Proceeds from Sale of Capital Assets
NET CASH (USED) BY CAPITAL AND RELATED FINANCIAL ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income Received on Investments
NET CASH PROVIDED BY INVESTING ACTIVITIES

NET INCREASE IN CASH

CASH - AT BEGINNING OF YEAR

(Included in Cash and Investments of Business-Type Activities
of \$58,406,193 and \$3,242,358 in Restricted Accounts)

CASH - AT END OF YEAR

(Included in Cash and Investments of Business-Type Activities
of \$72,265,142 and \$3,304,383 in Restricted Accounts)

Business-Type Activities - Enterprise Funds				Governmental
Water and Sewer Fund	Solid Waste Fund	Non-major Enterprise Funds	Totals	Activities - Internal Service Funds
\$ 68,781,891	\$ 15,249,241	\$ 3,803,931	\$ 87,835,063	\$ 599,734
962,136	-	-	962,136	32,581,200
(8,098,001)	(4,042,070)	(1,222,306)	(13,362,377)	(4,061,161)
(24,411,757)	(4,262,152)	(1,147,577)	(29,821,486)	(18,456,626)
(9,724,950)	(5,352,475)	(733,739)	(15,811,164)	(1,437,949)
<u>27,509,319</u>	<u>1,592,544</u>	<u>700,309</u>	<u>29,802,172</u>	<u>9,225,198</u>
-	-	-	-	(123,145)
-	-	325,958	325,958	-
-	-	<u>325,958</u>	<u>325,958</u>	<u>(123,145)</u>
(5,217,045)	-	-	(5,217,045)	-
(1,344,255)	-	-	(1,344,255)	-
(4,199,265)	-	(9,251)	(4,208,516)	(4,157,355)
-	-	-	-	517,144
<u>(10,760,565)</u>	<u>-</u>	<u>(9,251)</u>	<u>(10,769,816)</u>	<u>(3,640,211)</u>
<u>1,671,950</u>	<u>90,315</u>	<u>62,606</u>	<u>1,824,871</u>	<u>657,484</u>
<u>1,671,950</u>	<u>90,315</u>	<u>62,606</u>	<u>1,824,871</u>	<u>657,484</u>
<u>18,420,704</u>	<u>1,682,859</u>	<u>1,079,622</u>	<u>21,183,185</u>	<u>6,119,326</u>
<u>57,148,821</u>	<u>2,575,981</u>	<u>1,923,749</u>	<u>61,648,551</u>	<u>23,583,320</u>
<u>\$ 75,569,525</u>	<u>\$ 4,258,840</u>	<u>\$ 3,003,371</u>	<u>\$ 82,831,736</u>	<u>\$ 29,702,646</u>

(Continued)

**CITY OF ODESSA, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

OPERATING INCOME

Adjustments to Reconcile Operating Income
to Net Cash Provided By Operating Activities

- Depreciation and Amortization
- (Increase) Decrease in Accounts Receivable
- (Increase) Decrease in Inventories
- (Increase) Decrease in Interfund Receivable
- (Increase) Decrease in Prepaid Items
- (Increase) Decrease in Deferred Outflows
- (Decrease) Increase in Accounts Payable
- (Decrease) Increase in Accrued Employee Benefits Payable
- (Decrease) Increase in Accrued Payroll
- (Decrease) Increase in Contracts Payable
- (Decrease) Increase in Deposits and Billings Payable
- (Decrease) Increase in Other Post Employment Payable
- (Decrease) Increase in TMRS Net Pension Liability
- (Decrease) Increase in Interfund Payable
- (Decrease) Increase in Other Liabilities
- (Decrease) Increase in Deferred Inflows

TOTAL ADJUSTMENTS

NET CASH PROVIDED BY OPERATING ACTIVITIES

NONCASH INVESTING CAPITAL AND FINANCING ACTIVITIES

During the fiscal year ended September 30, 2019, the Water and Sewer Fund acquired capital assets of \$8,267,068 through contributed capital.

During the fiscal year ended September 30, 2019, the Internal Service Funds acquired capital assets of \$289,918 through contributed capital.

Business-Type Activities - Enterprise Funds				Governmental
Water and Sewer Fund	Solid Waste Fund	Non-major Enterprise Funds	Totals	Activities - Internal Service Funds
<u>\$ 15,021,120</u>	<u>\$ 1,297,818</u>	<u>\$ 713,772</u>	<u>\$ 17,032,710</u>	<u>\$ 2,584,834</u>
8,396,212	3,926	155,559	8,555,697	6,119,865
629,420	25,706	1,433	656,559	228,213
(101,662)	-	(1,973)	(103,635)	-
66,929	29,706	-	96,635	755,613
-	-	-	-	24,406
(1,539,934)	(678,063)	(205,576)	(2,423,573)	(637,481)
2,638,339	(40,272)	(50,395)	2,547,672	(308,138)
160,590	3,712	33,228	197,530	33,930
9,961	(805)	(4,981)	4,175	(12,626)
(82,976)	-	-	(82,976)	-
134,104	-	-	134,104	-
(335,579)	(164,627)	(54,435)	(554,641)	(149,566)
2,831,359	1,248,474	379,001	4,458,834	1,174,159
-	-	(230,571)	(230,571)	(458,677)
28,392	(457)	-	27,935	-
(346,956)	(132,574)	(34,753)	(514,283)	(129,334)
<u>12,488,199</u>	<u>294,726</u>	<u>(13,463)</u>	<u>12,769,462</u>	<u>6,640,364</u>
<u>\$ 27,509,319</u>	<u>\$ 1,592,544</u>	<u>\$ 700,309</u>	<u>\$ 29,802,172</u>	<u>\$ 9,225,198</u>

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, 2019

	Agency Funds
ASSETS	
Cash and Investments	\$ 2,242,269
Accounts Receivable	433,208
TOTAL ASSETS	\$ 2,675,477
LIABILITIES	
Accounts Payable	\$ 2,236,608
Deposits and Billings Payable	438,869
TOTAL LIABILITIES	\$ 2,675,477

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	42
	A. Reporting Entity	43
	B. Government-Wide and Fund Financial Statements	45
	C. Measurement Focus and Basis of Accounting	48
	D. Cash and Investments	49
	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. Pensions	50
	K. Other Postemployment Benefits (OPEB)	50
	L. Deferred Outflows/Inflows of Resources	50
	M. Compensated Absences	51
	N. Long-Term Obligations	52
	O. Fund Equity	52
	P. Revenue Recognition - Property Taxes	54
	Q. Federal and State Grants and Entitlements	54
	R. Use of Estimates	54
2	Reconciliation of Government-Wide and Fund Financial Statements	55
3	Stewardship, Compliance and Accountability	57
4	Deposits and Investments	58
5	Receivables	60
6	Capital Assets	61
7	Retirement Commitments	63
8	Discrete Component Unit - Odessa Development Corporation	79
9	Joint Venture	87
10	Deferred Compensation Plan	87
11	Flexible Benefits Plan	88
12	Interfund Transactions	88
13	Long-Term Debt	89
14	Landfill Closure and Post-closure Care Cost	93
15	Risk Management	94
16	Fund Balance	95
17	Tax Abatements	95
18	Commitments and Contingencies	96
19	Litigation	97
20	New Pronouncements	97

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 and Pension and Postemployment Benefit Schedules, 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 and any major governmental 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 and Other Postemployment Benefits (OPEB) 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 – “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 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.

The Corporation 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. The Corporation 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 the Corporation may be found in Note 8 of this financial report.

2. 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 its will on the Development Corporation. The Corporation issued several bonds from 1982 through 1994, of which are retired. 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, 2019, 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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

A. Reporting Entity – Continued

2. Continued - The 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.

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, 2019, the two Cities made a combined \$1,050,000 contribution into the MOUTD. Further information concerning MOUTD may be found in Note 9 of this financial report.

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 and the Odessa Housing Finance Corporation.

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.

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 deferred outflows and liabilities and deferred inflows are presented in relative order of liquidity with liabilities which have an average maturity of more than one year separated between the amount due within one year and the amount due in more than one year.

**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 activities identifies the relative financial burden of each of the City's functions (General Government, Finance, Public Works, Planning and Inspection, Public Safety, Welfare, and Cultural and Recreation) or segments (Water and Sewer, Solid Waste, Liquid Waste, Ratliff 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 and proprietary funds with a focus on major funds. GASB sets forth minimum criteria (percentage of assets, deferred outflows, liabilities, deferred inflows, 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 single column in the fund financial statements.

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, deferred outflows, liabilities, or deferred inflows) are recognized in accordance with GASB. The treatment of nonexchange transactions is grouped into one at 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 at 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.

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, transfers and contributions.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus and Basis of Accounting – Continued

Proprietary fund activities are accounted for using the economic resources measurement focus and the accrual basis of accounting. This measurement focus includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources on the 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).

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

C. Measurement Focus and Basis of Accounting – Continued

PROPRIETARY FUNDS

Two 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

The non-major proprietary funds are as follows:

1. *Ratliff Golf Course Fund* – The Ratliff Golf Course Fund is used to account for the provision of a public golf course located in Odessa.
2. *Liquid Waste Fund* – The Liquid Waste Fund is used to account for the provision of liquid waste disposal to the City, County and citizens.
3. *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, including restricted cash, are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash and investment accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

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 the amount at which a financial investment could be exchanged in a current transaction between willing parties. 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). Investments in government pools are recorded at amortized cost or net asset value.

The external pools consist of:

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, and is rated AAA by Standard and 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 operated 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 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 Funds 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 and Municipal Securities at September 30, 2019, recorded at fair value.

**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, 2019, represents the final unpaid billings issued prior to September 30, 2019, and includes an amount for unbilled September 2019 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 of assets from one fund to another with no requirement for repayment or without an equivalent flow of assets in return are accounted for as transfers.

F. Inventories

Inventories are valued at cost, which approximates market, using the first-in, first-out method and recorded under the consumption method. Inventories consist of expendable supplies, which are recorded as inventory as 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 the downtown area to be sold or redeveloped. The property is valued at historical acquisition cost.

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 reported at acquisition 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.

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

I. Capital Assets - Continued

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

Buildings	25 - 35 Years	Machinery & Equipment	5-15 Years
Improvements Other than Bldgs	20 - 30 Years	Data Processing Equipment	5-10 Years
Infrastructure	25 - 30 Years	Automotive Equipment	3-15 Years
Furniture & Office Equipment	7 - 10 Years	Radio & Comm. Equipment	5-10 Years

J. Pensions

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

K. Other Postemployment Benefits (OPEB)

The City offers two OPEB plans, a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF") administered by TMRS and a single-employer defined benefit other postemployment benefits (OPEB) plan, known as the City Retiree Health Plan (the Plan) administered by the City. Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to total OPEB liability, and total OPEB expense have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. OPEB expense and liabilities are liquidated through all funds based on each fund’s related employee costs.

Information regarding the City's total OPEB liability is obtained through reports prepared for the City by a consulting actuary, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and the governmental funds’ balance sheet 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 has only the following items that qualify for reporting under the accrual basis of accounting:

- Deferred charges on refundings - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

L. Deferred Outflows/Inflows of Resources - Continued

- Difference in actuarial assumptions used to determine pension and OPEB liability – This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.
- Pension and OPEB contributions after measurement date - These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension and OPEB assets - This difference is deferred and amortized over a closed five year period.
- Advanced payments to Grantees – grant payments made to grantees prior to completion of the earnings process.

In addition to liabilities, the net position and governmental balance sheet 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 two types of items, which arise under a modified accrual basis of accounting that qualify 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. The City also has one item that is reported under the accrual basis of accounting – the difference in expected and actual pension and OPEB experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

M. 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-seven 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 unused vacation time 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. 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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. Compensated Absences - Continued

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.

N. 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 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.

O. 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.
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.
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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

O. Fund Equity – Continued

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 (\$16,155,910 at September 30, 2019) and for budget stabilization equal to 25 days of subsequent year budgeted General Fund expenditures (\$6,731,629 at September 30, 2019). 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 investment in capital assets 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 Capital Projects – Net position restricted by grantor and donor.
3. Restricted for Special Revenue – Net position restricted by grantors and donor.
4. 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 fund balance classifications as of September 30, 2019.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

P. 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, 2019 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, 2019, was \$0.476601 per \$100 of assessed valuation, therefore leaving a tax margin of \$1.523399 per \$100 which represented approximate potential property tax revenue of \$125,565,798.

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.

Q. 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.

R. 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 \$(323,232,767) difference are as follows:

Bonds, Certification of Obligations and Notes Payable	\$ (137,180,000)
Plus: Bond Premiums	(18,187,087)
Less: Deferred Loss	3,085,722
Accrued Interest Payable	(478,591)
Landfill Payable	(1,560,005)
Compensated Absences	(9,122,004)
Other Post Employment Benefits Obligation	(9,314,806)
Firemen's Net Pension Liability	(118,319,001)
TMRS Net Pension Liability	<u>(32,156,995)</u>
 Net adjustment to reduce Fund balance - Total	
Governmental Funds to arrive at net position - Governmental Activities	<u>\$ (323,232,767)</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 \$2,927,906 difference are as follows:

Deferred Property Tax Revenue	\$ 1,683,004
Deferred Municipal Court Fines Revenue	675,622
Deferred Other Miscellaneous Revenue	<u>569,280</u>
 Net adjustment to increase Fund Balance - Total	
Governmental Funds to arrive at net position - Governmental Activities	<u>\$ 2,927,906</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 \$23,584,677 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	\$ 31,484,023
Depreciation Expense	<u>(7,899,346)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 23,584,677</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 \$7,793,411 difference are as follows:

Donated land, paving and drainage from developers	\$ 7,909,658
Other miscellaneous transactions of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not uses of financial resources	<u>(116,247)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 7,793,411</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 \$(88,148,113) difference are as follows:

Certificates of Obligation Issued	\$ (81,000,000)
Premium on Certificates of Obligation Issued	(12,751,759)
Principal repayments on Bonds, Certificates of Obligation and Capital Leases	5,261,614
Amortization of Premium	664,263
Amortization of Deferred Loss	<u>(322,231)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (88,148,113)</u>

**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

Another element of that reconciliation states that, “Some expenses reported in the statement of activities did not require the use of current financial resources and therefore are not reported as expenditures in governmental funds, and the net change in pension expense more than offsets these expenses.” The details of this (\$11,458,219) difference are as follows:

Accrued Interest	\$ (255,305)
Compensated Absences	(388,209)
Landfill	8,006
Other Post Employment Benefit	(581,586)
Firemen's Net Pension	(7,476,568)
TMRS Net Pension	<u>(2,764,557)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (11,458,219)</u>

NOTE 3: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City Council follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with the City Charter, prior to September 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. The City Charter requires that the budget be submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control is at the functional level.
2. Public hearings are conducted with public notice being given within statutory limits, for the purpose of obtaining taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of a resolution.
4. The City Manager is authorized to transfer budgeted amounts between departments within any funds; however, any revisions that increase the total expenditures of any fund must be approved by the City Council after appropriate public notice and citizen participation.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds and Debt Service Fund. The Capital Projects Funds are budgeted over the life of the respective projects.

**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 MOUFD 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. Encumbered appropriations are carried forward to the next fiscal year and become part of the new fiscal year's appropriations while unencumbered appropriations lapse at the end of each fiscal year. Appropriations for certain special revenue funds and capital projects are controlled on a project basis and carried forward each year until the project is completed.
8. The City Council may authorize supplemental appropriations during the year. During the fiscal year ended September 30, 2019, supplemental appropriations in the amount of \$19.5 million for rollover encumbrances were necessary in the General Fund.

B. Excess of Expenditures over Appropriations

For the year ended September 30, 2019, expenditures exceeded appropriations in the General Fund in Public Safety and Cultural and Recreation by \$1,017,606 and \$202,831, respectively. The over expenditures in these functions were funded by excess sales tax revenues.

NOTE 4: DEPOSITS AND INVESTMENTS

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, 2019. At year-end, the carrying amount of the City's deposits and investments was \$322,738,725 (\$320,496,456 in the Primary Government, consisting of deposits and investments, and \$2,242,269 in the Agency Funds as deposits). All deposits of the City that exceeded the federal depository insurance coverage limit \$250,000 were covered by collateral held by the pledging bank's agent for the City in the City's name. At September 30, 2019, the City was over collateralized by \$8,150,747.

Investments – State statutes, City investment policy, 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 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..

At September 30, 2019, 85% of the City's investments were in external investment pools, 11% were invested in U.S. Government Agency Securities and Municipal Securities, and 3% were invested in certificates of deposit.

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

NOTE 4: DEPOSITS AND INVESTMENTS – CONTINUED

The City's investments carried at fair value as of September 30, 2019, are:

	Deposits	Investments	Fair Value Measurements using Significant Other Observable Inputs (Level 2)	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Deposits	\$ 32,916,969	\$ -	\$ -	-	-	-
Investments Measured at Cost:						
Certificates of Deposit	-	9,246,375	-	3%	192	not rated
Investments Measured at Amortized Cost:						
Investment Pools:						
TEXPOOL	-	208,413,720	-	73%	34	AAAm
TexStar	-	24,602,522	-	8%	22	AAAm
Investments Measured at Net Asset Value						
Investment Pools:						
LOGIC	-	14,470,622	-	5%	49	AAAm
Investments by Fair Value Level:						
U.S. Government Securities	-	6,499,700	6,499,700	2%	413	AAA
Municipal Securities	-	26,588,817	26,588,817	9%	257	AAA
Total Value	<u>\$ 32,916,969</u>	<u>\$ 289,821,756</u>	<u>\$ 33,088,517</u>	100%	<u>68</u>	
Total Portfolio Weighted Average					<u>68</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, 2019, 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, 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.

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

NOTE 5: RECEIVABLES

Receivables as of September 30, 2019, for the City's individual major funds, and all non-major and all other funds in the aggregate, including applicable allowances for uncollectible amounts, are as follows:

	General	Capital Projects	Water and Sewer	Solid Waste	Nonmajor Enterprise Funds	Nonmajor Governmental & Other Funds	Total
Receivables:							
Property Taxes	\$ 1,875,172	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,875,172
Sales Taxes	9,701,404	-	-	-	-	-	9,701,404
Accounts	23,373,877	25,028	9,509,495	1,454,124	163,722	68,734	34,594,980
Hotel/Motel Tax	-	-	-	-	-	1,625,664	1,625,664
Intergovernmental	-	-	-	-	-	1,093,524	1,093,524
Gross Receivables	34,950,453	25,028	9,509,495	1,454,124	163,722	2,787,922	48,890,744
Less: Allowance for Uncollectible	(21,037,053)	-	(420,813)	(114,096)	(14,728)	-	(21,586,690)
Net Total Receivables	<u>\$ 13,913,400</u>	<u>\$ 25,028</u>	<u>\$ 9,088,682</u>	<u>\$ 1,340,028</u>	<u>\$ 148,994</u>	<u>\$ 2,787,922</u>	<u>\$ 27,304,054</u>

The City reports, in its governmental funds, unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At September 30, 2019, deferred inflows of resources in the amount of \$2,927,906 were reported.

