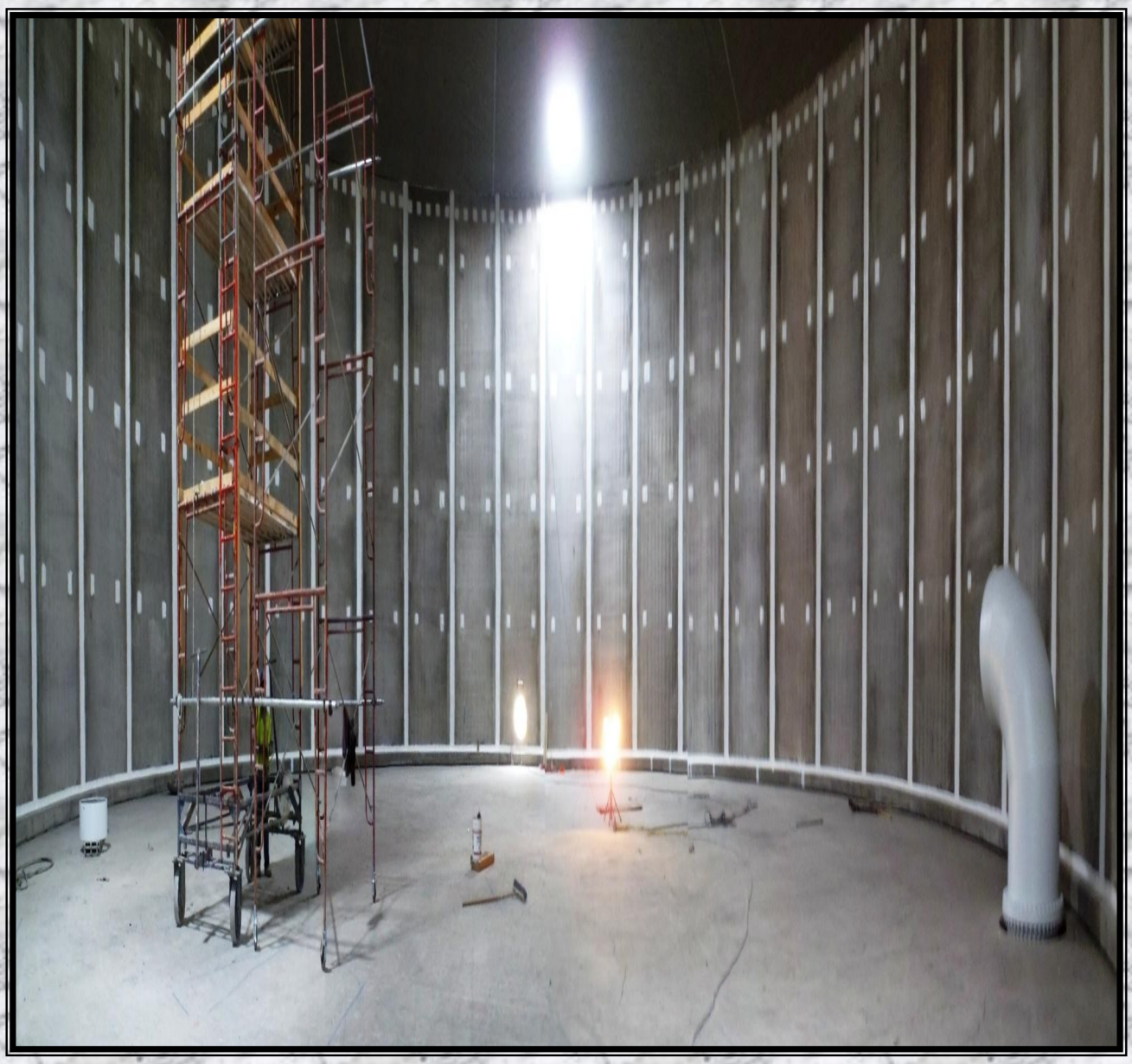
CITY OF AMARILLO, TEXAS

Comprehensive Annual Financial Report

October 1, 2011—September 30, 2012



Potter County Well Field

CITY OF AMARILLO, TEXAS

Comprehensive Annual Financial Report

Fiscal Year Ended
September 30, 2011

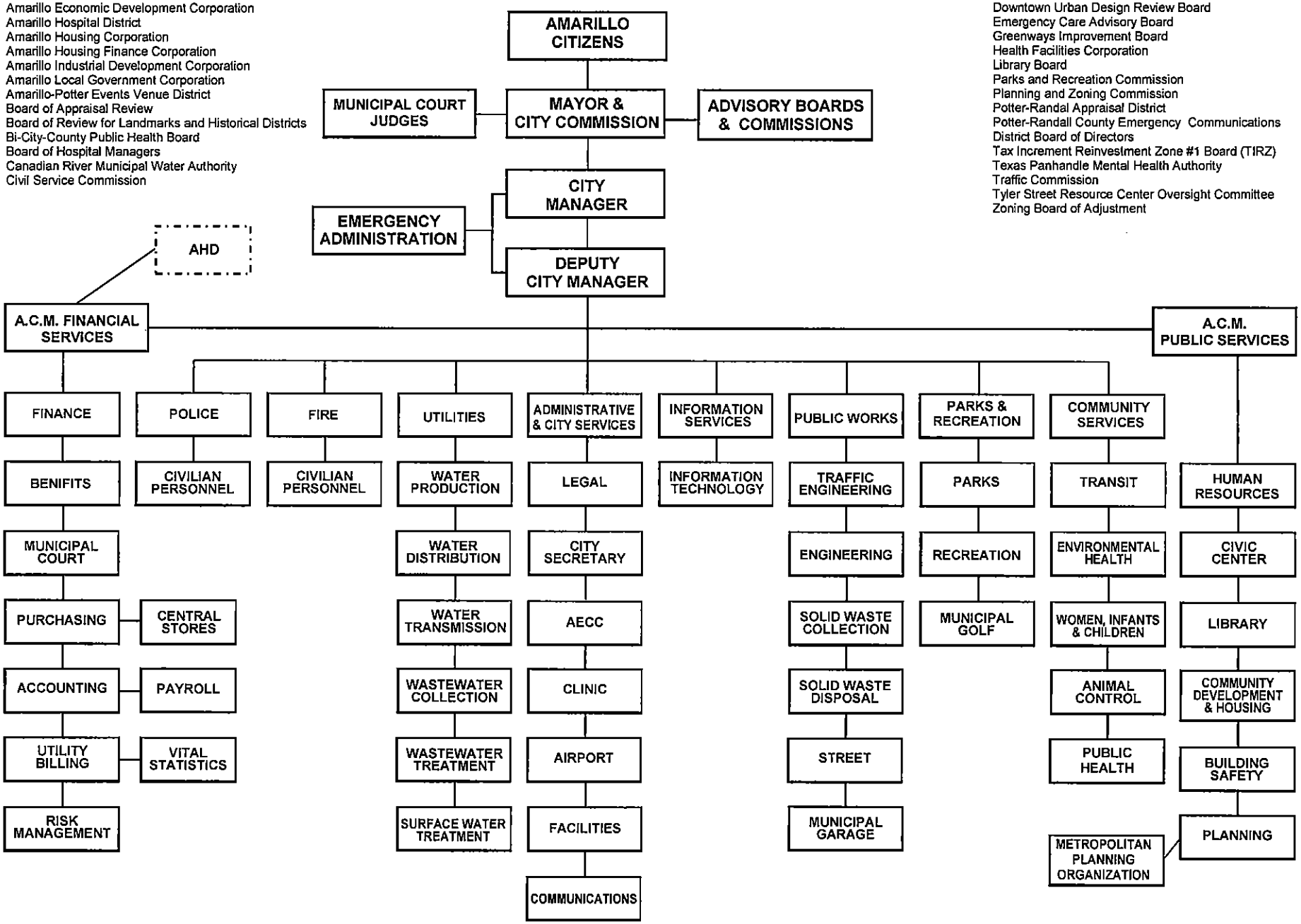
Prepared by:
Finance Division

Dean Frigo
Assistant City Manager
of Financial Services

CITY OF AMARILLO ORGANIZATION CHART

BOARDS AND COMMISSIONS
Advisory Commission for People with Disabilities
Airport Board
Animal Control Board
Amarillo Economic Development Corporation
Amarillo Hospital District
Amarillo Housing Corporation
Amarillo Housing Finance Corporation
Amarillo Industrial Development Corporation
Amarillo Local Government Corporation
Amarillo-Potter Events Venue District
Board of Appraisal Review
Board of Review for Landmarks and Historical Districts
Bi-City-County Public Health Board
Board of Hospital Managers
Canadian River Municipal Water Authority
Civil Service Commission

BOARDS AND COMMISSIONS
Community Development Advisory Committee
Construction Advisory and Appeals Board
Convention and Visitors Council
Downtown Urban Design Review Board
Emergency Care Advisory Board
Greenways Improvement Board
Health Facilities Corporation
Library Board
Parks and Recreation Commission
Planning and Zoning Commission
Potter-Randal Appraisal District
Potter-Randall County Emergency Communications District Board of Directors
Tax Increment Reinvestment Zone #1 Board (TIRZ)
Texas Panhandle Mental Health Authority
Traffic Commission
Tyler Street Resource Center Oversight Committee
Zoning Board of Adjustment



CITY OF AMARILLO, TEXAS
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2011

GOVERNING BODY:

Paul Harpole	Mayor
Ellen Robertson Green	Commissioner No. 1
Brian J. Eades	Commissioner No. 2
Lilia Escajeda	Commissioner No. 3
Jim Simms	Commissioner No. 4

OTHER PRINICIPAL OFFICIALS:

W. Jarrett Atkinson	City Manager
Dean Frigo	Assistant City Manager Financial Services
Vicki Covey	Assistant City Manager Public Services
Marcus Norris	City Attorney
Donna DeRight	City Secretary
Michelle Bonner	Director of Finance
Michael Rice	Director of Public Works
Emmett Autrey	Director of Utilities
Robert Taylor	Police Chief
Larry Offerdahl	Director of Parks and Recreation
Steve D. Ross	Fire Chief
James Brown	Information Services Directors
Lori James	Director of Human Resources
Curtis Bainum	City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Amarillo
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

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CITY OF AMARILLO

OFFICE OF THE
CITY MANAGER

January 24, 2012

To the Honorable Mayor and City Commission
City of Amarillo
Amarillo, Texas

Ladies and Gentlemen:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Amarillo (the City) for the year ended September 30, 2011 in compliance with Article III, Section 27 of the City Charter. The purpose of the report is to provide the Mayor, City Commission, City Staff, citizens, bond holders, and other interested parties with useful information concerning the City's operations and financial position. The City is responsible for the accuracy, completeness, and fairness of the data presented in this report.

To the best of our knowledge, the following report is accurate in all material respects. It has been prepared in accordance with standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA) and other rule-making bodies. We believe the report contains all disclosures necessary for the reader to understand the City's financial affairs.

The City Manager, through his appointee, the Assistant City Manager for Financial Services, is responsible for establishing and maintaining an internal control structure to ensure that the assets of the government are protected from loss, theft or misuse, as well as to ensure that adequate and reliable accounting data are compiled to allow for the preparation of accurate financial statements in conformity with accounting principles generally accepted in the United States of America. This internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met, and it is continually modified to accommodate new technology and other changing conditions. The concept of reasonable assurance recognizes that (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. In our opinion, the City employs sound accounting and control policies that fulfill these responsibilities.

As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. In our opinion, the City employs an appropriate level of control and review procedures to ensure compliance with all applicable requirements.

We believe that this report is accurately and fairly presented, and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Independent audits are an essential element of financial control and accountability. The City Charter requires an annual audit to be made of the financial records of the City by a Certified Public Accountant selected by the City Commission. The City has complied with this requirement and the auditors' opinion has been included in this report. The auditors performed their examination in accordance with generally accepted

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auditing standards and stated that in their opinion; the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133. Information related to the City's single audits, including the Schedule of Expenditures of Federal Awards and the auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in separate federal and state "single audit" reports.

To facilitate the study of the City's financial affairs, the CAFR is divided into three parts:

- An introductory section, which includes this letter of transmittal.
- A financial section, which includes the basic financial statements and accompanying notes, combining and individual fund statements and related schedules, required supplementary information regarding budgetary compliance and pension trend data, and other supplementary information such as details concerning capital assets, investments, ad valorem taxes, and outstanding debt. The report of the independent auditors is located at the beginning of the financial section and is followed by Management's Discussion and Analysis. Also provided, as "Supplementary Information" in the financial section is certain historical and detailed information concerning our water and sewer system, investments by funds, ad valorem tax schedules.
- A statistical section, which includes selected financial and demographic information, generally presented on a multi-year basis. Information included in the statistical section is not part of the City's financial statements, although the material is part of the CAFR.

This will be our fourth annual report under the Governmental Accounting Standards Board (GASB) Statement Number 43, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, and Statement Number 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits*. Both statements deal with the accounting of post-employment benefits other than pensions. The City of Amarillo's most significant post-employment benefit, other than the pension benefit, is that retirees are allowed to continue their medical and dental plan coverage, including dependant coverage, after retirement. Historically; cities, including the City of Amarillo, have accounted for other post-employment benefits (OPEB) on a pay-as-you-go basis. Using the pay-as-you-go method, the benefit is not recognized during the career of the employee when it was earned. Moreover, the pay-as-you-go method does not recognize the liability for the future benefit. With the pay-as-you-go method, the expense is recognized after employment, which can shift the burden for the expense to different group of taxpayers or customers. With GASB 45, the cost of the benefit is recognized as an expense over the working career of the employee and the related obligation for the future benefit is recognized as a liability. While the City is required to recognize this cost, the City can still fund the benefit on a pay-as-you go basis.

The GASB in their Statement Number 44, *Economic Condition Reporting*, required some additional information in the statistical section. This will be six years of reporting under GASB Statement 44. There are more schedules and more detailed information in the statistical section of the report. The purpose of GASB Statement 44 was to improve the understandability and usefulness of statistical section information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by Statement 34. In order to clarify that the requirements are applicable to all types of state and local governmental entities that prepare a statistical section, this statement establishes the objectives of the statistical section and the five categories of information it contains—financial trends information, revenue capacity information, debt capacity information, demographic

and economic information, and operating information. In addition to the items required by GASB Statement 44, we have added a schedule of building permits issued to the demographic and economic information.

Effective with the 2002 fiscal year, the City implemented Statement No. 34 issued by the GASB. This statement established a new accounting model for governmental entities, which made significant changes in such matters as fund definitions, measurement focus and basis of accounting. Readers who are familiar with the City's financial statements for prior fiscal years will notice a significant difference in presentation resulting from this new standard.

Uniformed police officers and civilian employees that work more than 1,000-hours per year participate in the Texas Municipal Retirement System (TMRS). During the 2007/2008 fiscal year, most Texas cities, including Amarillo, were notified the TMRS plan had been under funded and city contribution rates would have to increase dramatically. Since most cities could not afford such a large increase, the TMRS Board provided an eight-year phase-in of the new rate. The City of Amarillo's rate under the phase-in program was 17.83% of pay, which has been contributed by the City. However, since the actuarially determined Annual Required Contribution (ARC) was 23.18% of pay, the City did not meet its ARC. The $6,607,265 difference between the actual contribution and the ARC is shown as a liability on the entity- wide financial statements and recorded as a liability in the proprietary funds: Water & Sewer, Airport, Information Technology, Employee Insurance Fund and Municipal Garage. However, for the 2010/2011 budget, the City modified the TMRS benefit by eliminating the automatically repeating Cost of Living Adjustment to retirees and the automatically repeating Updated Service Credits for employees. The City's rate beginning January 2011 was reduced to 14.09%. This change significantly affected the Annual Required Contribution.

For many years, the City discharged treated effluent wastewater into a playa lake in full compliance with a State of Texas issued environmental discharge permit. A plume of water developed beneath the playa and has slowly migrated outward. The most notable quality of this plume is that it contains slightly more chloride than the ambient groundwater in the vicinity. The City has been monitoring nearby homeowners' water wells for about twenty years. When the chloride content tests above a certain amount, the City has routinely drilled replacement wells that are deeper than the plume and encased the wells to prevent the plume from affecting the taste of the well water. The City has also installed reverse osmosis treatment systems for homeowners to enhance the taste of their well water. The chloride in the groundwater does not meet any state or federal definition of pollution or contamination; the water is safe to drink. In fact, the water is of an equal or better quality than the water the City of Amarillo delivers to its citizens. The City intends to continue this practice in the future as a good neighbor to surrounding homeowners. The City has accordingly recorded a liability of $3.4 million for the future practice of monitoring wells and providing replacement wells and treatments systems in the Water & Sewer Fund.

Following the report of the independent auditors is Management's Discussion and Analysis (MD&A). Although the Securities and Exchange Commission has required public companies to present MD&A for many years, this requirement, promulgated by Statement No. 34, is new to governmental financial reporting. The objective of the MD&A is to provide an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions. The Statement specifies the topics that must be included in the MD&A, and we believe that our presentation is in conformity with this new standard.

Profile of the City of Amarillo:

The City of Amarillo is geographically located within the boundaries of both Potter and Randall Counties in the center of the "Crown" or "Panhandle" of Texas, and now contains an area of 100.24 square miles. Located on Interstate Highway 40 at the crossroads of a number of other highways and railroad lines, the City is the trade, banking, transportation, medical services and marketing center of the entire Panhandle, as well as for portions of New Mexico, Oklahoma, Colorado and Kansas. The estimated 2011 population is 195,666.

In accordance with its current Charter, adopted in 1913, the City of Amarillo operates under a commission-manager form of government. As the legislative body, the City Commission is responsible for enacting all ordinances, resolutions and regulations governing the City, as well as for appointing the members of the various statutory and ordinance boards, and appointing the City Manager. As chief administrator, the City Manager is responsible for enforcement of the laws and ordinances, as well as for supervising all offices and departments created by the City Commission.

The City provides the full range of municipal services normally associated with a municipality, including police and fire protection, street paving and maintenance, traffic engineering, enforcement of building and sanitary codes, a civic center complex, parks, golf courses, swimming pools and other recreational facilities, and five public libraries. The City provides solid waste collection and disposal services, and operates a transit system, which operations are accounted for as general governmental functions. The City maintains the water and sewer systems and an international airport, the operations of which are accounted for as enterprise funds.

Overview of the Financial Reporting Entity:

In accordance with governmental accounting standards, various governmental entities with which we have relationships were evaluated to determine whether they should be reported in the City's combined financial statements as a part of its reporting entity. Based on standards established by the GASB, an entity should be considered to be part of the City's reporting entity if it is concluded that the nature and significance of the relationship between the City and the entity is such that exclusion would cause the City's financial statements to be misleading or incomplete.

Based on the accounting standards, the financial affairs of the Amarillo Hospital District, the Amarillo Economic Development Corporation, the Amarillo Local Government Corporation, the Amarillo-Potter Events Venue District, and Tax Increment Reinvestment Zone #1 (TIRZ #1) are reported as component units in the City's financial statements. The Amarillo Hospital District is a separate political subdivision of the State of Texas, but is considered part of the City's financial reporting entity because the City Commission appoints the District's Board of Managers and has final authority over its budget and tax rate. Similarly, the Amarillo Economic Development Corporation and the Amarillo Local Government Corporation are organized as nonprofit corporations under the laws of the State of Texas, but are included in the financial statements because of the City Commission's authority to select their Board of Directors and approve the budgets. The Amarillo-Potter Events Venue District, approved by the voters on January 17, 1998, is considered part of the City's financial reporting entity because the City's Mayor appoints four of the seven members of the District's Board of Directors. Moreover, through a facility lease agreement, the City has financial responsibility with respect to the Venue District's debt service payment(s) if the related tax revenues were not sufficient to make the payment(s). TIRZ #1 has a ten-member board. The City of Amarillo appoints three board members, Potter County appoints three members and Amarillo College, Amarillo Independent School District, Amarillo Hospital District and the Panhandle Groundwater District each appoint one board member. While TIRZ revenues can be pledged to support debt, only the City can issue the debt and pledge the TIRZ revenue. Moreover, the City Commission created the TIRZ and has final approval authority on the budget and all TIRZ projects. However, only summarized information regarding these entities is presented in our financial statements. Complete financial statements are available in separately issued reports for each of these entities.

The affairs of the Amarillo Housing Finance Corporation are included in our financial reporting entity because of the City Commission's appointment of its Board of Directors. The activities of this corporation are limited to issuance of housing bonds under provisions of the Texas Housing Finance Corporation Act, and its bonds are not general obligations of either the corporation or the City. It does not publish separate financial statements. Since none of the component unit operations are integral to the operations of the City, their affairs are segregated from the financial presentation of the primary government. As provided by the new accounting model, the aggregate component unit information is reflected "discretely" in the city-wide financial statements.

Operating and Capital Budgets:

Budgetary controls serve two main purposes. First, the annual appropriated budget approved by the City Commission satisfies our legal obligation to review and adopt an annual budget. Second, budgetary controls provide management with an effective means of managing the financial activities of a particular function or department. Activities of the general fund, debt service funds, and major grants in existence at the beginning of the fiscal year, internal service funds, enterprise funds, and other special revenue funds are included in the annual budget. The General Fund, Debt Service Fund, Compensated Absences, Public Health Fund, Law Enforcement Offices Standards and Education Training (LEOSE), Local Seized Property Fund, and Court Technology Fund, Court Security Fund and the Public Improvement Districts budgets are legally adopted and represent appropriation of funds. The internal service fund budgets and enterprise fund budgets are for management purposes only and do not represent appropriations. Grants included in the budget are estimates included for presentation purposes only to give the budget reader a better understanding of the financial scope of the entire organization. Budgets are adopted for grant funds at the time formal acceptance of the grants is made by the City Commission, such budgets generally being adopted for the time period covered by each grant.

The City prioritizes the funding of capital projects on the basis of five-year capital improvement plans. A capital improvement is any expenditure for the purchase, construction, replacement, expansion, or major renovation of the physical assets of the City when the project is relatively expensive (more than $25,000), long-term, and permanent. Some common examples are streets, libraries, traffic signal systems, fire stations, specialized equipment, and water and sewer lines. Capital needs of less than $25,000 (minor replacement items) are provided for in the department's annual budget. The first year of the five-year plan is the City's annual capital budget, which is approved by the City Commission, along with the annual operating budget. Capital Improvement expenditures are controlled by means of individual project appropriations, and all funds needed to complete a project are reserved no later than the inception of the project.

As an enhancement of budgetary controls over expenditures, the City also maintains an encumbrance accounting system, which assures that adequate funds are set aside as commitments are made in the form of purchase orders. Open encumbrances for both purchase orders and construction contracts are reported as reservations of fund balances at year-end.

Budget and Financial Reporting:

The City of Amarillo was awarded the Certificate of Achievement for Excellence in Financial Reporting for our 2009/2010 Comprehensive Annual Financial Report (CAFR). In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. Moreover, the CAFR a must satisfy generally accepted accounting principles, applicable legal requirements, and the Government Finance Officers Association's program standards.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to program requirements, and we are submitting it to the review process of the Association to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. Our latest budget has been submitted for review and we expect that our budget will earn the GFOA's Distinguished Budget Presentation Award.

Our most significant financial achievement this year is an organization rating affirmation by Standard & Poors and a rating upgrade by Moody's. Standard and Poors has affirmed the City's General Obligation debt to

AAA. This is the Standard & Poors highest rating and is a reflection on the City's efficient and effective operation. Moody's has upgraded the City's General Obligation debt to Aa1, which is the agency's second highest rating.

Cash Management and Investments:

State statutes govern the City's investment policies as well as the City's own written investment policy and strategy. In accordance with State law and the City Investment Policy, the City's investment objectives are to preserve capital, to provide liquidity, and to maximize earnings within the constraints of capital preservation and liquidity. City funds are deposited in an FDIC-insured bank located within the City. Permissible investments include the following:

1. Interest bearing accounts, and bank money market accounts at the City's authorized depository. Certificates of deposits including CDARS (Certificate of Deposit Accounts Registry Service).

2. Obligations of the United States or its agencies and instrumentalities. The investment in agencies and instrumentalities is limited to 75% of the portfolio.

3. Eligible Investment Pools as defined in Section 2256.016 of the Texas Government Code continuously rated AAA or AAAm by at least one nationally recognized rating agency.

4. No-load money market mutual funds that are continuously rated AAA or AAAm by at least one nationally recognized rating agency, has a dollar-weighted average stated maturity of 90 days or less, and seeks to maintain a stable net asset value of $1 per share.

5. Taxable municipal securities rated not less than AA- or its equivalent by a nationally recognized rating agency. The total investment in taxable municipal securities would be limited to 10% of the portfolio. To the extent that the investment in taxable municipal securities is not fully utilized in the portfolio, the unused portion can be invested in agencies securities in addition to the 75% limit.

The City will not employ any investment strategy that is inherently risky and will not invest in any securities that are inherently risky. Prohibited securities include mortgage-backed securities that pay only interest; mortgage-backed securities that pay only principal; obligations where the interest rate is determined by an index that adjusts opposite to changes in a market index; obligations related to foreign currency or foreign market interest rates or indices and obligations with maturities greater than five years.

The City's demand deposits, time deposits, and certificates of deposits are collateralized by securities held by the Federal Reserve. The City uses third party safekeeping for its investment securities.

The City began using a securities lending program in 2005 as a means to increasing investment income. Securities are lent to select brokerage firms for which collateral is received that exceeds the fair value of such investments during the period of the loan. Collateral may be cash or high-quality securities. Securities loans are initially collateralized at 102 percent of the fair value of the securities lent; the collateral cannot fall below 100 percent during the duration of the loan. Cash collateral received from the borrower is invested by the lending agent, as an agent for the City, in short-term investments including money market mutual funds. These short-term investments are included as investments in the statement of net assets for governmental type funds and on the balance sheet of proprietary funds. The City records a corresponding liability for the return of the cash collateral held for securities lending in the statement of net assets for governmental type funds and on the balance sheet of proprietary funds. Since the asset and corresponding liability are equal, the impact on net assets would be zero. At September 30, 2011, there was cash collateral held for the securities lending program and therefore, there was an adjustment of $1,007,457 to investments and the corresponding liability.

Long-Term Financial Planning:

As mentioned above, in conjunction with our annual operating budget, we develop a five-year capital improvements estimate. When feasible, the City uses pay-as-you-go financing for capital. When debt is needed to finance capital assets, the City strives to schedule bond issues so that level payments are made over no more than the useful life of the assets. Historically, the excess of revenues over expenditures are earmarked for future capital needs, and the available resources of the general fund are transferred to capital project funds during the budgetary process.

Recent Debt Issuances:

While the City historically uses available funds from the excess of revenues over expenditures to provide for its major capital improvement needs, our capital needs exceeded our ability to generate internal funds for capital. However, starting in 2007, we had several debt issuances.

Our new air terminal was funded with about $23 million from grants, about $8 million from Airport reserves and $16.1 million in Certificates of Obligation. While these certificates have an ad valorem tax pledge, it is the City's intention to repay the certificates from an Airport Passenger Facility Charge (PFC). The Federal Aviation Administration (FAA) approved the new $4.50 PFC in 2008. The PFC, along with some future entitlement funds, should be sufficient to service the Airport Certificates of Obligation and the City should not have to levy a tax to support this debt in the future.

Our Potter County Well Field came into limited service this year. At year end, the well field was producing about five million gallons of water per day. In early 2012, the well field should be able to produce about 20 million gallons per day. Eventually, the well field can be expanded to produce about 40 million gallons per day. The Potter County Well Field project is the largest single capital project in our history. The Potter County Well Field will be a new water supply for the City of Amarillo. The new well field would be able to supply the City's current water needs without using our surface allocation from Lake Meredith and provide for future growth. The Water & Sewer System committed $5.7 million to the well field. In 2009, we were successful in obtaining funds from the Texas Water Development Board (TWDB) in two issuances to complete the project through the Water Infrastructure Fund (WIF) program. In both issuances, the TWDB purchased the City's Certificates of Obligation and is the only bondholder. The first issuance was for $38,885,000 and the City received an overall interest rate of 2.10% on twenty-year debt. The City increased its Water & Sewer Rates by 10% to service the debt. In the second issuance, the City received 1.97% on $47.4 million in 20-year debt.

The City added a high service pump station to the water treatment plant. The project was shovel ready and qualified as a "green" project due to the projected energy savings. Using current pricing, the new pump station should save about $200,000 in electricity. The City was also able to take advantage of the American Recovery and Reinvestment Act (ARRA) along with funding from Texas Water Development Board. The City issued $18,075,000 in Certificates of Obligation at zero percent interest. The project will be substantially complete at the end of calendar year 2011. The City had to increase water & sewer rates by 10% in 2010/11 for the increased debt service on the Potter County Well Field project and the high service pump station.

2010 Certificates of Obligation:

The City also received funding from the Texas Department of Transportation (TxDOT) for a much-needed bridge over the BNSF railroad tracks at the intersection of S.E. Third Avenue and Grand Street. Grand Street is one of the main north-south arterial streets for the east side of Amarillo. When the Grand Street crossing is blocked due to rail traffic, the other main north-south arterial, Eastern Street, is often also blocked. The proposed bridge would remedy the problem on Grand Street and even help relieve congestion on Eastern Street as well. The project is estimated at approximately $9 million, with most of the funding coming from the

Amarillo MPO and TxDOT Amarillo District ARRA funds (about $8.3 million). The balance of the project cost will be paid from City funds. Potter County has agreed to financially participate in the project cost with the City for an undetermined amount. The City issued $1,392,000 of Recovery Zone Build America Bonds, Series 2010 for its portion of the project cost. These bonds were issued with a true interest cost of 3.194%. The City's portion of the project is $967,472; the balance of the bond proceeds will be used for street improvement projects within the Recovery Zone.

2011 Certificates of Obligation:

During January 2011, the City issued the 2011A Certificates of Obligation in the amount of $3,750,000 and the 2011B Certificates of Obligation in the amount of $2,210,000. The proceeds from the 2011A issue are for improvements to the Ross Rogers Golf Course. These certificates have a continuing tax pledge, but the City anticipates that the issue will be repaid from golf course improvement and renovation fees. The proceeds from the 2011B issue are for improvements in the TIRZ #1. These issues have a continuing tax pledge, but the City anticipates that the issue will be repaid from revenue generated from the TIRZ #1.

Our Local Economy:

Historically, major industries of the area include grains, cattle, beef processing, natural gas, oil, helium and other petroleum by-products, refining operations, and nuclear weapons processing. These industries are still very important to Amarillo; however, Amarillo has a more diverse economy. Food processing, defense industry, manufacturing, distribution, traffic and transportation, general retail, banking, criminal justice, medical facilities, administrative and back-office operations, and higher education are all important industries in Amarillo.

Amarillo is also a regional trade center for a very large five state region. Thus, retail sales, banking and medical services are significant activities in Amarillo. Moreover, because of Amarillo's central location in the United States and being traversed by I-40, I-27 and State Highway 287, traffic & transportation and travel & tourism are important industries to Amarillo.

Natural gas and petroleum are major industries in the City of Amarillo and the Panhandle. There was a significant increase in the price of oil compared to last year. According to the *Amarillo Economic Analysis*, prepared by Amarillo National Bank, September 2011 oil was at $85.53 per barrel compared to $69.78 last year[(1)]. Natural gas prices were pretty flat. Natural Gas was at $4.05 per mmbtu last year compared to $4.04 per mmbtu at September 2011[(1)]. Since we are both a producer and a consumer of natural gas, part of our economy benefits from higher gas prices while it is detrimental to another part of our economy. Increases in natural gas prices mean higher royalty payments to landowners, but it also means higher energy costs for our area farmers that use natural gas for irrigation and other industries.

While there is some benefit to lower oil and gas prices to the economy in general, changes in oil and gas prices have a direct impact on drilling activity in the Panhandle. At September 2008, there were 95[(1)] active drilling rigs in the Panhandle compared to 29[(1)] at September 2009 and 74[(1)] at September 2010. In September 2011, there were 83 active drilling rigs. In January 2002, there were less than 14 drilling rigs in the Panhandle.

According to the Texas Cattle Feeders Association, our cattle feeding area produces about 7 million fed cattle annually, which is about 30% of the nation's beef. Cattle prices have improved since in 2011. At September 2011, fed cattle prices were $112.50 per hundredweight compared to $99 per hundredweight in 2010[(1)].

The majority of principal area crops cannot be grown without irrigation and natural gas is the main fuel used for irrigation. The major crops grown in the Panhandle are wheat and corn. Corn prices increased again.

September 2011 corn was at $7.61[1] compared to $4.59[1] in 2010 and to $3.25[1] in 2009. September 2010 surpassed the previous September high of $5.30[1] in 2008.

Wheat prices have also done well. Wheat was at $7.67 per bushel at September 2011[1]. At September 2010, wheat had significantly increased to $6.37[1] per bushel from $3.94[1] at September 2009. Wheat was at $6.43[1] per bushel at September 2008 and $4.87[1] per bushel at September 2006.

Cotton has become a more important crop in our area and cotton prices have been increasing since 2005. Cotton was at $106.22 cents per pound at September 2011. At September 2010, cotton was at $87.14[1] cents per pound compared to $53.5[1] cents per pound in 2009. At September 2006, cotton was at $47.2[1] cents per pound compared to $42.1[1] cents per pound at September 2005. Historically, cotton has been grown south of Amarillo. However, new hybrids can be grown in our area.

Our Economic Development Corporation:

In order to diversify and grow our local economy, in 1989 Amarillo citizens approved a ½ percent sales tax dedicated to the promotion of economic development and financing of industrial, manufacturing, distribution and regional wholesaling projects that will result in new jobs in Amarillo. The half-cent sales tax currently generates about $14 million annually. To manage these funds, the Amarillo Economic Development Corporation (Amarillo EDC) was created and became fully operational when the first tax proceeds were received in June 1990.

The Amarillo EDC's mission is "To promote business expansion in the greater Amarillo area that builds a stronger, more diversified economy and increases the economic vitality and wealth of the community." The organization accomplishes its mission by attracting new business and industry to the Amarillo area that will create skilled, high-wage primary jobs, assisting existing primary business and industry with growth and expansion plans through a pro-active business retention and expansion program and creating a business environment conducive to entrepreneurialism by providing financial support and technical assistance to primary businesses in collaboration with partner agencies.

In the past 20 years, the Amarillo EDC has engaged in over 100 projects with over 100 companies, building a *Portfolio of Success,* including new industrial locations, retention and expansion and entrepreneurialism projects. The portfolio includes: 40 Retention & Expansion Projects, 13 Relocation Projects and 37 Entrepreneurialism Projects. The Perryman Group, an independent economic consulting firm, recently evaluated the combined investment each company has contributed to the community. The study stated, "The Amarillo EDC has successfully attracted new businesses to the local area and encouraged existing firms to stay and expand. In fact, about one in three jobs in the local area is linked to a company the Amarillo EDC has assisted in some way. The long-term economic vitality of Amarillo and the surrounding area have clearly been enhanced by the Amarillo EDC."

Amarillo EDC Five Target Industries:

1. Aviation/Aerospace – Aircraft Manufacturing; Aircraft Engine and Engine Parts Manufacturing. The Amarillo EDC will continue efforts to market to the suppliers of current Amarillo aviation companies encouraging support industry to flourish. *Portfolio of Success:* Bell Helicopter, TACAir, Composite Shapes, Tradewind Turbines, Leading Edge Aviation Services, Headsets Inc.

2. Business & Financial Services – Companies continue to search for strong work ethic and favorable natural conditions that will allow for a secure location for their sensitive business operations. Amarillo provides both for interested prospects. *Portfolio of Success:* AIG-Western National Life, Nationwide Insurance, SITEL, Blue Cross Blue Shield, CS Stars.

3. Diversified Manufacturing – Wind Tower Components, Primary Metal Industries, Fabricated Metal Products, Industrial Machinery, Electronics and Instruments. Companies under this category manufacture mid-value, mid- to-high bulk products, which are under extreme pressure to reduce costs. *Portfolio of Success:* Sage Oil Vac, GTM, Backyard Adventures, Tech Spray, SciCron Technologies, Zarges and Alstom Power, Inc.

