



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Odessa

Texas

For the Fiscal Year Beginning

October 1, 2015

Executive Director

REQUIRED STATEMENT

Local Government Code, Chapter 102 Municipal Budget -
Required statement effective September 1, 2007 in Section 102.005:

\$1,142,282 is tax revenue to be raised from new property added to the roll this year. Including this amount, this budget will raise more total property taxes than last year's amended budget* by \$751,107, or 2.99%.

*The previous year's FY2016 budget was amended after the budget was adopted for the annexation of some industrial district property.

On September 13, 2016, the members of the governing body voted on the adoption of the 2016-17 Proposed Budget as follows:

FOR: Amy McNeil, Dewey Bryant, Barbara Graff,
Michael Gardner, Filiberto Gonzales

AGAINST: N/A

ABSTAINING: N/A

ABSENT: N/A

Tax Rates:

| | 2015-16 | 2016-17 |
|------------------------|------------|------------|
| Property Tax Rate | \$0.470590 | \$0.470590 |
| Effective Tax Rate | \$0.445798 | \$0.475499 |
| Effective M&O Tax Rate | \$0.366388 | \$0.370931 |
| Rollback Tax Rate | \$0.472953 | \$0.496203 |
| Debt Tax Rate | \$0.104202 | \$0.099659 |

The City of Odessa's municipal debt obligations for 2015-16 total \$69,055,000.



ANNUAL BUDGET

CITY OF ODESSA, TEXAS

Fiscal Year

October 1, 2016 through September 30, 2017

CITY COUNCIL

David R. Turner, Mayor

Amy McNeil, District 1

Dewey Bryant, District 2

Barbara Graff, Mayor Pro Tem District 3

Michael Gardner, Mayor Pro Tem, District 4

Filiberto Gonzales, District 5

Richard N. Morton, Jr., City Manager

Adopted

September 13, 2016

The right place in Texas™

Odessa



City of Odessa 2016-2017 Annual Budget

Prepared by

Konrad Hildebrandt, Assistant City Manager, Administrative Services

Terri Gayhart, Director of Finance

Cindy Muncy, Financial Reporting Accountant

Jamie Minor, Budget Manager

Alan Amont, Budget Analyst

Davina Tucker, Budget Assistant

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Jimmy Norris, Print Supervisor

Alba Sammer, Print Assistant

City Council



David R. Turner
Mayor



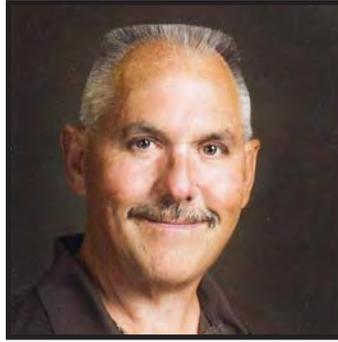
Amye McNeil
District 1



Dewey Bryant
District 2



Barbara Graff
Mayor Pro Tem, District 3



Michael Gardner
District 4



Filiberto Gonzales
District 5

MISSION STATEMENT

Motivated by a proactive, independent and diverse heritage, the City of Odessa will embrace the future through innovative and progressive leadership. Working in partnership with citizens of the community as well as other governmental agencies, we will provide Odessans of today and tomorrow with outstanding services and facilities that will protect and enhance the quality of life.

Adopted by Mayor and City Council on August 10, 1999

VALUE STATEMENT

We believe the quality of life in the city of **ODESSA** depends on a partnership between the citizens, business community, elected officials and City employees. We, as City employees, are committed to the following:

ORGANIZATION

Working together as teams and individuals toward common goals.

DIRECTION

Striving constantly to improve service to the community while preserving the quality of life and promoting growth in Odessa.

EXCELLENCE

Providing high levels of service for our community with available resources.

SERVICE

Consistently performing tasks with courtesy, pride, sincerity and professionalism in a timely fashion.

SUPPORT

Empowering all with the freedom and authority to accomplish tasks through sound work ethics and policies.

ATTITUDE

Responding positively to the needs of citizens with sincere honesty , integrity and loyalty.



Left to right: Michael Marrero, Deputy City Manager Community Services; Richard Morton, City Manager; Konrad Hildebrandt, Assistant City Manager Administrative Services

City of Odessa

FY 2016-17

Adopted Budget

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City of Odessa

FY 2016-17

Adopted Budget

Budget Message

October 1, 2016

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

I am pleased to submit the 2016-17 Annual Budget for the City of Odessa, Texas. This budget is the culmination of our combined efforts to determine the proper allocation of resources for the City based upon our goals and objectives. It is one of the most important policy documents of the City because it presents, in financial terms, the overall plan to accomplish the Council's program of services and priorities during the upcoming fiscal year.

It is also my pleasure to announce the adoption of the City of Odessa's Comprehensive Master Plan, which the City received an award, from the Texas Chapter of the American Planning Association. City Council's priorities of the Master Plan are listed in the Budget Summary Section of the book.

The annual budget projects total revenues of \$204.4 million and total expenditures of \$201.5 million, including a \$5.9 million allocation for the replacement of big ticket items such as vehicles and heavy equipment. In comparison with last year's budget, revenues have risen by 3.44%, and expenditures by 2.6%. The increase in expenditures is largely due to the one-time payment of \$1,000 for eligible employees. In addition, both expenditures and revenues increased in the Water/Sewer Fund due to the increase in the Pioneer Contract, and in the Storm Water Fund due to the implementation of a new rate structure.

ECONOMIC CONDITION AND OUTLOOK

The City of Odessa has historically been very dependent upon the fortunes of the oil and gas industry. For several years, rising oil prices and increased oil production have had a positive impact on the economy. However, the past year was especially hard on Odessa's economy. Since September of 2015, West Texas average rig counts have decreased by 16.75%. The average price of oil has remained steady throughout the past year at approximately \$45 per barrel, a decrease of \$48 compared to September of 2014. During this same time period, the average unemployment rate increased from 3.1% in September 2014, to 4.5% in 2015 and 6.6% in 2016.

The City of Odessa has been fortunate to have dedicated community leaders who understand the importance of economic development and diversification. Odessa leaders, along with the Odessa Development Corporation, are proactive in pursuing new opportunities within the City. .

GENERAL FUND

Decisions made by the City Council that affect the general operating fund budget have a major impact on public services and on the quality of life in the City of Odessa. Each year the City faces the challenge of balancing the public's need for services against limited financial resources.

On September 27, 2016, the City Council approved a property tax rate of 47.0590 cents per \$100 of valuation; a rate below the effective tax rate and equal to the 2015 adopted rate. The new tax rate is expected to generate \$25,833,784 in FY 2017, up \$2,610,765 compared to the previous year, with the increase being attributed to higher property valuations and the annexation of new property into the City. Assessed values for 2016-17 total \$7,269,130,057.

The General Fund's projected revenues of \$83.89 million will fund current expenditures of \$83.89 million as a balanced budget. Both revenues and expenditures will decrease by \$1,322,038, or 1.55%, over last year's numbers.

The estimate for 2016-17 sales tax revenues has been projected at \$29,907,251. This represents a decrease of \$3,307,155 or 9.75%. Sales tax revenue continues to be the General Fund's single largest source of revenue.

In the upcoming fiscal year, the General Fund will realize a net increase of zero (0) positions. However, a new position was added: One (1) Assistant Director of Public Works. This will have minimal impact on the General Fund due to the decision to split funding for the Director of Public Work's salary; 50% from General Fund and 50% from Water/Sewer Fund. In addition, one (1) position, the Development Services Coordinator with the City Manager's office, was eliminated.

In total, 708 positions have been approved for the 2016-17 General Fund budget. The Public Safety step/incentive pay plan for sworn employees, designed to attract and retain qualified personnel, will continue at a cost of \$347,978. Each year, qualifying Police and Fire department personnel are promoted to their next corresponding "step" according to a pre-determined schedule. On October 1, 2016, a one-time payment of \$1,000 was issued to eligible non-sworn employees meeting the evaluation requirements.

Technology charges for the General Fund total \$3,002,118, a \$128,052, or 4.46%, increase compared to last year's budget. Departments are assessed technology charges based on the quantity, cost, and useful life of their data processing equipment. These charges fund the operating costs of the Information Technology Fund and also provide for the scheduled replacement of data processing equipment.

Equipment Service Rental Rates will decrease by \$325,797 in 2016-17. These charges fund the Equipment Service Fund's operating budget and cover the maintenance and replacement costs of the City's fleet. Rental rates increase almost every year, however, due to the economy and the price of oil and gas, fuel costs were reduced which is reflected by the above decrease. Outsourced maintenance contracts were also eliminated to help reduce expenses, however,

maintenance costs increased significantly to cover additional maintenance for old fire engines until new ones are placed in service, and to adequately maintain garbage trucks. Replacement costs almost always exceed the original purchase price of any capital asset. This is especially true when a capital asset is replaced several years after the original date of purchase.

The General Fund budget for FY2017 includes approximately \$621,538 for supplemental expenses; \$428,338 for ongoing expenses and \$193,200 for one-time expenses for the various departments.

GENERAL FUND - FUND BALANCE

The fund balance for the General Fund is segregated into two major classifications: Unassigned and Assigned. Within the Unassigned classification, the City has the 60-Day Requirement, the Budget Stabilization Account, and Unassigned Fund Balance. The 60-Day Requirement includes enough funding to provide for at least 60 days of emergency operation, based on the current year's adopted budget. The Budget Stabilization Account provides sufficient funding to support operations for 25 days, based on the current year's budget. One portion of the Budget Stabilization Account accommodates up to a 15% sales tax revenue reduction. The remaining balance protects against a 10% decline in property tax revenues or any other revenue loss. Unassigned Fund Balance allows the City to allocate funds for special and unforeseeable projects as they are needed. The Compensated Absences account is classified as Assigned. These funds are set aside to pay employees for accrued unileave and/or old sick leave upon their resignation, termination, or retirement.

WATER AND SEWER FUND

Water and Sewer revenues are expected to reach \$57,180,664 in 2016-17, an increase of \$5,948,364, or 11.61%, compared to last year's budget. There will be no increases to the water or sewer rates in the upcoming fiscal year.

Water and Sewer operating expenditures are proposed at \$57,110,712, a \$6,096,360, or 11.95%, increase compared to the previous year's adopted budget. The one-time payment for qualifying personnel will increase personal services costs by \$163,219. The Director of Utilities position was eliminated from the fund, to be replaced by 50% of the Public Works Director's salary. Other major changes to the Water and Sewer Fund budget include a \$666,900 increase in capital outlay expenditures due to one-time supplemental awards needed for equipment and fleet replacement. In addition, there was a \$351,622 increase in the General Fund administrative fee. Most Water and Sewer Capital Improvements initiated in 2016-17 will be allocated and funded from the 2007 bond issue.

SOLID WASTE FUND

In 2016-17, Solid Waste revenues are projected at \$14,702,610, a \$720,000, or 5.15%, increase compared to the previous year. The major contributing revenue sources for the Solid Waste Fund are Single-Family Residential (48.93%), Commercial (27.25%), and Roll-Off Charges (12.13%). These three sources of revenue account for over 88% of the total revenue for this fund. Total customer accounts, anticipated growth within the city limits and increased demand for roll-off usage in commercial and construction areas drive these revenue items. There will be a 9% rate increase for single-family and multi-family users. The current rate structure is based upon the type of account, the number of pick-ups per week, and the size of the solid waste receptacle.

Solid Waste expenditures are projected at \$13,261,238, a decrease of \$746,347, or 5.33%, in the upcoming fiscal year. There were no additional positions added and no supplemental awards given to the Solid Waste department during the 2016-17 fiscal year.

The one-time payment will result in an additional \$72,954 in personal services costs. Other changes include an increase to the General Fund administrative fee in the amount of \$28,550, and the 5% Gross Receipts Tax will decrease by \$98,985.

Keep Odessa Beautiful continues to provide education to the public on various environmental issues, including recycling, backyard composting, tree limb recycling, and household hazardous waste disposal. While this division is funded through the Solid Waste Fund, it reports to the City Manager's Office.

EQUIPMENT SERVICES FUND

This fund is an internal service fund which receives rental revenue from other operating funds in order to provide for the maintenance and replacement of the City's fleet. Equipment Service Fund revenues for FY 2016-17 are expected to reach \$17.35 million. Expenditures are budgeted at \$15.39 million, with \$9.49 million being allocated for operating expenditures, and \$5.9 million being allocated for equipment replacement. Fleet Maintenance will realize an increase of \$2,138,600, while Equipment Replacement will decrease by \$2,109,500 in 2016-17.

INFORMATION TECHNOLOGY FUND

The Information Technology Fund is an internal service fund; it receives revenue from City departments in exchange for the services it provides. This fund provides technical support for hardware, software, and network-related issues. It also oversees the scheduled replacement of data processing equipment for all of the departments. It is funded by two major sources of revenue: Internet Charges and Technology Charges.

In 2016-17, Information Technology revenues are projected at \$3,903,655. This represents a \$39,440 increase compared to the previous year. Total expenditures are budgeted at \$3,689,279, a \$16,029, or 0.43%, decrease over 2015-16 numbers. Of this amount, \$429,971 will be set aside to cover the cost of computer replacement in FY 2017.

RISK MANAGEMENT FUND

In 2016-17, Risk Management Fund revenues are expected to reach \$11,504,100 million: \$8.85 million in Medical/Dental revenues, \$890,000 in General Liability revenues, \$1.46 million in Workers' Compensation revenues, and \$300,000 in Insurance Claim Recovery.

Expenditures are budgeted at \$12,700,713 million. This represents a \$1,531,613, or 13.71%, increase compared to the previous year. The Medical/Dental insurance program represents the largest portion of expenditures for the Risk Management Fund, with a budget of \$5.5 million, an increase of 1.11 million from the previous fiscal year. Costs continue to rise, especially for prescription drug coverage.

Over the past several years, the Family Health Clinic, Health and Wellness Program, and Fitness Center have all assisted in controlling medical claim costs. The Family Health Clinic provides medical services to employees and their dependents free of charge, encouraging them to seek medical attention before health issues become more serious and costly. The Health and Wellness Program and the full-service Fitness Center, made available to employees covered by the City's medical plan and their dependents, have encouraged many employees and dependents to take preventative steps toward greater health, decreasing the need for medical services.

GOLF COURSE FUND

The Ratliff Ranch Golf Course continues to benefit the citizens of Odessa by providing a quality municipal golf course. Major revenues for this fund include Green Fees (42.21%), Golf Cart Rentals (20.80%), and Pro-Shop Sales (19.58%). Together, these revenue sources account for over 82% of the fund's total revenue.

In 2016-17, Golf Course Fund revenues are projected at \$1,855,470, and expenditures are estimated at \$1,750,213, with no change from the previous year.

STORM WATER FUND

The Storm Water Fund was established in 2009-10 in response to a federally mandated regulation for storm water run-off. During the 2015-16 fiscal year, a new rate schedule was proposed and adopted by the City Council; a method of allocation that seemed fair and equitable for all citizens. The new rate schedule will provide revenues to allow the department to operate successfully while implementing the required federal mandates. Revenues for this fund are projected at

\$1,643,396 in 2016-17, \$888,073 higher than last year's budget. Expenditures are expected to reach \$1,456,600, also reflecting an increase of \$474,795, or 48.36%. Two new positions were added to the department, an additional Storm Water Program Technician and an Administrative Assistant to assist with day to day operations.

CONCLUSION

This Annual Budget provides for a sound financial plan, reflects the priorities and policies of the City Council, and provides the citizens of Odessa with quality municipal services. We commit our best efforts to the Mayor and City Council to ensure that the needs of our customers are met or exceeded.

The City's 2015-16 Annual Budget document received the Government Finance Officer Association's (GFOA) Distinguished Budget Presentation Award, marking the twenty-ninth consecutive year that Odessa has received this honor. In order to continue participating in this program, we have attempted to incorporate recommended revisions, which were suggested by GFOA, into the 2016-17 Annual Budget.

Respectfully submitted,

Richard N. Morton, Jr.
City Manager

City of Odessa

FY 2016-17

Adopted Budget

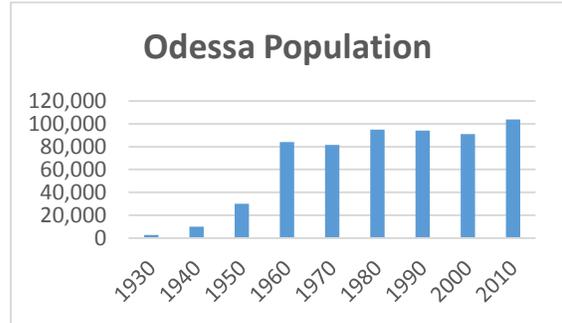
Community Profile

COMMUNITY PROFILE

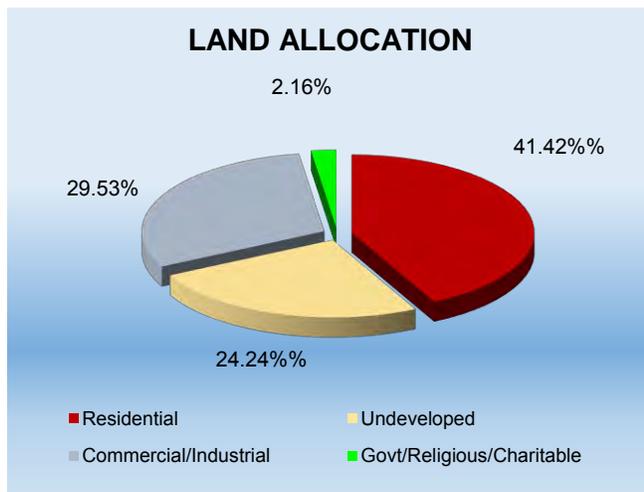
The City of Odessa is located in the heart of West Texas between Dallas/Ft. Worth and El Paso along Interstate 20. Odessa, located in Ector County, covers approximately 47.61 square miles and is 2,851 feet above sea level.



Odessa is located in the Permian Basin, a geological phenomenon that contains one of the nation's largest reserves of oil and natural gas. Above ground, the terrain is relatively flat or slightly undulating.



Odessa's population is 127,598. For statistical purposes, Odessa is grouped together with a neighboring city, Midland, to form the Midland-Odessa Combined Statistical Area (C.S.A.) This C.S.A. consists of approximately 313,596 people, making it the largest in West Texas, the 11th largest in Texas, and the 87th largest in the U.S.



Odessans enjoy an average of 261 sunny days a year, and an average rainfall of approximately 14.60 inches. The mean temperature is 63.7 degrees. Winds average 11.03 miles per hour, which puts Odessa in the top 97% of the windiest cities in the U.S.

COMMUNITY PROFILE



The City of Odessa was incorporated in April 1927, and adopted a home rule charter in April 1945. The Council-Manager form of government was adopted in December 1969. The Council consists of a Mayor at Large plus five Council Members representing the different districts within the City of Odessa.

The City Manager serves as the budget officer of the City of Odessa. He is required to prepare an annual budget of the proposed expenditures of the City. However, only the elected City Council is authorized to set the appropriate revenue mix, thereby also determining the appropriate expenditure levels. When the City Council formally approves the proposed budget, the budget is adopted.

SERVICE STATISTICS

FIRE

| | |
|-------------------------------|-----|
| Fire Stations | 8 |
| Professional Firefighters | 175 |
| Fire Inspectors/Investigators | 8 |
| Support Personnel | 3 |
| Fire Safety House | 1 |
| ALS Fire Engines | 6 |
| ALS Quint Apparatus | 2 |
| Hazmat Truck | 1 |
| ALS Ambulances | 11 |
| Tankers | 3 |
| Reserve Engines | 2 |

POLICE

| | |
|------------------------------|-----|
| Police Station | 1 |
| Sworn Officers | 163 |
| Marked Patrol Cars | 110 |
| Other Marked Police Vehicles | 25 |
| Tactical K-9's | 8 |

MAJOR EMPLOYERS IN ODESSA

| | |
|--------------------------------|-------|
| Ector County I.S.D. | 3,477 |
| Saulsbury Companies | 2,454 |
| Medical Center Hospital | 2,293 |
| Halliburton Services | 1,100 |
| Wal-Mart | 960 |
| City of Odessa | 939 |
| Weatherford | 800 |
| Odessa Regional Medical Center | 750 |
| Ector County | 674 |
| Bobby Cox Companies | 572 |

*NOTE: All figures are based on actual number of employees.

TOP TEN TAX PAYERS IN ODESSA

| | |
|-------------------------------------|---------------|
| Halliburton Energy Services INC | \$272,607,310 |
| B J Titan Service CO | 75,013,935 |
| Odessa Regional Hospital LP | 63,331,426 |
| Family Dollar Distribution LP | 58,893,720 |
| Oncor Electric Delivery Company LLC | 43,946,190 |
| MCM Properties LTD | 28,507,713 |
| Brixxmor Winwood Town Center | 27,055,562 |
| Andalucia Apartments LLC | 26,716,326 |
| Excel Odessa LLC | 24,891,744 |
| Faudree LLC | 22,313,937 |

COMMUNITY PROFILE

POPULATION AND ECONOMIC CHARACTERISTICS

Population by Sex
(U.S. Census Bureau –2014 Estimates)

| | |
|--------|--------|
| Male | 50.00% |
| Female | 50.00% |

Population by Age
(U.S. Census Bureau – 2014 Estimates)

| | |
|--------------------|--------|
| Under 5 years | 8.70% |
| 5 to 19 years | 23.00% |
| 20 to 24 years | 8.30% |
| 25 to 44 years | 27.90% |
| 45 to 64 years | 22.00% |
| 65 to 74 years | 5.10% |
| 75 years and older | 4.90% |

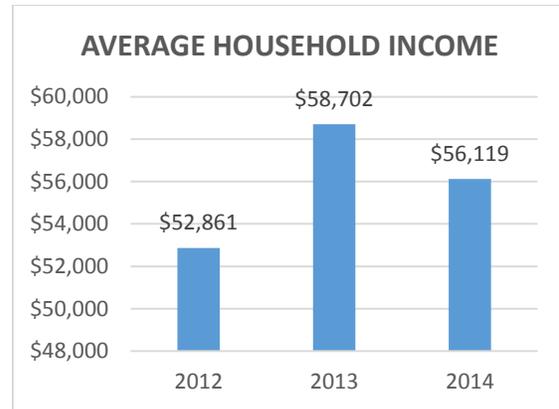
Median Age 30.8

Population by Race/Ethnicity
(2015 American Community Survey)

| | |
|------------------|-------|
| Hispanic | 52.8% |
| Anglo | 39.1% |
| African-American | 5.20% |
| Other | 2.70% |

Single Family Homesteads
(Ector County Appraisal District)

| | |
|-----------------------------|--------|
| Less than \$50,001 | 7.27% |
| \$50,001 to \$99,000 | 25.63% |
| \$99,001 to \$149,000 | 26.68% |
| \$149,001 to \$299,000 | 33.83% |
| \$299,001 to \$1,000,000 | 6.43% |
| \$1,000,001 to \$10,000,000 | 0.15% |



COMMUNITY AND RECREATIONAL RESOURCES

| | |
|------------------------------|------|
| Baseball Fields | 12 |
| Basketball Courts | 12 |
| Community Centers | 5 |
| Dog Park | 1 |
| Football/Multipurpose Fields | 3 |
| Picnic Pavilions | 23 |
| Playgrounds | 28 |
| Practice Field/ Back Stops | 49 |
| Skate Park | 1 |
| Soccer Fields | 31 |
| Softball Fields | 14 |
| Spraygrounds | 2 |
| Swimming Pools | 3 |
| Tennis Courts | 16 |
| Trails | 10.1 |
| Volleyball Courts | 12 |

COMMUNITY PROFILE

QUALITY OF LIFE

PUBLIC EDUCATION IN ODESSA

| | |
|-----------------------------|----|
| Elementary Schools | 25 |
| Early Education Centers * | 2 |
| Junior High Schools | 6 |
| High Schools | 3 |
| Advanced Technical Center * | 1 |
| Alternative Center * | 1 |
| Youth Center * | 1 |
| Junior College | 1 |
| University | 1 |
| Health Science Center | 1 |

* **Special School District Programs**

Odessans are served by two hospitals: the 402-bed Medical Center Hospital (shown below), and Odessa Regional Medical Center with 225 beds.



The University of Texas of the Permian Basin, a 600-acre campus, is located on Odessa's east side. UTPB opened its doors in 1973 as a public upper-level university, and became a four-year university in 1991. Two of its schools, Business and Education, and two programs, Social Work and Visual Arts, are nationally accredited. Two new degrees, the B.S. in Mechanical Engineering and the Ed.D in Educational Leadership (in collaboration with UT San Antonio), were added in 2009, along with a bachelor's in Petroleum Engineering in 2011 and a B.S. in Nursing in fall 2013. Construction began on the new Science and Technology Building in the summer of 2008 and was completed in fall 2011. In addition, ground was broken in the spring of 2009 for a state-of-the-art performing arts center midway between Odessa and Midland and for a student multipurpose center on the main campus. The Wagner Noël Performing Arts Center was completed in late 2011, and hosted its opening event in the first quarter of 2012.

Odessa is also home to Odessa College. Established in 1946, this two-year community college offers freshman and sophomore university-parallel courses for students planning to complete four-year degrees. OC also offers a variety of occupational-technical programs, in addition to providing credit and non-credit continuing educational programs.

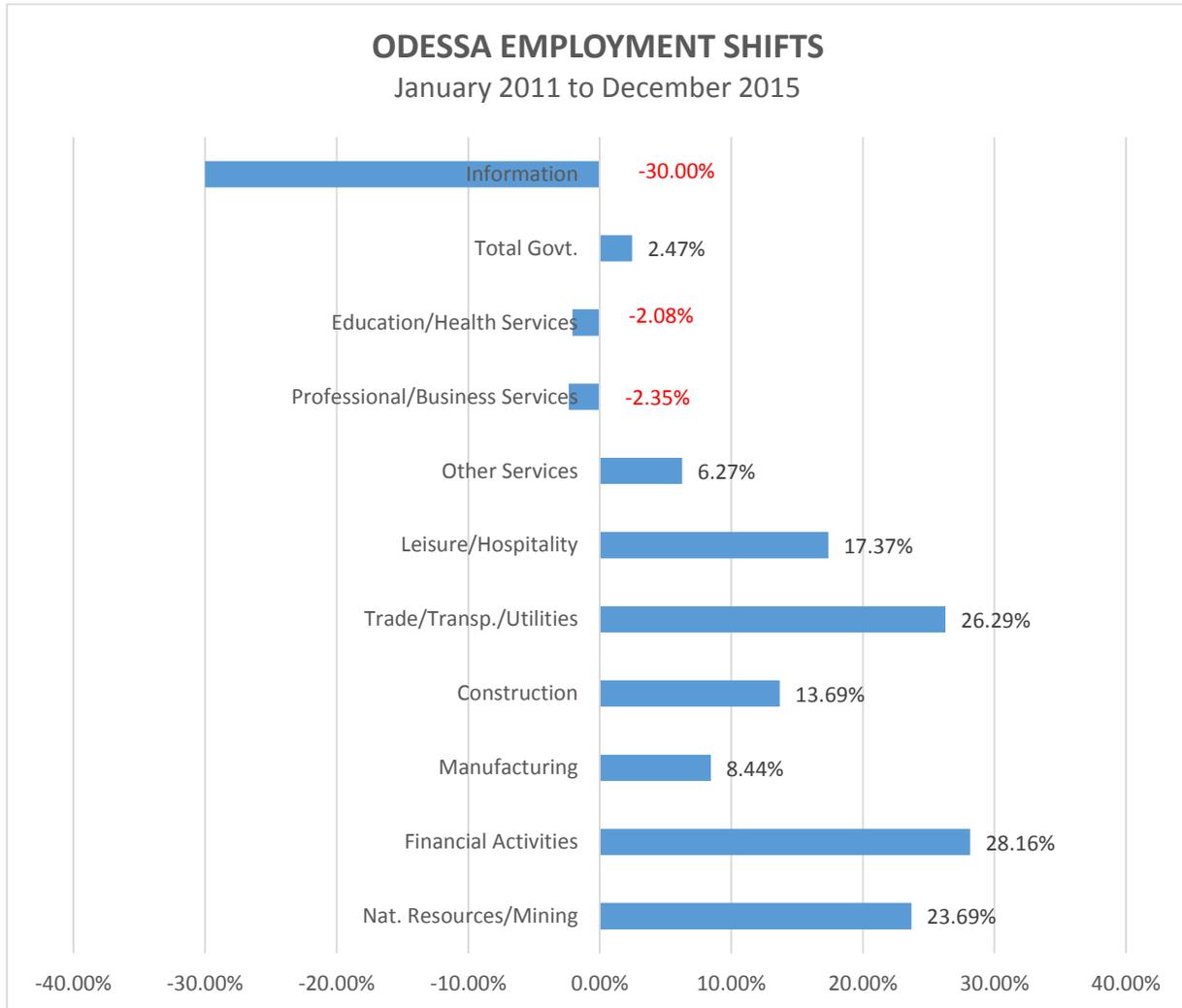


COMMUNITY PROFILE

The Citizens of Odessa enjoy a diverse variety of recreational and cultural amenities year round. From active pursuits to more serene pastimes. Citizens can support our Odessa Jackalopes Hockey Team or be in attendance to the Permian Basin Fiestas typically held at the Ector County Coliseum. Many attend the Heritage Holiday events, including the annual Christmas Tree Lighting Ceremony and Starbright Village. Active pursuits can be found utilizing trails and ponds we have in Odessa. Enjoy the outdoors for a jog, game, or to cast out a line. Comanche Trails is one of the trails citizens can visit and enjoy some fresh air. Amenities available are Disc golf, which is a twist on golfing involving Frisbees to be thrown a distance to a designated net. For citizens who have a fishing license, a fishing pond can be found on the trail where trout can be caught and released. Trails have multipurpose, ranging from biking, hiking, jogging, and walking for family and pets of all ages. Other trails and ponds are the UTPB Tail and Buffalo Wallow. Golf courses are also a leisure pastime for Odessa citizens. Many can enjoy golfing with friends and family at the Ratliff Ranch and Sunset Country golf courses. Many attend fine arts and concerts that are performed at the Globe of the Great Southwest Theatre, the Permian Playhouse, the Art Institute of the Permian Basin, as well as Wagner Noel Performing Arts Center. Retail shopping at the Music City Mall, Parks Legado, Chimney Rock and East 8th Street shopping centers is great fun for everyone to get good eats and treats. Night Life for Odessa Citizens can be dining out at our local restaurants or out watching a movie in the Hollywood or Century 21 movie theatre. Odessa also has a few lounges where many can enjoy an adult beverage. Some popular locations are The Oasis which is inside our MCM Elegante hotel, Cork and Pig Tavern, and Toby's inside MCM Fundome Hotel.