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

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, 2019, was as follows:

Primary Government

	Beginning Balance	Additions/ Completions	Retirements/ Adjustments	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated				
Land	\$ 27,530,781	\$ 780,093	\$ -	\$ 28,310,874
Construction-in-Progress	27,723,959	25,604,459	156,014	53,172,404
Works of Art	10,000	-	-	10,000
Total Capital Assets, not being depreciated	<u>55,264,740</u>	<u>26,384,552</u>	<u>156,014</u>	<u>81,493,278</u>
Capital Assets, being depreciated				
Buildings	32,795,789	-	-	32,795,789
Improvements Other than Buildings	54,993,607	1,472,739	-	56,466,346
Infrastructure	135,858,432	8,337,069	-	144,195,501
Furniture and Office Equipment	347,470	27,330	2,550	372,250
Machinery and Equipment	6,568,868	3,454,796	61,108	9,962,556
Data Processing Equipment	6,908,652	117,087	115,274	6,910,465
Automotive Equipment	52,074,870	4,019,341	2,065,789	54,028,422
Radio and Communication Equipment	12,464,670	129,503	-	12,594,173
Total Capital Assets, being depreciated	<u>302,012,358</u>	<u>17,557,865</u>	<u>2,244,721</u>	<u>317,325,502</u>
Less Accumulated Depreciation for				
Buildings	22,040,771	527,770	-	22,568,541
Improvements Other than Buildings	21,481,471	1,579,469	-	23,060,940
Infrastructure	69,951,409	4,083,825	-	74,035,234
Furniture and Office Equipment	342,343	7,375	2,550	347,168
Machinery and Equipment	5,052,205	1,149,011	61,108	6,140,108
Data Processing Equipment	6,238,049	351,862	115,274	6,474,637
Automotive Equipment	29,609,481	5,496,022	2,004,097	33,101,406
Radio and Communication Equipment	7,620,400	823,988	-	8,444,388
Total Accumulated Depreciation	<u>162,336,129</u>	<u>14,019,322</u>	<u>2,183,029</u>	<u>174,172,422</u>
Total Capital Assets, being depreciated, net	<u>139,676,229</u>	<u>3,538,543</u>	<u>61,692</u>	<u>143,153,080</u>
Governmental Activities Capital Assets, net	<u>\$ 194,940,969</u>	<u>\$ 29,923,095</u>	<u>\$ 217,706</u>	<u>\$ 224,646,358</u>

**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	\$ 524,396	\$ -	\$ -	\$ 524,396
Construction-in-Progress	3,855,169	3,282,682	3,855,169	3,282,682
Total Capital Assets, not being depreciated	<u>\$ 4,379,565</u>	<u>3,282,682</u>	<u>3,855,169</u>	<u>3,807,078</u>
Capital Assets, being depreciated				
Buildings	9,406,532	-	-	9,406,532
Improvements Other than Buildings	82,547,046	2,251,502	-	84,798,548
Infrastructure	209,047,523	10,725,433	-	219,772,956
Furniture and Office Equipment	148,528	-	-	148,528
Machinery and Equipment	10,802,315	71,136	-	10,873,451
Radio Equipment	3,750	-	-	3,750
Data Processing Equipment	828,044	-	-	828,044
Total Capital Assets, being depreciated	<u>312,783,738</u>	<u>13,048,071</u>	<u>-</u>	<u>325,831,809</u>
Less Accumulated Depreciation for				
Buildings	6,912,408	223,526	-	7,135,934
Improvements Other than Buildings	61,627,775	1,777,099	-	63,404,874
Infrastructure	95,507,026	5,933,936	-	101,440,962
Furniture and Office Equipment	53,517	13,483	-	67,000
Machinery and Equipment	4,508,948	605,872	-	5,114,820
Radio Equipment	3,750	-	-	3,750
Data Processing Equipment	826,263	1,781	-	828,044
Total Accumulated Depreciation	<u>169,439,687</u>	<u>8,555,697</u>	<u>-</u>	<u>177,995,384</u>
Total Capital Assets, being depreciated, net	<u>143,344,051</u>	<u>4,492,374</u>	<u>-</u>	<u>147,836,425</u>
Total Business-type Activities Capital Assets, net	<u>\$ 147,723,616</u>	<u>\$ 7,775,056</u>	<u>\$ 3,855,169</u>	<u>\$ 151,643,503</u>

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

NOTE 6: CAPITAL ASSETS – CONTINUED

Governmental Activities	
General Government	\$ 203,604
Finance	31,704
Public Works	4,251,321
Public Safety	1,993,318
Cultural and Recreation	1,419,510
Capital Assets held by government's Internal Service Funds are charged to the various functions based on their usage of assets	6,119,865
Total Depreciation Expense - Governmental Activities	\$ 14,019,322
 Business-type Activities	
Water and Sewer	\$ 8,396,212
Solid Waste	3,926
Ratliff Golf Course	155,559
Total Depreciation Expense - Business-type Activities	\$ 8,555,697

NOTE 7: RETIREMENT COMMITMENTS

Each qualified employee is included in one of two retirement plans in which the City participates. These are the Texas Municipal Retirement System (TMRS) and the Odessa Firefighters' Relief and Retirement Fund (OFRRF). The City does not maintain the accounting records, hold the investments, or administer either retirement plan.

The total (aggregate for the TMRS and OFRRF plans) of the City's net pension liabilities, deferred outflows of resources related to pensions as of September 30, 2019 and the pension expense (benefit) for the year ended is as follows:

	TMRS	OFRRF	TOTAL
Net Pension Liability	\$ 43,802,341	\$ 118,319,001	\$ 162,121,342
Deferred Outflows of Resources	16,420,325	30,683,224	47,103,549
Deferred Inflows of Resources	1,089,621	14,192,755	15,282,376
Pension Expense (Benefit)	1,263,654	7,930,755	9,194,409

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Texas Municipal Retirement System

Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution is an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

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 2018	Plan Year 2017
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

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Texas Municipal Retirement System - Continued

At December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	542
Inactive employees entitled to but not yet receiving benefits	503
Active Employees	692
Total	1,737

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. City contributions into TMRS are charged to each department and fund where personnel cost are paid, including the General Fund, Capital Projects Fund, most Special Revenue funds and all proprietary funds.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2019, the City made contributions of \$5,662,289 and were equal to the required contributors.

	Required Rate	Contributed Rate	Excess
2019	13.07%	13.70%	0.63%
2018	13.50%	13.70%	0.20%

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0%
Investment Rate of Return	6.75%, net of pension investment expense, including inflation

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Texas Municipal Retirement System – Continued

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Table, with Blue Collar adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar adjustment are used, with slight adjustments.

Actuarial assumptions used in the December 31, 2018 valuation were based on the results of actuarial experience studies. This experience study was for the period December 31, 2010 to December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The pension plan’s policy in regard to the allocation of invested assets is established and may be amended by the TMTS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
U.S Equities	17.5%	4.55%
International Equities	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Estate	10.0%	4.15%
Real Return	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
	<u>100.0%</u>	

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Texas Municipal Retirement System – Continued

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will remain at the current 7% and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2017	\$ 256,778,394	\$ 234,208,594	\$ 22,569,800
Changes for the year:			
Service cost	6,108,642	-	6,108,642
Interest	17,100,668	-	17,100,668
Difference between expected and actual experience	(700,755)	-	(700,755)
Contributions - employer	-	5,553,679	(5,553,679)
Contributions - employee	-	2,877,557	(2,877,557)
Net investment income	-	(7,012,548)	7,012,548
Benefit payments, including refunds of employee contributions	(12,978,959)	(12,978,959)	-
Administrative expense	-	(135,589)	135,589
Other changes	-	(7,085)	7,085
Net changes	9,529,596	(11,702,945)	21,232,541
Balance at December 31, 2018	\$ 266,307,990	\$ 222,505,649	\$ 43,802,341

Sensitivity of the net pension liability to changes in the discount rate

The following represents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 80,214,560	\$ 43,802,341	\$ 13,982,846

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Texas Municipal Retirement System – Continued

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of \$5,553,679.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	\$ 25,451	\$ 1,089,621
Difference between projected and actual investment earnings	12,104,849	-
Contributions subsequent to the measurement date	4,290,025	-
Total	\$ 16,420,325	\$ 1,089,621

\$4,290,025 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability as of September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,		
2020	\$	3,792,682
2021		1,174,048
2022		1,509,625
2023		4,564,324
Total	\$	11,040,679

Firefighters’ Relief and Retirement Fund

Plan Description

The Odessa Firefighters’ Relief and Retirement Fund (“OFRRF”) is established under the authority of the Texas Local Fire Fighter’s Retirement Act (TLFFRA). The plan is a single-employer defined benefit pension plan administered by the Plan’s Board of Trustees comprised of three Members elected from and by the fund Members, two representatives of the City of Odessa, and two citizen Members. It is reported by the City as a related organization and is not considered to be a part of the City financial reporting entity.

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Firefighters’ Relief and Retirement Fund – Continued

Each person employed by the City Fire Department as a full-time Firefighter becomes a Member of the Plan as a condition of employment. All Firefighters are therefore eligible for plan benefits as provided for in the plan document by applicable law.

At December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms

Inactive employees or beneficiaries currently receiving benefits	182
Inactive employees entitled to but not yet receiving benefits	13
Active Employees	165
Total	360

Benefits Provided

The Plan provides retirement, disability, and death benefits. Plan benefits were frozen for all active participants as of December 31, 2018, and the following changes were made. Retirement age went from 50 with 20 years of credited service to 55 with 25 years. The vesting period was increased from 10 years to 20 years. The benefit accrual rate was reduced from 3.60% per year to 2.88% per year.

The average compensation period was amended to the last 5 years at retirement, and the total benefit may not exceed 72% of average final compensation. Several benefits will no longer exist going forward – the longevity benefit for service in excess of 20 years, the supplemental benefit, cost-of-living adjustment (COLA), the DROP for members with less than 20 years of service as of January 1, 2017, and interest crediting was removed for future DROP participants.

Contributions

The contribution provisions of this plan are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City. While the actual contribution rates are not actuarially determined, state law requires that each plan of benefits adopted by OFRRF be approved by an eligible actuary. The actuary certifies that the contribution commitment by the firefighters and the City provides an adequate financing arrangement. Using the entry age actuarial cost method, OFRRF’s service cost contribution rate is determined as a percentage of payrolls. The excess of the total contribution rate over the service cost contribution is used to amortize OFRRF’s net pension liability, if any, and the number of years needed to amortize OFRRF’s net pension liability, if any, is determined using a level percentage of payroll method. The costs of administering the plan are financed by OFRRF.

Employees were required to contribute 18.0% during calendar year 2019 and 2018, of their annual gross earnings during the fiscal year. The contribution rate for the City was 20.0% in calendar years 2019 and 2018, respectively, and totaled \$2,739,401. All City contributions are charged to the General Fund.

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Firefighters’ Relief and Retirement Fund – Continued

Net Pension Liability

The OFRRF’s NPL was measured as of December 31, 2018, and the TPL used to calculate the NPL was determined by an actuarial valuation as January 1, 2018 and updated to December 31, 2018.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2018 updated to December 31, 2018 using the following actuarial assumptions:

Inflation	3.0%
Salary Increases	Service Based
Discount Rate	4.70%
Investment Rate of Return	7.75%

Mortality Rates:

- For Active Lives – PubS-2010 Mortality Tables for Employees
- For Retiree and Vested Terminated Lives – PubS-2010 Mortality Table for Healthy Retirees
- For Contingent Survivor Lives – PubS-2010 Mortality Table for Contingent Survivors
- For Disabled Lives – PubS-2010 Mortality Table for Disabled Retirees

The mortality assumptions for all participants are sex distinct with mortality improvement projected 5 years beyond the valuation date using scale MP-2018 and a base year of 2010.

The most recent actuarial experience study used to review the other significant assumptions was dated July 19, 2016.

The Long-Term Expected Rate of Return on Pension Plan investments can be determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investments expenses and inflation) are developed for each major asset class. For 2018, the inflation rate assumption of the investment advisor was 3.00%.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimate ranges of arithmetic real rates of return for each major asset class included in the Pensions Plan’s target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
US Large Cap Equity	25%	4.50%
US Small/Mid Cap Equity	10%	4.75%
International Equity	25%	5.00%
Absolute Return	10%	3.00%
Convertibles	5%	2.75%
US Aggregate Bond	25%	1.50%
	<u>100%</u>	

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Firefighters’ Relief and Retirement Fund – Continued

Discount Rate:

The projection of cash flows used to determine the Discount Rate assumed that current Plan Member and Sponsor contributions will be made at the current contribution rate. Future Member’s contributions in excess of their normal cost were also included. Based on those assumptions, the Pension Plan’s Fiduciary Net Position was projected to provide future benefits for 16 years. These payments were discounted using a discount rate of 7.75%. Future benefits payments beyond 16 years were discounted using a high quality municipal bond rate of 4.10%. The high quality municipal bond rate was based on the week closed to, but no later than, the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve. The single equivalent discount rate was 4.70%.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2017	\$ 138,601,961	\$ 45,718,416	\$ 92,883,545
Changes for the year:			
Service cost	2,903,081	-	2,903,081
Interest	7,315,638	-	7,315,638
Difference between expected and actual experience	439,047	-	439,047
Change of assumptions	16,259,992	-	16,259,992
Contributions - employer	-	2,462,215	(2,462,215)
Contributions - employee	-	2,193,053	(2,193,053)
Contributions - buy back	28,184	28,184	-
Net investment income	-	(2,860,679)	2,860,679
Benefit payments, including refunds of employee contributions	(7,986,081)	(7,986,081)	-
Administrative expense	-	(312,287)	312,287
Net changes	18,959,861	(6,475,595)	25,435,456
Balance at December 31, 2018	\$ 157,561,822	\$ 39,242,821	\$ 118,319,001

Sensitivity of the net pension liability to changes in the discount rate

The following represents the net pension liability of the City, calculated using the discount rate of 4.70%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.70%) or 1-percentage-point higher (5.70%) than the current rate:

	1% Decrease in Discount Rate 3.70%	Discount Rate 4.70%	1% Increase in Discount Rate 5.70%
Sponsor’s net pension liability	\$ 141,896,613	\$ 118,319,001	\$ 99,247,559

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in a separately-issued OFRRF financial report. That report can be obtained by contacting the Odessa Firefighters’ Relief and Retirement Board of Trustees, P.O. Box 4398, Odessa, Texas 79760.

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Firefighters’ Relief and Retirement Fund – Continued

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

For the year ended September 30, 2019, the City recognized a pension expense of \$10,113,970.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to this pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,866,319	\$ 341,872
Change of assumptions	22,506,385	13,850,883
Difference between projected and actual investment earnings	4,127,305	-
Contributions subsequent to the measurement date	2,183,215	-
Total	\$ 30,683,224	\$ 14,192,755

\$2,183,215 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability as of September 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,			
2020	\$	4,945,516	
2021		3,946,243	
2022		(522,031)	
2023		3,154,352	
2024		2,783,174	
	\$	14,307,254	

Texas Municipal Retirement System (TMRS) Supplemental Death Benefit Fund

Plan Description

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

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Texas Municipal Retirement System (TMRS) Supplemental Death Benefit Fund - Continued

Benefits Provided

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

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	404
Inactive employees entitled to but not yet receiving benefits	99
Active Employees	692
Total	1,195

Contributions

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

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

The retiree portion of contribution rates to the SDB for the City was 0.02% in both calendar years 2018 and 2019. The City's contributions to the SDB for the year ended September 30, 2019 were \$82,855, and were equal to the required contributions.

Total TMRS OPEB Liability

The City's TMRS OPEB liability (TOL) was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Texas Municipal Retirement System (TMRS) Supplemental Death Benefit Fund - Continued

Actuarial Assumptions

The TMRS OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary Increases	3.5% to 10.5% including inflation
Discount Rate	3.71%
Retiree's share of benefit-related costs	\$0

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2018, valuation were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the Entry Age Normal Actuarial Cost Method.

The discount rate used to measure the TMRS OPEB liability was 3.31% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

Changes in TMRS OPEB Liability

Balance at December 31, 2017	\$ 2,383,515
Changes for the year:	
Service cost	90,437
Interest on TMRS OPEB liability	80,051
Differences between expected and actual experience	(5,317)
Changes in assumptions or other inputs	(165,042)
Benefit payments	(20,554)
	<hr/>
Net Changes	(20,425)
	<hr/>
Balance at December 31, 2018	<u>\$ 2,363,090</u>

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

Texas Municipal Retirement System (TMRS) Supplemental Death Benefit Fund - Continued

Sensitivity of the TMRS OPEB Liability to Changes in the Discount Rate

The following presents the TMRS OPEB liability of the City, calculated using the discount rate of 3.71%, as well as what the City's TMRS OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.71%) or 1 percentage-point higher (4.71%) than the current rate:

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
TMRS OPEB Liability \$	2,808,576	\$ 2,363,090	\$ 2,014,458

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

For the year ended September 30, 2019, the City recognized TMRS OPEB expense of \$173,199. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to TMRS OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 4,234
Changes in assumptions and other inputs	108,856	131,429
Contributions made subsequent to measurement date	19,067	-
Total	\$ 127,923	\$ 135,663

The \$19,067 as deferred outflows of resources related to TMRS OPEB resulting from contributions subsequent to the measurement date will reduce the total TMRS OPEB liability during the year ending September 30, 2019. The other amounts reported as deferred outflows and inflows of resources related to TMRS OPEB will be recognized in TMRS OPEB expense as follows:

Year Ended December 31,	
2020	\$ 2,711
2021	2,711
2022	(654)
2023	(31,575)
Total	\$ (26,807)

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

The City Retiree Health Plan

Plan Description

The City administers a single employer defined benefit other postemployment benefits (OPEB) plan, known as Retiree Health Plan (the Plan). The Plan offers medical and dental insurance benefits to eligible retirees and their spouses. Retiree medical coverage levels for retirees are the same as coverage provided to active City employees. Upon the death of the retiree, the spouse is eligible for coverage under COBRA. The Plan has no plan assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

Retiree medical coverage levels for retirees are the same as coverage provided to active City employees in accordance with the terms and conditions of the Plan. Retiree may purchase retiree health care coverage for eligible spouses and dependents at own expense. Surviving spouses and dependents of deceased retired members may continue retiree health care coverage for up to 36 months through COBRA. Retirees are eligible for dental and vision coverage at 100% of cost. Retirees are required to enroll in Medicare once eligible (age 65). The City does not provide Medicare Supplement Health Benefits coverage after the date that the person becomes eligible for Medicare benefits.

Employees are eligible for TMRS retirement with five years of service and age sixty or with twenty years of service and any age. The City contributes up to 100 percent of the monthly premium for retirees that are age 60 with 5 years of service. Employees eligible to retire under TMRS as a disability retiree if they have worked with the City for a minimum of five years and have at least ten years of combined service with all municipalities are eligible for a portion of their health insurance based on their age.

The following table provides a summary of the number of participants in the plan as of December 31, 2018:

Retired Plan Members	205
Active Plan Members	681
Total	886

Total Plan OPEB Liability

The City's Plan OPEB liability was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

The City Retiree Health Plan – Continued

Actuarial Assumptions

The Plan OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Discount rate	4.1%

Mortality rates for healthy retirees were based on the RP-2014 Mortality Table with Improvement Scale MP-2018 with male rates multiplied 100% and Female rates multiplied by 100%. The Actuarial Cost Method used was the individual Entry-Age Method. The discount rate used to measure the total Plan OPEB liability was 4.1%.

Changes in Plan OPEB Liability

Balance at December 31, 2017	\$	12,901,777
Changes for the year:		
Service cost		1,020,642
Interest on Plan OPEB liability		383,083
Demographic experience (gains) losses		(938,102)
Differences due to change in assumptions		(2,357,291)
Employer contributions		(609,926)
Net Changes		(2,501,594)
Balance at December 31, 2018	\$	10,400,183

Sensitivity of the Plan OPEB Liability to Changes in the Discount Rate

The following presents the Plan OPEB liability of the City, calculated using the discount rate of 3.0% as well as what the City's Plan OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.10%) or 1 percentage-point higher (5.10%) than the current rate:

		1% Decrease in Discount Rate (3.10%)		Discount Rate (4.10%)		1% Increase in Discount Rate (5.10%)
Plan OPEB Liability	\$	12,435,013	\$	10,400,183	\$	8,825,106

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

The City Retiree Health Plan – Continued

Sensitivity of the Plan OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the Plan OPEB liability of the City, calculated using the healthcare cost trend rate of 6.0%, as well as what the City's OPEB liability would be if it were calculated using the healthcare cost trend rate that is 1 percentage-point (5.0%) or 1 percentage-point higher (7.0%) than the current rate:

	1% Decrease Healthcare Cost Trend Rate (5.0% Decreasing to 3.0%)	Healthcare Cost Trend Rate (6.0% Decreasing to 4.0%)	1% Increase Healthcare Cost Trend Rate (7.0% Decreasing to 5.0%)
Total OPEB Liability	\$ 8,646,964	\$ 10,400,183	\$ 12,754,972

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

For the year ended September 30, 2018, the City recognized Plan OPEB expense of \$658,413. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,033,989
Changes in assumptions and other inputs	-	2,174,555
Contributions made subsequent to measurement date	545,250	-
Total	\$ 545,250	\$ 3,208,544

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

NOTE 7: RETIREMENT COMMITMENTS – CONTINUED

The City Retiree Health Plan – Continued

The \$545,250 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the total OPEB liability during the year ending September 30, 2019. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,		
2020	\$	(269,415)
2021		(269,415)
2022		(269,415)
2023		(269,415)
2024		(269,415)
Thereafter		<u>(1,861,469)</u>
Total	\$	<u>(3,208,544)</u>

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.