4. Transportation & Logistics – Amarillo's transportation assets are well suited for this industry. Companies are currently looking for ways to reduce cost by locating within the central part of the United States. *Portfolio of Success:* Ben E. Keith, Affiliated Foods, Hastings, Anderson Merchandisers, AmeriCold Logistics, McCarty-Hull.

5. Food Technologies – Amarillo's location, industry clusters and resources are well suited for this industry. *Portfolio of Success:* Tyson, Plains Dairy, Hilmar Cheese Company, Pacific Cheese, Palo Duro Beef Processors[7].

Major Industries and Employers:

The Amarillo Chamber of Commerce lists 31 employers with 400 or more employees in Amarillo. This is a very diverse group of employers consisting of governmental entities, manufacturing, defense, industry, food processing, healthcare, general retail, traffic & transportation, energy companies, public utilities, higher education, financial services, retirement services, the travel industry and computer services[3].

Two of our largest employers are in the defense industry: Bell Helicopter and B&W Pantex. The Pantex Plant, located 17 miles northeast of Amarillo, in Carson County, is charged with maintaining the safety, security and reliability of the nation's nuclear weapons stockpile. The Pantex Plant is managed and operated by B&W Pantex for the U. S. Department of Energy/National Nuclear Security Administration. Pantex's work falls within three main missions: Stockpile Stewardship, Nonproliferation and Safeguards and Security. As stewards over the nation's nuclear stockpile weapons, Pantex evaluates, retrofits, and repairs weapons in support of both life-extension programs and certification of weapons safety and reliability. Pantex also develops, tests, and fabricates high explosive components for weapons. Pantex dismantles surplus weapons, sanitizes components form dismantled weapons and provides interim storage and surveillance of plutonium pits in conjunction with their Nonproliferation mission. Pantex's safeguard and security mission entails protecting the Plant personnel, facilities, materials and information. All work at Pantex is carried out under these overarching priorities: the security of weapons and information, the safety and health of workers and the public, and the protection of the environment[2]. Approximately 3,400 people are employed at Pantex[3].

In 1998, Bell Helicopter announced their decision to locate the Bell Helicopter Tiltrotor Assembly Center in Amarillo, Texas. Initial investment was $30,000,000 along with the construction of a world-class facility. In this short period of time, the invested amount in this facility has surpassed $100,000,000. Amarillo is very proud of Bell Helicopter and the continued success their company has created for the region. Bell Helicopter's Military Aircraft Assembly Center in Amarillo is building the revolutionary V-22 Osprey, the Kiowa and Huey military helicopters[7]. The V-22 has the speed of an airplane and the hovering of a helicopter[8]. The Amarillo EDC issued bonds to help with the project. Under the terms of the lease, Bell's lease payment is abated so long they meet local compensation and spending requirements. Bell currently employs 1,382[3].

ASARCO operates a copper smelter in Amarillo and employs 345[3] workers. Other manufacturing operations in Amarillo include Owens Corning Fiberglas, which employs about 586[3] people. Owens Corning produces fiberglass for building products. Amarillo Gear manufactures the largest range of spiral bevel right angle gear drives in the world[10] and employs 160[3] people. Weyerhaeuser Paper Company produces containerboard packaging in Amarillo and employs 101[3] people. Arden Corporation produces cushions for patio furniture and employs 101[3]. Tech Spray is a formulator, manufacturer and marketer of branded specialty

cleaning, repair, and maintenance, and production support products for industrial and consumer markets worldwide[7]. Tech Spray employs about 110[3]. Crouse-Hinds is a division of Cooper Industries. Crouse-Hinds manufactures industrial electrical fittings in Amarillo and employs about 100[7].

Food distribution is also an important industry to Amarillo. Affiliated Foods employs 1,250[3] workers in its facility. Ben E. Keith, a distributor of food service products, employs 250[3] persons. Beef Products, Inc. is the world's leading producer of lean beef[18] and employs about 211[3]. Our largest single employer is also in the food industry. Tyson Foods has 3,583[7] employees operating its plant in northeast Amarillo.

Both ranching and cattle feeding are important to our area. There are several advantages to cattle feeding operations in our area. The area's central location reduces transportation costs. There are locally grown feed grains and volume shipments from the Midwest ensure a plentiful supply of feed. Relatively mild winters and good summer weather have helped the three-state area earn its reputation as "Cattle Feeding Country." Local lenders in the area understand the industry and are willing partners. According to the Texas Cattle Feeders Association, 30% of the nation's beef is produced in the Texas Panhandle. Both Cactus Feeders and Friona Industries are headquartered in Amarillo. Cactus Feeders has 10 large-scale cattle feed yards across the Texas High Plains and Southwest Kansas. Since its founding in 1975, Cactus Feeders has grown into a $750 million company that employs about 500 people. Cactus Feeders is the world's largest cattle feeding operation[4]. Founded in 1962, Friona Industries owns four feed yards in northwestern Texas with a feeding capacity of more than 290,000 head of cattle[5].

Amarillo is a regional medical center for a five state geographic region and the healthcare industry is one of the largest employers in Amarillo. The Harrington Regional medical center in Amarillo was the first specifically designated city hospital district in Texas. From the beginning, the medical center was planned to include health care, the training of doctors and nurses, and medical research programs. The Harrington Regional Medical Center had 410 acre campus and was supported by the Don and Sybil Harrington Regional Medical Center at Amarillo, had twenty-two resident facilities, five acute care units (High Plains Baptist Hospital, Northwest Texas Hospital, Psychiatric Pavilion, Department of Veterans Affairs Medical Center, and Texas Panhandle Mental Health Authority-Crisis Stabilization Unit), three long-term care units (Texas Department of Mental Health and Mental Rehabilitation Amarillo State Center, Bivins Memorial Nursing Home, and Texas Panhandle Mental Health Authority-Outpatient Facility), four education and research units (Don Harrington Discovery Center, Texas A&M Agricultural Research and Extension Center, Texas A&M Veterinary Diagnostic Laboratory, and Amarillo Garden Center), six medical and health related units (Coffee Memorial Blood Center, Amarillo Speech, Hearing and Language Center, Children's Rehabilitation Center, and Potter/Randall County Medical Society, Ronald McDonald House, and Medical Center Park), three combination patient care, medical research, and medical education units (Texas Tech University Regional Academic Health Sciences Center, Texas Tech Clinic, and Don and Sybil Harrington Cancer Center), and one medical center support facility (child care facility for children of employees)[19].

The medical center complex is home to several of our major employers. Baptist St. Anthony's Health Care System with 2,700[3] employees and Northwest Texas Healthcare System with 1,490[3] employees. Both Baptist St. Anthony's Health System (BSA) and Northwest Texas Healthcare System (NWTHS) offer integrated acute care hospitals. BSA offers a full range of medical and surgical services at their 451 bed[20] acute care patient facility located within the Harrington Regional Medical Center. BSA is also a partner in Physicians Surgical Hospitals, LLP, which offers two additional acute care hospital facilities near the Medical Center[14].

Northwest Texas Healthcare System (NWTHS) is a designated tertiary care academic institution. The hospital provides physicians and patient diagnosis and treatment of the most acute clinical conditions. The emergency department is a certified Level-III Trauma Center and sees approximately 57,000 patients annually. NWTH has 404-bed general medical hospital, a community health center including an 85-bed behavioral health facility[15]. NWTHS is one of our largest taxpayers.

Our VA Medical Center employs about 984[3] people. The Amarillo VA Health Care System, a division of the Southwest VA Health Care Network, provides primary specialty, and extended care of the highest quality to veterans throughout the Texas and Oklahoma panhandles, eastern New Mexico, and southern Kansas. Approximately 25,000 patients are treated annually. The health care system maintains 69 acute care inpatient beds for general medical, surgical, and intensive care. Geriatric and extended care is provided in the 120-bed skilled nursing home care unit. A modern ambulatory care center and medical arts building facilitates the delivery of primary care, specialty care and preventive health services. The Amarillo VA Health Care System also ensures health care is accessible to those veterans residing in rural areas through three community-based outpatient clinics located in Lubbock, Clovis, New Mexico, and Liberal, Kansas[6].

Other large medical employers include the Texas Panhandle Centers Behavioral & Developmental with 436[3] employees, the Plum Creek Specialty Hospital with 300[3] employees, Panhandle Eye Group with 160[3] employees, the Amarillo Diagnostic Clinic with 190[3] employees, Family Medicine Centers with 242[3], Amarillo Heart Group with 155[3] employees, the Don & Sybil Harrington Cancer Center with 165[3] employees, Triumph Health Care with 147[3] employees, Regence Health Network with 165[3] employees and Physicians Surgical Hospitals with 123[3] employees.

Mild weather, excellent medical facilities, and low living costs make Amarillo an excellent location for retirement living. There are several large retirement communities in Amarillo including Baptist Community Services with 400[3] employees, Park Central Retirement Community with 300[3] employees, Ussery-Roan Texas State Veterans Home with 100[3] employees, Bivins Memorial, the Craig Methodist Retirement Community with 140[3] employees, and Ware Living Center with 141[3] employees.

Administrative and back-office operations are also included in Amarillo's major employers. Western National Life Insurance Company provides fixed annuity products through financial institutions in the United States. The company was founded in 1944 and is based in Amarillo, Texas. Western National Life Insurance Company operates as a subsidiary of AIG (American International Group, Inc.)[11]. Western National Life employs about 1,035[3] people.

For 27 years, Insurance Management Services **(IMS)** has been a leader in Health Benefit Administration for employer groups of all sizes. IMS is locally owned and operated exclusively out of Amarillo[13] and employs 106[3]. IMS started as a small business with manual claims administration and has evolved into a full-service Third Party Administrator with 45,000 covered lives[13].

Major retail stores draw customers from a wide region into our city. Amarillo is currently home to four Wal-Mart supercenters and a Sam's Club. Wal-Mart employs a total of 781[3] people and Sam's Club employs 150[3]. United Supermarkets is a large employer and employs a total of 538[3] in their seven stores in Amarillo. Toot'n Totum has several convenience stores in Amarillo and employs 700[3]. Founded in 1968, Hastings Entertainment, Inc. is a leading multimedia entertainment retailer that combines the sale of new and used books, videos, video games and CDs, and trends and consumer electronics merchandise, with the rental of videos and video games in a superstore format. Hastings currently operates 146 superstores, averaging approximately 24,000 square feet, primarily in medium-sized markets throughout the United States. Hastings also operates an e-commerce Internet Web site that makes available entertainment products[12]. The Hastings retail chain headquarters is located in Amarillo and has 491[3] employees.

Customer support and back office operations are also large employers. SITEL has telemarketing services in Amarillo and employs 337[3]. Anderson Merchandisers has 426[3] employees. Maxor National Pharmacy Services Corporation is a pharmacy benefit management company headquartered in Amarillo and has 375[3] employees. The American Quarter Horse Association is also headquartered in Amarillo and employs 302[3]. The Atmos Energy customer support center in Amarillo employs 333[3]. Nationwide Insurance also has a customer support center in Amarillo with 430[3] employees. AT&T is also one of our

larger employers with 320[3] employees. McCoy Myers & Associates has its home office in Amarillo and also has data center operations in Amarillo and Waco. McCoy Myers offers both in-house and outsourced turnkey data center services to banks[17]. McCoy Myers employs 113[3] people.

Amarillo also serves as a regional banking center. Bank of America, Citibank, Chase and Wells Fargo have branches in Amarillo, along with regional banks and local banks. The banking industry is very important to Amarillo and banks are some of our larger employers. Amarillo National Bank is on our list of top ten taxpayers and employs approximately 564[3]. Bank of America employs 105[3]. Herring Bank employs 125[3]. Happy State Bank is also a large employer.

The Texas Department of Criminal Justice has two prison units in Amarillo and is a major employer. The two prisons provide 1,303[3] jobs.

Higher Education is a major employer in the Amarillo area. Our community college, Amarillo College, offers both vocational training and associate degree programs has 645[3] employees. Texas Tech University has a large presence in our community. The Texas Tech Health Science Center in Amarillo has both a medical school and pharmacy school in Amarillo and employs 879[3]. Texas Tech University provides training in our community for medical doctors earning specialty accreditation in family medicine. Texas A&M Agricultural Research & Extension Center employs 78[3]. West Texas A&M University in nearby Canyon, which is a part of the Texas A&M University System, employs 755[3]. West Texas A&M also has a campus in Amarillo.

As mentioned earlier, the oil and gas industry is important in the Panhandle and energy companies are also major employers. Centergas Fuels, Inc. employs 250[3], Valero Energy Corp. employs 105[3] and Davidson Oil Company employs 108[3].

The traffic and transportation industry has been important to Amarillo from its beginning in 1887. Amarillo was founded near a bend in the Fort Worth and Denver (FW&D) Railroad tracks, which were under construction. The Burlington Northern Santa Fe Railroad is still one of our major employers with 805[3] employees. Trucking is also important to Amarillo. Baldwin Distributing Services, Inc, and Plains Transportation, Inc. are also in the trucking industry; Baldwin employs 150[3] and Plains employs 101[3]. Support for the trucking industry is a larger employer in Amarillo and includes companies like Amarillo Truck Center, which employs 112[3], Roberts Truck Center with 76[3] employees, and Bruckner's with 70[3] employees.

Today, Amarillo's airport has the third longest commercial runway in the world. There are numerous direct daily flights from Amarillo to major hub airports having direct flights to foreign countries. You can get to Dallas-Ft. Worth Regional Airport in one hour; Houston Intercontinental in about an hour and a half; Denver International in an hour; Las Vegas in two hours; and LAX in four hours. Amarillo is a hub for major highways that connect to the rest of the region; I-40 to Oklahoma City and Albuquerque, U.S. 287 to Dallas and Fort Worth and U.S. 87 to Denver[7].

Because of Amarillo's location on Interstate 40, Interstate 27, and State Highway 287; along with attractions in and nearby Amarillo, hospitality and tourism are significant industries. Approximately eight million people travel through Amarillo annually and dine in over 500 local restaurants. The Amarillo hotel industry has more than 50[3] hotels with over 5,100[3] rooms to rent. One of our larger employers is a hotel facility. The Ambassador Hotel employs 120[3] people. Amarillo has an amusement park and an art museum. The American Quarter Horse Museum is located on Interstate 40. The Panhandle Plains State Historical Museum is in nearby Canyon, Texas. Palo Duro Canyon and the Alibates Flint Quarry are also nearby. Wonderland Amusement Park is located in north Amarillo and employs 164[3] persons.

Two of the larger employers are engineering firms. Talon/LPE is a full service environmental consulting and engineering corporation and employs 125, while Zachry Engineering Inc. employs 185[3]. The construction industry is also a major employer. J. Lee Milligan, Inc. employs 225[3], L. A. Fuller & Sons Construction Inc. employs 150[3] and Denman Building Products, LTD employs 100[3] people.

In summary, Amarillo's local economy is broadly diversified. While Amarillo has several large industries and employers, no single industry or employer dominates the Amarillo economy.

Current Economic Climate and Trends:

Amarillo has fared much better than most cities during the recent recession. Our Departments managed their operations very carefully and we avoided pay cuts, layoffs, and furloughs. Moreover, we had neither a reduction in service nor any reduction in available hours to our citizens. In 2011, our Water & Sewer Revenue debt was upgraded to AAA by Standard & Poors. Amarillo is one of the few cities that have AAA General Obligation debt and AAA Water & Sewer Revenue debt by Standard & Poors.

The recovery has been most dramatic on our sales tax. Our 2010/11 fiscal year was a record high for sales tax with revenue of over $46 million. Moreover, every month in 2010/11 exceeded the corresponding month in the previous year. Generally, sales tax is erratic on a month-to-month basis, with some months exceeding their corresponding previous year month and some months being down compared to their corresponding previous year month. Amarillo also had a record year in hotel occupancy tax revenue in 2010/11, with revenue of almost $4.8 million.

Amarillo unemployment has been stubborn at 5.9% compared to 5.8% last year[1]. However, Amarillo's unemployment was better than the State of Texas at 8.5% and our national unemployment at 9.1%[16]. Part of the employment issue may be related to the 2010/11 drought, which was the worst drought in recorded history.

The 2010/11 drought, along with a 10% rate increase October 1, 2010; made for a record year in water and sewer revenue with $68.6 in utility sales and service revenue and operating income of $24.5 million. The City sold a portion of the water rights purchased in 1954 in Hartley County. The water rights sale made a net gain of $6.9 million. Most of the City's water rights are in Roberts County and we did not feel that the City would develop the Hartley County rights. With the Hartley County sale and less interest expense, the water and sewer system had a profit of $27.6 million. While we hope we do not experience another drought like 2010/11 again, our Potter County well field should be in full production in 2011/12; which means we can bring another 22 million gallons of water per day to the City.

Our property tax base did not decrease during the recession. As of January 2010, we had just over $10 billion ($10,055,707,732) in property value with $157 million in new values due to construction. In January 2009, we had $9,991,351,569 in taxable property value including $194 million in new values. 2011 residential construction increased compared to 2010. There were 600 new residential building permits for $144 million compared to 535 permits in 2010 valued at $128 million. In 2009, there were 516 new residential permits valued at $125 million. Historically, low interest rates have helped residential construction.

Comparing 2011 to 2010, commercial construction was down slightly in terms of number of permits (51 versus 54), but off sharply in value. In 2010, commercial permits were valued at almost $110 million compared to $48 million in 2011. The 2011 year is more comparable to 2009 when the value on new commercial construction was $55.6 million. The total value of new construction permits in 2011 was $192.3 million, which is not as good as 2010 at $237.6 million; but better than 2009, which was $179.5 million.

For our 2011/12 budget, sales tax is estimated at $46 million, which is about the same as actual 2010/11. However, at the time we were building the budget, it was a slight increase over our revised forecast. Other

revenues were left relatively flat for the 2011/12 budget. We had a one cent increase in our property tax rate in the 2011/12 budget. Most of the tax increase will go towards maintaining and repairing our streets.

Amarillo continues to enjoy strong sales tax receipts and property values. Amarillo has a very good quality of life and a lot of opportunity. Amarillo has a strong diversified economy with plenty of jobs. We have major employers and industries for professionals, skilled craftsman, and laborers. Amarillo has the best-funded Economic Development Corporation in the State and Chamber of Commerce to help attract and retain industry and support tourism. Amarillo has great public education and higher education. Amarillo has excellent medical facilities; more than one would expect in a city our size, and very nice retirement facilities. We are well represented by national, regional, and local banks. Retail availability is diverse and strong in Amarillo; anything you need and most everything you want can be found in Amarillo. We have amusement parks, regional parks, and neighborhood parks. We have sports teams, museums, area lakes, and other attractions. In short, Amarillo is a great place to live and work.

We wish to thank the Mayor and members of the City Commission for their responsible manner of conducting the financial operations of the City.

Yours very truly,

Dean Frigo
Assistant City Manager for Financial Services
City of Amarillo, Texas

W. Jarrett Atkinson
City Manager
City of Amarillo, Texas

Sources:

(1) Amarillo Economic Analysis, courtesy of Amarillo National Bank
(2) B&W Pantex
(3) Amarillo Chamber of Commerce includes only full-time employees
(4) Cactus Feeders
(5) Friona Industries
(6) Amarillo VA Health Care System
(7) Amarillo Economic Development Corporation
(8) Bell Helicopter
(9) Harrington Regional Medical Center
(10) Amarillo Gear
(11) Western National Life
(12) Hastings
(13) Insurance Management Services
(14) Baptist St Anthony Hospital
(15) Northwest Texas Hospital
(16) US Bureau of Labor Statistics
(17) McCoy Myers & Associates
(18) Beef Products, Inc.
(19) Texas State Historical Association
(20) US News Health Hospitals

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Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Amarillo, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Amarillo, Texas (the City), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No.54, *Fund Balance Reporting and Government Fund Type Definitions*, in 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress on pages 5 through 18, page 96, and 97 through 99 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquired of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

801 South Fillmore, Suite 600, Amarillo, Texas 79101 ◆ PO Box 15650, Amarillo, Texas 79105 ◆ (806) 373.6661 ◆ FAX (806) 372.1237 ◆ www.cmmscpa.com

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements, schedules and other information, and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements, schedules and other information, and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Connor, McMillon, Mitchell & Shennum PLLC

Amarillo, Texas
January 24, 2012

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Amarillo's (City) Comprehensive Annual Financial Report (CAFR) presents an overview, through Management's Discussion and Analysis (MD&A), of the City's financial activities and performance during the fiscal year ended September 30, 2011. As the management of the City of Amarillo, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2011.

Financial Highlights:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $766.67 million (net assets). Of this amount, $671.99 million is invested in capital assets and infrastructure net of related debt. $7.73 million of this amount is restricted for debt service. The remaining $86.95 million is unrestricted net assets.

- The City's total net assets increased by $17.82 million. Of this amount, $13.86 million decrease is attributable to governmental activities, and an increase of $31.68 million is attributable to net operating revenues of the water and sewer system and airport fund, which revenues are attributable to rates/fees established to fund both current operating needs and future development.

- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $98.57 million, a decrease of $473,015 from the beginning fund balance. The General Fund's fund balance increased by $2.21 million. The decrease in fund balance for capital projects funds was $1.08 million. This decrease was a result of construction starts associated with issuing $25 million in Certificates of Obligation and transfers from the General Fund. Decreases in other governmental funds, which include many grants and special revenue funds, were $1.60 million

- At the end of the current fiscal year, the fund balance for the General Fund was $43.81 million, or 33.55% of total general fund expenditures. Expenditures and transfers out of the General Fund were $139.26 million, which amounts included transfers of general revenues to capital outlay, compensated absences, internal service funds, grant funds, and other funds which carry out general governmental operations. The General Fund remains in good financial condition with unassigned fund balance of $41.77 million

- General Fund revenues had a marked increase over the previous fiscal year. The City recorded a record level of sales tax collections for fiscal year 2011. Given the poor state of the national economy in fiscal year 2010, the City management conservatively budgeted sales tax revenues at $41.8 million for fiscal year 2011. The actual collections were $46.03 million, which is $4.23 million over the amount budgeted. The City continues to see strong sales tax collections. This trend is being seen in most Texas cities despite the continued weak national economy. Management keeps a close watch on sales tax collections to assist in making changes during the year, if needed. The City also had a record year for hotel occupancy tax revenue in 2010-11, recording almost $4.8 million.

- The City substantially completed a portion of the Potter County Well Field Project, which was funded by low percent interest bonds provided by the Texas Water Development Board. This project, located north of the City, is a new water supply for the City and produces an additional 22 million gallons per day of water to the City. The City capitalized $57 million as complete as of September 30, 2011.

- The City substantially completed the Combined High Service and Transfer Pump Station located at the Osage Water Treatment Plant. Funding for this project was provided by the Texas Water Development Board and the use of American Recovery and Reinvestment Act (ARRA) by issuing 0% interest bonds. This pump station will increase the ability to deliver water to the west and southwest parts of the City. The capitalized cost at September 30, 2011 for this project was $17.1 million.

- The City substantially completed the new Airport Terminal during fiscal year 2011. This project totaling $45.4 million was funded by a combination of Federal Aviation Administration airport improvement funds of $21.1 million, revenue bond proceeds of $16.1 million and the remainder being funded by Airport reserves. The revenue bonds will be repaid by using passenger facility charge (PFC) revenues. The PFC, along with some future entitlement funds, should be sufficient to service the Airport Certificates of Obligation and the City should not have to levy a tax to support this debt in the future.

- The 2010/11 drought, along with a 10% rate increase as of October 1, 2010, made for a record year in water & sewer revenue with $68.6 million in utility sales and service revenue and operating income of $24.5 million. The City sold a portion of the water rights purchased in 1954 in Hartley County. The water rights sale resulted in a net gain of $6.9 million. Most of the City's water rights are in Roberts County and we did not feel that the City would develop the Hartley County rights. With the proceeds from the Hartley County sale less interest expense, the water & sewer system had a profit of $27.6 million.

- During January 2011, the City issued the 2011A Certificates of Obligation in the amount of $3,750,000 and the 2011B Certificates of Obligation in the amount of $2,210,000. The proceeds from the 2011A issue are for improvements to the Ross Rogers Golf Course. These certificates have a continuing tax pledge, but the City anticipates that the issue will be repaid from golf course improvement and renovation fees. The proceeds from the 2011B issue are for improvements in the Tax Increment Reinvestment Zone #1. These issues have a continuing tax pledge, but the City anticipates that the issue will be repaid from revenues generated from the Tax Increment Reinvestment Zone #1.

Overview of the Financial Statements:

Effective October 1, 2001, the City adopted the provisions of Statement No. 34 issued by the Governmental Accounting Standards Board (GASB). The financial presentation promulgated by that statement is very different from the governmental financial presentation that was generally accepted before the issuance of Statement No. 34. This discussion is intended to serve as an introduction to the City's basic financial statements presented in conformity with the new accounting standard.

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the finances of the City in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish *governmental activities* – functions of the City that are principally supported by taxes and intergovernmental revenues – from *business-type activities* – functions of the City that are intended to recover all or a significant portion of their costs through user fees and charges. The *governmental activities* of the City include public safety, streets and traffic, culture and recreation, solid waste, transit, urban redevelopment and tourism, as well as general government and staff services. The *business-type activities* of the City include a water and sewer system and an international airport.

In addition to the financial statements of the City, the government-wide financial statements include information concerning five legally separate entities that are part of the City's financial reporting entity because of the City's oversight responsibility for their affairs. These entities include the Amarillo Hospital District, the Amarillo Economic Development Corporation, the Amarillo-Potter Events Venue District, the Amarillo Housing Financial Corporation, the Amarillo Local Government Corporation, and the Tax Increment Reinvestment Zone #1. This information is presented separately from that of the primary government (the City of Amarillo) because such component units are not legally or functionally an integral part of the City.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City like other state and local governments uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: government funds, proprietary funds, and fiduciary funds.

Government funds: *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Accordingly, these statements do not reflect capital assets or long-term debt, and they report capital outlay as opposed to depreciation and report proceeds and principal reductions of long-term debt as sources and expenditures which increase or decrease fund balance. Such statements are useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

In addition to a general fund, the City maintains special revenue funds, 2 debt service funds, 10 capital projects funds, and 1 permanent fund. These funds have been categorized as either *major or non-major* based on the significance of their financial position or operations. For the current fiscal year, management has determined that the General Fund and the Capital project funds meet the criteria for major fund classification.

The City adopts annual appropriated budgets for most funds, other than funds controlled by the five-year capital improvement program or funds controlled by project-length grant budgets.

Proprietary funds: The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer system and for its international airport. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a governmental entity's various functions. The City uses internal service funds to account for its fleet of vehicles, its management information systems, and its general and employee health self-insured programs. Because over 80% of these services benefit *governmental* functions as opposed to *business-type* functions, their net assets and unallocated (investment) earnings have been included with *governmental activities* in the government-wide financial statements.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The funds are used to account for situations where a government's role is purely custodial, such as the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. As assets of the funds are offset by corresponding liabilities to other entities, their financial statements reflect no net assets and, accordingly, no statements of changes of net assets are applicable.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information: As the budgetary comparison schedules of the major governmental funds are not a part of the basic financial statements, this information is presented after the footnotes as *required supplementary information*. This report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its firefighters through the Firemen's Retirement and Relief Fund and its other employees through the Texas Municipal Retirement System and its progress in funding other postemployment benefits.

Government-Wide Financial Analysis:

Changes in assets over time may serve as a useful indicator of a government's financial position. Prior to the effective date of Statement No. 34 issued by the Governmental Accounting Standards Board, capital assets used in governmental fund activities were accounted for in a "general fixed assets group of accounts" and were not depreciated. Effective with its adoption of Statement No. 34 as of October 1, 2001, the City computed the accumulated depreciation on all governmental activity capital assets, including infrastructure. Therefore, changes in assets of both governmental and business-type activities, including capital assets as well as current assets, provide meaningful information to the reader. The table below reflects the City's net assets as of September 30, 2011 compared to the prior year:

City of Amarillo, Texas - Net Assets
(in thousands)

	Governmental Activities		Business-type Activities		Total		Percent
	2011	2010	2011	2010	2011	2010	2011
Current assets	$ 168,496	$ 165,927	$ 48,982	$ 52,882	$ 217,478	$ 218,809	18.72%
Restricted assets	-	-	65,446	99,633	65,446	99,633	5.63%
Capital assets and other noncurrent	346,526	342,329	532,557	445,193	879,083	787,522	75.65%
Total assets	$ 515,022	$ 508,256	$ 646,985	$ 597,708	$1,162,007	$1,105,964	100.00%
Current liabilities	$ 22,613	$ 20,547	$ 24,560	$ 23,386	$ 47,173	$ 43,933	11.93%
Noncurrent liabilities	126,269	107,705	221,892	205,470	348,161	313,175	88.07%
Total liabilities	$ 148,882	$ 128,252	$ 246,452	$ 228,856	$ 395,334	$ 357,108	100.00%
Net assets:							
Invested in capital assets, net of related debt	$ 308,957	$ 309,160	$ 363,032	$ 325,210	$ 671,989	$ 634,370	87.65%
Reserved/restricted	1,707	1,477	6,021	436	7,728	1,913	1.01%
Unrestricted	55,476	69,367	31,480	43,206	86,956	112,573	11.33%
Total net assets	$ 366,140	$ 380,004	$ 400,533	$ 368,852	$ 766,673	$ 748,856	100.00%

The City's net assets increased by $17.82 million during the current fiscal year. The following table reflects the elements of this change:

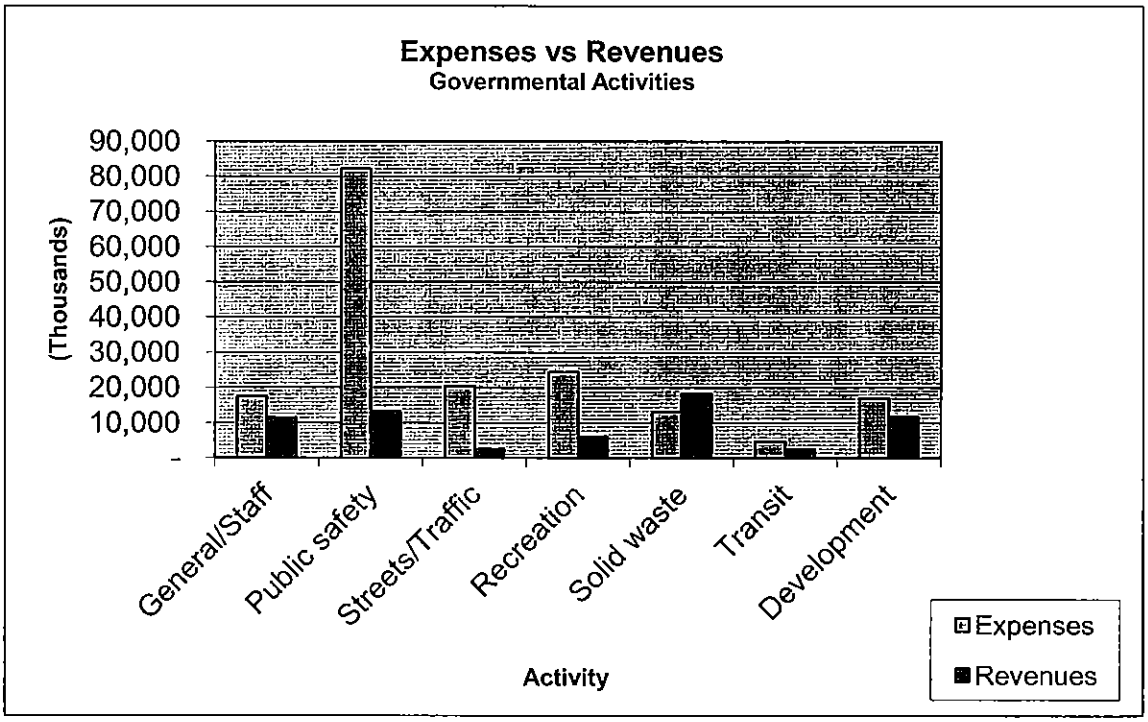
City of Amarillo, Texas - Changes in Net Assets
(in thousands)

	Governmental Activities		Business-type Activities		Total		Percent
	2011	2010	2011	2010	2011	2010	2010
Revenues:							
Program revenues:							
Charges for services	$ 42,571	$ 41,784	$ 77,444	$ 62,658	$ 120,015	$ 104,442	46.02%
Operating grants and contributions	19,858	21,439	-	-	19,858	21,439	7.61%
Capital grants and contributions	3,445	7,298	8,410	13,902	11,855	21,200	4.54%
General revenues:							
Property taxes	33,349	33,376	-	-	33,349	33,376	12.78%
Other taxes	67,330	62,461	-	-	67,330	62,461	25.81%
Gain on sale of property	-	-	6,975	-	6,975	-	2.67%
Investment earnings, etc.	1,283	1,956	206	551	1,489	2,507	0.56%
Total revenues	167,836	168,314	93,035	77,111	260,871	245,425	100.00%
Expenses:							
General/staff services	15,030	16,015	-	-	15,030	16,015	6.18%
Public safety	82,194	80,635	-	-	82,194	80,635	33.82%
Streets/Traffic	20,357	20,189	-	-	20,357	20,189	8.38%
Culture and recreation	24,380	24,298	-	-	24,380	24,298	10.03%
Solid waste	13,212	12,961	-	-	13,212	12,961	5.45%
Transit	4,703	4,919	-	-	4,703	4,919	1.93%
Tourism/urban development	16,937	14,199	-	-	16,937	14,199	6.97%
Information technology	2,538	2,538	-	-	2,538	2,538	1.04%
Interest on long-term debt	2,350	1,533	-	-	2,350	1,533	0.97%
Water and sewer	-	-	52,873	52,401	52,873	52,401	21.75%
Airport	-	-	8,480	8,803	8,480	8,803	3.49%
Total expenses	181,701	177,287	61,353	61,204	243,054	238,491	100.00%
Excess (deficiency) before transfers	(13,865)	(8,973)	31,682	15,907	17,817	6,934	
Transfers	1	59	(1)	(59)	-	-	
Change in net assets	(13,864)	(8,914)	31,681	15,848	17,817	6,934	
Net assets, beginning	380,004	388,918	368,852	353,004	748,856	741,922	
Net assets, ending	$ 366,140	$ 380,004	$ 400,533	$ 368,852	$ 766,673	$ 748,856	

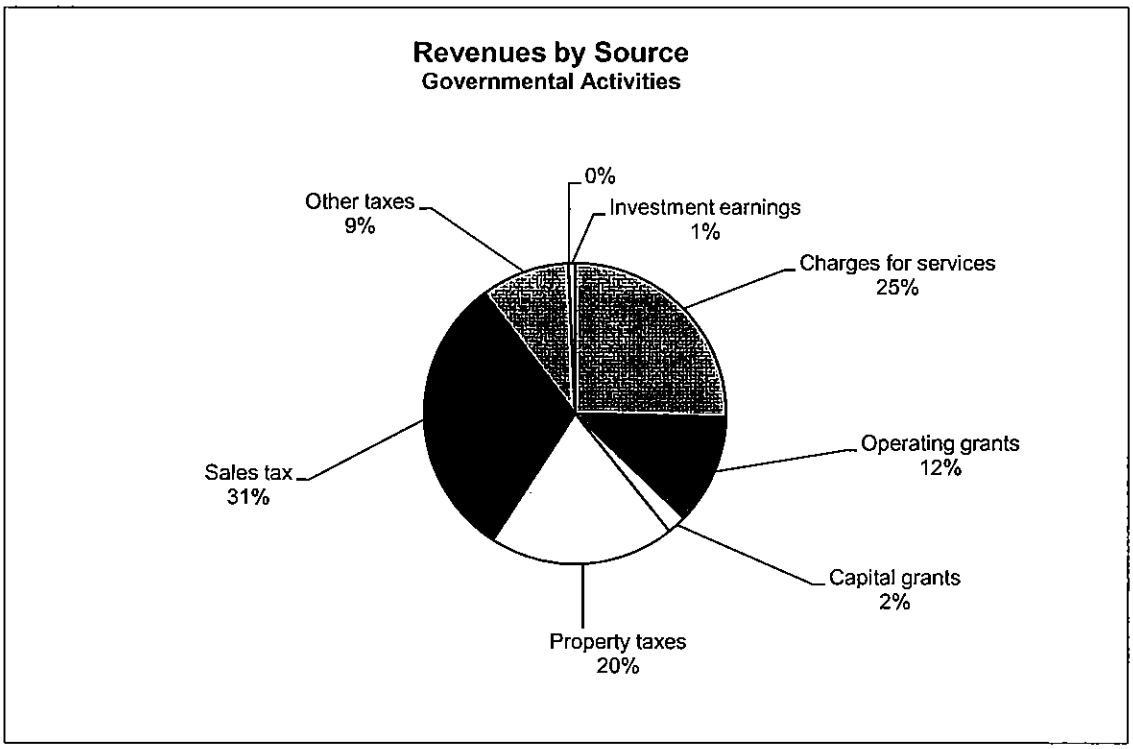
Governmental activities: Unrestricted net assets of the Governmental Activities were $55.48 million. Of this amount, approximately $38.27 million is reserved for capital projects. Unrestricted net assets of the Business-type Activities, which is comprised of the Water and Sewer Fund and the Airport Fund, totaled $31.48 million. The unrestricted net assets of the Business-type Activities are used to provide working capital and fund capital projects.