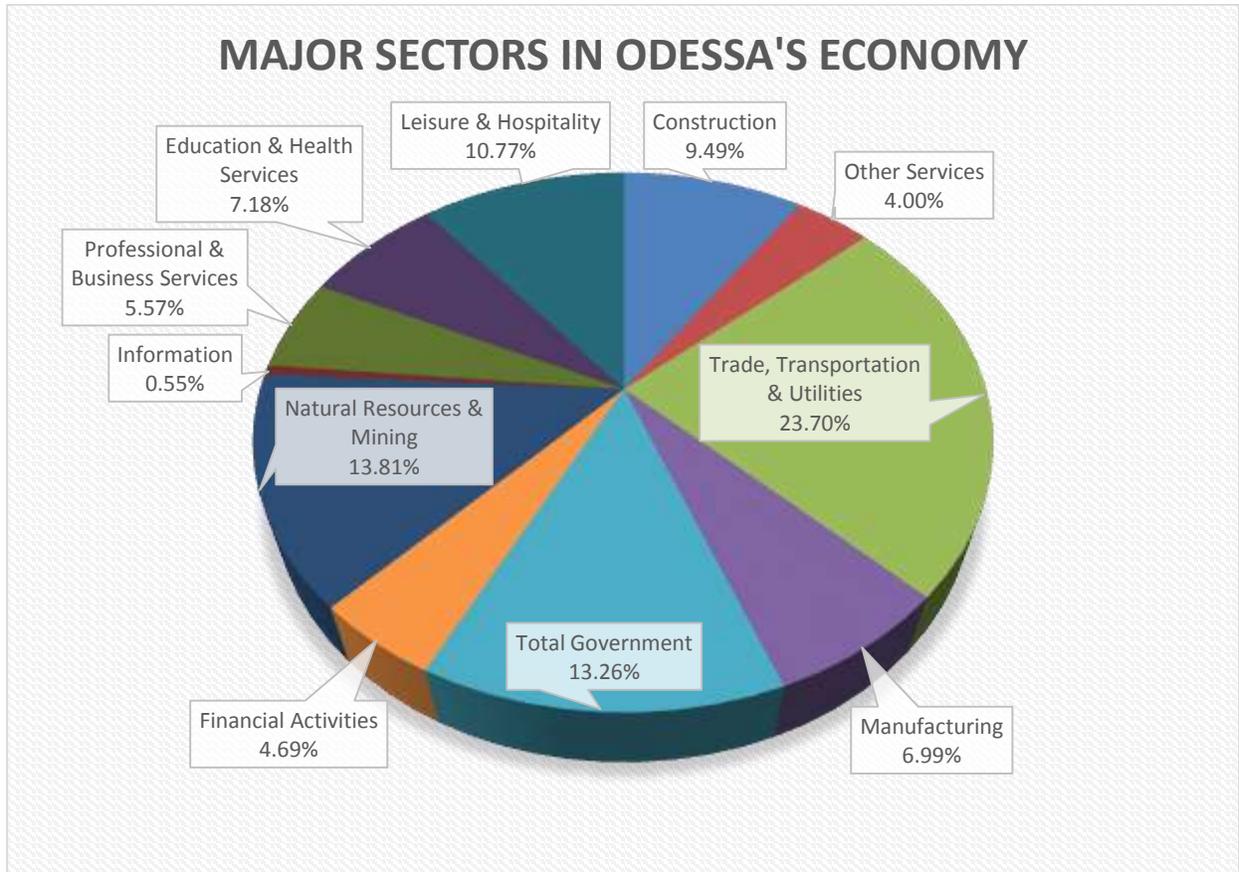
COMMUNITY PROFILE



Source: U.S. Department of Labor
(Excluding Ranching Activities)

Over the past five years, fluctuating oil prices have resulted in significant shifts in Odessa’s employment sectors. Financial Activities experienced the largest employment gains, with a (28.16%) increase, followed by Trade/Transportation/Utilities (26.29%), Natural Resources and Mining, (23.69%), Leisure and Hospitality (17.37%), and Construction (13.69%). Less significant gains were made in the areas of Manufacturing (8.44%), Other Services (6.27%), Total Government (2.47%). The three remaining sectors, Education and Health Services, Professional and Business Services and Information, realized employment losses of 2.08%, 2.35% and 30.00%, respectively.

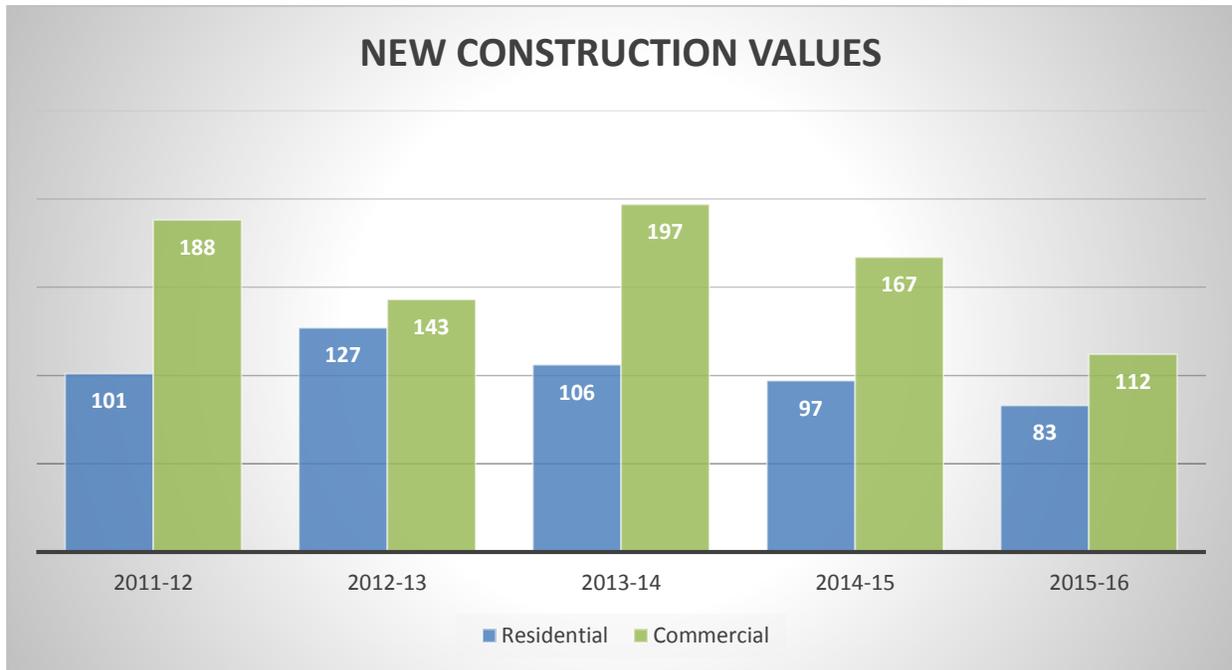
COMMUNITY PROFILE



Source: U.S. Department of Labor
(Excluding Ranching Activities)

Odessa's economy is comprised of many sectors of employment. The largest sector in Odessa's economy is Trade/Transportation/Utilities, at 23.70%, followed by Natural Resources & Mining (13.81%) and Total Government (13.26%). Leisure & Hospitality (10.77%), Construction (9.49%) and Education and Health Services (7.18%) follow, collectively providing 27.44% of the jobs in the area. The remaining sectors of the local economy include Manufacturing (6.99%), Professional and Business Services (5.57%), Financial Activities (4.69%), Other Services (4.00%), and Information (0.55%).

COMMUNITY PROFILE



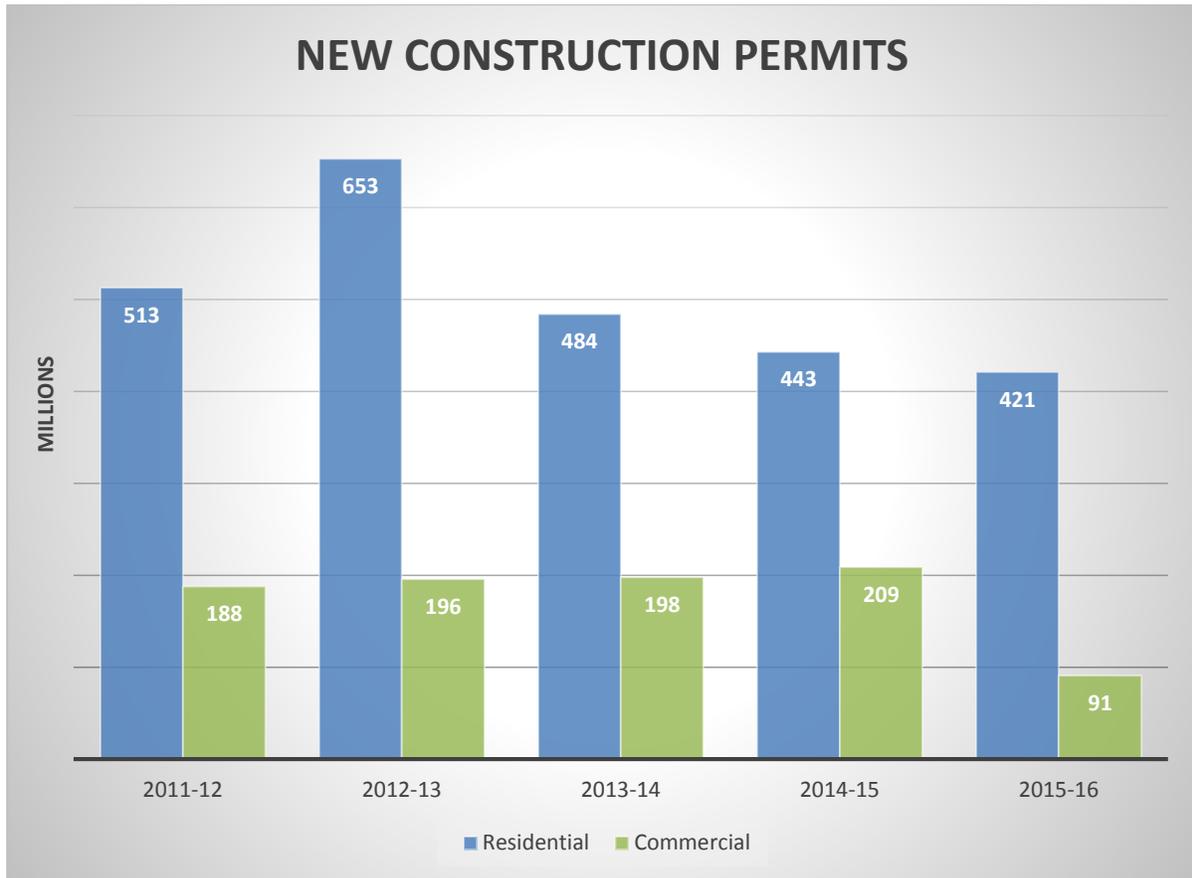
DOLLARS (MILLIONS)

Over the past five years, new residential construction values have fluctuated between \$101 million and \$83 million. Values have, for the most part, trended downward during this entire time period. This is most significantly illustrated by the price of crude oil; the price has decreased from \$102.26 per barrel in February 2012 to \$44.89 per barrel in July 2016.

The decreases in oil prices are driving the local economy. Wages are at minimum, unemployment is on a rise, and the population continues to grow as new families move into the area in search of work. As a result, the need for more homes built has decreased. All of these factors have contributed to an 18% decrease in new residential construction values over the past five years.

New commercial construction values are also affected by the economic factors described above. However, there is not always a direct cause-and-effect relationship between them. This, in part, is due to the nature of commercial construction. A few major commercial projects can skew the construction values for an entire year. For example, five construction projects, the new Sewell business office and parking service garage, CIG Odessa, new Medical Center Hospital Woman's & Maternity Center and new Southeast Freight Line, comprise 38% of the \$112 million new commercial construction values for fiscal year 2015-16.

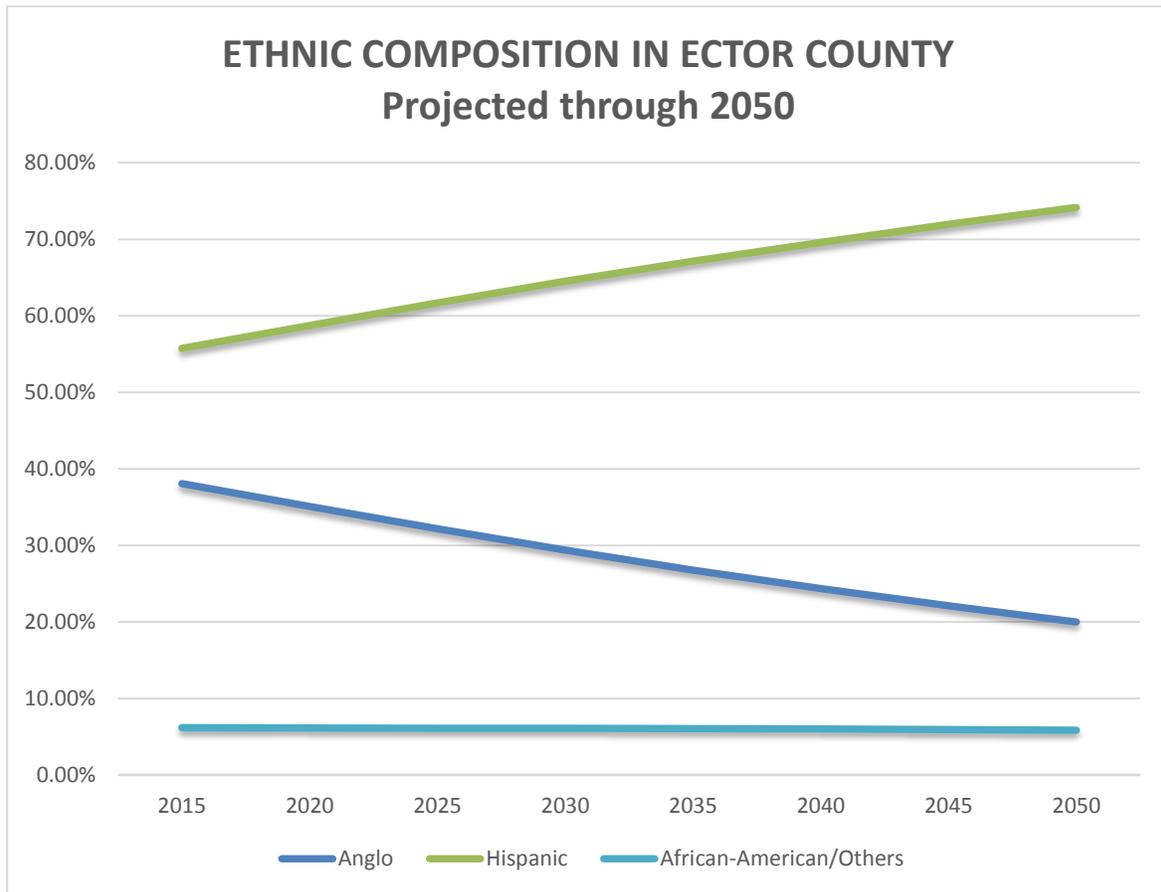
COMMUNITY PROFILE



Between 2011-12 and 2015-16, the average price of oil decreased from \$95.67 to \$41.10 per barrel. The decrease in oil prices has had an impact on the local economy as it has decreased the demand for housing. The number of permits issued temporarily increased from 2011 to 2013 but has then decreased. In 2015-16, it is anticipated that more than 420 new residential permits will be issued by fiscal year end, this is less than last year's permits of 443.

The strength of the local economy is also reflected in commercial construction. In the past four years, the number of construction permits has increased until this past year, with a decrease of more than half than previous year. New businesses are continuing to move into the area and existing businesses are expanding. It is projected that 91 commercial construction permits will be issued in 2015-16. This represents a decrease of 56.46% compared to the previous year

COMMUNITY PROFILE



SOURCE: TEXAS STATE DATA CENTER

The chart above projects the changes in ethnic composition in Ector County, the county in which the City of Odessa is located, over a period of 35 years. The most current race/ethnicity projections by the Texas State Data Center indicate that 56.19% of Ector County's current estimated population is Hispanic, 37.36% of the population is Anglo, and the remaining 6.45% is comprised of African-Americans and other races.

Over the next 35 years, the Hispanic population will continue to rise, while the Anglo population continues to fall. Current projections indicate that by the year 2050, Odessa will be comprised of a population that is 74.15% Hispanic and 19.99% Anglo. The remaining population, including African-Americans, will account for 5.86% of the total.

City of Odessa

FY 2016-17

Adopted Budget

Policy Statements

POLICY STATEMENTS

BUDGET COMPLIANCE

BUDGET COMPLIANCE

The 2016-2017 approved operating budget for the City of Odessa is submitted in accordance with the city charter and all applicable state laws. The budget for the City of Odessa is based upon separate funds and sets forth the anticipated revenues and expenditures for the fiscal year for the General Fund, Special Revenue Funds including the Community Development Fund and Convention and Visitors Fund, Debt Service Fund, Water and Sewer Fund, Solid Waste Fund, Liquid Waste Fund, Golf Course Fund, Storm Water Fund, Equipment Service Fund, Information Technology Fund, Risk Management Fund, and other miscellaneous funds.

ITEMIZED BUDGET AND CONTENTS

The annual budget developed by the City of Odessa is regulated throughout the process by the Local Government Code (LGC), which is the state statute regulating municipal budgets in Texas. State law requires an incorporated City to develop an annual budget which itemizes proposed expenditures in comparison to actual expenditures for the preceding year, and shows as definitely as possible each project for which expenditures are appropriated in the budget, (LGC, Sections 102.003, 102.003b). The annual operating budget developed by the City of Odessa contains a complete financial statement that shows:

- 1) the outstanding obligations of the municipality;
- 2) the funds received from all sources during the preceding year;
- 3) the funds available from all sources during the ensuing year;
- 4) the estimated revenue available to cover the proposed budget; and
- 5) the estimated tax rate required to cover the proposed budget.

INFORMATION FURNISHED

In preparing the budget, the budget officer (City Manager) may require any City officer or board to furnish information necessary for the budget officer to properly prepare the budget, (LGC, Section 102.004).

PROPOSED BUDGET FILED

The proposed budget is filed with the City Secretary and is available for public inspection at least thirty (30) days prior to the date when the City Council sets the property tax rate for the next fiscal year, (LGC, Section 102.005). The City Manager filed the 2016-2017 Proposed Budget on August 8, 2016, which was more than 30 days prior to the scheduled adoption of the property tax rate on September 27, 2016.

PUBLIC HEARINGS ON PROPOSED BUDGET

The City Council shall hold a public hearing on the proposed budget in which any taxpayer may attend and participate. The Council shall set the hearing for a date occurring after the fifteenth (15th) day after the date the proposed budget was filed, but before the date on which the City Council sets the property tax rate for the next fiscal year. Public notice of the date, time, and location of the hearing must be provided, (LGC, Section 102.006).

The City of Odessa published notices as required by law on August 12, 2016, in the local newspaper, on the City of Odessa's web site, and on the local Government Access Channel, announcing a public hearing on the proposed budget on August 23, 2016.

POLICY STATEMENTS

BUDGET COMPLIANCE

ADOPTION OF BUDGET

At the conclusion of the public hearing, the City Council shall take action on the proposed budget; it may make any changes to the budget it considers warranted by law or deemed to be in the best interest of the taxpayers, (LGC, Section 102.007).

The City of Odessa conducted a public hearing on August 23, 2016, as required by state law, and on September 13, 2016, adopted the annual budget.

APPROVED BUDGET FILED

After adoption by the City Council, the approved budget is filed with the City Secretary and the County Clerk, (LGC, Sections 102.008, 102.009d).

A complete copy of the final published budget document will be filed with the City Secretary and County Clerk. A copy of the annual budget is also placed in the Ector County Library for public access.

LEVY OF TAXES

The City may levy taxes only in accordance with the budget, (LGC, Section 102.009a). However, the adoption of the tax rate must be separate from the vote adopting the budget, (Property Tax Code, (PTC), Section 26.05b). The tax rate consists of two components, the amount of taxes to pay maintenance and operation expenditures, and the amount of taxes to pay debt service, (PTC, Section 26.05a). Should the tax rate adopted by the governing body exceed the calculated effective tax rate, additional legal notices and public hearings will be required (PTC, Section 26.05d).

On September 27, 2016, the City Council adopted a total tax rate of \$0.470590 per \$100 dollars of property valuation for the purpose of paying for City operations (\$0.370931) and for debt service payment (\$0.099659). The adopted tax rate was below the effective tax rate of \$0.475499, and therefore did not require public hearings by law. Public hearings were held for the sole purpose of allowing citizens the opportunity to speak, and two separate votes were held to adopt the tax levy as required by the City Charter.

EMERGENCY PROCEDURES

After final approval of the budget, the City Council may spend funds only in strict compliance with the budget, except in an emergency. The City Council may authorize emergency expenditures as an amendment to the original budget only in a case of public necessity to meet an unusual and unforeseen condition that could not have been included in the original budget. If the budget is amended, a copy of the resolution shall be filed with the City Secretary and the County Clerk, (LGC, Section 102.009b,c,d).

CHANGES IN BUDGET

The City Council is not prevented from making changes to the budget for municipal purposes, (LGC, Section 102.010).

During the fiscal year, the City Manager is authorized to transfer budgeted amounts between departments of any fund. All funds are subject to appropriation, and uses of additional revenue received during the fiscal year are appropriated through City Council approval, resulting in an amendment to the budget. Changes to the budget that would increase the total appropriations to any fund must meet the appropriate legal requirements for public notice and citizen participation and must be approved by the City Council.

POLICY STATEMENTS

BUDGET DEVELOPMENT

BUDGET DEVELOPMENT PHASES

Annual budgeting is a dynamic activity of resource allocation. Forecasting and the setting of strategic priorities start the cycle every spring. After the departments are given direction, they reassess their goals and objectives, and request their budgets. The City Manager compiles a proposed budget and presents it to Council. After input from citizens and council members, the Council adopts an operating budget. This new budget takes effect on October 1, at which time all departments receive their new funding. All budgets are continually monitored throughout the year to ensure compliance.

FINANCIAL FORECASTING/BUDGET RELATIONSHIP

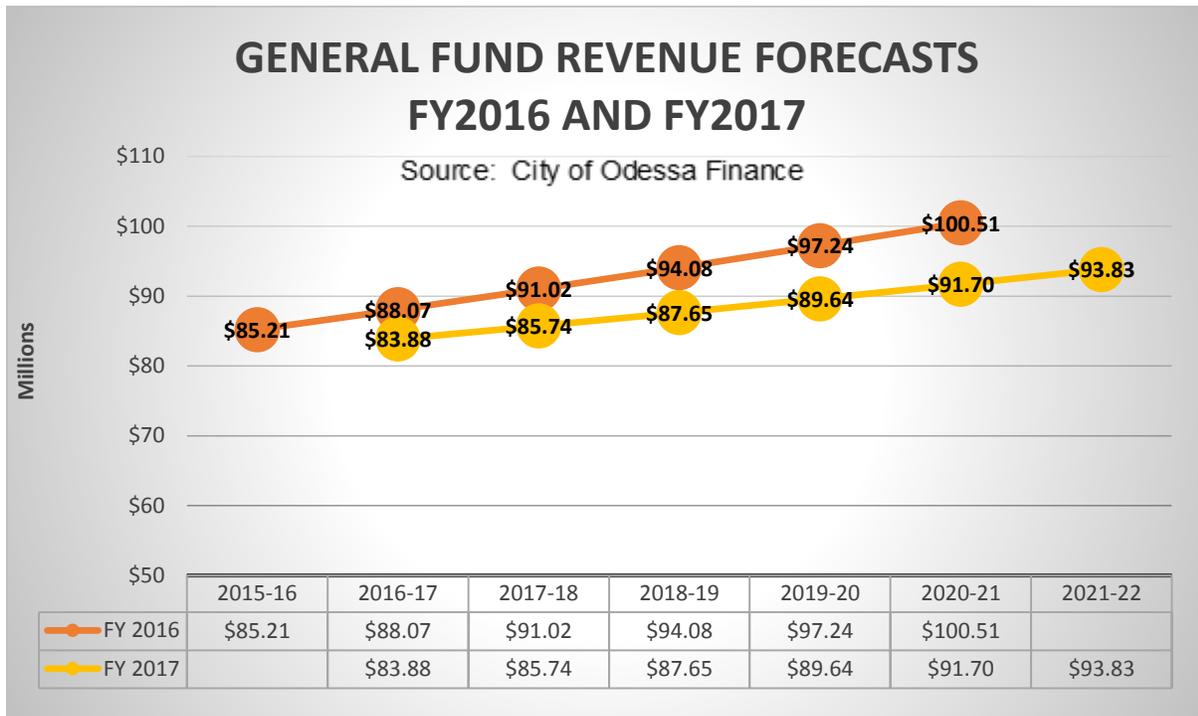
Financial forecasting is requisite to the success of the budgeting process, aiding in proper decision-making for current and future years. Long-range and short-range projections for revenues, reserves, and expenditures are updated annually, based on current service levels for the General Fund. Trend and experiential analyses are used to calculate expenditure and revenue patterns. For most revenue categories, a five-year historical review is considered in determining various behaviors and trends of each particular account when applicable.

Sales Tax receipts have declined during the last fiscal year due to the downturn of the oil industry and its effect on the local economy. In 2016-17, Sales Tax revenues are projected at \$29,907,251, a 9.75% decrease from last year's projection. This conservative estimate is based on the recent decline of revenues. Property taxes are expected to generate \$26,708,784, up 10.8% compared to FY 2016 revenues, with a projected annual increase of 4.00% through FY 2022. Franchise Fees (gross receipts tax from major utilities projects) and Fines, Fees and Forfeiture Revenues (revenues generated by the issuance of citations) are also projected to grow by 3.00% for each of the next five fiscal years. Together, FY 2017 receipts for these four categories projects a net decrease of \$361,390 from the previous budget year. Between 2016-17 and 2021-22, total General Fund revenues are anticipated to moderately increase at 2.26% each year, from \$83.88 million to \$93.86 million.

The major expenditure categories for the General Fund budget include Personal Services, Supplies, Services, Maintenance, and Capital Outlay. Personal Services makes up 68.14% of the General Fund budget. It funds the City's current compensation package, which has been designed to recruit and retain qualified employees. The FY 2017 forecast projects a 2.00% annual increase in Personal Services over the next five years to cover the costs associated with maintaining the salary and benefit compensation strategy that is currently in place. From 2016-17 and 2021-22, the Supplies, Services and Maintenance categories are all expected to realize annual increases of 2.00%. The adjustments to future budgets will help cover the rising cost of supplies, material, and external labor. Capital Outlay costs vary from year to year, depending upon the City's needs. For this reason, the forecast does not include an annual increase for Capital Outlay. Over the next five years, total General Fund expenses are expected to grow from \$83.88 million to \$92.49 million, at an average annual rate of 1.97%.

POLICY STATEMENTS

BUDGET DEVELOPMENT



The above graph compares the revenue forecasts made in FY 2016 with those made in FY 2017. The FY 2017 forecast begins \$4,177,399 lower than the previous year's projection. The difference in annual projections is lower than the previous years due to the downturn of the oil industry.

