

FISCAL YEAR

2023

ADOPTED BUDGET

CITY OF
MIDLAND, TEXAS



City of Midland, TX

Annual Operating Budget Fiscal Year 2023





GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Midland
Texas**

For the Fiscal Year Beginning

October 01, 2021

Christopher P. Morill

Executive Director



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Executive Director

Christopher P. Morill

Date: **March 23, 2022**

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Demographics

MIDLAND, TX HISTORY –

The history of Midland, Texas is rich and diverse. In 1880, the Texas Pacific Railroad began to lay tracks westward from Fort Worth at about the same time that the Southern Pacific began building east from El Paso. The place where the tracks met became known as Midway. Later, the name was changed to Midland.

Midland is located in the Permian basin in the plains of West Texas. With a population of 149,455, it is the 25th largest city in Texas and the 214th largest city in the United States. Spanning over 75 square miles, Midland has a population density of 1,839 people per square mile.

In its initial years, Midland was basically a small farming and ranching community. The discovery of oil in the Permian Basin in 1923 changed the area significantly. Soon, Midland had been transformed into the administrative center of the West Texas oil fields. The Second World War saw Midland becoming the largest bombardier training base in the United States, and post-war Midland saw its second boom period beginning with the discovery of what is still ranked today as the second largest oil and gas shale in the world. In the US, the Permian Basin plays a more important role in the nation's energy industry compared to any other city besides Houston.



Today, Midland is a thriving community in the heart of the Permian Basin oil region, which is the 2nd largest oil and gas shale in the world. In fact, outside of Houston, no other area in the US plays a more important role in the nation's energy industry than the Permian Basin. Midland is home to large international corporations, expanding family businesses, and entrepreneurs seeking growth opportunities. Our economy is growing and our residents enjoy the benefits of having the second highest personal income in the United States.

The city is also proud to be the hometown of former First Lady Laura Bush and the former home of two U.S. Presidents, George H.W. Bush and George W. Bush.

POPULATION GROWTH –

Midland is located in [Texas](#). In 1910, four years after Midland’s incorporation, the population stood at 2,192. Since then the population has skyrocketed with the discovery of oil. The current population is approximately **136,800**, it is the **25th largest city in Texas** and the **214th largest city in the United States**. Midland is [currently growing](#) at a rate of **1.92%** annually and its population has increased by **23.08%** since the 2010 census, which recorded a population of **111,147**. Spanning over 75 miles, Midland has a population density of 1,950 people per square mile. Population data 2013 to 2021 were pulled from US Census ACS 1year reports, and 2020 was pulled from US Census ACS 5year report.

<u>Year</u>	<u>Total Population</u>	<u>Growth</u>	<u>Growth Rate</u>
2022*	136,800	5,508	4.03%
2021	131,292	-9,900	-7.54%
2020	141,192	-4,850	-3.44%
2019	146,042	3,703	2.54%
2018	142,339	6,249	4.39%
2017	136,090	1,477	1.09%
2016	134,613	1,663	1.24%
2015	132,950	4,913	3.70%
2014	128,037	4,102	3.20%
2013	123,935	4,551	3.81%

*2022 estimate, worldpopulationreview.com

MIDLAND POPULATION BY AGE –

[Midland population](#) median age in Midland is 31.4 years, 31.3 years for males, and 31.4 years for females.

For every 100 females there are 104 males.

- Male (median range): **31.3**
- Female (median range): **31.4**
- Total Midland Median Age Range: **31.4**



HOUSEHOLD INCOME –

The [median household](#) income in Midland is **\$83,616** with a poverty rate of 12.22%.

[Median and Mean incomes:](#)

<u>Name</u>	<u>Median</u>	<u>Mean</u>
Households	\$ 83,616	\$ 115,667
Families	\$ 98,123	\$ 131,535
Married Families	\$ 117,492	\$ 152,680
Non-Families	\$ 50,744	\$ 74,254

HOME OWNERSHIP –

Rate of Home Ownership is [64%](#) and [36%](#) for renting.

The median house value is at **\$238,000**.

The median rental costs in recent years have been **\$1,256 per month**.

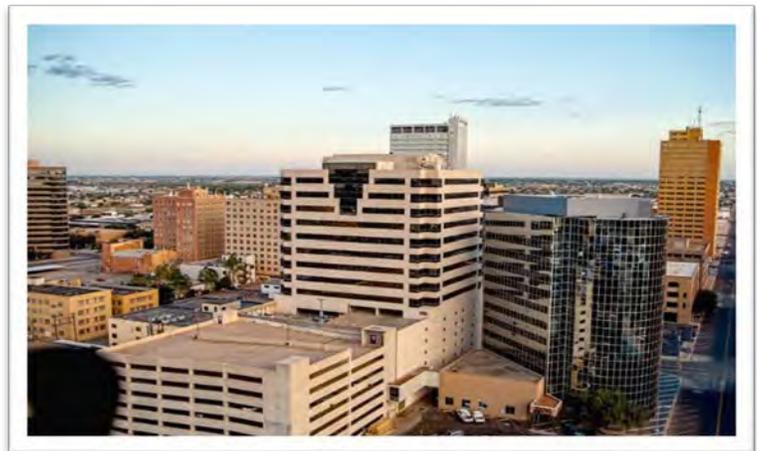


<u>Type</u>	<u>Owner</u>	<u>Renter</u>
Married	81.0%	19.0%
Female	50.8%	49.2%
Male	44.1%	55.9%
Non-Families	46.3%	53.7%
All	64.4%	35.6%

RACE –

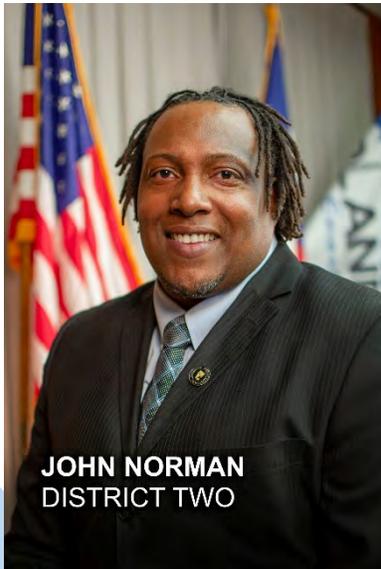
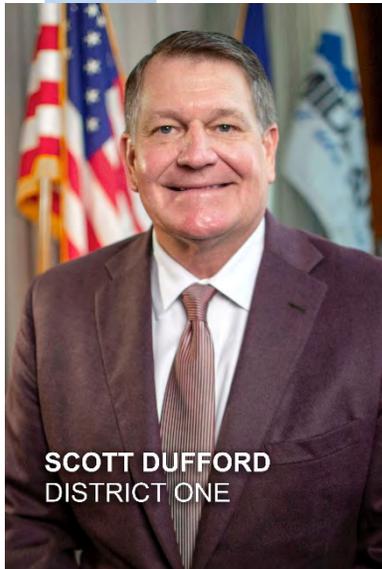
Midland, Texas is a [Hispanic-majority city](#). According to the state demographer, more migrants than ever moving into Texas are from an Asian country and have lived somewhere in the U.S. first.

<u>Race</u>	<u>Population</u>	<u>Percentage</u>
White	49,091	37.23%
Hispanic	55,518	42.10%
Black or African American	4,998	3.79%
Asian	2,301	1.74%
Native American	614	0.47%
Native Hawaiian or Pacific Islander	72	0.05%
Two or More Races	15,062	11.42%
Other	4,199	3.18%



ELECTED OFFICIALS

Mayor & City Council





VISION

Midland 2023

Is a GROWING URBAN CENTER in Texas,

With a HEALTHY ECONOMY and

A VIBRANT DOWNTOWN.

We enjoy GREAT LIVING, ABUNDANT LEISURE

OPPORTUNITIES, and

EFFECTIVE TRANSPORTATION/EASY

MOVEMENT through our City.

Our diverse Midland Community WORKS

TOGETHER for a bright sustainable future; our City is

A RECOGNIZED LEADER.

MISSION

WE, the employees of the City of Midland, are PASSIONATE and ENERGETIC about the service we provide to EACH OTHER and OUR COMMUNITY.

GUIDING PRINCIPLES

1. Demonstrate INTEGRITY, RESPECT and VALUE everyone.
2. Exhibit PROFESSIONALISM by being ACCOUNTABLE and DEPENDABLE.
3. Exercise COOPERATION through a DEDICATION to serve others.



SECTION I:

**INTRODUCTION
& OVERVIEW**

Message

TO: Honorable Mayor and City Council

FROM: Robert Patrick, City Manager

SUBJECT: 2022-2023 Budget

DATE: July 13, 2022

It is my honor to submit, for your consideration, the City of Midland Proposed Budget for Fiscal Year 2023 (FY 2023) pursuant to the City Code of Ordinances and the City Charter. We are proud to present a balanced budget for the upcoming fiscal year that will serve as the City's general operating plan beginning October 1, 2022, and ending September 30, 2023.

During the current fiscal year, the City of Midland has seen trends moving upward from the stalled growth the City had faced from the challenges of the pandemic, along with the accompanying economic and political tensions. The completion of fiscal year 2021 saw a reduction of General Fund balance of \$4.7 million, which was needed to move the City from a stance of recovery to one of growth. Recent ratings provided the City an 'AAA' score from Fitch, and an 'Aa1' rating from Moody's, which continue to demonstrate the City's strong financial profile, overall stability and robust reserves despite the recent economic struggles.

The City Council held their annual retreat and a follow up meeting to review council and citizen priorities and to discuss and prioritize the department's needs in conjunction with these priorities. The departments reviewed and updated the 9-year capital plan, and collaboratively scored and ranked proposed projects based on a numeric metric.

The proposed FY 2023 budget reflects Council goals and priorities, taking careful consideration to meet citizen needs, with a positive look to the future growth and prosperity of the City.

2023 PRIORITIES

1. MAINTAIN AND REBUILD SERVICE LEVELS TO THE PUBLIC WHILE MAINTAINING ONGOING CONSERVATIVE FINANCIAL PRACTICES

Management emphasizes continued fiscal conservancy and moderate budgetary growth in all departments while maintaining a high level of service to the public and retaining employees. Through budget development, departments could add up to 3% to operations as needed, as well as submit all supplemental requests.

The city will use America Rescue Plan Act funds for a new citywide radio system. The radio system will allow the city to integrate public safety communications with the other governmental agencies in the Permian Basin to help prevent and manage catastrophic events.

To better track and account for software purchases as well as gain savings in the General Fund, all software is being charged out to the individual departments instead of absorbed into the Information Technology department of the General Fund. Labor rates were increased for the Garage Fund to better recapture the expenditures incurred by the Garage for the upkeep and replacement of vehicles and equipment.

Retaining reliable employees is vital to providing quality services to the public, therefore salary increases were included in the budget for all employees.

2. INCENTIVES TO ENCOURAGE DOWNTOWN DEVELOPMENT

Management is offering agreements under Chapter 380 of the Texas Local Government Code to encourage activity and future development in the downtown district. An allocation is set aside in the General Fund to pursue options for an Entertainment District and research the potential of a Cultural District in Downtown Midland.

3. COMMITMENT TO LEADERSHIP IN ADDRESSING CRITICAL WATER RESOURCES AND DEVELOPING A LONG-TERM INFRASTRUCTURE PLAN

The City is in negotiations to sell bonds to purchase the Midland Freshwater Supply District assets. This will increase the storage of water and ensure additional water supply for the City, as well as save overhead expenses for the department. A nine-year funding plan that addresses the water needs of Midland's primary areas of growth has been reviewed and updated. The construction of the new Northeast water system is complete and the wastewater system is underway. Operating funds will be budgeted for other necessary improvements. Management will continue to provide leadership in the West Texas Water Partnership, along with other area municipalities, to strategize long term water resources.

4. LONG TERM FUNDING PLAN FOR QUALITY OF PLACE IMPROVEMENTS

Ongoing Quality of Place improvements are necessary for the health and well-being of Midland residents. The 2020 Parks, Recreation and Open Space Master Plan was reviewed and referenced as objectives for the coming year were developed. Funds from oil and gas revenues are budgeted for various park projects.

In June of 2021, certificates of obligation were issued to address quality of place improvements. \$25 million of the CO is dedicated to Parks and Recreation: \$10 million addressing the implementation of the master plan, \$13 million to execute an irrigation and turf pilot program at four city parks, and \$2 million to convert two soccer/football fields to artificial turf. Over \$6 million of these funds has been spent, with more projects underway or in the planning stages set for the 2023 budget year.

Although the Health Department partially remodeled in 2021 to gain extra space for personnel, there is still a vital need for a new facility. Management is exploring potential new locations for the Health Department as they continue their community outreach and prepare for the future to ensure the health of residents is a top priority. Funds are budgeted for design and land purchase in the 2023 budget.

A long-term master plan has been developed for Senior Services, and plans are being developed to improve these centers.

5. MAINTAIN AND IMPROVE TRANSPORTATION AVENUES FOR THE SAFETY OF MIDLAND CITIZENS

The proposed budget includes approximately \$1.5 million for maintenance of city streets and approximately \$6.2 million for new infrastructure and capital improvements. The City has allocated the first tranche of America Rescue Plan Act funds to new roads and paving unpaved roads in the City. The budget also includes funds for the annual signal system maintenance on City streets per the 9-year plan.

6. MAINTAIN INVESTMENTS WHILE MAKING IMPROVEMENTS TO CITY FACILITIES

The proposed budget includes a \$1.2 million allocation for facilities capital improvements at the following locations:

- Fire Station needs new exhaust system and extractor
- Fire Stations require roof repairs, new fences and gates, and other infrastructure improvements
- HVAC upgrades and duct cleaning at City Hall
- New EVAP coolers, LED lighting and power washer for the Garage
- Parks yard needs a new fence and automatic gate
- MLK Center workout room flooring needs to be replaced
- Two new interview rooms for Police
- New fence for the stockpile location for Transportation
- Miscellaneous repairs and unforeseen emergency work at City Hall

7. MAINTAIN THE STRATEGIC FINANCIAL MANAGEMENT OVER THE NEXT THREE YEARS TO ENSURE THE CITY’S ONGOING FINANCIAL STABILITY.

Continue to evaluate major revenue streams for General Fund, specifically major revenues such as sales tax, property tax, and franchise fees. This will be used to update the 9-year Capital Plan, and to assist in the preparation of a long-term financial plan.

FISCAL YEAR 2023 BUDGET HIGHLIGHTS

- The proposed budget is based on a Property Tax Rate of 35.5 cents per \$100 of valuation (now known as the voter approval rate formerly known as the rollback tax rate). This is lower than the tax rate for FY22 by 1.2 cents.

<i>General Fund</i>	<i>All Other Funds</i>
Five new police officers with patrol vehicles, a DA liaison and two property and evidence clerks.	Utilities software purchase to help provide water usage to customers in real time.
Six new firefighters and three EMS supervisors.	New customer service representative to address growth.
New positions for Animal Services veterinarian, two kennel techs and a records specialist to help with growth.	Technology Fund will now recapture expenses and support two security analysts to help better support cyber security needs.

Adjusted health and dental insurance tables for employer portion by 5%.	\$12.7 million for replacement of fleet and equipment
New grant writer position to help with grant writing and management.	Two new positions to prepare for new Collection Centers for Sanitation.
New Assistant Director of Developmental Services added.	New road to the landfill.
\$1,161,174 in facilities improvements at multiple locations	\$10 million budgeted from oil and gas revenues for park improvements and replacements.

September 13, 2022 – Council Meeting

On September 13, 2022, Council adopted the No-New Revenue tax rate of .355039, of that .304844, is the rate for Maintenance and Operations, and .050195 is the rate for Debt.

Council also adopted the proposed budget of **\$148,550,541** for the General Fund and **\$230,239,048** for all other funds. Council also approved **\$25,340,911** in supplemental requests that will be funded with the General Fund Balance, increasing the following funds. See the chart below.

Fund	Proposed Budget	Approved Supplemental Requests	Adopted Budget
General Fund	148,550,541	21,102,175	\$ 169,652,716
Water & Sewer Fund	92,407,132	634,566	\$ 93,041,698
Drainage Fund	2,683,585	-	\$ 2,683,585
Sanitation Fund	25,296,241	879,384	\$ 26,175,625
Airport Fund	12,565,000	21,600	\$ 12,586,600
Garage Fund	26,490,698	30,000	\$ 26,520,698
Technology Fund	5,459,780	881,233	\$ 6,341,013
Risk Funds	20,370,560	-	\$ 20,370,560
Hotel/Motel Fund (090)	8,144,166	-	\$ 8,144,166
Special Revenue Funds	602,823	-	\$ 602,823
Municipal Court Technology	74,765	42,000	\$ 116,765
Golf Course Fund	3,037,329	-	\$ 3,037,329
Scharbauer Sports Complex Fund	3,318,785	1,424,953	\$ 4,743,738
Parks Donation Fund	10,390,000	325,000	\$ 10,715,000
Debt Service Fund (100)	11,580,454	-	\$ 11,580,454
Debt Service Fund (303)	7,817,730	-	\$ 7,817,730
TOTAL	378,789,589	25,340,911	\$ 404,130,500

ECONOMIC OUTLOOK¹

As the City of Midland and other Texas economies have continued to recover from the COVID-19 pandemic and the resulting economic aftermath, indicators show the economy is gaining momentum. Although they continue to deal with challenges of supply issues and labor shortages, these economies are experiencing expansion. The Midland Economic Index has continued to show proof of expansion and is currently rated 108.7. The most recent month of March 2022 reported the construction industry experienced a gain of +56.6, the energy sector saw an increase of +5.6 and hospitality and tourism receipts are up 26.4% over this same time last year. Accompanying this positive trend are the oil prices that have remained over \$100 since March of 2022, and rig counts have averaged above 300 since the beginning of the year.

Although sales tax revenue has been slower to recover other economic indicators, the levels have finally reached pre-COVID levels. Monthly sales tax receipts at the end of FY2021 totaled \$46.4 million, 93% of budgeted revenue. The current fiscal year to date revenue is 32.3% more than this time last year, and the 3rd quarter of 2022 has met the same amount for the 3rd quarter of 2019, pre-Covid. Year-to-date receipts are above budget at 82% of the annual sales tax revenue budget.

Midland's assessed valuation has continued on an upward trend over the last twenty years, though 2022 saw a slight stalling of this increase. Early estimates show an increase in property tax valuations of \$1.55 billion over last year's amount of \$17.1 billion. After decreases in both personal and commercial property in 2021, personal property has rebounded by 7%, and business properties were up slightly by less than 1%. The final certified valuation is not due until July 25th.

Prior to the pandemic, Midland had one of the lowest unemployment rates in the nation remaining approximately 2%. By May of 2020, unemployment rates hit their peak at 12.3%, and has gradually dropped over the last two years. As of March 2022, Midland's unemployment rate was 3.5%.

As the economy has expanded, housing listings have decreased, with a total of 1,641 listings year to date, a 36% decrease over last year. However, regardless of the amount of market listings, home values have remained stable. The median housing listing price of \$325,000 is 10.2% higher than the prior year, and permit values increased by 9.1%. Housing Permits, which is considered a lagging indicator, decreased 52% from May of 2021 to May of 2022.

Airline boarding numbers are trending upward as people begin travelling again for both business and pleasure. Enplanements as of February 2022 are 39,540, which is 72.7% higher than February of 2021.

¹ www.perrymangroup.com. 2022

FISCAL YEAR 2023 PLAN – Executive Summary

General Fund

The General Fund is the principal fund of the City and is used to account for resources associated with governmental services, such as police, fire, streets, health department, parks and recreation, code compliance, building inspections and most administrative functions such as administrative services, finance, purchasing and information systems.

The proposed General Fund budget is \$148,550,541, which is \$10.8 million or 7.9% higher than the FY 2022 adopted budget, providing a balanced budget for the 2022-2023 fiscal year. The General Fund unappropriated fund balance, which supports our bond ratings, self-insurance considerations, disaster recovery and major economic or regulatory change, is projected to be \$114 million at the end of the fiscal year 2022.

Revenue Overview

The Proposed FY 2023 Budget includes a property tax rate of 35.5 cents per \$100 valuation. This is the Voter Approval Rate. The tax rate is divided into two parts: the maintenance and operations portion and the debt service portion. The rate for the maintenance and operations portion is 30.5 cents and the rate for the debt service is 5.0 cents per \$100 valuation. These rates will produce approximately \$55.2 million in revenue for the General Fund and \$8.8 million for debt service, respectively. This levy will generate \$.7 million more in revenue than last years' budget, \$1.7 million additional in maintenance and operations, and a reduction of approximately \$1 million in debt service.

General Fund revenues are projected to increase by \$10.8 million, or 7.9% from the 2022 adopted budget. The three largest sources of total revenue are:

- Property tax at 38% of total
- Sales tax at 38% of total
- Franchise fees and other taxes at 12% of total

Expenditure Overview

As previously mentioned in the priorities, City Management is dedicated to maintain and grow service levels to the public during the economic recovery and growth. Almost all departments' budgets manifest the need and desire to keep up with the growth of the City. During the budget process, departments were allowed to increase their budget up to 3% over their 2022 budget where needed. The Engineering Department had the only decrease (-1.4%), due mostly to the transfer out of the GIS division. The City Secretary's Department had the largest increase at 26% due to increased technology charges.

All departments saw a sharp increase in their technology charge for the year due to the shift in software expenses from a centralized Information Technology department to the individual departments according to their software demands. The departments also saw an increase in the hire of equipment charge due to the garage's increase in labor rates charged out per unit.

As the team prepared the budget for FY 2023, position control was thoroughly reviewed, budgeting for the necessary positions needed to strengthen and expand service to the citizens.

- Five officers were added to the police force as well as a DA liaison and two property and evidence clerks to address growth.
- Six firefighters were added as well as 3 EMS supervisors to address growth.
- A new customer service representative was added to address utility customer needs.
- A new grant writer position was added to help with the increased federal grants available.
- A new Assistant Director of Development Services position added.

- A new security analyst for Information Technology to help with the growing challenges of cybersecurity.

Current employees were budgeted with a 3% cost of living increase. Non-sworn personnel were budgeted with an additional 5% progression pay. Sworn employees will continue to receive their annual step increase on the anniversary of their hire date.

Other priorities in this year’s budget relating to the General Fund were to maintain street maintenance/improvements. The proposed budget includes \$1.5 million for street maintenance and approximately \$6.2 million for capital road infrastructure. Facilities’ budget contains \$1.2 million in repairs and upgrades to City property.

Below is a summary of the General Fund Proposed Budget for FY 2023 by category:

EXPENDITURES	FY20 ACTUALS	FY21 ACTUALS	FY22 BUDGET	FY23 BUDGET	VARIANCE
Personnel	80,576,595	85,884,203	86,580,882	94,030,514	8.60%
Operating Expenses	10,764,711	9,458,113	7,712,584	8,866,800	14.97%
Contractual Services	29,626,838	26,262,593	33,213,594	36,917,087	11.15%
Outside Agency Grants	275,000	256,450	485,462	451,100	-7.08%
Other Uses	23,775,985	3,881,036	485,048	392,606	-19.06%
Capital	9,807,237	3,513,201	9,188,966	7,892,434	-14.11%
TOTAL	\$154,826,366	\$129,255,596	\$137,666,537	\$148,550,541	7.91%

Supplemental request were made for needed equipment and projects. These totaled \$21,202,725 for the General Fund and will be appropriated from net position.

Debt Service Fund

Revenue Overview

The Debt Service portion of the property tax is scheduled to be 5.02 cents per \$100 valuation. This is estimated to bring in \$8.8 million, which is a decrease of \$1 million from the 2022 adopted budget. This decrease in required tax revenue is due to a surplus in debt service fund balance.

Expenditure Overview

Debt service principal and interest budget increased by \$85,788 over the FY 2022 adopted budget. There were no new debt issuances in the 2022 FY.

Fund Balance

The Restricted Fund Balance is estimated to be \$1.8 million at the end of fiscal year 2022. This represents a surplus that will be used to decrease the amount of required debt service tax revenue for FY 2023. This savings decreased the needed Debt service tax rate from 5.4% to 4.8%.

Hotel/Motel Fund

Revenue Overview

The hotel/motel tax estimate for FY 2023 is proposed at \$5.5 million, which is an increase of \$.5 million, or 10% from FY 2022. Hotel/motel tax revenue has been trending back up after the significant drop in 2020 and 2021. Citywide events have picked back up, especially the sporting events that spur overnight hotel stays. The forecast for FY 2023 revenue is optimistic as growth and activities continue to escalate. The City is also working

with a third party to begin identifying and collecting tax from short-term rental operators. This revenue source is expected to grow as the economy grows.

Expenditure Overview

Expenditures in the Hotel/Motel Fund must meet a two-part test to be considered an eligible expenditure:

- The expenditures must “directly enhance and promote tourism and the convention and hotel industry.”
- The expenditure must “clearly fit into one of five statutorily provided categories for expenditure of local hotel occupancy tax revenues.”

Due to revenue loss from the economy and pandemic issues, funding for subgrants had been cut in the prior year. An effort was made to restore some or all of this funding to subgrantees as was feasible. The recommended funding for the Visit Midland at the Midland Chamber of Commerce is \$1,298,000 which includes funding for the Star-Spangled Salute and the Sports and Entertainment Grant. The subgrants for outside organizations is \$978,669 in grants for 24 organizations.

The management contract with the Midland Chamber for the Bush Convention Center is funded at \$1,740,000, the full requested amount. Additionally, a \$540,000 budget is set for the Centennial Park Conservancy, to provide park maintenance.

There is also a debt service transfer of \$1,793,825 to the debt service fund for the 2016 Certificate of Obligation. The total for the FY 2023 Hotel/Motel Fund budget amounts to \$8.1 million, compared to \$6.1 million in FY 2022.

Fund Balance

At the end of FY 2021, the ending restricted fund balance was \$13.2 million. The projected Fund Balance at the end of FY 2022 is \$14.7 million. It is Management's policy to retain three years of debt service payments, totaling \$5.4 million of fund balance. This leaves an available fund balance of \$9.3 million.

Water and Sewer Fund

Revenue Overview

There will be no water or sewer rate increase for FY 2023, however, financial analysis from a recent rate study suggests that steady rate adjustments will be necessary over the next five years to sustain the water supply and operations.

For a balanced budget, total revenues amount to \$92.4 million, which includes \$9.6 million appropriated from net position. For fiscal year 2023, budgeted water revenue was decreased from the prior year to \$62 million and wastewater revenue was increased to \$17.5 million. Water revenue fell short of budget at the end of 2021 by \$1.5 million; wastewater revenue ended 2021 over budget by \$1.1 Million.

Expenditure Overview

Total expenditures decreased by \$7.3 million.

- Personnel costs are proposed at \$9.3 million, which is a slight decrease from prior year. Overtime was increased to be closer to actual costs, budgeted at \$627,500, an increase of 8%.
- Operating Expenses are budgeted at a decrease of \$9.2 million. While cost of supplies, etc. have increased, there are some larger expenditures that are going away or decreasing, including the Ivie Pipeline Debt, water royalties, and water meter expense.

- Contractual expenses are proposed at \$44.8 million, a dramatic decrease from PY of approximately \$6.1 million. The decrease is due to the completion of the debt service payments for the Lake Ivie infrastructure.

Debt Service is budgeted at \$7.8 million which is in line with the prior year.

The transfer to the General Fund is proposed at \$6.7 million and includes general fund service charges and franchise fees.

Capital expenditures are budgeted at \$18.4 million: funds are for Water and Sewer Infrastructure improvements in conjunction with the nine-year capital improvement plan.

- Reline Peggy Sue reservoir
- Plant farm pond lining replacement
- Replace/rehabilitate 50 wastewater manholes
- Replace the annual amount of 4" iron water mains
- Annual Utility extension and taps program
- Combine Airport and T-bar water systems

Customer Service also contains a few capital expenses in relation to the move made in 2022 to a new facility. A kiosk will be going up at City Hall, and it is planned to have another one installed near the new location. There is also a new software that will be installed in 2023 that allows better real-time views of water usage and more user friendly and informative customer portal.