The decrease in net assets for the Governmental Activities is attributable to the allocated cost of postemployment benefits required under GASB 45. Postemployment benefit cost allocated to Governmental Activities was $13.55 million. Additional decreases in net assets were attributable to increased liability for compensated absences, accrual of self-insurance losses, increased long-term debt and depreciation of capital assets.

The accompanying bar chart entitled *Expenses vs. Revenues – Governmental Activities* - reflects the extent to which each of the major governmental functions of the City is supported by revenues designated for that purpose. These revenues include charges for services, intergovernmental revenues, and citizen participations and contributions. Charges for services include fees of the solid waste disposal utility and transit system, revenues of the auditorium-coliseum complex and park department, and permits, licenses, and fines. For the current year, expenses of the governmental functions were in the total amount of $181.70 million. Program revenues consisting of charges for services, operating grants, and capital grants were in total amount of $65.87 million, resulting in a net cost of governmental functions in amount of $115.15 million to be supported by general revenues of the City which include property taxes and sales tax revenue. General revenues totaled $101.96 million. General revenues and program revenues combined were $167.83 million representing total revenues derived from governmental activities.



The accompanying pie chart entitled *Revenues by Source – Governmental Activities* reflects the major components of both revenues as described above ($167.83 million).



Business-type Activities: Business-type activities, which include both the Water and Sewer Fund and the Airport Fund, increased the City's net assets by $31.68 million. The increase in net assets for the Business-type Activities is primarily attributable to increased revenue in the Water and Sewer Fund. Operating net income of the Water and Sewer Fund was $24.49 million compared to $10.06 million in the previous fiscal year. This was due to increased water and sewer rates, as well as the extreme drought conditions which attributed to the record amount of water sold and consumed by our citizens. Additional increase in the net assets was due to the large gain from the sale of water rights in Hartley County. The gain recorded from the sale of these water rights was $6.97 million. Airport net assets increased by $3.55 million, which is mainly attributable through capital contributions funded by the Federal Aviation Administration through Airport Improvement Grants.

As can be seen from the above tabulation, 87.57% of the City's net assets are invested in capital assets (land, buildings, pipelines, streets and runways, etc.), net of any related debt that is outstanding. Management reviews the use of these assets on an ongoing basis and determines whether they should dispose of any. All of these assets are either being used in current City operations or, as in the case of underground water rights, are being held for planned future use.

$7.72 million of the net assets represents resources that are subject to external restrictions on how they may be used. These restrictions primarily represent accounts established in accordance with bond covenants together with bond proceeds held pending construction expenditures. The balance of net assets is available to meet the City's ongoing obligations to citizens and creditors.

Water and Sewer System: Water metered sales increased by $12.26 million. Water revenues are unpredictable because they are affected by the amount and timing of local rainfall. During 2010-11, the Texas Panhandle experienced a record drought. The increase in water volume sold combined with rate

increases implemented for fiscal year 2009/10 and 2010/11 and a new rate tier for high consumption residential customers increased water sales over the previous year dramatically. Changes in water usage have little effect on sewer revenues, however, this revenue source increased by $2.26 million due to rate changes and growth within the City.

Airport: The Airport has been in process of expanding facilities, and the Federal Aviation Administration funds a significant part of the cost of this expansion. While the Airport generally attempts to operate on a break-even basis, its net assets increased by $3.55 million. This increase is attributable to amounts received from the Federal Aviation Administration to fund major projects at the airport. For fiscal year 2010/2011, the Airport received grant revenues from the FAA and TSA in the amount of $4.20 million. These revenues are recorded as capital contributions in the Airport's financial statements. The Airport continues to apply for and receive AIP funding from the Federal Aviation Administration as major projects are identified for improvements. Funds received under this program require a 5% local match of expenditures which comes from accumulated Airport reserves. During the current fiscal year, the Airport substantially completed construction of a major Terminal Building Improvement project, and completed the demolition work on the East concourse. The passenger facility charge is approved to collect up to $19.2 million, which will be used to pay back general obligation bonds issued on September 3, 2009, in the amount of $16.14 million. During 2010/11, the Airport collected $1.55 million in passenger facilities charges, which is only a slight decrease from the previous year. Airport operating revenues increased slightly from $5.93 million to $6.20 million. Operating revenues are derived from airlines, fees and commissions and other building rentals. Operating expenses increased slightly by $57,168.

Financial Analysis of the City's Funds:

Government funds: The focus of the financial statements of *governmental* funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirement. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As management has long adhered to a policy of financing construction out of unassigned fund balances available after all current needs have been met, these balances also serve as an indication of the amounts available for expansion or replacement of infrastructure and other capital improvements.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $98.57 million, a decrease of $473,014 from the prior year. For fiscal year ending September 30, 2011, the City implemented and began reporting the fund balance structure under guidelines established by GASB 54. GASB 54 requires the fund balances of governmental funds be segregated into five major components. These are: Non-spendable, Restricted, Committed, Assigned and Unassigned. Of the total fund balances, approximately half has been designated by management for specific purposes, and is being accounted for in governmental funds established to control the expenditure of the funds for designated purposes. These funds consist primarily of the Capital Project Funds and the Compensated Absences Fund, which were established to currently fund the City's liability under its sick and annual leave policy. The balance is available to fund current expenditures or to fund future capital improvement or operating needs. All of this unassigned fund balance is accounted for in the General Fund, which is the primary operating fund of the City. At the end of the current fiscal year, the total fund balance of the General Fund was $43.81 million, of which $41.77 million was unassigned.

The fund balance of the General Fund increased by $2.21 million during the current year. The fund balance of the Capital Projects Funds decreased by $1.08 million. This decrease is due to expenditures being made on active projects, including the completion and work being done on the projects funded by

the $25 million in Certificates of Obligation issued in fiscal year 2006/2007. The Capital Projects Funds had assigned fund balances of $38.27 million at September 30, 2011. These funds are assigned for construction projects in progress and for projects currently in the planning stages and in the City's five-year capital plan.

The HUD Programs fund accounts for funds administered by the City for the U.S. Department of Housing and Urban Development, including block grants, housing assistance, and various smaller low income programs. Most of the grants awarded to the City are expenditure-driven; thus, for most programs, revenues equal expenditures.

Proprietary funds: The financial statements of the proprietary funds provide information for the two types of funds – the business-type (enterprise) funds and the internal service funds. The internal service fund financial statements reflect net assets in amount of a deficit of $12.38 million. The purpose of internal service funds is to provide services within a government on a break-even basis. Funds classified as internal service are: Municipal Garage, Information Technology, Risk Management and Employee Insurance. The net income or loss from these internal service funds has been allocated back to the using departments or funds for the city-wide financial statements. The unrestricted net assets of the internal service funds are generally used to replace capital assets. Net assets of the internal service funds decreased by $15.27 million due in large part of recording the liability and related expense in compliance with GASB 45 for postemployment health benefits in the Employee Insurance Fund. The recording of this liability in the Employee Insurance Fund has created the overall deficit in net assets for the Internal Service Funds as a whole. Net assets for the Municipal Garage Fund, Information Services Fund and Risk Management Fund remain positive and provide adequate resources for ongoing operations.

The accounting principles applied to these funds are similar to that of the private sector. Consequently, with the exception of the allocation of internal service fund losses to business-type activities, the net assets and changes in net assets of the enterprise funds in these financial statements is identical with the net assets and changes in net assets in the city-wide financial presentation.

Capital Assets and Debt Administration:

Capital assets: The City's investment in capital assets as of September 30, 2011, was $878.72 million, net of accumulated depreciation. The following tabulation summarizes the City's capital assets at September 30, 2011:

City of Amarillo, Texas - Capital Assets
(in thousands - net of depreciation)

	Governmental Activities		*Business-type Activities*		*Total*	
	2011	*2010*	*2011*	*2010*	*2011*	*2010*
Land, easments and water rights	$ 9,214	$ 8,282	$ 72,948	$ 71,331	$ 82,162	$ 79,613
Infrastructure	133,943	135,856	-	-	133,943	135,856
Library resources	4,576	4,519	-	-	4,576	4,519
Water and Sewer other	-	-	361,584	284,691	361,584	284,691
Airport facilities	-	-	74,888	32,692	74,888	32,692
Buildings and other improvements	154,308	152,323	-	-	154,308	152,323
Machinery and equipment	27,224	25,980	2,200	2,137	29,424	28,117
Construction in progress	17,261	15,369	20,577	54,342	37,838	69,711
Total capital assets	$ 346,526	$ 342,329	$ 532,197	$ 445,193	$ 878,723	$ 787,522

For this purpose, the vehicles, management information systems, and other assets of the internal service funds are classified as assets used in government activities. Refer to footnote number 6 in the notes to basic financial statements for additional information related to capital assets.

The City of Amarillo attempts to fund its capital needs on a pay-as-you-go basis to the extent possible. On December 29, 2009 the City issued Combination Tax and Revenue Certificates of Obligation Series 2009B in the amount of $47,400,000. The Series 2009B bonds mature annually through 2029 in principal amounts ranging from $1,955,000 to $3,400,000 and provide for interest rates ranging from 0% to 2.59%. The Series 2009B bonds will be used to help fund the Potter County well field project. The City also issued Combination Tax and Revenue Certificates of Obligation Series 2009C in the amount of $18,075,000. The Series 2009C bonds will be used to fund the Combined High Service and Transfer Pump Station project. These 0% interest bonds were made available by the Texas Water Development Board. The City is one of 11 member cities of the Canadian River Municipal Water Authority and is obligated on its proportionate share of the Authority's debt. The following table shows the City's total amounts due under bond agreements:

City of Amarillo, Texas - Outstanding Debt
(in thousands)

	Governmental Activities		*Business-type Activities*		*Total*	
	2011	*2010*	*2011*	*2010*	*2011*	*2010*
General obligation bonds	$ 5,818	$ 6,192	$ -	$ -	$ 5,818	$ 6,192
Certificates of obligation	22,600	23,540	111,490	104,155	134,090	127,695
Special assessment debt	9,009	3,212	-	-	9,009	3,212
Water and Sewer revenue bonds	-	-	50,455	35,620	50,455	35,620
Water authority debt	-	-	65,664	69,101	65,664	69,101
Total outstanding debt	$ 37,427	$ 32,944	$ 227,609	$ 208,876	$ 265,036	$ 241,820

Refer to footnote numbers 10 and 11 in the notes to basic financial statements for additional information related to long-term debt and other commitments.

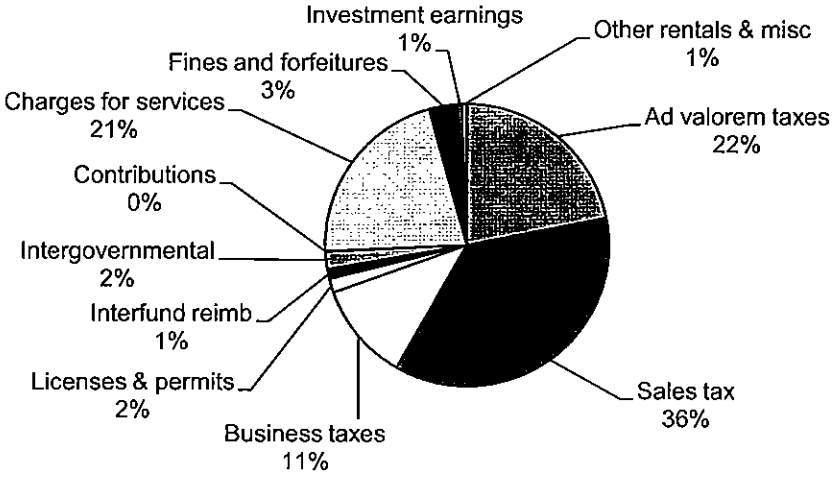
General Fund Budgetary Highlights

The primary purpose of the General Fund is to account for general revenues such as property taxes, sales taxes, and other taxes and expenditures related to essential city functions and programs. The General Fund is comprised of multiple departments that carry out many of the City's essential functions from street repair and maintenance, traffic, fire and police protection, sanitation collection and disposal, and other administrative functions just to name a few.

General Fund Revenues: The total General Fund revenues budgeted for fiscal year 2010/2011 was $136,380,390. Certain reclassifications of interdepartmental reimbursements are made from the approved budget for financial reporting purposes. Sales tax revenue accounts for 36% of the General Fund total revenue excluding transfers. Sales tax revenues, which include general sales tax, mixed beverage tax and hotel occupancy tax, were budgeted for $46,497,791. Actual sales tax revenues for 2010/2011 were $51,418,570. Sales tax revenues exceeded expected budgeted amounts by $4,920,779. Despite the struggling national economy, our local economy has seemed to be weathering this well with the significant increase in sales tax revenues. Another major component of General Fund revenues is ad valorem property taxes. Ad valorem taxes were budgeted at $30,382,246. Actual ad valorem taxes were $30,903,042. Other General Fund revenues are comprised of charges for services, business taxes, fines

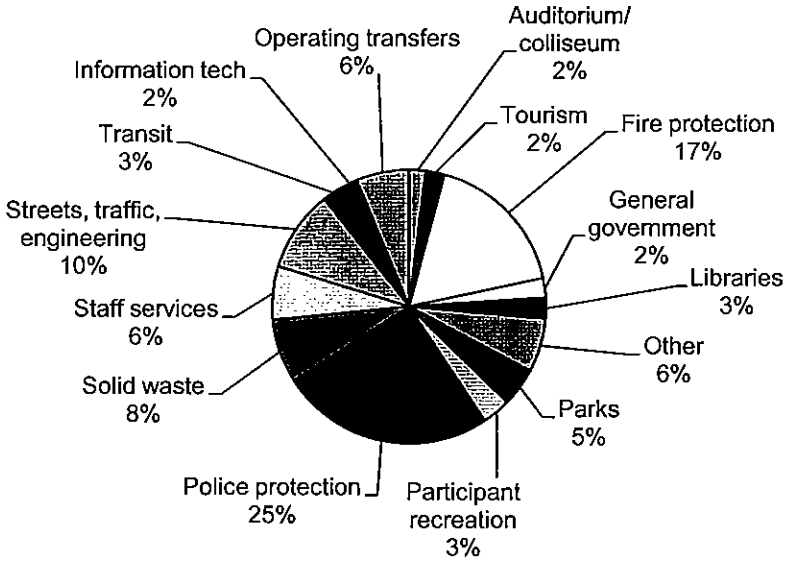
and forfeitures, investment earnings and miscellaneous revenues. In total, the actual General Fund revenues exceeded budgeted revenues by $4,913,820. The attached chart shows the major sources of General Fund revenues:

General Fund Actual Revenues
Fiscal Year 2010/2011 Actual



General Fund Expenditures: The total General Fund operating expenditure budget excluding fund transfers for fiscal year 2010/2011 was $131,816,285. Total actual expenditures and appropriations against the operating budget for 2010/2011 were $130,495,363. This resulted in under-spending the budget by $1,320,922. Police and Fire protection combined, account for 42% of the General Fund expenditure budget. Operating transfers to capital projects funds and other funds were budgeted for $8,127,398. Actual transfers to capital projects funds during the year were $8,702,841. The following chart shows the breakdown by functional area of the General Fund actual expenditures for 2010/2011:

General Fund Expenditures
Fiscal Year 2010/2011
Percents of Total



The City's primary source of funding the annual General Fund CIP program is through reallocation of excess revenues and unspent monies from the preceding fiscal year. The goal is to maintain an adequate level of fund balance or reserves within the General Fund for contingencies and operations and to allocate any excess funds to the capital improvement program.

Economic Factors and Next Year's Budget and Rates

There are numerous issues that our organization must be cognizant of in the 2011/2012 Budget. Budgetary challenges to monitor for the upcoming year include:

- **Sales tax revenue trends**.

- **Public Safety:** Mid-year, during the 2010/2011 fiscal year, the City was able to add six additional police officers. In 2011/2012, the City added twelve new officer positions. The Police Department will now have 335 police officers and 51 full-time and 5 part-time support civilians. The City's goal is to add an additional 12 officers per year, over the next five years. The City has added three additional firefighters to begin staffing a second engine company at Station 13. The City has 247 firefighters with 14 full-time and 3 part-time civilians for support.

- **Enhancement of the City's Pay Plan & Benefits:** Cities are service-based organizations in which attracting and retaining qualified employees is critical in accomplishing its mission. For 2011/2012, the budget proposes a modest 2% average pay increase. The City has also targeted its lowest paid employees by increasing the lowest entry level wage from $8.05 to $8.50 with a ratable increase to employees in the first quartile of each pay group. While a 2% pay increase is modest, it is significant when you consider many cities had to cut pay, layoff employees, and have unpaid furlough days.

- **Stabilization of Employee Health Care Costs:** Included in the 2011/2012 budget is a 2.5% increase in employer and employee contributions to the health plan. The City will continue efforts to maintain stability and additional cost savings in its health plan. However, the federal healthcare reform bill has and will continue to add future costs to the Plan. In January 2011, the Plan added 63 children over age 19, but under age 26.

- **Capital Needs**: The City continues to face an aging infrastructure. With the approval of a one-cent tax increase, the Commission has added an additional $637,000 to the City street overlay program for a first year total of $2.3 million. The Commission was very concerned with the difference in cost of a street overlay versus a street replacement project in the future. The overlay projects are completed at a significant savings compared to full replacement projects. We are also very pleased to have an additional $3.2 million to spend on other street projects, including reconstruction of a portion of 34th and 58th Avenues.

CONSOLIDATED BUDGET

Our 2011/2012 fiscal year budget is $258,993,301, which is a 1.19% or $3,131,788 decrease compared to our 2010/2011 budget of $262,125,089.

The areas of specific increase/decrease in this budget are:

	FY 2010/2011	FY 2011/2012	% Change
General Fund M&O	$ 138,451,041	$ 147,392,222	6.5%
Water & Sewer M&O	$ 39,982,178	$ 42,285,169	5.8%
Capital	$ 35,715,343	$ 36,354,395	1.8%
Special Revenue M&O	$ 18,962,742	$ 21,471,015	13.2%
Municipal Garage M&O	$ 8,093,221	$ 8,424,625	4.1%
Insurance M&O	$ 21,637,319	$ 22,117,380	2.2%
Debt Service	$ 18,046,610	$ 22,358,617	23.9%
Airport M&O	$ 6,188,455	$ 6,175,597	(0.2)%
Info Technology M&O	$ 3,399,100	$ 3,813,492	12.2%
Capital Transfers	$ 261,000	$ 1,522,988	483.5%
Less Interfund Transfers	$ (48,628,920)	$ (52,922,198)	8.8%
Water Infrastructure Fund Project	$ 20,017,000	$ –	–
Total Budget	$ 262,125,089	$ 258,993,301	(1.19)%

The decrease in the overall budget is due to the proposed Water Infrastructure Fund Project, which was not selected for funding. During 2010/2011, the City submitted an application to the Texas Water Development Board (Board) for a 36-inch transmission pipeline project that would take water from the Osage Water Treatment Plant to the Arden Road Pump Station. While this is a good project, it has been postponed as the City was not successful in obtaining favorable, below market-rate, financing. The City has been notified by the Board that it would not be receiving any support from the first round of funding. Excluding the Osage-Arden project, the budget increased by $16,885,212. Most of the increase is in the General Fund and the Debt Service Fund.

Request for information:

This financial report is designed to provide a general overview of the City of Amarillo's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Amarillo, P.O. Box 1971, Amarillo, Texas 79105-1971.

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BASIC FINANCIAL STATEMENTS

These statements present an overview of the financial position and transactions of the entire reporting entity. The Statement of Net Assets and Statement of Activities report information on all of the nonfiduciary resources and activities of the primary government and its component units. These statements, as well as the Statement of Net Assets and Statement of Activities of the component units, are presented on a basis of accounting promulgated by the Governmental Accounting Standards Board, which is similar to the generally accepted accounting principles applicable to commercial enterprises. The financial statements of the governmental funds, proprietary funds, and the fiduciary funds are presented in accordance with generally accepted governmental accounting principles to the types of funds presented.

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CITY OF AMARILLO, TEXAS
STATEMENT OF NET ASSETS
September 30, 2011

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 41,292,113	$ 16,476,499	$ 57,768,612	$ 28,668,233
Investments	99,102,975	37,328,492	136,431,467	203,409,569
Receivables, net	10,322,834	9,818,792	20,141,626	5,805,762
Internal balances	14,666,738	(14,666,738)	-	-
Inventories and prepaid expenses	3,111,765	24,496	3,136,261	5,277,871
Other current assets	-	-	-	1,432,262
Total current assets	168,496,425	48,981,541	217,477,966	244,593,697
NONCURRENT ASSETS				
Restricted cash and cash equivalents	-	65,446,156	65,446,156	6,172,204
Receivables, net	-	359,992	359,992	101,854,693
Other noncurrent assets	-	-	-	15,646,704
Land held for future incentives	-	-	-	5,354,209
Capital assets:				
Land	8,641,254	4,530,161	13,171,415	-
Contributed right of way easements	572,220	267,145	839,365	-
Water rights and contracts, net of amortization	-	68,152,210	68,152,210	-
Infrastructure, net of depreciation	133,943,086	-	133,943,086	-
Buildings and improvements, net of depreciation	154,308,235	436,470,906	590,779,141	27,923,259
Equipment and vehicles, net of depreciation	27,223,937	2,199,538	29,423,475	105,395
Library resources, net of depreciation	4,576,319	-	4,576,319	-
Construction in progress	17,261,017	20,577,142	37,838,159	-
Total noncurrent assets	346,526,068	598,003,250	944,529,318	157,056,464
TOTAL ASSETS	$ 515,022,493	$ 646,984,791	$ 1,162,007,284	$ 401,650,161
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$ 12,936,303	$ 12,028,969	$ 24,965,272	$ 672,592
Securities lending collateral	725,249	282,208	1,007,457	-
Current portion of long-term obligations	1,706,708	3,557,430	5,264,138	3,715,000
Estimated liability for self-insured losses, current portion	5,674,831	-	5,674,831	502,302
Bonded debt current maturity	-	8,490,000	8,490,000	-
Current portion of compensated absences	1,570,403	201,103	1,771,506	-
Total current liabilities	22,613,494	24,559,710	47,173,204	4,889,894
NONCURRENT LIABILITIES				
Liabilities payable from restricted assets	-	-	-	561,268
Noncurrent portion of long-term obligations	35,862,050	216,542,154	252,404,204	83,806,925
Other accrued expenses	-	3,150,000	3,150,000	-
Estimated liabilities for:				
Compensated absences, net	16,015,304	1,444,522	17,459,826	156,187
Self-insured losses, net of current portion	10,924,301	-	10,924,301	284,919
Landfill closure and postclosure care	1,996,893	-	1,996,893	-
Postemployment benefits	56,953,683	-	56,953,683	-
Net pension obligation	4,517,136	755,051	5,272,187	-
Total noncurrent liabilities	126,269,367	221,891,727	348,161,094	84,809,299
TOTAL LIABILITIES	$ 148,882,861	$ 246,451,437	$ 395,334,298	$ 89,699,193
NET ASSETS				
Invested in capital assets, net of related debt	$ 308,957,310	$ 363,032,982	$ 671,990,292	$ 14,778,882
Restricted for:				
Debt service	1,706,708	6,020,692	7,727,400	1,064,112
Other purposes	-	-	-	5,356,212
Unrestricted (deficit)	55,475,614	31,479,680	86,955,294	290,751,762
TOTAL NET ASSETS	$ 366,139,632	$ 400,533,354	$ 766,672,986	$ 311,950,968

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2011

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	$ 3,568,816	$ 5,427,945	$ 988	$ -
Staff services	11,461,149	4,807,800	310,786	897,781
Public safety and health				
Police protection	39,326,116	1,342,478	279,080	-
Fire protection	27,491,833	1,768,745	-	-
Other	15,375,827	4,441,076	4,630,586	761,269
Streets, traffic and engineering	20,357,268	748,018	47,000	1,740,849
Culture and recreation				
Auditorium/Coliseum	5,048,470	1,613,555	297,996	7,630
Libraries	4,833,278	170,682	523,994	-
Parks	8,466,417	1,083,314	-	-
Participant recreation	6,032,197	2,422,082	9,755	-
Solid waste	13,212,467	18,234,773	-	-
Transit	4,702,836	214,665	2,312,853	-
Information Technology	2,538,403	-	-	-
Economic development	5,269,868	-	-	-
Urban redevelopment/housing	11,667,515	296,074	11,445,304	37,042
Interest on long-term debt	2,350,205	-	-	-
Total governmental activities	181,702,665	42,571,207	19,858,342	3,444,571
BUSINESS-TYPE ACTIVITIES				
Water and Sewer	52,872,999	69,628,237	-	4,206,347
Airport	8,479,899	7,815,827	-	4,203,957
Total business-type activities	61,352,898	77,444,064	-	8,410,304
TOTAL PRIMARY GOVERNMENT	$ 243,055,563	$ 120,015,271	$ 19,858,342	$ 11,854,875
COMPONENT UNITS				
Amarillo Hospital District	$ 9,333,545	$ -	$ 239,737	$ 29,837
Amarillo Economic Development Corporation	16,939,339	4,745,415	-	-
Amarillo-Potter Events District	2,345,524	1,320	-	-
Amarillo Housing Finance Corporation	1,576	388	-	-
Tax Increment Reinvestment Zone #1	204,518	-	2,232,500	-
Amarillo Local Government Corporation	1,500	-	-	-
TOTAL COMPONENT UNITS	$ 28,826,002	$ 4,747,123	$ 2,472,237	$ 29,837

GENERAL REVENUES
Property taxes, levied for general purposes
Property taxes, levied for debt services
Sales taxes
Gross receipts business taxes
Unrestricted investment earnings
Income (expense) from use and disposition of property
Insurance recovery/cost
TRANSFERS
OTHER CONTRIBUTED CAPITAL

Total general revenues and transfers

CHANGE IN NET ASSETS

NET ASSETS, BEGINNING OF YEAR

NET ASSETS, END OF YEAR

The accompanying notes are an integral part of the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ 1,860,117	$ -	$ 1,860,117	$ -
(5,444,782)	-	(5,444,782)	-
(37,704,558)	-	(37,704,558)	-
(25,723,088)	-	(25,723,088)	-
(5,542,896)	-	(5,542,896)	-
(17,821,401)	-	(17,821,401)	-
(3,129,289)	-	(3,129,289)	-
(4,138,602)	-	(4,138,602)	-
(7,383,103)	-	(7,383,103)	-
(3,600,360)	-	(3,600,360)	-
5,022,306	-	5,022,306	-
(2,175,318)	-	(2,175,318)	-
(2,538,403)	-	(2,538,403)	-
(5,269,868)	-	(5,269,868)	-
110,905	-	110,905	-
(2,350,205)	-	(2,350,205)	-
(115,828,545)	-	(115,828,545)	-
-	20,961,585	20,961,585	-
-	3,539,885	3,539,885	-
-	24,501,470	24,501,470	-
(115,828,545)	24,501,470	(91,327,075)	-
-	-	-	(9,063,971)
-	-	-	(12,193,924)
-	-	-	(2,344,204)
-	-	-	(1,188)
			2,027,982
-	-	-	(1,500)
-	-	-	(21,576,805)
30,599,301	-	30,599,301	460,051
2,750,167	-	2,750,167	-
51,418,570	-	51,418,570	15,344,542
15,912,628	-	15,912,628	2,159,203
1,111,192	273,550	1,384,742	7,774,146
(272,849)	6,974,932	6,702,083	-
-	(67,260)	(67,260)	
1,311	(1,311)	-	-
443,651	-	443,651	-
101,963,971	7,179,911	109,143,882	25,737,942
(13,864,574)	31,681,381	17,816,807	4,161,137
380,004,206	368,851,973	748,856,179	307,789,831
$ 366,139,632	$ 400,533,354	$ 766,672,986	$ 311,950,968

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2011

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 329,595	$ 18,464,706	$ 6,777,877	$ 25,572,178
Investments, at fair values	40,809,763	21,583,669	9,454,669	71,848,101
Investments securities lending	-	-	-	-
Receivables, net of allowances for uncollectibles				
Property taxes	292,368	-	32,745	325,113
Accounts	1,286,699	48,085	270,871	1,605,655
Accrued interest	181,808	108,351	46,950	337,109
Other accrued revenue	1,553,792	-	30,081	1,583,873
Due from other funds unrestricted	1,624,024	-	44,115	1,668,139
Due from other governments	4,299,097	145,096	1,565,075	6,009,268
Inventory of supplies	1,804,245	-	-	1,804,245
Prepaid items	6,742	1,000	638,354	646,096
TOTAL ASSETS	$ 52,188,133	$ 40,350,907	$ 18,860,737	$ 111,399,777
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers payable	$ 1,285,200	$ 1,319,637	$ 167,871	$ 2,772,708
Accounts payable	3,387,508	491,314	428,614	4,307,436
Accrued expenses	2,277,509	-	-	2,277,509
Securities lending collateral	290,216	163,175	71,478	524,869
Deposits	146,783	-	-	146,783
Due to other funds - unrestricted	-	104,000	1,533,780	1,637,780
Due to other governments	725,131	-	28,611	753,742
Deferred revenues - property taxes	210,463	-	27,005	237,468
Deferred revenues - other	57,589	-	108,271	165,860
Total liabilities	8,380,399	2,078,126	2,365,630	12,824,155
FUND BALANCES				
Nonspendable:				
Prepaid items	6,742	1,000	638,354	646,096
Inventory	1,804,245	-	-	1,804,245
Uncollected taxes	81,905	-	5,740	87,645
Restricted for:				
Debt service	-	-	246,574	246,574
Special purposes	-	-	2,824,678	2,824,678
Committed for:				
Compensated absences	-	-	12,779,761	12,779,761
Encumbrances	147,740	-	-	147,740
Assigned for:				
Capital projects	-	38,271,781	-	38,271,781
Unassigned	41,767,102	-	-	41,767,102
Total fund balances	43,807,734	38,272,781	16,495,107	98,575,622
TOTAL LIABILITIES AND FUND BALANCES	$ 52,188,133	$ 40,350,907	$ 18,860,737	$ 111,399,777

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$ 98,575,622
The City uses internal service funds to charge the costs of the municipal garage, information services, risk management and employee health services to other departments of the City on a cost-reimbursement basis. The assets and liabilities, excluding capital assets, of the internal service funds are included in the governmental activities in the statement of net assets.	(32,611,470)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the balances for capital assets (net of depreciation) in the governmental activities is to increase net assets.	362,436,057
Long-term liabilities, including bonds payable and compensated absence liabilities, are not due and payable in the current period and therefore are not reported as liabilities in the funds. In addition, long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as reductions in long-term debt in the government-wide financial statements. The net effect of including the long-term liabilities and the debt principal payments is to decrease net assets. Those liabilities consist of:	(60,733,355)

Long-term debt	$ 37,568,758
Compensated absence	16,929,673
Landfill closure and postclosure	1,996,893
Net pension obligation	4,238,031
	$ 60,733,355

The 2011 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(15,909,989)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the receivable from the business-type activities for services provided by the internal service funds. The net effect of these reclassifications and recognitions is to increase net assets.	14,382,767
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ 366,139,632

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Ad valorem taxes	$ 30,903,042	$ -	$ 2,750,167	$ 33,653,209
Sales taxes	51,418,570	-	-	51,418,570
Gross receipts business taxes	15,912,628	-	-	15,912,628
License and permits	2,284,564	-	-	2,284,564
Interfund revenues	1,557,653	-	-	1,557,653
Intergovernmental revenues	2,882,582	840,503	16,787,717	20,510,802
Citizen contributions	22,898	-	-	22,898
Construction participation	-	1,719,148	42,737	1,761,885
Other entity participations	-	-	944,425	944,425
Charges for services	30,175,667	147,800	968,355	31,291,822
Fines and forfeitures	4,656,666	-	1,189,559	5,846,225
Investment earnings	613,351	162,928	114,017	890,296
Other rentals and commissions	378,468	460,702	-	839,170
Miscellaneous	488,121	269,447	57,108	814,676
Total revenues	141,294,210	3,600,528	22,854,085	167,748,823
EXPENDITURES				
Current				
General government	3,206,313	-	-	3,206,313
Staff services	8,713,449	-	417,651	9,131,100
Public safety and health				
Police protection	34,954,775	-	439,622	35,394,397
Fire protection	24,224,482	-	-	24,224,482
Other	8,822,423	-	5,005,078	13,827,501
Streets, traffic and engineering	13,397,670	-	-	13,397,670
Culture and recreation				
Auditorium - Coliseum	2,745,954	-	-	2,745,954
Libraries	3,418,370	-	523,994	3,942,364
Parks	6,307,737	-	500,001	6,807,738
Participant recreation	4,657,968	-	-	4,657,968
Solid waste	10,532,391	-	-	10,532,391
Transit system	3,506,527	-	-	3,506,527
Urban redevelopment and housing	-	-	11,578,796	11,578,796
Information technology	2,538,403	-	-	2,538,403
Tourism	3,037,368	-	2,232,500	5,269,868
Capital outlay	490,678	16,922,383	1,090,069	18,503,130
Debt service				
Principal retirement	-	-	1,476,611	1,476,611
Interest and fiscal charges	-	-	1,662,908	1,662,908
Termination vacation and sick leave pay	-	-	1,591,569	1,591,569
Total expenditures	130,554,508	16,922,383	26,518,799	173,995,690
Excess (deficit) of revenues over (under) expenditures	10,739,702	(13,321,855)	(3,664,714)	(6,246,867)
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	170,259	9,627,294	468,869	10,266,422
Transfers to other funds	(8,702,841)	(1,032,446)	(639,783)	(10,375,070)
Issuance of long-term debt	-	3,750,000	2,210,000	5,960,000
Bond premium less issuance costs	-	(100,000)	22,500	(77,500)
Total other financing sources (uses)	(8,532,582)	12,244,848	2,061,586	5,773,852
Net change in fund balances	2,207,120	(1,077,007)	(1,603,128)	(473,015)
FUND BALANCES, BEGINNING OF YEAR	41,600,614	39,349,788	18,098,235	99,048,637
FUND BALANCES, END OF YEAR	$ 43,807,734	$ 38,272,781	$ 16,495,107	$ 98,575,622

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2011

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ (473,015)
The City uses an internal service fund to charge the costs of the municipal garage, information services, risk management and employee health services to other departments of the City. The net income (loss) of the internal service fund is included in the governmental activities in the Statement of Activities, except for net income (loss) allocated to the business-type activities for services provided by the internal service funds to those activities. The net effect of this consolidation is to decrease net assets.	(15,267,741)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Issuance of long-term debt provides current financial resources to the governmental funds; however, it should be shown as an increase in long-term liabilities in the government-wide financial statements. The net effect of including the 2011 capital outlays, issuance of long-term debt, and debt principal payments is to increase net assets.	14,581,187