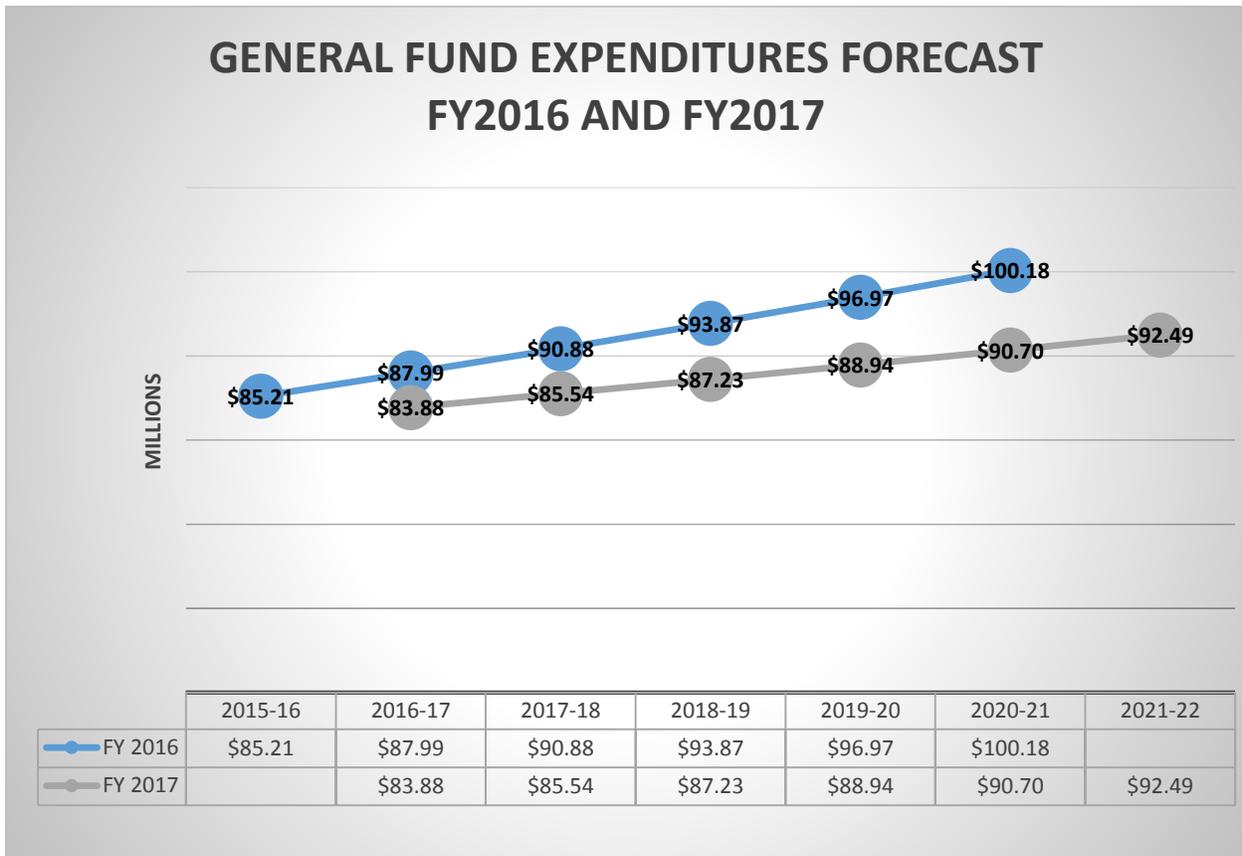
The City's estimated sales tax revenues for current FY 2016 are \$31,478,133, which is \$1.74 million less than the original projection of \$33,214,406. In 2015-16, the projection for 2016-17 sales tax receipts was \$34,542,982. This year, however, it is anticipated that sales taxes will generate \$29,907,251, a decrease of 13.42%, and a more conservative projection based on current trends.

Property Tax revenue projections for FY 2017 did exceed the FY 2016 projection. With an adopted tax rate of \$0.470590, FY 2017 property tax revenues are expected to reach \$26,708,784, representing a 7.6% increase over last year's projection. Despite the decline in the economy from the decrease in oil and gas prices, the City evaded a loss in property values due to its lack of mineral property. Although new construction has decreased, Property values remain consistent and a reliable source of revenue for the City. Over the next five years, property tax revenues are projected to increase at an average annual rate of 4.00%.

The FY 2017 forecast of General Fund revenues is \$83,887,982. By FY 2022, revenues are expected to reach \$93,825,681, an increase of \$9,937,699 in five years. During this time, General Fund revenues are projected to realize an average annual increase of 2.26%.

POLICY STATEMENTS

BUDGET DEVELOPMENT



The FY 2017 financial forecast for expenditures begins with a projection of \$83.88 million, \$4,105,768 lower than the 2016-17 projection set forth in the FY 2016 financial forecast. The decrease can again be contributed to the conservative budgeting practices in response to the economic downturn. The projected General Fund Expenditures are actually \$1,322,038 less than the previous year's budget. Costs savings were experienced by reducing the employee compensation plan and not awarding large numbers of departmental supplemental requests. Projecting from this point in time, expenditures are expected to increase by \$8,597,440 over a five-year period, at an average annual growth rate of 1.97%.

For FY 2017, in lieu of an across the board percent increase for employees, a one-time payment of \$1,000 will be provided to eligible full-time employees who receive a satisfactory evaluation rating.

In FY2017, the General Fund will realize an increase of one full-time positions: one (1) Assistant Director of Public Works.

POLICY STATEMENTS

BUDGET DEVELOPMENT

STRATEGIC PRIORTIES PHASE

Council develops a consensus on the direction the City should take in the coming year. Council meets at a retreat to identify priorities, issues, and trends in order to determine the City's goals and objectives. These strategic priorities form the framework of the budget.

DEPARTMENTAL REQUESTS PHASE 1

Departments are given the strategic direction to formulate their budget requests from the Council's goals and objectives, and six-month expenditure reports are distributed. Target dollar amounts are determined for each department based on a projected revenue stream. Budget manuals containing instructions to the departments are distributed, and computer training is made available to those who will enter departmental data. Departmental due dates are established and budgeting guidelines are given.

DEPARTMENTAL REQUESTS PHASE 2

Departments formulate their budget requests within the target amount, assessing current conditions, programs, and needs. Departments are encouraged during this phase to thoroughly examine all activities for any way to achieve more efficiency, and each department then prepares preliminary budget requests. Department effectiveness and efficiency are measured against the results of addressing customer concerns. Supplemental requests from each department are identified at this stage.

PROPOSED BUDGET PHASE

Budget requests are reviewed and the initial work on the operating budget is begun. The City Manager conducts budget meetings with department directors regarding their budget requests, and the Finance Department examines each departmental budget request and supplemental request during this phase. Departmental goals and objectives are also analyzed as part of this resource allocation process. The City receives preliminary property values from the appraisal district and uses these estimated revenues to shape the proposed budget.

BUDGET ADOPTION PHASE 1

The City Manager presents the proposed budget to Council. This budget contains all proposed expenditures and financing sources for all City departments, and it is filed with the City Secretary. The City Manager holds budget workshops with Council.

BUDGET ADOPTION PHASE 2

The operating budget is formally adopted in this phase. Legal notices for public hearings on the budget and tax rate are published in the local newspaper, posted on the City's website, and advertised on the Government Access Channel. Public hearings are conducted to obtain citizen comments. The operating budget and corresponding ad valorem rate (property tax rate) are then adopted by Council vote, and the Tax Assessor is notified of the adopted tax rate.

BUDGET IMPLEMENTATION PHASE

The new fiscal year begins October 1, and all departments operate under their new budgetary levels. Published copies of the approved operating budget are filed with the City Secretary and County Clerk. Budget documents are distributed to Council, department directors, and other interested parties.

POLICY STATEMENTS

BUDGET DEVELOPMENT

BUDGET MONITORING PHASE

This final phase in the budget process is an ongoing one. To ensure budgetary compliance, all budgets are monitored at least monthly, comparing actual expenditures to budgeted expenditures. Variances are investigated, and appropriation adjustments are made when necessary. Appropriation adjustments are an accounting reallocation which neither increases, nor decreases, City budget amounts. In this way, expenditures can be accurately tracked, thus providing a history from which budget trends can be derived.

OPERATIONAL AND CAPITAL BUDGET RELATIONSHIP/ORGANIZATION

The Capital Improvement Plan is summarized in the policy section of the budget document, with more detailed information for each project provided in a separate section. Projects accounted for in enterprise funds are included in the capital improvement plan, as well as all future year operating impacts following project completion.

The City of Odessa prepares separate, functional capital budgets from the operating budget, but they are all closely linked. The Capital Improvement Program, as distinguished from the operating budget, is a multi-year financial plan for the acquisition, expansion, or rehabilitation of infrastructure, capital assets, or productive capacity of City services. Capital projects typically apply to (1) expenditures which take place over two or more years requiring continuing appropriations beyond a single fiscal year; (2) funding with debt because of significant costs to be shared by current and future beneficiaries; and (3) scheduled replacement or maintenance of specific elements of physical assets.

Expenditures for the Capital Improvement Program are presented on a budget basis. Budget for an entire contract is appropriated in the period in which a contract is entered. Any unspent funds at fiscal year-end are carried forward to the next budget year.

Revenues for the Capital Improvement plan are derived primarily from general obligation certificate sales, grant funding, and current revenues. Unlike the adopted operating budget, the Capital Improvement plan is a five-year plan that is updated annually.

As part of the Capital Improvements Program, each department identifies those capital projects that have an operating budget impact.

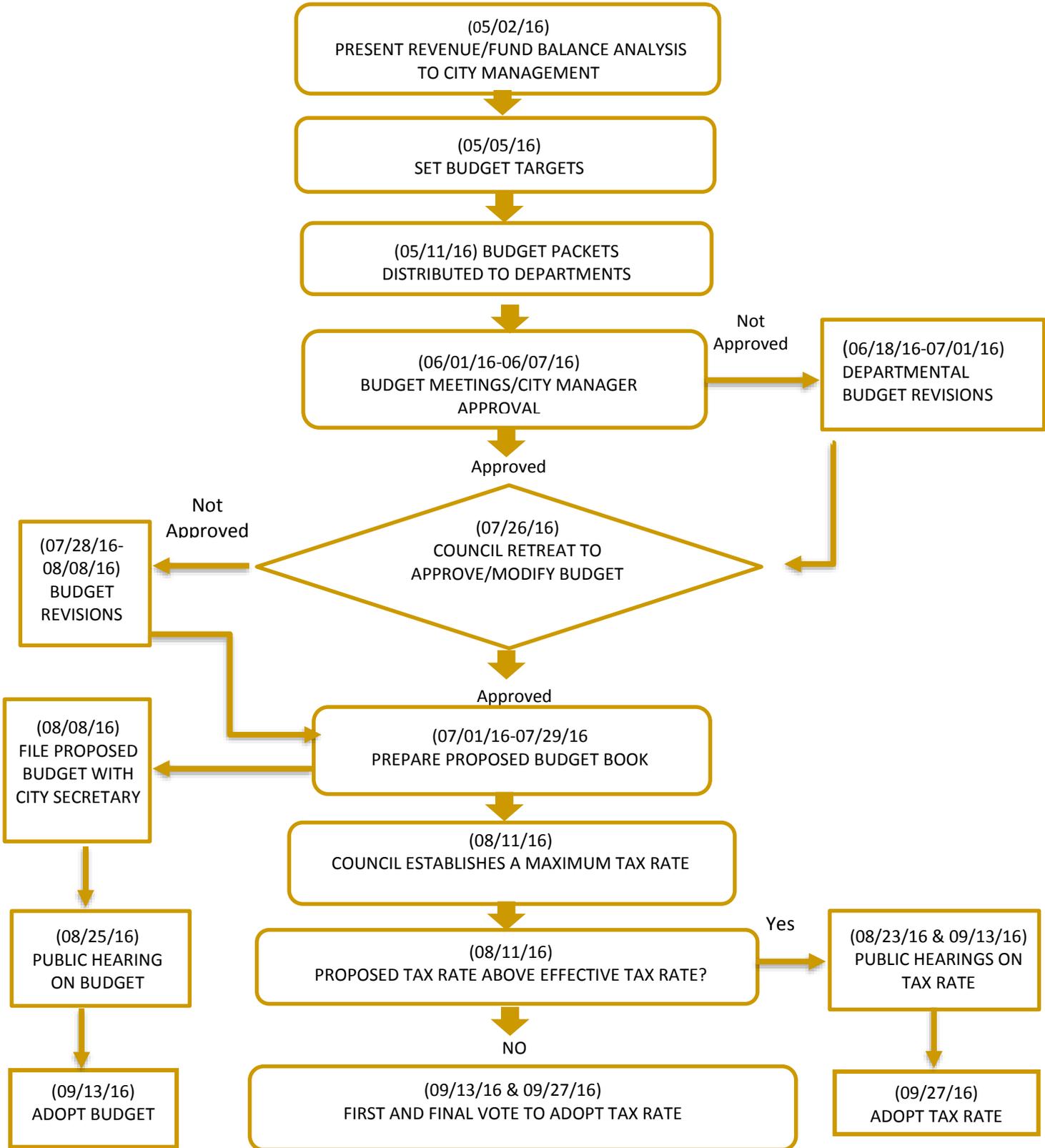
POLICY STATEMENTS

BUDGET CALENDAR

- May 2, 2016 The revenue and fund balance analysis is presented to City Management
- May 5, 2016 Departmental budget targets are set
- May 11, 2016 Budget Packets are distributed to department directors. The packets include all of the information the directors need to finalize their budgets and enter them into the system. The deadlines for small, medium, and large departments to submit their budgets are May 18th, May 25th, and May 27th, respectively.
- Jun. 1-7, 2016 Departments requesting supplemental funding for the upcoming year meet with management to discuss their requests. Following the meetings, management determines which request will be funded.
- Jul. 1-28, 2016 Budget Staff prepares the proposed budget book
- Jul. 26, 2016 City Council meets at its annual retreat to review the budget and make any changes it deems necessary
- Aug. 8, 2016 The City Manager files the proposed budget book with the City Secretary and the County Clerk's Office.
- Aug. 23, 2016 The City holds the public hearing on the budget.
- Sept. 13, 2016 The City Council votes to adopt the proposed budget. A public hearing on the tax levy is held, following with the first vote on the tax rate by the Council Members.
- Sept. 27, 2016 The City Council holds an additional public hearing, following with the final vote and approval of the tax levy by the Council Members.

POLICY STATEMENTS

BUDGET CALENDAR



POLICY STATEMENTS

FINANCIAL POLICIES

FINANCIAL POLICIES:

1. **REVENUE POLICIES.** Projected revenues are estimated using a realistic, objective, and analytical approach based upon economic trends. An outside firm is used to review the City's administrative fees and to determine whether the current fees are providing for full cost recovery.

Enterprise funds establish user charges sufficient to finance the costs of providing goods/services to the public. Water and sewer rates are periodically reviewed to determine if they meet this criterion and are in compliance with the City's debt covenants. Solid Waste rates must strike a delicate balance between funding operational costs and competing with private commercial pick-up service. Storm water rates must be sufficient to fund whatever costs are necessary to ensure compliance with EPA regulations for storm water. (See fund narratives for detail of major revenue sources / trends / analysis.)

2. **FUND BALANCE POLICIES.** The City should maintain the fund balances of the various operating funds at levels sufficient to protect the City's credit worthiness, and its financial position, in the event of an emergency.

Several years ago, the City Council established a fiscal requirement that legally segregated a portion of the General Fund fund balance for a specific future use. The segregated fund balance should be sufficient to provide financing for 60 days of emergency operation. In 1999, the City Council revised the Fund Balance Policy for the General Fund (Ordinance No. 99-04) to include a separate portion for a Budget Stabilization Account. The amount segregated is equal to the cost of operating the General Fund for 25 days, based on the current year's adopted budget. This account increases/decreases each year in proportion to the General Fund budgeted expenditures. One portion of the Budget Stabilization Account accommodates an approximate 15% sales tax revenue decline, and the remaining balance protects against a 10% decline in property tax revenues or any other revenue loss. In 2005-06, a portion of the fund balance was segregated as "Compensated Absences". These funds have been set aside to reimburse employees for accumulated unileave and/or old sick leave upon their resignation, termination, or retirement from the city.

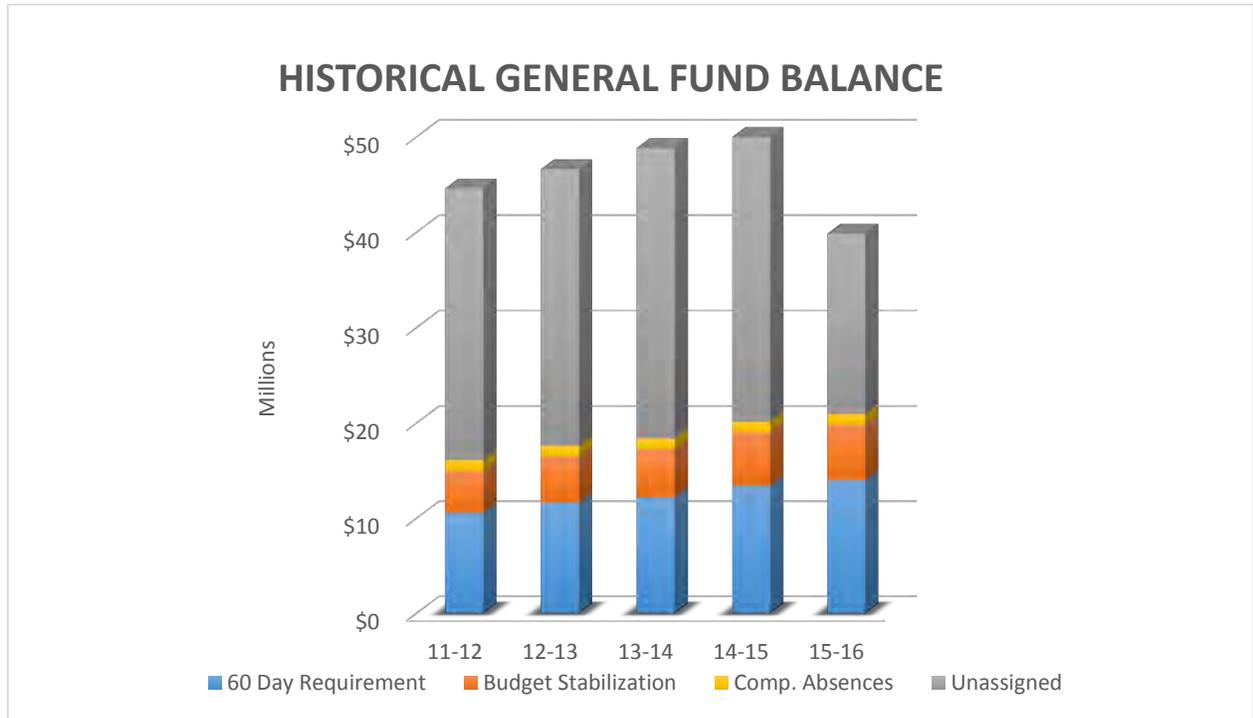
In accordance with GASB 54, the City revised its fund balance policy for governmental funds to comply with the requirements of this new reporting standard. For reporting purposes, fund balance of governmental funds will be classified as nonspendable, restricted, committed, assigned, and unassigned. Nonspendable, restricted, and committed balances are determined and reported based on certain constraints. All other remaining balances are reported as assigned or unassigned within the governmental funds.

The 60-Day Emergency Requirement and the Budget Stabilization accounts within the General Fund continue in effect as before and are classified as unassigned. Compensated Absences is classified as assigned. All other remaining funds are classified as unassigned. City Council may appropriate any unassigned General Fund balance for emergency expenditures, one-time capital project expenditures, or any special project. (See fund narratives for detail of fund balance changes and uses.)

In 1998, the City Council established a \$1,000,000 reserve for Rate Stabilization for the Water and Sewer Fund to be used for unexpected water revenue fluctuations.

POLICY STATEMENTS

FINANCIAL POLICIES



| | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| ASSIGNED: | | | | | |
| Comp. Absences | \$1,143,523 | \$1,143,523 | \$1,143,523 | \$1,143,523 | \$1,143,523 |
| UNASSIGNED: | | | | | |
| 60 Day Reqmnt. | 10,580,099 | 11,641,796 | 13,428,296 | 13,428,296 | 14,007,127 |
| Stabilization Acct. | 4,408,374 | 4,850,748 | 5,595,123 | 5,595,123 | 5,836,303 |
| Unassigned | 28,458,468 | 28,980,450 | 30,430,827 | 32,962,610 | 18,865,013 |
| FUND BALANCE: | \$44,590,464 | \$46,616,517 | \$50,597,769 | \$53,129,552 | \$39,851,966 |

Source: Odessa Finance Department

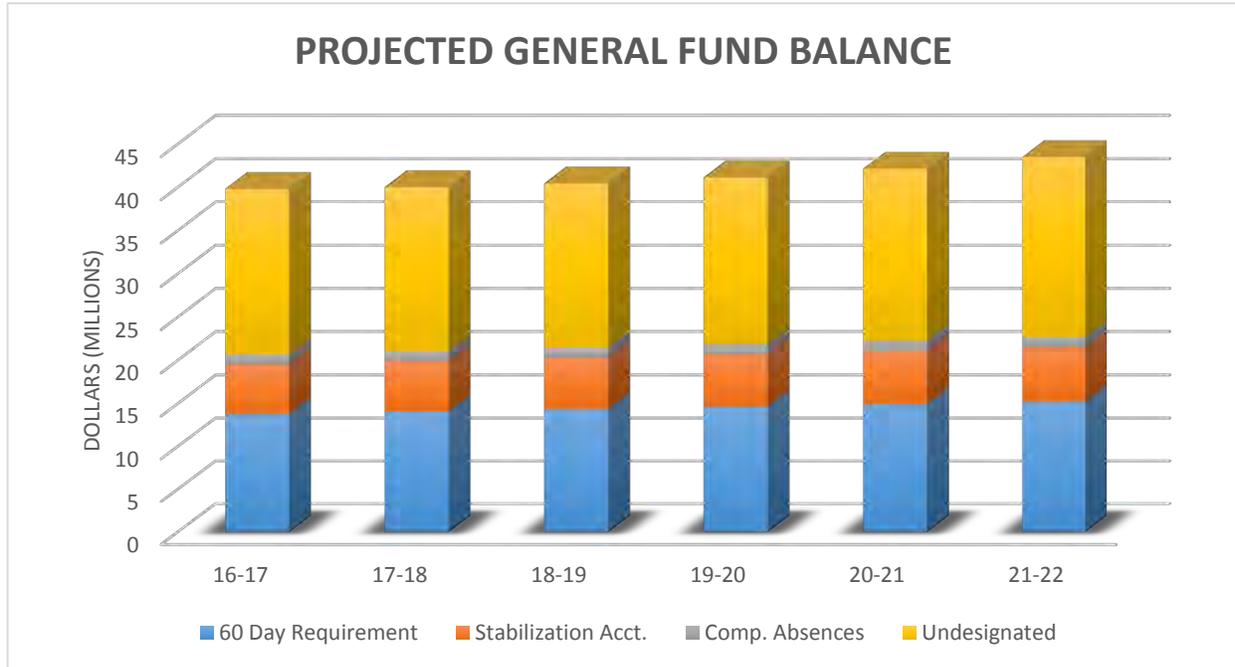
FUND BALANCE HISTORY

Unassigned fund balance for the General Fund is comprised of a 60-day operating requirement, a 25-day budget stabilization account, and a remaining unassigned account. Compensated absences are included in assigned fund balance. Between fiscal years 2011-12 and 2015-16, the fund balance fluctuations have resulted in an overall decrease of 10.63%. The total fund balance is estimated to be \$39.85 million by the end of the 2015-16 fiscal year.

The above graph presents the actual fund balance for the General Fund for fiscal years 2011-12 through 2014-15 and the estimated fund balance for 2015-16.

POLICY STATEMENTS

FINANCIAL POLICIES



Source: Finance Department

| | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| ASSIGNED: | | | | | | |
| Comp. Absences | \$1,143,523 | \$1,143,523 | \$1,143,523 | \$1,143,523 | \$1,143,523 | \$1,143,523 |
| UNASSIGNED: | | | | | | |
| 60 Day Reqmnt. | 13,789,805 | 14,061,378 | 14,338,383 | 14,620,928 | 14,909,123 | 15,203,083 |
| Stabilization Acct. | 5,745,752 | 5,858,908 | 5,974,326 | 6,092,053 | 6,212,135 | 6,334,618 |
| Unassigned | 19,172,886 | 18,986,377 | 19,023,521 | \$19,319,040 | 19,909,482 | 20,833,298 |
| FUND BALANCE: | \$39,851,966 | \$40,050,186 | \$40,479,753 | \$41,175,544 | \$42,174,263 | \$43,514,522 |

FUND BALANCE PROJECTIONS

The ending fund balance estimate for fiscal year 2016-17 is \$13.79 million in the 60-day operating requirement, \$5.75 million in the budget stabilization account, \$1.14 million in the compensated absences requirement, and \$19.17 million as unassigned. This is a total fund balance of \$39.85 million.

Projections indicate that for each of the next five years, revenues will be sufficient to maintain the 60-day operating requirement, the 25-day stabilization account, the compensated absences requirement, and an adequate unassigned fund balance.

The above graph presents the ending fund balance projections for the General Fund for fiscal years 2016-17 through 2021-22.

POLICY STATEMENTS

FINANCIAL POLICIES

3. **FINANCIAL REPORTING POLICIES.** The financial reporting policies of the City will conform to accounting principles generally accepted in the United States of America and standards of the Government Finance Officers Association.

The monthly and annual financial reports will present a summary of financial activity by major fund type. The operations of each fund, as shown in the annual budget, are accounted for with a separate set of self-balancing accounts that comprise its revenues and expenditures as appropriate.

An independent accounting firm will perform an annual audit of the financial statements of the City and will publicly issue an opinion. The annual audit is conducted at the end of each fiscal year.

4. **GRANT POLICY.** The City of Odessa will seek a fair share of available state and federal financial support unless conditions attached to that assistance are contrary to the City's best current and future interests. Prior to applying for and accepting intergovernmental aid, the City will examine the matching requirements so that the source and availability of these funds may be determined before the grant application is made. The City will also assess the merits of a particular program as if it were funded with local tax dollars. Local tax dollars will not be used to make up for losses of intergovernmental aid without first reviewing the program and its merits.

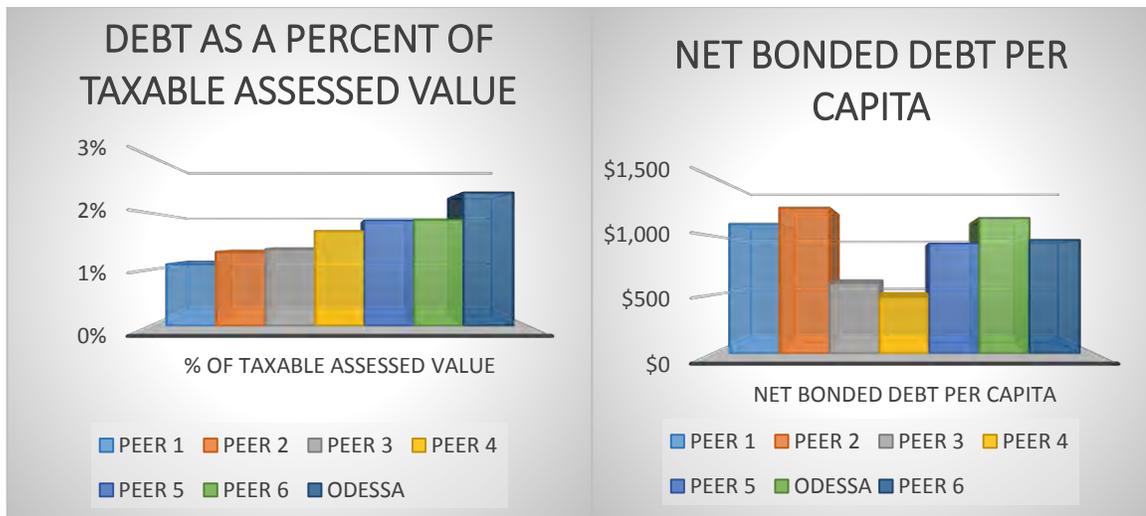
All departments requesting appropriations to participate in specific grants for the upcoming fiscal year are required to submit a City of Odessa Grant Application (COGA) form. This form can be submitted during one of the two review months (January or June) of each fiscal year. Departments will direct all requests to the Finance department for collective review by the Finance Committee and the City Council. The submission of the COGA will ensure adequate planning in funding the grant(s) for the next fiscal year (October 1 through September 30). All budget estimates in the COGA for the upcoming fiscal year will need to be submitted by either January 1 (or) June 1 of each year, regardless of the granting authority application due date.

POLICY STATEMENTS

FINANCIAL POLICIES

5. **DEBT MANAGEMENT POLICIES.** The objective of the City of Odessa debt management policy is to maintain the City's ability to incur present and future debt at the most beneficial interest rates, and in the amounts needed, to finance the Capital Improvements Program without adversely affecting the City's ability to finance essential services. When long-term debt financing is utilized, the City will ensure that repayment will be made by levying sufficient ad valorem taxes to service general obligation debt and realizing sufficient net revenues to service revenue debt while upholding all related bond covenant agreements.
- i. A five-year Capital Improvements Program (CIP) will be developed and updated annually, along with the corresponding anticipated funding sources.
 - ii. It is the intent of the City to issue new certificates of obligation (CO) debt for general purpose CIP as old debt is retired, thus avoiding the need for additional revenues for debt service.
 - iii. Efforts will be made to maintain or improve the City's bond rating. Effective communication will continue with bond rating agencies, financial advisors, independent auditors, investors, and citizens regarding its financial condition.
 - iv. The City will develop and update comparative debt information in the form of ratios to determine the appropriate debt level for financing capital projects prior to the issuance of new debt. (Note: All debt is tax supported and does not include enterprise or overlapping debt.)