**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

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. 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 plus deferred outflows of resources minus liabilities equal net position" format with net position reported in the order of relative liquidity. In addition, assets, deferred outflows of resources, and liabilities are presented in relative order of liquidity with liabilities which have an average maturity of more than one year separated between 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 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 2019 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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resource or economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

A. Significant Accounting Policies – Continued

3. Measurement Focus and Basis of Accounting - Continued

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, deferred outflows of resources 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, deferred outflows of resources or liabilities are recognized in accordance with GASB. 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 which are collection of sales tax revenues and payment of contractual expense items.

There are no significant differences in the amounts reported as governmental activities under the accrual basis of accounting and amounts reported on governmental funds under the modified accrual basis of accounting.

4. Assets, Liabilities, Deferred Outflows of Resources, and Net Position/Fund Balance

A. Investments

Investments for the Corporation, except for certain investment pools and non-negotiable certificates of deposit, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Non-negotiable certificates of deposit are reported at cost.

B. Prepaid Items

Certain payments to vendors reflect cost applicable to future accounting period and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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

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

A. Significant Accounting Policies – Continued

4. Assets, Liabilities, Deferred Outflows of Resources, and Net Position/Fund Balance - Continued

C. 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 measureable and available under the modified accrual basis. Sales taxes accrued are considered available.

D. 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.

E. Net Position Flow Assumption

Sometimes the Corporation will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Corporation's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the fund financial statements, 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, 2019.

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, 2019.

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. This classification includes funds set aside for road construction and enhancements.

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

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

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

A. Significant Accounting Policies – Continued

4. Assets, Liabilities, Deferred Outflows of Resources, and Net Position/Fund Balance - Continued

F. 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.

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 \$57,959,202, of which \$29,272,528 was held in investments in pools, \$3,186,010 was held in certificates of deposit, \$1,004,450 was held in U.S. Government Agency Securities, \$12,133,787 was held in municipal securities, \$12,312,032 was held in a depository high yield savings account, and \$50,395 was held in cash deposits. 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.

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

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

C. Cash and Investment - Continued

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 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 or states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating; no-load, SEC registered money market mutual funds with a weighted average state maturity of 90 days or less fully collateralized repurchase agreements; insured or collateralized certificates of deposit; and local government pools. At September 30, 2019, 64% of the Corporation's investments were in external investment pools, 27% were invested in municipal securities, 6% were invested in certificates of deposit, and 3% were invested in U.S. Government Agency Securities.

The Corporation has recurring fair value measurements as presented in the table below. The Corporation's investment balances, weighted average maturity and credit risk are as follows:

	Investments	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)	Percent of Total Investments	Weighted Average Maturity (Days)	Credit Risk
Investments Measured at Amortized Cost:					
Investment Pools:					
TexPool	\$ 22,284,783	\$ -	49%	34	AAAm*
Logic	6,987,745	-	15%	49	AAAm*
Investments Measured at Cost:					
Non-negotiable Certificates of Deposit	3,186,010	-	7%	190	Not rated**
Investments by Fair Value Level:					
U.S. Government Agency Securities	1,004,450	1,004,450	2%	74	
Municipal Securities	12,133,787	12,133,787	27%	261	AA+ to AAA
Total Value	<u>\$ 45,596,775</u>	<u>\$ 13,138,237</u>	100%	<u>108</u>	
Total Portfolio Weighted Average				<u>108</u>	

* Standard & Poor's

** Certificates of deposit are insured or collateralized

Investment pools are measured at amortized cost or net asset value, i.e. fair value. Such investments are not required to be reported in the table above.

The Texpool investment pool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, the investment pool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within the investment pool. The investment pool transacts at a new asset value of \$1.00 per share, has weighted average maturities of 60 days or less and weighted average lives of 120 days or less, investments held are highly rated by nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding U.S. government securities) and can meet reasonably foreseeable redemptions. Texpool has a redemption notice period of one day and may redeem daily. The investment pool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency that affects the pool's liquidity.

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

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

C. Cash and Investments - Continued

The LOGIC investment pool is an external investment pool measured at net asset value. LOGIC's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. The Corporation has no unfunded commitments related to the investment pools. LOGIC has a redemption notice period of one day and may be redeemed daily. The investment pool's authorities may only impose restriction on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or nation or state emergency that affects the pool's liquidity.

U.S. Government Agency Securities and Municipal Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Certificates of deposit that are non-negotiable are reported at cost; whereas, certificates of deposit that are brokered are reported at fair value. Certificates of deposit classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk – As required by the Corporation's investment policy, as of September 30, 2019, the Corporation minimizes the interest rate risk, related to the decline in market 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 purchased 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 fund primarily in short-term securities and government investment pools.

Credit Risk – In compliance with the Corporation's investment policy, as of September 30, 2019, the Corporation 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 by Standard & Poor's, 2) pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the Corporation will do business, and 3) diversifying the investment portfolio so that potential losses on individual securities were minimized.

D. Receivables

Receivables of \$2,543,138 as of year-end for the government's individual major fund were from sales tax in the amount of \$2,425,348, and \$117,790 from interest receivable. The Corporation does not anticipate any uncollectible accounts as of September 30, 2019.

**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 $\frac{1}{4}$ 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 above, the Corporation's cash and investments, which were in the total amount of \$57,959,202 at September 30, 2019, are held at TexPool, LOGIC, AIM Bank, BBVA Compass, and Frost Bank.

F. Transactions with Municipality

The City of Odessa, Texas 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 also prepares and provides space and information for the Corporation's board meetings. Fees charged under this agreement, are \$17,112 per month and for the year ended September 30, 2019, the Corporation paid the City \$205,349.

G. Commitments

The Corporation entered into a contract with the Odessa Chamber of Commerce (the Chamber) to provide economic development services (referred to as the "Economic Development Program") in accordance with the General Development Plan prepared by the Corporation. The Corporation paid the Chamber \$807,341 for the current year, which is net of a \$28,936 refund. The Chamber contributed certain in-kind services as provided in the contract. The contract period began October 1, 2018 and terminated on September 30, 2019, 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 \$170,000 for the current year. The contract period began October 1, 2018 and terminated September 30, 2019, whereby a new annual contract began with essentially the same provisions.

The Corporation has entered into a contract with UTPB Small Business Development Center (UTPB-SBDC) to provide economic development services in accordance with the General Development Plan. The Corporation paid UTPB-SBDC \$111,294 for the current year. The contract began on October 1, 2018 and terminated on September 30, 2019, whereby a new annual contract began with essentially the same provisions.

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 earned. If the entities fail to meet all requirements, the agreement states that the entities will refund incentive/training dollars back to the Corporation. At September 30, 2019, the Corporation was committed for \$12,443,606 for incentive agreements not yet earned on the part of the entities.

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

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

G. Commitments - Continued

The Corporation also assigned a portion of its fund balance related to a resolution passed by the Board of Directors to provide funding for the Texas Department of Transportation (TXDOT) infrastructure projects necessary to promote or develop new or expanded business enterprises. At September 30, 2019, the Corporation assigned \$11,436,330 for the TXDOT funding.

The Corporation also assigned a portion of its fund balance related to a resolution pass by the Board of Directors to provide funding for workforce housing due to the ongoing housing crisis in Odessa, At September 30, 2019, the Corporation assigned \$5,000,000 for workforce housing infrastructure.

NOTE 9: JOINT VENTURE

The Midland-Odessa Urban Transit District (MOUSD), 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 MOUSD 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, 2019, and can be obtained from the MOUSD. For the year ended September 30, 2019, the cities had contributed money to the MOUSD in the amount of \$1,050,000. Both cities have budgeted contributions to the MOUSD, but do not have an equity interest. As of September 30, 2019, the MOUSD had net position of \$11,974,593 of which \$11,588,797 represented "Net 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.

The special revenue fund reported in Non-major governmental funds reflects the inflow and outflow of federal and state grant dollars that flow through the City to the MOUSD.

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, 2019, arising from these transactions were as follows:

	Interfund	
	Receivables	Payables
Governmental Funds		
General Fund	\$ 195,991	\$ -
Capital Projects Fund	-	19,883
Non-Major Government Funds		
Housing and Community Development	-	176,108
	<u>\$ 195,991</u>	<u>\$ 195,991</u>

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

NOTE 12: INTERFUND TRANSACTIONS - CONTINUED

Interfund transfers for the year ended September 30, 2019, are as follows:

	Interfund	
	Transfers In	Transfers Out
Governmental Funds		
General Fund	\$ -	\$ 3,287,342
Capital Projects Fund	6,461,755	-
Non-Major Governmental Funds		
Convention & Visitors Fund	-	3,561,755
Other Special Revenue Fund	61,384	-
Enterprise Funds		
Ratliff Golf Course Fund	325,958	-
	<u>\$ 6,849,097</u>	<u>\$ 6,849,097</u>

Internal balances reflected on the City's Statement of Net Position on page 20 is the cumulative balance of allocated revenues from the internal service funds to the business-type activities.

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, 2019:

	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
Certificates of Obligation :					
Series 2013	\$ 8,480,000	\$ -	\$ 1,965,000	\$ 6,515,000	\$ 2,065,000
Series 2019	-	81,000,000	-	81,000,000	3,360,000
General Obligation Refunding:					
Series 2009	385,000	-	385,000	-	-
Series 2012	4,715,000	-	520,000	4,195,000	695,000
Series 2014	8,430,000	-	860,000	7,570,000	1,010,000
Series 2015	3,705,000	-	45,000	3,660,000	55,000
Series 2017	34,950,000	-	710,000	34,240,000	640,000
Unamortized Premiums:					
Series 2009	5,284	-	5,284	-	-
Series 2012	194,743	-	34,367	160,376	-
Series 2013	600,100	-	150,025	450,075	-
Series 2014	801,120	-	91,123	709,997	-
Series 2015	452,012	-	46,360	405,652	-
Series 2017	4,046,435	-	337,203	3,709,232	-
Series 2019	-	12,751,759	-	12,751,759	-
Capital Lease Payable	776,615	-	776,615	-	-
Compensated Absences	9,388,386	3,223,783	2,801,644	9,810,525	2,801,644
Landfill Closure/Post-Closure	1,568,011	-	8,006	1,560,005	100,000
Other Post Employment					
Benefits Obligation	11,964,945	-	1,967,379	9,997,566	-
Firemen's Net Pension Liability	92,883,545	25,435,456	-	118,319,001	-
TMRS Net Pension Liability	17,595,835	16,773,706	-	34,369,541	-
	<u>\$ 200,942,031</u>	<u>\$ 139,184,704</u>	<u>\$ 10,703,006</u>	<u>\$ 329,423,729</u>	<u>\$10,726,644</u>

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

NOTE 13: LONG-TERM DEBT - CONTINUED

Governmental Activities- Continued:

CERTIFICATES OF OBLIGATION

September 30, 2019

\$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.	\$	6,515,000
--	----	-----------

\$81,000,000 Certificates of Obligation Bonds due in annual installments from March 1, 2020 through March 1, 2039; interest rates. Construction of fire stations, animal shelter, police multi-purpose building, City park improvements, City building rehab drainage improvements, paving, curb and gutter improvements, and street, sidewalk and lighting improvements.		81,000,000
---	--	------------

BONDS

\$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%		-
---	--	---

\$6,780,000 General Obligation Refunding Bonds, Series 2012 due in annual installments beginning March 1, 2013 through March 1, 2024; effective interest at 3.22%		4,195,000
---	--	-----------

\$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%		7,570,000
--	--	-----------

\$3,740,000 General Obligation Refunding Bonds, Series 2015 due in annual installments beginning September 1, 2015 through March 1, 2027; effective interest at 2.87%		3,660,000
---	--	-----------

\$36,280,000 General Obligation Refunding Bonds, Series 2017 due in annual instattments beginning March 1, 2018 through March 1, 2033; effective interest at 2.92		34,240,000
---	--	------------

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, 2019, the City held unspent bond proceeds of \$112,006,009.

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

NOTE 13: LONG-TERM DEBT - CONTINUED

Governmental Activities- Continued:

The annual requirements to amortize general bonded debt outstanding as of September 30, 2019, are as follows:

Year Ending September 30,	Certificates of Obligation		
	Principal	Interest	Total
2020	\$ 5,425,000	\$ 3,680,416	\$ 9,105,416
2021	4,750,000	3,536,050	8,286,050
2022	4,995,000	3,292,425	8,287,425
2023	2,855,000	3,096,175	5,951,175
2024	3,000,000	2,949,800	5,949,800
2025-2030	17,470,000	12,277,250	29,747,250
2031-2035	22,060,000	7,690,450	29,750,450
2036-2039	26,960,000	2,782,200	29,742,200
	<u>\$ 87,515,000</u>	<u>\$ 39,304,766</u>	<u>\$ 126,819,766</u>

Year Ending September 30,	General Obligation Bonds		
	Principal	Interest	Total
2020	\$ 2,400,000	\$ 2,062,675	\$ 4,462,675
2021	2,540,000	1,970,350	4,510,350
2022	2,370,000	1,871,350	4,241,350
2023	4,890,000	1,714,175	6,604,175
2024	5,100,000	1,503,700	6,603,700
2025-2030	18,295,000	4,750,550	23,045,550
2030-2033	14,070,000	1,153,600	15,223,600
	<u>\$ 49,665,000</u>	<u>\$ 15,026,400</u>	<u>\$ 64,691,400</u>

The ordinances authorizing the issuance of general obligation bonds created an interest and sinking fund (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, 2018	Additions	Reductions	Due Balance September 30, 2019	Within One Year
\$51,825,000 General Obligation Refunding Bonds - Series 2015 (Water & Sewer Portion) due in annual installments beginning September 1, 2015 through March 1, 2027: effective interest at 4.88%	\$ 47,645,000	\$ -	\$ 4,355,000	\$ 43,290,000	\$ 4,530,000
Unamortized Premium on General Obligation Refunding Bonds Series 2015 (W&S portion)	4,456,120	-	862,045	3,594,075	-
Compensated Absences	1,167,096	615,432	417,902	1,364,626	417,902
Other Post Employment Benefits Obligation	3,320,349	-	554,641	2,765,708	-
TMRS Net Pension Liability	4,974,266	4,458,834	-	9,433,100	-
	<u>\$ 61,562,831</u>	<u>\$ 5,074,266</u>	<u>\$ 6,189,588</u>	<u>\$ 60,447,509</u>	<u>\$ 4,947,902</u>

Principal payments are due annually for revenue bonds on April 1 and interest payments are due semiannually 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, 2019, the City still held unspent bond proceeds of \$2,186,759 as capital improvement projects are ongoing.

The annual requirements to amortize all refunding bonds outstanding as of September 30, 2019 are as follows:

Year Ending September 30,	Bonds		
	Principal	Interest	Total
2020	\$ 4,530,000	\$ 2,028,600	\$ 6,558,600
2021	4,745,000	1,819,375	6,564,375
2022	4,980,000	1,576,250	6,556,250
2023	5,240,000	1,320,750	6,560,750
2024	5,510,000	1,052,000	6,562,000
Thereafter	18,285,000	1,401,625	19,686,625
	<u>\$ 43,290,000</u>	<u>\$ 9,198,600</u>	<u>\$ 52,488,600</u>

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

NOTE 13: LONG-TERM DEBT - CONTINUED

Business-type Activities- Continued:

Defeasance of Debt

The City has issued several refunding issues over the past, including \$36,280,000 in General Obligation Refunding Bonds, Series 2017 in the prior fiscal year. The City has also: issued \$10,060,000 in General Obligation Refunding Bonds, Series 2014; \$6,780,000 in General Obligation Refunding Bonds, Series 2012; \$7,345,000 in General Obligation Refunding Bonds, Series 2009; \$18,735,000 in General Obligation Refunding Bonds, Series 2006; and \$55,565,000 in General Obligation Refunding Bonds, Series 2015 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) \$1,810,000 Certificates of Obligation, Series 2001, 4) \$5,085,000 Certificates of Obligation, Series 2004, 5) \$4,225,000 Certificates of Obligation, Series 2005, 6) \$6,285,000 Certificates of Obligations, Series 2006, 7) \$58,825,000 Certificates of Obligation, Series 2007, 8) \$1,960,000 General Refunding Bonds, Series 2006, and, 9) \$34,320,000 Certificates of Obligation Series 2017. 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, 2019, outstanding issues are considered to be defeased as follows:

Issue	Amount Defeased	Defeased Debt Outstanding
Certificates of Obligation, Series 2000	\$ 5,580,000	630,000
Certificates of Obligation, Series 2001	1,810,000	735,000
Certificates of Obligation, Series 2004	5,085,000	3,710,000
Certificates of Obligation, Series 2005	4,225,000	3,195,000
Certificates of Obligation, Series 2006	6,285,000	4,710,000
Certificate of Obligation, Series 2007	58,825,000	49,820,000
General Refunding Bonds, Series 2006	1,960,000	615,000
Certificates of Obligation, Series 2017	34,320,000	33,895,000
		<u>\$ 97,310,000</u>

NOTE 14: LANDFILL CLOSURE AND POST-CLOSURE CARE COST

State and federal laws and regulations required 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, 2019, \$35,590 was expended for the post-closure care costs for the landfill, and \$27,584 was added to the liability to reflect inflated estimated costs. The City's post-closure liability as of September 30, 2019 was \$1,560,005. 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 were paid 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. As of September 30, 2019, the City does not operate a landfill.

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

NOTE 14: LANDFILL CLOSURE AND POST-CLOSURE CARE COST - CONTINUED

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, 2019.

NOTE 15: 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 \$350,000 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 2019, 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. Changes in the balances of claims liabilities during the fiscal years 2019 and 2018 are:

Fiscal Year	Liability at Beginning	Current-Year Claims and Changes in Estimates	Claim Payments	Liability at End
2019	\$ 1,387,679	\$ 8,352,734	\$ 8,352,734	\$ 1,387,679
2018	1,387,679	8,400,077	8,400,077	1,387,679

The City is a defendant in a significant number of lawsuits pertaining to material matters. As stated in Note 20 - Litigation, the City has accrued and recorded potential losses that are determinable at this time within accounts payable in the Internal Service Funds.