Net Assets:

The internal goal for the Water and Sewer Fund is to maintain a reserve equal to 90 days of operating expenses, or the equivalent of \$21 million dollars. The current cash available is \$57 million.

Sanitation Fund

Revenue Overview

A garbage collection rate increase was implemented during the current FY 2022 year, increasing commercial rates by 50% and residential rates by \$2.00. Management anticipates the need to implement a 2% annual escalator for 2023.

FY 2023 budgeted revenues increased by \$4.7 million, which includes an appropriation of \$4.9 million to balance the budget.

Expenditure Overview

Total expenditures were increased by \$4.7 million from the 2022 adopted budget, proposing appropriations of \$25.3 million for FY 2023.

Solid Waste Management is working on opening two new citizen collection centers. Two new positions will be added in 2023 to start preparing for these new centers.

Net Assets:

Net Assets at the end of FY 2021 reached \$24.2 million, but is projected to drop to \$19.4 by the end of 2022. The closure/post-closure liability is approximately \$22.4 million.

Airport Fund

Revenue Overview

For the FY 2023 proposed budget, total budgeted revenue is estimated at \$12.6 million, providing a balanced budget. The Airport has received numerous grants related to the COVID-19 pandemic, which has supplemented their revenue over the last two budget cycles. The largest of these grants, which was received in 2020, was almost \$23 million and continues to be a positive offset to operational and capital expenditures.

Expenditure Overview

Total FY 2023 proposed expenditures is \$12.6 million which is an increase of \$2.0 million due to an increase in General Fund allocation, salaries and hire of equipment. Airport Fire and 85% of Airport Police are paid for out of the Airport's budget. CARES Grant funding is still available and will be used to offset many of these operating expenses.

Net Assets:

At the end of FY 2021, the Airport had a working capital balance of \$31.7 million. The department estimates this balance to increase over the next year as the economy grows and grant funds are still being collected.

Golf Course Fund

Revenue Overview:

Total revenues are budgeted at \$3.0 million for FY 2023, an increase of \$253,427. Estimated revenue was increased in Golf Cart Rentals, General Green Fees, and Pro Shop Sales as a result of increased activities from the growing economy and decrease in pandemic.

Expenditure Overview

As a balanced budget, total expenditures for the Golf Course are budgeted at \$3.0 million for FY 2023; an increase of 9%, or \$253,427, from the previous year.

Fund Balance:

Following the close of FY 2021, no net assets were held. It is approximated the fund will have a negative position of \$488,401 at the end of 2022.

Scharbauer Sports Complex Fund

Revenue Overview

Operating revenue is budgeted at \$3.3 million for FY 2023, which includes revenue from operations of \$1.08 million and appropriation from net position of \$2.5 million to provide a balanced budget. The increase in operational revenue is \$44,411 or 4%. Revenue outlook is optimistic as the facilities are now open with scheduled events following the pandemic.

Expenditure Overview

Total budgeted expenditures are \$3.3 million which is a decrease from prior year of approximately \$300,000. This decrease is due to a reduction in the portion of General Fund Services required by the cost allocation study. In addition, savings will be realized by using more part time employees instead of cleaning services for some of the janitorial work.

Net Assets: At the end of FY 2021, the fund held \$26.8 million in net assets. The projection for the end of FY 2022 is \$17.9 million.

Garage Fund

Revenue Overview

Total revenues for the Garage Fund are proposed at \$26.5 million, an increase of \$3.3 million over the FY 2022 adopted budget. The proposed budget allows for an increase in the labor rate from \$75 to \$90 an hour to be charged by the Garage to recoup the rising costs of parts, equipment and fuel. This allows the Garage to replace aging fleet and equipment in a timely manner.

Expenditure Overview

The Garage Fund decreased their expenditures drastically during 2022 as the City continued to recover from the pandemic and other economic pressures. This led to a deferment in replacements and needed maintenance. Therefore, current year budgeted expenditures have increased 35% over 2022. The budget for capital vehicles and equipment totals \$11.9 million, \$3.8 million more than last year's budget of \$8.1 million. Total expenditures are \$26.5 million.

Net Assets:

At the end of the FY 2021, the Garage Fund's net assets were equivalent to \$14.1 million. The FY 2022 projected ending fund balance is expected to be \$19.3 million.

Risk Funds

The City of Midland has two internal Risk Funds: Employee Benefits, and Risk Management.

Revenue Overview:

- Operating Revenue for the Employee Benefit fund is \$15.1 million, an increase of 16.7%. This is due in part to an increase in the insurance tables bringing them to actual cost as well as a change in methodology for budgeting benefits for positions at actual.
- The Risk Management Fund has a revenue budget of \$5.3 million for the FY 2023 fiscal year, which includes workers compensation and general liability revenue.

Expenditure Overview:

- The Employee Benefit Fund expenditures are budgeted at \$15.1 million, a 16.7% increase from the previous budget year. This increase is due to an expected 80% increase in the costs of medical claims. These costs will be absorbed by the City and employees will not see an increase in insurance premiums in the proposed FY 2023 budget.
- Risk Management Expenditures are budgeted at \$5.3 million, which includes workers compensation and general liability operations, and five personnel salary and benefits. This is an increase of 12.7% over prior year due in part to insurance premium increases.

Fund Balance:

- The fund balance of the Combined Risk Management Fund is \$3.9 million.
- Employee Benefits fund balance currently \$15.3 million

Technology Fund

Revenue Overview:

- The Technology fund revenue is budgeted at \$5.5 million for FY 2023. This includes the chargebacks received from departments for equipment leases and interest, but this year also includes the chargebacks to the various divisions in the City for the software packages used. This revenue source will allow the Technology fund to better serve the divisions regarding upgrades and hardware replacements, as well as fund two Information Technology Security personnel.

Expenditure Overview:

- The expenditures budgeted for the Technology Fund total \$5.5 million which is an increase from prior year of \$3.3 million. This increase is due to the charges of the various software packages across the City being expensed out of this fund as well as two positions. These funds are also used to replace scheduled technology applications for city employees.

Fund Balance

- The cash balance of the Technology Fund is estimated to be \$1.9 million.

NOTES:

In Compliance with the Texas Local Government Code Sec. 140.0045:

- 1) During FY 2022, \$157,223 was spent on lobbyist contracts. The budget for FY 2023 is \$50,000.
- 2) During FY 2022, \$33,731 was spent on notices required by law to be published in the newspaper. The anticipated budget for this purpose in FY 2023 is \$46,000.

ADDENDUM

Proposed vs. Adopted

8.2.22 Council to Establish Proposed a Tax Rate for FY 2023

The proposed budget was submitted and presented to the City Council at a Budget Workshop on July 13, 2022. Since this time, the following changes have been made:

- 1) An assistant director of development services was added to the general fund personnel budget. The amount needed for this new position is \$100,000.
- 2) An additional request is being added from general fund for an armored personnel carrier for the police department. This is a high priority request with a budgeted amount of \$400,000.
- 3) The proposed tax rate is the voter approval rate. Final certified estimates of ad valorem tax were received August 1, 2022. The certified valuations made the voter approval rate 0.361731 per \$100 Valuation. The proposed tax rate is divided into two parts: the maintenance and operations portion and the debt service portion. The proposed rate for the maintenance and operations portion is 31.1536 cents and the rate for the debt service is 5.0195 cents per \$100 valuation. These rates will produce approximately \$55.2 million in revenue for the General Fund and approximately \$8.9 million for debt service, respectively.

Tax Rate	Adopted FY 2021-22	Proposed 2022-23
Proposed Tax Rate	0.367189	0.361731
Voter-Approval Tax Rate	0.367190	0.361731
No-New-Revenue Rate	0.359758	0.355039
Voter-Approval M&O Rate	0.310841	0.311536
No-New-Revenue M&O Tax Rate	0.300330	0.304844
Interest & Sinking (Debt Service)	0.056348	0.050195

8.2.22 File Proposed Budget Tax Rate for FY 2023

Council established a proposed property tax rate of **36.1731** cents per \$100 valuation. The rate is comprised of the maintenance and operations portion (31.1536 cents) and the debt service portion (5.0195 cents).

Description	Tax Rate Per \$100	Tax Levy
No-New-Rev Rate	0.355039	\$63,099,548
Voter Approval Tax Rate	0.361731	\$64,288,889
Last Year's Rate	0.367189	\$63,192,505
Proposed Tax Rate	0.361731	\$64,009,928
General Fund	0.311536	\$55,227,298
Debt Service	0.050195	\$8,920,941

8.24.22 Public Hearings and Vote on Tax Rate and Budget (Ordinance 1st reading)

According to State Legislature, Public Hearings were organized and citizens were notified of their opportunity to participate and provide feedback. The budget hearing took place first, followed by council action to vote in favor of a General Fund Budget of \$148,550,541. Next, the public hearing and first reading for the tax increase was held. City Council's vote did not meet the super majority (60%) in favor of the 0.361731 tax rate proposed on August 2nd. The tax rate would be discussed again next council meeting, where a tax rate will be voted on and set.

9.13.22 Vote on Budget and Tax Rate (Ordinance 2nd Reading)

The FY2023 Budget consisted of \$148.6 million for General Fund Purposes with an additional \$21.2 million requested by department directors to be drawn from the General Fund. Council voted to approve the proposed budget including the additional supplemental request.

GENERAL FUND SUPPLEMENTAL REQUEST			
COMMUNITY SERVICES	Project Request	Health Department Design and Land. Total cost is 2 million, to be funded with 1 million in ARPA Funds and 1 million out of General Fund.	1,000,000
ENGINEERING	Project Request	Wadley Extension	8,000,000
		ROW for Mockingbird and design update	500,000
		Briarwood	6,000,000
FIRE	Project Request	Health Central Fire Wellness Facility	1,000,000
POLICE DEPARTMENT	Technology	Recommend replacing 26 radios for police vehicles.	171,000
		Replace dashboard cameras.	294,060
	Project Request	Police/Fire Training Facility Design	2,500,000
		Police Department Building Renovation	1,500,000
VARIOUS DEPARTMENTS	VARIOUS REQUEST	Additional Supplemental Request	237,665
GENERAL FUND REQUESTS TOTAL			\$ 21,202,725

The second reading of the proposed tax rate was voted on by council which did not meet the super majority requirements needed to approve the tax rate increase. With the super majority vote not being met, the tax rate defaulted to the no-new revenue rate of .355039 and was adopted by City Council. This rate is comprised of the no-new-revenue maintenance and operations portion (30.4844 cents) and the debt service portion (5.0195 cents).

Proposed Tax Rate	0.361731
No-New-Revenue Rate (Adopted)	0.355039

Council acknowledged that with the adopted rate being lower than the proposed rate, an additional \$1.2 million will be required to be drawn from the General Fund to cover revenues that will not be recognized due to the lower tax rate being adopted.

Additional Draws from General Fund	
Supplemental Request	21,202,725
Draws resulting from lower tax rate	1,200,000
Total Additional General Funds Draw	22,402,725

STRATEGIC

Goals

Knowing the [Vision](#) for a community is a requirement of success.

Like most cities, Midland is confronted with a number of issues that demand the time and attention of managers and elected officials. The City has created specific strategic goals to guide the organizations efforts and best appropriate Midland's resources.

The Strategic Goals drive the community's vision and City Council's goals into actions carried out by the City, enabling the organization to better service the community.

Midland City Council held their Annual Retreat in April of 2022. The retreat is a discussion of capital and long-term projects that provide solutions and help navigate the most critical issues. Once the departmental projects were evaluated, Council emphasized some specific priorities based upon the current state of the community, economy and organization.

Budget Priorities Emphasized under the Strategic Goals:



MAINTAIN AND
REBUILD SERVICE TO
PUBLIC



DOWNTOWN
DEVELOPMENT



CRITICAL WATER
RESOURCES AND
INFRASTRUCTURE PLAN



QUALITY OF PLACE
IMPROVEMENTS



IMPROVE
TRANSPORTATION
AVENUES



IMPROVE CITY
FACILITIES



STRATEGIC FINANCIAL
PLAN

Goals, Expanded



MAINTAIN AND REBUILD SERVICE TO PUBLIC

- Additional personnel for Fire, EMS and Police
- New Interoperable Radio System
- Retain reliable employees
- Additional personnel for the new sanitation collection centers
- Increase operations budget by 3% to mitigate inflation
- Garage labor rates increased – Hire of Equipment
- Software charges are being applied directly to departments



DOWNTOWN DEVELOPMENT

- Additional personnel for Development Services
- Continue to explore downtown development
- Continued work on research and promotion of an Entertainment District and Cultural District



CRITICAL WATER RESOURCES AND INFRASTRUCTURE PLAN

- North East water system is complete and the wastewater system is underway
- Midland Freshwater Supply District assets will increase our storage capacity – savings in overhead
- Maintenance improvements
- Continue to strategize long term water resources
- New customer service portal
- Additional personnel for Customer Service



QUALITY OF PLACE IMPROVEMENTS

- Additional personnel for the animal shelter
- Doug Russell Pool Bathhouse
- Hogan Park improvements
- Reyes-Mashburn-Nelms park improvements
- Sports Complex improvements
- Improvements to Senior Service centers
- New Health department building design and land purchase
- \$10 million from oil and gas revenues set aside for park improvements and replacements



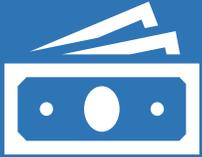
IMPROVE TRANSPORTATION AVENUES

- Allocated funding for maintenance of city streets and new infrastructure
- Continue paving projects in process allocated from the first round of ARPA funds
- Funding for annual signal system maintenance
- New road to landfill



IMPROVE CITY FACILITIES

- Make necessary repairs to fire stations
- HVAC upgrade at City Hall
- EVAP coolers and lighting for Garage
- Fence and automatic gate for park yard
- Workout room flooring for MLK center
- Interview rooms for the Police Department
- Miscellaneous repairs and unforeseen emergency work at City Hall



STRATEGIC FINANCIAL PLAN

- Continue to evaluate major revenue streams
- Review and update the 9-year Capital Plan
- Prepare for long-term financial plan
- New Grant Writer position
- \$12.7 million for replacement of fleet and equipment

Property Tax

A tax rate of 0.355039 per \$100 valuation has been adopted by the governing body of City of Midland.

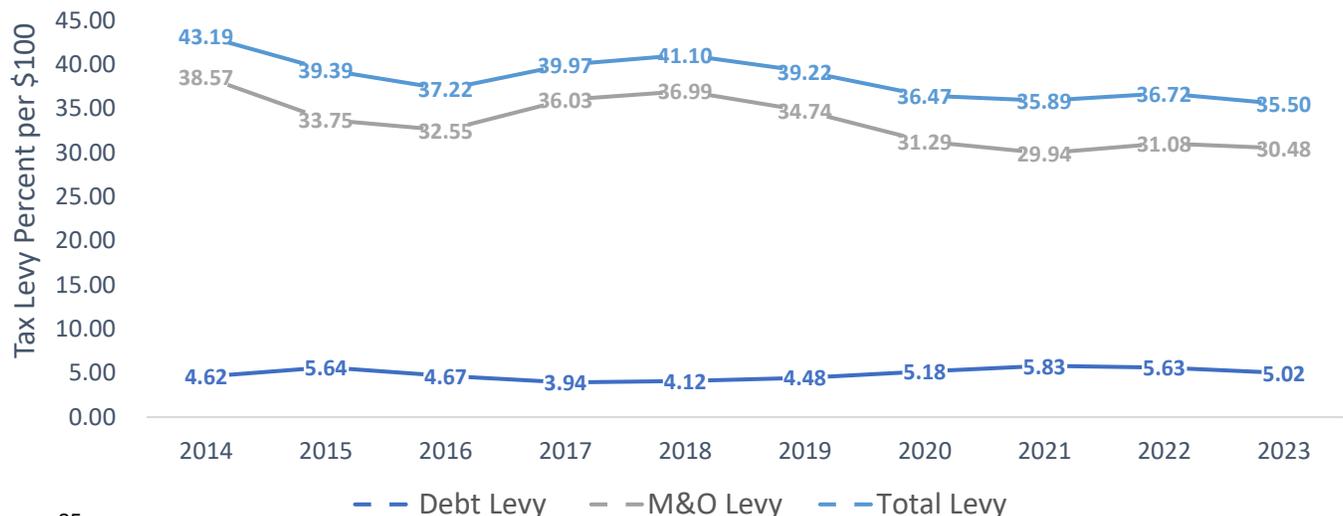
The no-new-revenue tax rate is the tax rate for the 2023 tax year that will raise the same amount of property tax revenue for City of Midland from the same properties in the 2021 tax year. This does not include revenue from new property added to the tax rolls. The rate of .355039 is effectively a **1.08%** decrease in the tax rate.

The municipal property tax rates for the preceding fiscal year, and each municipal property tax rate that has been adopted or calculated for the current fiscal year, include:

TAX RATE:	FY 22	FY 23
Proposed Tax Rate	.367189*	.361731
No-New-Revenue Rate	.359758	.355039*
Voter-Approval Tax Rate	.367190	.361731
No-New-Revenue M&O Tax Rate	.300330	.304844
Interest & Sinking (Debt Service)	.056347	.050195

*Adopted Rates

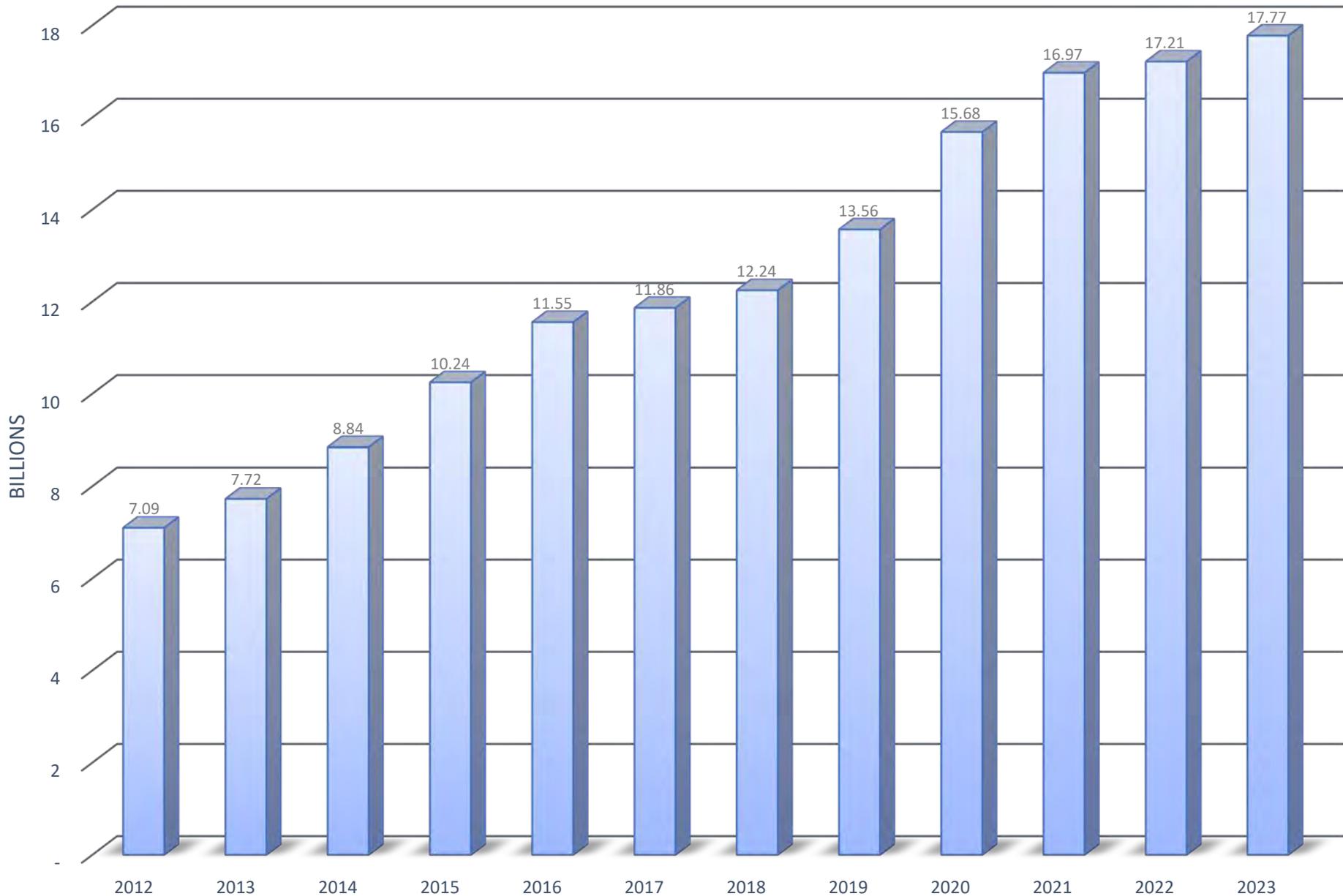
10 Year Property Tax Rate History:



ASSESSED VALUATION

What is Assessed Valuation?

- For the purpose of taxation, a property is assessed for its monetary worth. This ascertained price is known as assessed value.
- This assessment is done at an annual basis, considering factors such as property values and market conditions in the neighboring areas. This assessment is conducted for measuring applicability of property taxes based on the monetary value of the property.



STAFFING

Summary

DEPARTMENT	FY 2021	FY 2022	FY 2023	Change
LEGISLATIVE	7	7	7	0
CITY MANAGER'S OFFICE	8	8	9	1
MUNICIPAL COURT	24	24	23	-1
LEGAL	10	10	10	0
CITY SECRETARY	5	6	6	0
ADMINISTRATIVE SERVICES	12	11	12	1
COMMUNICATION & INFORMATION SYSTEMS	24	25	34	9
FINANCE	51	56	52	-4
GENERAL SERVICES	44	43	43	0
DEVELOPMENT SERVICES	43	43	44	1
ENGINEERING SERVICES	88	88	86	-2
COMMUNITY SERVICES	104	102	113	11
POLICE	260	276	267	-9
FIRE	238	253	249	-4
UTILITIES	84	85	88	3
SANITATION	73	74	75	1
AIRPORT	35	32	61	29
TOTAL CITY PERSONNEL	1110	1143	1179	36

Explanation

STAFFING LEVEL CHANGES:

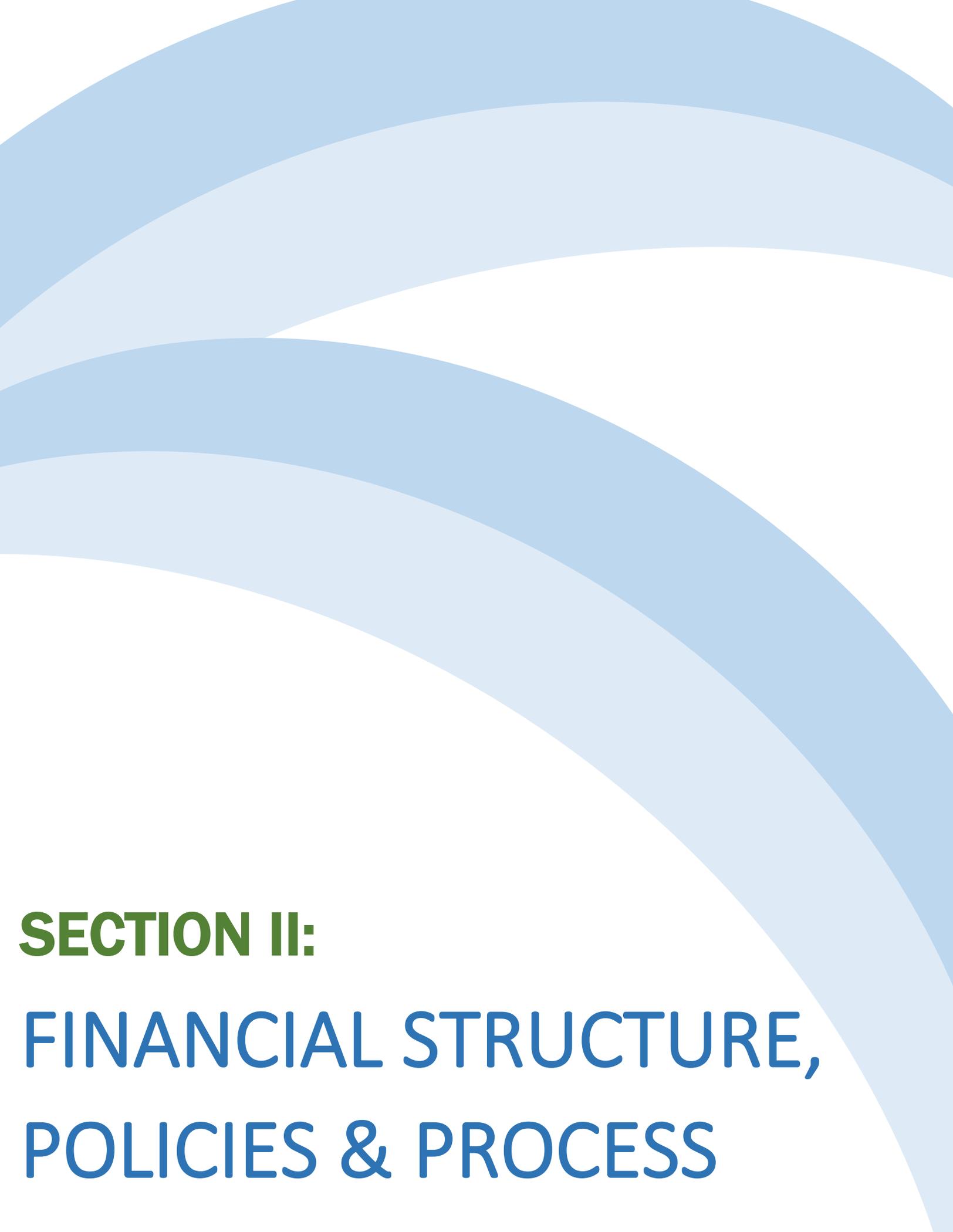
The Fiscal Year 2023 budget includes changes in staffing. The overall number of full-time equivalent budgeted employees increased from 1,143 to 1,179 (+3.15%). Although changes in staffing had an increase of 36 position counts, but only 8 new positions were added for Fiscal Year 2023.

EXPLANATION OF CHANGES IN STAFFING LEVELS:

As the City of Midland and other Texas economies have continued to recover from economic strain and inflation, indicators show the economy is gaining momentum. Although there continue be challenges of supply issues and labor shortages, these economies are experiencing expansion. City Management is dedicated to maintain and grow service levels to the public during the economic recovery and growth, particularly in areas of Public Safety, Community Services/Parks and Transport/Engineering. This is the reason for position counts increasing from FY 2022.