Below is a sample of the various comparative debt ratios as of September 30, 2015. The City selects certain neighboring cities as a peer group to compare debt information. As the graphs show, Odessa's net general bonded debt as a percentage of taxable assessed value (2.81%) ranks fifth in the group. Odessa also ranks fifth in net general bonded debt per capita (\$1,179).



POLICY STATEMENTS

FINANCIAL POLICIES

BUDGET POLICIES:

Staff and City Council follow established procedures in producing budgetary data.

1. In accordance with the city charter, the City Manager is responsible for preparing and recommending an operating budget for City Council consideration prior to September 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.
2. A multi-year financial forecast is prepared as a planning tool in developing the operating budget.
3. Budget work sessions and public hearings are conducted with public notice being given within statutory limits, for the purpose of obtaining taxpayer comments. Copies of the proposed budget are made available for City Council, media, and citizens' review prior to any work sessions or public hearings.
4. The City gives the highest priority to funding daily operational costs from current revenues and funding capital assets or non-recurring expenditures from one-time revenues or unreserved fund balance.
5. Each department's operational budget is developed within a targeted dollar amount designated by Finance. The target amount is based on the total projected revenues and the department's percentage of the previous year's budget. Any proposed increases or decreases in service levels to the citizens are noted. Requests requiring funds in addition to the targeted amount are submitted for consideration in a supplemental request along with suggestions on how to fund the request.
6. A high priority is placed on continuing the compensation plan adopted by Council. In setting the target amount for departmental budgets, Finance takes into consideration the funding of the merit pay plan and other increases in employee benefits.
7. The budget requests submitted by the departments are evaluated based on a customer focus measurement and customer concerns.
8. Budgeted revenues and expenditures for each fund should be realistic and based upon current trends.
9. Every effort is made to create a balanced budget (a budget in which revenues equal expenditures) for the General Fund. Property tax revenue is one of two major sources of revenue for the General Fund. This policy ensures that any revenues generated by an increase in the property tax rate are used to cover necessary expenditures, rather than to increase the fund balance.

POLICY STATEMENTS

FINANCIAL POLICIES

10. All departments providing services that are based on a user-fee concept should make every effort to be self-supported by those fees.
11. The budget provides for adequate maintenance, repair, and replacement of capital assets. Postponing of such items to balance the budget would only lead to short-term gain at the expense of long-term financial security.
12. Prior to October 1, the budget is legally enacted through passage of a resolution.
13. Activities of the General Fund, Internal Service Funds, Special Revenue Funds and Debt Service Fund are included in the annual appropriated budget, legally adopted. The City includes all proprietary funds in the annual budget adopted, but only as a financial plan.
14. Capital projects are budgeted over the life of the respective projects rather than on a fiscal year basis.
15. Once the budget is adopted, the City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that increase budgeted appropriations of any fund must be approved by the City Council after appropriate public notice.
16. Reports prepared monthly compare actual revenues, expenditures and encumbrances to budgeted amounts. The monitoring of expenditures to budgeted appropriations, at the departmental level, is employed as a budgetary management tool for the General Fund, Internal Service Funds, Special Revenue Funds, and Debt Service Fund.
17. Encumbrances outstanding at year-end are reported as committed fund balances in financial accounting unless otherwise restricted by constraints placed on them. For budgetary accounting, any appropriations for encumbered or obligated funds are carried over to the subsequent fiscal year in order to complete these transactions.
18. Appropriations that are not expended or encumbered at the end of the fiscal year lapse at the end of that fiscal year. The unencumbered appropriation balances of any capital projects do not lapse at year-end.

POLICY STATEMENTS

BUDGET CONTINGENCY PLAN

BUDGET CONTINGENCY PLAN

A budget contingency plan was developed in 1991-92 which details various courses of action that may be undertaken when varying levels of revenue shortfalls are anticipated. The basic provisions of the plan are:

If an anticipated shortfall in revenue is equal to:

1% Shortfall

- Prohibit unbudgeted expenditures. Budget amendments will not be made from fund balances.
- City Manager, Assistant City Managers, and department directors will be required to review, monitor, and control planned expenditures.
- Department directors must re-justify planned capital outlay purchases to City Manager or Assistant City Managers prior to all expenditures.
- All overtime must be pre-approved by City Manager.

2% Shortfall

- Eliminate planned capital outlay.
- Eliminate travel and training.
- Freeze all vacant positions.

3% Shortfall

- Reduce all operating departmental budgets by 2%.

4% Shortfall

- Reduce all operating departmental budgets by 3%

Over 4% Shortfall

- Reduce service levels.
- Eliminate specific programs.
- Reduce personnel.
- Re-evaluate funding for outside agencies.

POLICY STATEMENTS

ACCOUNTING POLICIES

ACCOUNTING POLICIES

The accounting policies of the City conform to accounting principles generally accepted in the United States of America.

1. PRINCIPLES DETERMINING SCOPE OF REPORTING ENTITY. 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 to 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 statement from being misleading.
2. INTERNAL CONTROLS. City management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. Management is also charged with ensuring that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The cost of a control should not exceed the benefits likely to be derived. The valuation of costs and benefits requires estimates and judgments by management.
3. SINGLE AUDIT. A single audit is made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Amendments of 1996 and the audit requirements of Title 2 of the U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

4. ENCUMBRANCES. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to set aside that portion of the applicable appropriation, is employed as an extension of budgetary integration in the General Fund and Special Revenue Funds. Encumbrances outstanding at year-end are reported as either restricted or assigned fund balances, and do not constitute expenditures or liabilities, because the commitments will be honored during the subsequent year.
5. CASH AND INVESTMENTS. Cash includes amounts in demand deposits as well as short-term investments with maturity dates no longer than three months. The City's investments are stated at fair value, except for external investment pools. Fair value is based on quoted market prices as of the valuation date. Management's intent is to hold all investments to maturity and thereby recover the full value of the various investments made.

POLICY STATEMENTS

ACCOUNTING POLICIES

5. CASH AND INVESTMENTS (CONT). The City of Odessa is required to comply with the Public Funds Investment Act, Chapter 2256, Texas Government Code. It is the policy of the City of Odessa to invest public funds to provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City. The investment policies must conform to all state and local statutes governing the investment of public funds.
6. WATER AND SEWER RECEIVABLES. The City's Water and Sewer Enterprise Fund operates on a monthly billing cycle, issuing bills continuously throughout the month.
7. TRANSACTIONS BETWEEN FUNDS. Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved an organization external to the governmental unit are accounted for as revenues, expenditures, or expenses in the funds involved. Reimbursements from one fund to another for expenditures or expenses already made are recorded as expenditures or expenses in the reimbursing fund.

Non-recurring or non-routine transfers of equity between funds are treated as transfers and are reported as results of operations for governmental funds, and as contributed capital for proprietary funds for transfers to, or as a reduction of, results of operations for transfers out. All other operating type transfers are treated as transfers and are included in the results of operations of both governmental and proprietary funds.

8. INVENTORIES. Inventories are valued at cost, which approximates market, using the first-in, first-out method and are recorded under the consumption method. Inventories in the General Fund consist of expendable supplies. The cost of individual items is included as inventory when acquired and included in expenditures as supplies are used.
9. RESTRICTED ASSETS. These assets consist of cash, certificates of deposit, and other short-term investments legally restricted for various purposes.
10. GENERAL FIXED ASSETS AND GENERAL LONG-TERM DEBT ACCOUNT GROUPS. The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed asset account group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are capitalized along with other general fixed assets.

All fixed assets are valued at historical cost or estimated cost if actual historical cost is not available. Donated fixed assets are valued at their fair market value on the date donated. Interest costs incurred on debt-financed construction is capitalized during the construction period.

POLICY STATEMENTS

ACCOUNTING POLICIES

10. GENERAL FIXED ASSETS AND GENERAL LONG-TERM DEBT ACCOUNT GROUPS (CONT).

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the general long-term debt account group.

The two account groups are not “funds.” They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations. They are, however, reported in the entity-wide financial statements with related depreciation, amortization and other related assets and liabilities.

Special reporting methods are applied to governmental fund inventories using the consumption method to indicate that they do represent “available spendable resources.”

All proprietary and pension trust funds are accounted for on a cost of services of “capital maintenance” measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and net assets components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

11. DEPRECIATION. Depreciation of all exhaustible fixed assets used by proprietary funds and governmental activities is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund and governmental activities balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

| | |
|--------------------------------|---------------|
| Buildings | 25 - 40 years |
| Improvements | 25 - 40 years |
| Infrastructure | 25 years |
| Furniture and Office Equipment | 7 - 10 years |
| Machinery and Equipment | 5 - 20 years |
| Data Processing Equipment | 3 - 5 years |
| Automotive Equipment | 3 - 10 years |
| Radio Equipment | 5 - 10 years |

12. GENERAL LONG-TERM OBLIGATIONS. All unmatured long-term indebtedness other than that directly related to, and expected to be paid from, proprietary or fiduciary funds is reported in the general long-term obligations account group. This debt is secured by the full faith and credit of the City.

POLICY STATEMENTS

ACCOUNTING POLICIES

13. ACCRUED EMPLOYEE BENEFITS PAYABLE.

During the year ending September 30, 1998, the City approved amendments to the personnel policy to implement a consolidated leave for sick leave, vacation, and emergency leave, to be 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 is accrued may be carried over to the following year without limitation, until termination of employment, at which time it will be paid to the employee at his or her current salary per hour. The vacation time that had accrued prior to the inception of the unileave 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 meets the following criteria:

- A. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' service already rendered.
- B. The obligation relates to rights that vest or accumulate.
- C. Payment of the compensation is probable.
- D. The amount can be reasonably estimated.

In accordance with the above criteria, the City has accrued a liability for unileave, remaining sick leave, and compensatory time which has been earned but not taken by City employees. For governmental funds, the liability for compensated absences has been recorded in the general long-term group of accounts. The liability for compensated absences is recorded in proprietary fund types as an accrued liability.

14. BOND DISCOUNTS AND PREMIUMS. Bond discounts and premiums for proprietary funds and governmental activities are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas bond premiums are added to the face amount of bonds payable.

15. FUND EQUITY. The City records classifications of fund equity to indicate that portions of the fund equity are segregated for a specific future use or for possible future use. The following is a list of all classifications of fund equity used by the City, along with a description of each:

- A. UNRESTRICTED FUND BALANCE: Non-spendable fund balance represents amounts that are required to be maintained intact. Restricted fund balance is defined as that portion of fund balance that can be spent only for the specific purposes stipulated by constitution, external resource, or through enabling legislation. Committed fund balance includes amounts constrained to specific purposes determined by a formal action of the City itself, using its highest level of decision-making authority. 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. Unassigned fund balance is the residual classification of the General Fund. Within the General Fund unassigned fund balance, the City has established the following:

POLICY STATEMENTS

ACCOUNTING POLICIES

60 Day Requirement – funds appropriated by City Council Resolution 83R-62 for the purpose of providing for contingencies with an amount based upon a minimum of 60 days emergency operation.

Budget Stabilization – funds set aside by City Council Ordinance 99-04 for the purpose of protecting the City for an up-to-15% sales tax revenue decline and a 10% decline in property tax revenues or any other revenue loss. This amount is based upon a 25-day operations balance based on the last adopted budget.

B. NET INVESTMENT IN CAPITAL ASSETS:

- a. Invested in Capital Assets, net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation, and reduced by any outstanding debt attributable to those capital assets.
- b. Restricted for Rate Stabilization - Funds necessary for unexpected water rate fluctuations.
- c. Unrestricted Net Assets - This component of net assets includes all net assets that do not meet the definition of "restricted" or "invested in capital assets, net of debt".

16. 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 on September 1. All unpaid taxes levied October 1 become delinquent as of February 1 of the following year.

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 (60) days after year-end.

General property taxes are limited by home rule charter to \$2.00 per \$100.00 of assessed valuation. There is no limitation within the \$2.00 ceiling for debt service.

Billing and collections are processed by the Ector County Appraisal District, which acts as an agent on the City's behalf. The Appraisal District also maintains the property tax rolls and processes all delinquent tax collections. Taxes collected by the appraisal district for the coming fiscal year before September 30 are recognized as unearned revenue.

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.

17. FEDERAL AND STATE GRANTS AND ENTITLEMENTS. Grants, entitlements, and shared revenues may be accounted for within any of the fund types. The purpose and requirement 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.

POLICY STATEMENTS

ACCOUNTING / BUDGETARY BASIS

BASIS OF ACCOUNTING

Governmental and Agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include unmatured principal and interest on general long-term obligations which are recognized when due. This exception is in conformity with accounting principles generally accepted in the United States of America.

Property tax revenues and sales tax receipts are considered measurable and available when collected by the respective intermediary collecting agency and recognized as revenue at that time. Taxes collected by the collecting agency for the coming fiscal year before September 30 are recognized as unearned revenue. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded on the accrual basis in all funds. Grant and entitlement revenues are recorded on a basis applicable to the legal and contractual requirements of the various individual grant programs.

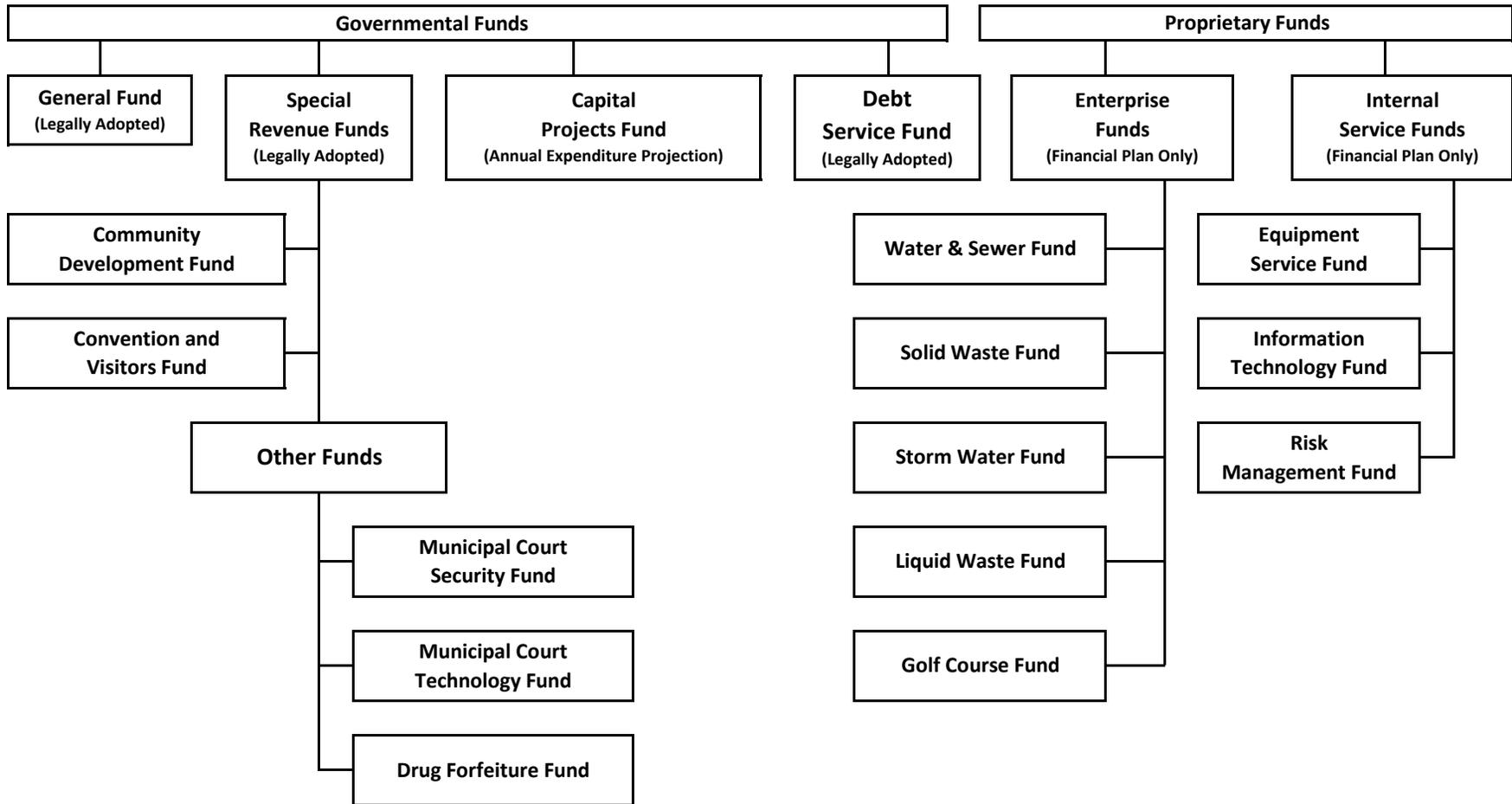
All enterprise, internal service, special revenue, and nonexpendable trust funds are accounted for using the accrual basis of accounting and “economic resources” measurement focus. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

BUDGETARY ACCOUNTING

This budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP) except for certain items that are adjusted on the City’s accounting system at fiscal year end. During the year, the City’s accounting system is maintained on the same basis as the adopted budget. This enables departmental budgets to be easily monitored via accounting system reports on a monthly basis. The major differences between this adopted budget and GAAP for governmental funds are a) encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a constraint of fund balance (GAAP); b) certain revenues and expenditures, (e.g., compensated absences) not recognized for budgetary purposes are accrued (GAAP). Enterprise fund differences consist of the following: a) encumbrances are recorded as the equivalent of expenses (budget basis) as opposed to an expense of the following accounting period (GAAP); b) certain items, e.g., principal expenses and capital outlay, are recorded as expenditures for budgetary purposes, as opposed to adjustments of the appropriate balance sheet accounts (GAAP); c) depreciation is recorded as an expense (GAAP), and not recognized for budgetary purposes.

CITY OF ODESSA

ANNUAL ADOPTED BUDGETS FOR FUNDS



POLICY STATEMENTS

FUND DEFINITIONS

BASIS OF PRESENTATION - FUND ACCOUNTING

Accounts are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund, as shown in the annual budget, are accounted for with a separate set of self-balancing accounts that comprise its revenues and expenditures, as appropriate. Government resources are allocated to and accounted for in individual funds, based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

GOVERNMENTAL FUNDS

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.

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

The **Community Development Fund** is funded entirely by federal or state grants that are used to fund projects that benefit low and moderate-income individuals, families, or areas.

The **Convention and Visitors Fund** is funded through receipts from an occupancy tax on local hotels/motels. This revenue must be used to fund projects that attract conventions and tourists to Odessa. This is not a City-operated department/division as the City collects and disburses the revenue. The City receives an administrative fee and audit reimbursement fee from the hotel/motel tax dollars.

The other Special Revenue Funds are restricted by state statute or by grant contracts. The **Drug Forfeiture Fund** accounts for funds received from the sale of narcotics-related, confiscated property. The **Municipal Court Building Security Fund's** revenue is generated by a \$3 court cost that is assessed for each misdemeanor conviction. This revenue is used to fund the security needs of the court. The **Municipal Court Technology Fund's** revenue is generated by a fee that is assessed for each misdemeanor conviction. These funds can only be used to purchase technology that will aid the court. Various federal and state grants are budgeted under this category for convenience. Each has a specific purpose, which is discussed in the Special Revenue Funds section of the budget book.

The **General Debt Service Fund** is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for payment of general long-term debt principal, interest, and related costs. Financing is provided by property tax levies.

The **Capital Projects** funds are 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 enterprise funds).

POLICY STATEMENTS

FUND DEFINITIONS

ENTERPRISE FUNDS

The **Water and Sewer Fund**, **Solid Waste Fund**, **Storm Water Fund**, **Liquid Waste Fund**, and **Golf Course Fund** are enterprise funds. Enterprise funds are used to account for operations:

- 1) which are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods/services to the general public on a continuing basis be financed primarily through user charges; or
- 2) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. These revenues are also used to retire revenue bond debt and to fund various capital construction projects.

INTERNAL SERVICE FUNDS

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

The **Equipment Service Fund** is primarily financed through monthly charges to other City departments/divisions, which pay for vehicle rental, maintenance, other services and capital replacement.

The **Risk Management Fund** is an internal service fund and is financed by operating transfers from other funds, and by charges to employees for benefits.

The **Information Technology Fund** is an internal service fund that provides other City departments/divisions with network, internet, applications, and communications support. Departments are charged monthly technology fees to finance this fund's operations and to cover the cost of computer replacement.

City of Odessa

FY 2016-17

Adopted Budget

Budget Summary

BUDGET SUMMARY

ALL FUNDS 2016-17

The accounts of the City of Odessa are organized by Fund. Each Fund is a separate accounting entity established to track specific revenues and expenditures.

| FUND NAME | PROJECTED BEGINNING BALANCE | REVENUES | EXPENDITURES | PROJECTED ENDING BALANCE | CHANGE IN FUND BALANCE |
|--------------------------|-----------------------------------|----------------------|----------------------|--------------------------------|---------------------------|
| GENERAL | \$39,851,966 | \$83,887,982 | \$83,887,982 | \$39,851,966 | \$0 |
| WATER AND SEWER | 14,280,083 | 57,180,664 | 57,110,712 | 14,350,035 | 69,952 |
| SOLID WASTE | (1,462,560) | 14,702,610 | 13,261,238 | (21,188) | 1,441,372 |
| STORM WATER | (187,524) | 1,643,396 | 1,456,600 | (728) | 186,796 |
| EQUIPMENT SERVICE | 8,536,245 | 17,350,571 | 15,388,137 | 10,498,679 | 1,962,434 |
| INFORMATION TECHNOLOGY | 1,356,708 | 3,903,655 | 3,689,279 | 1,571,084 | 214,376 |
| RISK MANAGEMENT | 3,002,937 | 11,504,100 | 12,700,713 | 1,806,324 | (1,196,613) |
| GOLF COURSE | (399,185) | 1,855,470 | 1,769,453 | (313,168) | 86,017 |
| DEBT SERVICE | 704,006 | 7,005,825 | 7,005,825 | 704,006 | 0 |
| COMMUNITY DEVELOPMENT | 0 | 1,142,309 | 1,142,309 | 0 | 0 |
| CONVENTION & VISITORS | 3,933,478 | 3,800,000 | 3,085,914 | 4,647,564 | 714,086 |
| OTHER FUNDS: | | | | | |
| DRUG FORFEITURE | 761,484 | 30,000 | 631,053 | 160,431 | (601,053) |
| MUNICIPAL CT. SECURITY | 73,877 | 130,000 | 95,665 | 108,212 | 34,335 |
| MUNICIPAL CT. TECHNOLOGY | 136,967 | 102,000 | 156,919 | 82,048 | (54,919) |
| LIQUID WASTE | 436,219 | 90,000 | 58,443 | 467,776 | 31,557 |
| SCHOOL ATTENDANCE CT. | 0 | 79,008 | 79,008 | 0 | 0 |
| TOTAL | \$71,024,701 | \$204,407,590 | \$201,519,250 | \$73,913,041 | \$2,888,340 |

BUDGET SUMMARY

ALL FUNDS 2016-17

| Financing Sources: | General Fund | Water and Sewer Fund | Solid Waste Fund | Storm Water Fund | Equipment Service Fund |
|-----------------------------------|---------------|----------------------|------------------|------------------|------------------------|
| Beginning Fund Balance | \$39,851,966 | \$14,280,083 | (\$1,462,560) | (\$187,524) | \$8,536,245 |
| Less Required Reserves | 20,679,080 | 1,000,000 | | | |
| Available Fund Balance | \$19,172,886 | \$13,280,083 | (\$1,462,560) | (\$187,524) | \$8,536,245 |
| CURRENT REVENUES: | | | | | |
| Property Tax | \$25,833,784 | | | | |
| Sales Tax | 29,907,251 | | | | |
| Franchise/Gross Receipts | 7,309,500 | | | | |
| Other Operating Revenues | | | \$14,509,610 | \$1,643,396 | |
| Water and Sewer | | \$47,974,825 | | | |
| Rental Revenue | | | | | \$16,586,369 |
| Interest Income | 125,000 | 47,000 | | | |
| Intergovernmental | 1,123,968 | | | | |
| Other Revenue | 15,140,037 | 9,158,839 | 193,000 | | 764,202 |
| Administrative Transfers | | | | | |
| General Fund | | | | | |
| Water/Sewer | 2,767,524 | | | | |
| Equipment Service | 311,693 | | | | |
| Risk Management | 490,443 | | | | |
| Solid Waste | 568,582 | | | | |
| Storm Water | 35,169 | | | | |
| Liquid Waste | 3,087 | | | | |
| Hotel-Motel | 36,723 | | | | |
| Odessa Development Corp. | 229,221 | | | | |
| Motor MPO | 6,000 | | | | |
| Total Current Revenues | \$83,887,982 | \$57,180,664 | \$14,702,610 | \$1,643,396 | \$17,350,571 |
| Total Financing Sources | \$103,060,868 | \$70,460,747 | \$13,240,050 | \$1,455,872 | \$25,886,816 |
| CURRENT EXPENDITURES: | | | | | |
| Personal Services | \$57,165,407 | \$8,879,929 | \$3,676,836 | \$588,219 | \$1,677,059 |
| Supplies | 1,690,498 | 19,127,069 | 67,256 | 13,650 | 2,121,300 |
| Services | 20,467,313 | 4,724,766 | 7,741,224 | 597,946 | 515,545 |
| Maintenance | 3,280,293 | 1,834,425 | 462,874 | 123,966 | 4,667,540 |
| Capital Outlay | 236,072 | 991,989 | 10,500 | 97,650 | 195,000 |
| Other Requirements | 400,000 | 14,868,934 | 1,302,548 | 35,169 | 311,693 |
| Debt Service/Lease | | 6,683,600 | | | |
| Insurance Requirements | | | | | |
| Outside Agencies | 209,920 | | | | |
| Transfers Out | 438,479 | | | | |
| Total Current Expenditures | \$83,887,982 | \$57,110,712 | \$13,261,238 | \$1,456,600 | \$9,488,137 |
| Capital Outlay-Replacement | | | | | 5,900,000 |
| Total Expenditures | \$83,887,982 | \$57,110,712 | \$13,261,238 | \$1,456,600 | \$15,388,137 |
| Ending Available Balance | \$19,172,886 | \$13,350,035 | (\$21,188) | (\$728) | \$10,498,679 |
| Plus Required Reserves | 20,679,080 | 1,000,000 | 0 | 0 | 0 |
| Ending Fund Balance | \$39,851,966 | \$14,350,035 | (\$21,188) | (\$728) | \$10,498,679 |

BUDGET SUMMARY

ALL FUNDS 2016-17

| Information Tech. Fund | Risk Mngmnt Fund | Golf Course Fund | Debt Service Fund | CDBG/HOME Funds | Convention & Visitors Fund | Other Funds | Total All Funds |
|---------------------------|---------------------|---------------------|----------------------|--------------------|-------------------------------|----------------|---|
| \$1,356,708 | \$3,002,937 | (\$399,185) | \$704,006 | \$0 | \$3,933,478 | \$1,408,547 | \$71,024,701 21,679,080 |
| \$1,356,708 | \$3,002,937 | (\$399,185) | \$704,006 | \$0 | \$3,933,478 | \$1,408,547 | \$49,345,621 |
| | | | \$7,005,825 | | | | \$32,839,609 29,907,251 7,309,500 |
| \$75,725 | \$11,504,100 | \$1,650,470 | | | \$3,800,000 | \$255,000 | 33,438,301 47,974,825 |
| 3,787,930 | | | | | | | 20,374,299 172,000 |
| 40,000 | | | | \$1,139,453 | | 79,008 | 2,382,429 25,261,078 |
| | | 5,000 | | | | | 0 |
| | | 200,000 | | 2,856 | | 97,000 | 299,856 2,767,524 |
| | | | | | | | 311,693 490,443 |
| | | | | | | | 568,582 35,169 |
| | | | | | | | 3,087 36,723 |
| | | | | | | | 229,221 6,000 |
| \$3,903,655 | \$11,504,100 | \$1,855,470 | \$7,005,825 | \$1,142,309 | \$3,800,000 | \$431,008 | \$204,407,590 |
| \$5,260,363 | \$14,507,037 | \$1,456,285 | \$7,709,831 | \$1,142,309 | \$7,733,478 | \$1,839,555 | \$253,753,211 |
| \$1,699,656 | \$1,177,599 | \$861,817 | | \$152,183 | | \$295,426 | \$76,174,131 |
| 68,032 | 282,345 | 225,883 | | 34,364 | | 325,042 | 23,955,439 |
| 226,596 | 2,182,736 | 623,981 | | 192,500 | \$42,723 | 22,223 | 37,337,553 |
| 1,252,024 | 41,416 | 57,772 | | 0 | | 15,750 | 11,736,060 |
| 13,000 | 44,728 | | | 0 | | 359,560 | 1,948,499 |
| | 490,443 | | | 763,262 | | 3,087 | 18,175,136 |
| | | | \$7,005,825 | | | | 13,689,425 |
| | 8,481,446 | | | | | | 8,481,446 |
| | | | | | 3,043,191 | | 3,253,111 438,479 |
| \$3,259,308 | \$12,700,713 | \$1,769,453 | \$7,005,825 | \$1,142,309 | \$3,085,914 | \$1,021,088 | \$195,189,279 |
| 429,971 | | | | | | | 6,329,971 |
| \$3,689,279 | \$12,700,713 | \$1,769,453 | \$7,005,825 | \$1,142,309 | \$3,085,914 | \$1,021,088 | \$201,519,250 |
| \$1,571,084 | \$1,806,324 | (\$313,168) | \$704,006 | \$0 | \$4,647,564 | \$818,467 | \$52,233,961 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 21,679,080 |
| \$1,571,084 | \$1,806,324 | (\$313,168) | \$704,006 | \$0 | \$4,647,564 | \$818,467 | \$73,913,041 |

BUDGET SUMMARY

AD VALOREM TAXES

Ad Valorem Tax Revenue and Distribution 2016-17 Budget

| | |
|------------------------------------|-----------------|
| Certified 2016 Total Taxable Value | \$7,269,130,057 |
| Tax Rate per \$100 | 0.470590 |
| Total Tax Levy | \$34,207,926 |
| Estimated Collection Rate | 96.00% |
| Estimated Current Collections | \$32,839,609 |

| | Amount |
|-------------------|--------------|
| General Fund | \$25,833,784 |
| Debt Service Fund | 7,005,825 |
| TOTAL | \$32,839,609 |

BUDGET SUMMARY

AD VALOREM TAXES



| | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 | 13-14 | 14-15 | 15-16 | 16-17 |
|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Debt | 0.083300 | 0.085221 | 0.074512 | 0.074635 | 0.072616 | 0.064644 | 0.130176 | 0.111395 | 0.104202 | 0.099659 |
| Operating | 0.495700 | 0.477069 | 0.448238 | 0.448115 | 0.450134 | 0.448106 | 0.382574 | 0.364450 | 0.366388 | 0.370931 |
| Total | 0.579000 | 0.562290 | 0.522750 | 0.522750 | 0.522750 | 0.512750 | 0.512750 | 0.475845 | 0.470590 | 0.470590 |

Source: City of Odessa Finance Department

Between 2007-08 and 2016-17, Odessa’s economy has strengthened and grown significantly overall, as a result of the booming oil industry. Despite the initial downturn in the economy during 2014, low unemployment, higher wages and the increased demand for housing have maintained continued increases in assessed valuations. The steady rise in assessed values has positively impacted property tax revenues, allowing the City to reduce or maintain the tax rate throughout the past ten years while still generating sufficient revenue to fund operational costs.