Capital outlay	$ 18,922,258
Contributed capital	443,651
Transfer of capital assets	(378,833)
Issuance of long-term debt	(5,960,000)
Bond premium less issuance cost	77,500
Long-term debt principal payments	1,476,611
	$ 14,581,187

Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net assets.	(15,909,989)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions and the net loss on services provided to the business-type activities by the internal service funds. The net effect of these reclassifications and recognitions is to increase (decrease) net assets.	3,204,984
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	$ (13,864,574)

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Business-Type Activities - Enterprise Funds			
	Water and Sewer	Airport	Total	Governmental Activities Internal Service Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 12,941,154	$ 3,535,345	$ 16,476,499	$ 15,719,935
Investments, at fair values	30,501,543	6,826,949	37,328,492	27,254,874
Accounts receivable	4,647,849	823,660	5,471,509	408,858
Accrued interest receivable	74,346	12,552	86,898	52,819
Other accrued revenue	3,888,645	194,111	4,082,756	-
Due from other funds	-	-	-	162,944
Due from other governments	-	177,629	177,629	-
Inventory of supplies	-	-	-	378,464
Prepaid expenses	24,496	-	24,496	282,960
Total current assets	52,078,033	11,570,246	63,648,279	44,260,854
NONCURRENT ASSETS				
Restricted cash and cash equivalents	64,870,188	575,968	65,446,156	-
Other noncurrent receivable	359,992	-	359,992	-
Capital assets				
Land	1,752,820	2,777,341	4,530,161	-
Contributed right of way easements	267,145	-	267,145	-
Underground water rights	39,493,927	-	39,493,927	-
Accumulated depletion water rights	(3,390,564)	-	(3,390,564)	-
Water supply contract	50,336,389	-	50,336,389	-
Accumulated amortization - water supply contract	(18,287,542)	-	(18,287,542)	-
Pipelines and plant	500,590,181	-	500,590,181	-
Accumulated depreciation - pipelines and plant	(139,007,092)	-	(139,007,092)	-
Runways, buildings and improvements	-	139,783,073	139,783,073	-
Accumulated depreciation - runways, buildings and improvements	-	(64,895,256)	(64,895,256)	-
Improvements	-	-	-	4,543,339
Accumulated depreciation improvements	-	-	-	(2,427,108)
Equipment and vehicles	3,861,557	5,411,280	9,272,837	54,900,025
Accumulated depreciation - equipment and vehicles	(3,128,840)	(3,944,459)	(7,073,299)	(37,475,530)
Construction in progress	16,228,356	4,348,786	20,577,142	689,613
Total capital assets, net of accumulated depreciation	448,716,337	83,480,765	532,197,102	20,230,339
Total noncurrent assets	513,946,517	84,056,733	598,003,250	20,230,339
TOTAL ASSETS	$ 566,024,550	$ 95,626,979	$ 661,651,529	$ 64,491,193

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS, CONTINUED
SEPTEMBER 30, 2011

	Business-Type Activities - Enterprise Funds			
	Water and Sewer	Airport	Total	Governmental Activities Internal Service Funds
LIABILITIES				
CURRENT LIABILITIES				
Vouchers payable	$ 2,528,424	$ 578,886	$ 3,107,310	$ 1,237,457
Accounts payable	3,473,670	966,180	4,439,850	624,082
Accrued expenses	1,193,893	133,034	1,326,927	129,289
Securities lending collateral	230,595	51,613	282,208	200,380
Deposits	31,662	76,157	107,819	-
Consumer security deposits	3,047,063	-	3,047,063	-
Share of Water Authority debt - current	3,557,430	-	3,557,430	-
Due to other funds - unrestricted	-	-	-	193,162
Estimated liability for incurred losses	-	-	-	5,674,831
Bonded debt current maturity	7,210,000	1,280,000	8,490,000	-
Current portion of compensated absences	168,340	32,763	201,103	94,160
Total current liabilities	21,441,077	3,118,633	24,559,710	8,153,361
NONCURRENT LIABILITIES				
Bonded debt, net of current portion	139,432,250	13,373,382	152,805,632	-
Water authority debt net of current portion	63,736,522	-	63,736,522	-
Provision for compensated absences, net	1,275,330	169,192	1,444,522	561,874
Other accrued expenses	3,150,000	-	3,150,000	-
Estimated liabilities for incurred loss, net	-	-	-	10,924,301
Postemployment benefits	-	-	-	56,953,683
Net pension obligation	631,316	123,735	755,051	279,105
Total noncurrent liabilities	208,225,418	13,666,309	221,891,727	68,718,963
TOTAL LIABILITIES	$ 229,666,495	$ 16,784,942	$ 246,451,437	$ 76,872,324
NET ASSETS				
Invested in capital assets, net of related debt	$ 294,205,599	$ 68,827,383	$ 363,032,982	$ 20,230,339
Restricted for debt service	5,444,724	575,968	6,020,692	-
Unrestricted	36,707,732	9,438,686	46,146,418	(32,611,470)
TOTAL NET ASSETS	$ 336,358,055	$ 78,842,037	415,200,092	$ (12,381,131)
Amounts due governmental activities for allocable share of net expenses of certain internal service funds			(14,666,738)	
TOTAL NET ASSETS OF BUSINESS-TYPE ACTIVITIES IN STATEMENT OF NET ASSETS			$ 400,533,354	

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
YEAR ENDED SEPTEMBER 30, 2011

	Business-Type Activities - Enterprise Funds			
	Water and Sewer	Airport	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES				
Airfield fees and commissions	$ -	$ 573,174	$ 573,174	$ -
Charges for services	-	-	-	1,066,221
Employees' benefit plan contributions	-	-	-	4,563,216
Internal charges	-	-	-	29,920,635
Miscellaneous revenues	-	-	-	311,048
Other building and ground rentals	-	1,491,001	1,491,001	-
Rents and miscellaneous	261,140	-	261,140	-
Tap fees and frontage charges	196,481	-	196,481	-
Terminal building area rental	-	4,138,468	4,138,468	-
Utility sales and service	68,661,247	-	68,661,247	-
Total operating revenues	69,118,868	6,202,643	75,321,511	35,861,120
OPERATING EXPENSES				
Salaries, wages and fringe benefits	11,204,778	2,178,687	13,383,465	4,793,612
Supplies	1,340,547	148,787	1,489,334	2,396,471
Fuel and oil	-	-	-	3,577,519
Fuel and power	4,896,302	558,772	5,455,074	-
Contractual services	4,271,613	364,266	4,635,879	966,461
Water Authority charges	4,772,154	-	4,772,154	-
Other charges	7,653,768	2,018,026	9,671,794	2,745,486
Claim and loss adjustments	-	-	-	18,386,012
Postemployment expense	-	-	-	13,558,656
Depreciation	10,492,183	3,211,361	13,703,544	5,141,484
Total operating expenses	44,631,345	8,479,899	53,111,244	51,565,701
Operating income (loss)	24,487,523	(2,277,256)	22,210,267	(15,704,581)
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) in disposal of property	6,974,932	-	6,974,932	(272,849)
Interfund reimbursement	509,369	-	509,369	-
Passenger facility charge	-	1,550,254	1,550,254	-
Insurance recovery/cost	-	(67,260)	(67,260)	-
Interest earnings	191,138	103,626	294,764	231,144
Change in value of investments	-	(21,214)	(21,214)	(10,248)
Other miscellaneous revenues	-	62,930	62,930	-
Interest expense and fiscal charges	(4,600,102)	-	(4,600,102)	-
Total nonoperating revenues (expenses)	3,075,337	1,628,336	4,703,673	(51,953)
Income (loss) before contributions and transfers	27,562,860	(648,920)	26,913,940	(15,756,534)

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS, CONTINUED
YEAR ENDED SEPTEMBER 30, 2011

	Business-Type Activities - Enterprise Funds			
	Water and Sewer	Airport	Total	Governmental Activities Internal Service Funds
NONOPERATING REVENUES (EXPENSES), CONTINUED				
Capital contributions	$ 4,206,347	$ 4,203,957	$ 8,410,304	$ -
Fixed asset transfers to/from other funds	-	-	-	378,833
Transfers from other funds	-	-	-	109,960
Transfers to other funds	(1,311)	-	(1,311)	-
Change in net assets	31,767,896	3,555,037	35,322,933	(15,267,741)
NET ASSETS, BEGINNING OF YEAR	304,590,159	75,287,000	379,877,159	2,886,610
NET ASSETS, END OF YEAR	$ 336,358,055	$ 78,842,037	415,200,092	$ (12,381,131)
Allocation of net expenses of certain internal service funds to business-type activities			(14,666,738)	
NET ASSETS OF BUSINESS-TYPE ACTIVITIES IN STATEMENT OF NET ASSETS			$ 400,533,354	

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Net Assets of Proprietary Funds to the Statement of Activities

Total Net Change in Fund Balances - Proprietary Funds	$ 35,322,933
Internal service fund allocation for proprietary funds	(3,641,552)
Change in net assets for Primary government business-type activities	$ 31,681,381

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2011

	Business-Type Activities - Enterprise Funds			
	Water and Sewer	Airport	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from third parties	$ 68,070,886	$ 11,358,860	$ 79,429,746	$ -
Cash received from City departments	-	-	-	35,853,404
Cash payments to suppliers for goods and services	(18,279,786)	(3,975,892)	(22,255,678)	(8,612,213)
Cash payments to employees	(12,117,026)	(5,812,699)	(17,929,725)	(5,013,748)
Cash payments for claims and loss adjustments	-	-	-	(17,066,026)
Net cash provided (used) by operating activities	37,674,074	1,570,269	39,244,343	5,161,417
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers (to) from other funds	(1,311)	-	(1,311)	109,960
Amounts borrowed from or repaid by other funds	509,369	829,203	1,338,572	23,858
Amounts repaid or loaned to other funds	-	-	-	(2,538)
Cash payments received for passenger facility charge	-	1,550,254	1,550,254	-
Other	-	-	-	494
Net cash provided (used) by noncapital financing activities	508,058	2,379,457	2,887,515	131,774
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(73,834,242)	(25,597,421)	(99,431,663)	(6,975,891)
Capital grants received	4,206,347	4,203,957	8,410,304	378,833
Proceeds from issuance of bonds	34,430,000	-	34,430,000	-
Bond issuance cost	(309,379)	-	(309,379)	-
Principal paid on bond maturities	(11,030,000)	(1,230,000)	(12,260,000)	-
Principal paid on proportionate share of Water Authority debt	(3,414,609)	-	(3,414,609)	-
Noncurrent receivable	359,992	-	359,992	-
Interest expense	(6,980,931)	(640,463)	(7,621,394)	-
Proceeds from insurance	-	(67,260)	(67,260)	-
Proceeds from sale of capital assets	7,553,416	2,284	7,555,700	442,035
Net cash provided (used) by capital and related financing activities	(49,019,406)	(23,328,903)	(72,348,309)	(6,155,023)

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS, CONTINUED
YEAR ENDED SEPTEMBER 30, 2011

	Business-Type Activities - Enterprise Funds			
	Water and Sewer	Airport	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investment securities	$ 49,479,118	$ 10,813,683	$ 60,292,801	$ 33,761,548
Purchase of investment securities	(23,510,699)	(6,758,642)	(30,269,341)	(33,907,794)
Interest and gains on investments	650,424	194,656	845,080	480,385
Net cash provided (used) by investing activities	26,618,843	4,249,697	30,868,540	334,139
Net increase (decrease) in cash and cash equivalents	15,781,569	(15,129,480)	652,089	(527,693)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	62,029,773	19,240,793	81,270,566	16,247,628
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	$ 77,811,342	$ 4,111,313	$ 81,922,655	$ 15,719,935
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ 24,487,523	$ (2,277,256)	$ 22,210,267	$ (15,704,581)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	10,492,183	3,211,361	13,703,544	5,141,484
(Increase) decrease in accounts receivable	(238,626)	(814,931)	(1,053,557)	(7,716)
(Increase) decrease in other accrued revenue	(809,356)	5,971,148	5,161,792	(88,556)
(Increase) decrease in prepaid expenses	66,038	-	66,038	-
(Increase) decrease in inventories	-	-	-	(52,294)
Increase (decrease) in vouchers payable	1,290,067	(875,541)	414,526	796,221
Increase (decrease) in accounts payable	2,768,581	(2,035,267)	733,314	422,864
Increase (decrease) in accrued operating expenses	(769,470)	(1,612,523)	(2,381,993)	(166,706)
Increase (decrease) in customer deposits	98,748	(10,500)	88,248	-
Increase (decrease) in provision for compensated absences	(132,560)	39,475	(93,085)	30
Increase (decrease) in net pension obligation	(10,218)	(25,697)	(35,915)	(57,971)
Increase (decrease) in other accrued liabilities	431,164	-	431,164	-
Increase (decrease) in estimated claims liabilities	-	-	-	14,878,642
Net cash provided (used) by operating activities	$ 37,674,074	$ 1,570,269	$ 39,244,343	$ 5,161,417
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Amortization of bond issuance costs	$ 185,655	$ -	$ 185,655	$ -
Decreases (increases) in fair values of investments	(79,963)	(21,214)	(101,177)	(10,248)
Interest expense capitalized	1,297,377	559,174	1,856,551	-

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
STATEMENT OF FIDUCIARY ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	Trust Funds
ASSETS	
Cash and cash equivalents	$ 2,010,874
Accounts receivable	(1,746)
Accrued interest receivable	3,886
Investments, at fair values	31,017,710
TOTAL ASSETS	$ 33,030,724
LIABILITIES	
Securities lending collateral	$ 11,292
Due to other funds	139
Held for other governments, individuals, entities	33,019,293
TOTAL LIABILITIES	$ 33,030,724

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	Trust Funds
ADDITIONS	
Contributions from citizens	$ 3,323
Charges for services	3,539,019
Miscellaneous revenues	974
Investment earnings	23,801
Total additions	3,567,117
DEDUCTIONS	
Salaries and wages	339,425
Contractual services	3,305,476
Supplies	47,157
Change in investment value	51,553
Total deductions	3,743,611
Change in assets	(176,494)
ASSETS, BEGINNING OF YEAR	33,207,218
ASSETS, END OF YEAR	$ 33,030,724

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
STATEMENT OF NET ASSETS - COMPONENT UNITS
SEPTEMBER 30, 2011

	Amarillo Hospital District	Amarillo Economic Development Corporation	Amarillo-Potter Events Venue District	Amarillo Housing Finance Corporation	Tax Increment Investment Zone #1	Amarillo Local Government Corporation	Total
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	$ 6,277,978	$ 18,983,008	$ 2,014,014	$ 126,868	$ 1,266,365	$ -	$ 28,668,233
Investments	202,659,569	-	750,000	-	-	-	203,409,569
Receivables, net	-	5,614,684	191,078	-	-	-	5,805,762
Inventories and prepaid expenses	5,241,389	3,315	33,167	-	-	-	5,277,871
Other current assets	1,430,942	-	1,320	-	-	-	1,432,262
Total current assets	215,609,878	24,601,007	2,989,579	126,868	1,266,365	-	244,593,697
NONCURRENT ASSETS							
Restricted cash and cash equivalents	-	4,051,538	-	-	2,120,666	-	6,172,204
Restricted investments	-	-	-	-	-	-	-
Receivables, net	-	101,854,693	-	-	-	-	101,854,693
Unamortized bond issuance costs	-	-	98,162	-	-	-	98,162
Other assets	15,548,542	-	-	-	-	-	15,548,542
Land held for future incentives	-	5,354,209	-	-	-	-	5,354,209
Capital assets:							
Buildings and improvements, net of depreciation	95,313	13,345,339	14,292,261	-	-	-	27,732,913
Equipment and vehicles, net of depreciation	-	46,655	58,740	-	-	-	105,395
Construction in process	-	190,346	-	-	-	-	190,346
Total noncurrent assets	15,643,855	124,842,780	14,449,163	-	2,120,666	-	157,056,464
TOTAL ASSETS	$ 231,253,733	$ 149,443,787	$ 17,438,742	$ 126,868	$ 3,387,031	$ -	$ 401,650,161
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable and accrued expenses	$ 185,301	$ 226,296	$ 259,495	$ -	$ -	$ 1,500	$ 672,592
Current portion of long-term obligations	-	3,715,000	-	-	-	-	3,715,000
Estimated liability for incurred losses - current portion	57,302	-	445,000	-	-	-	502,302
Securities lending collateral	-	-	-	-	-	-	-
Total current liabilities	242,603	3,941,296	704,495	-	-	1,500	4,889,894
NONCURRENT LIABILITIES							
Liabilities payable from restricted assets - accrued interest	-	561,268	-	-	-	-	561,268
Noncurrent portion of long-term obligations	-	71,306,251	12,500,674	-	-	-	83,806,925
Estimated liabilities							
Compensated absences	-	156,187	-	-	-	-	156,187
Self-insured losses, net of current portion	284,919	-	-	-	-	-	284,919
Total noncurrent liabilities	284,919	72,023,706	12,500,674	-	-	-	84,809,299
TOTAL LIABILITIES	527,522	75,965,002	13,205,169	-	-	1,500	89,699,193
NET ASSETS							
Invested in capital assets, net of related debt	95,313	13,391,994	1,291,575	-	-	-	14,778,882
Restricted for:							
Debt service	-	131,659	756,703	-	175,750	-	1,064,112
Other purposes	52,685	3,358,611	-	-	1,944,916	-	5,356,212
Unrestricted	230,578,213	56,596,521	2,185,295	126,868	1,266,365	(1,500)	290,751,762
TOTAL NET ASSETS	230,726,211	73,478,785	4,233,573	126,868	3,387,031	(1,500)	311,950,968
TOTAL LIABILITIES AND NET ASSETS	$ 231,253,733	$ 149,443,787	$ 17,438,742	$ 126,868	$ 3,387,031	$ -	$ 401,650,161

The accompanying notes are an integral part of the basic financial statements.

CITY OF AMARILLO, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - COMPONENT UNITS
YEAR ENDED SEPTEMBER 30, 2011

	Amarillo Hospital District	Amarillo Economic Development Corporation	Amarillo-Potter Events Venue District	Amarillo Housing Finance Corporation	Tax Increment Reinvestment Zone #1	Amarillo Local Government Corporation	Total
REVENUES							
Property taxes, levied for general purposes	$ 8,247	$ -	$ -	$ -	$ -	$ -	$ 8,247
Sales taxes	-	15,344,542	-	-	-	-	15,344,542
Gross receipts business taxes	-	-	2,159,203	-	-	-	2,159,203
Grant revenues	-	-	-	-	-	-	-
Revenue from participating taxing entities	-	-	-	-	451,804		451,804
Intergovernmental revenues - operating	239,737	-	-	-	2,232,500	-	2,472,237
Charges for services	-	4,739,602	-	-	-	-	4,739,602
Investment earnings	7,734,314	23,816	8,532	13	7,471	-	7,774,146
Miscellaneous	29,837	5,813	1,320	388	-	-	37,358
Total revenues	8,012,135	20,113,773	2,169,055	401	2,691,775	-	32,987,139
EXPENSES							
Functions:							
Public Health	9,333,545	-	-	-	-	-	9,333,545
Urban redevelopment and housing	-	-	-	1,576	-	-	1,576
Economic development - industrial	-	13,771,159	-	-	-	-	13,771,159
Economic development - tourism	-	-	2,345,524	-	-	-	2,345,524
General Government	-	-	-	-	204,518	1,500	206,018
Debt service:							
Interest and fiscal charges	-	3,168,180	-	-	-	-	3,168,180
Total expenses	9,333,545	16,939,339	2,345,524	1,576	204,518	1,500	28,826,002
Excess (deficit) of revenues over expenses	(1,321,410)	3,174,434	(176,469)	(1,175)	2,487,257	(1,500)	4,161,137
NET ASSETS, BEGINNING OF YEAR	232,047,621	70,304,351	4,410,042	128,043	899,774	-	307,789,831
NET ASSETS, END OF YEAR	$ 230,726,211	$ 73,478,785	$ 4,233,573	$ 126,868	$ 3,387,031	$ (1,500)	$ 311,950,968

The accompanying notes are an integral part of the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Definition and Scope of Reporting Entity

The City of Amarillo (the City) was chartered in 1913, as authorized by a statute enacted by the Texas Legislature that year, as the first city in Texas and fifth city in the United States to adopt the commission form of government. The principal services accounted for as general governmental functions include public safety and health, streets, solid waste, culture and recreation, planning and zoning, a transit system and general administrative service. In addition, the City maintains the water and sewer system and the airport, the operations of which are accounted for as enterprise funds.

The Governmental Accounting Standards Board, in Statement 14, as amended by GASB 39, established standards for defining the financial reporting entity. Under such standards, the following entities, although legally separate from the primary government of the City, have been determined to be component units of the City for financial reporting purposes because of their operational or financial relationships with the City. Consequently, their affairs are discretely presented in the combined financial statements of the City's comprehensive annual financial report (CAFR).

Amarillo Hospital District

The Amarillo Hospital District (the District), the first city hospital district in Texas, was established on March 24, 1959, by an amendment to the Constitution of the State of Texas. Its area is co-extensive with the incorporated limits of the City of Amarillo. The facilities built by the District constitute a regional center, serving the populace of an area that extends far beyond the boundaries of the City and county, across the entire Panhandle of the State of Texas and even surrounding states. Because of economic changes in the healthcare industry, in May 1996 the physical plant of the District was sold to a for-profit hospital entity, Northwest Texas Healthcare System, which, as one of the conditions of the sale, assumed responsibility for medical care of indigent citizens of the District to 2021 in exchange for inflation-adjusted, annual payments in the range of (in 1996 dollars) $6 million to $8 million. The inflation adjustment ceased in 2006 and the payment is fixed for the balance of the contract, which will be an additional 10 years unless the provider opts to extend the contract an additional 15 years. The quarterly payment to the provider is currently fixed at $1,735,385 per quarter or $6,941,540 annually. Certain public health services, which had been provided by the District, were assumed by the City. The District has no employees, but continues to exist as a governmental entity. Effective October 1, 1996, the City assumed responsibility for serving the District as its fiscal agent for purposes of maintaining its financial records. However, since the sale of the hospital, the District has not had to levy an ad valorem tax. The earnings from the sales proceeds together with the funds on hand at the time of the sale have been sufficient to fund indigent care payments and other expenses of the District.

The District currently collaborates with Northwest Texas Healthcare System to ensure both parties best allocate their resources for the provision of care to the low income and needy residents in their community. As part of this collaboration, Northwest has proposed that the District fund payments to Northwest under the Medicaid upper payment limit program ("Medicaid UPL"). Accordingly, the District suspended the "Indigent Care Agreement," which was part of the sales agreement and replaced it with an almost identical agreement called the "Health Care Services Agreement." With the suspension of the "Indigent Care Agreement," the District was no longer obligated to make indigent care payments. However, the District funded Northwest Texas Hospital's Medicaid program. After year-end, the "Indigent Care Agreement" was amended to extend the suspension through August 8, 2014, with a payment of $1,357,382 to Medicaid UPL funding. The District has provided $46.2 million in funding to the Medicaid program versus $55.5 million in indigent care payments that would have been due under the contract.

The District is considered to be a part of the City's financial reporting entity because its Board of Managers is appointed by the City Commission and, additionally, the City Commission has final authority over any tax levy and the total amount of the annual budget.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition and Scope of Reporting Entity (Continued)

Amarillo Economic Development Corporation

The Amarillo Economic Development Corporation (AEDC) is a nonprofit corporation that was formed in 1990 for the purpose of increasing employment opportunities, primarily through assisting qualifying enterprises with funds provided by a portion of the local sales tax. Assistance may be in the form of incentive grants, loans, or leases which call for either discounted rates or rebates based on job development and or local spending. The City serves as fiscal agent for AEDC's funds as well as its accounting records.

AEDC is considered to be a part of the City's financial reporting entity, because the City Commission appoints its Board of Directors, approves its budgets, and exercises final authority over its operations.

Amarillo-Potter Events Venue District

The Amarillo-Potter Events Venue District (Venue District) was established in January 1998, upon the approval of the voters of the City of Amarillo and Potter County to create a vehicle for financing a livestock arena and expansion of the Civic Center. In December 1998, the District issued $10 million in bonds to finance the first phase of this construction, consisting of the livestock arena, and in December 2000 the final $6.75 million of bonds were issued to fund the Civic Center expansion. In November 2005, the District refunded the 2000 bond issue. The 1998 Bonds were refunded in 2009. Debt service is provided by a 2% hotel occupancy tax and a 5% short-term motor vehicle rental tax, which became effective April 1, 1998. Should such tax revenues be insufficient, a rental payment from the City for use of the expanded Civic Center facilities is required. The City's rental obligation is the greater of any $10 per month or any shortfall in the debt service fund due to insufficient Venue District tax receipts.

The Venue District is considered to be a part of the City's financial reporting entity, because the City's mayor appoints four of the seven members of the Venue District's Board of Directors, and the City has pledged its general revenues to make lease payments should the Venue District's revenues be insufficient to cover the bond obligations as they come due.

Amarillo Housing Finance Corporation

Amarillo Housing Finance Corporation (AHFC) was established to provide funding for home purchases by low- to moderate-income persons and families. Under the current program, mortgage loans are restricted to first-time homebuyers in targeted areas of the City. Beginning in April 1996, it has issued single-family mortgage revenue bonds in the principal amounts of $15,700,000, $15,000,000 and $10,450,000 in 2003. The bonds are purchased by Freddie Mac, loans are made by local lending institutions, and the funding of the mortgages with the bond proceeds is handled by the trust department of a financial institution. The City serves as fiscal agent for AHFC.

AHFC is considered to be a part of the City's financial reporting entity because the City Commission appoints its Board of Directors and has discretion over their terms of office as well as the programs and activities of the Corporation. Several City officials serve as officers of AHFC.

Amarillo Local Government Corporation

Amarillo Local Government Corporation (the Corporation) is a nonprofit corporation that was formed March 2011 for the purpose of aiding and assisting the City to promote the development of the geographical area of the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition and Scope of Reporting Entity (Continued)

Tax Increment Reinvestment Zone # 1

The Taxing Increment Reinvestment Zone Number One was created in FY 2007 pursuant to the Texas Tax Increment Financing Act, Tax Code, Chapter 311. The purpose of the zone is to promote the development of or redevelopment of certain contiguous geographic areas in the City.

While the above-named entities are considered part of the City's overall reporting entity, they are discretely presented in a separate column of the City's combined financial statements to emphasize that they are legally separate from the City. Separately issued financial statements may be obtained by contacting the Director of Finance, City of Amarillo, P.O. Box 1971, Amarillo, Texas 79105.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds on the basis of accounting applicable to funds-based financial statements. A separate financial statement is also provided for fiduciary funds, which with respect to the City comprise only cash and investments which are handled by the City in the capacity of an agent. These assets are excluded from the Statement of Net Assets because they do not represent resources of the City.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on the balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Revenues are considered to be available when they are collectible

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including employee termination payments made by the Compensated Absences Fund, are recorded only when payments are due.

Sales taxes are considered "measurable" when in the hands of the State Comptroller and are recognized as revenue at that time. Other major revenues that are determined to be susceptible to accrual include property taxes, utility franchise taxes, interest, rentals, charges for services and intercity charges. Waste collection fees are recorded as revenue when billed, which is on a cycle billing basis. Intergovernmental grants or revenues based on the "reimbursements of expenditures" concept are recorded as revenues when the related expenditures are made. Other intergovernmental revenues are reflected as revenues at the time of receipt or earlier if the availability criterion is met.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The *Capital Projects Fund* is a combination of all capital outlay funds, which accounts for construction projects that are financed primarily by general revenues, as well as accounts for the resources set aside to fund the City's capital plans with respect to projects including streets.

All proprietary funds are accounted for on a cost of services or "flow of economic resources" measurement focus. This means that all assets and all liabilities (including capital assets and long-term debt) associated with their activities are included on their balance sheets. Costs of providing goods and services during the period include depreciation on capital assets. All proprietary funds follow generally accepted accounting principles prescribed by the Governmental Accounting Standards Board (GASB). Consequently, their affairs are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The City reports the following major proprietary funds:

The *Water and Sewer Fund* accounts for the provision of water and sewer services to residents and commercial enterprises of the City and proximate area.

The *Airport Fund* accounts for the operation of the City's international airport, which provides runway and passenger services as well as leases former U. S. Air Force facilities to commercial tenants.

Additionally, the City reports the following fund types:

Four *internal service funds* account for municipal garage, information services, risk management, and employee health services provided to the other departments of the City on a cost-reimbursement basis.

Fiduciary funds account for assets held by the City in the capacity of a fiduciary for others and cannot be used to support the City's own programs. Activities include the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. The only fiduciary funds held by the City are Trust funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative service charges and payments in lieu of taxes between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and investment revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the *Water and Sewer Fund* and the *Airport Fund* are charges to customers for sales and services, including tap fees intended to recover the cost of connecting new customers to the water and sewer system. The principal operating revenues of the *internal service funds* are charges to other funds for services and allocations of self-insurance costs. Operating expenses for these funds include the direct costs of personnel, supplies, and similar items needed to render the sales and services, including depreciation on capital assets, as well as administrative expenses. All revenues and expenses not meeting this definition, such as investment earnings and passenger facility charges, are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Estimates Inherent in Financial Statements

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

The estimated liabilities related to self-insurance costs and other postemployment benefit costs are material estimates that are particularly susceptible to significant changes in the near term.

Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

With the exception of certain restricted and special funds, the City pools the resources of the various funds in order to facilitate the management of cash. Records are maintained that reflect each fund's equity in the pooled account.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

For financial reporting purposes a portion of the investment portfolio is classified as equivalent to cash. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less, which present an insignificant risk of changes in value because of changes in interest rates.

Debt securities held by the City's various operating and reserve funds are valued at fair value.

Interfund Receivables and Payables

Activities between funds generally represent payment of charges to various departments for services rendered by other departments, reimbursements for allocated shares of expenditures, transfers of the City's unrestricted resources to supplement the inter-governmental grants and similar restricted resources of special revenue funds, and transfers of resources set aside to fund the long-term capital plan. Outstanding balances of these activities are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Other Receivables

Receivables of both governmental and proprietary funds are reported in the government-wide financial statements on the accrual basis of accounting.

In the governmental fund financial statements, receivables are comprised of those amounts that are considered to be both measurable and available as defined under the modified accrual basis of accounting. As a city ordinance prohibits the appropriation of property taxes until collected, the entire amount of such taxes considered measurable and available has been reserved. Taxes receivable other than property taxes are reflected as accounts receivable (gross receipts business taxes) or due from other governments (sales taxes collected and disbursed by the State). Solid waste disposal fees are recorded when billed on a cycle billing basis. Most intergovernmental grants provide for reimbursement of actual costs, and the related revenues are recognized in the fiscal period of the underlying expenditures. Because payments on paving notes and assessments are uncertain and often long deferred, they are reflected as revenues when collected.

Receivables of proprietary funds are recorded when earned. Unbilled water and sewer revenues are estimated and accrued at year-end.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories, Prepaid and Deferred Items

Inventories of supplies are reflected at cost, determined on an average-cost basis. Inventories of motor fuel and oil are maintained by the Municipal Garage (an *internal service fund),* while all other inventories of materials and supplies, including water and sewer pipeline and related stores and automotive parts, are maintained by the General Fund, being recorded under the "consumption method" as inventory acquisition (current assets) at the time the inventory items are purchased, and charged to the various funds and departments of the City on the basis of requisitions.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Such items include payments of

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

the housing assistance program which must be disbursed before fiscal-year-end in order to be received by the vendors on October 1, but are obligations of the fiscal year beginning on that date.

Deferred revenues reported in the governmental fund financial statements generally represent delinquent taxes in excess of amounts currently available and advance rentals collected by the City's auditorium-coliseum complex.

Provision is made in the Risk Management and Employee Insurance funds (*internal service funds*) for the estimated amounts of liabilities related to incurred claims, including provisions for future settlement payments of both known and unknown loss events.

Restricted Assets

Certain resources of the *Water and Sewer Fund* and the *Airport Fund* are set aside for the construction and purchase of capital assets as well as repayment of its revenue bonds under applicable bond covenants. Such resources and the related liabilities payable out of those resources are reported in the financial statements as noncurrent assets and liabilities.

Capital Assets

Capital assets consist of property, plant, equipment, and infrastructure assets (streets, alleys, overpasses, curbs and gutters and drainage systems), as well as the cost of construction projects in process. Items having a value of more than $2,500 are capitalized. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their lives are not capitalized.

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets of the proprietary funds are also reported in the applicable financial statements, but capital assets are not included in the governmental fund financial statements.

Capital assets are stated at historical cost or at estimated fair value at date received, if donated, net of applicable depreciation. Material interest costs incurred during capital construction performed by proprietary type funds are capitalized. Interest expense incurred by the governmental funds is not capitalized.

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against their operations. Depreciation of capital assets used in governmental fund activities is reported only in the government-wide financial statements.

Property, plant, equipment and infrastructure are depreciated or depleted over the estimated useful lives using the straight-line method. The estimated useful lives are generally within the following ranges:

Buildings and improvements	30-40 years	Sewer pipelines	75 years
Streets and related infrastructure	50 years	Runways and related improvements	10-30 years
Traffic signals	30 years	Motor buses	7 years
Landfill improvements	40 years	Automobiles, vans	3-7 years
Water supply contract	85 years	Data processing equipment	5 years
Water rights	20-100 years	Machinery and other equipment	7-30 years
Water pipelines	50 years	Office equipment	5-10 years
		Library books	15 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

Intangible Assets

Intangible assets consists of right-of-way easements. The right-of-way easements have an indefinite life and, accordingly, are not subject to amortization. Details relating to the City's intangible assets are provided at Note 6.

Compensated Absence

City employees are entitled to paid vacation and sick leave, based on length of service, which accumulate and partially vest. The City's vested obligations under this policy are accrued and are reflected as liabilities in the government-wide and proprietary fund financial statements.

Employees eligible for time-and-a-half overtime can accumulate paid time off in lieu of overtime pay. In addition to amounts for accumulated paid vacation and sick leave, comp time in lieu of overtime is also reflected as a liability in the government-wide and proprietary fund financial statements.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide and proprietary fund financial statements. Bonds payable are reported net of related discounts and issuance costs, which are amortized over the terms of the related debts.

In the fund financial statements, governmental fund types report the proceeds of debt issuances, net of bond issuance costs and discounts, during the current period as other financing sources.

Net Assets and Fund Balances

In the government-wide financial statements, the difference between the City's total assets and total liabilities represents net assets. Net assets displays three components – invested in capital assets, net of related debt; restricted; and unrestricted. Unrestricted net assets represent the net assets available for future operations.

In 2011, the City implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions.*

In the governmental funds financial statements, fund balance consists of nonspendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact. Restricted fund balance includes amounts that are restricted to specific purposes. Committed fund balance includes amounts that can only be used for specific purposes as pursuant to official action by the City Commission prior to the end of the reporting period. Assigned fund balance comprises amounts the City intends to use for a specific purpose but is neither restricted nor committed. The City Manager has authority to assign fund balance. Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

When restricted and other fund balance resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned and unassigned amounts, respectively.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

As provided by state law, the City follows these procedures in establishing the annual budgetary data reflected in the financial statements.

At least 30 days prior to the time when the City Commission makes its tax levy for the commencing fiscal year beginning October 1, the City Manager, as budget officer, files a proposed operating budget, including proposed expenditures and the means of financing them. Such budget is available for the inspection of any taxpayer, and public hearings are conducted subsequent to the time of filing. Prior to October 1, the budget is legally enacted through passage of an ordinance. Under the City's budget ordinance, the City Commission has authority to make such changes in the budget as it deems warranted. Additionally, the City Manager is authorized to transfer budgeted amounts among departments and among expenditure codes within any department or fund. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each fund is the fund's total expenditure budget. Accordingly, revisions that increase the total expenditures of a fund must be approved by the City Commission. Except for the employment of encumbrance accounting, budgets are adopted consistent with generally accepted accounting principles. Unencumbered appropriations lapse at year-end.