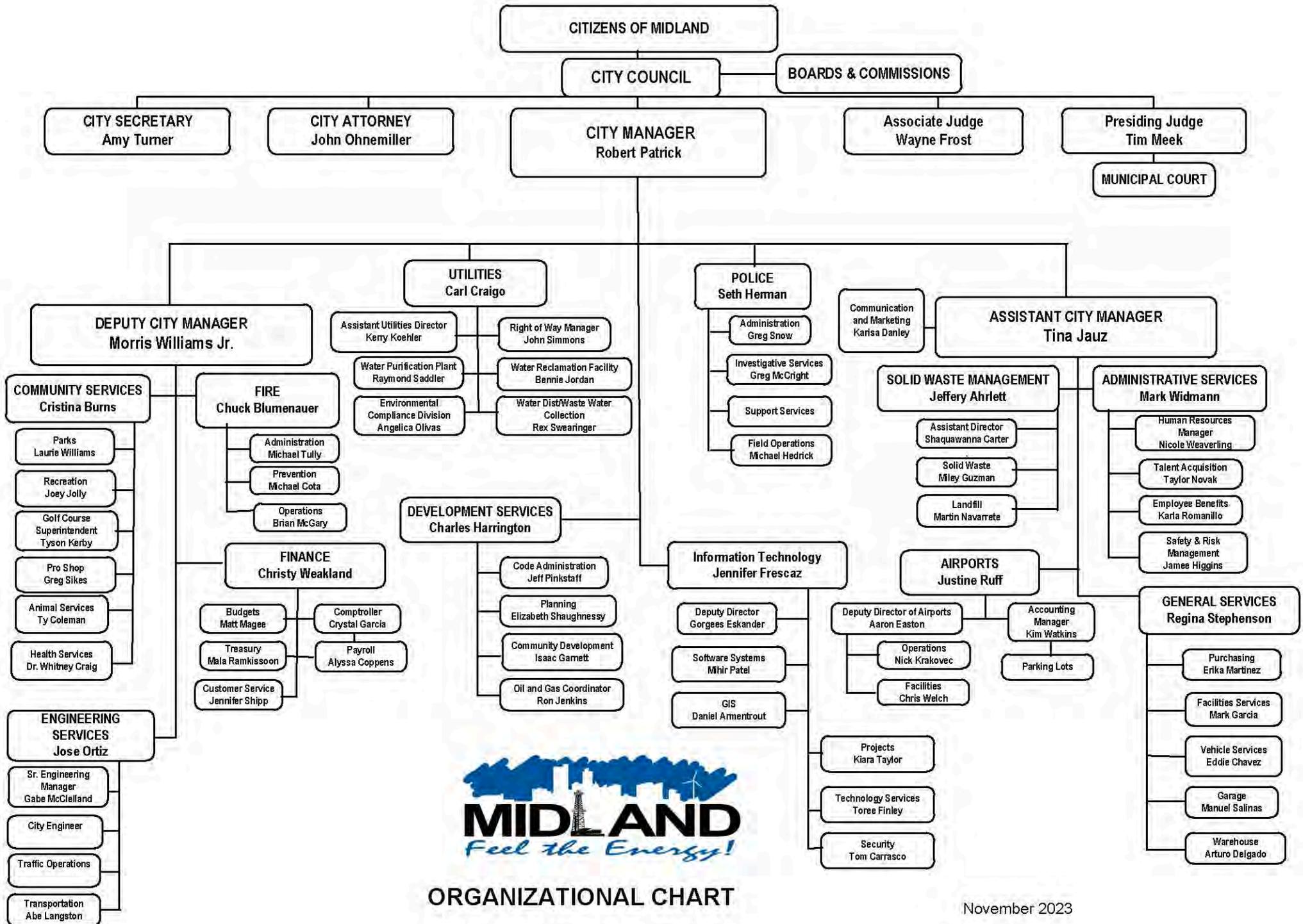
These were some of the positions deemed necessary to strengthen and expand service to the citizens:

- Five officers were added to the police force as well as a DA liaison and two property and evidence clerks address growth.
- Six firefighters were added as well as 3 EMS supervisors to address growth.
- A new customer service representative was added to address utility customer needs.
- A new grant writer position was added to help with the increased federal grants available.
- A new Assistant Director of Development Services position added.
- A new security analyst for Information Technology to help with the growing challenges of cybersecurity.
- Two drivers were added for Solid Waste to prepare for an additional citizen collection station.



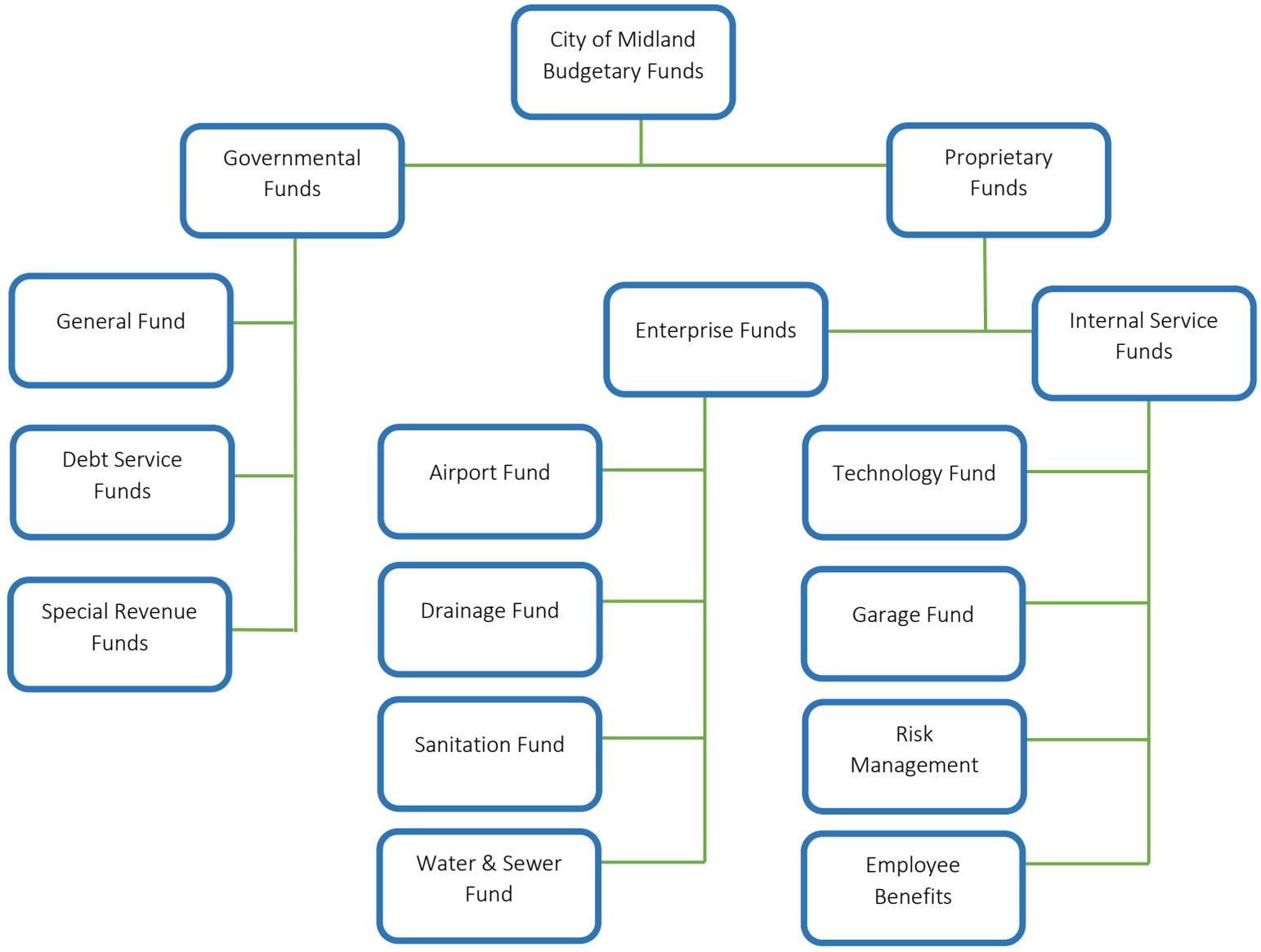
SECTION II:

**FINANCIAL STRUCTURE,
POLICIES & PROCESS**



ORGANIZATIONAL CHART

Structure



The accounts of the City are organized based on funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

FUND TYPES MAINTAINED BY THE CITY:

I. Governmental Fund Types

General Fund:

This fund accounts for the financial resources of the City which are not accounted for in any other fund. Principal sources of revenue are property taxes, sales taxes, franchise fees, fines & forfeitures, licenses & permits, and billings for interfund services. Primary expenditures are for police protection, fire protection, public works, parks, recreation, social services and general administration.

Special Revenue Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Examples of Special Revenue Funds are the Hotel/Motel Fund and Municipal Court technology related costs. Golf Course & Sports Complex Funds became Special Revenue Funds for FY 2022.

Interest & Sinking Fund:

Tax Supported Debt - This Fund is used to accounts for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

Capital Project Funds:

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

II. Proprietary Fund Types

Enterprise Funds:

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or when the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Enterprise Funds presented in the annual budget are the Water & Sewer Fund, Sanitation Fund, Drainage Fund and the Airport Fund.

Internal Service Funds:

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis. The Internal Service Funds presented are the Risk Funds, the Garage Fund, and the Technology Fund.

Major funds represent the significant activities of the City and include any fund whose revenues or expenditures, excluding other financing sources and uses, constitute more than 10% of the revenues or expenditures of the appropriated budget.

The General Fund, described on the previous page, is a major fund within governmental funds.

The Water & Sewer Fund is a major enterprise fund that provides water and sewer services to the residents and commercial enterprises of the City and proximate area. These services include the operation and maintenance of a quality water supply system and collection and treatment of wastewater.

DEPARTMENT/FUND

Relationship

	Governmental	Special Revenue			Enterprise				Internal Service			
	Fund 001: General Fund	Fund 090: Hotel Occupancy Tax	Fund 078: Golf Course	Fund 079: Sports Complex	Fund 300: Water & Sewer	Fund 400: Drainage	Fund 430: Sanitation	Fund 500: Airport	Fund 701: Employee Benefits	Fund 702: Risk Management	Fund 750: Garage Fund	Fund 770: Technology Fund
Legislative	X											
City Managers Office	X											
Municipal Court	X											
Legal	X											
City Secretary's Office	X											
Administrative Services	X								X	X		
CISD	X											X
Finance	X				X							
General Services	X										X	
Development Services	X											
Engineering	X					X						
Community Services	X		X	X								
Police	X							X				
Fire	X							X				
Sanitation							X					
Airport								X				

FINANCIAL POLICIES

Summary

Basis of Accounting

The City's policy is to adhere to accounting principles as established by the Governmental Accounting Standards Board. For governmental funds, this is the modified accrual basis and for proprietary funds, the accrual basis of accounting.

General Fund Balance

The City has a policy of maintaining a General Fund Unappropriated Fund Balance equal to at least twenty five percent (25%) of each fiscal year's operating expenditures. This level is an important factor in maintaining the City's general-purpose bond ratings because of the cyclical nature of the energy industry, which is a major factor in the City's economy. It also provides a source of additional investment income to help maintain a level property tax rate.

Debt Service Fund Balance

The City's policy is to maintain surplus funds equal to 1/12 of the annual debt service requirements in General Obligation Debt Service Funds. Debt Service for Enterprise type funds are accumulated monthly in accordance with prevailing bond covenants; Reserve Funds for each of these obligations are fully established in the amounts required under the ordinances authorizing such obligations.

Use of Bond Proceeds, Grants, etc...

The City's policy is to use bond proceeds, grants, revenue sharing or other non-recurring revenues for capital expenditures and non-recurring expenses only. Such revenues are not used to fund normal City operations.

Budgetary Procedures

Annual budgets are legally adopted for the General Fund and the Debt Service Fund on a basis consistent with generally accepted accounting principles. Formal budgetary integration is not employed for the proprietary funds. The City adopts an annual budget for managerial control for all proprietary funds.

A balanced budget is required for the General Fund. This means that total anticipated revenues must equal total estimated expenditures.

All revenue sources are reviewed to achieve the best possible forecast of revenues. This policy was implemented through seeking the input of the individuals most closely associated with the subject revenues.

Close scrutiny of estimates for reasonableness was inherent in the process to provide the best possible estimate of the resources available to be used in providing services during the upcoming budget year.

The enterprise operations of the City are to be self-supporting; i.e., current revenues will cover current expenditures, including debt service. Due to the inclusion of both capital outlays and depreciation, however, some enterprise funds appear to have more expenditures than revenue.

The City will coordinate development of the capital improvement budget with the development of the annual operating budget. Each capital improvement project is reviewed for its impact on the operating budget in terms of revenue generation, additional personnel required and additional operating expenses.

A calendar is designed each year to provide a framework within which the interactions necessary to formulate a sound budget could occur. At the same time, it will ensure that the City will comply with all applicable state and federal legal mandates.

The City Council follows these procedures in establishing the budgets reflected in the general-purpose financial statements:

1. In late July, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October. The operating budget includes proposed expenditures and the means of financing them.
2. A budget workshop is held with the City Council in early August to obtain their input and observations.
3. Public hearings are conducted at which all interested persons' comments concerning the budget are heard.
4. The budget is legally enacted by the City Council through passage of an ordinance.

5. Expenditures may not legally exceed appropriations at the division level for legally adopted annual operating budgets.

6. The City Manager has the authority to transfer appropriation balances from one expenditure account to another within a single fund of the City. The City Council, however, must approve any transfer of appropriation balances or portions thereof from one fund to another.

7. Supplemental appropriations during the year must be approved and adopted by the City Council through the passage of resolutions. The reported budgetary data has been revised for amendments legally authorized during the year.

8. The City uses an encumbrance system throughout the fiscal year to provide managerial control over City operations. Encumbrances, other than project encumbrances, lapse at the end of the fiscal year, and therefore, are not reported in the City's general-purpose financial statements. The City charges the subsequent year's budget for the goods and services encumbered, but received after the end of the year.

9. At the close of each fiscal year, unexpended budgetary appropriations lapse or revert to the undesignated fund balance. The unexpended appropriation balances in capital projects do not lapse at year end. The Special Revenue Funds are included in the City's annual budget. In addition, information regarding Capital Project Funds are included in the annual budget, but as an information item only.

A BALANCED BUDGET:

Revenues = Expenditures

FOR FISCAL YEAR 2023:

The City's budget is balanced, where total revenues are equal to total expenditures.

Basis of Budgeting:

All governmental type funds, i.e., the General Fund, Interest and Sinking Fund, and the Hotel/Motel Fund are accounted for and budgeted on the modified accrual basis of accounting, using a current financial resources measurement focus. This basis is consistent with generally accepted accounting principles (GAAP) and recognizes revenues when they are measurable and available and expenditures when the related liability is incurred.

Financial statements for Proprietary funds, i.e., the Water and Sewer, Sanitation, Airport, and Garage funds are prepared on an accrual basis of accounting using a flow of economic resources measurement focus, consistent with generally accepted accounting principles. The accrual basis of accounting recognizes revenues in the accounting period in which earned and expenses are recognized when a liability is incurred.

Budgets for the Proprietary funds are prepared on the same basis, with minor exceptions.

Exceptions to the accrual basis for budgetary purposes are listed below:

- Capital outlay is budgeted as an expenditure in the year of purchase (budget) versus recording as an asset (GAAP).
- Debt service principal payments are recorded as an expense (budget) rather than a reduction of a liability (GAAP).
- Grants received for construction of assets are shown as revenues (budget) and not as capital contributions (GAAP).

Budgeting

All governmental type funds, i.e., the General Fund, Interest and Sinking Fund, and the Hotel/Motel Fund are accounted for and budgeted (with limited exceptions) on the modified accrual basis of accounting, using a current financial resources measurement focus. This basis is consistent with generally accepted accounting principles (GAAP) and generally recognizes revenues when they are measurable and available and expenditures when the related liability is incurred.

Exceptions to the modified accrual basis for budgetary purposes are listed below:

- Interfund charges are recorded as revenue (budget) instead of other financing sources (GAAP).
- Changes in fair value of investments are not considered (budget) as opposed to being treated as adjustments to revenue (GAAP).
- The budget for projects is based on project length and does not conform to a fiscal year (GAAP).
- The budget document does not include component units and various special revenue and capital project funds incorporated into the GAAP financial statements.

Financial statements for Proprietary funds, i.e., the Water and Sewer, Sanitation, Airport, and

Garage Funds, are prepared on an accrual basis of accounting using a flow of economic resources measurement focus, consistent with generally accepted accounting principles. The accrual basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses are recognized in the period incurred, if measurable. Budgets for the Proprietary funds are prepared on the same basis, with minor exceptions.

Exceptions to the accrual basis for budgetary purposes are listed below:

- Capital outlay is budgeted as an expenditure in the year of purchase (budget) versus recording as an asset (GAAP).
- Debt service principal payments are recorded as an expense (budget) rather than a reduction of a liability (GAAP).
- Grants received for construction of assets are shown as revenues (budget) and not as capital contributions (GAAP).

BUDGET

Process

CREATION OF THE BUDGET

Preparation and administration of a city government's budget is one of the most important activities in any municipal government. Careful planning of revenues and expenditures has become increasingly significant in the face of an uncertain economy, stagnant revenues, and increasing demands for service. Budget preparation should be among the top priorities of departments and divisions. It is essential that departments examine their operations carefully during this process, to ensure that approved funding provides those services most needed and desired by the public, in the most efficient and economical manner possible.

The budget process is designed to identify and plan the functions, activities and accomplishments of the City of Midland, as well as plan for its financial needs. A budget plans and coordinates revenues and expenditures. In our organization budget preparation begins at the lowest possible level of operations. These budgets are then reviewed at higher levels of management to assure that proposed programs serve the needs of the community and support the overall goals that have been identified by City Council and the public. The City Manager reviews the budgets for each Department, as well as revenue estimates, and the city-wide budget is prepared which incorporates all funding requests and expected revenues.

The City of Midland uses traditional line item budgeting to determine its operating budget. During the budget process, we must annually reexamine existing program activities and analyze the effect of reducing or reallocating current levels of resources. Reevaluation of programs allows us to respond to our changing economic and political environment and the needs of the community, citizens, and our employees.

After budget adoption, the City Manager may make transfers to and between departments and divisions unless such transfers would increase the total appropriation within a fund. Department managers are authorized to approve transfers of amounts between line items within a division if such transfers do not significantly change the work program contemplated in the approved budget.

The City Council reviews the proposed budgets for General, Enterprise, Internal Service, Special Revenue, and Interest and Sinking Funds, makes adjustments, sets the tax rate and holds public hearings on the budget. After the second reading of the budget ordinance, the Council approves the budget and it becomes the official operating plan for the City of Midland for the upcoming Fiscal Year (October 1 - September 30).

The final budget is designed as a reference and resource tool, not only for internal use, but for use by bond rating agencies, insurance companies, external auditors and other cities. It contains detailed expenditure information on personnel, operating costs, other charges, and capital outlays as budgeted for the current fiscal year and the approved budget for the next fiscal year.

The Budget is published online at the City's website www.midlandtexas.gov

BUDGET FUNCTIONS PERFORMED BY MANAGEMENT LEVEL

The Department Head:

- Oversees the preparation of the appropriate budget(s).
- Meets with the division heads within his/her department to review and analyze budget requests to assure that programs and activities are needed, the objectives can be accomplished within established criteria, that adequate resources are requested and that line item requests are consistent with the department's demonstrated historical need and in accordance with guidelines set in budget manuals and management directives.
- Reviews all available activity and performance measures to determine if they accurately reflect major activities.
- Prepares a recommended budget for the City Management Team to review, and make available any backup or historical information necessary to justify the amounts requested.

City Management Team:

- Meets with department heads under his/her supervision and review their proposed budgets.
- Discusses and evaluates estimated expenditures to determine if proposed programs are consistent with the goals of the city organization. The City Management Team should focus on the broader scope of services to be provided and ensure they help achieve the overall goals set by the City Council.
- Critically reviews recommended organizational restructuring, staffing level adjustments, and other changes to ensure that the results will increase operating capabilities, productivity, and/or efficiency of the unit requesting the change.

Finance/Budget:

- Develop the implement a budget process that facilitates budget development on a city-wide basis.
- Develop revenue projections to aid in determining expenditure levels.
- Provide budget forms, instructions, expenditure schedules, and other budgetary assistance and information to assure proper preparation of the final budget documentation.
- Review preliminary budget requests for accuracy and completeness in accordance with budget manual instructions.
- Identify and review major policy recommendations by subject and cost, and summarize their impact on city government.
- Coordinate proposed expenditures, review backup documentation related to questionable expenditures, provide for the availability of any additional information that may be necessary, and prepare a recommended budget for review by City Manager.

Finance/Budget:

- Provide assistance to the City Manager during reviews, and provide any information or backup documentation required for evaluation.
- Perform analyses and comparisons of proposed budget amounts to determine the effects proposed expenditures will have on the fiscal soundness of the City of Midland and provide results to City Management.
- Coordinates preparation of budget, and research the preparation budget summaries, schedules and other information required for budget presentation to the City Council.
- Coordinates preparation of budget presentation and review sessions with City Management and City Council.
- Provides a proposed budget for review by City Council and provides preliminary budget document to be filed with the City Secretary.
- Coordinates production of the adopted budget in its final form, then ensures that the document is properly filed with the City Secretary and posted on the City's webpage for public reference.

The City Manager:

- Reviews proposed budgets with the Deputy and Assistant City Manager and department heads.
- Examines proposed organizational changes and review their proposed effectiveness in meeting the desired goals.
- Evaluated programs, backup information and expenditures to determine the appropriateness of each in response to Council goals.

LEVELS OF BUDGET CONTROL

LEVEL 1: Department

LEVEL 2: Finance/Budget

LEVEL 3: City Manager

LEVEL 4: Council

Calendar

The City's annual budget process begins in January and concludes in September when the final budget is adopted.

FEBRUARY: Budget team meets to review budget process for possible changes or major impacts and to establish budget calendar. Budget team creates and posts necessary budget development forms on the City's internal website. Letters are sent to outside agencies asking for their budget requests and documentation.

MARCH: The Budget Kickoff training is held the first week of March. Two sessions are provided for department heads and managers to attend providing information and updates regarding the upcoming year's budget development. Information regarding personnel budget estimates, facility needs, equipment needs, computer hardware/ software and radio needs and the capital improvement program are provided. Additional trainings provided by the budget team to instruct department heads on entering their budgets into the financial software and submitting supplemental requests.

APRIL: Early in the month Departments submits request forms with justifications for personnel equipment, facility needs, hardware/ software and radios for analysis. Departments begin to enter their budget proposals into the financial software. Deadline for outside agency requests to City Manager. Departments complete revenue estimates and return them to Finance. A committee meeting with all City Management and department heads occurs to prioritize and approve all supplemental requests, including hardware/ software, radio, hire of equipment, facilities, personnel, and capital requests.

APRIL-JUNE: Hotel/ Motel Advisory Board and Economic Development Advisory Board review of funding requests.

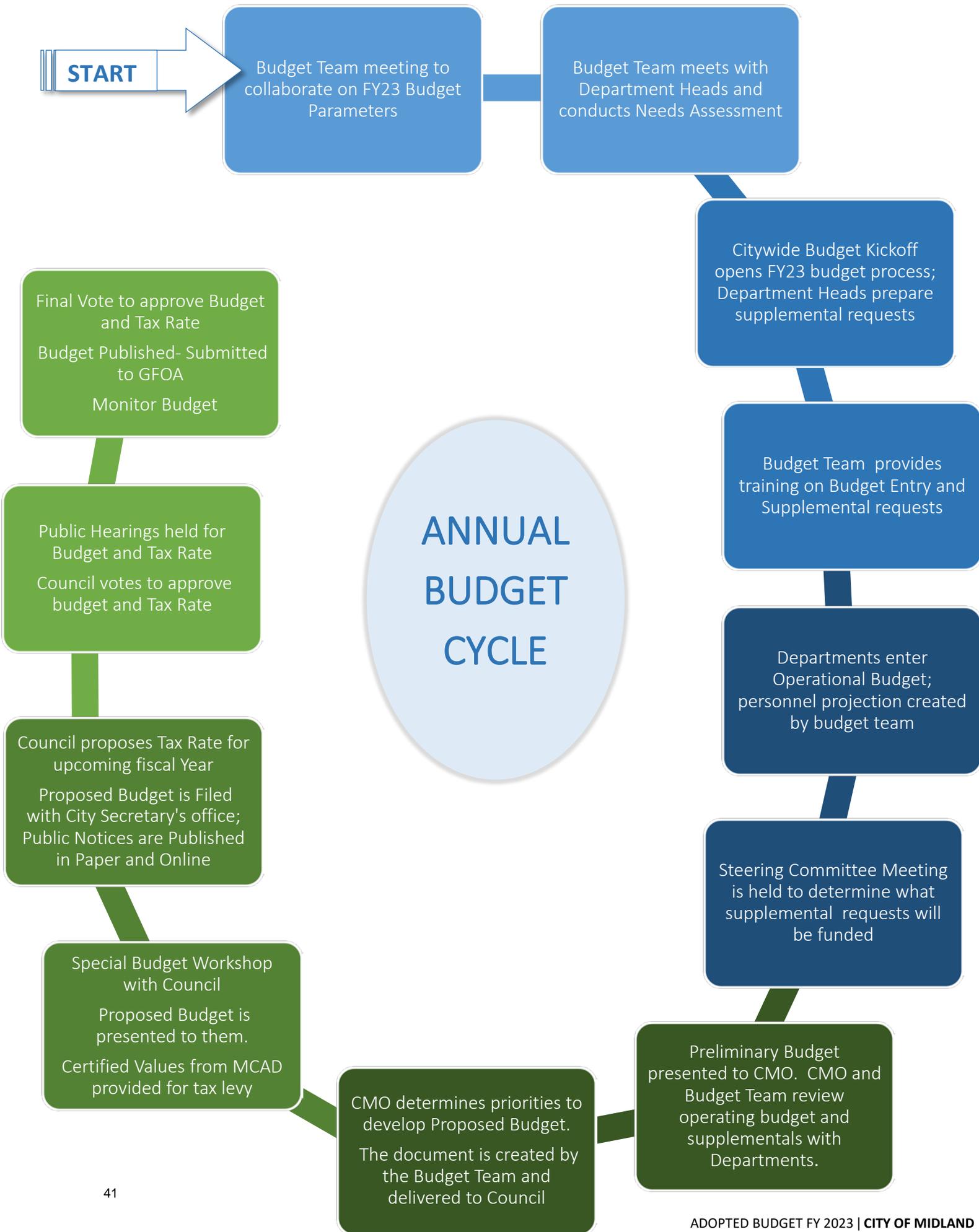
MAY: The projection for the personnel budget is completed by the budget team. Budget then develops a preliminary budget document with all proposals from departments and personnel estimates from Human Resources. Revenue estimates are prepared and added to the document. Budgets are delivered to City Management and budget team. A Joint review budget meeting with department heads, budget team, and City Management is held to review the preliminary budget. A final budget review meeting with City management determines the proposed budget to present to Council.

JUNE: The proposed budget document is prepared by the budget team and distributed to City Management and the City Council

JULY: Budget workshops and briefing period held with City Council and Management. Calculation of the No-New-Revenue Tax rate.

AUGUST: Proposed budget filed with City Secretary's Office and posted on City's website. Publish notices of public hearings, as required by state law, on tax increase, public hearing on budget, and vote on tax rate. Hold public hearings in accordance with applicable provisions of state law. Council votes to establish the tax rate and adopt the budget ordinance. Budget document finalized.