From 2006-07 to 2009-10, the tax rate fell from \$0.579000 to \$0.522750, a decrease of \$5.625 cents or 9.7% in a five-year period. For the next two years, the tax rate remained unchanged. However, in 2011-12, a one-cent decrease brought the rate down to \$0.512750. In 2014-15, the tax rate was reduced by another \$3.69 cents, and again slightly in 2015-16 by \$0.005255, or approximately half a cent. Overall, the tax rate has decreased \$10.81 cents in the past ten years.

The above graph presents the actual property tax rates for the General Fund for fiscal years 2007-08 through 2016-17.

BUDGET SUMMARY

AD VALOREM TAXES

Schedule of Property Valuations 2006 Through 2015 2015-16 Budget

| <u>Roll Year</u> | <u>Total Market Value</u> | <u>%</u> | <u>Non-Taxable Values</u> | <u>%</u> | <u>Assessed Valuations</u> | <u>%</u> |
|----------------------|-------------------------------|----------|-------------------------------|----------|--------------------------------|----------|
| 2007 | 4,448,275,493 | 100% | 1,313,131,214 | 29.52% | 3,135,144,279 | 70.48% |
| 2008 | 5,180,679,886 | 100% | 1,632,178,508 | 31.51% | 3,548,501,378 | 68.49% |
| 2009 | 5,533,312,418 | 100% | 1,655,083,564 | 29.91% | 3,878,228,854 | 70.09% |
| 2010 | 5,413,762,192 | 100% | 1,506,811,876 | 27.83% | 3,906,950,316 | 72.17% |
| 2011 | 5,497,474,611 | 100% | 1,440,889,244 | 26.21% | 4,056,585,367 | 73.79% |
| 2012 | 5,944,811,511 | 100% | 1,455,997,639 | 24.49% | 4,488,813,872 | 75.51% |
| 2013 | 6,883,001,685 | 100% | 1,565,972,805 | 22.75% | 5,317,028,880 | 77.25% |
| 2014 | 7,682,818,504 | 100% | 1,589,646,405 | 20.69% | 6,093,172,099 | 79.31% |
| 2015 | 8,322,390,742 | 100% | 1,640,733,283 | 19.71% | 6,681,657,459 | 80.29% |
| 2016 | 8,947,229,093 | 100% | 1,678,099,036 | 18.76% | 7,269,130,057 | 81.24% |

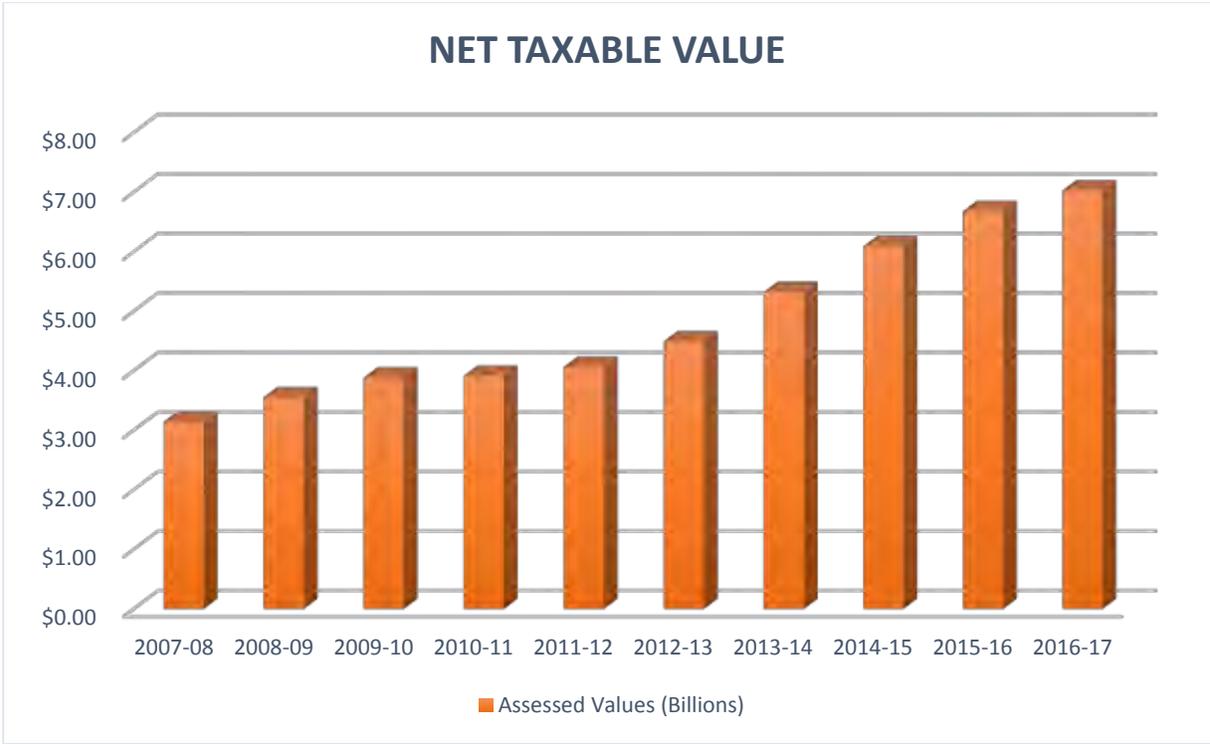
NOTES:

The Roll Year is one year prior to the Fiscal Year. For example, the 2016 roll is used to determine the Fiscal Year 2016-17 property tax revenues.

In addition to Constitutional Exemptions for property taxation, the City of Odessa provides a general residential homestead exemption and tax exemptions for senior citizens, disabled veterans, and disabled persons.

BUDGET SUMMARY

AD VALOREM TAXES



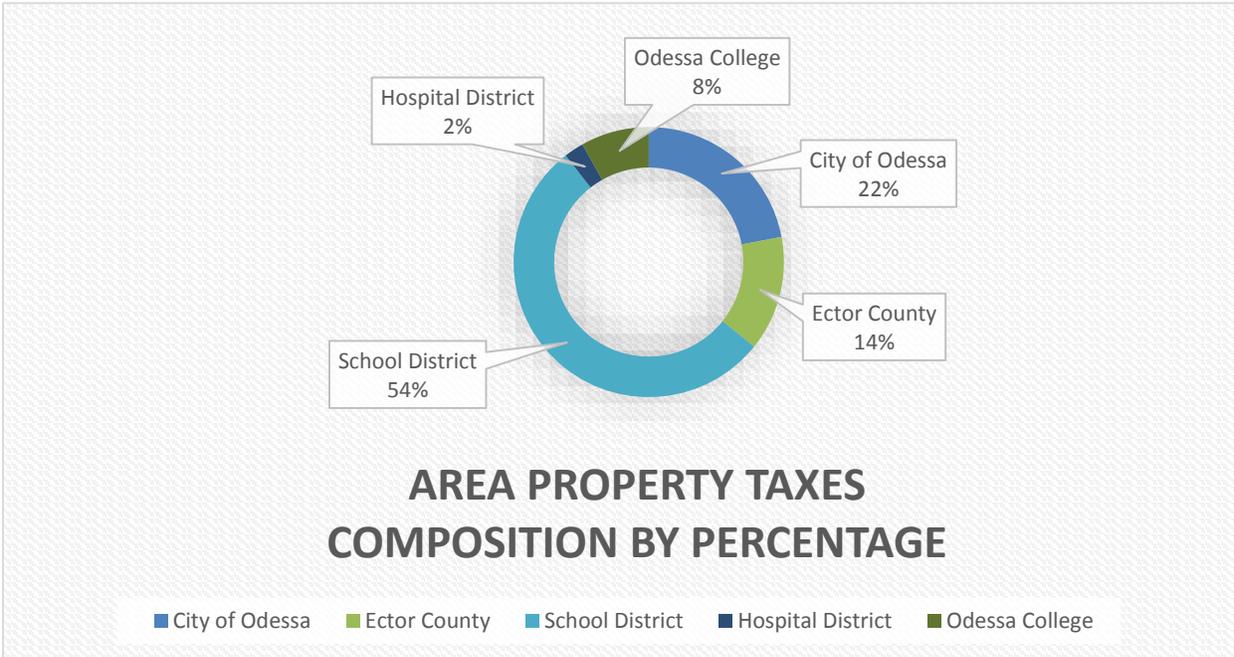
Source: Ector County Appraisal District

Over the past ten years, net taxable values have increased by more than 124%. During this time, the local economy boomed due to significant increases in the price of oil. Wages increased, unemployment fell, and the population grew as people moved into the area in search of jobs. The increased demand for homes drove up housing prices which, in turn, caused net taxable values to rise. Despite the recent downturn in the local economy, 2016 Assessed Values continued the upward trend.

From FY 2008 to FY 2012, assessed values moderately grew from \$3.14 billion to \$4.06 billion, an increase of 29.3% in a five-year period. Oil prices during this period had decreased due to the Great Recession that was occurring nationwide. However, oil prices quickly recovered, resulting in more substantial gains. Between FY 2012 and FY 2016, net taxable values climbed from \$4.06 billion to \$7.03 billion. This represents a 56.57% increase in a five-year period, or an average annual gain of 11.31%.

BUDGET SUMMARY

AD VALOREM TAXES

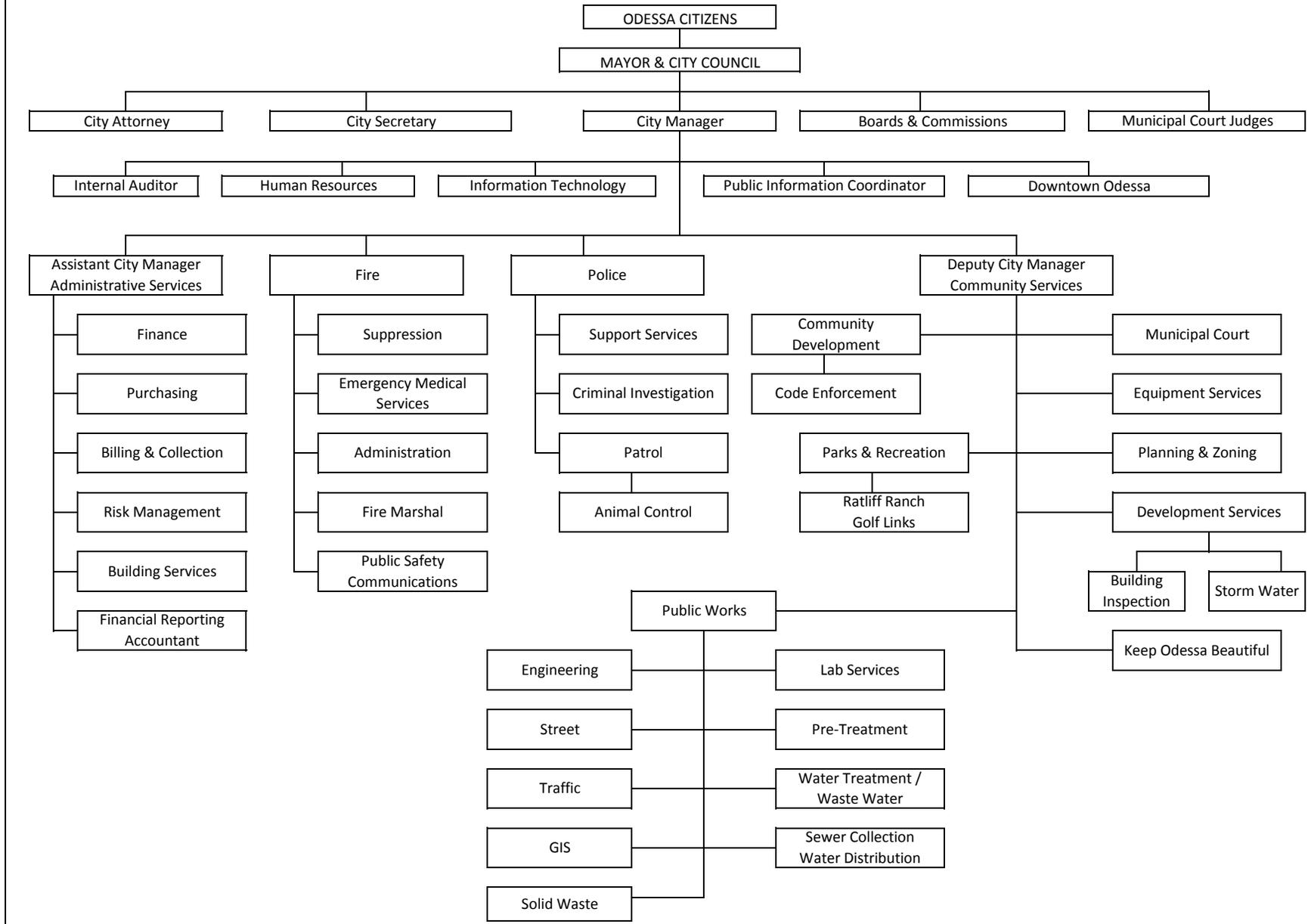


Source: Ector County Appraisal District

The 2016-17 area property taxes include those from the City of Odessa, Ector County, the Hospital District, the School District, and Odessa College. Every year, each of these entities receives its certified property values from the Ector County Appraisal District and adopts its own ad valorem rate (property tax rate). These ad valorem rates are then applied per \$100 of assessed value.



CITY OF ODESSA ORGANIZATION CHART



BUDGET SUMMARY ALL FUNDS 2016-17

THREE YEAR COMPARISON ADOPTED BUDGET REVENUES

| | 2014-15 Budget | 2015-16 Budget | % Change | 2016-17 Budget | % Change |
|-------------------------------------|---------------------|---------------------|---------------|---------------------|----------------|
| GENERAL FUND | | | | | |
| Property Tax | \$22,049,992 | \$24,098,019 | 9.29% | \$26,708,784 | 10.83% |
| Sales Tax | 32,476,255 | \$33,214,406 | 2.27% | \$29,907,251 | -9.96% |
| Franchise/Gross Receipts | 7,076,000 | \$7,074,500 | -0.02% | \$7,309,500 | 3.32% |
| Sales and Charges | 2,941,650 | \$2,930,700 | -0.37% | \$3,149,200 | 7.46% |
| Fines and Forfeitures | 3,041,100 | \$3,038,600 | -0.08% | \$3,138,600 | 3.29% |
| Other Revenue | 9,320,143 | \$9,775,393 | 4.88% | \$7,977,237 | -18.39% |
| Interest Income | 100,000 | \$100,000 | 0.00% | \$125,000 | 25.00% |
| Intergovernmental | 998,863 | \$1,036,133 | 3.73% | \$1,123,968 | 8.48% |
| Administrative Transfer In | 3,684,798 | \$3,942,269 | 6.99% | \$4,448,442 | 12.84% |
| TOTAL GENERAL FUND | \$81,688,801 | \$85,210,020 | 4.31% | \$83,887,982 | -1.55% |
| WATER & SEWER FUND | | | | | |
| Water Revenue | \$32,352,300 | \$33,872,300 | 4.70% | \$34,582,825 | 2.10% |
| Sewer Revenue | 13,182,000 | \$13,367,000 | 1.40% | \$13,392,000 | 0.19% |
| Interest Income | 58,000 | \$32,000 | -44.83% | \$47,000 | 46.88% |
| Sales and Charges | 926,000 | \$951,000 | 2.70% | \$1,076,000 | 13.14% |
| Other Revenue | 10,000 | \$3,010,000 | 30000.00% | \$8,082,839 | 168.53% |
| TOTAL WATER & SEWER FUND | \$46,528,300 | \$51,232,300 | 10.11% | \$57,180,664 | 11.61% |
| SOLID WASTE FUND | | | | | |
| Single Family | \$6,667,500 | \$6,600,000 | -1.01% | \$7,194,000 | 9.00% |
| Multi-Family | 1,417,500 | \$1,400,000 | -1.23% | \$1,526,000 | 9.00% |
| Commercial | 3,414,915 | \$4,006,110 | 17.31% | \$4,006,110 | 0.00% |
| Roll-Off Charges | 1,491,750 | \$1,783,500 | 19.56% | \$1,783,500 | 0.00% |
| Other Revenue | 401,000 | \$193,000 | -51.87% | \$193,000 | 0.00% |
| TOTAL SOLID WASTE FUND | \$13,392,665 | \$13,982,610 | 4.40% | \$14,702,610 | 5.15% |
| STORM WATER FUND | \$770,000 | \$755,323 | -1.91% | \$1,643,396 | 117.58% |
| EQUIPMENT SERVICE FUND | | | | | |
| Rental Revenue | \$15,547,810 | \$16,857,236 | 8.42% | \$16,586,369 | -1.61% |
| Other Revenue | 244,452 | \$229,452 | -6.14% | \$764,202 | 233.06% |
| TOTAL EQUIP. SERVICES FUND | \$15,792,262 | \$17,086,688 | 8.20% | \$17,350,571 | 1.54% |
| INFO. TECHNOLOGY FUND | \$3,427,979 | \$3,864,215 | 12.73% | \$3,903,655 | 1.02% |
| RISK MANAGEMENT FUND | \$10,145,860 | \$11,169,100 | 10.09% | \$11,504,100 | 3.00% |
| GOLF COURSE FUND | \$1,688,000 | \$1,855,470 | 9.92% | \$1,855,470 | 0.00% |
| COMMUNITY DEV. FUND | \$1,285,134 | \$1,237,992 | -3.67% | \$1,142,309 | -7.73% |

BUDGET SUMMARY ALL FUNDS 2016-17

THREE YEAR COMPARISON ADOPTED BUDGET REVENUES

| | 2014-15 Budget | 2015-16 Budget | % Change | 2016-17 Budget | % Change |
|---------------------------------------|----------------------|----------------------|----------------|--------------------|--------------|
| CONVENTION & VISITORS FUND | \$3,800,000 | \$3,800,000 | 0.00% | \$3,800,000 | 0.00% |
| GENERAL DEBT SERVICE FUND | \$6,872,905 | \$6,962,465 | 1.30% | \$7,005,825 | 0.62% |
| MISCELLANEOUS FUNDS | <u>\$517,553</u> | <u>\$429,866</u> | <u>-16.94%</u> | <u>\$431,008</u> | <u>0.27%</u> |
| TOTAL ALL FUNDS | \$185,909,459 | \$197,586,049 | 6.28% | 204,407,590 | 3.45% |

BUDGET SUMMARY

ALL FUNDS 2016-17

DEPARTMENTS BY FUNCTION AND FUNDING SOURCE

FUNDING SOURCE KEY

| | |
|-----------|-----------------------------|
| GF | GENERAL FUND |
| WS | WATER AND SEWER FUND |
| SW | SOLID WASTE FUND |
| ST | STORM WATER FUND |
| ES | EQUIPMENT SERVICE FUND |
| CD | COMMUNITY DEVELOPMENT FUND |
| IT | INFORMATION TECHNOLOGY FUND |
| RF | RISK MANAGEMENT FUND |
| GC | GOLF COURSE FUND |

The breakdown on the following page makes it easier to locate the divisions' budgets in the budget book. To find a division's budget, look at the name of the fund listed across from it. Then go to the section of the book pertaining to that fund. (Some divisions are funded by more than one fund, so they appear in more than one section of the budget book.)

BUDGET SUMMARY ALL FUNDS 2016-17

| DEPARTMENTS BY FUNCTION AND FUNDING SOURCE | | | | | | | | | |
|--|---------------|-------------------|---------|--------------|-------|---------------|-------------|------------|-----------|
| Division | General Gov't | Internal Services | Finance | Public Works | Parks | Public Safety | Water/Sewer | Risk Mngt. | Comm Dev. |
| Building Services | | GF | | | | | | | |
| City Attorney | GF | | | | | | | | |
| City Council | GF | | | | | | | | |
| City Secretary | GF | | | | | | | | |
| Clinical Services | | | | | | | | RF | |
| Community Development | | | | | | | | | CD |
| Equipment Replacement | | ES | | | | | | | |
| Downtown Odessa | GF | | | | | | | | |
| Equipment Services | | ES | | | | | | | |
| Finance | | | GF | | | | | | |
| Fire Department | | | | | | GF | | | |
| General Liability | | | | | | | | RF | |
| Golf Course | | | | | GC | | | | |
| Health and Wellness | | | | | | | | RF | |
| Human Resources | GF | | | | | | | | |
| Information Technology | | | IT | | | | | | |
| Keep Odessa Beautiful | SW | | | | | | | | |
| Medical & Dental Self Insurance | | | | | | | | RF | |
| Municipal Court | | | GF | | | | | | |
| Judges – Municipal Court | | | GF | | | | | | |
| Code Enforcement | GF | | | SW | | | | | CD |
| Non-Departmental | | | GF | SW | | | WS | | |
| Office of the City Manager | GF | | | | | | | | |
| Outside Agencies | | | GF | | | | | | |
| Parks & Recreation | | | | | GF | | | | |
| Planning & Development | GF | | | | | | | | |
| Police Department | | | | | | GF | | | |
| Public Safety Communications | | | | | | GF | | | |
| Public Works-Administration | | | | GF | | | | | |
| Public Works-Building Inspection | | | | GF | | | | | |
| Public Works-Engineering | | | | GF | | | | | |
| Public Works – GIS | | | | GF | | | | | |
| Public Works-Solid Waste | | | | SW | | | | | |
| Public Works-Street | | | | GF | | | | | |
| Public Works-Traffic Engineering | | | | GF | | | | | |
| Public Works Storm Water | | | | ST | | | | | |
| Purchasing | | | GF | | | | | | |
| Risk Management Administration | | | | | | | | RF | |
| Utilities Administration | | | | | | | WS | | |
| Utilities Billing & Collection | | | WS | | | | | | |
| Utilities Derrington W/W Plant | | | | | | | WS | | |
| Utilities GIS | | | | | | | WS | | |
| Utilities Laboratory | | | | | | | WS | | |
| Utilities Repair & Replacement | | | | | | | WS | | |
| Utilities W/W Collection | | | | | | | WS | | |
| Utilities Water Distribution | | | | | | | WS | | |
| Utilities Water Treatment | | | | | | | WS | | |
| Workers' Compensation | | | | | | | | RF | |

BUDGET SUMMARY

ALL FUNDS 2016-17

| THREE YEAR COMPARISON | | | | | |
|-------------------------------------|---------------------|---------------------|-----------------|---------------------|-----------------|
| ADOPTED BUDGET EXPENDITURES | | | | | |
| | 2014-15 | 2015-16 | | 2016-17 | |
| | Budget | Budget | % Change | Budget | % Change |
| GENERAL FUND | | | | | |
| City Council | \$37,922 | \$37,622 | -0.79% | \$37,497 | -0.33% |
| City Secretary | 222,261 | \$240,055 | 8.01% | \$238,610 | -0.60% |
| City Attorney | 1,501,673 | \$1,713,684 | 14.12% | \$1,797,231 | 4.88% |
| City Manager | 1,157,199 | \$1,245,346 | 7.62% | \$1,166,518 | -6.33% |
| Downtown Odessa | 0 | \$60,000 | 0.00% | \$60,000 | |
| Human Resources | 661,211 | \$677,366 | 2.44% | \$700,148 | 3.36% |
| Building Services | 1,599,758 | \$1,760,682 | 10.06% | \$1,592,760 | -9.54% |
| Public Safety Communications | 2,128,645 | \$2,204,539 | 3.57% | \$2,199,414 | -0.23% |
| Planning and Development | 393,255 | \$401,507 | 2.10% | \$419,321 | 4.44% |
| Finance | 1,016,947 | \$1,210,751 | 19.06% | \$1,207,652 | -0.26% |
| Purchasing | 661,796 | \$709,020 | 7.14% | \$709,708 | 0.10% |
| Municipal Court Administration | 1,135,197 | \$1,179,343 | 3.89% | \$1,165,447 | -1.18% |
| Judges Municipal Court | 450,862 | \$526,077 | 16.68% | \$496,478 | -5.63% |
| Public Works | 12,548,950 | \$12,935,732 | 3.08% | \$12,766,386 | -1.31% |
| Parks and Recreation | 6,440,099 | \$5,833,016 | -9.43% | \$5,746,011 | -1.49% |
| Fire | 20,030,221 | \$20,531,419 | 2.50% | \$21,845,683 | 6.40% |
| Police | 25,873,910 | \$28,446,285 | 9.94% | \$27,505,947 | -3.31% |
| Code Enforcement | 1,166,094 | \$1,829,960 | 56.93% | \$1,578,894 | -13.72% |
| Non-Departmental | 4,044,389 | \$3,039,217 | -24.85% | \$2,005,878 | -34.00% |
| External Agencies | 179,933 | \$189,920 | 5.55% | \$209,920 | 10.53% |
| Operating Transfers Out | 438,479 | \$438,479 | 0.00% | \$438,479 | 0.00% |
| TOTAL GENERAL FUND | \$81,688,801 | \$85,210,020 | 4.31% | 83,887,982 | -1.55% |
| WATER AND SEWER FUND | | | | | |
| Billing and Collection | \$2,537,489 | \$2,585,789 | 1.90% | \$2,592,381 | 0.25% |
| Utilities Administration | 910,751 | \$1,160,877 | 27.46% | \$1,188,904 | 2.41% |
| Water Distribution | 2,640,361 | \$2,278,086 | -13.72% | \$2,287,687 | 0.42% |
| Water Treatment | 3,055,649 | \$3,172,006 | 3.81% | \$3,077,085 | -2.99% |
| Bob Derrington W/W Plant | 3,552,105 | \$3,541,288 | -0.30% | \$3,936,238 | 11.15% |
| Wastewater Collection | 1,661,849 | \$1,408,278 | -15.26% | \$1,347,040 | -4.35% |
| Laboratory | 1,284,840 | \$1,172,022 | -8.78% | \$1,265,193 | 7.95% |
| Utilities GIS | 256,864 | \$198,497 | -22.72% | \$263,696 | 32.85% |
| Repair and Replacement | 947,829 | \$947,829 | 0.00% | \$947,829 | 0.00% |
| Non-Departmental | 6,818,293 | \$10,053,961 | 47.46% | \$15,709,940 | 56.26% |
| Water Purchases | 14,643,700 | \$17,361,119 | 18.56% | \$17,361,119 | 0.00% |
| Gulf Coast | 250,000 | \$250,000 | 0.00% | \$250,000 | 0.00% |
| Debt Service | 7,602,638 | \$6,684,600 | -12.08% | \$6,683,600 | -0.01% |
| Participation in Line Extensions | 200,000 | \$200,000 | 0.00% | \$200,000 | 0.00% |
| TOTAL WATER & SEWER FUND | \$46,362,368 | \$51,014,352 | 10.03% | \$57,110,712 | 11.95% |