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

NOTE 16: FUND BALANCE

In accordance with GASB Statement 54, the City classifies its fund balances at September 30, 2019, as follows:

	General	Capital Projects	NonMajor			Debt Service	Total NonMajor	Total Governmental
			Housing & Comm. Dev.	Convention & Visitors	Other			
NONSPENDABLE:								
Inventories	\$ 16,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,619
Property Held for Sale	3,951,572	-	-	-	-	-	-	3,951,572
RESTRICTED FOR:								
Parks Improvements	-	1,903,373	-	-	-	-	-	1,903,373
Streets, Drainage, Curbs, etc. Improvements	-	58,727,133	-	-	-	-	-	58,727,133
Culture and Recreation	-	9,192,891	-	7,633,937	-	-	7,633,937	16,826,828
Public Safety	-	38,100,000	-	-	1,525,879	-	1,525,879	39,625,879
Municipal Court	-	-	-	-	232,189	-	232,189	232,189
Debt Service	-	-	-	-	-	844,567	844,567	844,567
Welfare	-	-	4,115	-	-	-	4,115	4,115
Other Purposes	-	2,980,216	-	-	469,857	-	469,857	3,450,073
COMMITTED TO:								
Culture & Recreation	-	3,924,580	-	-	-	-	-	3,924,580
ASSIGNED TO:								
Compensated Absences	1,143,523	-	-	-	-	-	-	1,143,523
Parks Improvements/Development	1,532,981	-	-	-	-	-	-	1,532,981
Other Capital Projects	-	68,136	-	-	-	-	-	68,136
HVAC Improvements	31,137	-	-	-	-	-	-	31,137
Radio System	2,512,835	-	-	-	-	-	-	2,512,835
Other Public Safety Projects	2,033,454	-	-	-	-	-	-	2,033,454
Public Works Drainage Project	1,000,000	-	-	-	-	-	-	1,000,000
Other Public Works Projects	567,353	-	-	-	-	-	-	567,353
Information Technology	591,172	-	-	-	-	-	-	591,172
Other Purposes	2,981,821	-	-	-	-	-	-	2,981,821
Welfare	948,439	-	-	-	-	-	-	948,439
Downtown Development	110,000	-	-	-	-	-	-	110,000
UNASSIGNED:								
	73,897,318	-	-	-	-	-	-	73,897,318
	<u>\$ 91,318,224</u>	<u>\$ 114,896,329</u>	<u>\$ 4,115</u>	<u>\$ 7,633,937</u>	<u>\$ 2,227,925</u>	<u>\$ 844,567</u>	<u>\$ 10,710,544</u>	<u>\$ 216,925,097</u>

NOTE 17: TAX ABATEMENTS

The City enters into reinvestment zone tax abatement agreements with local businesses under the state Property Redevelopment and Tax Abatement Act (Chapter 312, Tax Code). Under the Act, localities may provide property tax abatements which will be reasonably likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of the City. In consideration for the abatement, the businesses agree to a specified level of capital investment and jobs creation in the reinvestment zone. The tax abatement agreements are on a decreasing scale over five years starting at a 100%.

CITY OF ODESSA, TEXAS
NOTES TO FINANCIAL STATEMENTS

NOTE 17: TAX ABATEMENTS - CONTINUED

For the fiscal year ended September 30, 2019, the City abated property taxes totaling \$72,916 under this program, including the following tax abatement agreements:

- A 20% property tax abatement to a pumping service company to construct a facility and equip the facility in the amount of \$31 million and adding 30 new jobs. The abatement amounted to \$69,075.
- A 20% property tax abatement to an assisted living business to construct a new 70 unit assisted living community on existing property and including the purchase of machinery, operating equipment, furnishings, etc. in the amount of \$8.1 million and adding 20 new jobs. The abatement amounted to \$3,836.

The City also enters into economic development agreements designed to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. This program rebates property and sales taxes and is authorized under Chapter 380 of the Texas Local Government Code. These agreements require certain amounts of investments, jobs creation and installation of public infrastructure.

The City entered into various agreements that rebate 50% of property and sales taxes paid to the City, and are for terms of 15-20 years. For the fiscal year ended September 30, 2019, the City rebated property taxes of \$123,995 or .31% of the \$39.3 million total tax levy and sales taxes for \$1,577,303 or 2.71% of the \$58.1 million total sales tax revenues.

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.

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

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

Effective for the City in fiscal year 2020

GASB issued Statement No. 83 "Certain Asset Retirement Obligations" – This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs) – establishes criteria for determining the timing and pattern for recognition of a liability and a corresponding deferred outflow of resources for AROs. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In January 2017, the GASB issued Statement No. 84, "Fiduciary Activities". This statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2017, the GASB issued Statement No. 87, "Leases". This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2019. (FY2021) The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In March 2018, the GASB issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This statement will improve the information that is disclosed in notes of governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2019. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

NOTE 21: SUBSEQUENT EVENTS

The City has evaluated subsequent events that occurred after September 30, 2019, through June 23, 2020, the date which the financial statements were available to be issued. During this period, there were no material subsequent events that required recognition or additional disclosure in these financial statements, except as follows:

COVID-19 - The extent of the operational and financial impact the COVID-19 pandemic may have on the City has yet to be determined and is dependent on its duration and spread, any related operational restrictions and the overall economy. Currently, the City is unable to accurately predict how COVID-19 will affect the results of its operations because the virus's severity and the duration of the pandemic are uncertain.

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE LEFT INTENTIONALLY BLANK

**CITY OF ODESSA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)**

	2019
Total Pension Liability	
Service Cost	\$ 6,108,642
Interest	17,100,668
Difference between expected and actual experience	(700,755)
Change in assumptions	-
Benefit payments, including refunds of employee contributions	(12,978,959)
Net Change in Total Pension Liability	9,529,596
Total Pension Liability -Beginning of Year	256,778,394
Total Pension Liability - End of Year	\$ 266,307,990
 Plan Fiduciary Net Position	
Contributions - Employer	\$ 5,553,679
Contributions - Employees	2,877,557
Net investment income	(7,012,548)
Benefit payments, including refunds of employee contributions	(12,978,959)
Administrative expense	(135,589)
Other	(7,085)
Net Change in Plan Fiduciary Net Position	\$ (11,702,945)
Plan Fiduciary Net Position - Beginning of Year	234,208,594
Plan Fiduciary Net Position - End of Year	\$ 222,505,649
Net Pension Liability	\$ 43,802,341
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.55%
Covered Employee Payroll	\$ 41,107,952
Net Pension Liability as a Percentage of Covered Payroll	106.55%

NOTE: The City implemented GASB Statement NO. 68 in FY 2015. Information in this table has been determined as of the measurement dates of December 31, 2018, 2017, 2016, 2015 and 2014, of the net pension liability and will ultimately contain information for 10 years.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 6,122,172	\$ 6,268,701	\$ 5,565,518	\$ 4,344,664
16,515,178	15,814,934	15,382,245	14,685,355
(1,323,486)	187,898	1,340,037	1,824,017
-	-	3,152,193	-
<u>(12,287,387)</u>	<u>(11,361,172)</u>	<u>(11,124,066)</u>	<u>(11,893,727)</u>
9,026,477	10,910,361	14,315,927	8,960,309
<u>247,751,917</u>	<u>236,841,556</u>	<u>222,525,629</u>	<u>213,565,320</u>
<u><u>\$ 256,778,394</u></u>	<u><u>\$ 247,751,917</u></u>	<u><u>\$ 236,841,556</u></u>	<u><u>\$ 222,525,629</u></u>
\$ 6,492,684	\$ 6,604,280	\$ 5,674,572	\$ 5,994,571
2,893,465	2,922,883	2,681,220	2,618,626
28,874,197	13,315,142	294,694	10,990,765
(12,287,387)	(11,361,172)	(11,124,066)	(11,893,727)
(149,682)	(150,414)	(179,512)	(114,761)
<u>(7,586)</u>	<u>(8,104)</u>	<u>(8,867)</u>	<u>(9,435)</u>
\$ 25,815,692	\$ 11,322,615	(2,661,959)	7,586,039
<u>208,392,902</u>	<u>197,070,287</u>	<u>199,732,246</u>	<u>192,146,207</u>
<u><u>\$ 234,208,594</u></u>	<u><u>\$ 208,392,902</u></u>	<u><u>\$ 197,070,287</u></u>	<u><u>\$ 199,732,246</u></u>
<u><u>\$ 22,569,800</u></u>	<u><u>\$ 39,359,015</u></u>	<u><u>\$ 39,771,269</u></u>	<u><u>\$ 22,793,383</u></u>
91.21%	84.11%	83.21%	89.76%
\$ 40,896,275	\$ 41,735,692	\$ 38,277,293	\$ 36,900,523
55.19%	94.31%	103.90%	61.77%

**CITY OF ODESSA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST FIVE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)**

	2019
Actuarially Determined Contribution	\$ 5,524,625
Contributions in relation to the actuarially determined contribution	5,662,289
Contribution excess	\$ (137,664)
Covered employee payroll	41,107,952
Contributions as a percentage of covered employee payroll	13.77%

Notes to Schedule

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes There were no benefit changes during the year.

NOTE: The City implemented GASB Statement NO. 68 in FY 2015. Information in this table has been determined as of the measurement dates of December 31, 2018, 2017, 2016, 2015 and 2014, of the net pension liability and will ultimately contain information for 10 years.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 5,564,188	\$ 5,803,071	\$ 5,490,446	\$ 5,334,643
<u>5,760,636</u>	<u>6,626,094</u>	<u>6,317,320</u>	<u>5,713,920</u>
\$ (196,448)	\$ (823,023)	\$ (826,874)	(379,277)
40,831,746	41,884,295	40,551,007	37,715,321
14.11%	15.82%	15.58%	15.15%

CITY OF ODESSA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
ODESSA FIREFIGHTERS' RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)

	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$ 2,903,081	\$ 3,032,911	\$ 3,989,437	\$ 3,979,638	\$ 3,785,084
Interest	7,315,638	7,144,829	6,320,711	7,224,216	6,960,820
Change of benefit terms	-	-	(13,926,192)	-	-
Difference between expected and actual experience	439,047	(512,807)	3,000,886	-	-
Change in assumptions	16,259,992	(4,776,661)	(21,332,887)	26,869,167	-
Contributions - Buy Back	28,184	2,160	-	4,320	-
Benefit payments, including refunds of employee contributions	(7,986,081)	(9,474,664)	(6,432,676)	(6,159,471)	(5,472,566)
Net Change in Total Pension Liability	18,959,861	(4,584,232)	(28,380,721)	31,917,870	5,273,338
Total Pension Liability -Beginning of Year	138,601,961	143,186,193	171,566,914	139,649,044	134,375,706
Total Pension Liability - End of Year	\$ 157,561,822	\$ 138,601,961	\$ 143,186,193	\$ 171,566,914	\$ 139,649,044
Plan Fiduciary Net Position					
Contributions - Employer	2,462,215	\$ 2,540,454	\$ 2,036,444	\$ 1,850,057	\$ 1,941,250
Contributions - Employees	2,193,053	2,250,882	1,895,306	1,850,058	1,793,009
Contributions - Buy Back	28,184	2,160	-	4,320	-
Net investment income	(2,860,679)	6,345,986	3,328,013	(1,188,316)	2,454,391
Benefit payments, including refunds of employee contributions	(7,986,081)	(9,474,664)	(6,432,676)	(6,159,471)	(5,472,566)
Administrative expense	(312,287)	(205,868)	(240,265)	(139,345)	(96,214)
Other	-	-	-	-	2,009,989
Net Change in Plan Fiduciary Net Position	(6,475,595)	\$ 1,458,950	\$ 586,822	(3,782,697)	2,629,859
Plan Fiduciary Net Position - Beginning of Year	45,718,416	44,259,466	43,672,644	47,455,341	44,825,482
Plan Fiduciary Net Position - End of Year	\$ 39,242,821	\$ 45,718,416	\$ 44,259,466	\$ 43,672,644	\$ 47,455,341
Net Pension Liability	\$ 118,319,001	\$ 92,883,545	\$ 98,926,727	\$ 127,894,270	\$ 92,193,703
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	24.91%	32.99%	30.91%	25.46%	33.98%
Covered Employee Payroll	\$ 12,183,628	\$ 12,504,900	\$ 12,635,373	\$ 12,333,720	\$ 11,774,395
Net Pension Liability as a Percentage of Covered Payroll	971.13%	742.78%	782.93%	1036.95%	783.00%

(Continued)

REQUIRED SUPPLEMENTARY INFORMATION
ODESSA FIREFIGHTERS' RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST FIVE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)
(CONTINUED)

Notes to Schedule:

Change of benefit terms:

For measurement date 12/31/2016, amounts reported as changes of benefit terms resulted from numerous changes to the plan's benefit structure. The changes were the following:

- Plan benefits were frozen for all active participants as of December 31, 2016.
 - Effective January 1, 2017, the following changes were made for future benefit accruals:
 - o The benefit accrual rate was reduced from 3.60% per year to 2.88% per year
 - o The average final compensation period was amended from the highest 5 of the last 10 years to the last 5 years at retirement
 - o The total benefit (not including the frozen longevity or supplemental benefit) may not exceed 72% of average final compensation
 - o The normal retirement age for future benefit accruals is payable unreduced at attainment of age 55 and completing of 25 years
 - o The longevity benefit for service in excess of 20 years was removed
 - o The supplemental benefit was removed
 - o The normal form of annuity payment for future benefit accruals is a life annuity
 - o The cost-of-living adjustment (COLA) was removed for future benefit accrual
 - o The vesting period was increased from 10 years to 20 years (members with 10+ years as of December 31, 2016 are 100% vested in their frozen benefit)
 - The DROP was eliminated for members with less than 20 years of service as of January 1, 2017.
 - The interest crediting was removed for future DROP participants.
 - A "13th check" benefit was implemented based on future actuarial soundness.
 - The member contribution rate was increased from 15.00% to 18.00% of earnings.
- Additionally, the City contribution rate was increased from 16.00% to 20.00% of payroll.

Changes of assumptions:

For purposes of determining the GASB discount rate at the 12/31/2018 measurement date, a depletion date projection as of that date has been performed. The results of this projection showed a single discount rate of 4.70%. The discount rate was decreased from 5.32% to 4.70%. Other actuarial changes of assumptions were the following:
The mortality rates were updated to reflect the PubS-2010 (amount-weighted) tables.

For purposes of determining the GASB discount rate at the 12/31/2017 measurement date, a depletion date projection as of that date has been performed. The results of this projection showed a single discount rate of 5.32%. The discount rate was increased from 5.05% to 5.32%.

For purposes of determining the GASB discount rate at the 12/31/2016 measurement date, a depletion date projection as of that date has been performed. The results of this projection showed a single discount rate of 5.05%. The discount rate has been increased from 3.99% to 5.05%. Other actuarial changes of assumptions reported in the 2016 year were the following:

As a result of the increase in the normal retirement ages as described under the changes of benefit terms, the retirement rates were amended for members who had not attained age 45 and completed 15 years of service as of December 31, 2016. Also, a new set of retirement rates were established for members hired on or after January 1, 2017.

NOTE: The City implemented GASB Statement NO. 68 in FY 2015. Information in this table has been determined as of the measurement dates of December 31, 2018, 2017, 2016, 2015 and 2014, of the net pension liability and will ultimately contain information for 10 years.

**CITY OF ODESSA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
ODESSA FIREFIGHTERS' RELIEF AND RETIREMENT FUND
SCHEDULE OF CONTRIBUTIONS
LAST FIVE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially Determined Contribution	\$ 2,739,401	\$ 2,529,501	\$ 2,445,033	\$ 2,032,617	\$ 1,860,461
Contributions in relation to the actuarially determined contribution	<u>2,739,401</u>	<u>2,529,501</u>	<u>2,445,033</u>	<u>2,032,617</u>	<u>1,860,461</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	-	-
Covered employee payroll	13,697,001	12,647,510	12,741,922	12,897,200	12,137,897
Contributions as a percentage of covered employee payroll	20.00%	20.00%	19.19%	15.76%	15.33%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Mortality Rates: RP-2000 projected to 2015 using Scale AA - Sex Distinct. We feel this sufficiently accomodates for expected mortality improvements.

Retirement Age:	Years following	
	<u>50/20</u>	Rate
	0	20.0%
<i>Members who had attained the age 45 and completed 15 years of service as of December 31, 2016.</i>	1	10.0
	2	35.0
	3	50.0
	4	66.7
	5	66.7
	6+	100.00

The assumed rates of retirement were approved in conjunction with an actuarial experience study dated July 19, 2016.

	Years Following 50/20	Rate
<i>Members hired prior to January 1, 2017 who had not attained age 45 and completed 15 years of service as of December 31, 2016:</i>	0-4	12.5%
	5	25.0
	6	33.3
	7	50.0
	8+	100.0

We feel these are reasonable based upon plan provisions and long-term experience.

	Years Following 55/25	Rate
<i>Members hired on and after January 1, 2017:</i>	0	25.0%
	1	33.3
	2	50.0
	3+	100.0

We feel these are reasonable based upon plan provisions.

Termination Rates:	Service	Rate
	<u><5</u>	10.0%
	5-6	7.0
	7-9	2.0
	10-19	4.0
	20+	3.0

The assumed rates of termination were approved in conjunction with an actuarial experience study dated July 19, 2016.

Disability Rates: Sample rate are displayed below:

Age	Termination Rate
<u>25</u>	0.094%
35	0.082
45	0.168
55	0.429

The assumed rates of disablement were approved in conjunction with an actuarial experience study dated July 19, 2016.

(Continued)

**CITY OF ODESSA, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 ODESSA FIREFIGHTERS' RELIEF AND RETIREMENT FUND
 SCHEDULE OF CONTRIBUTIONS
 LAST FIVE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)
 (CONTINUED)**

Interest Rate: 7.75% per year, compounded annually, net of expenses. This is supported by the target asset allocation of the trust and the expected long-term return by asset class.

Salary Increases:	Service	Increase
	0	0.1
	1	9.0
	2	8.00
	3	7.00
	4	6.50
	5-14	6.00
	15+	5.50

The assumed rates of salary increase were approved in conjunction with an actuarial experience study date July 19, 2016.

Payroll Growth: 3.50% per year for amortization of the Unfunded Actuarial Accrued Liability. This was approved in conjunction with an actuarial experience study date July 19, 2016.

Funding Method: Entry Age Normal Actuarial Cost Method.

Marital Status: 100% of actives are assumed to be married at time of benefit commencement. Males are assumed to be two year older than their spouses.

Dependent Children: Each member is assumed to have two children. The first child is assumed to have been born when the member was age 25. The second child is assumed to be two years younger. It is also assumed that benefits will be paid until each child reaches the age of 20.

Contribution Rates: Members - 18.00%
 City - 20.00%

Payment Form: 90% of the retiring members are assumed to elect the Basic DROP. The remaining 10% of retiring members are assumed to elect a regular service retirement. These were approved in conjunction with an actuarial experience study date July 19, 2016.

Actuarial Asset Method: All assets are valued at market value with an adjustment made to uniformly spread actuarial investment gains and losses (as measured by actual market value investment return against expected market value investment return) over a five-year period.

COLA: Actives and retired members are assumed to receive the cost-of-living adjustments to which they are entitled in accordance with the plan document. The specific COLA provisions are illustrated in the summary of plan provisions section of the report. Additionally, it is assumed that there is a 40% probability that the Ad-HOC COLA will be paid to members hired on or after January 31, 2013. This 40% assumption is subject to further modification in future valuations based on the assumed rate of investment return, as well as the asset allocation of the Fund and the expected long-term return by asset class.

Miscellaneous: The valuation was performed using 50 percent, rather than 72 percent, of average salary in the plan's disability benefit formula. The lower percentage was used to reflect the fact that the City of Odessa pays disability benefits under its long term disability insurance policy until a firefighter reaches age 65. Starting at age 65, the plan begins paying benefits.

NOTE: The City implemented GASB Statement NO. 68 in FY 2015. Information in this table has been determined as of the measurement dates of December 31, 2018, 2017, 2016, 2015 and 2014, of the net pension liability and will ultimately contain information for 10 years.

CITY OF ODESSA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM'S SUPPLEMENTAL DEATH BENEFITS FUND
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 90,437	\$ 77,703
Interest	80,051	79,083
Difference between expected and actual experience	(5,317)	-
Change in assumptions	(165,042)	183,670
Benefit payments, including refunds of employee contributions	<u>(20,554)</u>	<u>(20,448)</u>
Net Change in Total OPEB Liability	(20,425)	320,008
Total OPEB Liability -Beginning of Year	<u>2,383,515</u>	<u>2,063,507</u>
Total OPEB Liability - End of Year	<u>\$ 2,363,090</u>	<u>\$ 2,383,515</u>
Covered Employee Payroll	\$ 41,107,952	\$ 40,896,275
Total OPEB Liability as a Percentage of Covered Payroll	5.75%	5.83%

NOTE: The TMRS Supplemental Death Benefits fund is considered to be an unfunded OPEB plan; therefore no plan fiduciary net position and related ratios are reported in the above schedule.