SEPTEMBER: Second and final readings of the Budget and Tax Rate are voted on by City Council. Budget and Tax Rate approved for the following fiscal year





SECTION I:

FINANCIAL

SUMMARIES

Overview

FY 2023 ADOPTED BUDGET

Governmental Funds

General Fund	148,550,541
Special Revenue Funds	
Police Lease	15,000
Police Special Purpose Fund – Federal	130,200
Police Special Purpose Fund – State	186,000
Police Technology & Equipment Fund	75,200
Fire Lease	1,000
Fire Technology & Equipment Fund	97,600
Municipal Court Time Payments	41,823
Municipal Court Security Fund	56,000
Municipal Court Technology Fund	74,765
Park Donation & Special Purpose Fund	10,390,000
Golf Course Fund	3,037,329
Sports Complex Fund	3,318,785
Hotel/Motel Fund	8,144,166

Enterprise Funds

Airport Fund	12,565,000
Water & Sewer Fund	92,407,132
Sanitation Fund	25,296,241
Drainage Fund	2,683,585

Internal Service Funds

Employee Benefit Fund	15,050,000
General Liability	5,320,560
Garage Fund	26,490,698
Technology Fund	5,459,780

Debt Service Funds

19,398,184

TOTAL ALL FUNDS

\$ 378,789,589

Fund Balances

	GENERAL FUND	WATER & SEWER FUND	DRAINAGE FUND	SANITATION FUND	AIRPORT FUND	GARAGE FUND
Oct 1, 2021 Unassigned Fund Balance	\$ 105,525,069	\$ 57,642,916	\$ 4,271,171	\$ 7,814,166	\$ 31,725,539	\$ 14,147,913
FY 2022 Estimated Revenues	\$ 145,577,513	\$ 97,314,742	\$ 2,085,534	\$ 20,943,553	\$ 20,717,205	\$ 21,138,751
FY 2022 Estimated Expenditures	\$ 133,589,719	\$ 80,533,167	\$ 801,044	\$ 25,816,899	\$ 6,909,560	\$ 16,005,233
Net Gain (Loss) to Fund Balance/Net Assets	\$ 11,987,794	\$ 16,781,575	\$ 1,284,490	\$ (4,873,346)	\$ 13,807,645	\$ 5,133,518
Estimated Ending Fund Balance FY 2022	\$ 117,512,863	\$ 74,424,491	\$ 5,555,661	\$ 2,940,820	\$ 45,533,184	\$ 19,281,431
FY 2023 Adopted Budget Revenues	\$ 148,550,541	\$ 92,407,132	\$ 2,683,585	\$ 25,296,242	\$ 12,565,000	\$ 26,490,699
FY 2023 Adopted Budget Expenditures	\$ 148,550,541	\$ 92,407,132	\$ 2,683,585	\$ 25,296,242	\$ 12,565,000	\$ 26,490,699
FY 2023 Supplemental Request	\$ 21,202,725	\$ 661,876	\$ -	\$ 1,159,274	\$ 21,600	\$ 60,000
Projected Net Gain (Loss) to Fund Balance	\$ (21,202,725)	\$ (661,876)	\$ -	\$ (1,159,274)	\$ (21,600)	\$ (60,000)
Sep 30, 2023 Projected Fund Balance	\$ 96,310,138	\$ 73,762,615	\$ 5,555,661	\$ 1,781,546	\$ 45,511,584	\$ 19,221,431

Presented are the City's Operating Funds. The City of Midland has adopted a Fund Balance Policy to provide enhanced financial stability, by ensuring that the City maintains a prudent level of financial resources. This policy will prevent reduced levels of service and fee increases if there are temporary revenue shortfalls or unexpected one-time expenditures. Amounts are set for each fund based on the predictability of revenues, volatility of expenditures, and liquidity requirements of each fund.

Fund Balances

	SPORTS COMPLEX	GOLF COURSE	HOTEL/MOTEL	PARK SPECIAL PURPOSE	EMPLOYEE BENEFITS	RISK MANAGEMENT	TECHNOLOGY
Oct 1, 2021 Unassigned Fund Balance	\$ 26,783,297	\$ (411,430)	\$ 14,618,479	\$ 2,161,133	\$ 11,933,557	\$ 6,927,059	\$ 2,951,610
FY 2022 Estimated Revenues	\$ 1,759,055	\$ 2,782,806	\$ 4,968,821	\$ 20,578,879	\$ 13,863,409	\$ 3,605,627	\$ 1,102,685
FY 2022 Estimated Expenditures	\$ 10,634,435	\$ 2,800,125	\$ 3,476,727	\$ 332,967	\$ 10,169,767	\$ 3,543,397	\$ 2,103,846
Net Gain (Loss) to Fund Balance/Net Assets	\$ (8,875,380)	\$ (17,319)	\$ 1,492,094	\$ 20,245,912	\$ 3,693,642	\$ 62,230	\$ (1,001,161)
Estimated Ending Fund Balance FY 2022	\$ 17,907,917	\$ (428,749)	\$ 16,110,573	\$ 22,407,045	\$ 15,627,199	\$ 6,989,289	\$ 1,950,449
FY 2023 Adopted Budget Revenues	\$ 3,318,785	\$ 3,037,329	\$ 8,144,166	\$ 10,390,000	\$ 15,050,000	\$ 5,320,560	\$ 5,459,780
FY 2023 Adopted Budget Expenditures	\$ 3,318,785	\$ 3,037,329	\$ 8,144,166	\$ 10,390,000	\$ 15,050,000	\$ 5,320,560	\$ 5,459,780
FY 2023 Supplemental Request	\$ 1,432,453	\$ -	\$ -	\$ 325,000		\$ -	\$ 85,983
Projected Net Gain (Loss) to Fund Balance	\$ (1,432,453)	\$ -	\$ -	\$ (325,000)	\$ -	\$ -	\$ (85,983)
Sep 30, 2023 Projected Fund Balance	\$ 16,475,464	\$ (428,749)	\$ 16,110,573	\$ 22,082,045	\$ 15,627,199	\$ 6,989,289	\$ 1,864,466

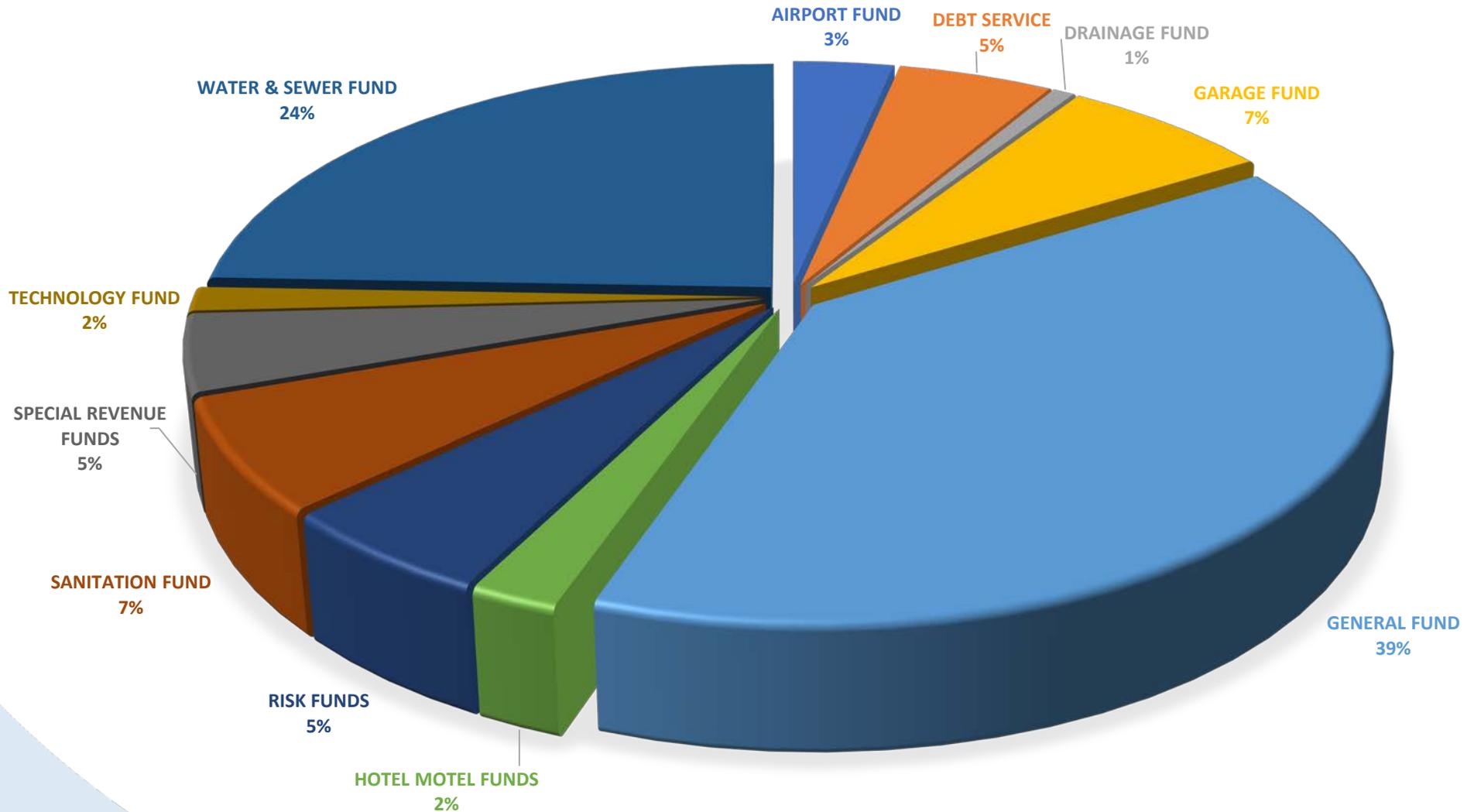
BUDGET SUMMARY

All Funds

	FY23 General Fund	FY23 Special Revenue Funds	FY23 Debt Service Funds	FY23 Enterprise Funds	FY23 Internal Service Funds	FY21 Actuals All Fund Types	FY22 Budget All Fund Types	FY23 Budget All Fund Types
SOURCES								
Property Tax	\$ 56,177,298	\$ -	\$ 8,782,630	\$ -	\$ -	\$ 60,775,195	\$ 63,902,505	\$ 64,959,928
Sales Tax	57,000,000	-	-	-	-	46,435,232	51,000,000	\$ 57,000,000
Franchise Fees & Other Taxes	17,297,500	5,505,000	-	-	-	19,539,512	21,047,543	\$ 22,802,500
Fines & Penalties	2,148,276	135,000	-	1,095,000	-	2,571,054	3,492,725	\$ 3,378,276
License, Permits & Other Charges	2,931,950	-	-	4,593,000	-	7,111,925	6,697,400	\$ 7,524,950
Services, Rentals & Leasing	4,689,823	11,795,003	-	106,482,600	-	109,692,987	118,094,212	\$ 122,967,426
Interfund Charges	5,578,694	1,700,000	9,611,555	-	49,848,695	47,161,029	49,255,333	\$ 66,738,944
Grants & Other Contributions	377,000	213,100	-	1,212,000	-	126,154,192	5,526,500	\$ 1,802,100
Interest & Other Revenue	2,350,000	6,219,766	1,003,999	19,569,357	2,472,343	44,177,331	29,362,060	\$ 31,615,465
TOTAL SOURCES	\$ 148,550,541	\$ 25,567,869	\$ 19,398,184	\$ 132,951,957	\$ 52,321,038	\$ 463,618,456	\$ 348,378,279	\$ 378,789,589
USES								
Personnel	\$ 94,030,514	\$ 1,766,537		\$ 24,467,363	\$ 3,821,560	\$ 104,200,019	\$ 114,441,725	\$ 124,085,973
Operating Expenses	8,866,800	1,656,548		14,378,272	10,094,261	27,823,807	31,008,810	\$ 34,995,881
Contractual Services	36,671,697	1,779,879		60,333,198	7,353,045	79,182,112	102,376,325	\$ 106,137,819
Capital	7,892,434	10,039,823		20,988,000	12,027,232	16,628,830	33,128,955	\$ 50,947,489
Other Uses								\$ -
Operating Transfers Out	1,089,096	10,325,082	19,398,184	12,785,124	19,024,940	118,635,452	59,134,954	\$ 62,622,426
TOTAL USES	\$ 148,550,541	\$ 25,567,869	\$ 19,398,184	\$ 132,951,957	\$ 52,321,038	\$ 346,470,219	\$ 340,090,768	\$ 378,789,589
BEGINNING NET ASSETS								
TOTAL SOURCES/(USES)	(0)	0	-	0	-	117,148,237	8,287,510	0
ENDING NET ASSETS	\$ (0)	\$ 0	\$ -	\$ 0	\$ -	\$ 117,148,237	\$ 8,287,510	

FY 2023 MAJOR REVENUE

By Function



2023 BUDGET BY FUND

Revenues

Revenue representing 75% or more of the current revenue, not including transfers

Ad Valorem Revenue – \$64,009,658

Property Tax is a tax levied on “real property” (i.e., land and buildings) or personal property (e.g., business equipment, inventories and noncommercial motor vehicles).

- **General Fund:** \$55,227,298
- **Debt Service:** \$8,782,360

Sales Tax – \$57,000,000

General sales taxes are taxed on goods and services purchased by consumers. The tax is a percentage of the retail price and added to the final purchase price paid by consumers.

Franchise Fees – \$16,372,500

Franchise Fees are charged to utility companies for the use of the city streets and right of ways to conduct their private business of delivering telephone, electric power, natural gas and cable services.

Water & Sewer Fees – \$92,407,132

Charges to residential and commercial customers for water & wastewater charges and water & sewer charges accounts for 81% of revenues to support the operations in the Water & Sewer Fund.

Sanitation & Landfill Fees – \$25,296,241

Charges to residential and commercial customer for garbage collection fees, landfill access fees, haulers permit fees, recycle fees and litter fees.

Hotel/Motel Tax – \$8,144,165

The Hotel/Motel Tax is a 7% occupancy tax on the price of a hotel/motel room which is used to promote tourism and the convention and hotel industry and such uses as mandated by the Texas Tax Code, Section 351.001 et seq.

Administration

IMPACTS ON FY23 REVENUE PROJECTION PROCESS:

The City of Midland, along with the rest of the nation continue to experience varying degrees of fiscal stress and challenges in revenue recovery due to the ongoing inflation. Forecasting FY23 revenues under the current circumstances was challenging, but critically important. The unknown course of the economic recovery caused difficulties in accurately estimating revenue collections months in advance.

Revenue projections were carefully analyzed and were made conservatively to account for any possible economic fluctuations in the future. The methods we chose to utilize when forecasting revenues were important both for ensuring the needed services continue to be provided and that the economic recovery is as robust as possible.

FY23 REVENUE FORECASTING METHODS:

- Analyzed year-to-date actuals and prior year revenue statements to develop a basis for forecasting revenue streams.
- Used both judgment forecasting & quantitative forecasting to achieve the most accurate possible revenue projection.
- Separated individual revenue sources to isolate variables in order to attain a clear picture of potential ups and downs from each revenue stream.
- Used historical data and financial statements to identify monthly and yearly revenue trends.
- Considered pandemic impacts and current economic conditions to help guide judgment for the best possible revenue projection.

Overview

REVENUE CHANGES:

▪ GENERAL FUND → \$148.5M

The proposed General Fund budget is \$10.8 million or 7.9% higher than the FY 2022 adopted budget.

The Proposed FY 2023 Budget includes a property tax rate of 35.5 cents per \$100 valuation. This is the No-New-Revenue rate (previously the effective rate). The tax rate is divided into two parts: the maintenance and operations portion and the debt service portion. The rate for the maintenance and operations portion is 30.5 cents and the rate for the debt service is 5.0 cents per \$100 valuation. These rates will produce approximately \$55.2 Million in revenue for the general fund and \$8.8 million for debt service, respectively. This budget will raise more total property taxes than last year's budget by \$1.7 million and of that amount \$.97 million is tax revenue to be raised from new property added to the tax roll this year.

The budget anticipates an increase in sales tax revenue, a \$6.0 million increase, or 11.76% from the previous Fiscal Year.

▪ HOTEL/MOTEL FUND → \$8.1M

The hotel/motel tax estimate for FY 2023 is an increase of \$2.18 million, or 36.59% higher from FY 2022. Hotel/motel tax revenue has been trending back up after the significant drop in 2020 and 2021. City wide events have picked back up, including sporting events that spur overnight hotel stays. The forecast for FY 23 revenue is optimistic as growth and activities continue to escalate.

▪ WATER & SEWER FUND → \$92.4M

Total Revenues decreased \$9.3 million. Which includes \$9.58 million appropriated from net position.

A Water and Wastewater rate study was conducted during this fiscal year. The results of the study indicate there will be no rate increase for FY 2023, however the financial report from the study suggests that steady rate adjustments will be necessary over the next five years to sustain the water supply and operations. For a balanced budget, total revenues amount to \$92 million.

▪ SANITATION FUND → \$25.3M

FY 2023 budgeted revenues increased by \$4.6 million, which includes an appropriation of \$4.9 million to balance the budget.

A garbage collection rate increase was implemented during the FY2022 year, increasing commercial rates by 50% and residential rates by \$2.00.

▪ GARAGE FUND → \$26.5M

The Garage Fund's expenditures were increased by \$3.3 million from the FY 2022 adopted budget. Changes in the City's financial processes determined there is no longer a need to budget for depreciation.

▪ **AIRPORT FUND → \$12.6M**

For the FY 2023 proposed budget, total budgeted revenue is estimated at \$12.6 million, which is a decrease of \$2.9 million from the previous year. The airport has received numerous grants related to the Covid-19 pandemic, which has supplemented their revenue over the last two budget cycles.

▪ **SCHARBAUER SPORTS COMPLEX FUND → \$3.3M**

*** As of FY 2022, this fund acts as a Special Revenue Fund*

FY 2023 budgeted revenues decreased by \$258,763, which includes an appropriation of \$2.2 million to balance the budget.

▪ **GOLF COURSE FUND → \$3.0M**

*** As of FY 2022, this fund acts as a Special Revenue Fund*

Total revenues are budgeted with a decrease of \$253,427 for FY 2023. Estimated revenue was increased in Golf Cart Rentals, General Green Fees, and Pro Shop Sales as a result of increased activities from the growing economy and decrease in pandemic.

▪ **RISK FUNDS → \$20.4M**

Employee Benefit Fund → \$15.0M

Operating Revenue for the Employee Benefit fund had an increase of 16.7%. This is due in part to an increase in the insurance tables bringing them to actual cost as well as a change in methodology for budgeting benefits for positions at actual.

Risk Management Fund → \$5.3M

Risk Management Revenue budget of \$5.3 million for the FY 2023 fiscal year, which includes workers compensation and general liability revenue. General Liability premiums are estimated to increase by 12.7%, resulting in a cost increase for many, primarily to the General Fund.

▪ **GOVERNMENTAL DEBT SERVICE FUNDS → \$11.6M**

The Debt Service portion of the property tax is scheduled to be at a rate of 5.00 cents per \$100 valuation. This is estimated to bring in \$8.8 million, which is a decrease of \$0.9 million from the 2022 adopted budget. This decrease in required tax revenue is due to a surplus in debt service fund balance.

▪ **TECHNOLOGY FUND → \$5.5M**

The Technology Funds revenue includes the chargebacks received from departments for equipment leases and interest, but this year also includes the chargebacks to the various divisions in the City for software packages used.



SECTION I:

CAPITAL

& DEBT

Budget

Capital Improvement Program Purpose

The purpose of the Capital Improvement Program (CIP) is to implement and facilitate the City's Master Plan. Generally, capital projects are in excess of \$100,000, have a useful life of more than five years and include such items as land purchases, building and/or renovating structures, roads, water & sewer line extensions, park developments and new City facilities such as fire stations, airports, or water treatment facilities. Major maintenance projects are not included in the CIP. Also, new items and replacements may be considered for major public improvements.

Due to the limited amount of available funds, the CIP serves to establish a priority for the many necessary projects. Therefore, the CIP will be updated annually in order to incorporate the changing priorities, needs, and funding sources. The CIP is a necessary tool in the capital planning process, insuring that:

- City funds will be spent for improvements compatible with the City's long-term goals and needs.
- City funds will be spent on high priority projects first.
- Improvements will not cause a financial burden on the City.

DEFINITIONS:

CITY OF MIDLAND MASTER PLAN:

A long-range project plan to facilitate the development of the City.

CAPITAL IMPROVEMENT PROGRAM (CIP):

A schedule of capital expenditures to be incurred over a five-year period to carry out the City's program of public service.

CAPITAL IMPROVEMENT:

An expenditure in excess of \$15,000 for the planning, design and construction of a physical improvement and/or associated fixed equipment and having a useful life of five years or more. An initial project cost shall include all factors of the project (i.e. land, buildings, machinery, equipment). This definition is intended to include, but not limited to, the following:

- Land: All related expenditures for land whether or not they meet the dollar limitation previously mentioned. This includes right-of-way acquisitions.
- Structures: All related expenditures for structures regardless of cost (ie., architectural, renovation, addition to, engineering).
- Machinery and Equipment: All related expenditures for machinery, furnishings, and equipment that are a part of the structure at the time of initial acquisition or construction. Such items that are not related at initial acquisition or construction must have a useful life of seven (7) years or more and cost \$25,000 or more to be included in the capital improvement program.

FUNDING SOURCES FOR (CIP):

- **Expendable / Available Reserves:**

- They are the “reserves” of the City. They can be used for any purpose approved by the City Council, unless constrained by ordinance.

- **Enterprise Funds:**

- The City of Midland operates four Enterprise Funds – Solid Waste, Utilities, Airport, and Drainage. Each entity operates solely on the revenue it generates. This revenue comes in the form of service fees, assessment fees and participation fees (user fees).

- **Assistance from other governments:**

- Federal Assistance – The Federal Government provides monetary assistance in the form of grants for various programs and projects. Certain restrictions may be attached.
- State Assistance – The State Government provide local governments with loans and other assistance to ensure the delivery of services. Certain restrictions may be attached.

- **Bonds:**

The City of Midland has the ability to issue bonds and incur debt based on its ability to pay and its credit rating.

- **General Obligation Bonds (G.O) Bonds:** General Obligation Bonds pledge full faith and credit of the City; repaid by ad valorem taxes; require voter approval; and can be used to finance items approved by voters.
- **Certificate of Obligation (C.O) Bonds:** Certificate of Obligation Bonds pledge full faith and credit of the City; can be issued without voter approval – except upon notice of the city’s intent to issue certificated, five percent of the qualified voters can force an election on the issue by submission of a petition. Can be issued to finance construction work, equipment, machinery, material, supplies, land etc.
- **Revenue Bonds:** Revenue Bonds are repaid from a specific non-ad valorem (pledged) source; no voter approval (but subject to referendum); and can be used to finance either general government projects or enterprise projects.

Effects of CIP on subsequent operating budgets

Whenever the City commits to a CIP plan, there is an associated long-range commitment of operating funds. For this reason, it is important to evaluate capital commitments in the context of their long-range operating impact. Most capital projects affect future operating budgets either positively or negatively due to an increase or decrease in maintenance costs or by providing capacity for new programs to be offered. Such impacts vary widely from project to project and, as such, are evaluated individually during the process of assessing project feasibility.

The operating impact of capital projects is analyzed and taken into consideration during the extensive CIP prioritization process. Estimated new revenues and/or operational efficiency savings associated with projects are also taken into consideration (net operating costs). Departmental staff plan and budget for significant start-up costs, as well as operation and maintenance of new facilities. The cost of operating new or expanded facilities or infrastructure is included in the operating budget in the fiscal year the asset becomes operational. Debt service payments on any debt issued for capital projects is also included in the operating budget.

Budget

The City will coordinate development of the capital improvement budget with the development of the annual operating budget. Each capital improvement project is reviewed for its impact on the operating budget in terms of revenue generation, additional personnel required and additional operating expenses.

It is the policy of the City of Midland to establish guidelines and restrictions associated with the expenditure of funds for and the recognition of capital assets and inventory assets.

A capital asset expenditure is herein defined as a purchase or other acquisition of any equipment, facilities, or other similar assets or the cost of construction of the same, which exhibit all of the following cost characteristics:

- Has a gross cost in excess of \$5,000.
- Is used in the course of normal operations.
- Has a useful life in excess of one year.

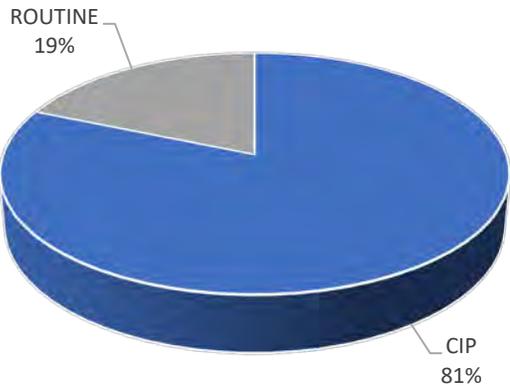
ADOPTED CAPITAL BUDGET HISTORY:

FY 20	FY 21	FY 22	FY 23	CHANGE
\$29,766,532	\$14,972,645	\$36,628,955	\$74,320,526	\$37,691,571

FY 2023 CAPITAL/FIXED

ASSET BUDGET

BUDGET DISTRIBUTION



The 2022/2023 Budget contains \$74.3 million in total capital expenditures. As displayed in the graph to the left, the majority of these expenditures are projects directly related to the City’s capital improvement plan. The remainder of \$12.7 million and \$1.2 million are routine capital expenditures for fleet replacement and facilities, respectively.