BUDGET SUMMARY

ALL FUNDS 2016-17

| THREE YEAR COMPARISON ADOPTED BUDGET EXPENDITURES | | | | | |
|--|---------------------------|---------------------------|-----------------|---------------------------|-----------------|
| | 2014-15 Budget | 2015-16 Budget | % Change | 2016-17 Budget | % Change |
| SOLID WASTE FUND | | | | | |
| Keep Odessa Beautiful | \$203,948 | 291,866 | 43.11% | 261,189 | -10.51% |
| Solid Waste Division | 11,886,853 | 12,101,168 | 1.80% | 11,456,936 | -5.32% |
| Code Enforcement | 162,073 | 192,490 | 18.77% | 190,411 | -1.08% |
| Non-Departmental | 1,253,616 | 1,422,061 | 13.44% | 1,352,702 | -4.88% |
| External Agencies | 0 | 0 | n/a | 0 | n/a |
| TOTAL SOLID WASTE FUND | \$13,506,490 | \$14,007,585 | 3.71% | 13,261,238 | -5.33% |
| STORM WATER FUND | | | | | |
| | \$991,843 | \$981,805 | -1.01% | 1,456,600 | 48.36% |
| EQUIPMENT SERVICE FUND | | | | | |
| Equipment Services | \$8,018,026 | 8,073,991 | 0.70% | 9,292,137 | 15.09% |
| Equipment Replacement | 6,901,300 | 8,009,500 | 16.06% | 6,000,000 | -25.09% |
| Fire - Special Replacement | 96,000 | 95,000 | 9.23% | 96,000 | 1.05% |
| TOTAL EQUIPMENT SERVICES | \$15,015,326 | \$16,178,491 | 7.75% | 15,388,137 | -4.89% |
| INFO. TECHNOLOGY FUND | \$3,522,332 | 3,705,308 | 5.19% | 3,689,279 | -0.43% |
| RISK MANAGEMENT FUND | \$10,297,532 | 11,169,100 | 8.46% | 12,700,713 | 13.71% |
| GOLF COURSE FUND | \$1,689,265 | 1,750,213 | 3.61% | 1,769,453 | 1.10% |
| COMMUNITY DEV. FUND | \$1,285,134 | 1,237,992 | -3.67% | 1,142,309 | -7.73% |
| CONVENTION & VISITORS FUND | \$3,553,474 | 3,800,000 | 6.94% | 3,085,914 | -18.79% |
| GENERAL DEBT SERVICE FUND | \$6,872,905 | 6,962,465 | 1.30% | 7,005,825 | 0.62% |
| MISCELLANEOUS FUNDS | \$1,014,509 | 421,398 | -58.46% | 1,021,088 | 142.31% |
| SUBTOTAL ALL FUNDS | \$185,799,979 | \$196,438,729 | 5.73% | 201,519,250 | 2.59% |
| WATER & SEWER CIP | \$0 | \$0 | n/a | 0 | n/a |
| TOTAL ALL FUNDS WTH CIP | \$185,799,979 | \$196,438,729 | 5.73% | \$201,519,250 | 2.59% |

BUDGET SUMMARY

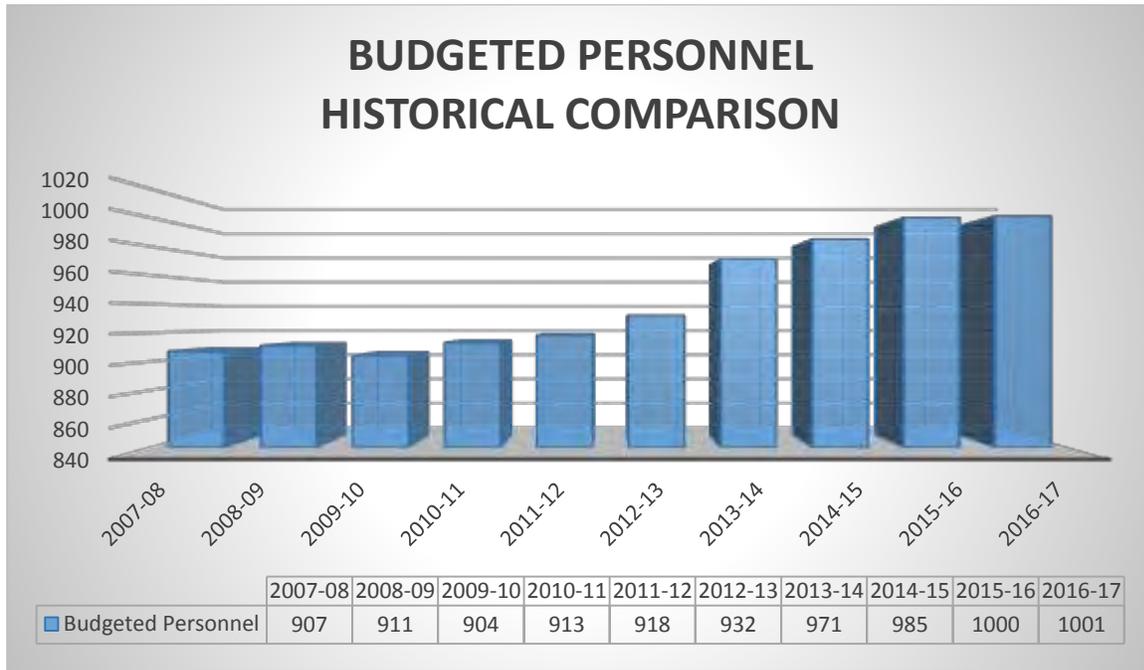
PERSONNEL

PERSONNEL HISTORY OF FULL-TIME POSITIONS BY FUNDING SOURCE

| DEPARTMENT | 07/08 | 08/09 | 09/10 | 10/11 | 11/12 | 12/13 | 13/14 | 14/15 | 15/16 | 16/17 |
|-------------------------------|--------------|--------------|--------------|--------------|-------------|-------------|--------------|--------------|--------------|--------------|
| City Secretary | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| City Attorney | 9.5 | 9.5 | 9.5 | 10.5 | 10.5 | 11.5 | 13.5 | 13.5 | 14.5 | 14.5 |
| City Manager | 6 | 6 | 6 | 6 | 8 | 8 | 8 | 8 | 8 | 7 |
| Code Enforcement | 6 | 6 | 6 | 6 | 6 | 6 | 13.5 | 13.5 | 17.5 | 17.5 |
| Human Resources | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Building Services | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Public Safety Communications | 28.5 | 28.5 | 25.5 | 29.5 | 30 | 31 | 31 | 31 | 31 | 31 |
| Planning and Development | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 |
| Finance | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 12 | 13 | 13 |
| Non-Departmental | 0 | 0 | 0 | .5 | .5 | .5 | .5 | .5 | .5 | .5 |
| Purchasing | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Municipal Court | 24 | 24 | 21 | 19 | 20 | 16 | 16 | 16 | 16 | 16 |
| Judges Municipal Court | 0 | 0 | 0 | 0 | 0 | 4 | 4 | 4 | 4 | 4 |
| Information Technology | 13 | 15 | 15 | 14 | 14 | 14 | 0 | 0 | 0 | 0 |
| Building Inspection | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 20 | 20 | 20 |
| Public Works | 89 | 91 | 84 | 86 | 89 | 89 | 94 | 79 | 79 | 79.5 |
| Parks and Recreation | 40 | 40 | 38 | 39 | 40 | 40 | 42 | 50 | 50 | 50 |
| Fire | 170 | 171 | 172 | 172 | 171 | 179 | 183 | 186 | 186 | 186 |
| Police | 221 | 222 | 222 | 224 | 228 | 231 | 233 | 234 | 235 | 235 |
| GENERAL FUND | 651 | 657 | 643 | 650.5 | 661 | 661 | 683.5 | 701.5 | 708.5 | 708 |
| Billing and Collection | 32.5 | 32.5 | 33.5 | 33.5 | 33.5 | 33.5 | 32.5 | 32.5 | 33.5 | 33 |
| Utilities | 102 | 102 | 102 | 102.5 | 102.5 | 101.5 | 102.5 | 99.5 | 99.5 | 99.5 |
| Bond Funds | 3 | 0 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 |
| WATER/SEWER FUND | 134.5 | 135.5 | 136.5 | 137 | 137 | 134 | 135 | 133 | 133 | 135.5 |
| SOLID WASTE FUND | 49.5 | 49.5 | 49.5 | 49.5 | 49.5 | 53.5 | 61.5 | 61.5 | 65.5 | 65.5 |
| STORM WATER FUND | 0 | 0 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 9 |
| GOLF COURSE FUND | 9 | 9 | 9 | 9 | 9 | 9 | 13 | 13 | 13 | 13 |
| EQUIP SERV FUND | 25.5 | 25.5 | 25.5 | 26.5 | 25 | 22 | 26 | 26 | 26 | 26 |
| CDBG / HOME | 9.5 | 9.5 | 9.5 | 9.5 | 8.5 | 7.5 | 6 | 5 | 4 | 4 |
| RISK MGMT. FUND | 14 | 14 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| LIQUID WASTE FUND | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| MC SECURITY FUND | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| MC TECHNOLOGY FUND | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| HOTEL-MOTEL TAX FUND | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 3 | 3 |
| GRANTS (VARIOUS) | 11 | 8 | 5 | 5 | 2 | 1 | 1 | 1 | 1 | 1 |
| INFORMATION TECH. FUND | 0 | 0 | 0 | 0 | 0 | 18 | 19 | 19 | 20 | 20 |
| TOTAL PERSONNEL | 907 | 911 | 904 | 913 | 918 | 932 | 971 | 988 | 1,000 | 1,001 |

BUDGET SUMMARY

PERSONNEL



Since 2007-08, Odessa’s population has steadily grown, increasing the demand for City services. In order to meet this demand while continuing to maintain the quality of City services, it has been necessary to increase the City workforce in nine of the past ten years.

In 2016-17, the City will fund 1001 full-time positions; a net gain of one (1) position compared to 2015-16 numbers.

One position will be added to the **General Fund** in the upcoming year, the Assistant Director of Public Works. The Director of Public Works will now be funded 50% of our **General Fund** and 50% out of **Water/Sewer Fund**. In addition, the Development Coordinator position was deleted from **General Fund**.

The Director of Utilities position was deleted from the **Water/Sewer Fund** to assist in funding half of the Public Works Director’s salary and benefits.

The **Storm Water Fund** added two new positions; one (1) Administrative Assistant and one (1) Storm Water Program Technician.

City of Odessa Comprehensive Master Plan

The following section describes the Action Plan of the City of Odessa’s Comprehensive Master Plan, including each goal, policy, the actions required, and the City department responsible for implementation. Furthermore, the City Council prioritized these goals into an order they would prefer to see them implemented.

Action Plan

At the end of each section of *Envision Odessa* is a “We Envision” statement. Each of these statements is intended to serve as a goal for Comprehensive Plan implementation. Under each “We Envision” statement there are multiple policies listed. These policies explain the intent behind each of the goals and give direction as to what the community’s values are. These goals and policies are intended to be used as points of advocacy and action for our community and should be used by City staff, City leaders and residents alike. When decisions on our growth, appearance and quality of life are made, or when public expenditures are being considered, the goals and policies should serve as a guide so that the community’s vision and values are incrementally achieved.

The following Action Plan organizes each of the goals and policies by topic area. Each goal and policy area contains actions that can help start the process of achieving the identified policies. Each policy is also ranked based upon its implementation priority. At the conclusion of the Action Plan are the top priorities of the Plan. These priorities are intended to jumpstart implementation and get progress in motion.

Who is Responsible for Implementation?



| | Goal | Policy | Actions | Responsible Party | |
|---|-----------------------------------|--|--|--|----------------------------------|
| Transportation | Attractive Roadways | Incorporate More Landscaping (Xeriscape) | <ul style="list-style-type: none"> • Update Roadway Design Standards • Dedicate 10% of Roadway Projects to Aesthetic Enhancements | • Public Works | |
| | | Incorporate Medians in Key Areas | | | |
| | | Continue Intersection Enhancements & Public Art | | | |
| | Safe Roadways | Create Major Community Gardens | | <ul style="list-style-type: none"> • Public Relations Program for Trucking Violations/Employee Notification | • Public Information Coordinator |
| | | Enforce Truck Routes | | | |
| | | Add Traffic Calming Techniques on 42nd Street | | | |
| | | Reduce Speeds in Our Neighborhoods | | | |
| | Connected Roadways | Advocate for Grade-Separated Interchanges Along Loop 338 | <ul style="list-style-type: none"> • Update Subdivision Ordinance • Create a Bicycle Linkage Plan | <ul style="list-style-type: none"> • Planning and Zoning • Public Works | |
| | | Incorporate Sidewalks in Roadway Design | | | |
| | | Include Bike Facilities Near Odessa College and UTPB Well as in the Downtown and Southside Neighborhoods | | | |
| | | Require Street Connections Between Subdivisions | | | |
| | Context Sensitive Roadways | Continue Transit Partnership and Make Transit More Effective | <ul style="list-style-type: none"> • Create Roadway Design Standards for the Urban Village Areas • Develop "Right-Sized Streets" Policies and Guidelines • Create a Context Sensitive Solution Policy | • Public Works | |
| | | Design our Roadways with Collaboration | | | |
| Design Roadways with Land Use Context in Mind | | | | | |
| Use our Roadways to Create Places | | | | | |
| | | Right-Size Streets When Excess Capacity Exists | | | |

| | Goal | Policy | Actions | Responsible Party |
|----------|------------------------------|--|---|--|
| Land Use | Vibrant New Neighborhoods | Create Attractive and Resilient Neighborhoods | <ul style="list-style-type: none"> • Create a Housing Menu of Amenity/Design Options for Developers • Incorporate Average Lot Sizes into Zoning Districts • Create a Landscaping Committee to Evaluate Landscaping Options | <ul style="list-style-type: none"> • Community Development • Planning and Zoning |
| | | Incorporate Parks, Open Space, Trails and Recreational Options into New Neighborhoods | | |
| | | Provide a Diverse Range of Housing Products | | |
| | | Encourage Landscaping and Exterior Upkeep Encourage Infill Residential Development | | |
| | Reinvigorated Neighborhoods | Utilize Traditional Neighborhood Design (TND) for Redevelopment | <ul style="list-style-type: none"> • Develop an Infill Housing Incentive Program • Create a Prototype Housing Program using TND Standards • Update Manufactured Home Standards and Regulations • Launch a Code Compliance Campaign every 4 Months | <ul style="list-style-type: none"> • Community Development • Planning and Zoning • Public Information Coordinator |
| | | Incentivize Residential Development in Mixed-Use, Downtown and Southside Areas | | |
| | | Encourage the Use of Modular/Pre-Fabricated Homes in Core Neighborhoods | | |
| | | Create Code Enforcement Campaigns for Maintenance and Upkeep | | |
| | Mixed-Use, Connected Centers | Encourage Mixed-Use Developments in Odessa | <ul style="list-style-type: none"> • Create a List of Redevelopment Incentives for Urban Village Areas • Create Redevelopment Incentive with Odessa Development Corporation Partnership <ul style="list-style-type: none"> • Acquire Key Redevelopment Sites for Development Partnerships and Incentives • Perform Streetscape Enhancements in Urban Village Areas | <ul style="list-style-type: none"> • Community Development • Public Works |
| | | Facilitate a Mixed-Use Neighborhood Center for the Southside Community | | |
| | | Facilitate a Mixed-Use Neighborhood Center for the Westside Community | | |
| | | Develop a Regional Mixed-Use Commercial Center at Interstate 20 and Loop 338 to Leverage Interstate 20 Traffic | | |
| | | Follow Urban Design Protocol in Regards to Building Design, Setbacks, Sidewalks and Parking | | |
| | Revitalized Corridors | Create a Retail Landscaping Program Create a Façade Improvement Program | <ul style="list-style-type: none"> • Create an Incentive Program for Façade Improvement and Retail Rehabilitation • Identify 3 Obsolete Retail Sites for Transition to Multifamily | <ul style="list-style-type: none"> • Community Development |
| | | Create a Retail Rehabilitation Program | | |

| | Goal | Policy | Actions | Responsible Party |
|--|-----------------------------------|--|---|---|
| | Strategic Investments by our City | Focus Incentives in Urban Village Areas | <ul style="list-style-type: none"> Participate in a Public/Private Partnership within One of the Urban Village Areas Create a Marketing Campaign for Incentives Being Offered | <ul style="list-style-type: none"> Public Information Coordinator Community Development |
| | | Participate in Public Private Partnerships for Redevelopment | | |
| | | Create and Promote Housing Infill Incentives | | |
| | | Advertise and Market Odessa's Programs | | |

| | Goal | Policy | Actions | Responsible Party |
|---------|------------------------------------|--|--|--|
| Housing | Reinvestment in Core Neighborhoods | Protect Neighborhoods with Code Enforcement | <ul style="list-style-type: none"> Create a Code Enforcement Campaign that Targets One Issue Quarterly Facilitate Two Community Assistance Days Annually Create an Incentive Program for Exterior Maintenance Facilitate the Creation of Neighborhood Groups Create a Public-Private Partnership in the Southside Urban Village | Community Development |
| | | Facilitate Organizational Involvement | | |
| | | Provide Incentives for Property Maintenance | | |
| | | Facilitate and Organize Neighborhood Empowerment | | |
| | | Take an Active Role in Reinvigorating Our Neighborhoods | | |
| | A Diverse Range of Housing | Make Odessa a Life-Cycle Community | <ul style="list-style-type: none"> Ensure Zoning Ordinance Permits a Variety of Housing Types Support Local Organizations that Provide Homeless Assistance | Community Development Planning and Zoning |
| | | Create Mixed-Income Housing Projects | | |
| | | Coordinate with Local Groups for Homeless Accommodations | | |
| | Workforce and Affordable Housing | Create Affordable Housing through Private Initiatives | <ul style="list-style-type: none"> Make Public Funding Contingent Upon Affordable Unit Provisions Approach Energy Companies for Housing Partnerships and Donations Create a United Partnership to Secure Funding Allocations | Community Development |
| | | Coordinate our Resources to Secure Funding | | |
| | | Include Energy Companies as Housing Partners | | |
| | | Collectively Advocate for Odessa's Housing Issues | | |

| | Goal | Policy | Actions | Responsible Party |
|--|-------------------|--|--|--|
| Downtown Odessa | Vibrant Downtown | Create a Downtown Financing District | <ul style="list-style-type: none"> Define and Establish a Tax Increment Financing District in Downtown Odessa Participate in a Public/Private Partnership for a Downtown Catalyst Project Create Special Use Permit for Temporary and Transitional Uses that Create Activity Identify Funding and Partnerships for an Active Downtown Park | <ul style="list-style-type: none"> Community Development Planning and Zoning |
| | | Build a Catalyst Downtown Project | | |
| | | Encourage Temporary and Transitional Uses | | |
| | | Build an Active Downtown Park | | |
| | | Encourage Block Parties and Street Festivals | | |
| | | Rehabilitate Abandoned Buildings and Eyesores | | |
| | Livable Downtown | Provide a Range of New Housing Products Downtown | <ul style="list-style-type: none"> Participate in a Catalyst Mixed-Income Residential Project Develop Specific Downtown Design Standards Create Two Bicycle Corridors through Downtown Assist Prospective Redevelopers with Asbestos Remediation Grant Applications | <ul style="list-style-type: none"> Community Development Planning and Zoning Public Works |
| | | Encourage the Conversion of Vacant Structures into Residential Uses | | |
| | | Create Mixed-Income Residential Communities | | |
| | | Make Downtown Walkable and Bike-Friendly | | |
| | | Create a Downtown Design Guidebook | | |
| | Workable Downtown | Encourage Startup Companies and Collaborative Workspaces | <ul style="list-style-type: none"> Partner with Odessa Development Corporation to Create Collaborative Workspace for Startups Facilitate a Weekly Food Truck Event with Downtown Odessa, Inc. Consolidate Downtown into a Single Police Beat Create an Incentive for Asbestos Remediation | <ul style="list-style-type: none"> Community Development Planning and Zoning Police |
| | | Coordinate Employment Objectives with Downtown Odessa, Inc. and Odessa Development Corporation | | |
| Reduce Barriers for Additional Downtown Eateries | | | | |
| Ensure the Safety of Downtown Workers, Visitors, and Residents | | | | |

| | Goal | Policy | Actions | Responsible Party |
|------------|-------------------------------|---|--|--|
| Livability | Attractive Commercial Centers | Increase Building Development Standards | <ul style="list-style-type: none"> • Update Zoning Ordinance • Create a Landscape Ordinance • Create a Sign Ordinance • Establish an Official Development Review Process | • Planning and Zoning |
| | | Enhance our Image by Requiring Landscaping Standards | | |
| | | Reduce Visual Clutter on our Corridors Through Enhanced Signage Standards | | |
| | | Ensure that our Development Procedures Are Customer Friendly and are Consistently Applied | | |
| | Resilient Neighborhoods | Develop Quality New Neighborhoods that Maintain Their Long-Term Value | <ul style="list-style-type: none"> • Create a Neighborhood Design Menu for Developers to Choose Desired Neighborhood Amenities • Develop a Park Dedication Ordinance • Create a Yard Replacement Program for Xeriscape Landscaping • Create a Committee to Define Landscape Requirements in New Construction | <ul style="list-style-type: none"> • Community Development • Planning and Zoning |
| | | Incorporate Neighborhood Amenities to Encourage Investment and Reinvestment | | |
| | | Implement Park Priorities for Quality of Life Enhancement | | |
| | | Ensure that our Neighborhoods Maintain their Curb Appeal | | |
| | Attractive Community | Incorporate Roadway Aesthetics as a Component of all Roadway Projects | <ul style="list-style-type: none"> • Dedicate 10% of Roadway Rehabilitation Projects and 5% of New Roadway Projects to Aesthetic Enhancements • Coordinate Enhancements with the OCA Arts Master Plan • Create Oil and Gas Screening Standards in Conformance with State Law • Enhance the Interstate 20 at Grant Street Gateway | <ul style="list-style-type: none"> • Public Works • Planning and Zoning • Community Development |
| | | Incorporate Public Art in Visible Areas | | |
| | | Ensure that Oil and Gas Drilling Facilities Are Properly Screened | | |
| | | Provide Gateways in Key Areas to Invite Visitors into Odessa | | |

Action Priorities

The Odessa City Council convened in a planning workshop in June 2016 to prioritize and consider the Envision Odessa actions and recommendations. In keeping with the format of the plan, the Council prioritized the recommendations by chapter. In many cases the prioritization reflects a range of topics with varying timeframes. This is good because it gives City staff leverage and direction to pursue a variety of strategies depending on available time and resources. It should be noted that in some cases the rankings resulted in a tie.

Transportation

The transportation priorities represent a mixture of long and short-term actions as well as a sampling of different transportation topics. For example, the top two priorities pertain to enforcement of existing regulations while the remaining top five address roadway capacity and efficiency, partnerships, and aesthetics.

| Ranking | Transportation Priorities |
|---------|--|
| 1 | Enforce Truck Routes |
| 2 | Reduce Speeds in our neighborhood |
| 3 | Right-Size Streets When Excess Capacity Exists |
| 4 | Continue Transit Partnership and Make Transit More Effective |
| 5 | Incorporate More Landscaping |
| 6 | Add Traffic Calming Techniques on 42nd Street |
| 7 | Incorporate Medians in Key Areas |
| 8 | Design our Roadways with Collaboration |
| 9 | Require Street Connections Between Subdivisions |
| 9 | Use our Roadways to Create Places |
| 10 | Advocate for Grade- separated Interchanges along Loop 338 |
| 11 | Include Bike Facilities Near Odessa College and UTPB as well as Downtown and Southside Neighborhoods |
| 12 | Incorporate Sidewalks in Roadway Design |
| 13 | Continue Intersection Enhancements & Public Art |
| 14 | Create Major Community Garden |
| 15 | Design Roadways with Land Use Context in mind |

Land Use

In the land use prioritization, the Council selected more than five top issues, indicating that land use is an important topic to Council. Three of the priorities address landscaping and aesthetics, two address infill, and one addresses incorporating mixed use land uses.

| Ranking | Land Use Priorities |
|---------|--|
| 1 | Create a Retail Landscape Program |
| 2 | Encourage Infill Residential Development |
| 3 | Create and Promote Housing Infill Incentives |
| 4 | Incentivize Residential Development in Mixed-use, Downtown and Southside Areas |
| 5 | Create Attractive and Resilient Neighborhoods |
| 5 | Encourage Landscape and Exterior Upkeep |
| 6 | Create code Enforcement campaigns for Maintenance and upkeep |
| 6 | Participate in Public Private Partnerships for Redevelopment |
| 7 | Encourage Mixed-Use Developments in Odessa |
| 8 | Facilitate a Mixed-Use Neighborhood Center for the Southside Community |
| 9 | Facilitate a Mixed-Use Neighborhood Center for the West-side Community |
| 10 | Follow Urban Design Protocol in Regards to Building Design, Setbacks, Sidewalks and Parking |
| 11 | Create a Façade Improvement Plan |
| 12 | Focus Incentives in Urban Village Areas |
| 12 | Advertise and Market Odessa Programs |
| 13 | Create a Retail Rehabilitation Program |
| 14 | Develop a Regional Mixed-Use Commercial Center at Interstate 20 and Loop 338 to Leverage Interstate 20 Traffic |
| 15 | Incorporate Parks, Open Space, Trails and Recreational Options into New Neighborhoods |
| 16 | Utilize Traditional Neighborhood Design for Redevelopment |
| 17 | Encourage the Use of Modular/Pre-Fabricated Homes in core neighborhoods |
| 18 | Provide a Diverse Range of Housing Products |

Housing

The top five housing priorities represent a diverse mixture of issues: code enforcement, community involvement and empowerment, revitalization, and inclusion of affordable housing.

| Ranking | Housing Priorities |
|---------|--|
| 1 | Protect Neighborhoods with Code Enforcement |
| 2 | Facilitate and Organize Neighborhood Empowerment |
| 3 | Take an active Role in Reinvigorating our Neighborhoods |
| 4 | Facilitate Organizational Involvement |
| 5 | Create Affordable Housing through Private Initiatives |
| 6 | Provide Incentives for Property Maintenance |
| 7 | Coordinate our Resources to Secure Funding |
| 8 | Coordinate with local groups for Homeless Accommodations |
| 9 | Include Energy Companies as Housing Partners |
| 10 | Create Mixed-Income Housing Projects |
| 11 | Make Odessa a Life-Cycle Community |
| 12 | Collectively Advocate for Odessa's Housing Issues |

Downtown Odessa

The top five Downtown priorities include economic development and partnerships, rehabilitation and aesthetics, safety, financing, and land use.

| Ranking | Downtown Odessa Priorities |
|---------|---|
| 1 | Build a Catalyst Downtown Project |
| 2 | Rehabilitate Abandoned Buildings and Eyesores |
| 3 | Ensure the Safety of Downtown Workers, Visitors and Residents |
| 4 | Create a Downtown Financing District |
| 4 | Encourage the Conversion of Vacant Structures Into Residential Uses |
| 5 | Coordinate Employment Objectives with Downtown Odessa Inc. and Odessa Development Corporation |
| 6 | Encourage Block Parties and Street Festivals |
| 7 | Provide a range of New Housing Projects Downtown |
| 8 | Reduce Barriers for Additional Downtown Eateries |

| Ranking | Downtown Odessa Priorities |
|---------|--|
| 9 | Build an Active Downtown park |
| 10 | Make Downtown walkable and Bike Friendly |
| 11 | Encourage Startup Companies and Collaborative Workspaces |
| 12 | Create a Downtown Design Guidebook |
| 13 | Create Mixed-Income Residential Communities |
| 14 | Encourage Temporary and Transitional Use |

Livability

The priorities for livability indicate focus on specific issues. Of the top five priorities, four pertain to branding/image, aesthetics, and perception. The outlying priority relates to customer service and consistent application of regulations by the City.

| Ranking | Livability Priorities |
|---------|---|
| 1 | Enhance our Image by Requiring Landscape Standards |
| 2 | Ensure that our Development Procedures Are Customer Friendly and are Consistently Applied |
| 3 | Ensure that our Neighborhoods Maintain Their Curb Appeal |
| 4 | Ensure that Oil and Gas Drilling Facilities Are Properly Screened |
| 5 | Provide Gateways in Key Areas to Invite Visitors into Odessa |
| 6 | Implement Park Priorities for Quality of Life Enhancement |
| 7 | Incorporate Roadway Aesthetics as a Component of all Roadway Projects |
| 8 | Incorporate Neighborhood Amenities to Encourage Investment and Reinvestment |
| 9 | Reduce Visual Clutter on our Corridors Through Enhanced Signage Standards |
| 9 | Incorporate Public Art in Visible Areas |
| 10 | Develop Quality New Neighborhoods that Maintain Their Long-Term Value |
| 11 | Increase Building Development Standards |