The annual formal appropriated budget as described above is employed as a management-control device during the year for the General Fund, the debt service funds, and special revenue funds, and those grant funds, which are necessarily budgeted on a contract-period basis differing from the City's fiscal year. Expenditures for the public improvement districts are being controlled by long-term service plans allocated in relation to available, property-owner assessments. The service plan is the approved budget for the individual Public Improvement District. The following funds with legally adopted budgets have a budgetary comparison presented: the General Fund, Debt Service Fund, Compensated Absence Fund and certain non-major special revenue funds. The non-major special revenue funds with legally adopted budgets are as follows: Court Technology, Court Security Fund, Public Health Fund, LEOSE Training Fund, Local Seized Property Fund and the Public Improvement Districts. Budgeted amounts reflected therein are as originally adopted or, if applicable, as last amended by the City Commission.

Grant funds not included in the annual appropriated budget are subject to management control by means of project-length budgets authorized by the City Commission in the grant application processes. Cumulative expenditures through September 30, 2010 were within the limits prescribed by such budgets.

Capital outlay is controlled through formal, job cost accounting, in which available monies are allotted among the planned construction and capital acquisition undertakings, and costs are accumulated subject to such allotments. Unencumbered appropriations do not lapse at year-end for Capital Projects Funds. The City adopts five-year, capital outlay plans to budget such projects.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities.

Deficit Fund Equity

The Center City Trust Fund, reported as a fiduciary fund, has a $146 deficit fund balance. Beginning with the fiscal year ending September 30, 2008, the City adjusted for postemployment health benefits as required by GASB Statement 45. This adjustment is $14,682,580 for 2008, $15,248,490 in 2009,

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Deficit Fund Equity (Continued)

$13,463,957 in 2010 and $13,558,656 in 2011 resulting in a deficit fund balance of $49,703,956 in the Employee Insurance Fund.

NOTE 3 - DEPOSITS AND INVESTMENTS

All of the City's demand deposit and time accounts are held in a local banking institution under terms of a written depository contract. All of the City's demand and time accounts are insured or registered or held by the City or its agent in the City's name.

Under the Revised Statutes of the State of Texas, all deposits, to the extent not insured by the Federal Deposit Insurance Corporation (FDIC), must be collateralized by securities or insured by a bond. At September 30, 2011, demand deposit and time deposits held by the depository institution, before reduction for checks issued and not presented, were in the total amount of $35,972,074, of this amount $12,099,704 is insured by the FDIC, and the balance of the accounts are collateralized by securities in the amount of $30,658,931. The City has a secondary depository institution with demand deposits of $552,704. These amounts are collateralized by securities in the amount of $2,290,018.

Time certificates of deposit with original maturities of more than three months are classified as investments for financial reporting purposes.

With the exception of the assets of the deferred compensation plan and pension assets, all investments are administered by City management under terms of an investment policy and strategy that is updated to conform to the Texas Public Funds Investment Act as last amended. The preservation of capital is the City's most important investment objective. Other objectives include providing liquidity and maximizing earnings within the constraints of the other objectives.

Under the City's policies, the maximum dollar weighted-average maturity of the investment portfolio may not exceed one year, and 80% of the portfolio must be in investments with maturities of two years or less. At September 30, 2011, the weighted average maturity of the City's total investment securities was .62 years, excluding the securities lending investments.

The City will only invest in the following types of securities:

- Bank money market funds and other interest-bearing accounts at the City's authorized depository.
- Direct obligations of the United States government.
- Obligations of agencies and instrumentalities of the United States, limited to 75% of the portfolio.
- Highly rated investment pools and no-load money market mutual funds (AAA or AAAm).
- Taxable municipal bonds, limited to 10% of the portfolio.
- Certificates of deposit including CDARS (Certificate of Deposit Accounts Registry Service).
- For bond proceeds only, fully collateralized, flexible, repurchase agreements.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments are separately owned by the various funds. Under applicable bond ordinances, funds of the Waterworks and Sewer Revenue bond redemption and reserve accounts may be invested only in U.S. Government or agency obligations or in obligations guaranteed by the U.S. Government or by its agencies. Funds not so invested are to be maintained in the City's depository and secured as provided by law. The City's investment policy also sets forth specific, investment requirements and strategies for its various fund types. The City does not enter into reverse repurchase agreements. All securities are held by the City's agent in the City's name.

The City participates in a securities lending program as a means to augment investment income. Securities are lent to select brokerage firms for which collateral is received that exceeds the fair value of such investments during the period of the loan. Collateral may be cash or securities. Collateral securities cannot be pledged or sold by the City unless the borrower defaults. Securities loans immediately terminate upon notice by either the City or the borrower.

Loans of fixed income securities are initially collateralized at 102 percent of the fair value of the securities lent. All borrowers are required to provide additional collateral by the next business day if the value falls to less than 100 percent of the fair value of the securities lent.

The following represents the balances relating to the securities lending transactions at the financial statement date:

Securities Lent	Fair Value of Underlying Securities	Collateral Received/Securities Collateral Value	Cash Collateral Investment Value
Lent for cash collateral	$ 987,157	$ 1,007,457	$ 1,007,457
Lent for securities collateral - fixed income securities	114,592,339	117,097,951	–
	$ 115,579,496	$ 118,105,408	$ 1,007,457

Cash collateral received from the borrower is invested by the lending agent, as an agent for the City, in a money market mutual fund in the name of the City, with guidelines approved by the City.

At September 30, 2011, the City had no credit risk exposure to borrowers, because the amounts the City owed the borrowers exceeded the amounts the borrowers owed the City. The City is fully indemnified by its custodial bank against any losses incurred as a result of borrower default.

The lending agent provides indemnification if the borrowers fail to return the underlying securities (and if the collateral is inadequate to replace the securities lent) or fail to pay income distributions on them. There were no significant violations of legal or contractual provisions, no borrower or lending agent default losses, and no recoveries of prior-period losses during the year. There are no income distributions owing on the securities lent.

Interest Rate Risk: In accordance with the Investment Policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of the investment portfolio to less than twelve months and requiring that 80% of the portfolio must be in investments with maturities of two years or less. Also as stated in the Investment Policy the City will not borrow funds using investment securities as collateral, will not take a position in a security for speculation and the City uses a buy and hold strategy for most investments.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk: The City invests in direct obligations of the United States and obligations of agencies and instrumentalities of the United States. The Policy also allows for the investment in taxable municipal securities rated not less than AA- (or equivalent). The City does not have any commercial paper or taxable municipal security investments at this time. The City does invest in a treasury only and a government agency no-load money market mutual fund that is continuously rated AAA or AAAm (or equivalent).

Concentration of Credit Risk: As stated in the Investment Policy the City will diversify investments when purchasing agency securities or commercial paper to avoid a concentration in one agency or company.

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has tri-party agreements with both depositories and a third-party financial institution (Federal Reserve Bank) that holds pledged collateral in a separate custody account for the benefit of the City. All City deposits are fully collateralized by these pledged securities.

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City contracts with an outside financial institution as custodian for all investment transactions and all investment transaction are made on a delivery versus payment method with the outside custodian. The securities are held in the City's name in a separate account. Access to this account is limited to the approved Investment Officers.

A summary of investment securities of the City at September 30, 2011 and the corresponding weighted average maturity is shown in Table 1 below:

	Fair Value			Weighted Average Maturity (Years)
	Unrestricted Assets	Restricted Assets	Total	
Investment Securities				
U.S. Government	$ 18,073,411	$ -	$ 18,073,411	0.36
U.S. Government Sponsored Agencies	114,178,547	-	114,178,547	1.22
Total investment securities	132,251,958	-	132,251,958	1.10
No-load U.S. Treasury-only mutual funds	24,137,353	75,259,974	99,397,327	-
Total investments	156,389,311	75,259,974	231,649,285	0.63
Add: Time deposits with original maturities over three months	3,172,052	-	3,172,052	0.24
Total investments	159,561,363	75,259,974	234,821,337	0.62
Deduct: Cash equivalents	(24,137,353)	(75,259,974)	(99,397,327)	-
Add: Securities Lending	1,007,457	-	1,007,457	-
Net investments for financial reporting	$ 136,431,467	$ -	$ 136,431,467	1.08

Table 1 – Investment Securities and Corresponding Weighted Average Maturity

NOTE 4 - TAXES

Property taxes attach as an enforceable lien on property as of January 1, are levied on October 1 of the same year, and unpaid taxes become delinquent after the following January 31.

The City Charter provides for a maximum tax levy of $1.80 per $100 of assessed valuation, of which any in excess of $1.30 is limited to debt service for waterworks bonds, and of which up to $0.05 is pledged for Airport Maintenance to the extent Airport revenues may not be available.

The combined tax rate of the 2010 tax roll for the 2010/11 fiscal year was $_0.31009 per $100 of assessed valuation, resulting in a tax levy in the amount of $30,639,878 on taxable value of $10,055,707,732.

Property taxes receivable at September 30, 2011 are reflected in Table 2 below:

Year of Levy	
2011	$ 400,605
2010	242,374
2009	151,420
2008	91,818
2007	67,821
2006	56,865
2005	45,745
2004	46,111
2003	81,208
2002	54,463
2001	38,958
2000	26,638
1999	17,046
Prior	53,163
Total taxes receivable	1,374,235
Less: Allowance for estimated uncollectible portion	1,049,122
Net taxes receivable	325,113
Less: Provisions for collections deferred over 60 days	237,468
Amount available (reserved in accordance with City ordinances)	$ 87,645

Table 2 – Taxes Receivable at September 30, 2011

Beginning July 1, 1996, Potter and Randall Counties assumed responsibility of tax collections for various taxing entities within their borders, including the City of Amarillo. The cost of this service is included in the General Fund. The Potter-Randall Appraisal District performs the appraisal function.

The total City sales tax rate is 2%, which includes a 1/2-cent sales tax collected by the AEDC limited to development purposes.

NOTE 5 - RESTRICTED ASSETS, LIABILITIES AND RESERVES

As required by bond indentures, the Water Sewer System and the Airport maintain separate accounts for revenue bond debt service/retirement which are reported as noncurrent assets and related liabilities, and restricted net assets, as reflected in Table 3:

Water Sewer System	Restricted Assets	Related Liabilities	Restricted Net Assets
Bond escrow and proceed accounts	$ 59,425,464	$ 59,425,464	$ –
Revenue bond interest and redemption	3,496,545	–	3,496,545
Revenue bond reserve	1,948,179	–	1,948,179
Total bond debt service/retirement	$ 64,870,188	$ 59,425,464	$ 5,444,724
Airport			
PFC funds	$ 575,968	$ –	$ 575,968
Total bond debt service/retirement	$ 575,968	$ –	$ 575,968

Table 3 – Restricted Funds/Reserved Retained Earnings

The Revenue bond reserve account reflects the amount required in the revenue bond covenants.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2011 was as follows:

	Balances October 1, 2010	Additions	Deletions	Balances September 30, 2011
Capital assets used by governmental activities, at cost				
Capital assets, not being depreciated				
Land	$ 8,117,965	$ 523,289	$ -	$ 8,641,254
Contributed ROW easments	164,124	408,096	-	572,220
Capital projects in process	15,369,347	17,428,904	15,537,234	17,261,017
Total capital assets, not being depreciated	23,651,436	18,360,289	15,537,234	26,474,491
Capital assets, being depreciated				
Infrastructure	227,869,130	2,677,343	-	230,546,473
Building and other improvements	231,217,952	10,987,842	127,915	242,077,879
Equipment and vehicles	77,300,956	9,223,517	4,861,258	81,663,215
Library collections	7,559,617	497,261	385,455	7,671,423
Total capital assets, being depreciated	543,947,655	23,385,963	5,374,628	561,958,990
Less accumulated depreciation for:				
Infrastructure	92,013,021	4,590,366	-	96,603,387
Buildings and other improvements	78,894,672	8,878,241	3,269	87,769,644
Equipment and vehicles	51,320,536	7,143,710	4,024,968	54,439,278
Library collections	3,041,402	439,156	385,454	3,095,104
Total accumulated depreciation	225,269,631	21,051,473	4,413,691	241,907,413
Total capital assets, being depreciated, net	318,678,024	2,334,490	960,937	320,051,577
Net capital assets used by governmental activities	342,329,460	20,694,779	16,498,171	346,526,068
Capital assets used by business-type activities, at cost:				
Enterprise funds				
Water and sewer utility plant	538,272,540	164,164,889	89,907,054	612,530,375
Airport assets	126,506,884	71,690,423	45,876,827	152,320,480
Total cost	664,779,424	235,855,312	135,783,881	764,850,855
Less accumulated depreciation for				
Water and sewer utility plant	153,617,168	10,492,183	295,313	163,814,038
Airport assets	65,969,070	3,211,361	340,716	68,839,715
Total accumulated depreciation	219,586,238	13,703,544	636,029	232,653,753
Net capital assets used by business-type activities	445,193,186	222,151,768	135,147,852	532,197,102
Government-wide net capital assets	$ 787,522,646	$ 242,846,547	$ 151,646,023	$ 878,723,170

Table 4 – Capital Asset Activity

NOTE 6 - CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
General government	$ 103,561
Staff services	1,404,535
Police protection	539,034
Fire protection	885,992
Other public safety and health	1,074,716
Streets, traffic and engineering	5,702,756
Culture and recreation	4,892,123
Solid waste services	610,239
Transit services	697,033
Total governmental fund departments	15,909,989
Internal service fund depreciation allocable to governmental activities based on predominant usage	5,141,484
Total governmental activities	$ 21,051,473
Business-type activities	
Water and sewer system	$ 10,492,183
Airport	3,211,361
Total business-type activities	$ 13,703,544

Water and Sewer System Capital Assets

The City of Amarillo is one of 11 cities that receive surface water from a reservoir created by a dam on the Canadian River, which river arises from the headwaters of the Sangre de Cristo mountains in New Mexico and crosses the Panhandle of Texas before merging into the Red River in eastern Oklahoma. The reservoir and related aqueduct system are operated by the Canadian River Water Municipal Water Authority (CRMWA), a subdivision of the State of Texas. The related infrastructure recorded on the City's books for CRMWA assets at September 30, 2011 is $50.3 million. The related amortized cost of these assets is $18.3million.

In order to enhance supply and improve taste the City blends its 11,117 acre feet of surface water with underground water pumped out of the Ogallala Aquifer by its wells located in Carson, Potter, Randall and Roberts counties.

The City owns $39,493,927 of underground water rights in Roberts, Hutchison, Potter, Randall, Carson, Hartley and Dallam counties with the majority in Roberts and Hutchison counties. Much of the water rights held in Potter, Randall and Carson counties have been developed and are currently being utilized. The City owns undeveloped water rights in Hartley and Dallam counties in the northwestern portion of the Texas Panhandle. Due to the acquisition of the superior Roberts County rights and existing water rights in Potter, Randall and Carson counties, the City does not have plans to develop the water rights in Hartley and Dallam counties at this time. The City sold a portion of the Hartley County water rights during fiscal year 2011. Proceeds from this sale were $7,243,227. Proceeds from the sale are being held in a separate interest bearing account and are being held for future purchases of water rights.

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Water and Sewer System Capital Assets (Continued)

In accordance with financial accounting standards, the City capitalized interest costs applicable to its outstanding water and sewer bonds as construction in progress in its Water and Sewer System Fund, as follows:

Interest expense before capitalization	$ 5,885,769
Interest expenses capitalized	$ 1,297,377

The interest expense not meeting the capitalization criteria represents the $2,978,655 of CRMWA charges associated with that entity's bonded indebtedness and $1,609,737 of Water and Sewer Revenue Bond interest not subject to the capitalization requirements.

Airport Capital Assets

Airport capital assets include runways, buildings, and related improvements constructed by the Federal government for use as an Air Force Base on land contributed by the City, which was returned to the City in 1967 and 1970 upon closing of the Base. Upon return of such assets to the City, the land was recorded on the books of the Airport at $1,521,510, its original cost to the City, and improvements were recorded at $14,356,430, representing construction cost less a provision for depreciation to date returned.

Certain lands and improvements not utilized by the City for airport purposes are leased to various commercial enterprises and to approved economic development program applicants both directly and through the AEDC.

The Airport substantially completed the new terminal facility at fiscal year end September 30, 2011, while some renovations were still ongoing at year-end. The Airport capitalized $45,450,327 of construction cost at year-end.

The City capitalized interest costs in the amount of $559,174 applicable to its outstanding airport bonds as construction in progress in the Airport Fund. Interest and amortization expense before capitalization was $559,174.

NOTE 7 - LEASES

The City leases digital video red light camera equipment from American Traffic Solutions, Inc. under a cancelable operating lease. Total costs for the lease were $342,000 for the year ended September 30, 2011.

NOTE 8 - RETIREMENT BENEFITS

The City participates in funding two retirement plans. The Texas Municipal Retirement System is an agent, multiple-employer, public-employee retirement system which is a nontraditional, joint-contributory, hybrid defined benefit plan. The Firemen's Relief and Retirement Plan is a single-employer, contributory defined benefit plan. Substantially all employees of the City are eligible to participate in one of these two plans.

NOTE 8 - RETIREMENT BENEFITS (CONTINUED)

The City's total payroll for the fiscal year ended September 30, 2011 was $85,702,673 and the portion covered by the two plans was as follows:

Texas Municipal Retirement System (TMRS)	$ 70,279,155
Firemen's Relief and Retirement System (FRRF)	16,051,996
Total covered payroll	$ 86,331,151

Including current employees, annuitants and terminated employees entitled to future benefits, the City had 3,142 members of TMRS and 402 members of FRRF as of the dates of the latest actuarial evaluations.

In addition to the two retirement plans funded by the City, employees may participate in a deferred compensation plan. Details of the various plans are as follows:

Retirement Plans

Texas Municipal Retirement System (TMRS)

Plan Description

All permanent, full-time City employees who are not firefighters are covered by the state-wide Texas Municipal Retirement System (TMRS) through a nontraditional, joint-contributory, hybrid defined benefit plan. The City's plan is one of 842 administered by TMRS, an agent, multiple-employer, public-employee retirement system. It was created by the State of Texas and is administered in accordance with the Texas Municipal Retirement System Act by six trustees appointed by the Governor of the State of Texas. The City joined the System in 1948 to supplement Social Security. The Plan accounts for its affairs to its members and provides actuarial information on the basis of the calendar year. Each of the municipalities has an annual individual actuarial valuation performed. The plan provisions adopted by the City are within the options available in the governing state statutes of TMRS

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. Upon joining the Plan, the City granted its employees monetary credits of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (currently 200% for City of Amarillo employees) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit. The updated service credit is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest, if the current employee contribution rate and the City's matching percent had always been in existence, and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity. In conjunction with the 2010-11 budget process, the City dropped the repeating Cost of Living Adjustment (COLA) and repeating Updated Service Credit (USC) benefits. However, the City approved the Updated Service Credit for 2011 and 2012 on an ad hoc basis.

NOTE 8 - RETIREMENT BENEFITS (CONTINUED)

Retirement Plans (Continued)

Members can retire at ages 60 and above with 10 or more years of service or at any age with 20 years or more service. The plan also provides death and disability benefits. A member is vested after 10 years, but he must leave his accumulated contributions in the plan. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

The contribution rate for the employees is 7%, while the City's matching percent is currently 2 to 1, both as adopted by the City Commission.

Under the state law governing TMRS, the City's contribution rate is annually determined by the System's actuary using the Projected Unit Credit actuarial cost method. This rate consists of the normal, cost-contribution rate and the prior-service, contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal, cost-contribution rate finances the portion of an active member's projected benefit allocated annually. The prior-service, contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's amortization period (24.5 years for the City as of the 12/31/2010 actuarial study).

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

Annual Required Contribution (ARC)	$ 9,164,850
Interest on Net Pension Obligation	495,545
Adjustment to the ARC	(410,007)
Annual Pension Cost (APC)	9,250,388
Contributions Made	(10,585,466)
Decrease in net pension obligation	(1,335,078)
Net Pension Obligation at 09/30/2010	6,607,265
Net Pension Obligation at 09/30/2011	$ 5,272,187

The City's total payroll in fiscal year 2011, exclusive of firefighters, was $69,876,675 and the City's contributions were based on a covered payroll of $70,279,155. Note, the final pay period for the fiscal year ending September 30, 2010 had an actual pay date of October 1, 2011 which resulted in an additional pay period included in the covered payroll reported to TMRS of $2,222,329 for the fiscal year ended 09/30/2011. Both the City and the covered employees make contributions monthly. The City's contribution was $10,585,466. The employees' contributions of 7% of payroll were $4,919,541.

Funding Status and Future Changes in Actuarial and Amortization Methods

The financing objective of each TMRS plan is to provide retirement, death, and disability benefits for a city's employees financed by a contribution rate which will remain approximately level as a percent of the city's payroll from year to year. To test how well the financing objective is being achieved, annual actuarial valuations are made, which valuations adjust each city's contributions for differences in the past year between the actuarial assumptions and the actual experience.

NOTE 8 - RETIREMENT BENEFITS (CONTINUED)

Retirement Plans (Continued)

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contributions Made	Percentage of APC Contributed	Net Pension Obligation
9/30/11	$ 9,250,388	$ 10,585,466	114.4%	$ 5,272,187
9/30/10	15,488,174	11,641,233	75.2%	6,607,265
9/30/09	13,459,396	10,699,072	79.5%	2,760,324

The required contribution rates for fiscal year ending September 30, 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Valuation Date	12/31/2008	12/31/2009	12/31/2010 - Prior to Restructuring	12/31/10 - Restructured
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	29.0 years; closed period	28.1 years; closed period	25.9 years; closed period	24.5 years; closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years	30 years
Asset Valuation Method	Amortized Cost	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:				
Investment Rate of Return	7.5%	7.5%	7.5%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.00%	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.1%	2.1%	0.0%	0.0%

In June 2011, Senate Bill 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS board at their May 2011 meeting. The review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009. For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

NOTE 8 - RETIREMENT BENEFITS (CONTINUED)

Firemen's Relief and Retirement Fund

Plan Description

The City of Amarillo contributes to the Amarillo Firemen's Relief and Retirement Fund (FRRF), which is a single-employer, contributory defined benefit plan maintained for members of the City of Amarillo Fire Department. The benefit and contribution provisions of this plan are established under the authority of the Texas Local Fire Fighters Retirement Act (TLFFRA). The Board of Trustees of the Fund consists of three firefighters and two citizens elected by the members, together with the Mayor or the Mayor's designated representative and the Director of Finance of the City. Within parameters established by TLFFRA, the plan may be amended upon approval by the Board and a vote of the membership.

All persons who are under 36 years of age upon entering service as a firefighter must become members of the plan. The plan generally provides for a lifetime pension expressed as a percentage of average pay, available at age 50 after 20 years of participation. Early retirement and deferred retirement options are also available. The actuarial valuation at January 1, 2010 incorporated all changes in plan benefits effective through that date. The standard retirement benefit is 3.45% of average monthly salary multiplied by years of service, payable in the form of a joint and 2/3-spouse annuity, but various other forms of annuities may be selected. Disability benefits are also paid, the amount of which varies depending upon age, years of service and whether the disability is duty-related. Dependent children may also receive death benefits. A firefighter may elect to receive the return of his/her own contributions upon termination of employment.

The tabulation below summarizes membership of the fund at January 1, 2010, the effective date of the latest actuarial valuation:

Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	157
Current employees:	
Vested	76
Nonvested	169
Total	402

Funding Policy and Contribution

Contributions are made to the FRRF by each member and by the City. While the contribution requirements are not actuarially determined, state law requires that each plan of benefits adopted by the fund must be approved by a qualified actuary. The actuary certifies that the contribution commitments of the firefighters and the City provide an adequate financing arrangement. The entry age actuarial cost method is used to determine the plan's normal cost as a percentage of payroll. This method does not identify or separately amortize unfunded actuarial liabilities. The excess of the total contribution rate over the normal cost rate is used to amortize the plan's unfunded actuarial accrued liability, if any.

Because City contribution rates are determined by ordinance, and the City always pays the calculated rate each month, the City always has a net pension obligation of zero; consequently, the annual pension cost, the annual required contributions, and the contributions made are equal.

The firefighters' total payroll in fiscal year 2011 was $15,825,998 and the City's contributions were based on a covered payroll of $16,051,996. Note, the final pay period for the fiscal year ending September 30, 2010 had an actual pay date of October 1, 2011 which resulted in an additional pay period included in the

NOTE 8 - RETIREMENT BENEFITS (CONTINUED)

Firemen's Relief and Retirement Fund (Continued)

covered payroll reported to FRRF of $556,545 for the fiscal year ended September 30, 2011. The fire-fighters made required contributions of $1,761,713, 1,643,416, and $1,630,219 for the fiscal years ending 2011, 2010, and 2009, respectively.

Funding Status

The most recent actuarial valuation was performed as of January 1, 2010. Valuations are performed biennially. The actuarial accrued liability is developed by subtracting the present value of future normal costs from the present value of total future benefits. Amounts are discounted for interest and for the probability that they will ultimately be paid. Probabilities taken into account include death, disability and termination. The unfunded actuarial liability represents the difference between (a) the present value of future benefits and (b) the sum of the present value of future normal costs and fund assets.

The actuarial method and assumptions used in the actuarial valuation of the plan are the same as those used to develop the actuarial present value under GASB Statement No. 25. The actuarial cost method used in the valuation is the entry age normal actuarial cost method.

Actuarial assumptions used in determining the accrued pension liability included the contribution rates of 17.83% by the City and 11% by employees, compensation increases for individual members of 5.5% per year, compounded annually, increases in total payroll of 5.5%, compounded annually, retirement age of active firefighters of 54, and starting age for benefits of terminated members to average age 50.

The amortization of the unfunded actuarial accrued liability was determined as a level percentage of projected payroll. As of January 1, 2010 the amortization period of the unfunded actuarial accrued liability is 35.9 years. The amortization period is an open amortization period. Guidelines published by the Texas State Pension Review Board specify that the amortization period should never exceed 40 years, with a 25 to 30-year period being preferable. The amortization period as of January 1, 2010 of 35.9 years meets the Pension Review Board Guidelines. The annual pension cost and net pension obligation which are calculated under a 30-year amortization period are as follows:

Annual Required Contribution (ARC)	$ 2,770,044
Interest on Net Pension Obligation	(37,653)
Adjustment to the ARC	23,333
Annual Pension Cost (APC)	2,755,724
Contributions Made	(2,666,269)
Decrease in net pension obligation	89,455
Net Pension Obligation at 12/31/2009	(456,401)
Net Pension Obligation at 12/31/2010	$ (366,946)

The actuarial value of plan assets was determined using techniques that smooth the effects of short-term volatility in the fair value of assets over a five-year period. At January 1, 2010, the actuarial value of plan assets was $116,150,945 and the fair market value was $106,180,628.

The assumed rate of return on the actuarial value of assets was 8.25%, compounded annually, based on a study of the historical yield of the trust fund, as well as an estimate of future rates of return, given the nature and mix of current and expected plan investments.

NOTE 8 - RETIREMENT BENEFITS (CONTINUED)

Firemen's Relief and Retirement Fund (Continued)

The investment return assumption and the projected salary increase use the same assumptions with respect to inflation.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contributions Made	Percentage of APC Contributed	Net Pension Obligation
12/31/10	$ 2,755,724	$ 2,666,269	96.8%	$ (366,946)
12/31/09	2,174,103	2,484,342	114.3%	(456,401)
12/31/08	2,094,444	2,223,688	106.2%	(146,162)

Summary Unfunded Actuarial Accrued Liability – All Plans

The City's unfunded obligation for both the TMRS and FRRF plans is summarized in Table 5 below:

	TMRS 12/31/2010	FRRF 1/1/2010	Totals
Actuarial accrued liability	$ 320,290,615	$ 138,263,770	$ 458,554,385
Net assets available for benefits asset valuation based on cost or adjustment cost	(294,844,927)	-	(294,844,927)
Net asset available for benefits asset valuation based on smoothed market	-	(116,150,945)	(116,150,945)
Unfunded (overfunded) actuarial accrued liability	$ 25,445,688	$ 22,112,825	$ 47,558,513

Table 5 – Unfunded (Overfunded) Actuarial Accrued Liability

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Trend Information

Historical trend information is presented in order for a reader to assess the progress made in accumulating sufficient assets to pay pension benefits as they become payable. This information, presented in accordance with the standards of GASB Statement No. 25 as amended by GASB Statement No. 50, may be found in the Required Supplementary Information section of this report on page 97 (TMRS plan) and page 98 (FRRF plan).

Additional Information

All administrative costs of the TMRS plan are borne by that system. City management does not participate in investment decisions, and there are no related party transactions. TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149513, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS/ website at www.TMRS.com.

NOTE 8 - RETIREMENT BENEFITS (CONTINUED)

Additional Information (Continued)

Salaries for City personnel who help administer the Amarillo Firemen's Relief and Retirement Fund (AFRRF) are borne by the City's General Fund. The Fund incurs the costs of the annual actuarial and audit fees. The Fund has not held securities issued by the City. The Fund issues an audited stand-alone annual financial report. This report, and further details concerning the plan, is available by contacting the Board of Trustees, Firemen's Relief and Retirement Fund, City of Amarillo, P.0. Box 1971, Amarillo, Texas 79105.

Deferred Compensation Plan

In addition to the TMRS and FRRF plans, the City offers its full-time employees a choice of deferred compensation plans created in accordance with Internal Revenue Code (IRC) Section 457. The plans, available to all City employees, permit them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination of employment, retirement, death or unforeseeable emergency. The employee liability for the related Federal income taxes is deferred until the funds are paid to the participating employee or beneficiary under the terms of the agreement.

At September 30, 2011 there was $26,739,692 in the plan administered by Nationwide Retirement Solutions, Inc., $691,437 in the plan being administered by ICMA Retirement Corporation, and $2,092,938 in the plan administered by Valic Retirement Solutions, Inc. Under IRC 457(g), the assets in these plans are held in trust for the exclusive benefit of the participants and their beneficiaries.

NOTE 9 - POSTEMPLOYMENT BENEFITS

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year beginning after December 15, 2006. The City does provide postemployment health benefits to retirees within a single-employer plan. In addition, the City currently pays on a pay-as-you-go basis. In prior years, each respective fund has liquidated their respective liability on a pay-as-you-go basis.

From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. In adopting the requirement of GASB Statement No. 45 during the year ended September 30, 2009, the City recognizes the cost of postemployment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the City's future cash flows. Recognition of the liability accumulated from prior year will be phased in over 30 years, commencing with the 2008 liability.

Annual Other Postemployment Benefit Cost (OPEB)

For the fiscal year ended September 30, 2011, the City's annual OPEB cost (expense) is $17,366,128. Considering the annual expense less pay-as-you-go cost of $3,807,472 for retirees, the result was an increase in the net OPEB obligation of $13,558,656 for the year ended September 30, 2011.

NOTE 9 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Annual Other Postemployment Benefit Cost (OPEB)

Benefit Obligation and Normal Cost

Actuarial present value of benefits	$ 396,229,205
Unfunded actuarial accrued liability	
Actuarial accrued liability	$ 250,000,875
Actuarial value of assets	–
Unfunded actuarial accrued liability	$ 250,000,875
Present value of future normal costs	$ 146,228,330
Annual required contribution	
Normal cost	$ 10,995,493
Amortization of UAAL	10,139,480
Interest on above amounts to end of year	845,399
Annual required contribution	$ 21,980,372

Net OPEB Obligation

Annual required contribution	$ 17,408,828
Interest on net OPEB obligation	1,735,801
Adjustment to annual required contribution	(1,778,501)
Annual OPEB cost	$ 17,366,128
Employer contributions with interest	(3,807,472)
Increase in net OPEB obligation	13,558,656
Net OPEB obligation, beginning of year	43,395,027
Net OPEB obligation, end of year	$ 56,953,683

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
9/30/11	$ 17,366,128	$ 3,807,472	22%	$ 56,953,683
9/30/10	16,622,608	3,158,651	19%	43,395,027
9/30/09	17,574,488	2,325,998	13%	29,931,070

Funding Status

The current unfunded actuarial accrued liability equals the actuarial accrued liability as the City currently does not fund the plan in excess of the pay-as-you-go amount. Actuarial values of the program involve estimates of the value of reported amounts and assumptions of the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

NOTE 9 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The unfunded actuarial accrued liability is being amortized over 30 years. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City hired an actuary to estimate the liability of the City's current retiree health program. The date of this study was October 1, 2011. The actuarial liability was based on a 4.0% discount rate, pay-as-you-go-funding. Projected Unit Credit level percent of pay actuarial cost method, 30-year closed amortization of the UAAL, increasing at 3.00% per year (payroll growth rate). The healthcare cost trend rates are assumed to decrease in future years. The actuarial liability for the retiree health program for both active and retired members is $250,000,875. The annual required contribution to fund this actuarial liability is $21,980,372.

Financial Statements

The Plan does not publish separate financial statements. Further information regarding the Plan may be obtained from the Finance Director, City of Amarillo.

NOTE 10 - COMMITMENTS

The City has several ongoing commitments. One of the more significant commitments is the City's commitment to the Canadian River Municipal Water Authority (CRMWA). The City is obligated to pay its pro rata share of operating costs of the Canadian River Municipal Dam and Aqueduct System along with the City's portion of the CRMWA debt. These costs are included in the Water and Sewer system. In the event of the acquisition and financing of additional water rights, the City would be responsible for contract payments to CRMWA for its proportionate share of the debt service on the bonds issued.

Due to the increasing decline of Lake Meredith, CRMWA began acquiring additional water rights in Gray, Hutchinson, Roberts, and Wheeler Counties beginning in 2004. In the process of acquiring water rights, CRMWA is now one of the largest water rights owners in Texas.

At year-end, CRMWA is in the process of purchasing additional water rights in the Ogallala Aquifer which, in conjunction with the existing Canadian River Project Supply, will provide the District's 11 members with an abundant water supply that is expected to be available through 2140. The Authority will sell the water rights purchased in Ochiltree County to Amarillo for $16.9 million. The City has issued $16.3 million in water & sewer revenue bonds in 2011, which will be used with available funds to purchase the Ochiltree County water rights. The CRMWA purchase will be funded through the issuance of approximately $81.6 million contract revenue bond to occur in the 4th quarter of 2011. Amarillo's share of the CRMWA debt will be approximately $33.5 million. The City raised Water & Sewer rates by 6% beginning October 1, 2011 to help pay for the purchase of the Ochiltree County water rights and its portion of the CRMWA debt. The City will also need to raise water & sewer rates again in 2012-13 by about the same amount.

The City leases facilities adjoining to the City's Civic Center from the Amarillo-Potter Events Venue District (the Venue District). Under the terms of the lease the City is obligated to pay the greater of $10 per month or any shortfall in the District's required monthly deposit to the debt service account. The City has not had to pay more than $120 in lease payments since the inception of the District in 1998.

NOTE 10 - COMMITMENTS (CONTINUED)

Moreover, the Venue District's tax revenues currently can cover debt service payments approximately two times. Therefore, the City does not anticipate paying more than $120 in lease payments in 2011-12. However, the City has appropriated $1,110,841 of its available Fund Balance in the City's 2011-12 budget for its potential commitment to the Venue District although City Management does not believe that any payment beyond $120 will be necessary.

Most of the City's commitments are in capital projects. Many of these projects take more than a year to design, bid, and construct; therefore, the appropriation and commitment do not end at year-end. At September 30, 2011, the City had commitments with respect to completion of various capital projects, as reflected in Table 6. For this purpose, commitments are defined as the difference between the appropriation for the project and amounts paid or recognized as liabilities at year-end, additional funding from outside sources are shown as a reduction to the amounts reported as committed. Sufficient resources were either on hand in the City's accounts or authorized and available to complete all committed projects.