CIP projects and routine projects described above can further be divided into expenditure categories. The table to the left shows the expenditure categories by type of project. The list below describes the specific capital projects that are involved in the Capital Improvement

2022/2023 Capital by Category

CAPITAL IMPROVEMENT PLAN:

Roads	\$20.7 million
Parks	\$11.6 million
Utilities	\$19.4 million
Buildings	\$6.0 million
Other	\$2.1 million
Technology	\$572 thousand

ROUTINE:

Vehicles	\$12.7 million
Facilities.....	\$1.2 million

Capital Improvement Plan

Roads

- Wadley Avenue extension
- Briarwood Avenue
- Mockingbird Lane right of way and design
- Traffic calming – 10-year program
- Signal rehab/upgrade – 10-year program
- Annual mill and inlay project – road replacement

Parks

- Haley Park renovations
- Sports Complex LED lighting and sound system
- Doug Russel Pool Bath House renovation
- Reyes Mashburn Nelms Phase I Construction

Utilities

- Big Spring water main replacement
- Airport lift station
- Sludge screw press and tank
- Fiberglass line treatment
- Filter canopies
- Replace/Rehab 50 Manholes in Wastewater System
- Reline Peggy Sue Reservoir
- Utilities Extension Program
- Taps Program

Buildings

- Police/Fire Training Facility design
- Health Department planning and design
- Police Department renovation
- Central Fire Wellness Facility

CAPITAL Expenditures

2023 Capital/Fixed Asset Proposed Budget

General Fund FY23

Department	Division	Capital Detail		
General Services	CISD	Building Upgrade/Maintenance	5,500	
	Facilities		390,000	
	Community Services	Senior Center - Building Upgrade/Maintenance	7,500	
	Fire	Station 2 - Building Upgrade/Maintenance	4,000	
		Station 3 - Building Upgrade/Maintenance	162,000	
		Station 4 - Building Upgrade/Maintenance	27,000	
		Station 8 - Building Upgrade/Maintenance	29,000	
		Station 9 - Building Upgrade/Maintenance	35,500	
		Station 10 - Building Upgrade/Maintenance	20,000	
		Front Office - Building Upgrade/Maintenance	30,000	
		MagneGrip exhaust system	110,674	
	Parks & Recreation	Land Upgrade/Maintenance	110,000	
		MLK Center - Building Upgrade/Maintenance	30,000	
	Police	Building Upgrade/Maintenance	50,000	
	Transportation	Land Upgrade/Maintenance	150,000	
	Total for General Fund: \$			1,161,174

Internal Service Funds FY23

Department	Division	Capital Detail	Amount
Garage	CISD	Cargo Van	41,875
	Facilities Services	Work Vehicles (2)	174,222
	Code Administration	Work Vehicles (3)	110,406
	Traffic	Work Vehicle & Bucket Truck	265,124
	Transportation	Work Vehicles & Equipment (7)	1,451,301
	Parks & Recreation	Work Vehicles & Equipment (3)	158,560
	Animal Services	Work Vehicle	82,500
	MLK Center	Work Vehicle	47,499
	PD Field Operations	Work Vehicles (3) & Upgrade/Maintenance	2,067,307
	Fire	Aerial	1,800,000
		Fire Engine	1,100,000
	Fire Prevention	Work Vehicles (2)	170,000
	Emergency Medical	Ambulance (2)	718,124
	Community Services	Golf Course Operating	Work Vehicle
Sports Complex		Work Vehicles & Equipment (4)	90,874
Utilities	Water	Work Vehicles & Equipment (5)	507,996
Sanitation	Solid Waste & Landfill	Work Vehicles & Equipment (12)	3,534,205
General Services	Fleet Services	Work Vehicle & Equipment	290,000
	Warehouse	Equipment	35,000
Total for Internal Service Funds: \$			12,678,730

FY23 TOTAL CAPITAL EXPENDITURES: \$ 13,839,904

CITY of MIDLAND

Capital Improvement Program

CAPITAL IMPROVEMENTS PROGRAM

DEPARTMENT	FUNDING SOURCE	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Community Services						
Playground Renovations (four parks)		-	800,000	-	800,000	-
Irrigation & Grass Renovations (two-four parks)	Park Special Revenue	5,000,000	-	5,000,000	-	5,000,000
Hogan Park Phase I Construction (hike/bike trail, fields 5&6, move dog park)	CO Bonds	7,000,000	-	-	-	-
Reyes Mashburn Nelms Phase I Construction (turf two soccer fields)	CO Bonds	200,000	-	-	-	-
SSC - Baseball - Sound System	Sports Complex	350,000	-	-	-	-
Doug Russell Bath House Renovation	Park Special Revenue	2,100,000	-	-	-	-
Senior Center Design & Construction Documents (two of two projects)	CDBG/TDEP	900,000	-	-	-	-
Reyes Mashburn Nelms Phase I Construction (baseball fields, parking)	Park Special Revenue	7,900,000	-	-	-	-
Health Department - New Facility Land Acquisition, Design, & Docs	General Fund	2,000,000	-	-	-	-
SSC - Two Auxiliary Fields on Purchased Land	Sports Complex	6,000,000	-	-	-	-
Dunagan Park Lighting		-	600,000	-	-	-
Beal Park Phase I Design & Construction Documents		-	300,000	-	-	-
Hike Bike Trail Development		-	250,000	250,000	250,000	250,000
Hogan Golf Course Cart Barn Replacement/Construction		-	650,000	-	-	-
Health Department Construction		-	20,000,000	-	-	-
Senior Center Land Acquisition & Design & Docs (one of two projects)		-	1,800,000	-	-	-
Windlands Park Design & Construction Documents		-	75,000	-	-	-
Senior Center Construction (two of two projects)		-	1,100,000	-	-	-
SSC - NE Corner Parking Lot	Sports Complex	-	1,000,000	-	-	-
Reyes Mashburn Nelms Phase II Design & Construction Documents		-	1,800,000	-	-	-
Reyes Mashburn Nelms Phase II Construction (two soccer fields, parking)		-	-	18,000,000	-	-
Beal Park Phase I Construction (walking trail, restrooms, amphith, skate pk)		-	-	3,000,000	-	-
SSC - Paint Both Stadiums	Sports Complex	-	-	1,000,000	-	-
SSC - Momentum Bank Ballpark Turf	Sports Complex	-	-	1,500,000	-	-
Hogan Golf Course Restroom Replacements (five total)		-	-	625,000	-	-
Senior Center Construction (one of two projects)		-	-	18,000,000	-	-
MUGS Softbal (replace restroom & locker room)		-	-	400,000	-	-
SSC - Baseball Video Board Replacement	Sports Complex	-	-	750,000	-	-
Windlands Park Construction (building)		-	-	750,000	-	-
Beal Park Phase II Design & Construction Documents		-	-	-	900,000	-
MUGS Softball (turf and lights one quad)		-	-	-	3,000,000	-
Hogan Golf Course Pump Station (water treatment)		-	-	-	330,000	-
Hogan Golf Course Pro Shop Design & Construction Documents		-	-	-	750,000	7,500,000
Land Acquisition for NW Regional Park (~125 acres)		-	-	-	12,500,000	-
Beal Park Phase II Construction (indoor rec center, gyms, playground, trail)		-	-	-	-	9,000,000
SSC - Auxiliary Field Turf Replacement	Sports Complex	-	-	-	-	3,500,000
Engineering						
Briarwood Ave - At SH 158 (Phase 3)		1,067,000	-	-	-	-
SH 158 & Wadley Ave - Turn Lane Improvements	County, Developer	4,750,000	-	-	-	-
Garfield St. - Michigan Ave. to Golf Course Rd.		6,144,600	-	-	-	-

CAPITAL IMPROVEMENTS PROGRAM

DEPARTMENT	FUNDING SOURCE	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Big Spring St (4) - SH 250 EBFR to Wadley Ave		164,000	-	-	-	-
Main St. - Wadley Ave. to Ohio Ave.		7,103,250	-	-	-	-
Longview Ave (1) - Baird St to Terrell St		1,112,000	-	-	-	-
Market St - 865' N of IH 20 WBFR to IH 20 WBFR		635,000	-	-	-	-
Briarwood (Avalon to SH 158)*			10,000,000			
Big Spring St & Occidental Pkwy Signal Turn Lane Improvements		-	1,067,000	-	-	-
Garfield St & Florida Ave - Signal		-	359,000	-	-	-
Traffic Calming - 10 year program		-	2,500,000	-	-	-
Signal Rehab/Upgrade - 10 year program		-	5,000,000	-	-	-
Midland Draw - Fairgrounds Road to Jackson Street		-	1,081,200	-	-	-
Loop 250 & Big Spring St - Operational Capacity Improvements		-	600,000	-	-	-
Front St & Garfield St - Turn Lane Improvements		-	772,000	-	-	-
Wadley Ave. - SH 158 to Callaway*	MDC, TxDOT, Developer	-		11,300,000	-	-
I-20 Backage (Phase 1) - Garfield Rd to Midkiff Rd		-	-	5,250,000	-	-
Loop 250 & Midland Dr - Operational Capacity improvements		-	-	600,000	-	-
Fairgrounds Rd & Mockingbird Ln - Signal Turn Lane Improvements		-	-	1,067,000	-	-
COMPASS - Various Locations		-	-	1,000,000	-	-
Fairgrounds Rd. - BI20 to Pine Ave.		-	-	2,559,105	-	-
Midland Draw - Golf Course Rd to Fairgrounds Rd		-	-	618,240	-	-
Wadley Ave. - Godfrey to I Street*		-	-	10,000,000	-	-
Andrews Hwy & Woodcrest Dr - Signal		-	-	-	359,000	-
Tradewinds Blvd & Deauville Blvd - Signal		-	-	-	359,000	-
Andrews Hwy & Midland Dr - Signal		-	-	-	359,000	-
Avalon Dr & Deauville Blvd - Signal		-	-	-	359,000	-
Golf Course Rd. - Tarleton St. to A St.*		-	-	-	6,000,000	-
COMPASS - Various Locations		-	-	-	1,500,000	-
Mockingbird Ln. - Garfield to A		-	-	-	15,500,000	-
Mockingbird Lane (Holliday Hill to Midland Dr)*		-	-	-	-	6,000,000
I-20 Backage (Phase 2) - Midkiff Rd to Rankin HWY		-	-	-	-	5,000,000
Scharbauer Drive - Fairgrounds Rd to Golf Course Rd	County, MDC, Developer	-	-	-	-	6,000,000
Occidental Pkwy - Midkiff Rd to BS 349*	County, MDC, Developer	-	-	-	-	6,750,000
Water and Sewer Utility						
Upsize 4" iron lines through out City	Operating funds	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Replace Lift Stations (Airport and Mockingbord)	Operating funds	-	1,500,000	-	1,500,000	-
Replace/Rehab Outfall lines to Wastewater plant	Operating funds	-	1,500,000	1,500,000	1,500,000	-
Replace/Rehab 50 Manholes in Wastewater system	Operating funds	500,000	500,000	500,000	500,000	500,000
Reline Peggy Sue reservoir	Operating funds	3,000,000	-	-	-	-
Filter System Upgrades at WPP	Operating funds	-	1,500,000	-	-	-
Upgrade WPP to Chlorine Dioxide	Unallocated funds	-	-	5,000,000	-	-
Increase Clearwell water storage at WPP	Unallocated funds	-	-	-	-	3,000,000
Plant Farm pond liner replacement (required by TCEQ) (start FY21)	Unallocated funds	3,000,000	1,000,000	-	-	-
Decomission of MBR	Operating funds	-	-	2,000,000	-	-
Design and construction of WPCP Digester	Bond?	-	-	-	-	5,000,000
Utilites Extension and Taps Program	Operating funds	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Utility 5 year bond (Engineering may also have this)	Bond	3,000,000	-	-	-	-
New W&WW facility	Unallocated funds	-	6,000,000	-	-	-
Combine Airport and Tbar water systems	Unallocated funds	3,500,000	-	-	-	-
Paul Davis Advanced Treatment	Tbar Water Sales/ ROW Sales	-	-	-	-	35,000,000
TOTALS		69,425,850	65,754,200	94,669,345	50,466,000	96,500,000

DEBT SERVICE

Management

General Obligation:

The City issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. Each debt issuance is evaluated against multiple policies addressing debt service as a percent of operating expenditures, tax and revenue bases for the repayment of debt, the overall debt burden on the community, statutory limitations and market factors affecting tax-exempt interest costs. Sizing of the City’s capital improvement program based on debt capacity in conjunction with conservatively estimated pay-as-you go revenues help stabilize per capita debt and lower annual debt service costs to the City over the long-term.

The City will manage the length of maturity of its long-term debt in order to lower net interest cost and to maintain future flexibility by paying off debt earlier. Generally, the target is 25 years or less.

Adherence to this debt policy helps ensure that the City issues and manages its debt prudently in order to maintain a sound financial position and protect its credit rating.

Credit ratings are the rating agencies’ assessment of the City’s ability and willingness to repay debt on a timely basis. Credit ratings are an important indicator in the credit markets and can influence interest rates a borrower must pay. Each of the rating agencies believes that debt management is a positive factor in evaluating issuers and assigning credit ratings. Therefore, implementing debt management practices will be viewed positively by the rating agencies and could influence the City’s credit rating and ultimately lower borrowing costs. The City of Midland most recently received a “AAA” by Fitch Ratings (“Fitch”) and “Aa1” by Moody’s Investors Service (“Moody’s”). Moody’s credited the City with “strong budgetary practices and reserves to mitigate operating challenges”.

Debt Tax Rate Limitations:

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax-supported debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 of Taxable Assessed Valuation.

COMPUTATION OF LEGAL DEBT LIMIT	
Assessed Value	\$ 17,772,568,163
Debt Limit 8% of Assessed Value	\$ 1,421,805,453
Debt Applicable to Debt Limit (at 10/5/21)	\$ 132,305,000
Unused Legal Debt Limit	\$ 1,289,500,453

The Home Rule Charter of the City, however, limits its tax rate to \$2.00 per \$100 Assessed Valuation for all City purposes. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.20 of the \$2.00 maximum tax rate for all debt service secured a levy of ad valorem taxes, as calculated at the time of issuance. The City's 2022/2023 tax levy is \$0.361731 of which \$0.050195 is for debt service purposes.

As of January 1, 2020, Senate Bill 2 revised the Property Tax requirements for Texas Municipalities, limiting the calculation of the voter approval rate to a 1.035 multiplier. However, any city located at least partly within an area declared a disaster area by the Governor of the State or the President of the United States during the current year may calculate its voter-approval tax rate using a 1.08 multiplier, instead of 1.035, until the earlier of (i) the second tax year in which such city's total taxable appraised value exceeds the taxable appraised value on January 1 of the year the disaster occurred, or (ii) the third tax year after the tax year in which the disaster occurred. The City of Midland's tax rate for the FY23 budget year will raise more revenue from property taxes than last year's budget by an amount of \$894,484 which is a 1.44% increase in tax dollars from last year's budget.

Tax Supported Debt:	Principal	Interest	Total Payment
2021 Certificates of Obligation	\$1,605,000	\$1,740,975	\$3,345,975
2021 Refunding 2012 General Obligation	\$1,205,000	\$666,550	\$1,871,550
2020 Refunding 2014 General Obligation	\$1,575,000	\$282,527	\$1,857,527
2020 General Obligation	\$555,000	\$846,075	\$1,401,075
2020 Certificates of Obligation	\$735,000	\$871,725	\$1,606,725
2019 General Obligation Road Bond	\$1,130,000	\$1,517,750	\$2,647,750
2019 General Obligation-2009 Refunding	\$495,000	\$162,625	\$657,625
2019 Certificates of Obligation	\$265,000	\$313,575	\$578,575
2018A Road Bond General Obligation	\$2,005,000	\$2,031,313	\$4,036,313
2018B General Obligation Refunding Bond	\$430,000	\$243,505	\$673,505
2016 Certificates of Obligation	\$755,000	\$1,038,825	\$1,793,825
TOTAL DEBT SERVICE PAYMENT FY2023	\$ 10,755,000	\$ 9,715,445	\$ 20,470,445



SECTION I:

**DEPARTMENTAL
BUDGET DETAIL**

GENERAL FUND

The General Fund tracks the revenues and expenditures for general purpose governmental functions. This includes Fire, Police, Engineering and Administrative Services. This is the fund that receives property tax and sales tax.

Descriptions

CITY COUNCIL (LEGISLATIVE)

The powers of government, as outlined by the City Charter and other laws, are maintained by the Mayor and Council. This body is responsible for policy leadership, the general direction of the City's government, and the appointment of various boards as the occasion arises.

CITY MANAGER OFFICE

The City Manager is the chief administrative officer of the City. He and his office are responsible directly to the Council for the execution of policies of the Council. This office is responsible for the enforcement of all laws, the appointment of all department managers with the approval of the Council, except the City Attorney, City Secretary, and the Municipal Court Judge and performs duties prescribed by the City Charter and the City Council.

PUBLIC INFORMATION OFFICE:

The Public Communications Office handles all media and public relations for the City of Midland representing every department/division; handles special projects for the City Manager's Office and City Council including but not limited to Annual Report, Mayor's State of the City Address, and various public relations or marketing projects as they arise; assists in marketing and special projects for all other departments. Manages and oversees the Citizen's Action Center and various other resident communication tools such as City of Midland newsletters, educational programs (Such as Midland 101), social media memberships, and City TV programming. Manager of city branding, logos, and images; designs, maintains, and produces the City of Midland website, social media sites, and other promotional print material as directed.

MUNICIPAL COURT

The Municipal Court Judge is appointed by the City Council and holds court five days a week. The office personnel are under the general direction of the Municipal Court Judge. The office prepares and maintains records and files which pertain to court procedure. The department also serves warrants and in general makes collections for all fines assessed by the Judge.

CITY ATTORNEY (LEGAL)

The City Attorney and his staff are responsible to the City Council. The department represents the City in all lawsuits and hearings; provides legal advice to all departments; and prepares necessary documents in relation to contracts, ordinances, resolutions, and other legal instruments as needed.

CITY SECRETARY

This office carries out the duties outlined in the City Charter. The Secretary is required to attend all Council meetings and keep accurate minutes of the proceedings; she maintains and files all documents, books, papers, and contracts of a legal nature; she countersigns all commissions and licenses. She is the keeper of the City Seal and affixes it to documents and papers as needed when legally authorized to do so; she maintains records of all appointments to various boards and commissions. The City Secretary attends bid openings which exceed \$25,000.

ADMINISTRATIVE SERVICES

HUMAN RESOURCES:

The objectives of this department are to serve all departments and divisions by recruiting permanent, part-time, and seasonal employees. The division also maintains classification and compensation schedules; keeps personnel records on all employees; directs the City's employee benefit programs; serves as a central agency for employee recognition and training programs, as well as conducts other activities compatible with a sound human resource management system including policy development and enforcement.

COMMUNICATION & INFORMATION SYSTEMS

CISD ADMINISTRATION:

The Administrative Division of Communications and Information Systems consists of the Department Director and Administrative Secretary. The Director is responsible for the management of the Communications and Information Systems Department. The Administrative Secretary, in addition to providing secretarial services for the Department Director, is responsible for all voice and data telecommunications orders and changes as well as review of all telecommunications invoices for payment.

INFORMATION SYSTEMS:

Information Systems is responsible for the computer information systems of the financial, payroll/personnel, purchasing, inventory, equipment and vehicle preventative maintenance, and utility billing for the City of Midland. The division's programming group is responsible for application software development, maintenance, and enhancement of these computer systems. In addition, the programming group supports all personal computer installations in the City and provides programming support for the Engineering geographical data base system.

COMMUNICATION MAINTENANCE:

This division is responsible for all radio maintenance for the entire City.

GIS ADMINISTRATION:

The purpose of the Geographic Information System (GIS) Division is to administer, edit, and display the City of Midland spatial and nonspatial data. The division provides and maintains geographic data, custom mapping applications, and static maps to city employees and the general public. The division also provides GIS training and support services to end users in multiple city departments and other outside agencies.

FINANCE

FINANCE ADMINISTRATION:

The Finance Administration Division oversees all aspects of the City's financial operations. The Finance Director leads accounting staff, oversees internal controls, engages with investors, evaluations investments, monitors expenditures and manages tax compliance. The budget team is responsible for all aspects of developing, implementing, and monitoring the City's annual budget. The team evaluates the needs of each department, creating short and long-term budget strategies to align funds with the current economic situations. The budget is designed and implemented to comply with legislation while ensuring growth and sustainability.

ACCOUNTING:

Accounting maintains budgetary controls on all expenditures and revenues of the City; maintains central accounting records; distributes and prepares financial statements; disburses on all City obligations; and has a general responsibility for financial forecasting and planning.

TREASURY:

Treasury determines cash flow needs for payrolls, commodities, special services, and projects and ensures that funds will be available when required. Funds in excess of present requirements are carefully and professionally managed to preserve capital and optimize safe and secure return. Treasury also maintains the banking accounts, revenue, accounts receivable, debt service and investments.

FINANCE: Continued...

CASHIERING:*

The Cashiering Division works to ensure that cash receipts from various departments of the City are collected daily, properly recorded and are timely deposited at the bank.

CUSTOMER SERVICE:*

This office reports to the Finance Director. The division performs work related to new utility customers, preparation of bills, complaints and adjustments, bad order meters, the closeout of customers' accounts and the collection of utility bills. This division also repairs and replaces water meters.

GENERAL SERVICES

PURCHASING:

The Purchasing Division is responsible either directly or through delegation of authority, for the purchase or contracting of all materials, supplies, equipment and contractual services needed by any and all departments of the City. The Purchasing Agent reports to the Director of Facilities and Fleet Management. The duty of the Purchasing Agent is to assure that the Division's responsibilities are carried out in compliance with policies and statutes.

FACILITY SERVICES:

This division maintains City Hall, Loraine Center, ten fire stations, Municipal Court, Animal Control, two Senior Centers, Health Department and several operations buildings, and does much of the maintenance of other city buildings. This division budget provides funds to pay for maintenance of heating and cooling equipment, janitorial services, general maintenance and remodeling services, and payment of electrical and natural gas bills for most of the above-mentioned facilities.

DEVELOPMENT SERVICES

PLANNING & DEVELOPMENT:

This division has the responsibility of providing technical assistance to the Planning and Zoning Commission and to the City Council on matters relating to land use, zoning, and the processing of subdivisions. This division conducts planning studies, maintains graphs and charts, land use maps, and zoning maps pertinent to planning the logical development of the City.

COMMUNITY DEVELOPMENT:

This division is responsible for daily program management, oversight and coordination of the Community Development Block Grant (CDBG) program. The division prepares the annual application for funds, maintains the Consolidated Plan for Community Development and Housing Funds, contracts with subrecipient agencies, conducts fair housing programming and environmental reviews, monitors all CDBG projects, and addresses a variety of federal requirements on a general basis and for project specific situations. Additionally, the division administers the City housing programs - housing rehabilitation loans, emergency repair grants and home purchase assistance loans.

CODE ADMINISTRATION:

This division makes detailed inspections of all new building, plumbing, electrical facilities, and other mechanical installation; issues various construction permits, collects water and sewer pro rata and tap fees; enforces building, electrical, plumbing, zoning, sign, swimming pool, water well and trailer park ordinances; and property maintenance codes pertaining to such matters as dilapidated structures, junk vehicles, weeds and debris, and nuisance water in streets. The division seeks out code violations and attempts to bring them into compliance. Contracts are prepared and supervised for removal of dilapidated structures and clearing of weedy lots. Complaints are filed in Municipal Court when other code violations are not corrected. The division also processes appeals to the Building Code Board of Appeals and Zoning Board of Adjustment and reviews and proposes updating of the various codes on a continuing basis as needed.

*Funded under Enterprise Fund – Water Services

ENGINEERING

ENGINEERING SERVICES:

The Engineering Division is one of four divisions within the Engineering Services Department and includes the responsibility for administration and oversight of the department. The division is also responsible for review and permitting of development projects; design, review, construction management, and inspection of transportation and utility capital improvement projects; floodplain administration for the City and County; and general engineering support to internal and external customers.

TRAFFIC OPERATIONS:

The Traffic Operations Division is one of four divisions within the Engineering Services Department. Its purpose is to operate and maintain traffic control and safety devices on public rights-of-way within the City limits. This includes the operation, maintenance, repair, and improvement of pavement markings, signs, traffic signals, street lighting, school flashers, emergency warning sirens, and various other traffic control devices. The division's responsibilities also include traffic engineering review of capital and development projects; oversight of right-of-way access permitting and licensing for all City departments; collection, analysis and dissemination of traffic data; and support of other divisions for special events and emergency response.

TRANSPORTATION:

The Transportation Division is one of four divisions within the Engineering Services Department. Its purpose is to operate and maintain public rights-of-way within the City limits. This includes the operation, maintenance, repair, and improvement of paved and unpaved public streets and alleys, drainage channels and basins, storm drain systems, and other related infrastructure. The division's responsibilities also include support of city-sponsored special events and emergency response for flooding, brush and wildland fires, snow and ice events, and various other weather-related, natural and man-made incidents.

COMMUNITY SERVICES

PARKS:

The Community Services Director has general responsibility for all programs in Parks, Recreation, Health and Senior Services, Hogan Park Golf Course and Animal Services. The parks function of this division provides for general purpose public parks. The Park division develops and maintains a quality park system throughout the City of Midland.

ANIMAL SERVICES:

This division picks up and impounds stray animals, picks up dead animals, keeps records of all animals impounded, issues receipts of all fees collected, maintains the shelter properly, and enforces ordinances as passed by the City Charter and state laws as mandated.

RECREATION:

The recreation function provides liaison support to numerous nonprofit and civic organizations which in turn provide for and carry out a full scope of recreational services for the citizens throughout the year. In addition to programs offered by the City, the recreational function is also carried out through a system of privatization contracts and operating agreements. The Washington Park and the Martin Luther King Jr. Community Center provide facilities for the citizens to socialize and programming for wellness opportunities. Youth development activities are also housed in the Martin Luther King Jr. Community Center. Rooms at the Martin Luther King Jr. Center are available for public use through a rental system, as are rentals of other city parks and park facilities.

HEALTH SERVICES:

This department is concerned with the prevention of disease and promotion of good health and well-being by community effort. Various programs carried out by this department are environmental sanitation, food establishment inspection, vector control, public health laboratory services, public health education, communicable disease control, public health laboratory services, and the maintenance of records on vital statistics such as immunization, and all illness.

SENIOR SERVICES:

Senior Services provides programming to Midland's senior population and maintains two senior centers.

POLICE DEPARTMENT

COMMUNICATIONS:

The Communications Division is responsible for Midland's Public Safety telecommunications endeavor. This responsibility ranges from taking emergency 911 calls to communicating via a nationwide law enforcement computer network; from dispatching via two-way radio, to researching and installing state-of-the-art radio communications equipment. Since the 1991-92 fiscal year, the centralized dispatch center has provided dispatching services for the county sheriff's office, as well.

VCLG PROGRAM:

The Victim Crime Liaison office will work to assist eligible victims of crime, guardians of victims, or relatives of deceased victims in obtaining benefits under the Crime Victim Compensation Act. This position is partially funded by a grant from the Texas Attorney General's office and is subject to renewal on a yearly basis.

AIRPORT POLICE:

The function of the Airport Police is to provide 24-hour security for the Midland International Airport. Officers patrol secured areas of the airport and respond to aircraft alerts. They provide security at the screening checkpoint which ensures the safety of passengers and airport employees. The Airport Police work closely with Airport Operations, Midland Fire Department, US Transportation Safety Administration, US Immigrations and Customs Enforcement, and the Federal Aviation Administration. Additionally, they provide some patrol functions in the recently annexed areas near the airport.

CVE (COMMERCIAL VEHICLE ENFORCEMENT):

The basic function of the Commercial Vehicle Enforcement is weighing and checking commercial vehicle traffic operating over the public highways of this state so that compliance with the statutory provisions of law regulating weight, motor carrier safety, registration, transportation of persons, hazardous material and other property can be obtained.

SPECIAL OPERATIONS-STEP:

This division is used to account for the overtime and fringes associated with the STEP program. Base salaries are accounted for in other divisions of the Police Department. The cost of this division is fully reimbursed by the Texas State Department of Highways and Public Transportation.

POLICE ADMINISTRATION:

This bureau is responsible for the administration of the entire department. In addition to those services, the Administrative Services Bureau is responsible for the offices of: Internal Affairs, Accreditation, and Personnel and Recruiting.

SUPPORT SERVICES BUREAU:

The Support Services Bureau is responsible for physical fitness training, in service / firearms training, telephone response reporting, police records, data entry, and property and evidence, purchasing / supply and grants. In addition, this bureau is responsible for liaison between the Police Department and the Information Systems Department for communications and computers.

FIELD OPERATIONS BUREAU:

The Field Operations Bureau is the department's largest bureau. The bureau's objective is to assist in the creation and implementation of policing procedures that not only combat the criminal element but also eliminate conditions that lead to crime. The bureau's purpose is to provide "first response" to all calls for police service. The bureau is comprised of the Patrol Division and the Traffic section. Specialized units within the bureau consist of Field Training Office Program, the Explosive Ordinance Detail, Emergency Operations, Bicycle Patrol, the ATV (all-terrain vehicle) Unit, K-9 Unit, and the Gang Suppression Unit. Personnel assigned to the bureau are responsible for police patrol duties, traffic control, accident investigations, initial criminal investigations, handling of explosive devices, emergency operations, training newly graduated police recruits, and car program.

INVESTIGATIVE SERVICES:

The purpose is to investigate all criminal offenses assigned to the various sections within the Bureau. Investigative Service Bureau personnel will initiate and conduct thorough investigations, prepare and execute arrest and/or search warrants, prepare case reports and any other documentation or assignments required to present complete cases to the appropriate prosecuting authority for successful prosecution of defendants. The Investigative Services Bureau gathers and disseminates information concerning criminal activity to other divisions within the Police Department. Community Relations is also assigned to this bureau. Some of the programs that they coordinate include: Cadet Program, Citizen Police Academy, and National Night Out.

FIRE DEPARTMENT

FIRE ADMINISTRATION:

This department, under the direction of the Fire Chief, is responsible for the protection of life and property, the enforcement of fire ordinances, fire prevention, fire suppression and rescue work. The department answers all fires and related emergency calls within Midland County.

FIRE TRAINING:

This division is under the direction of the Fire Chief and is responsible for all areas of training for the Fire Department.