City of Odessa

FY 2016-17

Adopted Budget

General Fund Overview

GENERAL FUND OVERVIEW

| | 2014-15 Actual | 2015-16 Estimated | 2015-16 Budget | 2016-17 Budget |
|----------------------------------|-------------------|----------------------|-------------------|-------------------|
| BEGINNING FUND BALANCE | \$50,597,769 | \$53,129,552 | \$41,593,738 | \$39,851,966 |
| Compensated Absences | 1,143,523 | 1,143,523 | 1,143,523 | 1,143,523 |
| 60-Day Requirement | 13,428,296 | 14,007,127 | 14,007,127 | 13,789,805 |
| Budget Stabilization Account | 5,595,123 | 5,836,303 | 5,836,303 | 5,745,752 |
| AVAILABLE FUND BALANCE | \$30,430,827 | \$32,142,599 | \$20,606,785 | \$19,172,886 |
| CURRENT REVENUES | | | | |
| Operating | \$83,628,742 | \$81,032,685 | \$80,131,618 | \$78,190,572 |
| Interest Income | 165,218 | 157,778 | 100,000 | 125,000 |
| Intergovernmental | 1,065,506 | 1,123,382 | 1,036,133 | 1,123,968 |
| Administrative Transfers In | 3,684,798 | 3,942,269 | 3,942,269 | 4,448,442 |
| TOTAL CURRENT REVENUES | \$88,544,264 | \$86,256,114 | \$85,210,020 | \$83,887,982 |
| TOTAL FINANCING SOURCES | \$118,975,091 | \$118,398,713 | \$105,816,805 | \$103,060,868 |
| EXPENDITURES | | | | |
| Personal Services | \$54,063,163 | \$56,744,997 | \$56,854,629 | \$57,165,407 |
| Supplies | 1,789,069 | 2,003,886 | 2,729,625 | 1,690,498 |
| Services | 16,783,013 | 19,469,977 | 19,420,584 | 20,467,313 |
| Maintenance | 2,999,545 | 3,444,488 | 3,327,916 | 3,280,293 |
| Capital Outlay | 2,628,617 | 1,202,613 | 1,114,116 | 236,072 |
| Outside Agencies | 187,007 | 189,920 | 189,920 | 209,920 |
| Transfers Out | 339,912 | 438,479 | 438,479 | 438,479 |
| Lease Payment | 1,134,751 | 1,134,751 | 1,134,751 | 400,000 |
| Suppl. Expenditures 2015 & Prior | 6,087,404 | 13,244,021 | 0 | 0 |
| Suppl. Expenditures 2016 | 0 | 1,131,748 | 0 | 0 |
| One-time approved Suppl FY 16 | 0 | 528,820 | 0 | 0 |
| TOTAL EXPENDITURES | \$86,012,481 | \$99,533,700 | \$85,210,020 | \$83,887,982 |
| ENDING AVAILABLE BALANCE | \$32,962,610 | \$18,865,013 | \$20,606,785 | \$19,172,886 |
| Compensated Absences | 1,143,523 | 1,143,523 | 1,143,523 | 1,143,523 |
| 60-Day Requirement | 13,428,296 | 14,007,127 | 14,007,127 | 13,789,805 |
| Budget Stabilization Account | 5,595,123 | 5,836,303 | 5,836,303 | 5,745,752 |
| ENDING FUND BALANCE | \$53,129,552 | \$39,851,966 | \$41,593,738 | \$39,851,966 |

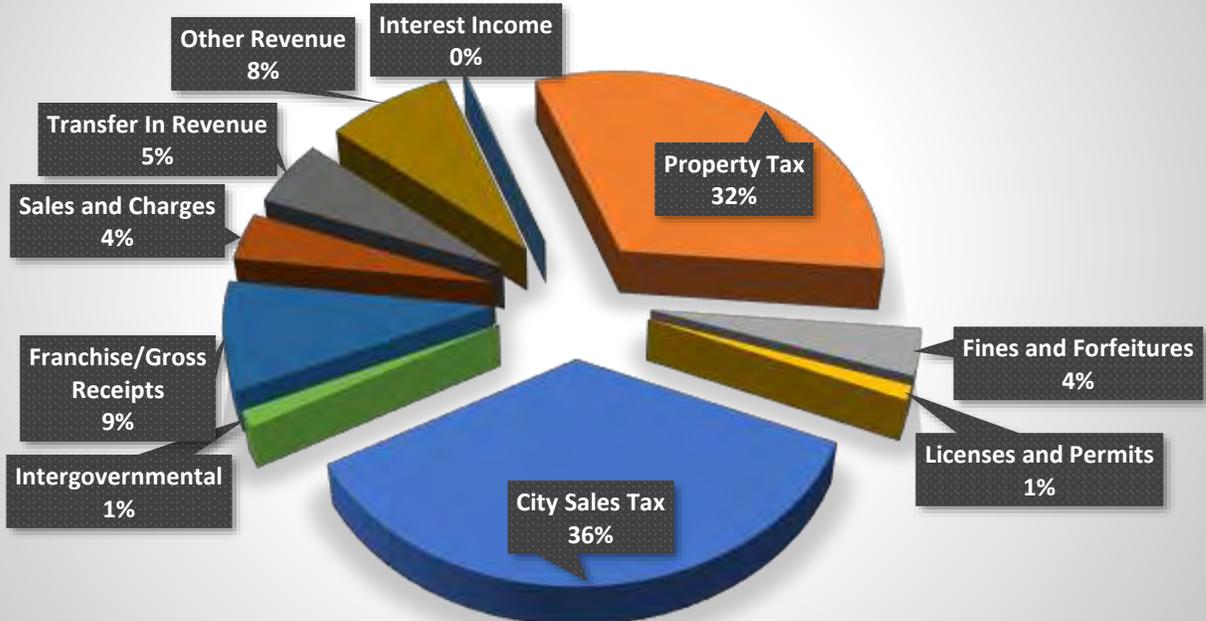
GENERAL FUND

OVERVIEW

General Fund Revenue

| | 2014-15 | 2015-16 | 2015-16 | 2016-17 |
|--------------------------|---------------------|---------------------|---------------------|---------------------|
| | <u>Actual</u> | <u>Estimated</u> | <u>Budget</u> | <u>Budget</u> |
| Property Tax | \$22,028,533 | \$26,462,353 | \$24,098,019 | \$26,708,784 |
| City Sales Tax | 37,486,098 | 31,478,133 | 33,214,406 | 29,907,251 |
| Franchise/Gross Receipts | 7,724,623 | 7,819,686 | 7,074,500 | 7,309,500 |
| Licenses and Permits | 1,259,349 | 1,117,403 | 1,086,700 | 963,700 |
| Sales and Charges | 3,383,614 | 3,298,453 | 2,930,700 | 3,149,200 |
| Intergovernmental | 1,065,506 | 1,123,382 | 1,036,133 | 1,123,968 |
| Fines and Forfeitures | 3,176,950 | 3,295,746 | 3,038,600 | 3,138,600 |
| Interest Income | 165,218 | 157,778 | 100,000 | 125,000 |
| Transfer In Revenue | 3,684,798 | 3,942,269 | 3,942,269 | 4,448,442 |
| Other Revenue | 9,349,679 | 7,527,139 | 8,688,693 | 7,013,537 |
| <i>Total Revenue</i> | <u>\$88,544,264</u> | <u>\$86,256,114</u> | <u>\$85,210,020</u> | <u>\$83,887,982</u> |

GENERAL FUND 2016-17 REVENUES BY SOURCES



GENERAL FUND

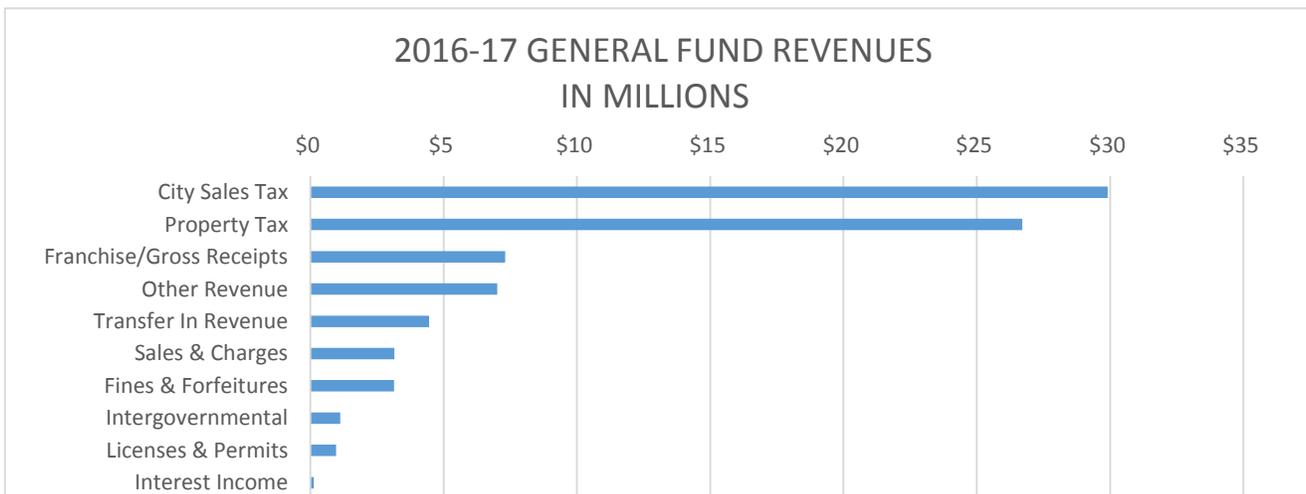
OVERVIEW

Revenues

The 2016-17 adopted budget for General Fund reflects realistic revenue projections of \$83,887,982, based on historical information and economic trends. A comparative summary below lists major revenue sources, the amount of revenue generated, and other pertinent data.

Total budgeted revenue reflects a decrease of \$1,322,038, or 1.55%, compared to the previous year. This is a conservative revenue estimate based on the current economic downturn.

| Source | 2016-17 Budget | | Increase/(Decrease) Over 2015-16 Budget | |
|--------------------------|---------------------|----------------|--|--------------|
| | Amount | % | Amount | % |
| City Sales Tax | \$29,907,251 | 35.65% | (\$3,307,155) | (9.96)% |
| Property Tax | 26,708,784 | 31.84% | \$2,610,765 | 10.83% |
| Franchise/Gross Receipts | 7,309,500 | 8.71% | \$235,000 | 3.32% |
| Other Revenue | 7,013,537 | 8.36% | (\$1,675,156) | (19.28)% |
| Transfer In Revenue | 4,448,442 | 5.30% | \$506,173 | 12.84% |
| Sales and Charges | 3,149,200 | 3.75% | \$218,500 | 7.46% |
| Fines and Forfeitures | 3,138,600 | 3.74% | \$100,000 | 3.29% |
| Intergovernmental | 1,123,968 | 1.34% | \$87,835 | 8.48% |
| Licenses and Permits | 963,700 | 1.15% | (\$123,000) | (11.32)% |
| Interest Income | 125,000 | 0.15% | \$25,000 | 25.00% |
| TOTAL | \$83,887,982 | 100.00% | \$1,322,038 | 1.55% |

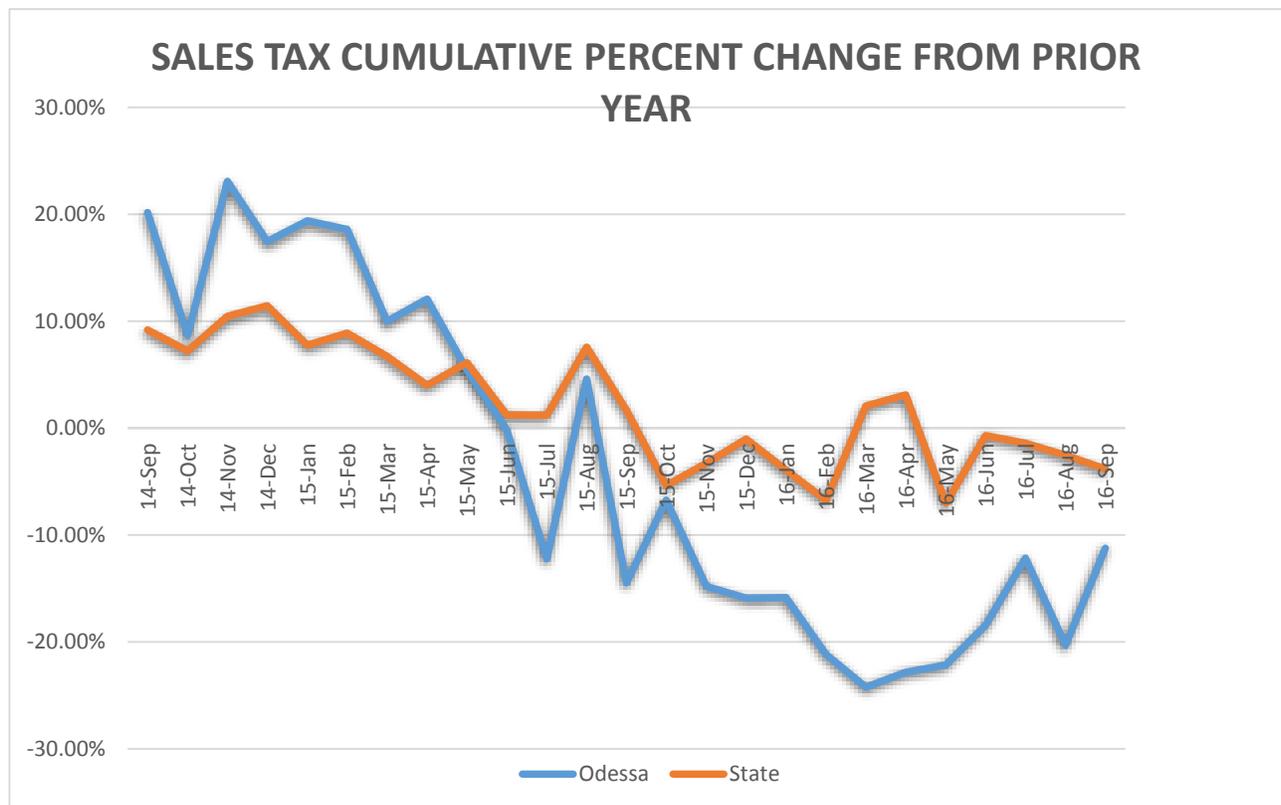


GENERAL FUND

OVERVIEW

City Sales Tax Revenue is the largest source of revenue for the City. It accounts for 35.65% of General Fund revenue, and is projected to be \$29,907,251 in 2016-17. This represents a 9.75% decrease compared to last year's sales tax revenue projection. The line graph on the following page plots the annual percent change in monthly sales tax collections for the City of Odessa and the State of Texas. As illustrated by the graph, the annual percent change in Odessa's monthly sales tax collections ranges from -24.24% to 23.06%, as would be expected by the past years' downturn in the oil and gas industry. In comparison, the annual percent change in the State's monthly collections ranges from -7.06% to 11.43%. Because sales tax revenue is so significantly impacted by the state of the economy, this revenue source is conservatively projected to increase at an average annual rate of 3.00% per year.

The sales tax rate in the City of Odessa is 8.25% of goods and services sold within the city boundaries. At the point of sale, businesses collect the tax and remit it to the State's Comptroller of Public Accounts on a monthly or quarterly basis. (Of the 8.25% tax, the City of Odessa receives 1%, the Hospital District receives 0.75%, the Odessa Development Corporation receives 0.25%, and the State retains 6.25%.) The State distributes tax proceeds to local entities within forty days following the period for which the tax is collected by the businesses.



Property Tax Revenue accounts for 31.84 % of the General Fund total revenue, and is the second largest source of revenue for the City. Thus, any fluctuation in property values will have a major impact on General Fund revenues. The assessed taxable value for the roll of January 1, 2016, upon which the fiscal year 2017 levy is based, is \$7,269,130,057. Net taxable property values have increased by 8.8% compared to last year's values. This revenue is based on the assessed value of real estate, personal property and minerals within the taxing jurisdiction.

GENERAL FUND

OVERVIEW

In the 2016-17 budget, the ad valorem tax rate will remain at \$47.0590 cents per \$100 valuation. The total property tax rate is comprised of the portion of taxes allocated to debt service (debt rate of \$0.099659) and the appropriations for the city's operating needs (O & M rate of \$0.370931).

Taxes are due January 31st following the October 1st levy date and are considered delinquent after January 31st of each year. Based upon historical collection trends, current tax collections for 2016-17 are estimated to be 96.00% of levy and will generate \$32,839,609 in revenue, of which General Fund's portion is \$25,833,784. Delinquent taxes and penalties are expected to generate an additional \$875,000 for a total projection of \$26,708,784 in General Fund property tax revenue. This represents an overall increase of \$2,610,765 compared to the 2015-16 budget. The growth trend for property tax revenue is expected to average 3% per year for future fiscal year projections.

Franchise/Gross Receipt Taxes are a set percentage of the gross receipts of the utility companies of gas (5%), electricity (4%), telephone (growth factor), and cable (5%). Franchise fees are assessed for the use of the City's streets, alleys, highways, and other public ways and places as authorized by ordinance. Projections are based on historical data trends, adjusted for population and other factors known to impact this revenue. Franchise/gross receipt taxes represent 8.71% of General Fund revenue and are expected to increase by \$235,000 compared to the previous year's budget.

The projection for Transfer-In Revenue is \$4,448,442, an increase of \$506,173 compared to last year's number. Transfer-In revenues are monies that the other funds pay to the General Fund in exchange for certain administrative services. An independent study is conducted each year by an outside firm to determine the cost of these administrative services. Transfer-in revenues account for 5.30% of General Fund revenue. Below is a breakdown of the inter-fund transfers

| SOURCE | 2016-17 <u>Budget</u> | 2015-16 <u>Budget</u> | Increase/ <u>Decrease</u> |
|-------------------------------------|--------------------------|--------------------------|------------------------------|
| Water and Sewer Fund | \$2,767,524 | \$2,415,902 | \$351,622 |
| Equipment Service Fund | 311,693 | 334,806 | (23,113) |
| Risk Management Fund | 490,443 | 429,005 | 61,438 |
| Hotel-Motel Tax Fund | 36,723 | 25,767 | 10,956 |
| Solid Waste Fund | 568,582 | 540,032 | 28,550 |
| Storm Water Fund | 35,169 | 64,220 | (29,051) |
| Odessa Development Corporation Fund | 229,221 | 123,597 | 105,624 |
| Liquid Waste Fund | 3,087 | 2,940 | 147 |
| MOTOR-MPO Fund | <u>6,000</u> | <u>6,000</u> | <u>0</u> |
| TOTAL | \$4,448,442 | \$3,942,269 | \$506,173 |

GENERAL FUND

OVERVIEW

Fines and Forfeitures Revenue is generated by police citations and represents 3.74% of all General Fund revenues. Projections indicate that this source of revenue will increase by \$100,000, or 3.29%, in 2016-17.

Sales and Charges Revenue is generated by fees that the City charges for certain services. The largest revenue item in this category consists of sales and charges for services provided for emergency medical service (EMS). EMS Revenue is projected to reach \$2.6 million in 2016-17. Overall, the entire Sales and Charges budget will increase by \$218,500.

Intergovernmental Revenue makes up 1.34% of the General Fund budget and is projected to increase by \$87,835 compared to last year's numbers. The Fire Department maintains a Fire/EMS contract for first response services to a portion of the county. This contract generates the majority of the revenue in this category. Other items reimbursed under this category include expenditures for highway lighting, emergency management, and school crossing guards.

Licenses and Permits Revenue represents 1.15% of General Fund revenue and is expected to decrease by \$123,000, or 11.32% in the upcoming year. The decrease in revenue reflects the decrease in construction and other permitting activity from the decrease in oil and gas prices.

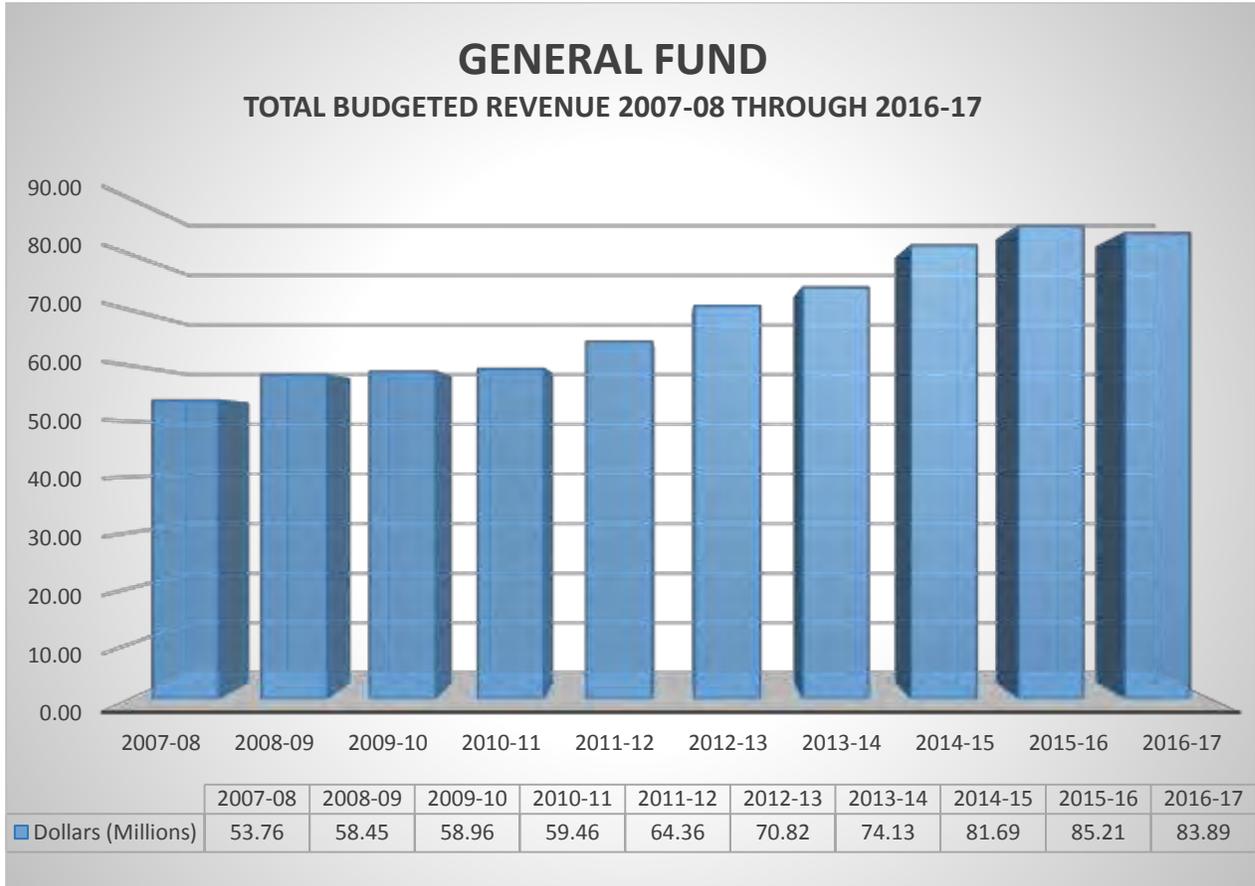
Interest Income comprises 0.15% of General Fund Revenue and is expected to generate \$125,000 in revenue; an increase of 25%.

Other Revenue includes revenue from several sources. The majority of Other Revenue is generated by Industrial District Contracts for water, sewer, and trash services provided by the City to districts outside the city limits. Another major source of income for this category is Payments in Lieu of Taxes (Assessment) from the Water and Sewer Fund and the Solid Waste Fund. These payments include a 5% franchise fee on gross receipts and an assessment of property similar to an ad valorem tax. Other Revenue accounts for 8.36% of General Fund revenues and is expected to decrease by 19.28% compared to the 2015-16 budget. The majority of this decrease is due to the annexation of properties by the city, therefore reducing the Industrial Contracts.

| <u>SOURCE</u> | <u>2016-17 Budget</u> | <u>2015-16 Budget</u> | <u>Increase/ (Decrease)</u> |
|-------------------------------------|---------------------------|---------------------------|---------------------------------|
| Water/Sewer Gross Receipts | \$2,683,741 | \$2,507,735 | \$176,006 |
| Water/Sewer Assessment | 1,344,830 | 1,295,553 | 49,277 |
| Solid Waste Gross Receipts | 687,183 | 786,168 | (98,985) |
| Solid Waste Assessment | 46,783 | 48,237 | (1,454) |
| Industrial Contracts In Lieu of Tax | 2,000,000 | 3,800,000 | (1,800,000) |
| Other Revenue | <u>251,000</u> | <u>251,000</u> | <u>0</u> |
| TOTAL | \$7,013,537 | \$8,688,693 | (\$1,675,156) |

GENERAL FUND

OVERVIEW



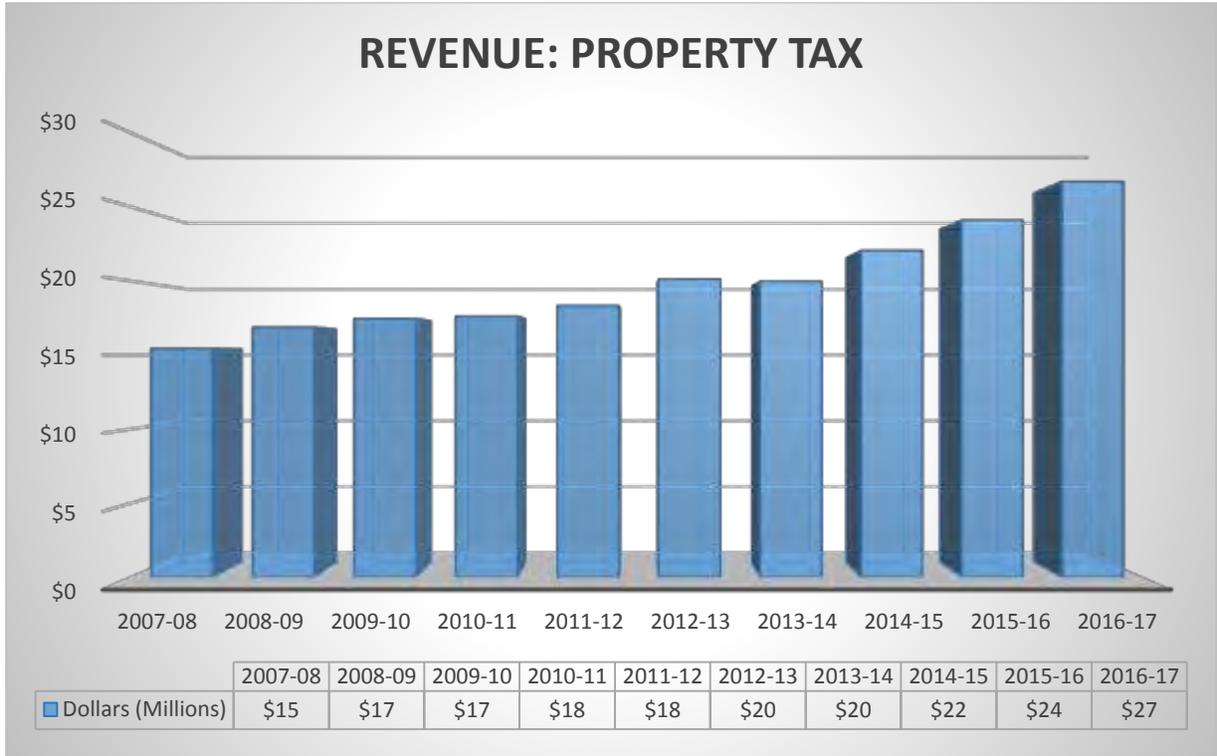
Over the past ten years, a booming oil industry has strengthened the local economy, resulting in increased property values and a higher average disposable income. These changes have had a major effect on property tax revenue and sales tax receipts, the City’s two major sources of income. As a result, General Fund Revenue has realized continued growth, topping out at \$85.21 million in 2015-16. Overall, budgeted revenues reflect a \$30.13 million, or 56.05%, increase over 2007-08 revenues.

Between 2007-08 and 2008-09, oil prices dropped dramatically, bringing about a downturn in the local economy. Sales Tax revenues did not reach projected levels. As a result, the General Fund realized revenue increases of less than 1% for fiscal years 2009-10 and 2010-11.

By 2010-11, the economy had begun to recover. Over the next five years, General Fund Revenue projections have increased from \$59.46 million to \$85.21 million, an increase of \$25.75 million, or 43.31%. Oil prices began to decrease again in 2014-15, and sales tax revenues for 2015-16 did not reach projected levels. Budgeted revenues for 2016-17 are projected at \$83.89 million, a 1.55% decrease from the previous year due to the decline of sales tax revenues in the economic downturn.