	Project Authorizations	Expected Outside Funding Sources	Outside Funding Received	Complete at September 30, 2011	City's Remaining Committed
Governmental activities					
Street improvements	$ 4,661,900	$ 2,762,568	$ -	$ 1,108,264	$ 791,068
General construction	52,206,838	42,284,966	16,025,837	11,920,960	14,026,749
Solid Waste improvements	10,589,425	-	-	3,153,386	7,436,039
Golf course improvement	75,000	-	-	40,223	34,777
Civic Center improvements	3,138,666	112,528	7,630	346,851	2,686,917
Total - governmental fund activities	70,671,829	45,160,062	16,033,467	16,569,684	24,975,550
Internal service fund projects					
Information services	878,327	-	-	199,081	679,246
Municipal garage	1,633,590	-	-	490,533	1,143,057
Total - all governmental-type activities	73,183,746	45,160,062	16,033,467	17,259,298	26,797,853
Business-type activities					
Water and sewer system improvements	68,753,081	6,295,801	1,854,792	16,227,563	48,084,509
Airport	59,272,391	30,594,628	21,220,018	49,799,114	98,667
Total - all business-type activities	128,025,472	36,890,429	23,074,810	66,026,677	48,183,176
Total - all city project	$ 201,209,218	$ 82,050,491	$ 39,108,277	$ 83,285,975	$ 74,981,029

Table 6 – Unfinished Construction Projects

Funding assistance is being requested in connection with the development of a new well field to be located in Potter County northeast of the City. The total estimated cost of this project is $92 million. During April 2009 the City issued $38,885,000 in the form of Combination Tax and Revenue Certificates of Obligation through the Texas Water Development Board's Water Infrastructure Fund Loan program at a favorable interest rate of two percentage points below market or 2.10%. The additional $47.4 million needed for the project was also funded through the Texas Water Development Board's Water Infrastructure Fund Loan program at even better rates. The City issued $47.4 million in the form of Combination Tax and Revenue Certificates of Obligations 2009B at 1.97%. Also in November 2009, the City received funding from the Texas Water Development Board as part of the America Recovery and Reinvestment Act (ARRA) for funding improvements to the City's Water Treatment Plant. The City has issued the 2009C Combination Tax and Revenue Certificates of Obligation in the amount of $18,075,000 at 0% interest. These bonds are being issued in multiple settlements as the City continues the project. As of September 30, 2011, $15,420,000 of this amount has been received and is recorded as a bond payable.

The City has established funding and commitments for a new Airport Terminal Building. A portion of the project is included in the above amounts in the Airport Fund. The total cost of the project is expected to be approximately $50.2 million. Funding for the project will be derived from $17.2 million in bond

NOTE 10 - COMMITMENTS (CONTINUED)

proceeds and re-offering premium from the 2009A Combination Tax Revenue Certificates of Obligations, $21.1 million in FAA entitlement grants, $2.5 million in a grant from Transportation Security Administration (TSA), and $9.4 million from airport reserves. After the construction is complete, repayment of the outstanding bond debt will be paid from the continuing passenger facilities charges as well as a portion of future AIP entitlement grants.

The City currently has six Public Improvement Districts (PIDs). Five of the six PIDs are located in residential areas of the City and the last PID is located in a business park. These PIDs were established to provide and maintain enhanced amenities beyond what the City would normally approve in a standard development. Most of these amenities take the form of linear parks with walkways, additional landscaping, special features such as bridges and clock towers and special lighting. Since the residents adjacent to these amenities benefit more than the general public, the residents adjacent to the enhanced areas pay special assessments each year for these enhanced amenities.

The PIDs are responsible for the maintenance and ongoing upkeep of these enhanced faculties along with the original cost of the improvements. The City has issued Certificates of Obligations to pay for improvements at the Greenways Public Improvement District. The first issue was for $600,000 in 2001; the second issue was for $620,000 in 2003, and a third issue was for $600,000 in 2008. The special assessments paid by the residents are used to pay for the maintenance and upkeep of the special amenities and to service the debt on the Certificates of Obligation. At the end of fiscal year 2011, there was approximately $285,408 due the developer of the Greenways for unreimbursed improvements.

The City is obligated to issue additional debt and pay the developer when there are sufficient property owners to support the debt service payments. All of the enhanced amenities at the Greenways were originally estimated to be approximately $2.5 million and estimated expenditures for the 2012 fiscal year are $227,200.

The Colonies Public Improvement District also has unreimbursed costs to the developer for enhanced amenities. The City issued Certificates of Obligations to reimburse the developer for these enhancements. The bonds were issued during 2006 in the amount of $585,000 and $1,500,000 during 2008. The special assessments paid by the residents will be used to pay the debt service associated with this issue. Through September 30, 2011 there was approximately $1,058,000 in unreimbursed cost to the developer. The City is obligated to issue debt when there are sufficient property owners to support the debt to pay the developer along with the ongoing maintenance and upkeep of the amenities. All of the enhanced amenities at the Colonies were originally estimated to be approximately $4.6 million and estimated expenditures for the 2012 fiscal year are approximately $650,000. The other PIDs are fully developed and there is not an amount to be paid to the developer.

The City has committed $286,000 in the 2011/2012 Budget to Downtown Amarillo Inc. (DAI) and $125,000 to Center City for downtown redevelopment. Both work closely with the City, citizens and the downtown developer to promote and improve the downtown area.

The City has entered into a development agreement, which has been assigned to the Amarillo Local Government Corporation (the Corporation). The Corporation's charge is to work with the developer on three downtown initiatives: a convention hotel, a parking garage and a multi-purpose event venue that will also serve as a minor league ball park. The City will own all of the facilities. The City anticipates that they will need to issue approximately $33 million in hotel tax revenue bonds in 2013 to finance the parking garage and multi-purpose event venue. The City has budgeted capital funds for relocation of utilities in the 2011/2012 budget and has recorded a liability at September 30, 2011 to pay the developer's $940,000 in pursuit costs.

NOTE 10 - COMMITMENTS (CONTINUED)

Unfortunately, the hotel tax revenue is already allocated. Currently, 3.5% of the 7% hotel tax revenues are used to offset the operating loss at the Civic Center Complex, which includes the Globe News Center. Also, about 3% of the hotel tax is allocated to the Chamber of Commerce's Convention and Visitor's Counsel to promote tourism and conventions in the City. The half percent is used to subsidize events at the Civic Center Complex. Generally, the 3.5% for the Civic Center Complex is more than enough to offset the loss and the balance is transferred to the Civic Center Improvement fund for future capital needs. Likewise, the City generally does not use all the funds allocated to subsidize events at the Civic Center Complex and those excess funds are also transferred to the Civic Center Improvement fund. All three of the projects will be outsourced in a lease agreement with the developer, and the developer will be responsible for the maintenance and operation of the facilities at no cost to the City.

To free up additional hotel tax revenues, the City increased Civic Center Complex rents by 20% in the 2011/2012 budget and intends to increase rents another 20% in 2012/2013. The City has also added a 10% add-on fee to ticketed events at the Civic Center Complex. Since most events were under contract in 2012/2013, the City will not see the impact of this increase until 2013. Once the parking garage is built, the City anticipates about $150,000 annually in special events parking and a lease from the hotel of $360,000 annually for parking spaces. The Venue District has also approved a $100,000 increase in the operating agreement for their portion of the Civic Center, which will also free up additional hotel tax.

For the Civic Center, the net result of issuing the hotel tax revenue bonds will be fewer funds for future capital. However, the Chamber's Convention and Tourism allocation was used mainly for operating the program. The Chamber has retained unspent hotel revenues and will use those funds to offset their reduction in future hotel tax revenue. The hotel taxes will ultimately have to grow to make up for the short fall to the Chamber. Fortunately, 2010/2011 was the City's best year yet for hotel tax.

NOTE 11 - LONG-TERM OBLIGATIONS

Tax Supported Debt

On February 3, 2011 the City issued the 2011A and 2011B Certificates of Obligation series. The 2011A series was issued in the amount of $3,750,000 to fund the reconstruction of one of the City's municipal golf courses. The debt service for this issue will be funded by revenue generated from the City golf courses. These bonds were issued at 4.91%. The maturities range thru 2037 with annual principal payments from $85,000 to $245,000. The 2011B series was issued in the amount of $2,210,000 to be fund streetscape improvements in the City's downtown central business district. The streetscape project is part of our "Downtown Strategic Action Plan" for our Tax Increment Reinvestment Zone (TIRZ) #1. Accordingly, the debt service for this issue will be funded by the TIRZ #1 revenue. These bonds were issued at 4.93%. The maturities range thru 2032 with annual principal payments from $70,000 to $170,000.

On April 15, 2010 the City issued $1,392,000 Recovery Zone Build America Bonds, Series 2010. These bonds were issued at 5.81% with a 45% interest subsidy from the United States Treasury. The maturities range thru 2030 with an average interest coupon of 3.196% (net of the subsidy). The proceeds are to fund the City's portion of the construction of a bridge at Grand and 3rd[d] Street, as well as street and drainage improvements. The annual principal maturities range from $58,000 to $88,000.

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Tax Supported Debt (Continued)

On September 3, 2009 the City issued the Series 2009 General Obligation Refunding Bonds in the amount of $4,825,000. These bonds refunded the 2001 General Obligation Bonds, with the exception of the August 15, 2010 principal payment of $285,000, which was paid by the City. The refunding met the requirements of an in-substance defeasance and the applicable bonds were removed from the City's books of account. The refunding was undertaken to reduce total debt service payments over the next 13 years by approximately $287,000, and resulted in an economic gain of approximately $231,000. Interest on the 2009 bonds is payable in semi-annual installments which began February 15, 2010, at rates ranging from 2.25% to 5.00%, and the serial bonds mature annually to August 15, 2022 in amounts ranging from $340,000 to $485,000. The City has reserved the right to redeem the bonds with maturities on or after August 15, 2019 on August 15, 2018 or any date thereafter.

The City issued $24,575,000 Combination Tax and Revenue Certificates of Obligation bonds dated September 25, 2007. The issuance of these bonds has greatly helped the City to respond to the substantial growth pressures existing in Fire, Police, Public Health, Street, and the Parks and Recreation Departments to meet public facility and infrastructure needs. Interest is payable in semi-annual installments which began November 15, 2008, at rates ranging from 4.00% to 5.25%, and the serial bonds mature annually to May 15, 2027 in amounts ranging from $980,000 to $2,000,000. The City has reserved the right to redeem the bonds with maturities on or after May 15, 2018 on May 15, 2017 or any date thereafter. The bonds are insured by the MBIA Insurance Corporation.

On Feb. 18, 2009, MBIA Inc. announced a restructuring plan that created new, separate legal entities within the MBIA group. In this transaction, National Finance Guarantee Corporation (National), formerly known as MBIA Insurance Corporation of Illinois, became a sister company of other MBIA entities that maintain non-U.S. public finance risks. National became the U.S. public finance insurer within the MBIA group, and it assumed the U.S. public finance book of business that was previously part of MBIA on a reinsurance-cut-through basis. MBIA's other legal entities retained the global structured finance and international infrastructure business. This restructuring had the goal of separating the more-volatile structured finance book of business from the lower-risk/lower-volatility U.S. public finance book. On December 19, 2011, Moody's Investor Service downgraded the financial strength of National to Baa2 from Baa1. This rating action has no affect on the City's underlying rating, nor does it affect the original terms of the bonds. The City's General Obligation debt enjoys AAA by Standard and Poor's and Aa1 by Moody's.

Special Assessment Debt

On December 20, 2001, the City issued $600,000 of Combination Tax and Revenue Certificates of Obligation for the purpose of financing the construction of park facilities in the Greenways Public Improvement District of the City. Debt service is to be funded out of special assessments on properties within the District. Under the terms of Certificates of Obligation, if the City did not levy the special assessment or if the revenue from the special assessments were not sufficient to pay the debt service on the Certificates of Obligations, the City would be obligated to levy a tax to make the debt service payments. Interest is payable in semi-annual installments at 4.45%, and the certificates are subject to mandatory redemption in annual amounts ranging from $45,000 to $55,000. Final maturity is August 15, 2016, and the City has reserved the right to redeem the remaining outstanding certificates on or after August 15, 2010.

On November 26, 2003, the City issued $620,000 of Combination Tax and Revenue Certificates of Obligation for the purpose of financing the construction of additional park facilities in the Greenways Public Improvement District of the City. Debt service is to be funded out of special assessments on

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Special Assessment Debt (Continued)

properties within the District. Interest is payable in semi-annual installments at 3.70%, and the certificates are subject to mandatory redemption in annual amounts ranging from $30,000 to $45,000. Final maturity is August 15, 2023.

On May 24, 2006, the City issued $585,000 of Combination Tax and Revenue Certificates of Obligation for the purpose of financing enhancements of the park facilities in the Colonies Public Improvement District. Debt Service is to be funded out of special assessments on properties within the District. Principal and interest are payable monthly at a rate of 4.75%, and the certificates are subject to mandatory redemption in annual amounts ranging from $23,708 to $43,909. The final maturity is February 15, 2026.

On July 17, 2008, the City issued $600,000 (2008A) and $1,500,000 (2008B) of Combination Tax and Revenue Certificates of Obligation for the purpose of financing enhancements of the park facilities in the Greenways Public Improvement District and the Colonies Public Improvement District, respectively. Debt Service is to be funded out of special assessments on properties within each District. For the 2008A issue principal and interest are payable monthly at a rate of 4.28%, and the certificates are subject to mandatory redemption in annual amounts ranging from $20,000 to $45,000. The final maturity is February 15, 2028. For the 2008B issue principal and interest are payable monthly at a rate of 4.08%, and the certificates are subject to mandatory redemption in annual amounts ranging from $55,000 to $110,000. The final maturity is February 15, 2028.

Summary of changes in the governmental activities debt for the year ended September 30, 2011 is as follows:

	Tax Supported Debt	Special Assessment Debt and Other Revenue Sources	Total Government Activities Debt
Principal balances outstanding, October 1, 2010	$ 29,732,000	$ 3,211,529	$ 32,943,529
New bond issue	-	5,960,000	5,960,000
Principal maturities	(1,314,000)	(162,611)	(1,476,611)
Balances September 30, 2011	28,418,000	9,008,918	37,426,918
Balance of unamortized issuance cost	(207,300)	(44,295)	(251,595)
Balance of unamortized discount/premium	393,435	-	393,435
Net balances, September 30, 2011	$ 28,604,135	$ 8,964,623	$ 37,568,758

Water and Sewer Bonds

On December 28, 2006, the City issued Waterworks and Sewer System Revenue Refunding Bonds, Series 2006A of $9,370,000 par value to refund the 1996 Waterworks and Sewer System Revenue Refunding. The advance refunding met the requirements of an in-substance defeasance and the applicable bonds were removed from the City's books of account. The refunding was undertaken to reduce total debt service payments by approximately $105,000 and resulted in an economic gain of approximately $67,000. The 2006A bonds mature annually through 2027 in principal amounts ranging from $1,010,000 to $1,350,000, and the interest rates on the outstanding securities range from 4.25 % to 4.38%. In order to keep debt service payments level the City's principal payments will begin in the year 2020.

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Bonds (Continued)

On September 7, 2005 the City issued the Waterworks and Sewer Revenue Refunding Bonds in the amount of $13,650,000 maturing through 2019, to advance refund a portion of the 1999 Waterworks and Sewer Revenue Bond issue. The refunding was undertaken to reduce total debt service payments over the next twelve years by approximately $917,000 and resulted in an economic gain of approximately $769,000. The refunded bonds were removed from the City's books. The outstanding remaining principal for the 1999 issue was paid off on April 1, 2007. The outstanding 2005 bonds mature annually through 2019 with principal amounts ranging from $1,030,000 to $1,415,000 and provide for interest rates ranging from 4.00% to 5.00%.

In 2003 the City issued Waterworks and Sewer System Revenue Bonds in the amount of $9,180,000 for the purpose of funding capital projects. On August 1, 2011 the City issued General Obligation Refunding Bonds, Series 2011 of $5,605,000 par value to refund $5,680,000 of the 2003 Waterworks and Sewer System Revenue Bonds. The advance refunding met the requirement of an in-substance defeasance and the applicable bonds were removed from the City's books of account. As of September 30, 2011, the amount of defeased debt outstanding, but removed from the government-wide financial statement, amounted to $5,680,000. The refunding was undertaken to reduce the total debt service payments over the next twelve years by $840,080 and resulted in an economic gain of $716,618 with a net present value benefit of $337,772. $410,000 of the outstanding remaining principal of the 2003 issue will be paid off in 2012. The outstanding 2011 bonds mature annually thru 2023 with principal amounts ranging from $85,000 to $575,000 and provide for interest rates ranging from 2.00% to 3.125%.

On December 28, 2006, the City issued $9,120,000 Waterworks and Sewer System Revenue bonds, Series 2006 for the improvement and expansion of the City's waterworks and sewer system. In order to keep the debt service payments level the principal payments will begin in 2013 and mature annually through 2032 in principal amounts ranging from $305,000 to $655,000. The interest rates on the bonds will range from 4.00% to 4.50%.

On April 1, 2009, the City issued $38,885,000 Combination Tax and Revenue Certificates of Obligation bonds, Series 2009 to help fund the Potter County well field project. The outstanding bonds mature annually through 2028 in principal amounts ranging from $2,005,000 to $2,555,000 and provide for interest rates ranging from .15% to 3.02%.

On December 29, 2009, the City issued the Combination Tax and Revenue Certificates of Obligation Series 2009B in the amount of $47,400,000. The Series 2009B bonds mature annually through 2029 in principal amounts ranging from $1,955,000 to $3,400,000 and provide for interest rates ranging from .02% to 2.59%. The City also issued Combination Tax and Revenue Certificates of Obligation Series 2009C in the amount of $18,075,000. The Series 2009C bonds are expected to mature annually from 2012 through 2031 with principal amounts ranging from $880,000 to $905,000 and provide for a 0% interest rate. As of September 30, 2011, $15,420,000 of these bonds have been settled and are reflected on the City's debt schedule. We intend to close on the balance of this debt issuance during the 2010/2011 fiscal year.

On August 1, 2011 the City issued the Waterworks and Sewer System New Series Revenue Bonds, New Series 2011 in the amount of $16,300,000. The Series bonds mature annually through 2031 in principal amounts ranging from $600,000 to $1,150,000 and provide for interest rates ranging from 2.00% to 4.125%.

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Bonds (Continued)

A summary of changes in Water and Sewer System bonded debt for the year ended September 30, 2011, is as follows:

Principal balances outstanding, October 1, 2010	$ 124,800,000
New bond issue	34,430,000
Refunded Bonds	(5,680,000)
Principal maturities	(5,350,000)
Balances, September 30, 2011	148,200,000
Balance of unamortized refunding and issuance costs	(1,557,750)
Net balances, September 30, 2011	$ 146,642,250

The net revenues of the Water and Sewer System are pledged to secure this debt. In accordance with bond covenants, the following special funds or accounts must be maintained:

- A revenue fund, to which all gross revenues are to be credited immediately upon receipt.
- An interest and redemption fund, to be funded by transfers from pledged revenues in approximately equal monthly installments, sufficient to pay the next succeeding interest and principal payments. The 2012 obligation is $10,208,168. At September 30, 2011, the amount available in this account was $3,496,545.
- A reserve fund, to be funded monthly by transfers from pledged revenues in the amount equal to 1/60th of the average annual principal and interest requirements of the bonds until the fair value of the reserve fund is equal to the average annual debt service requirements of the then outstanding bonds. At September 30, 2011, the combined requirement amounted to $1,948,179 and the amount available in this account was $1,948,179.

The interest/redemption and reserve funds required by the bond covenants are reported in the financial statements as noncurrent assets and liabilities. The various revenue bond covenants require that the City carry insurance against risks, accidents or casualties to the extent usually carried by corporations operating like properties.

The City is subject to arbitrage provisions under the Internal Revenue Code, which requires that excess earnings on invested proceeds from tax-exempt bond sales over interest expense paid to bond holders be remitted to the Internal Revenue Service. The City did not have an arbitrage liability at September 30, 2011. The City has maintained its tax-exempt status during 2011.

The City has the right to issue additional Waterworks and Sewer Revenue Bonds, subordinate to these issues. Moreover, the City can issue additional parity debt so long as the net Water and Sewer System revenues exceed the debt service on the prior bonds together with any additional borrowings by 1.25 times.

Water Authority Obligations

In 1968 the City, together with 10 other cities, entered into a contract with the Canadian River Municipal Water Authority (CRMWA) to reimburse it for the cost of constructing a dam and aqueduct system in exchange for the water to be provided from the reservoir. The dam is located approximately 35 miles northeast of the City.

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Water Authority Obligations (Continued)

In 1998 a portion of CRMWA's remaining obligation to the U.S. Bureau of Reclamation in connection with the construction indebtedness was retired in exchange for a transfer of CRMWA's surface lands to the National Park Service. In 1999 CRMWA issued revenue bonds maturing in the years 2000 to 2018 in order to retire the balance of the U.S. obligation. In 2010 CRMWA issued refunding bonds maturing in 2018 in order to retire the 1999 issue. The City's share of the principal amounts range from $445,211 to $941,547 and provide for interest rates ranging from 3.00% to 3.50%. The bonds are secured by a lien on contract revenues, consisting of the member cities' project agreement payments. At September 30, 2011, the City's proportionate share of this indebtedness was $3,894,967 and its share of the unamortized discount obtained for early retirement of the Bureau of Reclamation debt was $2,232,901.

In 1999 CRMWA issued revenue bonds maturing in the years 2000 to 2010 to fund a salinity control project with respect to the surface water basin. These bonds matured during the 2010 fiscal year.

In May 1996, member cities of CRMWA agreed to participate in a project to develop underground water rights to supplement CRMWA's available surface water, and CRMWA then issued revenue bonds to fund phase 1 of the project, which consisted of purchasing groundwater rights in the northeastern portion of the Texas Panhandle. In the fiscal year ended September 30, 2000, the 1996 bonds were defeased by a portion of a new issue of revenue bonds (Series 1999) in the face amount of $52,825,000. During April 2005, the member cities of CRMWA agreed to participate in two CRMWA debt issues. The first issue was the 2005 Contract Revenue Refund Series and was used to refund a portion of the Series 1999 issue. During 2010 this issue was refunded with bonds maturing in 2020. The City's share of the annual principal amount range from $213,418 to $521,567 providing for interest rates of 3.00% to 3.50%. At September 30, 2011, the City's portion of the outstanding remaining principal for the 2010 issue is $2,885,225 and the City's portion of the 2005 Refunding bonds is $14,184,666.

In addition to defeasing the 1996 issuance, the proceeds of the new issue were used to fund the drilling of wells and installation of pipelines from the well fields to the existing CRMWA aqueduct system. While two of the eleven member cities elected to pay for their proportionate shares of these costs from their own resources, the City elected to participate in CRMWA's bond issuance. The City also participated in the 2005 Contract Revenue Series issued in the amount of $48,125,000. The City's portion of this bond issue is $19,467,586 at September 30, 2011. The participating member cities desired to have level debt service payments. In order to keep the CRMWA debt service payments level, the City will only be paying interest for the first ten years on the 2005 CRMWA contract revenue bonds. Thereafter, the other obligations will be paid off and the City will begin paying principal and interest on the 2005 CRMWA contract revenue bonds. In total, the payments to CRMWA will remain constant throughout the term of the various bond issues.

During 2006, the member cities of CRMWA agreed to participate in the 2006 CRMWA debt issue. The Contract Revenue Bonds, Series 2006 were issued in the amount of $49,075,000. The City's proportionate share of this indebtedness is $17,183,915 at September 30, 2011.

During November 2009, CRMWA issued debt in the amount $21,105,000. The City participated in this issue and the City's proportionate share of this indebtedness was $8,573,062 million. The City's portion of the annual principal payments range from $312,274 to $951,547 with interest rates of 3.00% to 5.00%. The City's proportionate share of this indebtedness is $8,048,035 at September 30, 2011. Bonds are secured by a lien on the participating member cities' project payments.

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Summary Information - Long-Term Bonds and Contracts

A summary of changes in the City's CRMWA debt for the year ended September 30, 2011, is reflected in the following table:

Principal outstanding, October 1, 2010	$ 69,101,396
Principal maturities	(3,437,002)
Principal outstanding, September 30, 2011	65,664,394
Proportionate share of related reserves, unamortized issuance cost, and gain on refunding	(3,862,371)
Unamortized redemption discount/premium	5,491,929
Net balances, September 30, 2011	$ 67,293,952

Airport Bonds

On September 3, 2009, the City issued $16,140,000 Combination Tax and Revenue Certificates of Obligation Series 2009A bonds to help fund the terminal building project. The outstanding bonds mature annually through 2020 in principal amounts ranging from $1,280,000 to $1,830,000 and provide for interest rates ranging from 3.00% to 4.78%.

Principal outstanding, October 1, 2010	$ 14,975,000
Principal maturities	(1,230,000)
Principal outstanding, September 30, 2011	13,745,000
Proportionate share of related unamortized issuance cost	(169,825)
Unamortized redemption premium	1,078,207
Net balances, September 30, 2011	$ 14,653,382

Bond issues outstanding at September 30, 2011 are summarized in Table 7 below.

	Interest Rates	Final Maturity Date	Principal Amount Outstanding	Annual Principal Installments
City of Amarillo indebtness				
General Obligation debt				
Payable from tax revenues				
General Obligation Bonds, series 2009	2.00 - 5.00%	2022	4,470,000	340,000 – 485,000
Combination tax/revenue certificates of obligation, series 2007	4.00 - 5.25%	2027	22,600,000	980,000 – 2,000,000
Recovery Zone Build America Bonds, Series 2010	5.81%	2030	1,348,000	58,000 – 88,000
Payable from special assesments				
Combination tax/revenue certificates of obligation, series 2001	4.45%	2016	245,000	45,000 – 55,000
Combination tax/revenue certificates of obligation, series 2003	3.70%	2023	435,000	30,000 – 45,000
Combination tax/revenue certificates of obligation, series 2006	4.75%	2026	478,918	23,708 – 43,909
Combination tax/revenue certificates of obligation, series 2008A	4.28%	2028	540,000	20,000 – 45,000
Combination tax/revenue certificates of obligation, series 2008B	4.08%	2028	1,350,000	55,000 – 110,000
Payable from other sources				
Combination tax/revenue certificates of obligation, series 2011A	3.50 - 5.25%	2037	3,750,000	85,000 – 245,000
Combination tax/revenue certificates of obligation, series 2011B	3.50 - 6.00%	2032	2,210,000	70,000 – 170,000

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Summary Information - Long-Term Bonds and Contracts (Continued)

	Interest Rates	Final Maturity Date	Principal Amount Outstanding	Annual Principal Installments		
Waterworks and Sewer Bonds						
2003 revenue issuance	3.38%	2012	410,000	410,000		
2005 revenue issuance	4.00 - 5.00%	2019	9,650,000	1,030,000	–	1,415,000
2006 revenue issuance	4.00 - 4.50%	2032	9,120,000	305,000	–	655,000
2006A revenue issuance	4.25 - 4.38%	2027	9,370,000	1,010,000	–	1,350,000
2011 revenue issuance	2.00 - 4.125%	2031	16,300,000	600,000	–	1,150,000
Combination tax/revenue certificates of obligation, series 2009	.15 - 3.02%	2028	36,880,000	2,005,000	–	2,555,000
Combination tax/revenue certificates of obligation, series 2009B	.02 - 2.59%	2029	45,445,000	1,955,000	–	3,400,000
Combination tax/revenue certificates of obligation, series 2009C	0.00%	2031	15,420,000	880,000	–	905,000
General Obligation bonds series 2011	2.00 - 3.125%	2023	5,605,000	85,000	–	575,000
Airport Bonds						
Combination tax/revenue certificates of obligation, series 2009A	3.00 - 4.78%	2020	13,745,000	1,280,000	–	1,830,000
Total City of Amarillo issuances			199,371,918			
Canadian River Water Authority indebtedness						
2005 refunding issuance	4.00 - 5.00%	2020	14,184,666	601,054	–	1,777,030
2005 revenue issuance	4.00 - 5.25%	2025	19,467,586	370,012	–	3,558,140
2006 revenue issuance	5.00%	2027	17,183,915	771,658	–	1,529,487
2009 revenue issuance	3.00 - 5.00%	2029	8,048,035	312,274	–	951,547
2010 refunding issuance (Conjunctive Use Groundwater)	3.00 - 3.50%	2020	2,885,225	213,418	–	521,567
2010 refunding issuance (BUREC)	3.00 - 3.50%	2018	3,894,967	445,211	–	941,547
Total City share of Water Authority indebtness			65,664,394			
Total bond issues outstanding			$ 265,036,312			

Table 7 – Description of Individual Bond Issues Outstanding

The annual requirements to amortize all bonds outstanding, including interest, are shown in Table 8 below.

For the Year Ended September 30,	Tax-Supported Debt		Special Assessment and Other Supported Debt		Water & Sewer Debt		Water Authority Debt		Airport Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2012	$ 1,378,000	$ 1,334,926	$ 328,708	$ 400,914	$ 7,210,000	$ 2,998,168	$ 3,557,430	$ 3,097,254	$ 1,280,000	$ 594,625	$ 13,754,138	$ 8,425,887
2013	1,424,000	1,283,672	339,860	387,917	7,290,000	3,204,293	3,706,254	2,951,488	1,330,000	542,675	14,090,114	8,370,045
2014	1,485,000	1,223,887	356,067	374,479	7,360,000	3,120,968	3,877,928	2,790,420	1,380,000	495,125	14,458,995	8,004,879
2015	1,541,000	1,163,293	362,331	360,483	7,460,000	3,025,484	4,024,616	2,614,606	1,440,000	433,650	14,827,947	7,597,516
2016	1,607,000	1,098,945	383,659	346,150	7,570,000	2,914,903	4,192,039	2,431,688	1,510,000	362,025	15,262,698	7,153,711
2017-2021	9,190,000	4,331,984	1,845,565	1,517,041	40,060,000	12,430,165	23,145,732	9,080,476	6,805,000	681,462	81,046,297	28,041,128
2022-2026	9,455,000	2,035,042	2,092,728	1,108,996	44,235,000	7,582,949	20,846,036	3,227,874	-	-	76,628,764	13,954,861
2027-2031	2,338,000	132,383	1,830,000	621,950	26,360,000	1,905,815	2,314,359	173,174	-	-	32,842,359	2,833,322
2032-2036	-	-	1,225,000	213,656	655,000	14,738	-	-	-	-	1,880,000	228,394
2037-2041	-	-	245,000	6,431	-	-	-	-	-	-	245,000	6,431
	$ 28,418,000	$ 12,604,132	$ 9,008,918	$ 5,338,017	$ 148,200,000	$ 37,197,483	$ 65,664,394	$ 26,366,980	$ 13,745,000	$ 3,109,562	$ 265,036,312	$ 84,616,174

Table 8 – Annual Debt Service Requirements, Including Interest

Provision for Compensated Absences

The City provides for its full-time employees annual leave of two, three, four or five weeks, depending upon years of service with the City. Up to 65 days of annual leave may be carried over to future years.

Uniformed police officers and firefighters are allowed 15 days of sick leave per year. Civilian, full-time employees are also allowed 12 days' sick leave per year. Employees whose date of hire is before December 29, 1988, may accumulate up to 90 days of sick leave to be paid in a lump sum upon termination of employment. Employees hired after December 29, 1988, must have ten years or more of service before benefits vest. Employees who are eligible to retire may convert accumulated sick leave

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Provision for Compensated Absences (Continued)

benefits in excess of the eligible lump-sum termination amounts into an Individual Health Retirement account. Employees hired after September 30, 2007 may accumulate up to 60 days of sick leave and 30 days of annual leave, which will be eligible to be paid in a lump sum upon termination.

The obligation of the City with respect to vested benefits at September 30, 2011, under the annual leave policy was $8,625,418, compensated time policy was $879,300, and under the sick leave policy was $9,741,988.

These obligations were recognized in the financial statements as summarized in the following tabulation:

	Governmental Funds	Proprietary Funds
Balances at October 1, 2010	$ 17,386,624	$ 1,616,368
Terminations paid	(1,679,702)	(233,856)
Leave accrued	1,878,785	263,113
Balances at September 30, 2011	$ 17,585,707	$ 1,645,625

Of the above obligations, $1,570,403 in the Government Funds are estimated to be current and $201,103 in the Proprietary Funds. In prior years, the General Fund has liquidated the compensated absences liability related to governmental funds.

In 1997 the City established a debt service fund to provide for the portion of the liability applicable to the General fund and certain special revenue funds. The net assets in the fund at September 30, 2011 were $12,733,619; $656,034 of the obligation is funded in separate internal service funds and is accrued as a liability of these funds.

Provision for Landfill Closure and Postclosure Care Costs

The City owns a 662-acre rural site, which it operates for solid waste disposal purposes. Based on an amended permit issued by the Texas Commission on Environmental Quality dated August 22, 2007, the site has an estimated total capacity of 43,098,100 tons. It is estimated that15% of the revised capacity was filled at September 30, 2011, and that the landfill has a projected remaining life of approximately 166 years at the current rate of usage. State and federal laws and regulations require the City to place a final cover on the site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

The City's design plans divide the landfill site into 12 cells. Five cells, representing 258 acres with a total capacity of 17,541,300 tons or approximately 41% of the total site capacity, are currently open. It is estimated that at September 30, 2011, these five cells were approximately 38% full. The construction as well as the cost of wells, which have been installed for monitoring the underlying water table for any impact on it of ongoing landfill activities, were funded by waste collection and disposal revenues of the City's General Fund, and are included in capital assets of the governmental activities.

Governmental accounting standards require that, for periods beginning after June 15, 1993, governmental entities recognize an accrued liability for the estimated cost of equipment, facilities, and services for closure, and postclosure care expected to result in disbursements near or after the date that the facility stops accepting solid waste. The amount of the liability is based on what it would cost to have all such closure and postclosure care performed in the current year, and is assigned to periods based on cumulative landfill use. The City engaged an independent engineer who estimated the cost of final cover at $8,145,871 for a 100-acre, two-cell segment. The estimated cost of monitoring the entire 662 acres during the statutory 30-year period is an additional $1,780,200. Both computations were made in

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Provision for Landfill Closure and Postclosure Care Costs (Continued)

accordance with regulations of the Environmental Protection Agency, which require that the estimates be based on the current cost of hiring third parties to perform the services. The actual cost of these functions, when performed in future years, may differ because of inflation, changes in technology, changes in environmental regulations, or performance of certain of the functions by City personnel and equipment. Considering the change in the Consumer Price Index (CPI) and the addition of the Transfer station, closure costs would be about $10 million and post-closure costs would be about $3 million for a total of $13 million in today's dollars.

Based on the cumulative usage of 6,628,000 tons at September 30, 2011, together with the estimated 43,098,100-ton capacity of the landfill, the accrued liability consists of the following elements:

Provision for final cover costs	$ 1,535,844
Cost of postclosure care and monitoring	461,049
Total estimated accrued liability	$ 1,996,893

Under laws and regulations administered by the Texas Natural Resource Conservation Commission, owners and operators are required to provide financial assurances that the funds needed for the closure of landfills will be available when needed. The City has elected to meet this responsibility by demonstrating its compliance with the "local government financial test," which promulgates criteria regarding financial strength, public notice, and record-keeping and reporting. The City fulfilled the financial strength test by demonstrating a current Standard & Poors rating of AAA, together with a ratio of total annual revenues to the gross estimated cost of environmental obligations in excess of 100/43, together with meeting certain general conditions. It fulfills the public notice component by disclosure in this footnote, and fulfills the record-keeping and reporting component by submission of reports to the Texas Commission on Environmental Quality.