FIRE PREVENTION:

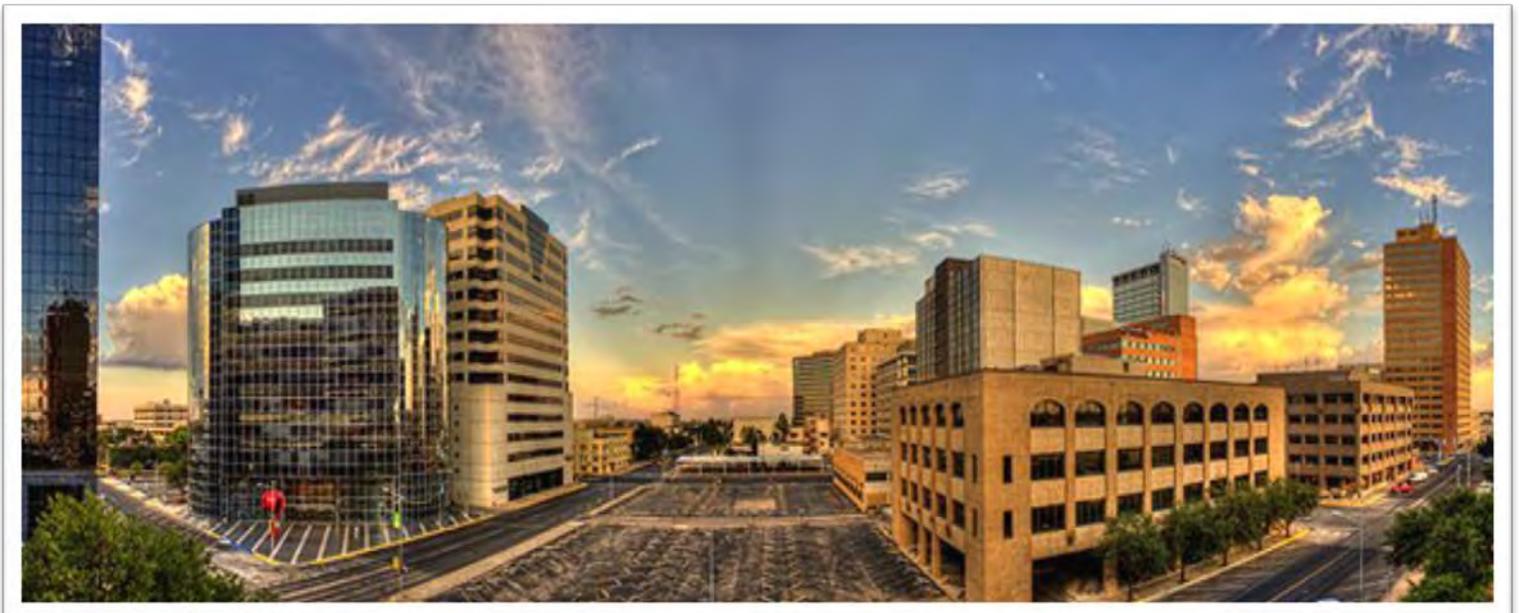
This division is under the direction of the Fire Chief and is headed up by the Fire Marshal. The division is responsible for all fire prevention activities as well as fire investigations and building code inspections.

EMERGENCY MEDICAL SERVICE:

This division is under the direction of the Fire Chief and operates the six ambulances stationed at the fire stations.

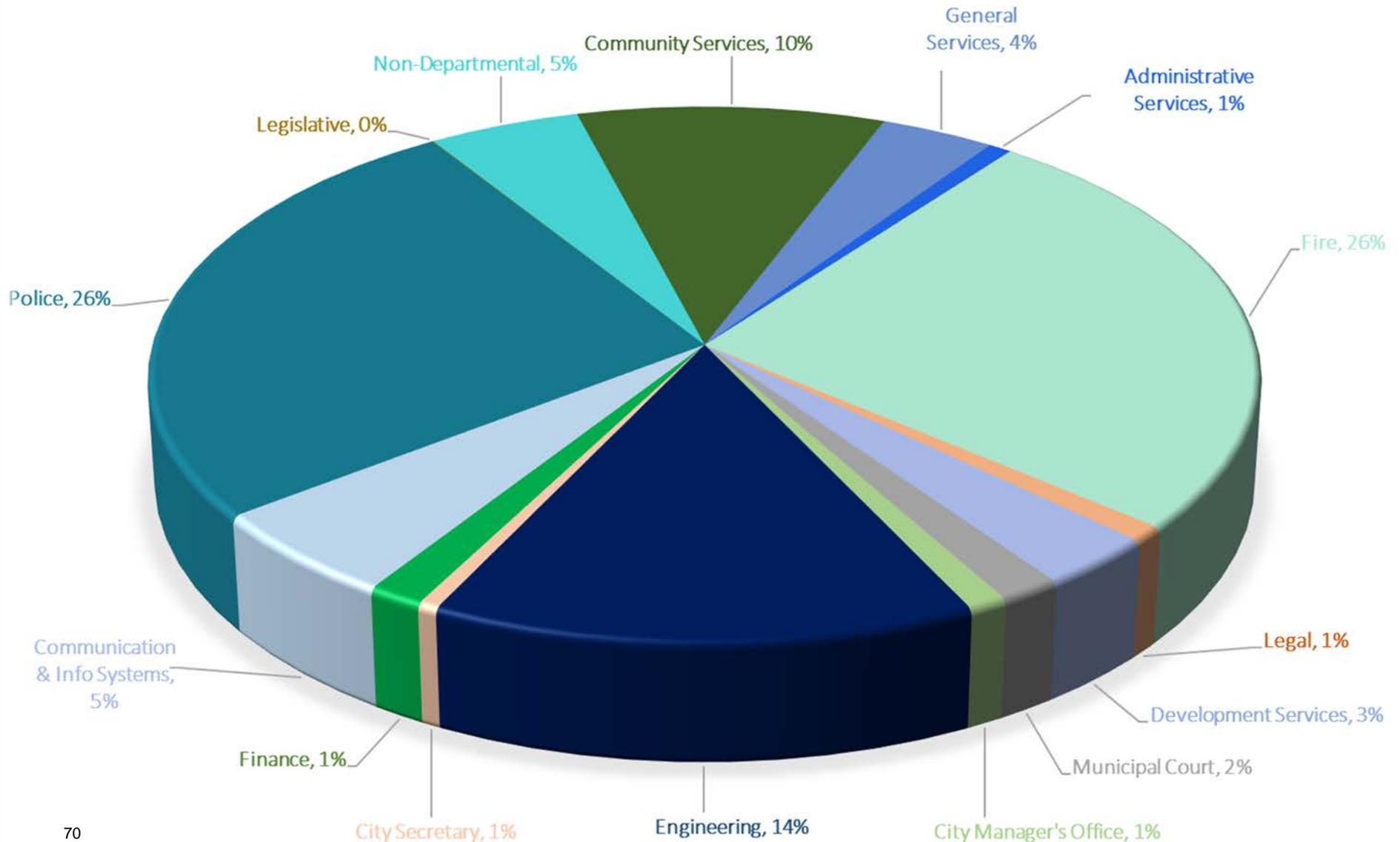
EMERGENCY MANAGEMENT:

This division is under the Fire Chief. It is responsible for coordinating all the components of the emergency management system in the jurisdiction. These components consist of fire and police, emergency medical service, public works, volunteers, and other groups contributing to the management of emergencies. This division is to make certain that the components on the emergency management system know the threats to the jurisdiction, plan for emergencies, can operate effectively in an emergency, and can conduct recovery operations after a disaster.



FY 2023 GENERAL FUND

Expenditures:



GENERAL FUND

Budget Summary

REVENUES TYPES

	FY21 Actuals	FY22 BUDGET	FY23 BUDGET	% CHANGE
Property Tax	50,795,938	54,205,114	56,177,298	3.64%
Sales & Other Taxes	47,390,484	51,710,000	57,925,000	12.02%
Franchise Fees	14,245,508	15,337,543	16,372,500	6.75%
Interfund Charges	8,084,071	6,013,294	5,958,507	-0.91%
Charges for Services	3,349,700	3,919,200	4,331,800	10.53%
Fines & Forfeitures	2,057,319	2,194,276	2,206,276	0.55%
Leases & Rental Revenue	10,427,274	136,210	136,210	0.00%
Licenses & Permits	2,809,965	2,582,400	2,675,250	3.60%
Intergovernmental Grants	1,209,281	337,000	377,000	11.87%
Interest & Other Revenue	942,806	1,231,500	2,390,700	94.13%
TOTAL	\$141,312,346	\$137,666,537	\$148,550,541	7.91%

EXPENDITURES BY DEPARTMENT

	FY21 Actuals	FY22 BUDGET	FY23 BUDGET	% CHANGE
Legislative	28,352	44,174	45,411	2.80%
City Managers Office	1,248,889	1,390,950	1,540,723	10.77%
Municipal Court	2,045,628	2,281,791	2,407,684	5.52%
Legal	1,271,523	1,218,312	1,356,459	11.34%
City Secretary's Office	493,082	629,094	795,676	26.48%
Administrative Services	1,282,662	989,521	1,124,955	13.69%
CISD	6,995,590	7,485,103	8,060,232	7.68%
Finance	1,910,237	1,870,010	2,189,007	17.06%
General Services	2,901,241	4,756,615	5,510,362	15.85%
Development Services	3,244,346	4,178,689	4,655,793	11.42%
Engineering	19,615,357	21,730,696	21,422,597	-1.42%
Community Services	11,523,533	13,295,800	14,839,855	11.61%
Police	35,241,783	35,343,635	38,963,132	10.24%
Fire	34,108,009	34,833,299	38,309,472	9.98%
Non-Departmental	3,645,175	7,618,845	7,329,184	-3.80%
General Fund Transfer	3,700,190	0	0	
TOTAL	\$129,255,597	\$137,666,537	\$148,550,541	7.91%

BUDGET BY CATEGORY

	FY21 Actuals	FY22 BUDGET	FY23 BUDGET	% CHANGE
Personnel	85,884,203	86,580,882	94,030,514	8.60%
Operating Expenses	9,458,113	7,712,584	8,866,800	14.97%
Contractual Services	26,262,593	33,213,594	36,917,087	11.15%
Outside Agency Grants	256,450	485,462	451,100	-7.08%
Other Uses	3,881,036	485,048	392,606	-19.06%
Capital	3,513,201	9,188,966	7,892,434	-14.11%
TOTAL	\$129,255,596	\$137,666,537	\$148,550,541	7.91%

City Council (Legislative)

Department Mission –

The powers of government, as outlined by the City Charter and other laws, are maintained by the Mayor and Council. This body is responsible for policy leadership, the general direction of the City's government, and the appointment of various boards as the occasion arises.

Expenditures	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	2,924	2,914	2,914	0.00%
Operating Expenses	10,745	9,030	9,301	3.00%
Contractual Services	12,313	30,230	31,136	3.00%
Other Uses	2,370	2,000	2,060	3.00%
Capital	-	-	-	-
TOTAL DEPT. BUDGET	\$28,352	\$44,174	\$45,511	2.80%

City Manager's Office

Department Mission –

The City Manager's Office prepares recommendations and implements policy as determined by the City Council. The City Manager is the Chief Administrator, responsible for planning, directing, managing, and reviewing all activities and operations of the city. The City Manager's Office and staff also coordinates programs, services, and activities among city departments, outside agencies, and other taxing entities. The City Manager ensures the financial integrity of the organization, provides highly responsible and complex polity advice and administrative support to the Mayor and the City Council and Manager's Office.

ACCOMPLISHMENTS OF FY 2022:

- Hired Quality Staff/ Retained Staff
- Revised Strategic Master Plans with Key Departments
- Downtown Development through incentives
- Identified funding for projects with community partners.
- Completed 22 of the 26 road improvements as part of the Midland Road Bond.
- Made improvements to public facilities.

OBJECTIVES/GOALS FOR FY 2023:

- Lead initiatives that correlate with the Strategic Pillars identified by the Mayor and Council
- Improve Parks system with the implementation of key projects.
- Develop a long-term funding strategy for the Capital Improvement Plan
- Strengthen communication internally and externally.
- Preserve and protect water and water rights.
- Support programs that can provide funding options and resources to address transportation needs.
- Support programs which promote economic growth
- Preserve and protect home-rule municipal authority including development standards and processes.

Expenditures

	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	1,156,234	1,305,194	1,443,138	10.57%
Operating Expenses	22,345	21,411	20,422	-4.62%
Contractual Services	36,820	62,345	75,103	20.46%
Other Uses	33,490	2,000	2,060	3.00%
Capital	-	-	-	-
TOTAL DEPT. BUDGET	\$1,248,889	\$1,390,950	\$1,540,723	10.77%

Staffing

	ACT FY21	BUD FY22	BUD FY23
City Manager's Office	5	5	5
Public Information Office	3	3	4
Internal Audit	-	-	-
TOTAL	8	8	9

Municipal Court

Department Mission –

The Municipal Court Judge is appointed by the City Council and holds court five days a week. The office personnel are under the general direction of the Municipal Court Judge. The office prepares and maintains records and files which pertain to court procedure. The department also serves warrants and in general makes collections for all fines assessed by the Judge.

Expenditures	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	1,901,888	2,102,959	2,218,506	5.49%
Operating Expenses	23,554	56,939	57,869	1.63%
Contractual Services	119,608	119,893	129,308	7.85%
Other Uses	578	2,000	2,000	0.00%
Capital	-	-	-	-
TOTAL DEPT. BUDGET	\$2,045,628	\$2,281,791	\$2,407,683	5.52%

Staffing	ACT FY21	BUD FY22	BUD FY23
Municipal Court	24.00	24.00	23.00
TOTAL	24.00	24.00	23.00

City Attorney (Legal)

Department Mission –

The City Attorney and his staff are responsible to the City Council. The department represents the City in all lawsuits and hearings; provides legal advice to all departments; and prepares necessary documents in relation to contracts, ordinances, resolutions, and other legal instruments as needed.

Expenditures

	ACT FY21	BUD FY22	BUD FY23	%CHANGE
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Personnel	1,214,001	1,152,168	1,286,017	11.62%
Operating Expenses	5,449	9,930	11,750	18.33%
Contractual Services	51,867	56,039	58,517	4.42%
Other Uses	206	175	175	0.00%
Capital	-	-	-	-

TOTAL DEPT. BUDGET	\$1,271,523	\$1,218,312	\$1,356,459	11.34%
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Staffing

	ACT FY21	BUD FY22	BUD FY23
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Legal	10	8	8
General Liability	-	2	2
TOTAL	10	10	10

City Secretary

Department Mission –

This office carries out the duties outlined in the City Charter. The Secretary is required to attend all Council meetings and keep accurate minutes of the proceedings; she maintains and files all documents, books, papers, and contracts of a legal nature; she countersigns all commissions and licenses. She is the keeper of the City Seal and affixes it to documents and papers as needed when legally authorized to do so; she maintains records of all appointments to various boards and commissions. The City Secretary attends bid openings which exceed \$25,000.

Expenditures	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	459,172	563,715	642,186	13.92%
Operating Expenses	2,440	5,150	4,550	-11.65%
Contractual Services	31,469	60,229	148,939	147.29%
Other Uses	-	-	-	-
Capital	-	-	-	-
TOTAL DEPT. BUDGET	\$493,081	\$629,094	\$795,675	26.48%

Staffing	ACT FY21	BUD FY22	BUD FY23
City Secretary	5	6	6
TOTAL	5	6	6

Administrative Services

Department Mission –

The objectives of this department are to serve all departments and divisions by recruiting permanent, part-time, and seasonal employees. The division also maintains classification and compensation schedules; keeps personnel records on all employees; directs the City's employee benefit programs; serves as a central agency for employee recognition and training programs, as well as conducts other activities compatible with a sound human resource management system including policy development and enforcement

ACCOMPLISHMENTS OF FY 2022:

- Continued to streamline the hiring and on-boarding process
- Negotiated savings life insurance renewal for 2023
- Increase life insurance benefits for 2023
- Negotiated savings stop-loss insurance renewal for 2023
- Adjusted salary tables to attract and retain staff
- Hosted job fairs and benefit fair

OBJECTIVES/GOALS FOR FY 2023:

- Finalize the digital PAF's and PCA's.
- Increase recruiting efforts by 10%
- City-wide salary survey
- Review City's personnel policies and update them if needed.
- Review the HRIS system.

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 Actual	FY 2023 TARGET
Turnover rates	16.97%	13.68%	18.6%	15.0%
Total number of new hires	253	291	190	225
Total Number of Retirees Covered (Employee Benefits)	192	173	196	225
Total Number of Employees & Dependents Covered (Employee Benefits)	1,298	1,320	2,399	2,450

Expenditures	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	1,056,577	725,735	740,268	2.00%
Operating Expenses	19,038	50,750	85,750	68.97%
Contractual Services	198,768	211,539	297,437	40.61%
Other Uses	8,279	1,500	1,500	0.00%
Capital	-	-	-	-
TOTAL DEPT. BUDGET	\$1,282,662	\$989,521	\$1,124,955	13.69%

Staffing	ACT FY21	BUD FY22	BUD FY23
Human Resources	7	7	7
Employee Health & Wellness	3	*	*
Risk Management	2	*	*
Total	12	7	7

*Risk Management and Employee Health & Wellness personnel moved to Internal Service Funds FY22

Department Mission –

Providing the City of Midland with reliable and sustainable technical services and innovative solutions that bring value to the organization and enhance business processes and effectiveness for all City departments.

ACCOMPLISHMENTS OF FY 2022:

- CSS Implementation.
- PSCC Replacement & Improvements.
- RFTrack Implementation.
- Acquired a contract for the city for Lidar acquisition.
- Network and Security Automation Implementation.
- Completed Phase one of PM Best Practices: Project Request Budget Form Implementation, Training, and Governance Committee Voting.
- Completed a needs assessment to address interoperability expansion for the radio system to bring forth a project for purchase.

OBJECTIVES/GOALS FOR FY 2023:

- Kick off the implementation of a replacement Radio System with full interoperability and dynamic system resiliency.
- Improve the Network and Security Automation and expand it to other IT functions.
- Implement a project to update Stormwater fees on all Parcels based on Lidar data.
- Launch a multi-year project to update the GIS Geometric network to the new formatting of the Utility Network.

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2022 ACTUAL	FY 2023 Target
Availability of the City's entire network	98.41%	99.99%
Users completed Security Awareness Training	93%	99%
User Multi-factor Authentication (MFA) enrollment	95%	99%
Device Multi-factor Authentication (MFA) enrollment	18%	99%
Public Wi-Fi availability at all city parks	10%	25%
Security Posture Score	84%	95%

Expenditures

	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	2,436,868	2,567,090	3,205,835	24.88%
Operating Expenses	201,283	256,352	216,952	-15.37%
Contractual Services	4,358,608	4,661,660	4,637,445	-0.52%
Other Uses	-	-	-	-
Capital	-	-	-	-

TOTAL DEPT. BUDGET	\$6,996,759	\$7,485,102	\$8,060,232	7.68%
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Staffing

	ACT FY21	BUD FY22	BUD FY23
Information Systems Administration	3	3	4
GIS Administration	-	-	4
Information Systems	19	20	22
Comm Maintenance	2	2	2
TOTAL	24	25	32

Finance

Department Mission –

The Department of Finance professionally and responsibly manages the City’s resources, new online portal, and all financial affairs, while efficiently providing related financial and budgetary reports, and protecting the City's strong financial reputation. This department encompasses Budget development, Treasury, Accounts Payable, Investments, Administration, Utility Billing and Customer Service. Finance develops the City’s Annual Comprehensive Financial Report, the City’s Annual Budget, and all transparency reporting, by adherence to and consistent with governmental accounting standards, Texas law, the City Charter, and City Administrative Policies.

ACCOMPLISHMENTS OF FY 2022:

- Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) for the 35th consecutive year
- Bond ratings remained stable at ‘AAA’ and “Aa1”
- Received the Distinguished Budget Award for FY 2022 from the Government Finance Officers Association (GFOA)
- Created a budget video to help communicate tax and budget to Council and the Citizens

OBJECTIVES/GOALS FOR FY 2023:

- Continue to improve on media communication on the budget tax rates to citizens
- Continue to analyze and improve the budget process annually
- Hire grant writer to increase revenue stream options
- Implement software to improve reporting and transparency
- Produce Quarterly financials to Council and Committee
- Update critical financial policies
- Bring AMI (Advanced Metering Infrastructure) system to 99%

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 TARGET
AMI system reads	N/A	N/A	78%	99%
General Fund expenditures percentage under Adopted Budget: Over/(under) Budget	8.55%	(4.07%)	(8.17%)	-
MAPE for General Fund revenue forecast to actuals: Actuals Over/(under) Revenue Forecast	11.62%	17.93%	5.75%	-
Number of Invoice Discrepancies (average per month)	N/A	276	43	39
Implement two (minimum) improvements made by reviewers of GFOA Budget Award	N/A	4	4	4

Expenditures	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	1,632,903	1,767,083	1,935,111	9.51%
Operating Expenses	16,089	19,075	19,975	4.72%
Contractual Services	261,245	83,752	233,920	179.30%
Other Uses	-	100	-	-100.00%
Capital	-	-	-	-
TOTAL DEPT. BUDGET	\$1,910,237	\$1,870,010	\$2,189,006	17.06%

Staffing	ACT FY21	BUD FY22	BUD FY23
Accounting	8	9	10
Finance Administration	4	4	4
Treasury	4	4	4
Total	16	17	18

*Cashiering and Customer Service are funded in the Enterprise Fund - Water & Sewer

General Services

Department Mission –

To create and support a well-maintained infrastructure and to provide the highest quality service for all City of Midland citizens, departments and divisions in a responsive and efficient manner. To provide cost savings in an impartial manner to our City citizens while ensuring integrity, quality, effectiveness and efficiency within the appropriate guidelines. Provide preventative maintenance and road call services for the entire city fleet of vehicles and equipment.

ACCOMPLISHMENTS OF FY 2022:

- Generator Project: Eight new generators were installed and are up and running at the following Fire Stations: Central, FS2, FS3, FS4, FS8, FS9, and FS10. Installed new cedar wood surrounds for generators.
- Removed and replaced east driveway at Fire Station 2.
- Installed new roofs at the Police Department and Health/Senior Center Department buildings.
- Maintaining social distancing by using the Council Chambers for all bid openings.
- Remained under FY budget for expenditures while addressing emergency needs throughout the year.
- Approved requisitions in a timely manner.

OBJECTIVES/GOALS FOR FY 2023:

- Ensure that all occupied buildings are structurally sound.
- Respond to general building maintenance requests within 8 working hours.
- Respond to emergency requests within 20 minutes.
- The Purchasing Division would like have the e-procurement bidding software live by the end of FY2023.
- Purchases over \$50,000 will be solicited through a formal bid process or purchased through a purchasing cooperative.

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 Actual	FY 2023 TARGET
Total number of re-bids	4	5	2	5	0
Purchases over \$50,000 that were solicited through a formal bid process	77	68	60	50	60
Percentage of building maintenance requests responded to within an 8-hour period	80%	80%	80%	83%	85%
Total number of purchase orders for the City	2,958	2,740	2,616	3,051	3,000
Total number of contracts for the City	138	139	169	131	150
Maintscape work order system – completed work orders by location/cost	446	463	433	997	875

Expenditures	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	960,934	914,750	1,228,024	34.25%
Operating Expenses	751,881	1,181,437	1,211,245	2.52%
Contractual Services	1,084,012	1,495,198	1,909,919	27.74%
Other Uses	-	-	-	-
Capital	104,413	1,165,230	1,161,174	-0.35%
TOTAL DEPT. BUDGET	\$2,901,240	\$4,756,615	\$5,510,362	15.85%

Staffing	ACT FY21	BUD FY22	BUD FY23
Purchasing	6	6	7
Facilities Services	6	6	6
TOTAL	12	12	13

Development Services

Department Mission –

Carry out the City’s program of housing and community development for its target neighborhoods. The primary function is implementation of the Community Development Block Grant Program, and its funded programs and projects as well as similarly funded projects.

ACCOMPLISHMENTS OF FY 2022:

- Streamlined permit processes, including new one-stop application and permitting office
- Added one new position of permit clerk
- Launched new Development Services website
- Developed regulation for entertainment district
- Developed regulations and application for cultural district
- Provided boarding and recovery shelter for homeless COVID victims.

OBJECTIVES/GOALS FOR FY 2023:

- Add new plan reviewer to staff
- Improve Energov process to allow contractor access
- Fully train and certify all staff where applicable
- Rollout a complete digital process for all applications including permits, zoning, Temporary Land Use permits
- Improve employee retention rate
- Participate in reconstruction of S. Baird St
- Replace MLK weight room floor and patio and parking lot for Southeast Center
- Complete Entertainment District

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 TARGET
Total number of code enforcement cases	8,260	7,519	5,660	7523	8000
Oil & gas permits	49	34	31	71	30
House/Structure Demolitions	69	33	36	25	40
Property Lien Payoffs	196	88	54	45	60
Number of meals given to disabled/homebound persons	10,574	9,919	1,342*	30,316	27,000
Residential permits prepared	1,282	1,701	1,384	1051	1200

*The meals served reflect the funding streams and amount of grant awards in a given grant year. Year 2020 we used primary COVID19 funds as take home and drive-up meals. In year 2021 we received the remaining balance for COVID funds. CDBG funding is subject to an “Allocation CAP,” thus meals reflects proportionally to the available funds authorized.

Expenditures	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	2,799,277	3,512,960	3,863,430	9.98%
Operating Expenses	52,983	47,676	50,950	6.98%
Contractual Services	391,737	618,102	741,412	19.95%
Other Uses	349	-	-	-
Capital	-	-	-	-
TOTAL DEPT. BUDGET	\$3,244,346	\$4,178,688	\$4,655,792	11.42%

Staffing	ACT FY21	BUD FY22	BUD FY23
Planning & Development	9	9	9
CDBG	2	2	2
Code Administration	32	32	33
Total	43	43	44

Engineering Services

Department Mission –

Oversee the development, construction, and maintenance of public infrastructure that meets current and future needs of the Citizens of Midland. This is achieved by ensuring: Plans for new infrastructure are safe, appropriate, and consistent with sound engineering practice and policy; Construction of new infrastructure is installed by qualified individuals using quality materials and in accordance with appropriate industry practice; and Drainage Systems are free of pollutants and obstructions so they can function appropriately.

ACCOMPLISHMENTS OF FY 2022:

- Completed three projects from the 2017 Bond Program
- Completed crack-fill at Maintenance Area 5.
- Replaced 2 pedestrian bridges (Benton St and Lee St)
- Rebuilt downtown intersections at Illinois/Marienfeld and Texas/Marienfeld.
- Managing the design of Todd Dr/Loop 250 Overpass
- 140 land miles Crack Fill, 27 miles Slurry Seal and 13 miles Mill & Inlay Paving

OBJECTIVES/GOALS FOR FY 2023:

- Complete concrete paving of Louisiana Ave. between Garfield St. and Mogford St.
- Reconstruct Garfield St with concrete between Country Club Ln and Golf Course Rd
- Will manage the design of SH 158 for TxDOT
- Construct the Fairgrounds and Wadley Extension projects
- Bid the last 2017 Bond Program project (Main St)

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 TARGET
Traffic signs installed	359	431	384	409	400
Full preventative maintenance of signalized intersections	-	-	35	39	40
Plan reviews returned in 15 or fewer days	88%	80%	85%	93%	90%
Miles of streets repaved	18	11.8	10.5	13	11
Total number of potholes filled	13,997	13,389	12,356	10342	14,000
Linear footage of storm drain pipe cleaned	-	-	22,013	13469	25,000

Expenditures	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	7,280,305	7,732,651	7,471,869	-3.37%
Operating Expenses	6,106,354	3,044,965	3,753,326	23.26%
Contractual Services	3,221,081	3,294,344	3,953,641	20.01%
Other Uses	-	-	-	-
Capital	3,007,727	7,658,736	6,243,760	-18.48%
TOTAL DEPT. BUDGET	\$19,615,467	\$21,730,696	\$21,422,596	-1.42%

Staffing	ACT FY21	BUD FY22	BUD FY23
GIS Administration	5	5	-*
Engineering Services	19	19	22
Traffic Operations	20	20	20
Transportation	42	42	42
Total	86	86	84

*GIS Administration funded under General Fund – CIS budget year 2023

Community Services

Department Mission –

Community Services strives to provide quality services in the areas of Animal Services, Health Services, Parks and Recreation, and Senior Services to meet the needs of the community.

ACCOMPLISHMENTS OF FY 2022:

- Awarded three landscape contracts to better enhance the quality of maintenance at community parks and playing fields.
- Installed 3 playground renovations.
- Installed a new restroom facility at Washington Park.
- Completed multipurpose turf fields at Reyes Mashburn Nelms.
- Hired a Volunteer/Rescue Coordinator and implemented a volunteer program to meet the City's growing needs and demands.
- Hosted three low-cost vaccination clinics.
- Implemented a new shelter software to provide improved and speedy customer service through paperless adoptions & redemptions.
- Created a new Health Services section with a Community Health Educator to provide more community education opportunities on a variety of public health topics/issues.
- Coordinated a vaccination clinic with MISD.