GENERAL FUND

OVERVIEW



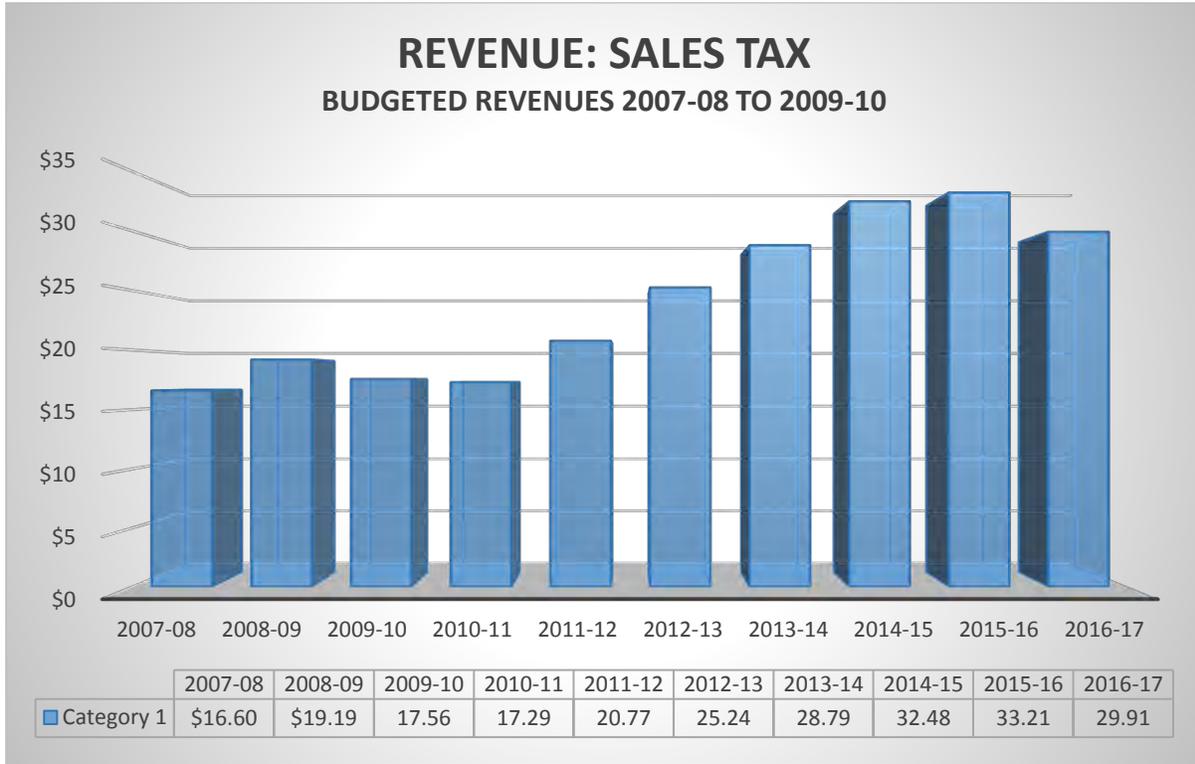
Property tax revenue is the second largest source of revenue for the General Fund, and accounts for 31.84% of all General Fund revenues in 2016-17. Since 2007-08, the local economy has realized sustained growth due to the booming oil industry. The strength of the economy has had a positive impact on property values and, by extension, property tax revenues. Between 2007-08 and 2012-13, property tax revenues increased by \$4.68 million, or 30.33%.

In 2013-14, budgeted revenues decreased by \$156,145 due to the 2013 bond issue. The bond issue caused the City's debt requirement to increase, so a larger portion of the property tax revenues had to be allocated to the Debt Service Fund in order to cover the higher annual debt payment. This reduced the tax revenue allocation for General Fund operations. In 2014-15, property tax revenues were projected to increase by \$2.09 million from the previous year, and again increase by 2.05 million during the 2015-16 fiscal year.

This year's tax rate is \$0.470590 per \$100 valuation. This is consistent with last year's tax rate and is expected to generate \$26.71 million in property tax revenues in 2016-17.

GENERAL FUND

OVERVIEW



Source: City of Odessa Finance Department

Sales tax revenue is the single largest source of income for the General Fund, accounting for 35.65% of all General Fund revenues in 2016-17. Between 2007-08 and 2008-09, sales tax receipts increased by 15.6%. During this time, rising oil prices had driven up wages, created more jobs, and brought more businesses into the area. The positive changes in the economy increased the average household’s disposable income. Consequently, Odessans made more purchases, generating more sales tax revenue for the City.

Between 2007-08 and 2008-09, oil prices plummeted, the West Texas oil rig count dropped, and the local unemployment rate rose from 3.5% to 9.9% in a 10-month period. Oil prices began to trend upward in March of 2009 and had stabilized by 2009-10. Still, sales tax revenues trailed behind the previous year’s receipts. As a result, 2009-10 and 2010-11 revenues were conservatively projected at \$17.56 million and \$17.29 million, respectively.

Sales tax receipts began to recover in 2010-11 and throughout the next few years annual collections consistently exceeded projections until 2015-16, when the price of oil and gas once again declined. Revenues for 2015-16 did not meet estimated projections, resulting in a reduced projection for 2016-17. Therefore, sales tax revenues are conservatively estimated to reach \$29,907,251, 9.75% below 2015-16 projections.

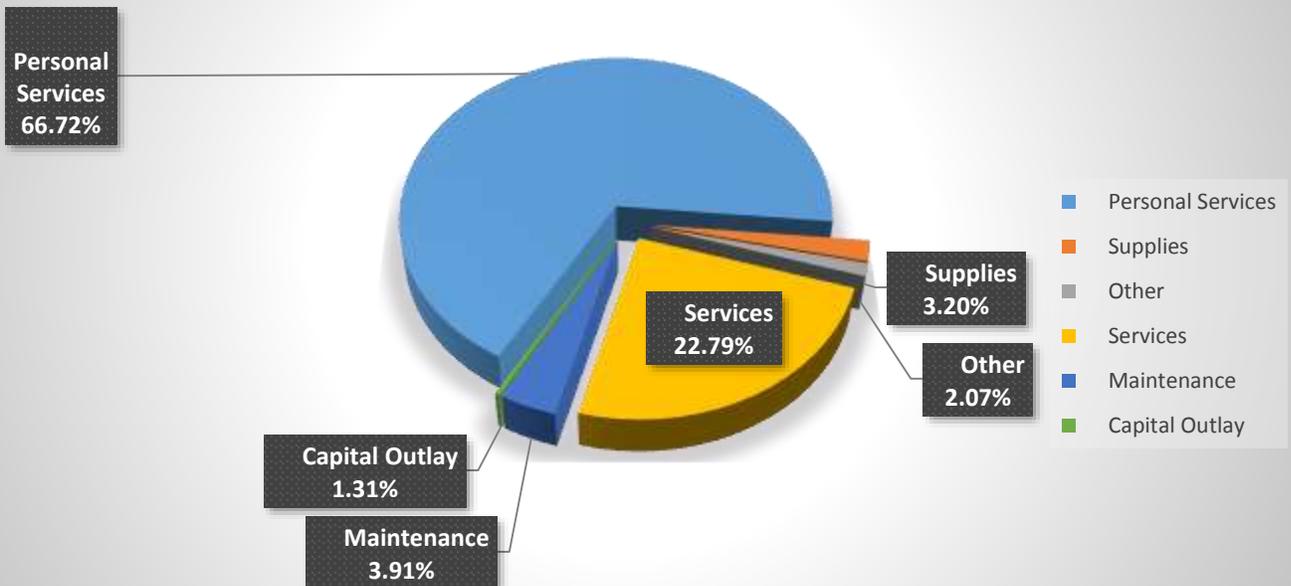
GENERAL FUND

OVERVIEW

Expenditures by Classification

| | <u>2014-15</u> <u>Actual</u> | <u>2015-16</u> <u>Estimated</u> | <u>2015-16</u> <u>Budget</u> | <u>2016-17</u> <u>Budget</u> |
|---|---------------------------------|------------------------------------|---------------------------------|---------------------------------|
| Personal Services | \$54,063,163 | \$56,744,997 | \$56,854,629 | \$57,165,407 |
| Supplies | 1,789,069 | 2,003,886 | 2,729,625 | 1,690,498 |
| Services | 16,783,013 | 19,469,977 | 19,420,584 | 20,467,313 |
| Maintenance | 2,999,545 | 3,444,488 | 3,327,916 | 3,280,293 |
| Capital Outlay | 2,628,617 | 1,202,613 | 1,114,116 | 236,072 |
| Subtotal | \$78,263,407 | \$82,865,961 | \$83,446,870 | \$82,839,583 |
| Outside Agencies | 187,007 | 189,920 | 189,920 | 209,920 |
| Operating Transfers Out | 339,912 | 438,479 | 438,479 | 438,479 |
| Lease Payments | 1,134,751 | 1,134,751 | 1,134,751 | 400,000 |
| Suppl. Expenditures 2015 & Prior | 6,087,404 | 13,244,021 | 0 | 0 |
| Suppl. Expenditures 2016 | 0 | 1,131,748 | 0 | 0 |
| One-time approved Suppl. FY16 | 0 | 528,820 | 0 | 0 |
| Total Expenditures and Other Uses of Funds | \$86,012,481 | \$99,533,700 | \$85,210,020 | \$83,887,982 |

GENERAL FUND 2016-17 EXPENDITURES BY CLASSIFICATION



GENERAL FUND

OVERVIEW

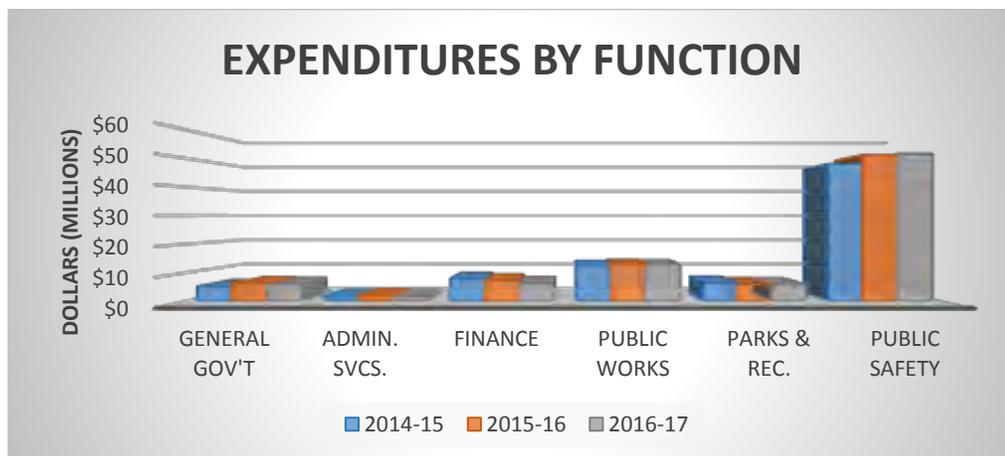
Expenditures

For the 2016-17 fiscal year, General Fund budgeted expenditures are \$83,887,982, which is a decrease of \$1,322,038, or 1.55%, under the 2015-16 adopted budget. The major factors contributing to the decrease include:

- Substantial decrease in personal services due to Turnover, Retirement and Reclassification with only one new position added to the General Fund
- A smaller compensation plan: a one-time payment of \$1,000 was given to non-sworn employees in lieu of an across the board percent increase.
- A large decrease in the amount of one-time and ongoing supplemental requests provided by city management and city council

As the chart below reflects, the resources allocated for General Fund operations of the new fiscal year can be broken down into six main functions of service.

| Function | 2016-17 Budget | | Increase / Decrease From 2015-16 Budget | |
|-------------------------|---------------------|----------------|---|---------------|
| | Amount | % | Amount | % |
| General Government | \$5,998,219 | 7.15% | (\$207,321) | -3.34% |
| Administrative Services | \$1,592,760 | 1.90% | (167,922) | -9.54% |
| Finance | \$6,233,562 | 7.43% | (1,059,245) | -14.52% |
| Public Works | \$12,766,386 | 15.22% | (169,346) | -1.31% |
| Parks & Recreation | \$5,746,011 | 6.85% | (87,005) | -1.49% |
| Public Safety | <u>\$51,551,044</u> | <u>61.45%</u> | <u>368,801</u> | <u>0.72%</u> |
| TOTAL | \$83,887,982 | 100.00% | (\$1,322,038) | -1.55% |



GENERAL FUND

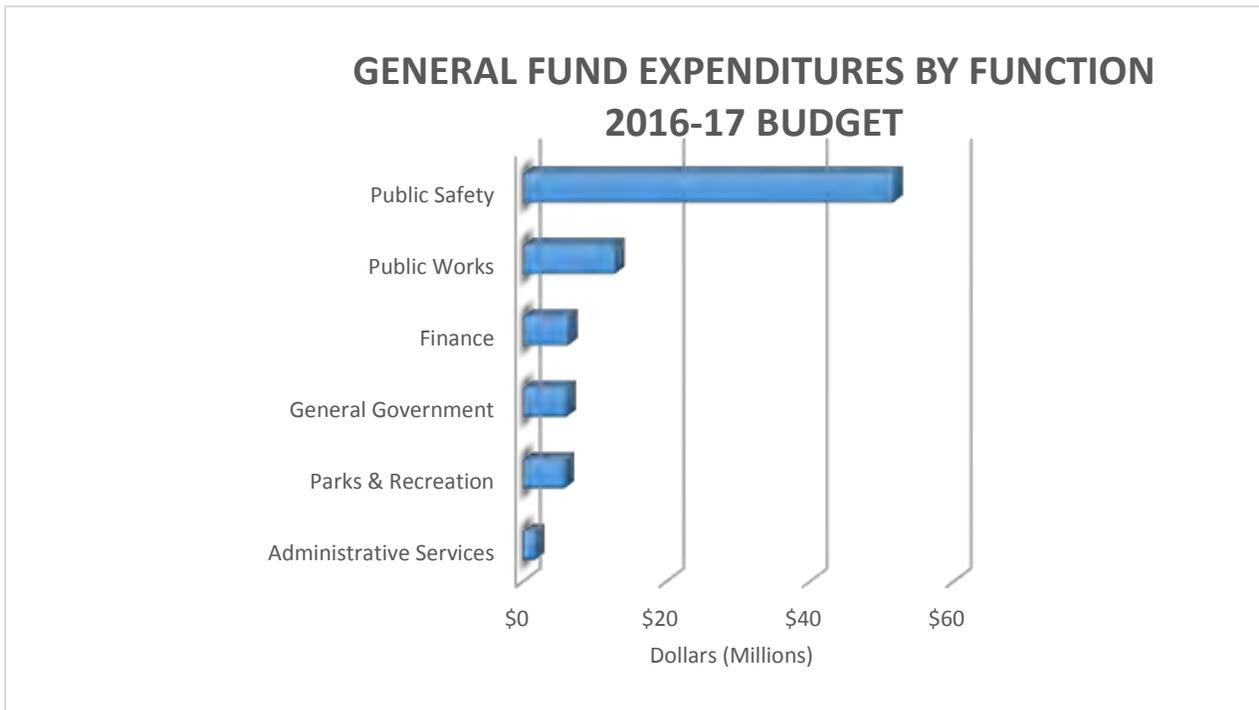
OVERVIEW

Expenditures (cont'd)

The General Fund is comprised of six functions: Public Safety, Public Works, Finance, Parks and Recreation, General Government, and Administrative Services. All functions with the exception of Public Safety will realize budgetary decreases in FY 2017.

The **General Government** function includes the departments of the City Council, City Secretary, City Attorney, Office of the City Manager, Human Resources, Planning and Development, and Code Enforcement. Total expenditures for this function will decrease by \$207,321, or 3.34%. The City Manager's office removed a budgeted position from position control that was no longer utilized. Code Enforcement was responsible for the largest decrease in budget with the removal of one-time supplemental awards given the previous year totaling \$349,960. The other departmental budgets increased slightly from small various requests awarded by Council. General Government funds 52 full-time positions

The **Finance** function consists of the Finance, Purchasing, Municipal Court, and Judges Municipal Court departments. This function also includes Non-Departmental, Outside Agency funding, Special Projects, and Operating Transfers-Out. As the comparative summary reflects, this function has a total budget of \$6,233,562; a decrease of \$1,059,245 compared to the previous year's funding level. Last year's budget included one-time funding for the replacement of the current financial system to an enterprise business management software, for the replacement of A/C Units at three City locations, and to replace lighting on Pool Road Tower. That funding was removed in FY 2017. The Finance function funds 41.5 positions, consistent with the number funded in FY 2016.



GENERAL FUND

OVERVIEW

Expenditures (cont'd.)

Parks and Recreation expenditures for the 2016-17 budget are expected to decrease by \$87,005 due to a decline in the number of capital improvement projects. The total Parks and Recreation budget of \$5,746,011 funds 50 positions, with no change in the number of positions funded from the previous fiscal year.

Public Safety includes the Police, Fire, and Public Safety Communications departments. The function of Public Safety accounts for 61.45% of the total General Fund budget. The Police Department's budget funds 235 full-time positions, the same as the previous year. The 2016-17 budget reflects a decrease of \$940,338, primarily due to the removal of one-time supplemental awards from the previous year and a reduction in the lease payment.

The FY 2017 Fire Department's \$21,845,683 budget funds 186 positions, and represents an increase of \$1,314,264 compared to the previous year. The increase can be attributed mostly to the increase in maintenance and fleet charges for new fire engines recently purchased. This maintenance will also be contracted out to ensure the fleet and equipment are maintained correctly. The remainder of the increase is due to the annual payment for the new fire fleet and step increases and incentive pay for the sworn personnel.

The Public Safety Communications Department runs the dispatch service for emergency calls for Police and Fire. The budget of \$2,199,414 funds 31 positions, the same number of positions that was funded last year. The decrease of \$5,125 is primarily due to the removal on one-time supplemental capital outlay equipment awarded in the previous fiscal year.

The **Public Works** function includes the divisions of Public Works Administration, Engineering, Building Inspection, Traffic, Street, and Public Works GIS. Total expenditures for this function will decrease by \$169,346, or 1.31%, compared to the 2015-16 adopted budget. The majority of the decrease is due to the removal of one time supplemental awards, and various charges per department such as increases or decreases in software maintenance, equipment replacement costs and capital outlay improvements. This function funds 103.5 positions.

The **Administrative Services** function is comprised of the Building Services department in the General Fund. The total budget of \$1,592,760 will be a decrease of \$167,922, or 9.54%, compared to last year's budget. The majority of the decrease can be attributed to the removal of several one-time supplemental awards to cover several building maintenance projects. Administrative Services funds 13 full-time positions, the same number of positions that was funded last year.

Expenditures are grouped into eight major categories within each fund. As the chart on the following page indicates, **Personal Services** accounts for the largest portion of the General Fund budget at 68.14% of the total cost of operations. The 2016-17 budget for Personal Services will fund 708 positions, a net decrease of 0.5 positions from last year. The budget includes funding for a one-time \$1,000 payment for eligible employees, step increases, and increases in skills/incentive pay for sworn personnel who meet requirements.

GENERAL FUND

OVERVIEW

Expenditures (cont'd.)

The **Supplies** category will decrease \$1,039,127 in the upcoming fiscal year. Last fiscal year a one-time supplemental allocation was issued to upgrade the current financial system with an enterprise business management software. This fiscal year it has been removed from the budget.

The **Services** category reflects an \$1,046,729 increase from last year's number. This increase is largely due the rising cost of fleet maintenance and replacement, IT Technology charges and the Fire Truck Reserve Payment that was set up for Fire Engine replacement.

The **Maintenance** function shows a decrease of \$47,623, or 1.45%, compared to last year's budget. This is a combination of the removal of one-time supplemental awards from the previous year and an increase in software maintenance and K-9, Bomb, Command and SWAT maintenance.

Capital Outlay will realize a decrease of \$878,044 in 2016-17. This category's budget fluctuates from year to year, depending upon the need for large-ticket items.

The **Other** category is comprised of Outside Agencies, Transfers Out, and Lease Payments. The total budget of \$1,048,399 reflects a decrease of \$714,751 from last year's budget. Last year the City paid the final payment on Fire Truck Lease which lowered the total lease payment substantially.

| Expenditures by Category | 2016-17 Budget | | 2015-16 Budget | |
|--------------------------|---------------------|----------------|---------------------|----------------|
| | Amount | % | Amount | % |
| Personal Services | \$57,165,407 | 66.72% | \$56,854,629 | 66.72% |
| Supplies | 1,690,498 | 3.20% | 2,729,625 | 3.20% |
| Services | 20,467,313 | 22.79% | 19,420,584 | 22.79% |
| Maintenance | 3,280,293 | 3.91% | 3,327,916 | 3.91% |
| Capital Outlay | 236,072 | 1.31% | 1,114,116 | 1.31% |
| Outside Agencies | 209,920 | 0.22% | 189,920 | 0.22% |
| Transfers Out | 438,479 | 0.51% | 438,479 | 0.51% |
| Lease Payments | 400,000 | 1.33% | 1,134,751 | 1.33% |
| TOTAL | \$83,887,982 | 100.00% | \$85,210,020 | 100.00% |

Fund Balance

In 2012-13 the audited total fund balance was \$46,616,517. In 2013-14, the audited total fund balance rose to \$50,597,769, an increase of 8.5%, compared to the previous year. During 2014-15 additional revenues were received in excess of the anticipated budget, and the audited total fund balance climbed to \$53,129,552. During the 2015-16 fiscal year several expenses were taken from Fund Balance for the Downtown Improvement Plan and the Hotel and Convention Center Project, dropping the estimated fund balance to \$39,851,966. The 2016-17 budget contains balanced revenues and expenditures in equal amounts of \$83,887,982 leaving an unrestricted available fund balance of \$19,172,886.

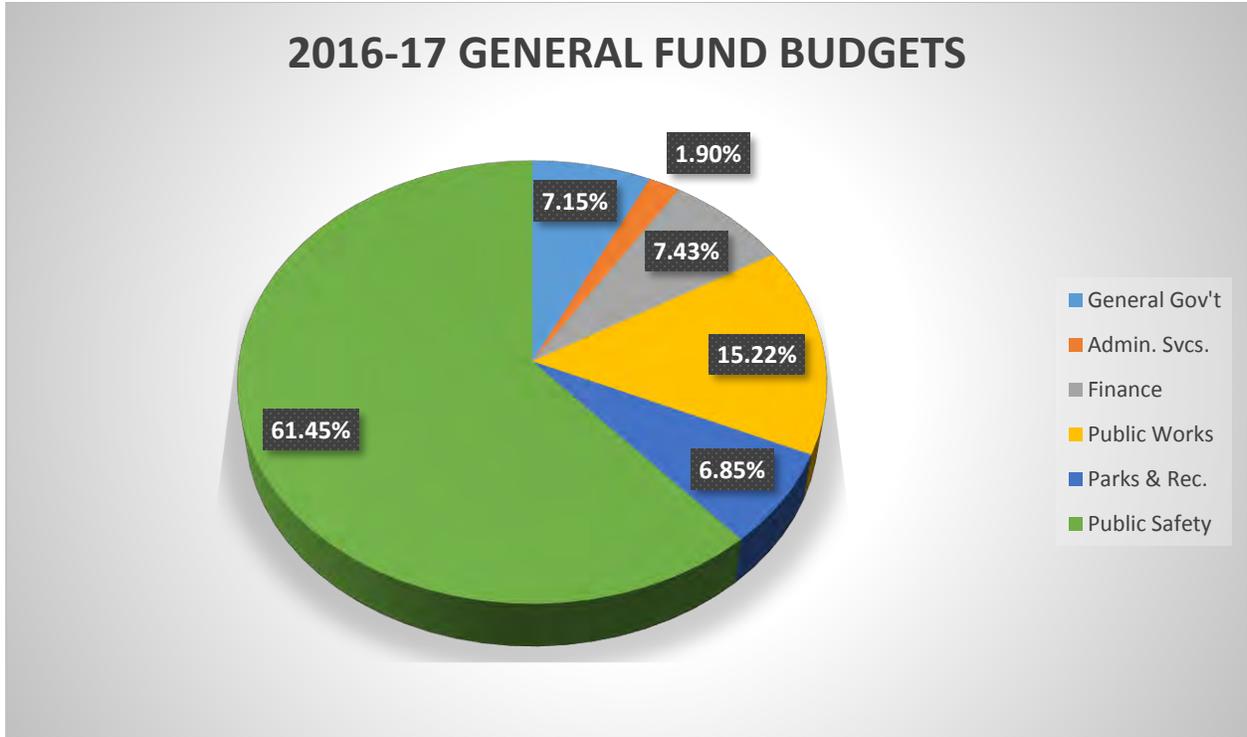
GENERAL FUND

OVERVIEW

| Expenditures by Division | 2014-15 | 2015-16 | 2015-16 | 2016-17 |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| | Actual | Estimated | Budget | Budget |
| City Council | \$55,396 | \$37,622 | \$37,622 | \$37,497 |
| City Secretary | 207,244 | 240,905 | 240,055 | 238,610 |
| City Attorney | 1,432,990 | 1,691,665 | 1,713,684 | 1,797,231 |
| Office of the City Manager | 1,119,013 | 1,174,739 | 1,245,346 | 1,166,518 |
| Downtown Odessa | 16,944 | 44,763 | 60,000 | 60,000 |
| Human Resources | 638,251 | 713,772 | 677,366 | 700,148 |
| Planning and Development | 295,969 | 396,054 | 401,507 | 419,321 |
| Code Enforcement | 1,155,374 | 1,763,671 | 1,829,960 | 1,578,894 |
| TOTAL GENERAL GOVERNMENT | \$4,921,181 | \$6,063,191 | \$6,205,540 | \$5,998,219 |
| | | | | |
| Building Services | \$1,767,563 | \$1,769,228 | \$1,760,682 | \$1,592,760 |
| TOTAL ADMINISTRATIVE SRVS. | \$1,767,563 | \$1,769,228 | \$1,760,682 | \$1,592,760 |
| | | | | |
| Finance | \$1,007,488 | \$1,202,023 | \$1,210,751 | \$1,207,652 |
| Purchasing | 644,282 | 719,049 | 709,020 | 709,708 |
| Municipal Court | 1,040,979 | 1,139,134 | 1,179,343 | 1,165,447 |
| Judges Municipal Court | 472,130 | 526,101 | 526,077 | 496,478 |
| Non-Departmental | 2,981,413 | 2,248,834 | 3,039,217 | 2,005,878 |
| Outside Agencies | 187,007 | 189,920 | 189,920 | 209,920 |
| Operating Transfers Out | 339,912 | 438,479 | 438,479 | 438,479 |
| Supplemental Expend. 2015 Prior | 6,087,404 | 13,244,021 | 0 | 0 |
| Supplemental Expenditures 2016 | 0 | 1,131,748 | 0 | 0 |
| One-time Approved Suppl. FY16 | 0 | 528,820 | 0 | 0 |
| TOTAL FINANCE | \$12,760,615 | \$21,368,129 | \$7,292,807 | \$6,233,562 |
| | | | | |
| Public Works Administration | \$234,077 | \$251,800 | \$252,223 | \$259,178 |
| Engineering | 1,654,118 | 1,718,201 | 1,623,998 | 1,650,891 |
| Building Inspection | 1,437,511 | 1,614,380 | 1,686,795 | 1,654,598 |
| Traffic Engineering | 1,722,708 | 1,848,082 | 1,870,330 | 1,790,745 |
| Street | 6,521,620 | 6,872,983 | 6,833,725 | 6,740,007 |
| Public Works GIS | 520,304 | 622,201 | 668,661 | 670,967 |
| TOTAL PUBLIC WORKS | \$12,090,338 | \$12,927,647 | \$12,935,732 | \$12,766,386 |
| | | | | |
| Parks and Recreation | \$5,936,155 | \$5,918,591 | \$5,833,016 | \$5,746,011 |
| TOTAL PARKS AND RECREATION | \$5,936,155 | \$5,918,591 | \$5,833,016 | \$5,746,011 |
| | | | | |
| Fire | \$20,692,049 | \$20,466,835 | \$20,531,419 | \$21,845,683 |
| Police | 25,999,114 | 28,880,138 | 28,446,285 | 27,505,947 |
| Public Safety Communications | 1,845,466 | 2,139,941 | 2,204,539 | 2,199,414 |
| TOTAL PUBLIC SAFETY | \$48,536,629 | \$51,486,914 | \$51,182,243 | \$51,551,044 |
| | | | | |
| Total Expenditures | \$86,012,481 | \$99,533,700 | \$85,210,020 | \$83,887,982 |

GENERAL FUND

OVERVIEW



Source: City of Odessa Finance Department

The Public Safety function, including Fire (26.04%), Police (32.79%) and Public Safety Communications (2.62%), comprises 61.45% of the total General Fund budget for 2016-17. The next largest use of the General Fund is the Public Works function (15.22%). Sharing the remaining 23.33% of the current General Fund budget are the Finance (7.43%), Parks and Recreation (6.85%), General Government (7.15%), and Administrative Services (1.90%) functions.

GENERAL FUND

CAPITAL OUTLAY

| Fund and Department/Division | Item | Item Total | Total |
|--|-------------------------------------|------------------|-------------------------|
| City Attorney | Data Processing Equipment | <u>\$1,500</u> | |
| | Subtotal City Attorney | | \$1,500 |
| City Manager | Data Processing Equipment | \$1,900 | |
| Downtown Odessa | Furniture and Office Equipment | <u>\$2,000</u> | |
| | Subtotal City Manager | | \$3,900 |
| Human Resources | Data Processing Equipment | <u>\$2,000</u> | |
| | Subtotal Human Resources | | \$2,000 |
| Public Safety Communications | Furniture & Office Equipment | <u>\$8,600</u> | |
| | Subtotal Public Safety | | \$8,600 |
| Finance | Furniture & Office Equipment | <u>\$1,000</u> | |
| | Subtotal Finance | | \$1,000 |
| Public Works | | | |
| Engineering | Data Processing Equipment | \$7,200 | |
| Building Inspection | Office Equipment | \$6,368 | |
| | Data Processing Equipment | \$2,619 | |
| Traffic Engineering | Traffic Infrastructure Improvements | \$24,998 | |
| GIS | Data Processing Equipment | <u>\$5,000</u> | |
| | Subtotal Public Works | | \$46,185 |
| Fire Department | | | |
| Administration | Data Processing Equipment | <u>\$3,128</u> | |
| | Subtotal Fire | | \$3,128 |
| Police Department | | | |
| Patrol Operations | Machinery & Equipment | \$56,014 | |
| | Data Processing Equipment | \$13,745 | |
| | Technology Replacement | <u>\$100,000</u> | |
| | Subtotal Police | | <u>\$169,759</u> |
| <u>TOTAL CAPITAL OUTLAY – GENERAL FUND</u> | | | <u>\$236,072</u> |

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