Long-term liabilities activity for the year ended September 30, 2011 was as follows:

	Balance Sept. 30, 2010	Amortization/ Accretion	Additions	Reductions	Balance Sept. 30, 2011	Due within One year
Bonds payable:						
Governmental activities						
General obligation bonds	$ 4,800,000	$ -	$ -	$ (330,000)	$ 4,470,000	$ 340,000
Recovery Zone Build America bonds	1,392,000	-		(44,000)	1,348,000	58,000
Tax-supported certificates of obligation	23,540,000	-	-	(940,000)	22,600,000	980,000
Unamortized debt issuance	(71,146)	2,641	-	-	(68,505)	-
Unamortized gain on refunding	(195,630)	12,540	-	-	(183,090)	-
Unamortized offering premium	492,391	(21,456)	(77,500)	-	393,435	-
Special assessment and other debt	3,211,529	-	5,960,000	(162,611)	9,008,918	328,708
Total governmental activities	33,169,144	(6,275)	5,882,500	(1,476,611)	37,568,758	1,706,708
Business-type activities						
Water & sewer bonds	123,551,627	80,473	34,430,000	(11,419,850)	146,642,250	7,210,000
Water authority obligations	70,916,608	(185,654)	-	(3,437,002)	67,293,952	3,557,430
Airport bonds	15,964,670	(81,288)	-	(1,230,000)	14,653,382	1,280,000
Total business-type activities	210,432,905	(186,469)	34,430,000	(16,086,852)	228,589,584	12,047,430
Total	243,602,049	(192,744)	40,312,500	(17,563,463)	266,158,342	13,754,138
Other liabilities:						
Governmental activities						
Compensated absences	17,386,624	-	1,878,785	(1,679,702)	17,585,707	1,570,403
Self-insurance liability	15,279,146	-	1,319,986	-	16,599,132	5,674,831
Provision for landfill and postclosure care costs	1,626,275	-	370,618	-	1,996,893	-
Postemployment benefits	43,395,027	-	19,144,629	(5,585,973)	56,953,683	-
Net pension obligation	5,693,957	-	9,408,645	(10,585,466)	4,517,136	-
Total governmental activities	83,381,029	-	32,122,663	(17,851,141)	97,652,551	7,245,234
Business-type activities						
Compensated absences	1,616,368	-	263,113	(233,856)	1,645,625	201,103
Other accrued expenses	2,718,836	-	557,408	(126,244)	3,150,000	-
Net pension obligation	913,308	-	(158,257)	-	755,051	-
Total business-type activities	5,248,512	-	662,264	(360,100)	5,550,676	201,103
Total	88,629,541	-	32,784,927	(18,211,241)	103,203,227	7,446,337
Total long-term liabilities	$ 332,231,590	$ (192,744)	$ 73,097,427	$ (35,774,704)	$ 369,361,569	$ 21,200,475

NOTE 12 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following tabulation reflects the composition of interfund balances at September 30, 2011.

Receivable Fund		Payable Funds	
General Fund	$ 1,624,024	Internal Service	$ 18,458
		Capital Projects	104,000
		Fiduciary	139
		Nonmajor Govt. Funds	1,501,427
	$ 1,624,024		$ 1,624,024
Nonmajor Govt. Funds	$ 44,115	Internal Service	$ 12,255
		Nonmajor Govt. Funds	31,860
	$ 44,115		$ 44,115
Internal Service Funds	$ 162,944	Internal Service	$ 162,450
		Nonmajor Govt. Funds	494
	$ 162,944		$ 162,944

All transactions between funds represent "due to/from other funds" caused by cash from one fund paying for expenditures or expenses of another. The City did not incur transactions between funds that would represent lending/borrowing arrangements outstanding at the end of the fiscal year.

The following tabulations summarize interfund cash transfers made during the year:

Transfers Out Fund		Transfers In Fund	
General Fund	$ 8,702,841	Capital Projects	$ 8,622,487
		Nonmajor Govt. Units	59,135
		Internal Service	21,219
	$ 8,702,841		$ 8,702,841
Capital Projects	$ 1,032,446	General Fund	$ 151,942
		Nonmajor Govt. Units	79,499
		Internal Service	2,660
		Capital Projects	798,345
	$ 1,032,446		$ 1,032,446
Nonmajor Govt. Funds	$ 639,783	General Fund	$ 18,317
		Capital Projects	206,462
		Nonmajor Govt. Units	330,234
		Internal Services	84,770
	$ 639,783		$ 639,783

NOTE 12 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Proprietary Funds	$ 1,311	Internal Services	$ 1,311
	$ 1,311		$ 1,311

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations. The due to/from balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

NOTE 13 - WATER SUPPLY CONTRACT

The City's water is supplied by a series of underground wells, together with water that is purchased from CRMWA.

CRMWA is a water district that was created in 1953 by the Texas legislature for the purpose of supplying water from the Canadian River to eleven cities that wished to participate in its activities. A board of nineteen individual board members, two of whom are selected by the City, governs the affairs of the District.

CRMWA was originally created for the purpose of operating a dam, which had been constructed on the Canadian River approximately 35 miles northeast of Amarillo, the related water reservoir known as Lake Meredith, and an aqueduct system for the purpose of transporting the surface water to the member cities. The construction was performed under the direction of the U.S. Bureau of Reclamation. Prior to construction, each of the member cities was allotted a portion of the water rights together with a proportionate share of the cost of the dam based on its contractual share of the water and a share of the aqueduct costs based on its water allocation and distance from the reservoir.

In 1996 CRMWA initiated a project to purchase and develop underground water rights in the northeastern portion of the Texas Panhandle to supplement CRMWA's available surface water. Water is transported from the well fields to be mixed with the lake water before entering the aqueduct system. Water deliveries of the well water to the member cities began in December 2001.

Each city is assessed for operating costs, which are accounted for by the City as an operating expense. Each member may sell part or all of its rights under the contract to other members of the aqueduct system.

The last audited financial statements of CRMWA, as of September 30, 2011 and for its fiscal year then ended, reflect the following:

Assets	
Cash and cash equivalents	$ 14,021,708
Due from member cities and other receivable	7,359,063
Debt Service Funds	
Restricted cash and cash equivalents	19,563,308
Due from cities	133,185,833
Bond issuance costs, net of amortization	1,669,078
Property, plant and equipment, net of accumulated depreciation	247,535,993

NOTE 13 - WATER SUPPLY CONTRACT (CONTINUED)

Liabilities and Deferred Revenues	
Current liabilities	(10,370,227)
Noncurrent liabilities	(141,478,159)
Net Assets	$ 271,486,597
Revenues	
User assessments for operations	$ 12,900,956
Other	90,853
Expenditures	
Operating expenses	(15,838,698)
Other Financing Sources (Uses)	
Net contributions from member cities	29,802
Nonoperating revenues (expenses)	939,137
Transfer	(90,853)
Net Increase (Decrease) in Net Assets	$ (1,968,803)

CRMWA's debt consists of the approximately $8.5 million related to bonds issued to refund the construction obligation to the Bureau of Reclamation and $135.9 million related to the underground water project. The CRMWA's annual debt services requirements, including interest, range from $1.6 million to $14.9 million with final repayment in 2029. Because certain member cities elected to fund their proportionate shares of these costs on a separate basis, and the City's contractual share of the available lake water is 37.058% and 40.621% of well water. The City's share of this debt is approximately $65.7 million. The City's contractual water rights and its proportionate shares of CRMWA's various debt obligations are accounted for as assets and liabilities of its Water and Sewer System.

Because the cities that are members of the aqueduct system have the right to elect members of the governing Board, this arrangement has one of the attributes of a joint venture. However, the City has not reported this contract as a joint venture for the following reasons:

- CRMWA was created by the State of Texas and is a subdivision thereof, as opposed to having been created by the members of CRMWA.
- The City has no vested rights in the assets of CRMWA, nor responsibility for its liabilities other than its proportionate share of the contractual construction obligations.
- The affairs of CRMWA are accounted for on a "financial flow" measurement focus, which is not consistent with the measurement focus required for the water and sewer enterprise fund.

NOTE 14 - HARRINGTON LIBRARY CONSORTIUM

The City is a member, as well as the fiscal agent, of a library consortium comprised of itself together with the Amarillo Junior College District and Amarillo Independent School District. The Consortium's purpose is to maintain a computer-based, online automated system to enhance the delivery of library information services to the citizens of the Panhandle of Texas. It provides a bibliographic database, an online catalog system, intralibrary and interlibrary circulation systems, and similar services to citizens through their local libraries. The Consortium is governed by a six-member council comprised of the chief administrator of the library services for each member, the chairmen of two of its committees and a representative of the Harrington User Group.

NOTE 14 - HARRINGTON LIBRARY CONSORTIUM (CONTINUED)

The original funding for the Consortium was a grant from a local charitable organization, the Harrington Foundation. Continuing operations are financed through user fees from the members and from subscribing libraries in the region. During the year ended September 30, 2011, the Consortium served approximately 125 members and five affiliates. The condensed financial statements of the Consortium at September 30, 2011 and for the year then ended are summarized in the table below.

Balance Sheet	
Capital assets, net of depreciation	$ 52,027
Cash and other assets, net	851,845
Current liabilities	(29,003)
Net assets	$ 874,869
Revenues	
Operating revenues	$ 441,259
Nonoperating revenues	46,523
Total revenues	487,782
Expenses	
Operating expenses	(470,175)
Change in net assets	$ 17,607

NOTE 15 - CONTINGENCIES AND RISK MANAGEMENT

Self-Insurance and Risk Management

The City's insurance coverage consists of self-insured programs supplemented by certain commercial insurance policies maintained with various carriers. The City's insurance and self-insurance programs are administered by a risk-management committee comprised of selected City management personnel. Each type of potential claim is discussed below.

Health and Accident: The City self-insures medical benefits for employees, retirees, and their covered dependents. The City purchases stop-loss coverage for specific claims over $750,000. The specific coverage stops at $5 million.

Property: Property insurance is maintained with commercial carriers, with a self-insured retention per occurrence of $250,000. Total blanket coverage for all buildings and contents including terrorism coverage is $568,648,708. The property insurance policy also includes $100 million in flood and earthquake coverage and has a Terrorism endorsement.

The City has an endorsement to its property insurance coverage for Boiler and Machinery (explosion and damage). Insurance is maintained with commercial carriers to the extent of $50,000,000 potential liability. The City has incurred no losses with respect to this risk.

Automobile Liability and Physical Damage: The City has elected to fully self-insure these risks.

Workers' Compensation: City employees are entitled to statutory workers' compensation benefits. The City has a per accident self-insurance retention of $1 million per occurrence with statutory limits. The Excess Workers' Compensation and Employers' Liability Indemnity Policy was purchased to cover a major accident. Historically, the City has had one claim that exceeded $1 million self-insurance retention.

NOTE 15 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

General Liability: The City has elected to self-insure public official, professional, and general liability contingencies to the full extent of its statutory limits. Additionally, no insurance is carried for crime or burglary losses or employee dishonesty, except for the minimal bonds required by law.

Police Officer Liability: The City has purchased Police Officer Liability Insurance with a $100 deductible with per occurrence and annual aggregate coverage of $16 million. This new coverage would be sufficient to cover our largest claim. The City's largest claim has been a $5 million Police Liability Claim.

Unemployment Benefits: The City fully self-insures unemployment benefits, reimbursing the Texas Workforce Commission for claims on the basis of quarterly reports.

Two internal service funds are used to account for the transactions associated with the various risks.

Employee Insurance Fund: All full-time employees are provided with health insurance and $10,000 life insurance in the City's basic benefit package. Full-time employees can add dependents for health and life coverage. Retirees are also allowed to retain their health insurance, including dependent coverage after retirement along with the basic $10,000 life insurance benefit. While the City pays for the majority of the health insurance benefit, the employee is also required to participate in the cost of the program. Additional group life insurance is also available, but solely at the employee's expense. The City has a third-party carrier for the life insurance benefit. The City currently has specific stop loss coverage with a $750,000 annual deductible, but is essentially self-insured for employee and retiree health coverage.

The Employee Insurance Fund is used to account for the collection of employer and employee contributions, and for payments of claims and insurance premiums. The City covers most of the cost of employee only coverage and contributes to spouse and family coverage. Retirees contribute based on their service with the City and retiree rates are also subsidized by the City. Liabilities are presented at the estimated amounts of incurred losses outstanding, without discounting.

Self-Insurance and Risk Management

Employees have up to one year after services are rendered in which to present their claims for reimbursement. The estimated current liability at September 30, 2011 related to incurred but not reported (IBNR) claims was $2,351,079. The IBNR estimate was computed by management based on historical patterns and reference to previous actuarial estimates. An actuarial study of the IBNR claims of the employee insurance fund was done as of September 30, 2010. Management's estimate of the liability by the City was within recommended funding ranges of that study. A provision is also made for estimated future costs of known loss events. This provision at September 30, 2011, was $2,595,170 and was calculated by management based on historical costs associated with similar health conditions. The postemployment liability at September 30, 2011 was $56,953,683. The postemployment health benefit adjustment was $13,558,656, which includes the annual required contribution of $17,408,828 plus interest of $1,735,801 less an adjustment to the annual required contribution of $1,778,501 and less the pay as you go cost of $3,807,472.

After providing for incurred losses, the Employee Insurance Trust had net assets of $(49,703,956) at September 30, 2011. Included in the net asset calculation is the adjustment discussed in the previous paragraph for postemployment health benefits as required Governmental Accounting Standards Number 45. This adjustment is $13,558,656 for the 2010/2011 fiscal year.

NOTE 15 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

Self-Insurance and Risk Management (Continued)

The following tabulation reflects changes in the estimated aggregate liabilities for incurred losses of the Employee Insurance Fund:

	2011	2010
Estimated liabilities at beginning of year	$ 49,190,356	$ 34,399,440
Postemployment health benefits annual required contribution	17,366,128	16,622,608
Postemployment health benefits pay as you go cost	(3,807,472)	(3,158,651)
Claims during year and changes in estimates	14,059,450	17,231,361
Payments during year	(14,908,530)	(15,904,402)
Estimated liabilities at end of year	$ 61,899,932	$ 49,190,356

Risk Management Fund

The transactions related to risk areas other than employee health are accounted for in the Risk Management Fund, which is funded through assessments to City departments at rates developed by reference to the actuarial studies of the self-insurance fund together with estimates of the charges by private insurers for similar coverages. Risks considered included general & airport liability, boiler and machinery, police, auto, and excess liability; workers compensation; unemployment; crime/fidelity/burglary; property insurance deductibles and various other risk groups.

Actuarial studies of the Fund are made at least biennially. The actuary's methodology includes review of the City's historical experience with respect to each type of risk, together with insurance industry patterns and any amendments to the state workers' compensation laws.

An actuarial study of the self-insurance liability was done as of September 30, 2010. Management's estimate of the liability by the City was within recommended funding ranges of that study. Management estimated the liability for incurred losses at September 30, 2011 to be $11,652,883.

The City is self-insured for most exposures. The most significant risk assigned to third-party carriers is the property insurance coverage in excess of the $250,000 retention. The City also carries Excess Workers' Compensation and Employers' Liability Indemnity insurance with self-insurance retention of $1 million.

The following tabulation reflects changes in the estimated aggregate liabilities for incurred claims of the Risk Management Fund:

	2011	2010
Estimated liability at beginning of year	$ 9,483,817	$ 10,139,506
Claims during year and changes in estimates	4,326,562	1,593,062
Payments during year	(2,157,496)	(2,248,751)
Estimated liability at end of year	$ 11,652,883	$ 9,483,817

NOTE 15 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

Litigation

The City has been named as defendant in a number of other lawsuits or complaints arising out of the ordinary course of conducting its operations. While several of these claims ask for the full amount allowed by state statute, it has been the City's experience that such actions, if pursued, result in losses of amounts substantially less than the claimed amounts. These complaints are similar to complaints resolved in prior years, which settlements comprise the City's historical experience that formed the basis for the actuarial determination of the estimated liability for presented and unpresented claims payable at September 30, 2011.

Pollution Remediation Obligation

In 2003 the City of Amarillo was notified that it is a Potentially Responsible Party (PRP), due to it contributing waste oil some years earlier to the Double Eagle Refinery superfund site, in Oklahoma City, Oklahoma. By August 2004 the City of Amarillo, along with a coalition of approximately 43 other PRPs, had reached a negotiated settlement in principal with the United States Department of Justice (DOJ) and State of Oklahoma for the respective liability of each PRP. That settlement amount was $4.60 per gallon. Finally, in November 2007, after protracted negotiations, the DOJ and coalition counsel reached agreement on precise wording of the settlement documents, and Amarillo tendered its payment of $124,609. After a protracted period of court proceedings and regulatory delays, a consent decree was signed by the federal court on December 6, 2010, confirming the originally negotiated settlement as to Amarillo.

Upon completion of the Hollywood Road Wastewater Treatment in the 1960s, the City of Amarillo began to discharge treated effluent into an on-site playa lake. This practice was in full conformance with all environmental regulations, was conducted under a lawfully issued State of Texas environmental discharge permit, and was subject to regular monitoring and reporting standards. Over time, a sub-surface plume of water developed under the playa lake and has since slowly migrated outward. This plume is comprised of water that contains a chloride level that is higher than the native groundwater in the area.

The City ceased pumping treated effluent into the playa and the chloride content of the plume, both originally and currently, is below the federal and state limits for potable water. In fact, the water in the plume is of equal or better quality than that in the City's potable water system, which is rated "Superior" by the Texas Commission on Environmental Quality.

As the plume migrated outward, it has seeped into some domestic water wells near the facility. Due to this, the City has historically conducted a voluntary monitoring program of the nearby domestic wells and continues to do so at this time. If this monitoring detects chloride content in a well that is higher than the native groundwater, the City then either re-works the existing well, replaces it with a new well constructed to current standards, or provides a reverse osmosis treatment system based on the homeowner's preference.

Management believes that GASB 49 does not apply in this instance since there has been no actual pollution by any legal definition of the term. However, the City intends to continue the practice of monitoring the plume, providing replacement wells and treatment systems and pursuing options for remediation in the future. The City has recorded a liability of $3.4 million to continue the voluntary monitoring and well replacement program throughout this fiscal year. The estimated amount could change in the future as the City evaluates various alternatives.

NOTE 16 - CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued industrial revenue bonds to provide financial assistance in private-sector entities for the acquisition and construction of commercial and health facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for repayments of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

While the outstanding principal amount could not be determined, the original issues were as follows:

Issues	Number of issues	Original issue amounts
Amarillo Industrial Development Corporation	23	$ 47,936,000
Amarillo Health Facilities Corporation	27	287,545,000
Amarillo Housing Finance Corporation	5	35,086,708
Amarillo Housing Corporation	1	2,460,000
		$ 373,027,708

NOTE 17 - AMARILLO HOSPITAL DISTRICT

Significant Accounting Policies

Financial Reporting Entity

The financial reporting entity represents a political subdivision of the State of Texas and a component unit of the City. Its fiscal year coincides with that of the City.

On May 7, 1996, the Amarillo Hospital District (District) sold its hospital facilities to a private hospital management company for approximately $121,000,000 and discontinued assessing ad valorem taxes for hospital purposes. With the exception of continuing the operations of a pediatric-specialty, nonprofit entity until 2000, the functions of the District since the sale of the hospital facilities have consisted primarily of investing the sales proceeds for future hospital purposes and funding indigent care costs. The employee pension plan is held for payment of future benefits as former employees meet applicable retirement requirements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District follows the provision of Governmental Accounting Standards Board Statement No. 34. While it is no longer engaged in hospital operations, it continues to use the accounting principles applicable to enterprise funds.

The District follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investment Pools,* which provides that investments generally are reported at fair value, and changes in fair value are recognized as revenue.

Additionally, the District follows GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as amended by GAS No. 50, *Pension Disclosures.* Accordingly, its pension expense is recognized on the accrual basis.

The District has self-insured claims arising from professional malpractice.

NOTE 17 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Agreements with Respect to Hospital Sale

On May 7, 1996, the District sold its physical plant, patient receivables, and other operating assets to a for-profit, hospital-management company which assumed all of its hospital operations, as well as responsibility for healthcare services to indigent and needy persons within the District. The total sales proceeds were approximately $121 million.

In return, the District will make indigent care payments to the buyer, payable in quarterly installments, for the next 25 years. The payments were $8,000,000 per year through May 1999. Thereafter, through May 2006, payments varied between $6,000,000 to $8,000,000 per year, adjusted for inflation. Subsequent to May 2006, the payments per year will generally be equal to the lesser of the payments per year made in 2005 or 2006. For the years ended September 30, 2011 and 2010, the District recognized approximately $5,551,694 and $5,910,000, respectively, in indigent care expenses relating to the agreement.

The District currently collaborates with Northwest Texas Healthcare System to ensure both parties best allocate their resources for the provision of care to the low income and needy residents in their community. As part of this collaboration, Northwest has proposed that the District fund payments to Northwest under the Medicaid upper payment limit program ("Medicaid UPL"). On November 9, 2006, the District temporarily suspended the "Indigent Care Agreement," dated May 7, 1996 for the period from November 9, 2006 through November 8, 2008 and replaced it with the an almost identical agreement called the Health Care Services Agreement. (HCA). The District remitted approximately $12,712,000 on November 20, 2006 to fund the Medicaid UPL program. On October 1, 2007, the parties entered into a Second Suspension Agreement, amended in June 2008, where the indigent care agreement was suspended through August 8, 2010 and the District provided $10,617,911 to the Medicaid UPL program. The agreement was amended a third time in October 2008 suspending the indigent care agreement to August 2011 and $5,526,945 in Medicaid UPL funding was made on December 1, 2009. The agreement was amended a fourth time in June 2009 suspending the indigent care agreement to November 8, 2012. The District made payments of $2,695,249 in June 2009 and $3,896,364 in September 2009 for Medicaid UPL funding. In January 2010, the agreement was amended to extend the suspension of the indigent care agreement through August 8, 2013 with a payment of $4,007,690 in Medicaid UPL funding. Likewise, the agreement was amended to extend the suspension of the indigent care agreement through November 8, 2013 with a payment of $1,330,871 in Medicaid UPL funding in July 2010 and again in November 2010. The November 2010 extends the agreement through February 8, 2014 at a cost of $1,337,596.

In April 2011, the suspension agreement was amended to extend the suspension of the indigent care agreement through May 8, 2014 with a payment of $1,359,466 in Medicaid UPL funding. Likewise, the agreement was amended to extend the suspension of the indigent care agreement through August 8, 2014 with a payment of $1,360,959 in Medicaid UPL funding in July 2011.

In October 2011, the suspension agreement was extended through November 8, 2014 at a cost of $1,337,382. With the suspension of the "Indigent Care Agreement," the District was no longer obligated to make indigent care payments. Currently, the "Indigent Care Agreement" and corresponding payments have been suspended through November 2014. The District has provided $46.2 million in funding to the Medicaid program versus $55.5 million in indigent care payments that would have been due under the contract.

NOTE 17 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Deposits and Investments

The District's funds are required to be invested in accordance with the Public Funds Investment Act. Bank deposits are collateralized by FDIC insurance or by pledged collateral. Governmental accounting standards require the categorization of investments to give an indication of the level of risk assumed. Based on the applicable criteria, a summary of the District's investment securities at September 30, 2011 are as follows:

	Fair Value			Weighted Average Maturity (Years)
	Unrestricted Assets	Restricted Assets	Total	(excluding securities lending)
Investment Securities				
U.S. Treasury obligations	$ 10,974,490	$ -	$ 10,974,490	7.41
U.S. Government and government-sponsored agencies	176,335,846	-	176,335,846	26.81
Municipal bonds	15,349,233	-	15,349,233	8.87
Total investment securities	202,659,569	-	202,659,569	9.16
No-load U.S. Treasury-only mutual funds	6,138,878	-	6,138,878	-
Total investments	208,798,447	-	208,798,447	8.99
Deduct: Cash equivalents	(6,138,878)	-	(6,138,878)	-
Add: Secured lending transactions	-	-	-	-
Net investments for financial reporting	$ 202,659,569	$ -	$ 202,659,569	9.16

Property Taxes

The District is co-extensive with the City, and the assessed valuations that have formed the basis for its tax roll have been the same as that of the City. The assessment of ad valorem taxes ceased in 1996 with the sale of the facilities. Ad valorem tax revenue of $8,247 for the year ended September 30, 2011 represents collections of delinquent taxes.

Tobacco Settlement

During 1998 the State of Texas settled litigation against certain tobacco manufacturers, which entitles political subdivisions with legal responsibility for providing indigent healthcare services to a portion of the settlement proceeds. As a result of the settlement, in 1998 the District received a distribution of approximately $2.9 million based on a per capita calculation (1990 federal census). Subsequent distributions have been made based on each subdivision's total unreimbursed indigent healthcare expenditures for the calendar year immediately preceding the year of distribution. As the various calculations are not determinable by the District, these revenues are not accrued. In 2011 and 2010 the District received approximately $240,000 and $348,000, respectively in tobacco settlement funds.

Employee Retirement Benefits

Substantially all full-time employees of the District had been eligible for participation in the pension plan, which is a single-employer, noncontributory plan. Upon the sale of the Hospital in 1996, the employee pension plan was "frozen."

An actuarial valuation performed as of October 1, 2010 reflected an actuarial accrued liability of $30,529,070 and net assets available for benefits, at "smoothed" market, of approximately $18,259,179, resulting in an unfunded liability of $12,269,891. Significant actuarial assumptions used in the valuations include a rate of return on investments of 8%. Compensation increases do not apply due to the plan being

NOTE 17 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Employee Retirement Benefits (Continued)

frozen. For the year ended September 30, 2011, the District made a contribution of $2,231,091 to the plan.

Participants vested 100% upon completion of five years of service and vested participants are entitled to benefits upon retirement or upon termination of employment after 20 years of service. Upon sale of the Hospital, as described above, substantially all employees of the District were offered employment with the buyer or, with respect to certain public health functions, the Health Department of the City, both of which alternatives are considered to be a continuation of employment for purposes of defining retirement or termination. At October 1, 2010, the plan had 226 participants classified as "active" under this provision, although the plan was "frozen" as it relates to District participants, as well as 390 retirees and 240 terminated employees entitled to, but not receiving benefits.

It is anticipated that the plan's assets will be held intact to fund retirement benefits as determined under this plan when the vested participants separate from service with the successor employers. The District is responsible for the pension plan and intends to make annual contributions at least equal to the actuarially determined contribution requirements to the plan.

Commitments and Contingencies

Although the District sold the Hospital on May 7, 1996, it retained the responsibility for certain claims as of the date of sale. The District self-insures substantially all of the important risks.

In accordance with the limited liability provisions of the Texas Tort Claims Act, the District may be liable for settlement of malpractice claims up to a limit of $100,000 per person. Claims have been made alleging malpractice arising out of the ordinary course of business, and such litigation is in various stages of progress. The District self-insures for claims arising from professional malpractice.

It is the opinion of management that estimated self-insurance costs, including known claims and reserves for incurred but not reported claims, are adequate to provide for potential claims.

As of September 1, 2009, the District is no longer the contractor for the Poison Center in Amarillo. The District had subcontracted with Texas Tech University (Texas Tech) to manage the Poison Center in Amarillo. As of September 1, 2009, the State is contracting directly with Texas Tech. The Poison Center is entirely grant funded and the District remitted the payments from the granting agency to Texas Tech.

The District has contracts with Northwest Texas Healthcare System (Northwest) and Northwest's affiliate, Amarillo Clinical Services, Inc. (ACS), relating to pediatric, dental and tobacco prevention services. Under the contract with ACS, ACS will provide pediatric physician healthcare services under the terms of an arrangement with Texas Tech. Under the contract with Northwest, Northwest will provide non-hospital healthcare services, including dental care services and tobacco prevention and control services. For the years ended September 30, 2011 and 2010, the District paid approximately $1,474,000 and $1,639,000, respectively, for pediatric subspecialty care, indigent dental care, and our smoking cessation and prevention program called Tobacco Free Amarillo. The decrease in the expenditure is because the District dropped the dental services portion of the contract in 2010-11 due to budgetary reasons.

For the year ended September 30, 2011, the District has committed to fund pediatric services, dental services and tobacco prevention services for approximately $1,484,000.

NOTE 17 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Financial Statements

The District's financial offices were closed upon the sale of the hospital, and its Board selected the City of Amarillo as its fiscal agent. Accordingly, the separately issued financial statements for this entity and for its pension trust may be obtained by contacting the Director of Finance, City of Amarillo, P.O. Box 1971, Amarillo, Texas 79105

NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION

Significant Accounting Policies

Operations

Amarillo Economic Development Corporation (AEDC) was created by the City in 1990 under provisions of the Development Corporation Act of the State of Texas. Its operations are financed by the proceeds of a 1/2-percent economic-development, sales tax. It is governed by a five-member Board of Directors appointed by the City Commission. The City serves as fiscal agent for AEDC, providing such services as accounting, investment, and management information services.

Because of the City's excellent mid-continent location and its year-around flying weather, together with the availability of the land and improvements of a former U.S. Air Force Strategic Air Command base, many of the early projects of AEDC have focused on the City's International Airport. As one of its first economic development projects, AEDC issued sales tax revenue bonds to fund the construction of a hangar on ground leased from the City's Airport. The hangar is capable of accommodating a Boeing 747 airplane and is being leased to a qualifying private enterprise. Additional other leases have been entered into involving existing hangars, nearby buildings and construction of facilities.

Other projects have taken the form of grants or interest waivers on loans to industrial enterprises based on meeting targeted, job-creation levels, as well as grants and contracts supporting research and promotional activities.

Measurement Focus, Basis of Accounting, and Financial Statement Preparation

The AEDC's fiscal year coincides with that of the City. AEDC follows the provisions of Governmental Accounting Standards Board Statement No. 34. Accordingly, it presents government-wide financial statements using accounting principles similar to those used by commercial enterprises.

Investments are valued at fair market value. Grants are generally recorded as expenses and liabilities at the time of the awards. Grants subject to significant performance criteria are recorded when the funds are disbursed or the criteria satisfied, whichever is earlier.

The maximum potential job creation credits available against loan interest are recognized as development expense in the period in which the loans are made. Development notes receivable are reported at their stated principal amounts, reduced by the estimated effect of the potential interest waivers as well as by an allowance for uncollectible amounts. Direct financing leases are reported at the lower of the Corporation's investment in the property or the present value of the future minimum lease payments to be received plus the estimated residual value of the leased property. Income from finance leases is credited to income based on a constant periodic rate of return on the net investment in the lease.

NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Preparation (Continued)

Property and equipment are recorded at cost, and donated property is recorded at fair value at date of receipt. Property and equipment consists primarily of hangars and related improvements located at the City's airport, as to which the estimated useful lives are 30 years. Depreciation is provided on the straight-line method. Assets restricted by interest and sinking fund indenture agreements are segregated, and are presented as restricted assets.

Deposits and Investments

The AEDC's cash and investments are managed by the City, which accounts for its liquid assets and its receipts and disbursements as one of its agency funds. The AEDC's uninvested cash is held in the City's depository in the City's name as agent for AEDC. All such cash is insured by the Federal Deposit Insurance Corporation and other insurers.

The AEDC's investments are administered by City management under terms of an investment policy and strategy that has been updated to conform to the latest amendments to the Texas Public Funds Investment Act.

A summary of the AEDC's investment securities at September 30, 2011 is as follows:

	Fair Value	Weighted Average Maturity (Years)
Investments		
U.S. Treasury	$ –	–
Money market mutual funds	18,927,457	–
Total investments at fair value	18,927,457	–
Deduct: Classified as cash equivalents for financial reporting	(18,927,457)	–
Net investments	$ –	–

Economic Development Loans

As one type of economic development project, the AEDC has made a number of loans to industrial enterprises under arrangements that waive up to 100% of the stated interest on such loans if job creation targets are met. These maximum allowances are recognized as development expenses in the period in which the loans are made. In addition to interest waivers, a provision has been made for uncollectible loans, including amounts related to the individual credits based on managements' analysis, as well as a provision for unidentified risks.

An analysis of loans and the related valuations allowances at September 30, 2011 are as follows:

Principal balances	$ 7,529,334
Allowance for uncollectible accounts	(45,229)
Loans, net of allowances	$ 7,484,105

Interest accrued and receivable on loans is $747,603 at September 30, 2011.

NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Direct Financing Leases

In August 1998, Bell Helicopter, the world's leading producer of helicopters, announced its selection of Amarillo as the site for its new tiltrotor helicopter plant, based partly on incentives offered by AEDC. The incentive package includes manufacturing facilities financed by AEDC sales-tax-backed bonds up to a total amount of $34 million, as well as industrial revenue bonds up to a total amount of $8 million, plus cash of up to $5 million for site acquisition and employee training and relocation. Bell's obligations under a lease agreement are sufficient to service the construction debt, but if job creation goals are met, the resulting incentive credits could fully discharge Bell's payment obligations. As of September 30, 2011, AEDC had increased the total funding capacity under the location incentive agreement to $120 million.

In the 1999 fiscal year, approximately 65 acres of land adjacent to the City's airport were acquired for Phase I of this project, and construction of a hangar and an aircraft assembly building was begun. The first building was completed in May 1999, and the second building was completed in March 2000. The rental term for this phase of the project is 20 years, coinciding with the term of sales tax revenue bonds in face amount of $23,430,000 sold in order to fund the construction. The rental amount is to be the levelized debt service on the bonds. The resulting annual rentals, in the amount of $2,163,503, were waived during the first year and, as noted above, subsequent annual rentals could be fully waived if job creation goals are met. At the end of the 20-year lease term, Bell Helicopter has the option to purchase the buildings and underlying land for $1. At September 30, 2011, AEDC's net investment in this lease was $12,864,952.

In fiscal year 2005, an expansion to the aircraft assembly building was completed for a total cost of $10,570,000. The rental term for this project is 20 years, beginning on the date the lease commenced. The resulting monthly rentals, in the amount of $44,042 could be fully waived if job creation goals are met. At September 30, 2011, AEDC's net investment, less discount for jobs credits, in this lease was $4,782,812.

The expansion to the Hanger was completed for a total cost of $14,234,368. The lease for this project commenced on January 1, 2006. The rental for this project is 20 years, beginning on the date the lease commenced. The resulting annual rentals, in the amount of $711,718, could be fully waived if job creator goals are met. At September 30, 2011, AEDC's net investment in this lease, less discount for jobs credits, was $6,916,484.

Phase IV of the project was completed for a total cost of $15,028,921. The lease for this project commenced on January 1, 2006. The rental term for this project is 20 years, beginning on the date the lease commenced. The resulting annual rentals, in the amount of $751,446, could be fully waived if job creator goals are met. At September 30, 2011, AEDC's net investment in this lease, less discount for jobs credits, was $7,229,795.

In fiscal year 2009, Phase VI was completed for a total cost of $22,242,454. The lease for this project commences on January 1, 2010. The rental term for this project is 20 years, beginning on the date the lease commences. The resulting annual rentals in the amount of $1,884,509 could be waived if job creation goals are met. At September 30, 2011, AEDC's net investment in this lease, less discount for job credits, was $22,315,641.

In fiscal year 2011, a project was completed for a total cost of $31,749,325. The lease for this project commences on June 14, 2011. The rental term for this project is 20 years, beginning on the date the lease commenced. The resulting annual rentals in the amount of $799,314 could be fully waived if job creation goals are met. At September 30, 2011, AEDC's net investment in this lease, less discount for job credits, was $31,586,804.

NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Direct Financing Leases (Continued)

Additionally, in fiscal year 2006, AEDC acquired another 98.6 acres of adjacent land for future expansion, at a total cost of $782,540. In accordance with the terms of the incentive package, this land together with any improvements thereon will be subject to a purchase option at a nominal amount after redemption of any bonds issued for related construction.

The AEDC has four other direct financing leases, with a total carrying value of $12,264,253 as of September 30, 2011. Future noncancelable commitments of the tenants under these arrangements are as follows:

Year ending September 30	Bell Helicopter	Other
2012	$ 8,850,890	$ 1,175,204
2013	8,850,890	1,175,204
2014	8,850,890	1,175,204
2015	8,850,890	1,175,204
2016	8,850,890	1,051,217
Future years	90,912,413	14,007,967
	$ 135,166,863	$ 19,760,000

As described above, the Bell Helicopter lease is subject to jobs creation credits that may result in a full waiver of the lease payments.

Operating Lease Activities

The AEDC has entered into a number of arrangements in which it leases hangars and similar properties at the City's airport and, with appropriate improvements and modifications, subleases the properties to qualifying manufacturing or industrial enterprises at scheduled amounts sufficient to amortize the AEDC's costs over the lease terms. However, the scheduled payments are subject to incentive discounts and waivers based on job creation criteria. During the year ended September 30, 2011, AEDC received rentals in the amount of $16,049 and paid $10,885 to the Amarillo International Airport to lease certain of its properties for this purpose.

The AEDC entered into a lease agreement with the City to lease warehouse property on the northwest side of Amarillo. They sublease the property to a manufacturing company at scheduled amounts sufficient to amortize AEDC's costs over the lease term. During the year ended September 30, 2011, AEDC received rentals in the amount of $246,360 and paid $109,250 to the City for lease of this property.