OBJECTIVES/GOALS FOR FY 2023:

- Begin construction of Phase I improvements at Reyes Mashburn Nelms Park.
- Install two new playgrounds.
- Develop plans for a soccer complex at Beal Park.
- Construct a new bathhouse at Doug Russell pool.
- Add an outdoor patio to the SE Senior Center.
- Target areas with a high volume of loose/aggressive animal services calls to decrease annual bite reports.
- Continue to decrease the number of animals euthanized at the Animal Services Facility.
- Increase the number of animals adopted & returned to their owners through community outreach and microchipping.
- Reduce the number of dogs at large within the city limits.
- Reduce the complaints of mistreatment of animals through community outreach & education.
- Offer in house sterilization for adopted and trap, neuter, and release animals.
- Provide educational programs to promote responsible pet ownership, animal compassion, and safe human interactions.
- Complete Phase II (the front yard) of the new Animal Services facility.
- Start the design process of a new Health Services facility.
- Hold community health resources fairs in the fall and spring.
- Start a community health advisory committee.

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 TARGET
Total number of park reservations	441	174	417	452	475
Total number of health immunizations given	19,877	10,115	9,470	13,077	15,500
Total number of animals adopted	1,119	1,182	1,011	1,485	1,800
Citizen encounters at Health Department	3,493	836	645	12,287	13,500
Total number of food establishment inspections	1,433	935	909	943	1,000
Community outreach events	19	2	3	10	15

Expenditures	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	6,311,040	6,520,788	7,295,638	11.88%
Operating Expenses	935,900	1,284,315	1,514,099	17.89%
Contractual Services	4,273,799	5,420,697	6,030,119	11.24%
Other Uses	2,794	5,000	5,000	-100.00%
Capital	-	65,000	65,000	-100.00%
TOTAL DEPT. BUDGET	\$11,523,533	\$13,295,800	\$14,839,856	-1.86%

Staffing	ACT FY21	BUD FY22	BUD FY23
Parks	40	32	34
Animal Services	14	15	22
Recreation	7	7	8
Senior Services	3	-	-
Health Services	26	27	28
Total	90	81	92

Department Mission –

The Midland Police Department will safeguard lives and property through the proactive suppression of crime.

ACCOMPLISHMENTS OF FY 2022:

- Decrease in Part 1 crimes
- Implementation of Permian Basin Violent Crime Task Force (PBVCTF)
- Development and implementation of the DWI Enforcement Unit
- Continued progression on Midland Public Safety Training Center project

OBJECTIVES/GOALS FOR FY 2023:

- Full Staffing
- Continuing decrease in Part 1 crimes
- Traffic fatality reduction
- Midland Public Safety Training Center’s funding of phases 1 and 2

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 TARGET
Marked patrol units	105	128	152	125	150
9-1-1 calls (in total) answered within 6 minutes from inception of call	91,157	81,220	86,188	81,141	All (again)
Sworn police officer vacancy rate	25.6%	19.4%	15.3%	15%	10%
DWI fatalities	4	3	4	7	5
Traffic stops	17,764	15,198	15,157	22,583	24,000
Proactive enforcement efforts	34,257	23,129	29,270	34,910	36,655
Part 1 crimes	3,902	3,834	3,067	3,043	2,891

Expenditures	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	30,314,753	29,306,630	31,510,704	7.52%
Operating Expenses	524,943	761,310	929,537	22.10%
Contractual Services	4,362,849	5,259,295	6,004,651	14.17%
Other Uses	39,237	16,400	30,740	87.44%
Capital	-	-	487,500	100.00%
TOTAL DEPT. BUDGET	\$35,241,782	\$35,343,635	\$38,963,132	10.24%

Staffing

	ACT FY21	BUD FY22	BUD FY23
Communications	31	31	31
VCLG	1	1	1
Airport Police	15	15	NA
Commercial Vehicle Enforcement	3	3	3
Police Administration	8	11	12
Support Services	30	34	41
Field Operations	128	129	127
Investigation Services	44	52	52
Total	260	276	267

Fire Department

Department Mission –

The Midland Fire Department's mission is to make a positive difference in our community by being a progressive, quality driven organization through compassionate care, professional service, and training & education.

ACCOMPLISHMENTS OF FY 2022:

- Maintained the City's ISO Class I rating for the Fire Department.
- Complete a minimum of 297 pre-fire plans by Shift Personnel (1 per station/per shift/per month) with our new APX software starting 1/1/2022.
 - Results: 420 pre-fire plans were completed
- Respond to all EMS calls in < 8min, 70% of the time (including county responses).
 - Results: Responded in < 8min 69.9% of the time
- Average 20 training hours per employee, per month.
 - Results: FY22 reported and average of 21.08 hour per employee.

OBJECTIVES/GOALS FOR FY 2023:

- Complete 100% of Target Hazard pre-fire plans.
- Respond to all EMS calls < 8 min, 80% of the time for in City limit responses.
- First arriving engine on working structure fire response in City limit < 320 seconds, 90% of the time.
- Average 20 training hours per employee, per month.

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 TARGET
Emergency responses	18,532	17,531	18,696	20,323	21,000
Fires extinguished	825	778	532	767	600
Average EMS response time (mins)	7:03	7:13	7:32	7:17	7:20
Total inspections	-	3,757	4,075	2,443	3,000
Fire stations	10	11	11	11	11
City Fires	457	466	318	417	350

Expenditures	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	29,172,842	28,136,443	30,917,070	9.88%
Operating Expenses	714,392	804,295	831,075	3.33%
Contractual Services	4,220,775	5,591,841	6,561,327	17.34%
Other Uses	-	720	-	-100.00%
Capital	-	-	-	-
TOTAL DEPT. BUDGET	\$34,108,009	\$34,833,299	\$38,309,472	9.98%

Staffing	ACT FY21	BUD FY22	BUD FY23
Fire	206	219	227
Fire Training	5	7	5
Fire Prevention	8	8	8
Emergency Medical Services	5	5	8
Airport Fire	13	13	NA
Emergency Management	1	1	1
Total	238	253	249

Non - Departmental

Description:

This division was established to account for all expenditure items that are not found exclusively within the functional responsibilities of any one General Fund department. The costs cover a broad range of expenditures associated with the general City operations.

Expenditures	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	-815,515	269,800	269,800	0.00%
Operating Expenses	71,885	160,000	150,000	-6.25%
Contractual Services	3,637,642	6,248,429	6,104,213	-2.31%
Other Uses	4,050,290	940,615	805,171	-14.40%
Capital	401,060	-	-	-
TOTAL DEPT. BUDGET	\$7,345,362	\$7,618,844	\$7,329,184	-3.80%



**ENTERPRISE
FUNDS**

ENTERPRISE FUND

Descriptions

WATER & SEWER

UTILITIES ADMINISTRATION:

Personnel of the administrative division are responsible for the direction, supervision, and management of the following organizations within the Utilities Department: Water & Wastewater Operations, Paul Davis Well Field, Airport Well Field and Towers, Water Pollution Control Plant, Spraberry Farm, Water Purification Plant, Water & Wastewater Maintenance, Environmental Compliance and the MBR plant. Three Superintendents head these divisions.

ENVIROMENTAL COMPLIANCE:

Personnel of this division operate the water laboratory associated with the Health Department. This lab conducts tests for the City as well as other water systems in the region. They also operate the laboratory that provides information for control of the City's Water and Wastewater Plants.

WATER RECLAMATION FACILITY:

This division is responsible for the treatment of sewage according to the standards set by the Texas Commission on Environmental Quality (TCEQ). The division operates the plant every day on a 24-hour basis.

WATER PURIFICATION PLANT:

This division is responsible for treating an adequate daily water supply according to standards set by the Texas Commission on Environmental Quality (TCEQ). Includes operating the Airport Well Field, which operates City water pumping stations and is responsible for the operation and maintenance of the well field collection and supply lines at Air Terminal and ground and elevated water storage reservoirs. Also responsible for the treatment of sewage according to the standards set by the Texas Commission on Environmental Quality (TCEQ). The division operates every day on a 24-hour basis.

W&S MAINTENANCE:

This division is responsible for the distribution of water and collection of sewage throughout the City. The division maintains water mains, fire hydrants, valves, sewer mains, manholes, and lift stations. Short main line extensions, line replacements and taps for service connections are installed by the division.

T-Bar Well Field:

This division is responsible for the operation and maintenance of the T-Bar and Clearwater well fields out in Winkler and Loving Counties. The system operates over 50 wells and has the capacity to send up to 20 million gallons of water from the fields to the City. The division is privately operated and managed by the Utilities Department, the system operates on a 24-hour basis.

DRAINAGE

DRAINAGE ADMINISTRATION:

Drainage (or Storm Water) Services, provided by the City Engineering Division. Providing educational information to residents, developers and contractors on the Storm Water/Drainage system and regulations. The main goal of the storm water management plan is to reduce pollutants that may be washed into the drainage system by rain. The goal of the construction element of the City of Midland's Drainage/Storm Water Management Program is to protect receiving waters from pollutants occurring at construction sites and to provide guidance and promote the continued growth in and around Midland in a manner that is compliant with federal, state, and local storm water regulations.

SANITATION

SOLID WASTE MANAGEMENT:

This division is responsible for the collection of refuse and its delivery to the Landfill. They also collect recyclable materials from drop-off points for delivery to our recycle contractor; provide a large item pickup service; and provide hauling service for the yard waste sites.

LITTER ABATEMENT:

This division is responsible for the management of the Litter Abatement Fee.

RECYCLE:

This is a new division that was extracted from the Solid Waste and Landfill divisions. The division operates the Citizens Collection Station and is responsible for the collection of recyclable materials from drop-off points for delivery to our recycle contractor and the handling and processing of yard waste and large items taken in at the Citizens Collection Station.

LANDFILL:

This division operates the Landfill according to the standards set by the Texas Commission on Environmental Quality (TCEQ). The Landfill is open from 7:30 a.m. through 5:30 p.m., Monday through Saturday.

AIRPORT

AIRPORT OPERATIONS:

This division, under the direct supervision of the Aviation Director, is responsible for providing for the safety and convenience of the flying public. It is also responsible for the operation and maintenance of the runways, roads, ramps, electrical systems, and the repair and maintenance of warehouses, hangars, and buildings in the "aviation use area".

AIRPORT POLICE:

The function of the Airport Police is to provide 24-hour security for the Midland International Airport. Officers patrol secured areas of the airport and respond to aircraft alerts. They provide security at the screening checkpoint which ensures the safety of passengers and airport employees. The Airport Police work closely with Airport Operations, Midland Fire Department, US Transportation Safety Administration, US Immigrations and Customs Enforcement, and the Federal Aviation Administration. Additionally, they provide some patrol functions in the recently annexed areas near the airport.

AIRPORT FIRE:

This division is responsible for all fire and crash rescue service at the Airport.

TERMINAL BUILDING:

The division is responsible for providing for the convenience and necessities of the flying public and other persons using the Terminal Building and surrounding area. It is also responsible for the repair, maintenance, and operation of the Terminal Building, car rental building, and the control tower.

PARKING LOT:

This division is responsible for the operation and policing of the parking lot during the hours the Terminal Building is open for business.

AIRPARK:

This division carries out activities related to the repair, maintenance, and operation of the Airpark.

INDUSTRIAL PARK:

This division is under the general supervision of the Director of Airports. The employees of this division

Utilities – Water & Sewer

Department Mission –

To provide the City of Midland Utility customers with safe, reliable, and cost-effective water and wastewater services. Responsible for the treatment of sewage according to standards set by the Texas Commission on Environmental Quality (TCEQ). Responsible for the following organizations within the Utilities Department: Utilities Administration, Environmental Compliance, Water Reclamation Facility, Water Purification Plant, W&S Maintenance, Cashiering and W&S Customer Service.

ACCOMPLISHMENTS OF FY 2022:

- Completion of the North East water distribution system
- Successful testing of the Airport water system for no exceedance in the lead and copper rule
- All requested reuse water from the water reclamation facility was delivered to Pioneer Water
- Met 99% of all regulatory requirements for treatment and testing of our public water system

OBJECTIVES/GOALS FOR FY 2023:

- Recruit and retain qualified operators and lab techs
- Complete projects for the removal of our four wastewater lift stations in the collection system
- Rehab of WRF ponds in compliance with TCEQ condition of permit
- Obtain the bed and banks permit for discharge of effluent water in Midland draw
- Upgrade and secure SCADA systems for public safety

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 TARGET
Total fire hydrants	4,650	4,652	4,660	4,672	4,750
Average daily consumption (MGD)	19.35	21.00	20.50	23.70	24.50
Average daily sewage treatment (MGD)	10.30	10.30	10.50	10.50	10.90
Total sanitary sewers (miles)	670	675	685	694	715
Total water mains (miles)	893	902	932	946	950
Met all volume requests by Pioneer Water for reuse of effluent from WRF	N/A	N/A	10 MGD	100%	100%
Met all regulatory requirements & testing of public water system	100%	100%	100%	99%	100%

Revenues	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Interest	305,809	300,000	300,000	0.00%
Water Sales	58,417,851	65,000,000	62,000,000	-4.62%
Sewer Service	17,036,871	17,000,000	17,500,000	2.94%
Water & Sewer Taps	167,767	2100,000	200,000	-4.76%
Service Charges	174,731	200,000	200,000	0.00%
Water Application Fees	0.00	70,000	0.00	-100.00%
Penalties	4,537	500,000	500,000	0.00%
Miscellaneous Rentals	135,075	100,000	100,000	0.00%
Other	125,956,921	18,339,564	11,607,132	-36.71%
Total Revenues	202,226,562	101,719,564	92,407,132	-9.16%

Expenditures

Personnel	8,312,694	9,950,035	9,930,757	-0.19%
Operating Expenses	8,944,644	12,571,203	12,305,813	-2.11%
Contractual Services	40,812,374	50,874,293	44,842,570	-11.86%
Other Uses	27,922,499	14,506,304	6,939,993	-52.16%
Capital	4,451,345	13,817,000	18,388,000	33.08%
Total Expenditures	90,443,507	101,719,564	92,407,132	-9.16%

Staffing

	ACT FY21	BUD FY22	BUD FY23
Utilities Administration	5	5	9
Environmental Compliance	8	8	7
Water Pollution Control Plant	17	23	22
Spraberry Farm	4	-	-
Water Purification Plant	22	22	23
Water & Sewer Maintenance	28	27	27
Cashiering	3	3	3
Customer Service	25	36	31
Total	112	124	122

Drainage Fund

Revenues	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Interest	21,933	5,000	15,000	200.00%
Drainage Fees	2,343,143	2,400,000	2,400,000	0.00%
Other	(40,835)	-	268,585	100.00%
Total Revenues	2,324,241	2,405,000	2,683,585	11.58%

Expenditures

Personnel	202,993	200,954	218,425	8.69%
Operating Expenses	-	-	17,000	100.00%
Contractual Services	23,154	18,334	1,276,717	6863.66%
Other Uses	377,606	156,042	171,443	9.87%
Capital	266,476	2,029,670	1,000,000	-50.73%
Total Expenditures	870,229	2,405,000	2,683,585	11.58%

* The Drainage Fund performance measures are under the General Fund - Engineering

Staffing

	ACT FY21	BUD FY22	BUD FY23
Stormwater Management	2	2	2
Total	2	2	2

Sanitation

Department Mission –

It is the City of Midland Solid Waste Collection mission to provide our customers with exceptional waste collection services that protect, preserve and improve our environment and the quality of life in our community. It is the City of Midland’s Recycle mission to provide recycling and disposal services that protect, preserve and improve our environment and the quality of life in our community. It is the City of Midland Landfill’s mission to provide Midland residents a facility to properly dispose of municipal solid waste in an effective and safe manner while also caring for our environment and preserving our natural resources.

ACCOMPLISHMENTS OF FY 2022:

- Solid Waste Facilities are currently under construction. This will provide a more suitable working environment for employees.
- Began the design phase for North and South side Citizen Collection Stations.
- Began the design phase for the Landfill entrance road reconstruction project.
- Received TCEQ approval on all regulatory compliance submissions.

OBJECTIVES/GOALS FOR FY 2023:

- Complete construction on Solid Waste facilities.
- Complete construction on both Citizen Collection Stations.
- Complete construction on Landfill entrance road project.
- Continue to acquire new equipment to be more effective and efficient.
- Continue to explore new ways to be more efficient in our operations while maintaining service levels.

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 TARGET
Total number of garbage containers changed out	867	860	741	695	750
Total recyclables collected	655	749	803	858	900
Litter picked up (tons)	-	52.01	98.37	245.00	300.00
Total litter abatement fee Collections	\$528,881	\$539,033	\$539,696	\$531,076	\$520,000

Revenues	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Interest	201,452	125,000	125,000	0.00%
Garbage Collection Fees	10,451,246	10,508,040	11,000,000	4.68%
Landfill Charges – Local	6,775,389	6,700,000	7,370,000	10.00%
Special Collections	458,476	100,000	150,000	50.00%
Haulers Permit Fee	82,850	80,000	80,000	0.00%
Landfill Access Fee	821,950	801,600	801,600	0.00%
Recycle Fee	270,051	250,000	250,000	0.00%
Litter Fee	539,697	500,000	520,000	4.00%
Penalties	-	75,000	75,000	0.00%
Other	(286,183)	1,522,132	4,924,641	(223.54)%
Total Revenues	19,314,928	20,661,772	25,296,241	22.43%

Expenditures

Personnel	5,889,869	6,613,443	7,149,404	8.10%
Operating Expenses	401,209	1,045,588	1,397,688	33.67%
Contractual Services	7,336,392	9,518,224	10,683,114	12.24%
Other Uses	6,300,921	3,484,517	4,466,035	28.17%
Capital	422,302	-	1,600,000	100.00%
Total Expenditures	20,350,693	20,661,772	25,296,241	22.43%

Staffing

	ACT FY21	BUD FY22	BUD FY23
Solid Waste Management	51	52	53
Recycle	5	5	5
Landfill	17	17	17
Total	73	74	75

Department Mission –

The Department of Airports mission is to provide a safe, professional, and efficient experience for all Midland International Air & Space Port and Midland Airpark users.

ACCOMPLISHMENTS OF FY 2022:

- Computer Based Training
- Dramatic decrease in Badging Time
- New Bird System for the Terminal

OBJECTIVES/GOALS FOR FY 2023:

- Bring ARFF into Airport Records System
- Finalize Concept for Parking Garage/CONRAC
- Finish Public Restrooms as part of Multi-Facility Project.

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 TARGET
Total passenger Enplanements	650,056	400,133	435,893	605,749	~650,000
Total commercial landings	9,098	7,069	7,112	8371	~9000
Badge issuance	3 Weeks	3 Weeks	3 Weeks	<2 Weeks	<1.5 Weeks
Handling routine maintenance issues	3 Days				
Exiting time in parking lots	5-10 min	5-10 min	5-10 min	5 min	4 min

Revenues	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Interest	183,948	100,000	50,000	-50.00%
Parking Lot	3,868,121	3,800,000	4,500,000	18.42%
Aviation	250,027	260,000	260,000	0.00%
Terminal & Tower	4,290,212	3,500,000	3,700,000	5.71%
Landing Fees	533,769	350,000	350,000	0.00%
Gas & Oil – Gallonage	106,114	70,000	80,000	14.29%
Water Royalty	73,048	30,000	15,000	-50.00%
Sale – Oil & Gas	2,140,378	2,000,000	2,000,000	0.00%
Other	257,431	5,378,000	1,610,000	-70.06%
Total Revenues	11,703,048	15,488,000	12,565,000	-18.87%

Expenditures

Personnel	92,230	6,171,164	7,168,778	16.17%
Operating Expenses	23,804	674,469	657,772	-2.48%
Contractual Services	763,705	3,196,334	3,530,796	10.46%
Other Uses	12,056,562	603,563	1,207,654	100.09%
Capital	-	-	-	-
Total Expenditures	12,936,301	10,645,530	12,565,000	18.03%

Staffing

	ACT FY21	BUD FY22	BUD FY23
Airport Operations	35	32	33
Airport Police	-	-*	15
Airport Fire	-	-**	13
Total	35	32	61

*Airport Police funded 15% General Fund - Police and 85% Airport effective budget year 2022

**Airport Fire funded from Airport effective budget year 2022, moved from General Fund - Fire

The background features a large white circle on the left side, partially overlapping a light blue area on the right. The overall design is clean and modern, with a focus on the central text.

**INTERNAL
SERVICE
FUNDS**

Descriptions

GARAGE

VEHICLE SERVICES:

The Service Center is responsible for preventative maintenance services, roadside assistant services and fuel and tire management services for City owned vehicles and equipment. This division works on an 18 hour per day 2 shift basis.

GARAGE SERVICES:

The Garage division is responsible for the purchase, repair, maintenance and record keeping for all heavy, automotive and specialized equipment for the City. The division operates on a single shift basis, providing a comprehensive maintenance program, an emergency repair service, a cost and service record for each piece of equipment, and a program for driver's safety and maintenance education. The division analyzes City wide equipment needs and budgets fleet replacements and new acquisitions for the City's fleet of vehicles and equipment.

WAREHOUSE:

The City's central warehouse procures, inventories, and issues common items consisting of mechanical, electrical, civil and general supplies, materials and parts. This division provides an ongoing service function to all City divisions and provides economies of scale in using centralized purchasing, storage and control. Time expended is reduced for individual City divisions in separately obtaining such items.

TECHNOLOGY

TECHNOLOGY:

This division is responsible for the purchase of technological assets of the City. This division analyzes City wide technology needs and budgets replacements and new acquisitions for the entire City.

TECHNOLOGY NON-DEPARTMENTAL:

This division is used to record the payment the Technology Fund makes to the General Fund for services rendered, to record depreciation expense and this fund's share of general liability insurance and external audit fees.

RISK FUNDS

EMPLOYEE BENEFITS:

The objective of this fund is to promote health and wellness initiatives in the workplace, provide health and wellness services to eligible employees, retirees, and dependents via established programs and clinics. The division is also responsible for major workforce health related programs such as FMLA compliance, workers' compensation records and services, and pre-employment physical assessments.

GENERAL LIABILITY:

This fund includes the following divisions: Workers Compensation, Risk Management, General Liability Attorney and General Liability Costs. Risk Management is responsible for the operations of risk management in Administrative Services. General Liability Costs oversees the payment of all insurance costs, liability costs, and claims for the City of Midland through this unit.

Garage

Department Mission –

The Garage Fund is committed to providing vehicles and equipment at the lowest cost and best quality along with exceptional vehicle and equipment repair services to City departments and divisions. We are also committed to providing the highest level of professionalism, service response, and quality workmanship.

ACCOMPLISHMENTS OF FY 2022:

- The fire alarm system was updated and will be inspected annually.
- New fencing and new exterior safety lights were installed at the Garage. Also, a new power steam cleaner and brake lathe were purchased, and hydraulic floor jacks were updated at the Garage.
- Installed four (4) new overhead doors at the Warehouse.
- Despite a global shortage of metal pipe and brass fittings the Warehouse Manager was able to locate and stock these items.

OBJECTIVES/GOALS FOR FY 2023:

- Continue to provide the best customer service for all departments
- Prioritize vehicle and equipment replacements for future fiscal years.
- Increase efficiency rate for repair of vehicles and equipment by purchasing and updating diagnostic software as available.
- 99% of normally stocked warehouse items will be available within 36 hours of demand.

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 TARGET
Average number of days to put new vehicles in service	5	4	4	3	3
Total number of fleet out of service at one time	7	7	3	4	3
Accuracy of inventory as determined by year end counts are within 97% of book value	YES	YES	YES	YES	YES

	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Revenues				
Interest	86,648	50,000	75,000	50.00%
Motor Vehicle Repairs	5,706,147	7,380,460	8,753,982	18.61%
Motor Vehicle Lease	8,554,701	12,291,921	12,702,449	3.34%
Fuel	2,117,745	2,532,835	3,303,733	30.44%
Sale of Equipment	463,088	150,000	100,000	-33.33%
Other	1,992,612	770,000	1,555,535	102.02%
Total Revenues	18,920,941	23,175,216	26,490,699	14.31%
Expenditures				
Personnel	2,521,568	2,693,793	2,645,213	-1.80%
Operating Expenses	6,009,364	5,228,630	8,069,471	54.33%
Contractual Services	745,335	1,034,842	1,172,293	13.28%
Other Uses	5,602,600	2,550,321	2,576,490	1.03%
Capital	7,955,981	8,072,590	12,027,232	48.99%
Total Expenditures	22,834,849	19,580,176	26,490,699	35.29%

Staffing

	ACT FY21	BUD FY22	BUD FY23
Vehicle Services	10	10	10
Garage	21	20	19
Warehouse	1	1	1
Total	32	31	30

Technology Fund

Revenues	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Interest	15,276	10,000	10,000	0.00%
Equipment Lease	1,162,460	1,183,002	5,255,573	344.26%
Other	(12,601)	974,132	194,207	-0.8006%
Total Revenues	1,165,135	2,167,134	5,459,780	151.94%

Expenditures

Personnel	-	-	194,207	100.00%
Operating Expenses	1,191,220	2,136,650	2,000,750	-6.36%
Contractual Services	221,613	30,484	3,255,084	10,578.01%
Other Uses	881,100	-	9,739	100.00%
Capital	19,525	-	-	0.00%
Total Expenditures	2,313,458	2,167,134	5,459,780	151.94%

Staffing

	ACT FY21	BUD FY22	BUD FY23
Technology	-	-	2
Total	0	0	2

Employee Benefits Fund

Revenues	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Interest	82,658	50,000	50,000	0.00%
Employee Health	1,236,599	2,000,000	1,800,000	-10.00%
Employee Life Insurance	120,201	84,000	100,000	19.05%
Employee Dental	337,154	275,000	300,000	9.09%
Employer Portion – Health	10,485,633	8,300,000	10,500,000	26.51%
City Portion – Retirees Health	961,700	900,000	1,000,000	11.11%
Employer Portion – Dental	407,654	350,000	350,000	0.00%
Employer Portion – Life Insurance	148,442	135,000	150,000	11.11%
Other	840,162	800,000	800,000	0.00%
Total Revenues	14,620,203	12,894,000	15,050,000	16.72%

Expenditure

Personnel	-	99,725	90,047	-9.70%
Operating Expenses	12,332,856	10,264,832	12,952,192	26.18%
Contractual Services	470,633	708,000	733,500	3.60%
Other Uses	-	1,821,443	1,274,261	-30.04%
Capital	-	-	-	-
Total Expenditures	12,803,489	12,894,000	15,050,000	16.72%

Staffing

	ACT FY21	BUD FY22	BUD FY23
Employee Benefits	-*	1	1
Total	-	1	1

*Employee Benefits personnel funded under General Funds – Admin Services FY21

Risk Management Fund

Revenues	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Interest	32,361	-	-	#DIV/0!
General Fund	1,085,924	1,455,661	122,858	-91.56%
Water & Sewer Fund	710,517	397,412	510,009	28.33%
Sanitation Fund	388,232	610,205	819,124	34.24%
Garage Fund	79,805	88,196	124,124	40.74%
Airport Operations Fund	228,195	256,735	240,185	-6.45%
Hotel/Motel Fund	72,295	72,392	61,358	-15.24%
Other	87,567	1,839,760	3,442,902	87.14%
Total Revenues	2,684,896	4,720,360	5,320,560	12.72%

Expenditures

Personnel	194,130	592,119	892,093	50.66%
Operating Expenses	509,502	2,069,525	2,199,890	6.30%
Contractual Services	1,207,295	2,060,716	2,192,169	6.38%
Other Uses	6	-	36,408	100.00%
Capital	-	-	-	-
Total Expenditures	1,910,933	4,722,360	5,320,560	12.67%

Staffing

	ACT FY21	BUD FY22	BUD FY23
General Liability, Attorney	2	2	4
Risk Management	-*	2	2
Workers Compensation	-*	1	1
Total	2	5	7

*Risk Management and Workers Compensation personnel funded under General Funds – Admin Services FY21

The background features a large white circle on the left side, partially overlapping a light blue area on the right. The overall design is clean and modern, with a focus on the central text.