NOTE: The City implemented GASB Statement NO. 75 in FY 2017. Information in this table has been determined as of the measurement dates of December 31, 2018 and 2017 of the net pension liability and will ultimately contain information for 10 years.

**CITY OF ODESSA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
CITY RETIREE HEALTH PLAN
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST TWO FISCAL YEAR (PREVIOUS YEARS ARE NOT AVAILABLE)**

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service Cost	\$ 1,020,642	\$ 990,915
Interest	383,083	350,773
Difference between expected and actual experience	(938,102)	(195,667)
Change in assumptions	(2,357,291)	-
Benefit payments, including refunds of employee contributions	<u>(609,926)</u>	<u>(69,018)</u>
Net Change in Total OPEB Liability	(2,501,594)	1,077,003
Total OPEB Liability -Beginning of Year	<u>12,901,777</u>	<u>11,824,774</u>
Total OPEB Liability - End of Year	<u>\$ 10,400,183</u>	<u>\$ 12,901,777</u>
Covered Employee Payroll	\$ 53,828,961	\$ 53,661,667
Total OPEB Liability as a Percentage of Covered Payroll	19.32%	24.04%

NOTE: The City implemented GASB Statement NO. 75 in FY 2017. Information in this table has been determined as of the measurement dates of December 31, 2018 and 2017 of the net pension liability and will ultimately contain information for 10 years.

THIS PAGE LEFT INTENTIONALLY BLANK

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 projects.

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.

MOUFD - 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 finances. 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.

THIS PAGE LEFT INTENTIONALLY BLANK

**CITY OF ODESSA, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2019**

	<u>Special Revenue Funds</u> <u>Housing and Community Development</u>
ASSETS	
Cash and Investments	\$ -
Accounts Receivable	195,245
Prepaid Items	<u>-</u>
TOTAL ASSETS	<u><u>\$ 195,245</u></u>
LIABILITIES	
Accounts Payable	\$ 7,023
Accrued Payroll	7,999
Interfund Payable	<u>176,108</u>
TOTAL LIABILITIES	<u>191,130</u>
FUND BALANCES	
Restricted	<u>4,115</u>
TOTAL FUND BALANCES	<u>4,115</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 195,245</u></u>

Special Revenue Funds			Debt Service Fund	Total Non-major Governmental Funds
Convention & Visitors Fund	MOUTD	Other		
\$ 5,767,500	\$ 893	\$ 2,177,987	\$ 844,567	\$ 8,790,947
1,625,664	852,199	70,080	-	2,743,188
250,000	-	-	-	250,000
<u>\$ 7,643,164</u>	<u>\$ 853,092</u>	<u>\$ 2,248,067</u>	<u>\$ 844,567</u>	<u>\$ 11,784,135</u>
\$ 55	\$ 853,092	\$ 10,063	\$ -	\$ 870,233
9,172	-	10,079	-	27,250
-	-	-	-	176,108
<u>9,227</u>	<u>853,092</u>	<u>20,142</u>	<u>-</u>	<u>1,073,591</u>
<u>7,633,937</u>	<u>-</u>	<u>2,227,925</u>	<u>844,567</u>	<u>10,710,544</u>
<u>7,633,937</u>	<u>-</u>	<u>2,227,925</u>	<u>844,567</u>	<u>10,710,544</u>
<u>\$ 7,643,164</u>	<u>\$ 853,092</u>	<u>\$ 2,248,067</u>	<u>\$ 844,567</u>	<u>\$ 11,784,135</u>

**CITY OF ODESSA, TEXAS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2019**

	<u>Special Revenue Funds Housing and Community Development</u>
REVENUES	
Property Tax, Penalties and Interest	\$ -
Fines and Forfeitures	-
Grants and Entitlements	887,260
Hotel and Motel Occupancy Tax	-
Investment Income	-
Donations	-
Other	127,834
TOTAL REVENUES	<u>1,015,094</u>
EXPENDITURES	
Current	
Finance	-
Public Works	-
Public Safety	-
Welfare	1,026,023
Culture and Recreation	-
TOTAL CURRENT	<u>1,026,023</u>
Debt Service	
Principal Retirement	-
Interest and Fiscal Charges	-
TOTAL DEBT SERVICE	<u>-</u>
Capital Outlay	<u>-</u>
TOTAL EXPENDITURES	<u>1,026,023</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(10,929)</u>
OTHER FINANCING SOURCES (USES)	
Transfer In	-
Transfer (Out)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>
NET CHANGE IN FUND BALANCES	(10,929)
FUND BALANCES - BEGINNING OF YEAR	<u>15,044</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 4,115</u></u>

Convention & Visitors Fund	Special Revenue Funds		Debt Service Fund	Total Non-major Governmental Funds
	MOUTD	Other		
\$ -	\$ -	\$ -	\$ 7,018,625	\$ 7,018,625
-	-	137,325	-	137,325
-	5,637,489	554,443	-	7,079,192
7,121,062	-	-	-	7,121,062
176,694	-	50,893	64,981	292,568
-	-	207,316	-	207,316
-	-	-	-	127,834
<u>7,297,756</u>	<u>5,637,489</u>	<u>949,977</u>	<u>7,083,606</u>	<u>21,983,922</u>
-	-	112,577	-	112,577
-	5,637,489	-	-	5,637,489
-	-	338,040	-	338,040
-	-	-	-	1,026,023
2,798,297	-	-	-	2,798,297
<u>2,798,297</u>	<u>5,637,489</u>	<u>450,617</u>	<u>-</u>	<u>9,912,426</u>
-	-	-	4,485,000	4,485,000
-	-	-	2,531,979	2,531,979
-	-	-	7,016,979	7,016,979
-	-	309,828	-	309,828
<u>2,798,297</u>	<u>5,637,489</u>	<u>760,445</u>	<u>7,016,979</u>	<u>17,239,233</u>
<u>4,499,459</u>	<u>-</u>	<u>189,532</u>	<u>66,627</u>	<u>4,744,689</u>
-	-	61,384	-	61,384
<u>(3,561,755)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,561,755)</u>
<u>(3,561,755)</u>	<u>-</u>	<u>61,384</u>	<u>-</u>	<u>(3,500,371)</u>
937,704	-	250,916	66,627	1,244,318
6,696,233	-	1,977,009	777,940	9,466,226
<u>\$ 7,633,937</u>	<u>\$ -</u>	<u>\$ 2,227,925</u>	<u>\$ 844,567</u>	<u>\$ 10,710,544</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, 2019**

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
REVENUES				
Grants and Entitlements	\$ 1,213,761	\$ 1,213,761	\$ 887,260	\$ (326,501)
Other	-	-	127,834	127,834
TOTAL REVENUES	<u>1,213,761</u>	<u>1,213,761</u>	<u>1,015,094</u>	<u>(198,667)</u>
EXPENDITURES				
Current				
Welfare	1,213,761	2,442,594	1,026,023	(1,416,571)
TOTAL EXPENDITURES	<u>1,213,761</u>	<u>2,442,594</u>	<u>1,026,023</u>	<u>(1,416,571)</u>
NET CHANGE IN FUND BALANCE	-	(1,228,833)	(10,929)	1,217,904
FUND BALANCE - BEGINNING OF YEAR	<u>15,044</u>	<u>15,044</u>	<u>15,044</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 15,044</u>	<u>\$ (1,213,789)</u>	<u>\$ 4,115</u>	<u>\$ 1,217,904</u>

**CITY OF ODESSA, TEXAS
CONVENTION & VISITORS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL
YEAR ENDED SEPTEMBER 30, 2019**

	Budgeted Amount		Actual	Variance Over (Under)
	Original	Final		
REVENUES				
Hotel and Motel Occupancy Tax	\$ 4,000,000	\$ 4,000,000	\$ 7,121,062	\$ 3,121,062
Investment Income	20,000	20,000	176,694	156,694
TOTAL REVENUES	4,020,000	4,020,000	7,297,756	3,277,756
EXPENDITURES				
Current				
Culture and Recreation	3,298,073	2,914,966	2,798,297	(116,669)
TOTAL EXPENDITURES	3,298,073	2,914,966	2,798,297	(116,669)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	721,927	1,105,034	4,499,459	3,394,425
OTHER FINANCING (USES)				
Operating Transfer (Out)	-	(3,561,755)	(3,561,755)	-
TOTAL OTHER FINANCING (USES)	-	(3,561,755)	(3,561,755)	-
NET CHANGE IN FUND BALANCE	721,927	(2,456,721)	937,704	3,394,425
FUND BALANCE - BEGINNING OF YEAR	6,696,233	6,696,233	6,696,233	-
FUND BALANCE - END OF YEAR	\$ 7,418,160	\$ 4,239,512	\$ 7,633,937	\$ 3,394,425

**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, 2019**

	Budgeted Amount		Actual	Variance Over (Under)
	Original	Final		
REVENUES				
Fines and Forfeitures	\$ 167,000	\$ 167,000	\$ 137,325	\$ (29,675)
Grants and Entitlements	110,000	426,627	554,443	127,816
Investment Income	1,000	1,000	50,893	49,893
Donations	-	50,700	207,316	156,616
TOTAL REVENUES	278,000	645,327	949,977	304,650
EXPENDITURES				
Current				
Finance	214,850	298,210	112,577	(185,633)
Public Safety	414,000	1,131,561	338,040	(793,521)
TOTAL CURRENT	628,850	1,429,771	450,617	(979,154)
Capital Outlay	281,034	1,100,138	309,828	(790,310)
TOTAL EXPENDITURES	909,884	2,529,909	760,445	(1,769,464)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(631,884)	(1,884,582)	189,532	2,074,114
OTHER FINANCING SOURCES				
Transfer In	20,000	20,000	61,384	41,384
TOTAL OTHER FINANCING SOURCES	20,000	20,000	61,384	41,384
NET CHANGE IN FUND BALANCE	(611,884)	(1,864,582)	250,916	2,115,498
FUND BALANCE - BEGINNING OF YEAR	1,977,009	1,977,009	1,977,009	-
FUND BALANCE - END OF YEAR	\$ 1,365,125	\$ 112,427	\$ 2,227,925	\$ 2,115,498

**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, 2019**

	Budgeted Amount		Actual	Variance Over (Under)
	Original	Final		
REVENUES				
Property Tax, Penalties and Interest	\$ 7,018,625	\$ 7,018,625	\$ 7,018,625	\$ -
Investment Income	-	-	64,981	64,981
TOTAL REVENUES	<u>7,018,625</u>	<u>7,018,625</u>	<u>7,083,606</u>	<u>64,981</u>
EXPENDITURES				
Debt Service				
Principal Retirement	4,485,000	4,485,000	4,485,000	-
Interest and Fiscal Charges	<u>2,533,625</u>	<u>2,533,625</u>	<u>2,531,979</u>	<u>(1,646)</u>
TOTAL EXPENDITURES	<u>7,018,625</u>	<u>7,018,625</u>	<u>7,016,979</u>	<u>(1,646)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>66,627</u>	<u>66,627</u>
NET CHANGE IN FUND BALANCE	-	-	66,627	66,627
FUND BALANCE - BEGINNING OF YEAR	<u>777,940</u>	<u>777,940</u>	<u>777,940</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 777,940</u>	<u>\$ 777,940</u>	<u>\$ 844,567</u>	<u>\$ 66,627</u>

THIS PAGE LEFT INTENTIONALLY BLANK

NON-MAJOR ENTERPRISE FUNDS

Ratliff Golf Course Fund - To account for the provision of a public golf course located in Odessa, Texas.

Liquid Waste Fund - to account for the provision of liquid waste disposal to the City, County and citizens.

Storm Water Fund - To account for the provision of the new Storm Waater Program as approved by the Texas Commission on Environmental Quality and Environmental Protection Agency (EPA).

**CITY OF ODESSA, TEXAS
NON-MAJOR ENTERPRISE FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019**

	Ratliff Golf Course Fund	Liquid Waste Fund	Storm Water Fund	Totals
ASSETS				
CURRENT ASSETS:				
Cash and Investments	\$ 12,393	\$ 649,765	\$ 2,341,213	\$ 3,003,371
Accounts Receivable	-	-	148,994	148,994
Inventories	67,919	-	-	67,919
TOTAL CURRENT ASSETS	80,312	649,765	2,490,207	3,220,284
NONCURRENT ASSETS:				
CAPITAL ASSETS:				
Land	20,518	-	-	20,518
Buildings	206,604	-	-	206,604
Improvements	4,051,599	-	-	4,051,599
Machinery and Equipment	71,765	-	-	71,765
Data Processing Equipment	7,000	-	-	7,000
Construction-In-Progress	9,251	-	-	9,251
Less Accumulated Depreciation	(1,829,193)	-	-	(1,829,193)
TOTAL CAPITAL ASSETS (Net of Accumulated Depreciation)	2,537,544	-	-	2,537,544
TOTAL ASSETS	2,617,856	649,765	2,490,207	5,757,828
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred Outflows - Pension Plan	153,308	-	168,430	321,738
Deferred Outflows - OPEB	7,422	675	6,129	14,226
TOTAL DEFERRED OUTFLOWS OF RESOURCES	160,730	675	174,559	335,964
LIABILITIES				
CURRENT LIABILITIES:				
Accounts Payable	52,310	-	-	52,310
Compensated Absences	11,711	6,174	5,660	23,545
Accrued Payroll	28,536	2,363	15,234	46,133
TOTAL CURRENT LIABILITIES	92,557	8,537	20,894	121,988
NONCURRENT LIABILITIES:				
Compensated Absences	131,053	-	2,547	133,600
Other Post Employment Benefits Payable	148,879	9,851	62,068	220,798
Net Pension Liability	455,545	3,803	386,474	845,822
TOTAL NONCURRENT LIABILITIES	735,477	13,654	451,089	1,200,220
TOTAL LIABILITIES	828,034	22,191	471,983	1,322,208
DEFERRED INFLOWS OF RESOURCES:				
Deferred Inflows - Pension Plan	20,460	-	-	20,460
Deferred Inflows - OPEB	36,295	3,318	31,173	70,786
TOTAL DEFERRED INFLOWS OF RESOURCES	56,755	3,318	31,173	91,246
NET POSITION				
Net Investment in Capital Assets	2,537,544	-	-	2,537,544
Unrestricted	(643,747)	624,931	\$ 2,161,610	2,142,794
TOTAL NET POSITION	\$ 1,893,797	\$ 624,931	\$ 2,161,610	\$ 4,680,338

**CITY OF ODESSA, TEXAS
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEAR ENDED SEPTEMBER 30, 2019**

	Ratliff Golf Course Fund	Liquid Waste Fund	Storm Water Fund	Totals
OPERATING REVENUES				
User Fees	\$ 1,733,852	\$ 152,612	\$ 1,916,034	\$ 3,802,498
TOTAL OPERATING REVENUES	<u>1,733,852</u>	<u>152,612</u>	<u>1,916,034</u>	<u>3,802,498</u>
OPERATING EXPENSES				
Personal Services	879,935	64,552	390,303	1,334,790
Supplies and Materials	382,941	1,106	2,939	386,986
Other Services	496,357	3,204	566,848	1,066,409
Maintenance	71,333	-	73,649	144,982
Depreciation and Amortization	155,559	-	-	155,559
TOTAL OPERATING EXPENSES	<u>1,986,125</u>	<u>68,862</u>	<u>1,033,739</u>	<u>3,088,726</u>
OPERATING INCOME (LOSS)	<u>(252,273)</u>	<u>83,750</u>	<u>882,295</u>	<u>713,772</u>
NON-OPERATING REVENUES				
Investment Income	-	14,986	47,620	62,606
TOTAL NON-OPERATING REVENUES	<u>-</u>	<u>14,986</u>	<u>47,620</u>	<u>62,606</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(252,273)</u>	<u>98,736</u>	<u>929,915</u>	<u>776,378</u>
TRANSFERS IN	<u>325,958</u>	<u>-</u>	<u>-</u>	<u>325,958</u>
CHANGE IN NET POSITION	73,685	98,736	929,915	1,102,336
NET POSITION - BEGINNING OF YEAR	<u>1,820,112</u>	<u>526,195</u>	<u>1,231,695</u>	<u>3,578,002</u>
NET POSITION - END OF YEAR	<u>\$ 1,893,797</u>	<u>\$ 624,931</u>	<u>\$ 2,161,610</u>	<u>\$ 4,680,338</u>

**CITY OF ODESSA, TEXAS
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2019**

	Ratliff Golf Course Fund	Liquid Waste Fund	Storm Water Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Other Funds for Services	\$ 1,733,852	\$ 152,612	\$ 1,917,467	\$ 3,803,931
Cash Paid to Employees	(807,037)	(62,868)	(352,401)	(1,222,306)
Cash Paid for Goods and Services	(1,044,968)	(1,106)	(101,503)	(1,147,577)
Cash Paid to Other Funds for Services	(186,611)	(3,204)	(543,924)	(733,739)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(304,764)</u>	<u>85,434</u>	<u>919,639</u>	<u>700,309</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from General Fund	325,958	-	-	325,958
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>325,958</u>	<u>-</u>	<u>-</u>	<u>325,958</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(9,251)	-	-	(9,251)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(9,251)</u>	<u>-</u>	<u>-</u>	<u>(9,251)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income Received on Investments	-	14,986	47,620	62,606
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>14,986</u>	<u>47,620</u>	<u>62,606</u>
NET INCREASE IN CASH	11,943	100,420	967,259	1,079,622
CASH - AT BEGINNING OF YEAR	<u>450</u>	<u>549,345</u>	<u>1,373,954</u>	<u>1,923,749</u>
CASH - AT END OF YEAR	<u>\$ 12,393</u>	<u>\$ 649,765</u>	<u>\$ 2,341,213</u>	<u>\$ 3,003,371</u>

(Continued)

**CITY OF ODESSA, TEXAS
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

	Ratliff Golf Course Fund	Liquid Waste Fund	Storm Water Fund	Total
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
OPERATING (LOSS) INCOME	<u>\$ (252,273)</u>	<u>\$ 83,750</u>	<u>\$ 882,295</u>	<u>\$ 713,772</u>
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided (Used) by Operating Activities				
Depreciation and Amortization	155,559	-	-	155,559
(Increase) Decrease in Accounts Receivable	-	-	1,433	1,433
(Increase) Decrease in Inventories	(1,973)	-	-	(1,973)
(Increase)Decrease in Deferred Outflows	(121,155)	166	(84,587)	(205,576)
(Decrease) Increase in Interfund Payable	(230,571)	-	-	(230,571)
(Decrease) Increase in Accounts Payable	(48,404)	-	(1,991)	(50,395)
(Decrease) Increase in Accrued Employee Benefits	29,176	1,693	2,359	33,228
(Decrease) Increase in Accrued Payroll	(4,684)	(815)	518	(4,981)
(Decrease) Increase in Other Post Employment Benefit	(27,267)	(2,498)	(24,670)	(54,435)
(Decrease) Increase in TMRS Net Pension Liability	222,942	-	156,059	379,001
(Decrease) Increase in Deferred Inflows	(26,114)	3,138	(11,777)	(34,753)
TOTAL ADJUSTMENTS	<u>(52,491)</u>	<u>1,684</u>	<u>37,344</u>	<u>(13,463)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (304,764)</u></u>	<u><u>\$ 85,434</u></u>	<u><u>\$ 919,639</u></u>	<u><u>\$ 700,309</u></u>

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 department. 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.