**SPECIAL
REVENUE
FUNDS**

Descriptions

Special Revenue Funds account for proceeds of specific revenue sources legally restricted to expenditures for specified sources:

Hotel/Motel Fund:

Hotel revenue comes from the local Hotel/Motel Tax and makes allocations to various agencies. This division captures the cost of operating Bush Convention Center as well as record the debt service expense for the Bush Center Certificate of Obligations.

Police Special Purpose Fund – State:

This fund accounts for funds received from forfeited property under state jurisdiction. Such funds are used solely for law enforcement purposes such as salaries, training, equipment, supplies and items used by officers in direct law enforcement duties.

Police Special Purpose Fund – Federal:

This fund accounts for funds received from forfeited property under federal jurisdiction. Such funds are used solely for law enforcement purposes such as salaries, training, equipment, supplies and items used by officers in direct law enforcement duties.

Police Technology & Equipment Fund:

This fund accounts for revenues generated from private organizations or individuals specifically for law enforcement related operations. These funds are used solely for law enforcement purposes.

Police LEOSE Fund:

This fund accounts for funds received from the State of Texas for the purpose of providing training to sworn officers. LEOSE stands for Law Enforcement Officers Standards and Education.

Fire Technology & Equipment Fund:

This fund accounts for revenues generated from private organizations or individuals specifically for fire related operations. These funds are used solely for fire department related purposes.

Fire LEOSE Fund:

This fund accounts for funds received from the State of Texas for the purpose of providing training to sworn officers. LEOSE stands for Law Enforcement Officers Standards and Education.

Municipal Court Technology Fund:

This fund is to account for fees collected from the defendant upon conviction for a misdemeanor offense in the City of Midland Municipal Court as a cost of court. These funds are restricted for the purchase of technological enhancements for the benefit of the City of Midland Municipal Court by Texas Code of Criminal Procedure Article 102.0172.

Municipal Court Security Fund:

This fund is to account for fees collected from the defendant upon conviction for a misdemeanor offense in the City of Midland Municipal Court as a cost of court. These funds are restricted for the purchase of building security enhancements for the benefit of City of Midland Municipal Court by Texas Code of Criminal Procedure Article 102.017.

Municipal Court Time Payments Fund:

The Time Payment Fee is a special revenue fee that is restricted by the City for specific purposes. Code of Criminal Procedure Article 102.030 mandates that \$15.00 be collected from a person convicted of a misdemeanor and pays any part of the fine, court costs, restitution, or another reimbursement fee on or after the 31st day after the date judgment is entered. The City must deposit this fee into a separate account in the city's general revenue fund to be used for the purpose of improving the collection of outstanding court costs, fines, reimbursement fees, restitution, or improving the efficiency of administration of justice.

Golf Course Fund:

This fund is responsible for obtaining revenues that are used for minor construction, maintenance, development and operation of the Municipal Golf Course and related activities.

Sports Complex Fund:

Scharbauer Sports Complex is a full-service baseball park, football and soccer stadium with a pavilion for concerts & other shows that includes the Momentum Ballpark, Cimarex Energy Pavilion and Astound Communications Stadium. Scharbauer Sports Complex is home to the Midland RockHounds, a minor league baseball team based in Midland, Texas. The complex has four multi-purpose fields that can be used for practice and/or games and seats 6,669 fans.

Park Donations & Special Purpose Fund:

This fund accounts for all donations, oil royalties/leases, and other special revenue set aside for the replacement of parks and park amenities as well as the addition of new parks or new features to existing parks.

SPECIAL REVENUE FUNDS

Budget Summary

REVENUES

	FY21 Actuals	FY22 BUDGET	FY23 BUDGET	% CHANGE
Hotel/Motel	4,626,130	5,962,320	8,144,166	36.59%
Police Special Purpose - Federal	18,172	28,500	130,200	356.84%
Police Special Purpose - State	186,252	102,000	186,000	82.35%
PD Technology & Equipment	233,934	101,500	75,200	-25.91%
Police LEOSE	10,213	12,200	15,000	22.95%
FD Technology & Equipment	19,953	52,000	97,600	87.69%
Fire LEOSE	2,532	1,000	1,000	0.00%
Municipal Court Technology Fund	40,443	198,610	74,766	-62.36%
Municipal Court Security Fund	46,677	64,449	56,000	-13.11%
Municipal Court Time Payments	40,639	13,500	41,823	209.80%
Golf Course*	2,605,641	2,783,901	3,037,329	9.10%
Sports Complex *	1,201,214	3,577,549	3,318,786	-7.23%
Park Donation & Special Purpose	175,688	3,086,500	10,390,000	236.63%
TOTAL REVENUE:	\$9,207,489	\$15,984,030	\$25,567,869	59.96%

EXPENDITURES

	FY21 Actuals	FY22 BUDGET	FY23 BUDGET	% CHANGE
Hotel/Motel	4,100,710	6,112,320	8,144,166	33.24%
Police Special Purpose - Federal	101,606	28,500	130,200	356.84%
Police Special Purpose - State	64,345	102,000	186,000	82.35%
PD Technology & Equipment	130,846	101,500	75,200	-25.91%
Police LEOSE	17,000	12,200	15,000	22.95%
FD Technology & Equipment	7,271	52,000	97,600	87.69%
Fire LEOSE	0	1,000	1,000	0.00%
Municipal Court Technology Fund	65,919	198,610	74,766	-62.36%
Municipal Court Security Fund	1,568	64,449	56,000	-13.11%
Municipal Court Time Payments	4,302	13,500	41,823	209.80%
Golf Course*	4,327,664	2,783,901	3,037,329	9.10%
Sports Complex *	4,921,372	3,577,549	3,318,786	-7.23%
Park Donation & Special Purpose	244,449	3,086,500	10,390,000	236.63%
TOTAL EXPENDITURES:	\$13,987,052	\$16,134,030	\$25,567,869	58.47%

*The Golf Course & Sports Complex were moved into Special Revenue Funds for FY22

Golf Course

Division Mission –

Hogan Park Golf Course provides Midland residents and visitors an affordable and exceptional golf experience on two public courses with a total of 36 holes and is the premier facility in the community for charity golf events.

ACCOMPLISHMENTS OF FY 2022:

- Increased tournament numbers after COVID-19 spike.
- Improved playability of both golf courses.
- Increased both shop and driving range sales.
- Maintained & increased rounds after COVID-19 spike.

OBJECTIVES/GOALS FOR FY 2023:

- Work on Pro Shop and parking lot landscaping.
- Install & improve the flow of online tee times on Tenfore Golf.
- Create & implement new website for better customer service.
- Continue to improve playability of both golf courses.
- Increase both shop and driving range sales.
- Continue to increase tournament numbers

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 TARGET
Total number of tournaments held	83	43	61	99	100
Total number of driving range sales	43,908	63,800	115,085	116,469	125,000
Golf Cart Rentals	602,923	556,100	631,895	698,400	725,000
Total Golf Course Attendance	56,470	52,894	61,095	65,400	67,500
Keep turf maintained to standards accepted by the golfing industry within budget	80%	85%	90%	90%	95%
Maintain a minimum of 125 golf carts for rental at any time	90%	85%	100%	100%	100%
Pro Shop Sales	888,421	538,808	697,667	766,361	800,000

Expenditures	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	1,102,327	1,124,243	1,308,925	16.43%
Operating Expenses	712,809	229,576	318,263	38.63%
Contractual Services	558,104	635,078	647,340	1.93%
Other Uses	1,954,423	795,005	762,800	-4.05%
Capital	-	-	-	-
TOTAL DEPT. BUDGET	\$4,327,663	\$2,783,902	\$3,037,329	9.10%

Staffing	ACT FY21	BUD FY22	BUD FY23
Golf Course	11	11	11
Pro Shop	3	3	3
Total	14	14	14

Sports Complex

Division Mission –

Scharbauer Sports Complex is a full-service complex comprised of Astound Broadband Stadium, Coterra Pavilion, Momentum Bank Ballpark, and four auxiliary multi-purpose fields that host baseball, football, soccer and other events throughout the year. It is home to the Midland RockHounds, a minor league baseball team based in Midland, Texas.

ACCOMPLISHMENTS OF FY 2022:

- Hosted 25 playoff games.
- Hosted 4 college football games.
- Installed LED lights at Momentum bank Ballpark.
- Began construction on the Major League Baseball’s required improvements.
- Began the process of repairing the pedestrian bridge at Momentum Bank Ballpark.
- Began the process of modernizing the four elevators located at the Scharbauer Sports Complex.
- Acquired additional land south of the complex for expansion.
- Assisted with the name change of the football stadium.

OBJECTIVES/GOALS FOR FY 2023:

- Install a restroom at the red and yellow auxiliary field complex.
- Construct two additional auxiliary fields.
- Replace expansion joints at Astound Broadband Stadium.
- Complete renovations to Momentum Bank Ballpark.
- Install LED lights at Astound Broadband Stadium.
- Replace sound system at Momentum Bank Ballpark.
- Replace security lighting in the complex.
- Host more rentals.
- Host 5 college football games.
- Host 27 playoff games.

KEY PERFORMANCE INDICATORS:

PERFORMANCE MEASURES	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ACTUAL	FY 2023 TARGET
Baseball stadium attendance	351,524	-	180,000	205,602	210,000
Football/soccer stadium attendance	2	2	2	170,814	175,000
Football/soccer concession sales total revenue	\$116,613	\$71,795	\$92,816	\$58,541	\$65,000
Multi-purpose fields total usage	-	-	420	811	850
Rental agreements issued	-	29	71	49	50
Playoff football/soccer games held at auxiliary fields	6	6	0	12	15
Playoff football/soccer games held at Grande Stadium	12	14	31	13	15

Expenditures	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Personnel	-	415,367	457,612	10.17%
Operating Expenses	751,303	994,250	1,031,465	3.74%
Contractual Services	615,395	796,259	868,611	9.09%
Other Uses	3,554,673	1,371,673	961,098	-29.93%
Capital	-	-	-	-
TOTAL DEPT. BUDGET	\$4,921,371	\$3,577,549	\$3,318,786	-7.23%

Staffing	ACT FY21	BUD FY22	BUD FY23
Sports Complex	-	7	7
Total	-	7	7

Hotel/Motel Fund

Revenues	ACT FY21	BUD FY22	BUD FY23	%CHANGE
Interest	82,911	50,000	50,000	0.00%
Hotel-Motel Tax	4,338,753	5,000,000	5,500,000	10.00%
Midland Center	288,160	-	200,000	0.00%
Other	(83,694)	912,320	2,394,166	1.62%
Total Revenues	4,626,130	5,962,320	8,144,166	36.59%

Expenditure

Personnel	-	-	-	-
Operating Expenses	-	-	-	-
Contractual Services	72,295	78,592	68,363	-13.02%
Other Uses	4,028,415	6,033,728	8,075,833	33.84%
Capital	-	-	-	-
Total Expenditures	4,100,710	6,112,320	8,144,196	33.24%

Parks Donation and Special Projects Fund

Revenues	ACT FY21	BUD FY22	BUD FY23	%Change
Interest	13,694	10,000	10,000	0.00%
Oil & Gas Leases	160,856	3,050,000	8,253,500	170.61%
Civic Contributions	13,440	25,000	25,000	0.00%
Animal Services Contributions	1,528	1,500	1,500	0.00%
Other	(13,830)	0	2,100,000	-
Total Revenue	175,688	3,086,500	10,390,000	237.40%

Expenditure	ACT FY21	BUD FY22	BUD FY23	%Change
Contractual Services	3,649	50,000	40,000	-20.00%
Operating Expenses	800	-	-	0.00%
Other Uses	240,000	3,036,500	350,000	11.53%
Capital	-	-	10,000,000	-
Total Revenue	244,449	3,086,500	10,390,000	237.40%



**DEBT
SERVICE
FUNDS**

DEBT SERVICE

Funds

Debt Service Funds track the principal and interest payments on Certificates of Obligation and General Obligation Bonds.

MIDLAND'S DEBT SERVICE FUNDS INCLUDE:

Governmental Debt Service – The revenue is generated from a property tax levy and from Hotel Motel fund transfer. The funds are restricted to only be used to pay authorized debt service. Money remains in this fund until spent for its authorized purpose.

Water & Sewer (W&S) Debt Service – The revenue is generated from water & sewer charges. The funds are restricted to only be used to pay authorized issuance debt service. All money remains in this fund until spent for its authorized purpose.

Golf Course Debt Service – The revenue is generated from golf course charges. The funds are restricted to only be used to pay authorized issuance debt service.

REVENUES

	FY21 Actuals	FY22 BUDGET	FY23 BUDGET	% CHANGE
Governmental Debt Service	\$ 40,222,665	\$ 11,494,666	\$ 11,580,454	0.75%
Water & Sewer Debt Service	(124,861)	7,813,161	7,817,730	0.06%
Golf Course Debt Service	1,462,394	46,097	-*	-100.00%
TOTAL REVENUE	\$41,560,197	\$19,353,924	\$19,398,184	0.23%

EXPENDITURES

	FY21 Actuals	FY22 BUDGET	FY23 BUDGET	% CHANGE
Governmental Debt Service	\$ 38,747,682	\$ 11,494,666	\$ 11,580,454	0.75%
Water & Sewer Debt Service	1,745,549	7,714,347	7,817,730	1.34%
Golf Course Debt Service	111,405	44,097	-*	-100.00%
TOTAL EXPENDITURES	\$40,604,636	\$19,253,110	\$19,398,184	0.75%

*Golf Course Debt Service absorbed into Governmental Debt Service FY 23



SECTION I:

APPENDIX

BUDGET

Glossary

APPROPRIATION – A legal authorization made by the City Council which permits City officials to incur obligations against and to make expenditures of governmental resources.

AD VALOREM – Refers to the tax assessed against real (land & buildings) and personal (equipment & furniture) property in compliance with the State Property Tax Code.

ASSESSED VALUATION – A value established by the Midland Central Appraisal District which approximated market value of real or personal property.

BALANCED BUDGET – A balanced budget occurs when the total sum of money a government has budgeted to collect in a year is equal to the amount it has budgeted to spend on goods, services and debt.

BOND – A written promise to pay a sum of money on a specific date(s) at a specific interest rate. The interest payments and the repayment of the principal are detailed in a bond ordinance. Most commonly, these are General Obligation Bonds, Certificates of Obligation, or Revenue Bonds used for capital construction projects.

BUDGET – A financial plan, for a specified period, of operations that matches all planned revenues with the services provided the residents of the City. The budget is approved by Ordinance and sets legal spending limits for the fiscal year.

BUDGET DOCUMENT – the compilation of the spending plans for the various funds, along with supporting schedules, tables and charts which, in total, comprises the annual revenues and expenditure plan.

BUDGET MESSAGE – The opening section of the budget from the City Manager which provides the City Council and the public with a general summary of the most important aspects of the budget.

BUDGET ORDINANCE – The official enactment, by City Council, to legally authorize City staff to obligate and expend resources.

CAPITAL – Expenditures for equipment, vehicles, machinery or other improvements that result in the acquisition of assets which an estimated useful life of more than one year, a unit cost of \$5,000 or more and capable of being identified as an individual unit or property.

CERTIFICATED OF OBLIGATION (CO) – Legal debt instruments which finance a variety of public projects such as streets, buildings and improvements. These bonds are backed by the full faith and credit of the issuing government and are financed through property tax revenues.

CITY COUNCIL – The Mayor and six (6) Council Members collectively acting as the legislative and policy making body of the City.

DEBT SERVICE FUND – A fund established to account for the accumulation of resources for, and the payment of, long-term principal and interest.

DEPARTMENT – A major administrative organizational unit of the City which indicated overall management responsibility for one or more divisions.

DIVISION – A basic organization unit that is functionally unique and provides services under the administrative direction of a department.

ENTERPRISE FUND – Funds established to account for operations of the water & sewer system, drainage, sanitation, golf course and airport. These funds are operated in a manner similar to private business enterprises.

ESTIMATED REVENUE – A formal estimate of how much revenue will be earned from a specific revenue source for some future period; typically, a future fiscal year.

EXPENDITURE – Funds spent in accordance with budgeted appropriations on assets or goods and services obtained.

FISCAL YEAR – A consecutive 12-month period which signifies the beginning and ending dates recording financial transactions. The City of Midland’s fiscal year begins October 1st and ends September 30th of the following calendar year. This is also called a budget year.

FRANCHISE FEE – A fee paid by public service utilities for use of public property in providing their services to the citizens of the community.

FUND – An accounting entity with a self-balancing set of accounts that record financial transactions for specific activities or government functions.

FUND BALANCE – The difference between governmental fund assets and liabilities. An adequate fund balance is essential for several reasons, including the need to have sufficient cash for operations prior to receipt of property tax revenues, maximization of investment earnings, maintaining a financial position favorable to strong bond ratings and funds availability in case of emergencies or unexpected events.

GENERAL FUND – The fund used to account for all financial resources except those required to be accounted for in another fund. Revenues are derived from taxes, user and franchise fees which support general public services such as public safety, development services and community services.

GENERAL OBLIGATION (GO) BONDS – Legal debt instruments which finance a variety of public projects such as streets, buildings and improvements. These bonds are backed by the full faith and credit of issuing government and are financed through property tax revenues.

INTERGOVERNMENTAL REVENUE – Grants, entitlements and cost reimbursements from another federal, state or local governmental unit.

INTERNAL SERVICE FUND – These funds account for the financing of goods or services provided by one City department to other departments of the governmental unit on a cost reimbursement basis. The Garage Fund and the Technology Fund are operated as internal service funds in the City of Midland.

LEVY – To impose or collect by legal authority vested in the City Council.

LONG TERM DEBT – Debt with a maturity of more than one year after the date of issuance.

NET ASSETS (FUND EQUITY) – the noncapital portion of proprietary fund net assets, including both restricted and unrestricted net assets.

NO-NEW-REVENUE RATE (Formally the Effective Tax Rate) – The ad valorem tax rate which, when applied to properties existing on last year’s tax roll, adjusted for changes in appraisal values and other items, would yield the same tax revenues in the current year as in the previous year.

ORDINANCE – A formal legislative enactment by the governing board of a municipality. If it is not in conflict with any higher form of law, such as a State statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies.

PERSONNEL SERVICES – The costs associated with compensating employees for their labor. This includes salaries and fringe benefits.

PROPERTY TAXES – Used to describe all revenues received in a period from current taxes, delinquent taxes, penalties and interest on delinquent taxes. Property taxes are levied on both real and personal property according to the property's valuation and tax rate.

RESERVE – An account used to indicate that a portion of a fund balance is restricted for a specific purpose.

REVENUE – Funds that the government receives as income.

REVENUE BONDS – A legal debt instrument which may be used to finance projects for enterprise funds. Revenues from the borrowing fund are pledged to pay principal and interest of the bonds.

TAX BASE – The total value of all real and personal property in the City as of January 1st of each year, as certified by the Appraisal Review Board. The tax base represents net value after all exemptions.

TAX RATE – The tax rate consisted of two components, maintenance/operations and debt service and is adopted by Ordinance by the City Council after a public hearing.

VOTER APPROVAL RATE (Formally the Roll-Back Rate) – The Voter Approval tax rate is the maximum allowable tax rate that can be adopted before requesting voter approval and encompass the No-New Revenue Rate X 1.035% plus the current debt service rate.



ORDINANCE NO. 10335

AN ORDINANCE OF THE CITY OF MIDLAND PROVIDING FUNDS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2022, AND ENDING SEPTEMBER 30, 2023, BY APPROVING THE BUDGET FOR SAID PERIOD AND APPROPRIATING AND SETTING ASIDE THE NECESSARY FUNDS OUT OF THE GENERAL AND OTHER REVENUES AND UNAPPROPRIATED FUND BALANCE OF THE CITY OF MIDLAND FOR SAID FISCAL YEAR FOR THE MAINTENANCE AND OPERATION OF THE VARIOUS DEPARTMENTS AND FOR VARIOUS ACTIVITIES AND IMPROVEMENTS TO THE CITY; AND ORDERING PUBLICATION

WHEREAS, as required by Article IV, Section 14, of the City Charter, the City Manager has prepared and submitted to the City Council a Budget Estimate of expenditures and revenues of all City departments, activities, and offices for the year beginning October 1, 2022, and ending September 30, 2023; and

WHEREAS, said Budget has been filed with the City Secretary of the City of Midland, Texas, as required; and

WHEREAS, notices of a public hearing upon said Budget have been duly and legally made; and

WHEREAS, said public hearing has been held and full and final consideration given said Budget;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MIDLAND, TEXAS:

SECTION ONE. That for the purpose of providing the funds necessary and proposed to be expended in the Budget of the City of Midland for the fiscal year beginning October 1, 2022, and ending September 30, 2023, the Budget prepared by the City Manager and submitted to the City Council for its consideration and approval is hereby approved, and the available resources and revenues of the City of Midland as set forth in said Budget for said fiscal year, are hereby appropriated and set aside for the maintenance and operation of the various departments of the Government of the City of Midland, together with the various

activities and improvements as set forth in said Budget; and the appropriations shall be strictly applied for the uses and purposes in the respective departments as provided for in said Budget.

SECTION TWO. That the said Budget for the fiscal year beginning October 1, 2022, and ending September 30, 2023, approved herein shall be attached to and made a part of this ordinance the same as if copied in full herein, said Budget being on file in the City Secretary's office referenced by the number and date of this Ordinance.

SECTION THREE. That expenditures during the fiscal year beginning October 1, 2022, and ending September 30, 2023, shall be made in accordance with the summary Budget approved by this ordinance unless otherwise authorized by a duly enacted resolution or ordinance of the City of Midland and subject to the following provisions and conditions, to wit:

1. That no expenditure may be made without Council approval which shall increase the total appropriation for any one Fund.
2. That the City Manager may make transfers to and between departments and divisions unless such transfers would increase the total appropriation within a Fund.
3. That department managers are hereby authorized to approve transfers of amounts between line items within their departments if such transfers do not significantly change the work program contemplated in the approved Budget.

SECTION FOUR. During each year while there is any liability by reason of the City's Personnel Policies or Employment Agreements, the City Council shall compute and ascertain the rate and amount of ad valorem tax, based on the latest approved tax rolls with full allowance being made for tax collection, which will be sufficient to raise the money required to pay any sums which may be or become due during any such year, in no instance to be less than two percent (2%) of such obligation, together with all interest thereon, because of the obligations assumed by the City's Personnel Policies or Employment

Agreements. Said rate and amount of ad valorem tax will be ordered to be levied against all taxable property in the City for each year while any liability exists by reason of the obligations undertaken by the City's Personnel Policies or Employment Agreements, and said ad valorem tax shall be assessed and collected each year until all of the obligations incurred in the City's Personnel Policies or Employment Agreements shall have been discharged and all liability discharged.

SECTION FIVE. For the purpose of this ordinance, certain words as used herein are defined as follows:

1. The term "agency" wherever used in the said Budget shall mean the same and be synonymous with the term "department" as used in the Charter, ordinances, resolutions, and other official documents and policies of the City of Midland, Texas.
2. The term "organization" wherever used in the said Budget shall mean the same and be synonymous with the term "division" as used in the Charter, ordinances, resolutions and other official documents and policies of the City of Midland, Texas.

SECTION SIX. All departments of the City required to be established by the City Charter, state law, or federal law are deemed to be created.

SECTION SEVEN. That all transfers from the Water and Sewer Fund and Sanitation Fund are made in compliance with Sections 1502.057, 1502.058 and 1502.059 of the Texas Government Code.

SECTION EIGHT. That the City Manager shall give notice of water rate increases to appropriate individuals and entities as required by state law.

SECTION NINE. That the City Manager is hereby authorized and directed to execute contracts for grants of Hotel/Motel Tax funds to the extent that said grants are included in the Budget.

The above and foregoing ordinance was duly proposed, read in full and adopted on first reading, the 23rd day of August, A.D., 2022; and passed to second reading on motion of Council member Ladd, seconded by Council member Norman, by the following vote:

Council members voting "AYE": Corrales, Poole, Blong, Payton, Dufford, Ladd, Norman

Council members voting "NAY": None

The above and foregoing ordinance was read in full and finally adopted by the following vote upon motion of Council member Corrales, seconded by Council member Norman, on the 13th day of September, A.D., 2022, at a regular meeting of the City Council:

Council members voting "AYE": Corrales, Poole, Blong, Payton, Ladd, Norman

Council members voting "NAY": None

PASSED AND APPROVED THIS 13th day of September, A.D., 2022.



Patrick N. Payton, Mayor

ATTEST:



Amy M. Turner, City Secretary

ORDINANCE NO. 10336

AN ORDINANCE FIXING THE TAX LEVY FOR THE CITY OF MIDLAND, TEXAS, FOR THE FISCAL YEAR BEGINNING ON OCTOBER 1, 2022, AND ENDING ON SEPTEMBER 30, 2023

WHEREAS, the Midland City Council voted to propose a tax rate of \$0.355039 for each one hundred dollar valuation of taxable property for the fiscal year October 1, 2022, to September 30, 2023; and

WHEREAS, the Midland City Council finds and determines that the City of Midland has fully and timely complied with all notice, hearing and other legal requirements relative to the adoption of this ordinance; and

WHEREAS, THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE; AND

WHEREAS, THE TAX RATE WILL EFFECTIVELY BE RAISED BY 1.28 PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A \$100,000.00 HOME BY APPROXIMATELY \$-6.00.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MIDLAND, TEXAS:

SECTION ONE. That to pay interest and principal on outstanding bonds as they mature, a tax levy of \$0.050195 on each \$100.00 valuation of all taxable property in the City of Midland, Texas is hereby made and levied for the year 2022 to be credited to the Interest and Sinking Fund of the City.

SECTION TWO. That to raise funds to help defray current General expenses of the City, a levy of \$0.304844 on each \$100.00 valuation of all taxable property within the City is hereby made and levied for the year 2022. The collections from these levies are to be apportioned and deposited as follows:

Interest and Sinking Fund	<u>\$0.050195</u>
General Fund	<u>\$0.304844</u>
TOTAL TAX LEVY FOR ALL PURPOSES	<u>\$0.355039</u>

The above and foregoing ordinance was duly proposed, read in full and adopted on first reading, the 23rd day of August, A.D., 2022; and passed to second reading on motion of Council member Norman, seconded by Council member Ladd, by the following vote:

Council members voting "AYE": Payton, Dufford, Ladd, Norman

Council members voting "NAY": Corrales, Poole, Blong

The above and foregoing ordinance was read in full and finally adopted by the following vote upon motion of Council member Corrales, seconded by Council member Norman, on the 13th day of September, A.D., 2022, at a regular meeting of the City Council:

Council members voting "AYE": Corrales, Poole, Blong, Payton, Ladd, Norman

Council members voting "NAY": None

PASSED AND APPROVED THIS 13th day of September, A.D., 2022.

Patrick N. Payton, Mayor

ATTEST:

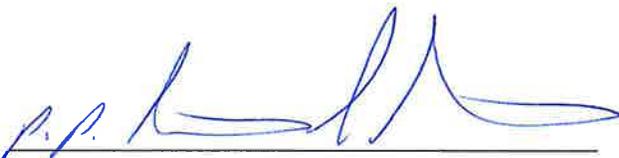
Amy M. Turner, City Secretary

APPROVED AS TO CONTENT AND
COMPLETENESS:



Christy Weakland, Director of Finance

APPROVED AS TO FORM ONLY:



John Ohnemiller, City Attorney

For more information on Finance Policies
for the City of Midland:

<https://www.midlandtexas.gov/231/Finance-Budget>

Financial Policies provided in link:

- Financial Policy
- Investment Policy
- Purchasing Policy
- Budget Procedure
- Cash Handling Policy
- Capital Improvement Policy

CITY OF MIDLAND, TEXAS

FISCAL YEAR 2023 BUDGET

Finance Director:

Christy Weakland

Budget Manager:

Matt Magee

Budget Analyst:

Alyssa Coppens

[Acknowledgments](#)

The Finance Department extends a special appreciation to the many staff members throughout each department for their efforts and assistance during the development of the Annual Budget.