CITY OF ODESSA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	Equipment Service Fund	Risk Management Fund	Information Technology Fund	Total
ASSETS				
CURRENT ASSETS:				
Cash and Investments	\$ 21,688,277	\$ 4,004,470	\$ 4,009,899	\$ 29,702,646
Accounts Receivable	-	44,734	-	44,734
TOTAL CURRENT ASSETS	<u>21,688,277</u>	<u>4,049,204</u>	<u>4,009,899</u>	<u>29,747,380</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	-	92,911	-	92,911
Machinery and Equipment	1,160,066	298,997	1,350,553	2,809,616
Data Processing Equipment	251,022	34,662	4,423,587	4,709,271
Automotive Equipment	54,028,422	-	-	54,028,422
Radio and Electronic Equipment	77,874	3,750	-	81,624
Less Accumulated Depreciation	<u>(34,791,319)</u>	<u>(842,725)</u>	<u>(5,362,870)</u>	<u>(40,996,914)</u>
TOTAL CAPITAL ASSETS (Net of Accumulated Depreciation)	<u>21,526,632</u>	<u>699,987</u>	<u>411,270</u>	<u>22,637,889</u>
TOTAL ASSETS	<u>43,214,909</u>	<u>4,749,191</u>	<u>4,421,169</u>	<u>52,385,269</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows - Pension Plan	367,459	235,515	185,080	788,054
Deferred Outflows - OPEB	16,669	10,581	14,228	41,478
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>384,128</u>	<u>246,096</u>	<u>199,308</u>	<u>829,532</u>
LIABILITIES				
CURRENT LIABILITIES:				
Accounts Payable	701,015	1,534,909	5,124	2,241,048
Compensated Absences	62,970	60,459	27,253	150,682
Accrued Payroll	46,364	48,000	57,999	152,363
TOTAL CURRENT LIABILITIES	<u>810,349</u>	<u>1,643,368</u>	<u>90,376</u>	<u>2,544,093</u>
NONCURRENT LIABILITIES:				
Compensated Absences	220,350	296,877	20,612	537,839
Other Post Employment Benefits Payable	341,009	216,907	124,844	682,760
Net Pension Liability	1,047,692	676,637	488,217	2,212,546
TOTAL NONCURRENT LIABILITIES	<u>1,609,051</u>	<u>1,190,421</u>	<u>633,673</u>	<u>3,433,145</u>
TOTAL LIABILITIES	<u>2,419,400</u>	<u>2,833,789</u>	<u>724,049</u>	<u>5,977,238</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Pension Plan	8,652	47,872	111,027	167,551
Deferred Inflows - OPEB	83,974	49,604	66,198	199,776
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>92,626</u>	<u>97,476</u>	<u>177,225</u>	<u>367,327</u>
NET POSITION				
Net Investment in Capital Assets	21,526,632	699,987	411,270	22,637,889
Unrestricted	19,560,379	1,364,035	3,307,933	24,232,347
TOTAL NET POSITION	<u>\$ 41,087,011</u>	<u>\$ 2,064,022</u>	<u>\$ 3,719,203</u>	<u>\$ 46,870,236</u>

**CITY OF ODESSA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
YEAR ENDED SEPTEMBER 30, 2019**

	Equipment Service Fund	Risk Management Fund	Information Technology Fund	Total
OPERATING REVENUES				
Rental and Other Charges for Services	\$ 15,147,828	\$ 12,784,678	\$ 4,420,481	\$ 32,352,987
Other	107,400	492,334	-	599,734
TOTAL OPERATING REVENUES	15,255,228	13,277,012	4,420,481	32,952,721
OPERATING EXPENSES				
Personal Services	1,457,516	1,276,088	1,606,639	4,340,243
Supplies and Materials	2,611,473	205,196	50,311	2,866,980
Other Services	592,661	10,604,678	146,509	11,343,848
Maintenance	3,165,136	24,639	1,303,360	4,493,135
Depreciation and Amortization	5,606,506	49,919	463,440	6,119,865
Other	357,336	480,252	366,228	1,203,816
TOTAL OPERATING EXPENSES	13,790,628	12,640,772	3,936,487	30,367,887
OPERATING INCOME (LOSS)	1,464,600	636,240	483,994	2,584,834
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	476,529	89,825	91,130	657,484
Gain on Sale of City Property	517,144	-	-	517,144
Other Non-operating Expense	(123,145)	-	-	(123,145)
TOTAL NON-OPERATING REVENUES (EXPENSES)	870,528	89,825	91,130	1,051,483
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,335,128	726,065	575,124	3,636,317
CAPITAL CONTRIBUTIONS	289,918	-	-	289,918
CHANGE IN NET POSITION	2,625,046	726,065	575,124	3,926,235
NET POSITION - BEGINNING OF YEAR	38,461,965	1,337,957	3,144,079	42,944,001
NET POSITION - AT END OF YEAR	\$ 41,087,011	\$ 2,064,022	\$ 3,719,203	\$ 46,870,236

**CITY OF ODESSA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2019**

	Equipment Service Fund	Risk Management Fund	Information Technology Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Other Funds for Services	\$ 15,370,863	\$ 12,789,856	\$ 4,420,481	\$ 32,581,200
Cash Received from Customers	107,400	492,334	-	599,734
Cash Paid to Employees	(1,340,751)	(1,195,648)	(1,524,762)	(4,061,161)
Cash Paid for Goods and Services	(5,321,404)	(11,234,116)	(1,901,106)	(18,456,626)
Cash Paid to Other Funds for Services	(778,037)	(632,816)	(27,096)	(1,437,949)
	<u>8,038,071</u>	<u>219,610</u>	<u>967,517</u>	<u>9,225,198</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES				
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Capital Contributions Out	(123,145)	-	-	(123,145)
NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>(123,145)</u>	<u>-</u>	<u>-</u>	<u>(123,145)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(4,121,770)	(35,585)	-	(4,157,355)
Proceeds from Sale of Capital Assets	517,144	-	-	517,144
	<u>(3,604,626)</u>	<u>(35,585)</u>	<u>-</u>	<u>(3,640,211)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES				
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment Income Received on Investments	476,529	89,825	91,130	657,484
	<u>476,529</u>	<u>89,825</u>	<u>91,130</u>	<u>657,484</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES				
NET INCREASE IN CASH	4,786,829	273,850	1,058,647	6,119,326
CASH - AT BEGINNING OF YEAR	<u>16,901,448</u>	<u>3,730,620</u>	<u>2,951,252</u>	<u>23,583,320</u>
CASH - AT END OF YEAR	<u>\$ 21,688,277</u>	<u>\$ 4,004,470</u>	<u>\$ 4,009,899</u>	<u>\$ 29,702,646</u>

(Continued)

**CITY OF ODESSA, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

	Equipment Service Fund	Risk Management Fund	Information Technology Fund	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
OPERATING INCOME	<u>\$ 1,464,600</u>	<u>\$ 636,240</u>	<u>\$ 483,994</u>	<u>\$ 2,584,834</u>
Adjustments to Reconcile Operating (Loss) Income to Net Cash Provided by Operating Activities				
Depreciation and Amortization	5,606,506	49,919	463,440	6,119,865
(Increase) Decrease in Accounts Receivable	223,035	5,178	-	228,213
(Increase) Decrease in Prepaid Items	24,406	-	-	24,406
(Increase) Decrease in Interfund Receivable	755,613	-	-	755,613
(Increase) Decrease in Deferred Outflows	(273,498)	(182,447)	(181,536)	(637,481)
(Decrease) Increase in Accounts Payable	(152,854)	(93,490)	(61,794)	(308,138)
(Decrease) Increase in Accrued Employee Benefits	19,189	8,488	6,253	33,930
(Decrease) Increase in Accrued Payroll	(11,605)	(165)	(856)	(12,626)
(Decrease) Increase in Interfund Payable	-	(458,677)	-	(458,677)
(Decrease) Increase in Other Post Employment Benefit	(63,492)	(36,908)	(49,166)	(149,566)
(Decrease) Increase in TMRS Net Pension Liability	503,211	335,474	335,474	1,174,159
(Decrease) Increase in Deferred Inflows	(57,040)	(44,002)	(28,292)	(129,334)
TOTAL ADJUSTMENTS	<u>6,573,471</u>	<u>(416,630)</u>	<u>483,523</u>	<u>6,640,364</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 8,038,071</u></u>	<u><u>\$ 219,610</u></u>	<u><u>\$ 967,517</u></u>	<u><u>\$ 9,225,198</u></u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

The Equipment Service Fund acquired capital assets during the fiscal year ended September 30, 2019 in the amount of \$289,918 through contributed capital.

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
 9 SEPTEMBER 30, 2019**

	<u>Payroll</u>	<u>Ector County Utility District</u>	<u>Martin L. King Memorial</u>	<u>MOTOR MPO</u>	<u>Total</u>
ASSETS					
Cash and Investments	\$ 1,648,138	\$ 593,649	\$ 482	\$ -	\$ 2,242,269
Accounts Receivable	-	433,208	-	-	433,208
TOTAL ASSETS	<u>\$ 1,648,138</u>	<u>\$ 1,026,857</u>	<u>\$ 482</u>	<u>\$ -</u>	<u>\$ 2,675,477</u>
LIABILITIES					
Accounts Payable	\$ 1,648,138	\$ 587,988	\$ 482	\$ -	\$ 2,236,608
Deposits and Billings Payable	-	438,869	-	-	438,869
TOTAL LIABILITIES	<u>\$ 1,648,138</u>	<u>\$ 1,026,857</u>	<u>\$ 482</u>	<u>\$ -</u>	<u>\$ 2,675,477</u>

**CITY OF ODESSA, TEXAS
ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED SEPTEMBER 30, 2019**

	Balance October 1	Additions	Deletions	Balance September 30
PAYROLL FUND				
	ASSETS			
Cash and Investments	\$ 1,447,936	\$ 42,242,361	\$ 42,042,159	\$ 1,648,138
TOTAL ASSETS	\$ 1,447,936	\$ 42,242,361	\$ 42,042,159	\$ 1,648,138
	LIABILITIES			
Accounts Payable	\$ 1,447,936	\$ 43,059,212	\$ 42,859,010	\$ 1,648,138
TOTAL LIABILITIES	\$ 1,447,936	\$ 43,059,212	\$ 42,859,010	\$ 1,648,138
ECTOR COUNTY UTILITY DISTRICT				
	ASSETS			
Cash and Investments	\$ 380,246	\$ 6,331,121	\$ 6,117,718	\$ 593,649
Accounts Receivable	246,712	6,467,269	6,280,773	433,208
TOTAL ASSETS	\$ 626,958	\$ 12,798,390	\$ 12,398,491	\$ 1,026,857
	LIABILITIES			
Accounts Payable	\$ 205,294	\$ 12,249,494	\$ 11,866,800	\$ 587,988
Deposits and Billings Payable	421,664	89,637	72,432	438,869
TOTAL LIABILITIES	\$ 626,958	\$ 12,339,131	\$ 11,939,232	\$ 1,026,857
MARTIN L. KING MEMORIAL				
	ASSETS			
Cash and Investments	\$ 482	\$ -	\$ -	\$ 482
TOTAL ASSETS	\$ 482	\$ -	\$ -	\$ 482
	LIABILITIES			
Accounts Payable	\$ 482	\$ -	\$ -	\$ 482
TOTAL LIABILITIES	\$ 482	\$ -	\$ -	\$ 482

(Continued)

**CITY OF ODESSA, TEXAS
ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2019**

	Balance October 1	Additions	Deletions	Balance September 30
MOTOR - MPO				
ASSETS				
Cash and Investments	\$ -	\$ 484,665	\$ 484,665	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 484,665</u>	<u>\$ 484,665</u>	<u>\$ -</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 484,665	\$ 484,665	\$ -
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 484,665</u>	<u>\$ 484,665</u>	<u>\$ -</u>
ALL FUNDS				
ASSETS				
Cash and Investments	\$ 1,828,664	\$ 49,058,147	\$ 48,644,542	\$ 2,242,269
Accounts Receivable	246,712	6,467,269	6,280,773	433,208
TOTAL ASSETS	<u>\$ 2,075,376</u>	<u>\$ 55,525,416</u>	<u>\$ 54,925,315</u>	<u>\$ 2,675,477</u>
LIABILITIES				
Accounts Payable	\$ 1,653,712	\$ 55,793,371	\$ 55,210,475	\$ 2,236,608
Deposits and Billings Payable	421,664	89,637	72,432	438,869
TOTAL LIABILITIES	<u>\$ 2,075,376</u>	<u>\$ 55,883,008</u>	<u>\$ 55,282,907</u>	<u>\$ 2,675,477</u>

THIS PAGE LEFT INTENTIONALLY BLANK

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, 2019**

	2019
GOVERNMENTAL FUNDS CAPITAL ASSETS:	
Land	\$ 28,221,343
Buildings	31,439,235
Improvements	55,999,472
Infrastructure	138,711,354
Traffic Signals	5,484,146
Furniture and Office Equipment	279,339
Machinery and Equipment	7,152,940
Data Processing Equipment	2,201,192
Communication Equipment	12,512,549
Works of Art	10,000
Construction-In-Progress	53,172,405
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 335,183,975
INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE	
General Fund	\$ 63,259,142
Capital Projects Fund	155,415,657
Special Revenue Funds	22,295,899
Other Funds	4,149,757
Donations	90,063,520
TOTAL INVESTMENT IN GOVERNMENTAL FUNDS CAPITAL ASSETS	\$ 335,183,975

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, 2019

<u>Function</u>	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>
General Government	\$ 12,297,032	\$ 842,875	\$ 5,911,030	\$ 4,404,380
Finance	1,459,499	522,208	-	182,538
Public Works	164,945,930	17,479,924	811,339	2,087,078
Planning and Inspection	9,318	-	-	-
Public Safety	43,684,871	247,956	19,591,031	4,746,605
Culture and Recreation	<u>59,604,920</u>	<u>9,128,380</u>	<u>5,125,835</u>	<u>44,578,871</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS BY FUNCTION	<u>\$ 282,001,570</u>	<u>\$ 28,221,343</u>	<u>\$ 31,439,235</u>	<u>\$ 55,999,472</u>
Works of Art	\$ 10,000			
Construction-In-Progress	<u>53,172,405</u>			
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 335,183,975</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	\$ -	\$ 62,946	\$ 42,839	\$ 90,299	\$ 33,725
-	-	60,569	164,404	385,560	144,220
137,787,835	5,484,146	34,054	1,004,275	254,133	3,146
-	-	9,318	-	-	-
-	-	87,640	5,253,746	1,432,799	12,325,094
<u>14,581</u>	<u>-</u>	<u>24,812</u>	<u>687,676</u>	<u>38,401</u>	<u>6,364</u>
<u>\$ 138,711,354</u>	<u>\$ 5,484,146</u>	<u>\$ 279,339</u>	<u>\$ 7,152,940</u>	<u>\$ 2,201,192</u>	<u>\$ 12,512,549</u>

CITY OF ODESSA, TEXAS
SCHEDULE OF CHANGES IN CAPITAL ASSETS USED IN
THE OPERATIONS OF GOVERNMENTAL FUNDS AND ACTIVITY
YEAR ENDED SEPTEMBER 30, 2019

<u>Function</u>	Governmental Funds Capital Assets October 1, 2018	Additions	Transfers or Deductions	Governmental Funds Capital Assets September 30, 2019
General Government	\$ 12,299,971	\$ -	\$ 2,939	\$ 12,297,032
Finance	1,373,690	96,443	10,634	1,459,499
Public Works	155,528,131	9,418,455	656	164,945,930
Planning and Inspection	9,318	-	-	9,318
Public Safety	40,817,207	2,867,664	-	43,684,871
Culture and Recreation	58,158,489	1,446,431	-	59,604,920
Works of Art	10,000	-	-	10,000
Construction-In-Progress	<u>27,723,960</u>	<u>25,604,459</u>	<u>156,014</u>	<u>53,172,405</u>
TOTAL GOVERNMENTAL FUNDS CAPITAL ASSETS	<u>\$ 295,920,766</u>	<u>\$ 39,433,452</u>	<u>\$ 170,243</u>	<u>\$ 335,183,975</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.

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	136-141
<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	143-149
<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	150-154
<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	155-157
<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	158-159
<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									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
GOVERNMENTAL ACTIVITIES										
Net Investment In Capital Assets	\$ 184,498,418	\$ 151,942,887	\$ 130,925,084	\$ 109,735,803	\$ 102,119,951	\$ 90,884,767	\$ 78,928,482	\$ 57,826,941	\$ 57,809,053	\$ 60,031,983
Restricted	10,764,786	17,553,614	27,135,973	26,345,521	704,006	696,852	661,216	644,531	545,365	541,064
Unrestricted	(35,610,837)	(38,923,326)	(62,310,299)	(64,661,518)	(33,072,707)	52,723,411	47,327,526	45,994,633	33,526,485	23,979,513
Total Governmental Activities Net Position	<u>\$ 159,652,367</u>	<u>\$ 130,573,175</u>	<u>\$ 95,750,758</u>	<u>\$ 71,419,806</u>	<u>\$ 69,751,250</u>	<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>
BUSINESS-TYPE ACTIVITIES										
Net Investment In Capital Assets	108,627,494	\$ 101,386,592	\$ 95,894,235	\$ 93,641,449	\$ 87,004,397	\$ 85,059,979	\$ 76,417,777	\$ 71,527,087	\$ 65,408,661	\$ 64,507,840
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	81,694,285	62,162,696	40,305,255	29,074,724	22,697,487	21,737,032	14,940,478	9,791,782	15,617,347	14,970,722
Total Business-Type Activities Net Position	<u>\$ 191,321,779</u>	<u>\$ 164,549,288</u>	<u>\$ 137,199,490</u>	<u>\$ 123,716,173</u>	<u>\$ 110,701,884</u>	<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>
PRIMARY GOVERNMENT										
Net Investment In Capital Assets	293,125,912	253,329,479	\$ 226,819,319	\$ 203,377,252	\$ 189,124,348	\$ 175,944,746	\$ 155,346,259	\$ 129,354,028	\$ 123,217,714	\$ 124,539,823
Restricted	11,764,786	18,553,614	28,135,973	27,345,521	1,704,006	1,696,852	1,661,216	1,644,531	1,545,365	1,541,064
Unrestricted	46,083,448	23,239,370	(22,005,044)	(35,586,794)	(10,375,220)	74,460,443	62,268,004	55,786,415	49,143,832	38,950,235
Total Primary Government Net Position	<u>\$ 350,974,146</u>	<u>\$ 295,122,463</u>	<u>\$ 232,950,248</u>	<u>\$ 195,135,979</u>	<u>\$ 180,453,134</u>	<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>

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

Schedule 2

	FISCAL YEAR									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
EXPENSES										
Governmental Activities:										
General Government	\$ 6,188,006	\$ 5,479,333	\$ 6,434,143	\$ 6,392,649	\$ 5,396,483	\$ 5,117,636	\$ 4,956,868	\$ 4,279,814	\$ 4,171,431	\$ 4,219,813
Finance	2,154,066	2,830,739	2,128,429	1,888,379	1,553,528	1,197,677	1,505,331	985,369	1,143,460	821,498
Public Works	23,547,063	21,899,598	19,783,168	20,173,597	20,251,019	19,151,147	20,508,014	14,804,737	13,825,631	15,485,987
Planning & Inspection	1,872,732	1,765,451	1,759,578	1,935,308	1,528,807	1,568,135	852,050	785,512	726,735	734,271
Public Safety	65,666,158	56,836,243	45,638,598	63,077,654	47,963,111	47,043,017	42,924,590	39,051,055	38,688,978	37,843,822
Welfare	1,046,946	959,463	1,241,653	1,128,705	1,420,140	1,102,354	1,344,043	1,105,568	1,859,913	2,929,321
Culture & Recreation	10,709,880	10,631,992	10,792,285	11,427,140	9,851,026	9,136,826	8,146,726	7,039,829	7,011,306	7,052,105
Interest on Long-Term Debt	3,218,027	2,318,762	3,255,120	3,400,416	3,527,587	3,694,451	2,000,685	1,607,185	1,643,943	1,692,839
Total Governmental Activities Expenses	<u>114,402,878</u>	<u>102,721,581</u>	<u>91,032,974</u>	<u>109,423,848</u>	<u>91,491,701</u>	<u>88,011,243</u>	<u>82,238,307</u>	<u>69,659,069</u>	<u>69,071,397</u>	<u>70,779,656</u>
Business-type Activities:										
Water & Sewer	54,637,499	53,135,245	52,028,384	52,227,747	45,880,448	43,252,875	46,220,245	43,282,176	39,690,780	39,795,955
Solid Waste	13,925,717	13,055,909	13,648,061	14,232,183	13,674,475	12,220,037	10,567,831	10,495,612	9,695,444	9,806,223
Natural Gas *	-	-	-	-	-	-	-	-	-	14,270,216
Ratliff Golf Course	1,986,125	2,075,053	1,987,884	2,057,039	2,128,333	1,979,473	1,717,376	1,679,188	1,738,122	1,585,941
Liquid Waste	68,862	70,491	64,949	35,670	6,820	9,233	10,997	12,608	16,601	50,634
Storm Water	1,033,739	1,066,373	1,281,839	1,030,417	998,091	821,485	714,340	559,034	551,492	523,047.00
Total Business-Type Activities Expenses	<u>71,651,942</u>	<u>69,403,071</u>	<u>69,011,117</u>	<u>69,583,056</u>	<u>62,688,167</u>	<u>58,283,103</u>	<u>59,230,789</u>	<u>56,028,618</u>	<u>51,692,439</u>	<u>66,032,016</u>
Total Primary Government Expenses	<u>\$ 186,054,820</u>	<u>\$ 172,124,652</u>	<u>\$ 160,044,091</u>	<u>\$ 179,006,904</u>	<u>\$ 154,179,868</u>	<u>\$ 146,294,346</u>	<u>\$ 141,469,096</u>	<u>\$ 125,687,687</u>	<u>\$ 120,763,836</u>	<u>\$ 136,811,672</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges For Services:										
General Government	\$ 397,874	\$ 239,281	\$ 222,179	\$ 472,016	\$ 512,936	\$ 248,007	\$ 410,723	\$ 111,421	\$ 86,316	\$ 93,066
Finance	568,964	506,383	608,445	478,234	473,807	297,926	214,231	223,453	203,192	277,002
Public Works	481,501	409,594	350,863	251,677	256,722	269,175	270,278	277,745	412,002	174,435
Planning & Inspection	1,615,150	1,164,504	496,083	457,752	612,662	740,404	894,857	806,596	408,991	347,018
Public Safety	1,911,088	9,238,439	8,464,052	8,712,610	8,356,373	7,827,230	7,129,828	7,141,097	8,526,988	7,281,874
Culture & Recreation	138,259	144,723	114,238	87,162	91,356	79,445	111,833	102,663	86,201	85,400
Operating Grants & Contributions	7,581,990	6,847,117	5,801,822	5,898,112	7,696,178	6,325,620	9,769,911	5,297,270	5,835,502	8,798,461
Capital Grants & Contributions	8,016,548	5,714,322	7,510,070	13,782,636	3,914,642	5,331,478	12,036,440	2,368,036	1,424,548	2,181,310
Total Governmental Activities Program Revenues	<u>20,711,374</u>	<u>24,264,363</u>	<u>23,567,752</u>	<u>30,140,199</u>	<u>21,914,676</u>	<u>21,119,285</u>	<u>30,838,101</u>	<u>16,328,281</u>	<u>16,983,740</u>	<u>19,238,566</u>

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

	FISCAL YEAR									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Business-Type Activities:										
Charges For Services:										
Water & Sewer	68,980,503	\$ 69,912,674	\$ 60,442,081	\$ 57,158,005	\$ 48,055,908	\$ 49,324,059	\$ 48,351,897	\$ 37,761,523	\$ 39,657,324	\$ 38,671,498
Solid Waste	15,223,535	14,798,995	14,327,330	13,427,645	12,624,671	12,570,275	10,618,107	10,376,680	10,219,496	9,932,349
Natural Gas *	-	-	-	-	-	-	-	-	-	14,263,383
Ratliff Golf Course	1,733,852	1,680,145	1,524,210	1,480,512	1,625,147	1,502,951	1,445,726	1,343,284	1,281,974	1,208,940
Liquid Waste	152,612	130,013	93,598	90,356	101,256	97,527	100,971	85,686	61,071	28,406
Storm Water	1,916,034	1,893,041	1,768,532	864,472	758,475	746,764	727,691	702,592	703,060	703,054
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	12,776
Capital Grants and Contributions	8,267,068	7,886,410	3,885,787	9,224,312	4,835,300	8,946,800	7,722,916	4,375,766	1,462,732	2,597,609
Total Business-Type Activities Program Revenues	96,273,604	96,301,278	82,041,538	82,245,302	68,000,757	73,188,376	68,967,308	54,645,531	53,385,657	67,418,015
Total Primary Government Program Revenues	\$ 116,984,978	\$ 120,565,641	\$ 105,609,290	\$ 112,385,501	\$ 89,915,433	\$ 94,307,661	\$ 99,805,409	\$ 70,973,812	\$ 70,369,397	\$ 86,656,581
NET (EXPENSE)/REVENUE										
Governmental Activities	(93,691,504)	\$ (78,457,218)	\$ (67,465,222)	\$ (79,283,649)	\$ (69,577,025)	\$ (66,891,958)	\$ (51,400,206)	\$ (53,330,788)	\$ (52,087,657)	\$ (51,541,090)
Business-Type Activities	24,621,662	26,898,207	13,030,421	12,662,246	5,312,590	14,905,273	9,736,519	(1,383,087)	1,693,218	1,385,999
Total Primary Government Net Expense	\$ (69,069,842)	\$ (51,559,011)	\$ (54,434,801)	\$ (66,621,403)	\$ (64,264,435)	\$ (51,986,685)	\$ (41,663,687)	\$ (54,713,875)	\$ (50,394,439)	\$ (50,155,091)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental Activities:										
Taxes										
Property Taxes	39,850,478	\$ 36,810,645	\$ 34,438,304	\$ 33,513,713	\$ 29,175,867	\$ 27,754,060	\$ 23,498,496	\$ 21,669,691	\$ 20,943,529	\$ 20,550,483
Sales Taxes	58,060,175	53,592,376	37,885,432	30,083,963	36,738,255	35,966,827	31,807,317	28,591,360	23,077,255	18,666,954
Gross Receipts Taxes	11,278,237	11,636,999	11,075,120	10,481,505	10,874,639	10,246,409	9,833,158	9,923,693	9,033,646	9,215,471
Hotel-Motel Taxes	7,121,062	8,557,468	4,718,990	3,353,289	5,572,738	6,013,374	5,382,248	5,244,625	3,342,560	2,028,217
Industrial Contracts	2,997,515	2,908,795	2,789,059	2,716,943	4,244,196	4,258,646	3,285,615	2,885,016	2,507,876	2,598,135
Unrestricted Investment Earnings	3,789,187	1,724,224	1,088,510	1,000,863	702,957	419,971	216,151	253,807	133,408	187,157
Miscellaneous	-	357,773	759	1,929	73,285	90,992	28,340	129,802	27,726	16,940
Contributed Capital	-	-	-	-	-	-	-	-	-	52,628
Transfers	(325,958)	(200,000)	(200,000)	(200,000)	(200,000)	(470,515)	(200,000)	(2,305,085)	350,000	(200,000)
Total Governmental Activities	122,770,696	115,388,280	91,796,174	80,952,205	87,181,937	84,279,764	73,851,325	66,392,909	59,416,000	53,115,985
Business-Type Activities:										
Investment Earnings	1,824,871	723,447	252,896	152,043	95,225	62,968	102,867	156,607	204,228	285,550
Miscellaneous	-	96,634	-	-	-	-	-	-	-	-
Contributed Capital	-	-	-	-	-	-	-	-	-	(52,628)
Transfers	325,958	200,000	200,000	200,000	200,000	470,515	200,000	2,305,085	(350,000)	200,000
Total Business-Type Activities	2,150,829	1,020,081	452,896	352,043	295,225	533,483	302,867	2,461,692	(145,772)	432,922
Total Primary Government	\$ 122,770,696	\$ 116,408,361	\$ 92,249,070	\$ 81,304,248	\$ 87,477,162	\$ 84,813,247	\$ 74,154,192	\$ 68,854,601	\$ 59,270,228	\$ 53,548,907
CHANGE IN NET POSITION										
Governmental Activities	\$ 29,079,192	\$ 36,931,062	\$ 24,330,952	\$ 1,668,556	\$ 17,604,912	\$ 17,387,806	\$ 22,451,119	\$ 13,062,121	\$ 7,328,343	\$ 1,574,895
Business-Type Activities	26,772,491	27,918,288	13,483,317	13,014,289	5,607,815	15,438,756	10,039,386	1,078,605	1,547,446	1,818,921
Total Primary Government	\$ 55,851,683	\$ 64,849,350	\$ 37,814,269	\$ 14,682,845	\$ 23,212,727	\$ 32,826,562	\$ 32,490,505	\$ 14,140,726	\$ 8,875,789	\$ 3,393,816

* 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)

FUNCTION/PROGRAM	PROGRAM REVENUES									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental Activities:										
General Government	397,874	\$ 239,281	\$ 222,179	\$ 472,016	\$ 512,936	\$ 248,007	\$ 410,723	\$ 111,421	\$ 86,316	\$ 93,066
Finance	568,964	506,383	608,445	478,234	473,807	297,926	214,231	223,453	203,192	277,002
Public Works	14,058,973	11,136,916	10,582,715	9,556,847	9,525,429	10,304,639	20,114,326	5,129,613	5,031,534	6,794,186
Planning & Inspection	1,615,150	1,164,504	496,083	457,752	612,662	740,404	894,857	806,596	408,991	347,018
Public Safety	2,860,700	10,020,604	9,325,029	9,690,265	9,257,680	8,393,559	7,792,915	8,684,417	9,377,596	8,595,267
Welfare	1,015,094	956,952	1,206,303	1,119,942	1,430,806	1,055,305	1,299,216	1,270,118	1,789,910	3,046,627
Culture & Recreation	194,619	239,723	1,126,998	8,365,143	101,356	79,445	111,833	102,663	86,201	85,400
Subtotal Governmental Activities	20,711,374	24,264,363	23,567,752	30,140,199	21,914,676	21,119,285	30,838,101	16,328,281	16,983,740	19,238,566
Business-Type Activities:										
Water and Sewer	77,247,571	77,799,084	64,327,868	66,188,609	52,891,208	58,270,859	56,053,512	42,137,289	41,120,056	41,269,107
Solid Waste	15,223,535	14,798,995	14,327,330	13,427,645	12,624,671	12,570,275	10,618,107	10,376,680	10,219,496	9,932,349
Natural Gas *	-	-	-	-	-	-	-	-	-	14,263,383
Ratliff Golf Course	1,733,852	1,680,145	1,524,210	1,674,220	1,625,147	1,502,951	1,467,027	1,343,284	1,281,974	1,208,940
Liquid Waste	152,612	130,013	93,598	90,356	101,256	97,527	100,971	85,686	61,071	41,182
Storm Water	1,916,034	1,893,041	1,768,532	864,472	758,475	746,764	727,691	702,592	703,060	703,054
Subtotal Business-Type Activities	96,273,604	96,301,278	82,041,538	82,245,302	68,000,757	73,188,376	68,967,308	54,645,531	53,385,657	67,418,015
Total Primary Government	\$ 116,984,978	\$ 120,565,641	\$ 105,609,290	\$ 112,385,501	\$ 89,915,433	\$ 94,307,661	\$ 99,805,409	\$ 70,973,812	\$ 70,369,397	\$ 86,656,581

Note: *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)

Schedule 4

GENERAL FUND	FISCAL YEAR									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Nonspendable	\$ 3,968,191	\$ 3,886,014	\$ 3,257,719	\$ 428,950	\$ 109,885	\$ 1,155,884	\$ 6,073	\$ 2,305	\$ 2,019	\$ 94
Committed	-	-	-	-	-	-	-	-	512,589	192,075
Assigned	13,452,715	13,452,633	11,233,893	15,439,797	14,598,381	16,027,653	17,775,677	17,837,824	7,764,667	3,477,559
Unassigned	73,897,318	50,328,917	33,886,826	28,815,204	38,421,286	33,414,232	28,834,767	26,750,335	26,734,646	23,404,156
Total General Fund	<u>\$ 91,318,224</u>	<u>\$ 67,667,564</u>	<u>\$ 48,378,438</u>	<u>\$ 44,683,951</u>	<u>\$ 53,129,552</u>	<u>\$ 50,597,769</u>	<u>\$ 46,616,517</u>	<u>\$ 44,590,464</u>	<u>\$ 35,013,921</u>	<u>\$ 27,073,884</u>
ALL OTHER GOVERNMENTAL FUNDS										
Restricted	121,614,159	38,122,341	51,550,477	64,886,171	65,462,693	70,064,356	67,055,037	10,434,889	7,124,686	6,282,586
Committed	3,924,580	9,997,981	4,205,027	5,994,590	-	-	-	-	17,311	71,036
Assigned	68,134	217,365	213,595	328,833	616,278	607,541	731,106	587,587	565,095	580,992
Unassigned	-	-	-	-	-	-	-	-	(10,972)	(6,958)
Total All Other Governmental Funds	<u>\$ 125,606,873</u>	<u>\$ 48,337,687</u>	<u>\$ 55,969,099</u>	<u>\$ 71,209,594</u>	<u>\$ 66,078,971</u>	<u>\$ 70,671,897</u>	<u>\$ 67,786,143</u>	<u>\$ 11,022,476</u>	<u>\$ 7,696,120</u>	<u>\$ 6,927,656</u>

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

	FISCAL YEAR									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
REVENUES										
Property Tax, Penalties and Interest	39,872,910	\$ 36,975,731	\$ 34,339,976	\$ 33,270,925	\$ 29,011,350	\$ 27,650,148	\$ 23,515,138	\$ 21,994,886	\$ 20,952,246	\$ 20,405,012
City Sales Tax	58,060,175	53,592,376	37,885,432	30,083,963	36,738,255	35,966,827	31,807,317	28,591,360	23,077,255	18,666,954
Franchise and Gross Receipts	11,278,237	11,636,999	11,075,120	10,481,505	10,874,639	10,246,409	9,833,158	9,923,693	9,033,646	9,215,471
Fines and Forfeitures	3,106,807	3,840,052	3,679,167	3,558,883	3,331,287	3,298,917	3,019,152	3,269,352	3,952,441	3,566,112
Permits and Licenses	2,243,868	1,651,199	944,462	1,067,386	1,259,348	1,162,582	1,448,932	1,021,736	525,418	441,524
Grants and Entitlements	7,079,192	6,482,345	5,212,209	5,098,180	7,391,496	6,082,876	9,623,440	5,782,548	5,509,208	8,765,475
Hotel and Motel Occupancy Tax	7,121,062	8,557,468	4,718,990	3,353,289	5,572,738	6,013,374	5,382,248	5,244,625	3,342,560	2,028,217
Investment Income	3,131,702	1,434,117	666,639	593,601	356,401	182,456	136,387	135,357	108,553	132,113
Donations	207,316	221,315	1,301,510	8,338,178	89,327	10,000	5,984	100,000	100,000	70,000
Industrial Contracts	2,997,515	2,908,795	2,789,059	2,716,943	4,244,196	4,258,646	3,285,615	2,885,016	2,507,876	2,598,135
Other	5,243,811	4,338,970	4,176,038	4,144,374	3,942,700	3,493,447	3,498,526	3,394,323	3,678,179	3,321,252
Intergovernmental	1,331,812	1,316,691	1,058,578	1,247,543	1,065,506	1,134,591	1,154,831	1,052,619	1,035,003	1,089,869
Sale of Confiscated Property	-	-	-	145,042	50,999	215,585	106,731	135,498	214,064	67,416
Total Revenues	<u>141,674,407</u>	<u>132,956,058</u>	<u>107,847,180</u>	<u>104,099,812</u>	<u>103,928,242</u>	<u>99,715,858</u>	<u>92,817,459</u>	<u>83,531,013</u>	<u>74,036,449</u>	<u>70,367,550</u>
EXPENDITURES										
General Government	5,725,646	5,578,364	5,988,624	5,802,316	5,261,659	4,816,892	4,614,981	3,886,153	3,738,075	3,766,157
Finance	1,992,560	2,796,310	1,942,379	1,772,120	1,839,515	1,171,950	1,432,676	800,716	1,011,168	503,217
Public Works	18,838,750	18,036,264	16,006,534	17,033,914	17,866,529	16,815,062	18,375,563	13,088,769	12,058,306	13,484,502
Planning & Inspection	1,809,546	1,710,714	1,674,656	1,967,849	1,562,735	1,522,539	943,643	749,346	699,959	697,351
Public Safety	55,480,442	51,963,513	52,332,088	50,798,914	49,689,880	44,251,096	41,245,798	37,561,741	35,754,263	35,244,368
Welfare	1,026,023	957,424	1,229,299	1,099,190	1,430,806	1,072,810	1,279,237	1,101,632	1,808,151	2,852,906
Culture & Recreation	9,257,005	9,151,778	9,346,806	9,870,141	9,007,666	8,096,999	7,168,376	6,087,068	6,035,266	6,168,304
Capital Outlay	31,484,023	23,322,995	22,869,548	10,578,355	10,928,324	9,327,971	8,658,125	3,121,325	1,407,548	5,418,090
Debt Service										
Interest and Fiscal Charges	2,553,344	2,303,347	3,147,669	3,294,319	3,399,039	3,328,890	1,502,106	1,398,138	1,585,546	1,647,450
Principal Retirement	5,261,614	5,650,822	4,655,585	4,997,672	4,740,264	4,742,017	2,737,129	1,987,039	1,879,666	1,792,976
Payments to Escrow Agent	-	-	-	-	-	-	-	-	-	-
Bond Issuance Costs	751,409	403,962	-	-	39,276	168,289	495,331	145,914	-	-
Total Expenditures	<u>134,180,362</u>	<u>121,875,493</u>	<u>119,193,188</u>	<u>107,214,790</u>	<u>105,765,693</u>	<u>95,314,515</u>	<u>88,452,965</u>	<u>69,927,841</u>	<u>65,977,948</u>	<u>71,575,321</u>
Excess Of Revenues										
Over (Under) Expenditures	7,494,045	11,080,565	(11,346,008)	(3,114,978)	(1,837,451)	4,401,343	4,364,494	13,603,172	8,058,501	(1,207,771)

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

	FISCAL YEAR									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
OTHER FINANCING SOURCES (USES)										
Certificates of Obligations Issued	\$ 81,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,335,000	\$ -	\$ -	\$ -
Reoffering Premium	12,751,759	4,383,638	-	-	602,681	1,184,597	3,000,508	412,401	-	-
Refunding Bonds Issued	-	36,280,000	-	-	3,740,000	10,060,000	-	6,780,000	-	-
Payments to Escrow Agent	-	(40,248,530)	-	-	(4,366,373)	(11,227,819)	-	(7,148,058)	-	-
Capital Lease Proceeds	-	-	-	-	-	3,100,529	289,718	1,560,469	-	-
Transfers In	6,523,139	8,677,087	1,864,585	18,400,000	139,912	60,372	26,654	126,678	882,749	17,766
Transfers Out	(6,849,097)	(8,877,087)	(2,064,585)	(18,600,000)	(339,912)	(712,016)	(226,654)	(2,431,763)	(232,749)	(217,766)
Insurance Proceeds	-	362,041	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>93,425,801</u>	<u>577,149</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>(223,692)</u>	<u>2,465,663</u>	<u>54,425,226</u>	<u>(700,273)</u>	<u>650,000</u>	<u>(200,000)</u>
Net Changes In Fund Balances	<u>\$ 100,919,846</u>	<u>\$ 11,657,714</u>	<u>\$ (11,546,008)</u>	<u>\$ (3,314,978)</u>	<u>\$ (2,061,143)</u>	<u>\$ 6,867,006</u>	<u>\$ 58,789,720</u>	<u>\$ 12,902,899</u>	<u>\$ 8,708,501</u>	<u>\$ (1,407,771)</u>
Debt Service As A										
Percentage of Noncapital Expenditures	7.61%	8.07%	8.10%	8.58%	8.58%	9.39%	5.31%	5.07%	5.37%	5.20%

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
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
2015	29,011,350	36,738,225	10,874,639	5,572,738	4,955,180	87,152,132
2016	33,270,925	30,083,963	10,481,505	3,353,289	3,284,947	80,474,629
2017	34,339,976	37,885,432	11,075,120	4,718,990	3,317,687	91,337,205
2018	36,975,731	53,592,376	11,636,999	8,557,468	3,665,039	114,427,613
2019	39,872,910	58,060,175	11,278,237	7,121,062	3,783,816	120,116,200
Change 2010-2019	95.41%	211.03%	22.38%	251.10%	25.93%	125.27%

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
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
2015	4,527,349,502	3,041,559,797	113,909,205	1,589,646,405	6,093,172,099	0.4758
2016	4,961,338,857	3,241,640,868	119,411,017	1,640,733,283	6,681,567,459	0.4706
2017	5,191,818,212	3,628,287,873	127,123,008	1,678,099,036	7,269,130,057	0.4706
2018	5,468,060,565	3,657,407,574	132,030,231	1,839,429,549	7,418,068,821	0.4932
2019	6,305,729,922	3,715,729,110	146,379,424	1,925,362,408	8,242,476,048	0.4766

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 Overlapping Rate	Total Direct & Overlapping Rate
	Operating	General Obligation Debt Service	Total Direct Rate	Ector County	Hospital District	School District	Odessa College		
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
2015	0.3645	0.1114	0.4758	0.2973	0.0510	1.1610	0.1766	1.6859	2.1617
2016	0.3664	0.1042	0.4706	0.3350	0.0733	1.1500	0.1912	1.7495	2.2201
2017	0.3709	0.0997	0.4706	0.3700	0.0825	1.1500	0.2047	1.8072	2.2778
2018	0.3967	0.0965	0.4932	0.3872	0.1179	1.1496	0.2064	1.8611	2.3543
2019	0.3916	0.0850	0.4766	0.3970	0.1127	1.2796	0.2000	1.9893	2.4659

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)

146

<u>TAXPAYER</u>	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Halliburton Energy Services Inc.	\$ 311,772,722	1	3.78%	*	N/A	N/A
Odessa Regional Hospital LP	69,879,193	2	0.85%	47,290,015	1	1.22%
Family Dollar Distribution LP	53,854,777	3	0.65%	*	N/A	N/A
Pumpco Energy Services	49,946,525	4	0.61%	*	N/A	N/A
Oncor Electric Delivery Co.	47,204,260	5	0.57%	28,701,490	3	0.74%
B J Service Co.	44,928,917	6	0.55%	*	N/A	N/A
Nabors Drilling USA Inc.	32,260,427	7	0.39%	*	N/A	N/A
MCM Properties LTD	28,507,713	8	0.35%	27,508,422	4	0.71%
Brixmor Winwood Town Center LLC.	27,048,772	9	0.33%	*	N/A	N/A
Excel Odessa LLC	25,295,597	10	0.31%	*	N/A	N/A
Four Star Oil & Gas	*	N/A	N/A	38,966,954	2	1.00%
CA New Plan DIF TX I	*	N/A	N/A	20,825,194	6	0.54%
Southwestern Bell Telephone Co.	*	N/A	N/A	15,452,287	7	0.40%
Lithia Real Estate, Inc.	*	N/A	N/A	13,746,468	8	0.35%
TRA Midland Properties	*	N/A	N/A	27,108,300	5	0.70%
McJunkin Red Man Corp	*	N/A	N/A	13,535,646	9	0.35%
Standard Structures Inc.	*	N/A	N/A	12,457,877	10	0.32%
	<u>\$ 690,698,903</u>		<u>8.38%</u>	<u>\$ 245,592,653</u>		<u>6.33%</u>

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
2010	\$ 20,280,971	\$ 19,419,554	95.75%	\$ 825,648	\$ 20,245,203	99.82%
2011	20,454,919	19,755,373	96.58%	658,221	20,413,594	99.80%
2012	21,206,265	20,745,059	97.83%	413,899	21,158,958	99.78%
2013	23,026,161	22,494,624	97.69%	473,571	22,968,195	99.75%
2014	27,326,183	26,719,602	97.78%	523,726	27,243,328	99.70%
2015	28,983,294	28,240,450	97.44%	602,307	28,842,757	99.52%
2016	33,239,566	32,352,364	97.33%	719,101	33,071,465	99.49%
2017	34,235,787	33,270,296	97.18%	737,322	34,007,618	99.33%
2018	36,589,942	35,857,352	98.00%	392,798	36,250,150	99.07%
2019	39,307,073	38,585,766	98.16%	-	38,585,766	98.16%

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	Ector County	Midland County
2010	1.00%	0.25%	1.25%	0.75%	0.00%	0.50%
2011	1.00	0.25	1.25	0.75	0.00	0.50
2012	1.00	0.25	1.25	0.75	0.00	0.50
2013	1.00	0.25	1.25	0.75	0.00	0.50
2014	1.00	0.25	1.25	0.75	0.00	0.50
2015	1.00	0.25	1.25	0.75	0.00	0.50
2016	1.00	0.25	1.25	0.75	0.00	0.50
2017	1.00	0.25	1.25	0.75	0.00	0.50
2018	1.00	0.25	1.25	0.75	0.00	0.50
2019	1.00	0.25	1.25	0.75	1.25	0.50

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

CITY OF ODESSA, TEXAS
SALES TAX REVENUE PAYERS BY INDUSTRY
 FISCAL YEARS 2019 AND 2010
 (Unaudited)

	<u>FISCAL YER 2019</u>		<u>FISCAL YEAR 2010</u>	
	<u>Tax Liability</u>	<u>Percentage Of Total</u>	<u>Tax Liability</u>	<u>Percentage Of Total</u>
Agriculture, Mining, Quarrying & Oil & Gas	\$ 9,919,600	13.15%	\$ 1,214,199	5.30%
Construction	1,555,158	2.06%	309,496	1.35%
Manufacturing	9,102,904	12.07%	816,253	3.56%
Transportation/Utilities	2,046,804	2.71%	2,335,997	10.19%
Wholesale Trade	14,028,942	18.60%	1,156,799	5.05%
Retail Trade	20,791,842	27.57%	8,855,814	38.64%
Retail Food Services	4,960,398	6.58%	2,359,589	10.30%
Services	3,193,078	4.23%	1,318,601	5.75%
Other	9,819,146	13.02%	4,552,019	19.86%
Total	<u>\$ 75,417,872</u>	<u>100.00%</u>	<u>\$ 22,918,767</u>	<u>100.00%</u>

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 Statues 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 ^a
	Certification of Obligations Bonds	General Obligation Bonds	Capital Leases	General Obligation Certificates & Bonds	Revenue Bonds	Capital Leases			
2010	\$ 25,549,183	\$ 8,777,565	\$ 2,823,250	\$ 82,156,376	\$ 3,695,146	\$ -	\$ 123,001,520	3.99%	\$ 1,274
2011	24,845,702	8,012,280	2,398,584	81,847,964	-	-	117,104,530	3.36%	1,154
2012	17,182,221	14,402,940	3,517,014	77,670,315	-	-	112,772,490	2.67%	1,052
2013	70,809,248	13,378,288	2,754,603	73,350,687	-	-	160,292,826	3.29%	1,441
2014	57,700,738	23,419,249	4,698,115	68,863,731	-	-	154,681,833	2.80%	1,219
2015	51,077,067	26,429,566	3,502,850	67,210,214	-	-	148,219,697	2.52%	1,186
2016	48,641,233	24,772,431	2,268,023	62,300,768	-	-	137,982,455	2.63%	1,204
2017	46,640,400	22,525,294	1,532,437	57,209,862	-	-	127,907,993	1.90%	1,068
2018	9,080,100	57,684,594	776,615	52,101,120	-	-	119,642,429	1.61%	957
2019	100,716,834	54,650,257	-	46,884,075	-	-	202,251,166	2.59%	1,596

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				Total	Percentage of Estimated Taxable Value of Property ^a	Per Capita ^b
	Governmental Activities		Business-Type	Less: Amounts Available in Debt Service			
	Certificate of Obligation Bonds	General Obligation Bonds	General Obligation Bonds	Fund			
2010	\$ 25,549,183	\$ 8,777,565	\$ 82,156,376	\$ 541,064	\$ 115,942,060	2.9896%	\$ 1,201
2011	24,845,702	8,012,280	81,847,964	545,365	114,160,581	2.9220%	1,125
2012	17,182,221	14,402,940	77,670,315	644,531	108,610,945	2.6774%	1,014
2013	70,809,248	13,378,288	73,350,687	661,216	156,877,007	3.4948%	1,410
2014	57,700,738	23,419,249	68,863,731	696,852	149,286,866	2.8077%	1,176
2015	51,077,067	26,429,566	67,210,214	704,006	144,012,841	2.7085%	1,135
2016	48,641,233	24,772,431	62,300,768	715,229	134,999,203	2.0205%	1,178
2017	46,640,400	22,525,294	57,209,862	729,501	125,646,055	1.7285%	1,049
2018	9,080,100	57,684,594	52,101,120	777,940	118,087,874	1.5919%	945
2019	100,716,834	54,650,257	46,884,075	844,567	201,406,599	2.4435%	1,589

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, 2019
 (Unaudited)**

<u>GOVERNMENTAL UNIT</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
DEBT REPAID WITH PROPERTY TAXES			
Ector County	\$ 27,760,226	38.07%	\$ 10,568,318
Ector County Independent School District	160,475,000	39.19%	62,890,153
Odessa Jr. College District	61,195,000	38.02%	23,266,339
Midland County	14,405,000	2.39%	344,280
Midland County Hospital District	95,520,000	2.35%	2,244,720
Midland Independent School District	200,190,996	2.63%	5,265,023
Midland Jr. College District	31,241,946	2.49%	<u>777,924</u>
Subtotal, Overlapping Debt			<u>105,356,758</u>
CITY DIRECT DEBT			<u>155,367,091</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$ 260,723,849</u></u>

Sources: 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									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Debt Limit	\$ 164,849,521	\$ 148,361,376	\$ 145,382,601	\$ 133,631,349	\$ 121,863,442	\$ 106,340,578	\$ 89,776,277	\$ 81,131,707	\$ 78,139,006	\$ 77,564,577
Total Net Debt Applicable to Limit	<u>136,335,433</u>	<u>59,887,060</u>	<u>64,405,499</u>	<u>68,339,771</u>	<u>72,115,994</u>	<u>75,938,148</u>	<u>80,008,784</u>	<u>30,375,469</u>	<u>32,134,635</u>	<u>33,611,801</u>
Legal Debt Margin	<u>\$ 28,514,088</u>	<u>\$ 88,474,316</u>	<u>\$ 80,977,102</u>	<u>\$ 65,291,578</u>	<u>\$ 49,747,448</u>	<u>\$ 30,402,430</u>	<u>\$ 9,767,493</u>	<u>\$ 50,756,238</u>	<u>\$ 46,004,371</u>	<u>\$ 43,952,776</u>
Total Net Debt Applicable to the Limit As a Percentage of Debt Limit	82.70%	40.37%	44.30%	51.14%	59.18%	71.41%	89.12%	37.44%	41.12%	43.33%

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 2019

Assessed Value	8,242,476,048
Debt Limit (2% of Assessed Value)	<u>164,849,521</u>
Debt Applicable to Limit:	
Certificates of Obligation	87,515,000
General Obligation Bonds	49,665,000
Less: Amount Set Aside for Repayment of GO Bonds and CO Bonds	<u>844,567</u>
Total Net Debt Applicable to Limit	<u>136,335,433</u>
Legal Debt Margin	<u>\$ 28,514,088</u>

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

WATERWORKS AND SEWER SYSTEM BONDS								
Fiscal Year	Operating Revenue	Less:	Plus:	Plus:	Net	Debt Service ^a		Coverage
		Operating Expenses	Depreciation & Amortization	Investment Income	Available Revenue ^b	Principal	Interest	
2010	\$ 38,671,498	\$ 36,560,147	\$ 5,487,342	\$ 283,582	\$ 7,882,275	\$ 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	1.19
2012	37,761,523	40,179,512	5,926,236	152,006	3,660,253	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	1.54
2014	49,324,059	40,246,741	6,292,604	59,645	15,429,567	4,375,000	3,227,638	2.03
2015	48,055,908	44,098,150	7,253,247	91,103	11,302,108	3,920,000	2,764,600	1.69
2016	57,158,005	49,905,292	7,785,722	148,285	15,186,720	4,120,000	2,563,600	2.27
2017	60,442,081	50,242,311	8,082,815	245,198	18,527,783	4,180,000	2,377,000	2.83
2018	69,912,674	52,670,607	8,051,887	672,756	25,966,710	4,355,000	2,206,300	3.96
2019	68,980,503	53,959,383	8,396,212	1,671,950	25,089,282	4,530,000	2,028,600	3.83

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%
2010	96,526	\$ 3,084,295	\$ 31,953	30.7	12.4	27,795	8.6
2011	101,459	3,487,044	34,369	31.0	12.4	28,049	5.3
2012	107,158	4,228,133	39,457	31.1	12.4	27,621	4.5
2013	111,270	4,874,071	43,804	30.9	12.4	28,566	3.9
2014	126,930	5,520,566	43,493	30.9	12.4	28,805	3.1
2015	124,981	5,882,731	47,069	30.8	12.4	29,977	4.5
2016	114,597	5,249,230	45,806	31.0	12.4	30,903	5.4
2017	119,762	6,377,806	53,254	30.8	12.4	31,481	4.2
2018	124,964	7,438,857	59,528	30.6	12.4	32,267	2.4
2019	126,753	7,814,196	61,649	30.6	12.4	33,268	2.6

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)

<u>Employer</u>	<u>2019</u>			<u>2010</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Total City Employment %</u>	<u>Employees</u>	<u>Rank</u>	<u>Total City Employment %</u>
ECISD	3,527	1	4.15	3,526	1	5.48
Haliburton Services	2,500	2	2.94	750	7	1.17
Saulsbury Companies	2,398	3	2.82	810	6	N/A
Medical Center Hospital	2,000	4	2.36	1,700	2	2.64
Keane Group	1,285	5	1.51	0	*	N/A
City of Odessa	911	6	1.07	839	4	1.30
Walmart	869	7	1.02	823	5	1.28
Odessa Regional Medical Ctr	735	8	0.87	840	3	1.31
Bobby Cox Companies	698	9	0.82	0	*	N/A
Ector County	649	10	0.76	658	8	1.02
Nurses Unlimited	0	*	N/A	598	9	N/A
Investment Corp of America	0	*	N/A	507	10	0.93
Total Employment Population	<u>84,900</u>		<u>18.34</u>	<u>64,301</u>		<u>15.14</u>

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)**

<u>FUNCTION/PROGRAM</u>	<u>FULL -TIME EQUIVALENT EMPLOYEES AS OF SEPTEMBER 30,</u>									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
General Government	43	43	47	48	48	45	43	42	39	39
Finance	36	36	39	42	34	30	34	52	56	57
Public Works	95	92	104	107	103	87	88	89	81	87
Planning & Inspection	22	22	23	20	20	18	14	13	14	13
Public Safety	402	406	406	430	403	403	383	399	394	405
Welfare	4	4	4	4	4	4	4	5	4	6
Culture & Recreation	43	46	46	49	45	36	37	37	35	35
Golf Course	10	11	12	11	12	14	10	10	10	10
Water & Sewer	104	96	110	115	108	104	96	95	105	108
Solid Waste	53	55	51	54	46	48	45	47	45	46
Storm Water	2	3	3	3	3	3	3	0	0	0
Liquid Waste	1	1	1	1	0	0	0	0	0	1
Equipment Services	14	18	16	17	14	18	18	19	22	18
Risk Management	15	15	15	15	15	14	15	13	15	15
Information Technology	18	18	20	20	19	19	18	0	0	0
Total	862	866	897	936	874	843	808	821	820	840

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

Note: The Information Technology Fund was not created until fiscal year 2012-2013

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

<u>FUNCTION/PROGRAM</u>	<u>FISCAL YEAR</u>									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
PUBLIC SAFETY										
Police										
Physical Arrests	6,289	7,176	8,519	8,205	6,364	6,242	6,723	6,065	7,600	9,489
Parking Violations	1,728	2,292	2,747	2,803	2,380	673	1,297	661	683	696
Traffic Violations	23,454	29,117	27,970	37,776	29,107	28,105	25,777	19,191	22,354	31,984
Fire										
Number Of Calls Answered	22,591	19,227	18,363	17,096	18,402	18,473	18,172	17,300	16,357	14,406
Inspections	5,578	2,760	2,883	2,632	3,691	3,631	3,237	3,682	2,678	2,165
PUBLIC WORKS										
Street Resurfacing (miles)	26.29	58.50	22.70	11.09	14.20	9.78	4.82	13	29	30
Potholes Repaired	621	759	375	402	348	165	15	17	21	53
New Construction Permits Issued	931	938	694	601	812	839	886	691	382	358
SOLID WASTE										
Refuse Collected (tons)	123,799	113,926	106,683	106,010	113,587	102,249	104,833	103,334	100,606	86,841
Recyclables Collected (tons)	1,129	2,003	1,990	1,000	1,716	1,934	1,042	1,410	1,327	1,210
CULTURE & RECREATION										
Community Center Rentals	1,459	903	963	1,123	969	960	1013	961	684	797
GOLF COURSE										
Number Of Paid Rounds Played	34,954	38,562	37,406	37,013	40,722	40,909	41,209	40,272	41,080	36,471
WATER & SEWER										
Customer Connections	43,931	42,839	39,303	36,108	20,492	21,065	19,227	17,871	16,459	16,384
New Connections-Fire Hydrants	23	34	36	55	48	82	76	46	16	35
Water Main Breaks	196	116	85	54	129	199	88	92	185	124
Average Daily Consumption (million gallons day)	17.90	19.73	16.50	15.14	14.76	16.34	15.78	14.12	19.72	18.60
LIQUID WASTE										
Average Daily Sewage Treatment (millions of gallons)	7	6.91	6.48	6.14	6.28	5.98	6.08	7.02	6.56	6.61

Source: City of Odessa, Texas

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

<u>FUNCTION/PROGRAM</u>	<u>FISCAL YEAR</u>									
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
PUBLIC WORKS										
Streets (miles)	523	514	484	486	486	483	461	441	441	441
Streetlights	6,754	6,373	6,373	6,369	6,313	6,244	6,178	6,095	6,038	6,033
Metered sectors	12	12	12	12	12	12	12	12	12	12
Traffic signals	130	130	130	129	129	128	128	127	126	126
PUBLIC SAFETY										
Police:										
Stations/Storefronts	1	1	1	1	1	1	1	1	1	1
Patrol Units	143	143	143	130	125	112	59	58	42	48
Fire Stations	8	8	8	8	8	8	8	8	8	8
CULTURE AND RECREATION										
Parks Acreage	560	560	560	560	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	3
Tennis Courts	16	16	16	16	16	16	16	16	16	16
Community Centers	6	6	6	6	5	5	5	5	5	5
GOLF COURSE										
Golf Course Acreage	125	125	125	125	125	125	125	125	125	125
WATER & SEWER										
Water Mains (miles)	725	715	706	701	710	686	656	656	645	642
Fire Hydrants	2,985	2,912	2,878	2,842	2,787	2,739	2,657	2,581	2,535	2,519
Maximum Daily Capacity (millions of gallons)	50	50	50	50	50	50	50	50	50	50
SOLID WASTE										
Collection Trucks	48	48	46	37	37	37	39	39	39	32
Sanitary Sewers (miles)	552	546	538	550	526	519	519	512	506	504
Storm Sewers (miles)	19.1	19.1	19.1	14.82	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