Capital Assets

As part of its economic development program, the AEDC has constructed a number of improvements on property leased from the City's airport for the purpose of subleasing to qualifying enterprises. Additionally, it holds equipment needed for administrative purposes. At September 30, 2011, the AEDC's property, plant, and equipment were as follows:

Buildings and improvements	$ 19,558,009
Equipment	114,349
Construction in progress	190,346
Accumulated depreciation	(6,280,364)
Total capital assets	$ 13,582,340

NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Employee Retirement Benefits

The AEDC maintains a money purchase pension plan for its employees, which is designed to meet the requirements of Internal Revenue Code Section 401(a), and has adopted a current contribution rate of 10% of salaries. As the AEDC's policy is to fund credits as they accrue, there is no unfunded pension obligation. A local banking institution serves as trustee. The cost of this plan for the year ended September 30, 2011 was $72,345.

Long-Term Debt

In December 1998 the AEDC issued its taxable sales tax revenue bonds in the amount of $23,430,000 for purposes of financing facilities being constructed for Bell Helicopter Textron. In December 2007, AEDC issued $48,915,000 Amarillo Economic Development Corporation Taxable Sales Tax Revenue Refunding and Improvement Bonds Series 2007. These bonds were issued to refund the bonds issued in 1998 and to finance construction of an assembly space for Bell Helicopter Textron and a processing facility for Pacific Cheese and to pay costs associated with the issuance of bonds.

The 2007 bonds mature serially through 2027 and call for interest rates on the bonds currently outstanding ranging from 4.35% through 6.25%. Scheduled principal payments are as follows: 2012, $2,510,000; 2013, $2,625,000; 2014, $2,755,000; 2015, $2,895,000; 2016, $3,040,000; and thereafter $25,345,000. The principal outstanding at September 30, 2011 was $39,170,000.

In December 2009 the AEDC issued its taxable sales tax revenue bonds in the amount of $38,830,000 for purposes of financing facilities being constructed for Bell Helicopter Textron and Zarges Aluminum Systems (Zarges). After issuance costs and funding a reserve fund, approximately $31 million of the bond proceeds were used for Bell and approximately $5 million were used for the Zarges project.

The 2009 bonds mature serially through 2030 and call for interest rates on the bonds currently outstanding ranging from 2.482% through 6.529%. Scheduled principal payments are as follows: 2012, $1,205,000; 2013, $1,245,000; 2014, $1,290,000; 2015, $1,340,000; 2016, $1,410,000; and thereafter $31,165,000. The principal outstanding at September 30, 2011 was $37,655,000.

AEDC's bonds are rated "A1" by Moody's Investors Service, Inc. and "AA-" by Standard & Poor's Ratings Services.

Commitments

AEDC's total commitment to Bell Helicopter for employee relocation and training, together with site acquisition, is approximately $.5 million.

At September 30, 2011, AEDC had other outstanding commitments, not included above, to make grants or extend credit to qualifying enterprises, generally effective for a five-year period, in the amount of approximately $7.8 million, of which approximately $3.3 million had been committed during the latest fiscal year.

AEDC is obligated to the City for leases of airport property and other property being subleased to various development and manufacturing enterprises.

NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Commitments (Continued)

Subsequent to the year-end, AEDC has Construction in Progress commitments in the amount of approximately $3.9 million for roads on their Center Port property of which approximately $1.2 million will be paid for with a grant from the Federal Economic Development Administration.

Financial Statements

Separately issued financial statements for this entity may be obtained by contacting the AEDC at its offices, which are located at 801 South Fillmore, Suite 205, Amarillo, Texas 79101.

NOTE 19 - AMARILLO-POTTER EVENTS VENUE DISTRICT

Significant Accounting Policies

The Venue District is a governmental entity created by enabling resolutions of the City and Potter County (the County) in September 1997. In January 1998 the voters of the City and the County approved the proposed project, which consists of constructing a livestock arena at the county fair grounds to be used for livestock shows, sporting events, agricultural expositions and other civic or charitable events, together with expansion of the City's Civic Center to provide additional exhibit hall space and meeting rooms.

The construction of the livestock arena has been financed by citizen contributions, together with bonds serviced by a 2% hotel occupancy tax and a 5% tax on short-term auto rentals, both of which taxes were approved by the voters on January 17, 1998. The City has agreed to pay lease rentals, if necessary, to cover any shortfall in the tax revenues available for the debt service, and this agreement is collateralized by the City's 7% hotel occupancy tax.

The Venue District is governed by a seven-member Board of Directors, four of whom are appointed by the Mayor of the City and three of whom are appointed by the County Judge of the County. The budget is subject to approval by both the City Commission and the County Commissioner's Court. The City serves as fiscal agent for the Venue District, performing various administrative services under a contract providing that it will be reimbursed for its cost of providing the services.

The Venue District is considered to be a component unit of the City's financial reporting entity because of its oversight responsibility with respect to management, as well as its financial accountability with respect to debt service.

Measurement Focus, Basis of Accounting, and Financial Statement Preparation

The Venue District's fiscal year coincides with that of the City. It follows the provisions of Governmental Accounting Standards Board Statement No. 34. Accordingly, it presents government-wide financial statements using accounting principles similar to those used by commercial enterprises.

Taxes collected by hotels and rental agencies are due to the Venue District by the tenth of the month following collection. Such taxes are recognized as revenues when collected by the remitters.

Depreciation is provided for on the straight-line method over the estimated useful lives of the facilities. The primary depreciable asset of the Venue District at September 30, 2011 was a livestock arena, and its estimated useful life is 40 years.

NOTE 19 - AMARILLO-POTTER EVENTS VENUE DISTRICT (CONTINUED)

Physical Facilities

A livestock arena and special events center (the Center) has been constructed on fairground property owned by the County and has a total capacity of 10,000 persons. The total construction cost of the facility was approximately $12.8 million. When completed as of June 1, 2000, the Center was leased on a rent-free basis to the local nonprofit fair association.

In January 2002 construction began on a 65,000 square foot addition to the City's Civic Center, together with additional paved parking. The total construction cost of this facility was $9.6 million. Cost in excess of the funds provided by the Venue District's bonds and available revenues are to be paid by the City with proceeds of its hotel-motel taxes earmarked for this expansion.

Financing

In December 1998 the Venue District issued sales tax and lease revenue bonds in the face amount of $10 million, secured by a pledge of the Venue District's tax revenues, as well as by a lease agreement from the City secured by its hotel occupancy taxes, to be applicable if there is a shortfall in the Venue District's revenues available for debt service. In November 2000 the Venue District issued additional bonds in the face amount of $6,750,000. On November 10, 2005, the Venue District issued $6,425,000 in Special Tax and Lease Revenue Refunding Bonds for a refunding of $6,340,000 of outstanding Special Tax and Lease Revenue Bonds, Series 2000. The refunding was undertaken to reduce total debt service payments over the next 30 years by approximately $423,000 and resulted in an economic gain of approximately $430,000. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Venue District's financial statements. The principal amount outstanding at September 30, 2011 on the 2005 bond issue was $5,895,000.

In July 2009, the Venue District issued $8,130,000 in Special Tax and Lease Revenue Refunding Bonds for a refunding of outstanding Special Tax and Lease Revenue Bonds, Series 1998. The refunding was undertaken to reduce total debt service payments over the next 20 years by approximately $651,697 and resulted in an economic gain of approximately $435,000. The debt has been considered defeased and, therefore, removed as a liability from the Venue District's financial statements for reporting purposes. The principal amount outstanding at September 30, 2011 on the bond issues was $7,710,000.

Commitments

The Venue District has entered into a management agreement with the nonprofit fair association to operate the livestock arena and the City for the operation of the portion of the project connected to the City's facility. In this connection, the Venue District is paying both the nonprofit fair association and the City a management fee. The management fees are subject to annual appropriation of the Board. In the 2011-12 budget, the Venue District increased its management fee for operating the Amarillo National Center from $22,000 per month to $24,000 per month and the management fee to the City of Amarillo from $298,000 annually to $398,000 per year. The total management fees paid during the fiscal year ended September 30, 2011 were $561,996. The Venue District has committed approximately $686,000 in management fees in fiscal year 2012.

The Venue District's Board approved a motion to fund a project in the amount of $121,393 for the Venue District's portion of an Amarillo Civic Center renovation project.

NOTE 19 - AMARILLO-POTTER EVENTS VENUE DISTRICT (CONTINUED)

Commitments (Continued)

On October 6, 2011, the Venue District's Board approved a motion to fund improvement projects at the Amarillo National Center. Costs for the projects were estimated to be approximately $200,000.

On October 6, 2011, the Venue District's Board approved a motion to fund the extension of the covered warm-up area at the Amarillo National Center for a total project cost not to exceed $123,000.

Financial Statements

Separately issued financial statements for this entity may be obtained by contacting the Director of Finance, City of Amarillo, P.O. Box 1971, Amarillo, Texas 79105.

NOTE 20 - AMARILLO HOUSING FINANCE CORPORATION

In 1996 AHFC issued bonds in the amount of $15,700,000 under authority of the Texas Housing Finance Corporation Act, and entered into a trusteed investment arrangement in which the proceeds are to be invested in GNMA and FHLMC certificates secured by the mortgage loans originated under a lending program prescribed by the Act. On February 1, 1999 the AHFC refunded $5,500,000 and called $3,260,000 of this issue. The remaining bonds are payable solely from the Trust Estate, and are not general obligations of either the AHFC or the City. A similar issuance was made in a prior year in the amount of $8,700,000.

On February 28, 2000 the AHFC issued $15,000,000 under authority of the Texas' Housing Finance Corporation Act, and entered into a trusteed investment arrangement in which proceeds are invested in GNMA and FNMA certificates. In 2003 the AHFC issued $10,450,000 under authority of the Texas' Housing Finance Corporation Act, and entered into a trusteed investment arrangement in which proceeds are invested in GNMA and FNMA certificates.

In December 2007, the Housing Finance Corporation converted its $5.6 million mortgage bond allocation to $4 million in Mortgage Credit Certificates (MCC). MCCs allow first-time homebuyers to take a tax credit of up to $2,000 a year on their income tax return for a portion of the mortgage interest paid during the year and the taxpayer is still allowed to deduct the balance of the mortgage interest as an itemized deduction. Also, MCCs work in any interest-rate environment. The program ended in December 2009. In total, we utilized $2,730,817 of the $4 million in MCCs available.

Financial Statements

This organization does not publish separate financial statements, but its non-trusteed cash balance, used for miscellaneous operating expenses, is accounted for as an Agency Fund of the City. Further information regarding this entity may be obtained from the Director of Finance, City of Amarillo.

NOTE 21 - TAX INCREMENT ZONE #1

The Taxing Increment Reinvestment Zone Number One (TIRZ) was created in FY 2007 pursuant to the Texas Tax Increment Financing Act, Tax Code, Chapter 311. The purpose of the zone is to promote the development of or redevelopment of certain contiguous geographic areas in the City.

NOTE 21 - TAX INCREMENT ZONE #1 (CONTINUED)

The TIRZ has agreed to support the Potter County Courthouse renovation project with a debt issuance of $1,234,605. The TIRZ participation agreement with Potter County was amended November 16, 2010 and the funding obligation for the Courthouse was to be $745,426. On June 16, 2011, the TIRZ Board amended the agreement to add $198,000 to the agreement. The TIRZ has agreed to do landscaping and streetscaping around the new Courthouse. The City of Amarillo issued approximately $2.2 million in Certificates of Obligation in February 2011 using an unlimited pledge of TIRZ revenue for the Courthouse project and other streetscape improvements in downtown Amarillo.

The TIRZ has agreed to rebate 90% of the taxes of the participating taxing entities paid by the owners for 20 years on the value of the improvements of the Fisk Building not to exceed 20 years or $1,657,716 and the Double R Lofts not to exceed 20 years or $778,686. The Fisk Building opened as a new Courtyard by Marriott hotel in December 2010 and will be eligible for a rebate in 2012.

The TIRZ has agreed to support a streetscape project for Polk Street United Methodist Church. The project will use the lump sum option not to exceed $203,124 payable only when the project is completed as submitted to the TIRZ Board. No funds have been distributed for this project as of September 30, 2011.

The TIRZ Board approved approximately $2.7 million for the streetscape improvements for the Amarillo Convention Hotel, parking structure, and multi-purpose event venue.

The TIRZ agreed to support the streetscape project for the Vineyard Manor Apartments project not to exceed $48,425, payable upon completion of the streetscape improvement.

The TIRZ has subsequently committed approximately $75,000 to Downtown Amarillo, Inc. for three design studies.

Financial Statements

Separately issued financial statements may be obtained by contacting the Director of Finance, City of Amarillo, P.O. Box 1971, Amarillo, Texas 79105.

NOTE 22 - AMARILLO LOCAL GOVERNMENT CORPORATION

In March 2011, the Corporation was organized as a public nonprofit corporation for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the development of the geographic area of the City, including the vicinity of the downtown area, in furtherance of the promotions, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism and economic development in the City. The Corporation was created under the provisions of Subchapter D of Chapter 431, Texas Transportation Code and the Texas Nonprofit Corporation Law, Chapter 22, Business Organizations Code.

Financial Statements

This organization does not public separate financial statements. Further information may be obtained by from the Director of Finance, City of Amarillo.

REQUIRED SUPPLEMENTARY INFORMATION

Certain information that is not a part of the basic financial statements but, nevertheless, is considered to be an important part of a governmental entity's financial report, must be presented immediately after the notes to the basic financial statements. This information includes the following:

Budgetary comparison schedules for the General Fund and each major special revenue fund that has a legally adopted annual budget. Under this criteria, the budgetary comparison schedule of the General Fund is presented in this section.

Pension trend data: The funding progress of the City's portion of the Texas Municipal Retirement System, as well as the Firemen's Relief and Retirement Fund for City of Amarillo firefighters is included in this section.

Postemployment trend data: The funding progress of the City's portion of the postemployment benefit plan is included in this section.

CITY OF AMARILLO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2011

	Budgeted Amounts		Actual Amounts			
	Original	Final	Actual Amounts	Adjustments to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES						
Ad valorem taxes	$ 30,382,246	$ 30,382,246	$ 30,903,042	$ -	$ 30,903,042	$ 520,796
Sales taxes	46,497,791	46,497,791	51,418,570	-	51,418,570	4,920,779
Gross receipts bus. taxes	15,890,485	15,890,485	15,912,628	-	15,912,628	22,143
Licenses and permits	1,773,683	1,773,683	2,284,564	-	2,284,564	510,881
Interfund reimbursement	1,348,840	1,366,042	1,557,653	-	1,557,653	191,611
Intergovernmental revenue	3,393,106	3,393,106	2,882,582	-	2,882,582	(510,524)
Contributions from citizens	8,604	24,004	22,898	-	22,898	(1,106)
Charges for services	30,159,040	30,159,040	30,175,667	-	30,175,667	16,627
Fines and forfeitures	5,216,200	5,216,200	4,656,666	-	4,656,666	(559,534)
Investment earnings	828,422	828,422	613,351	-	613,351	(215,071)
Other rentals and commissions	361,369	361,369	378,468	-	378,468	17,099
Miscellaneous revenues	484,373	488,002	488,121	-	488,121	119
Total Revenues	136,344,159	136,380,390	141,294,210	-	141,294,210	4,913,820
EXPENDITURES						
Auditorium/Coliseum	3,035,220	3,034,909	2,775,178	2,859	2,778,037	256,872
Tourism	2,228,588	2,228,588	3,037,368	20,255	3,057,623	(829,035)
Fire protection	24,237,019	24,235,119	24,224,482	4,839	24,229,321	5,798
General government	3,714,956	3,714,956	3,206,313	(408)	3,205,905	509,051
Libraries	3,611,979	3,611,979	3,418,370	(132)	3,418,238	193,741
Other	8,934,939	8,934,628	8,825,931	(3,813)	8,822,118	112,510
Parks	6,140,997	6,141,478	6,307,737	218	6,307,955	(166,477)
Participant recreation	4,586,329	4,605,977	5,063,893	2,674	5,066,567	(460,590)
Police protection	33,803,420	34,067,586	34,991,703	(66,893)	34,924,810	(857,224)
Solid waste	10,893,922	10,879,025	10,532,391	(8,550)	10,523,841	355,184
Staff services	9,318,087	9,329,222	8,718,578	32,004	8,750,582	578,640
Information technology	2,538,408	2,538,408	2,538,403	-	2,538,403	5
Streets traffic and engineering	14,375,073	14,407,641	13,407,634	(34,349)	13,373,285	1,034,356
Transit	4,086,769	4,086,769	3,506,527	(7,849)	3,498,678	588,091
Total Expenditures	131,505,706	131,816,285	130,554,508	(59,145)	130,495,363	1,320,922
Excess (Deficeincy) of Revenues Over (Under) Expenditures	4,838,453	4,564,105	10,739,702	59,145	10,798,847	6,234,742
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	285,996	285,996	170,259	-	170,259	(115,737)
Transfers to other funds	(8,369,179)	(8,127,398)	(8,702,841)	-	(8,702,841)	(575,443)
Total Other Financing Sources (Uses)	(8,083,183)	(7,841,402)	(8,532,582)	-	(8,532,582)	(691,180)
Net Change in Fund Balances	(3,244,730)	(3,277,297)	2,207,120	59,145	2,266,265	5,543,562
FUND BALANCE OCTOBER 1, 2010	37,266,602	37,229,666	41,600,614	220,376	41,820,990	4,591,324
FUND BALANCE, SEPTEMBER 30, 2011	$ 34,021,872	$ 33,952,369	$ 43,807,734	$ 279,521	$ 44,087,255	$ 10,134,886

Note 1 - The City prepares its annual budget on a basis (budget basis) which differs from a GAAP basis. The differences between budget and GAAP basis in the General Fund are that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP), unrealized investment gain (loss) is recognized for GAAP basis only and interfund loan transactions treated as transfers for budget basis.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/10	$ 294,844,927	(1) $ 320,290,615	$ 25,445,688	92.1%	$ 66,106,916	38.5%
12/31/10	152,320,989	(2) 215,708,440	63,387,451	70.6%	66,106,916	95.9%
12/31/09	147,138,927	211,843,454	(3) 64,704,527	69.5%	66,629,414	97.1%
12/31/08	142,555,601	265,302,716	122,747,115	53.7%	63,322,278	193.8%
12/31/07	137,368,480	252,373,671	115,005,191	54.4%	56,938,843	202.0%
12/31/06	140,836,400	210,725,728	69,889,328	66.8%	54,443,156	128.4%
12/31/05	139,414,655	203,697,593	64,282,938	68.4%	51,564,577	124.7%
12/31/04	135,002,341	195,215,275	60,212,934	69.2%	49,363,360	122.0%
12/31/03	133,081,626	189,340,431	56,258,805	70.3%	46,144,235	121.9%

Source: TMRS actuarial valuation

Note:

(1) Actuarial valuation performed under the new fund structure

(2) Actuarial valuation performed under the original fund structure

(3) Valuation changed due to the City dropping the repeating Cost of Living Adjustment (COLA)

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/11			Not Calculated			
01/01/10	$ 116,150,945	$ 138,263,770	$ 22,112,825	84.0%	$ 14,340,679	154.2%
01/01/09			Not Calculated			
01/01/08	112,656,382	122,323,458	9,667,076	92.1%	12,568,747	76.9%
12/31/06			Not Calculated			
12/31/05	98,689,048	107,868,069	9,179,021	91.5%	11,583,479	79.2%
12/31/04			Not Calculated			
12/31/03	92,553,607	96,787,914	4,234,307	95.6%	10,401,659	40.7%
12/31/02			Not Calculated			
12/31/01	87,450,494	84,852,411	(2,598,083)	103.1%	10,200,923	-25.5%

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/1/11	$ -	$ 250,000,875	$ 250,000,875	0.0%	$ 91,473,341	273.3%
10/1/10	-	203,259,604	203,259,604	0.0%	82,978,108	245.0%
10/1/09	-	190,216,284	190,216,284	0.0%	80,561,270	236.1%
10/1/08	-	203,630,675	206,630,675	0.0%	80,412,465	253.2%
10/1/07	-	188,899,159	188,899,159	0.0%	78,070,354	242.0%

(1) 2010 employer contributions are based on actual fiscal year ending 2010 Pay-As-You-Go payments (retiree costs less contributions paid by retirees) made by the City, accumulated with interest to the end of the fiscal year. 2011 employer contributions (Pay-As-You-Go costs) are estimates and will be determined at the end of the year.

(2) The 2010-2011 liabilities and annual costs are based on the same population as the 2009-2010 liabilities and annual costs.

See Independent Auditor's Report.

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. This category includes the following funds:

Grant funds: These funds are used to account for the receipt and expenditure of funds received under various federal and state assistance programs.

Public improvement districts: These funds are used to account for assessments levied against residential lots in various public improvement districts, the use of which is restricted for maintenance of beautification and recreational facilities.

Seizures funds: These funds are used, to account for crime seizure proceeds awarded to the City, the use of which is restricted to law enforcement purposes.

Other: These funds include:

Court Technology Fund: Fees collected by the Municipal Court under state laws which restrict the use of the proceeds to technological enhancements for the Court.

Court Security Fund: Fees collected by the Municipal Court under state laws which restrict the use of the proceeds to court security activities and cost for the Court.

Cable Capital Facilities Fund: Funds received and restricted for specific cable connectivity with Amarillo Independent School District.

LEOSE Training Program: Fees collected by the Municipal Court under state laws for the purpose of providing continuing education for law enforcement and fire officers.

Homeland Security Program: The homeland security programs provide the Emergency Management Department with professional services and equipment, which allows the City to be operationally equipped and trained to respond to emergencies through the purchase of equipment, training, and exercises with the goal of improving the preparedness of local responders.

Bonded Debt Service Fund

This fund currently accounts for ad valorem taxes assessed for purposes of servicing the serial debt obligations of the 2001 general obligation bonds issued for library purposes, as well as special assessments made for servicing certificates of obligation issued for the Public Improvement District.

Compensated Absences Fund

This fund accounts for the ultimate payment of termination obligations to the employees of the City.

Permanent Fund

Pavillard Endowment: This fund accounts for a contribution to the City's Library, which was to be held to provide a lifetime income to the grantor and, thereafter, to use the income therefrom for purchases of children's books.

CITY OF AMARILLO, TEXAS
COMBINING BALANCE SHEET OF
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	Special Revenue Funds				
	Housing and Urban Development Grants	Other Grant Funds	Public Improvement Districts	Seizures Funds	Other
ASSETS					
Cash and cash equivalents	$ 1,759,237	$ 212,082	$ 179,742	$ 544,693	$ 511,694
Investments, at fair values	-	-	-	-	-
Receivables, net of allowances for uncollectibles					
Property taxes	-	-	-	-	-
Accounts	85,479	185,188	204	-	-
Accrued Interest	-	-	-	-	-
Other accrued revenue	29,922	159	-	-	-
Due from other funds unrestricted	31,860	12,255	-	-	-
Due from other governments	222,579	782,285	-	-	560,211
Prepaid items	637,749	-	-	605	-
TOTAL ASSETS	$ 2,766,826	$ 1,191,969	$ 179,946	$ 545,298	$ 1,071,905
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Vouchers payable	$ 60,925	$ 67,161	$ 985	$ 393	$ 38,407
Accounts payable	164,017	70,340	-	-	191,514
Securites lending collateral	-	-	-	-	-
Due to other funds - unrestricted	218,429	767,846	-	505	547,000
Due to other governments	6,502	-	-	22,109	-
Deferred revenues - other	108,271	-	-	-	-
Deferred revenues - property taxes	-	-	-	-	-
Total liabilities	558,144	905,347	985	23,007	776,921
FUND BALANCES					
Nonspendable					
Prepaid items	637,749	-	-	605	-
Uncollected taxes	-	-	-	-	-
Restricted for:					
Debt Service	-	-	-	-	-
Special purposes	1,524,791	286,622	178,961	521,686	294,984
Committed for:					
Compensated Absences	46,142	-	-	-	-
Total fund balances	2,208,682	286,622	178,961	522,291	294,984
TOTAL LIABILITIES AND FUND BALANCES	$ 2,766,826	$ 1,191,969	$ 179,946	$ 545,298	$ 1,071,905

See Independent Auditor's Report.

Bonded Debt Service Fund	Compensated Absences Fund	Permanent Fund	Total Nonmajor Governmental Funds
$ 249,317	$ 3,303,478	$ 17,634	$ 6,777,877
-	9,454,669	-	9,454,669
32,745	-	-	32,745
-	-	-	270,871
-	46,950	-	46,950
-	-	-	30,081
-		-	44,115
-	-	-	1,565,075
-	-	-	638,354
$ 282,062	$ 12,805,097	$ 17,634	$ 18,860,737
$ -	$ -	$ -	$ 167,871
2,743	-	-	428,614
-	71,478	-	71,478
-	-	-	1,533,780
-	-	-	28,611
-	-	-	108,271
27,005	-	-	27,005
29,748	71,478	-	2,365,630
-	-	-	638,354
5,740	-	-	5,740
246,574	-	-	246,574
-	-	17,634	2,824,678
-	12,733,619	-	12,779,761
252,314	12,733,619	17,634	16,495,107
$ 282,062	$ 12,805,097	$ 17,634	$ 18,860,737

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue Funds				
	Housing and Urban Development Grants	Other Grant Funds	Public Improvement Districts	Seizures Funds	Other
REVENUES					
Ad valorem taxes - for debt service	$ -	$ -	$ -	$ -	$ -
Intergovernmental revenues	11,640,304	4,093,077	-	-	1,000,065
Construction participation	42,737	-	-	-	-
Other entity participations	-	944,425	-	-	-
Charges for services	38,321	30,938	731,930	-	167,166
Fines and forfeitures	-	-	-	288,419	901,140
Investment earnings	9,557	-	299	1,223	90
Miscellaneous	57,058	-	50	-	-
Total revenues	11,787,977	5,068,440	732,279	289,642	2,068,461
EXPENDITURES					
Police protection	-	237,084	-	202,538	-
Other public safety and health	-	3,841,540	-	-	1,163,538
Staff services	-	413,031	-	-	-
Library	-	523,994	-	-	-
Parks	-	-	500,001	-	-
Urban redevelopment and housing	11,578,796	-	-	-	-
Tourism	-	-	-	-	-
Capital outlay	-	123,329	-	280,487	686,253
Debt service principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Termination vacation and sick leave pay	-	-	-	-	-
Total expenditures	11,578,796	5,138,978	500,001	483,025	1,849,791
Excess (deficit) of revenues over (under) expenditures	209,181	(70,538)	232,278	(193,383)	218,670
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	33,361	59,135	-	1,309	-
Transfers to other funds	(26,515)	(25,163)	(295,564)	(11,309)	(281,232)
Bond premium less issuance costs	-	-	-	-	-
Proceeds from issuance of long-term debt	-	-	-	-	-
Net change in fund balances	216,027	(36,566)	(63,286)	(203,383)	(62,562)
FUND BALANCES, BEGINNING OF YEAR	1,992,655	323,188	242,247	725,674	357,546
FUND BALANCES, END OF YEAR	$ 2,208,682	$ 286,622	$ 178,961	$ 522,291	$ 294,984

See Independent Auditor's Report.

Bonded Debt Service Fund	Compensated Absences Fund	Permanent Fund	Total Nonmajor Governmental Funds
$ 2,750,167	$ -	$ -	$ 2,750,167
54,271	-	-	16,787,717
-	-	-	42,737
-	-	-	944,425
-	-	-	968,355
-	-	-	1,189,559
28	102,802	18	114,017
-	-	-	57,108
2,804,466	102,802	18	22,854,085
-	-	-	439,622
-	-	-	5,005,078
4,620	-	-	417,651
-	-		523,994
-	-	-	500,001
-	-	-	11,578,796
2,232,500	-		2,232,500
-	-	-	1,090,069
1,476,611	-	-	1,476,611
1,662,908	-	-	1,662,908
-	1,591,569	-	1,591,569
5,376,639	1,591,569	-	26,518,799
(2,572,173)	(1,488,767)	18	(3,664,714)
375,064	-	-	468,869
-	-	-	(639,783)
22,500	-	-	22,500
2,210,000	-	-	2,210,000
35,391	(1,488,767)	18	(1,603,128)
216,923	14,222,386	17,616	18,098,235
$ 252,314	$ 12,733,619	$ 17,634	$ 16,495,107

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
OTHER GRANT FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2011

	Special Revenue Funds			
	Public Health Grants	Justice Grants	Miscellaneous Grants	Total Other Grant Funds
ASSETS				
Cash and cash equivalents	$ 830	$ (76,411)	$ 287,663	$ 212,082
Receivables, net of allowances for uncollectibles				
Accounts	185,188	-	-	185,188
Other accrued revenue	159	-	-	159
Due from other funds unrestricted	12,255	-	-	12,255
Due from other governments	494,462	81,928	205,895	782,285
TOTAL ASSETS	$ 692,894	$ 5,517	$ 493,558	$ 1,191,969
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers payable	$ 41,368	$ 5,517	$ 20,276	$ 67,161
Accounts payable	61,526	-	8,814	70,340
Due to other funds - unrestricted	590,000	-	177,846	767,846
Total liabilities	692,894	5,517	206,936	905,347
FUND BALANCES				
Restricted:				
Special purposes	-	-	286,622	286,622
Total fund balances	-	-	286,622	286,622
TOTAL LIABILITIES AND FUND BALANCES	$ 692,894	$ 5,517	$ 493,558	$ 1,191,969

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
OTHER GRANT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011

	Special Revenue Funds			
	Public Health Grants	Justice Funds	Miscellaneous Grants	Total Other Grants Funds
REVENUES				
Intergovernmental revenues	$ 2,629,264	$ 255,020	$ 1,208,793	$ 4,093,077
Other entity participations	944,425	-	-	944,425
Charges for services	30,938	-	-	30,938
Total revenues	3,604,627	255,020	1,208,793	5,068,440
EXPENDITURES				
Other public safety and health	3,507,378	-	334,162	3,841,540
Libraries	-	-	523,994	523,994
Staff services	-	-	413,031	413,031
Police	-	237,084	-	237,084
Capital outlay	97,249	26,080	-	123,329
Total expenditures	3,604,627	263,164	1,271,187	5,138,978
Excess (deficit) of revenues over (under) expenditures	-	(8,144)	(62,394)	(70,538)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	8,403	50,732	59,135
Operating transfers to other funds	-	-	(25,163)	(25,163)
Net change in fund balances	-	259	(36,825)	(36,566)
FUND BALANCES, BEGINNING OF YEAR	-	(259)	323,447	323,188
FUND BALANCES, END OF YEAR	$ -	$ -	$ 286,622	$ 286,622

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
PUBLIC IMPROVEMENT DISTRICTS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2011

	Greenways at Hillside	Brennan Boulevard	The Colonies	Tutbury	Point West	Quail Creek	Total
ASSETS							
Cash and cash equivalents	$ 87,479	$ 12,423	$ 30,642	$ 13,986	$ 31,113	$ 4,099	$ 179,742
Accounts Receivable	-	-	-	-	204	-	204
TOTAL ASSETS	$ 87,479	$ 12,423	$ 30,642	$ 13,986	$ 31,317	$ 4,099	$ 179,946
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Vouchers payable	$ 149	$ -	$ -	$ -	$ 836	$ -	$ 985
Total liabilities	149	-	-	-	836	-	985
FUND BALANCES							
Restricted for:							
Special purposes	87,330	12,423	30,642	13,986	30,481	4,099	178,961
Total fund balances	87,330	12,423	30,642	13,986	30,481	4,099	178,961
TOTAL LIABILITIES AND FUND BALANCES	$ 87,479	$ 12,423	$ 30,642	$ 13,986	$ 31,317	$ 4,099	$ 179,946

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
PUBLIC IMPROVEMENT DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011

	Greenways at Hillside	Brennan Boulevard	The Colonies	Tutbury	Point West	Quail Creek	Total
REVENUES							
Charges for services	$ 331,799	$ 14,069	$ 314,013	$ 13,176	$ 52,000	$ 6,873	$ 731,930
Investment earnings	168	17	91	18	-	5	299
Miscellaneous	50	-	-	-	-	-	50
Total revenues	332,017	14,086	314,104	13,194	52,000	6,878	732,279
EXPENDITURES							
Parks	218,663	12,612	209,197	13,860	40,093	5,576	500,001
Total expenditures	218,663	12,612	209,197	13,860	40,093	5,576	500,001
Excess (deficiency) of revenues over (under) expenditures	113,354	1,474	104,907	(666)	11,907	1,302	232,278
OTHER FINANCING SOURCES							
Transfer to other funds	(138,416)	-	(157,148)	-	-	-	(295,564)
Net change in fund balances	(25,062)	1,474	(52,241)	(666)	11,907	1,302	(63,286)
FUND BALANCES, BEGINNING OF YEAR	112,392	10,949	82,883	14,652	18,574	2,797	242,247
FUND BALANCES, END OF YEAR	$ 87,330	$ 12,423	$ 30,642	$ 13,986	$ 30,481	$ 4,099	$ 178,961

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
SEIZURE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2011

	Federal SWAT seized property	Local seized property	Texas Narcotics seized property	Total
ASSETS				
Cash and cash equivalents	$ 146,451	$ 256,698	$ 141,544	$ 544,693
Prepaid items	-	-	605	605
TOTAL ASSETS	$ 146,451	$ 256,698	$ 142,149	$ 545,298
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds - unrestricted	$ -	$ 505	$ -	$ 505
Due to other governments	-	1,890	20,219	22,109
Vouchers payable	-	393	-	393
Total liabilities	-	2,788	20,219	23,007
FUND BALANCES				
Nonspendable				
Prepaid items	-	-	605	605
Restricted for:				
Special purposes	146,451	253,910	121,325	521,686
Total fund balances	146,451	253,910	121,930	522,291
TOTAL LIABILITIES AND FUND BALANCES	$ 146,451	$ 256,698	$ 142,149	$ 545,298

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
SEIZURE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011

	Federal SWAT seized property	Local seized property	Texas Narcotics seized property	Total
REVENUES				
Investment earnings	$ 218	$ 716	$ 289	$ 1,223
Seized property revenue	97,074	191,345	-	288,419
Total revenues	97,292	192,061	289	289,642
EXPENDITURES				
Police protection	-	196,664	5,874	202,538
Capital outlay	-	280,487	-	280,487
Total expenditures	-	477,151	5,874	483,025
Excess (deficiency) of revenues over (under) expenditures	97,292	(285,090)	(5,585)	(193,383)
OTHER FINANCING SOURCES (USES)				
Transfer to other fund	(1,309)	(10,000)	-	(11,309)
Operating transfer from other fund	-	1,309	-	1,309
Total other financing sources and (uses)	(1,309)	(8,691)	-	(10,000)
Net change in fund balances	95,983	(293,781)	(5,585)	(203,383)
FUND BALANCES, BEGINNING OF YEAR	50,468	547,691	127,515	725,674
FUND BALANCES, END OF YEAR	$ 146,451	$ 253,910	$ 121,930	$ 522,291

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
MISCELLANEOUS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2011

	Court Technology	Court Security	LEOSE Training Program	Homeland Security	Cable Capital Facilities	Photo Enforcement	Total
ASSETS							
Cash and cash equivalents	$ 6,797	$ 120,745	$ 88,091	$ 165	$ 19,673	$ 276,223	$ 511,694
Due from other governments	-	-	-	560,211	-	-	560,211
Total assets	$ 6,797	$ 120,745	$ 88,091	$ 560,376	$ 19,673	$ 276,223	$ 1,071,905
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Vouchers payable	$ 73	$ -	$ -	$ 8,745	$ -	$ 29,589	$ 38,407
Accounts Payable	-	2,943	-	3,463	-	185,108	191,514
Due to other funds - unrestricted	-	-	-	547,000	-	-	547,000
Total liabilities	73	2,943	-	559,208	-	214,697	776,921
FUND BALANCES							
Restricted:							
Special purposes	6,724	117,802	88,091	1,168	19,673	61,526	294,984
Total fund balances	6,724	117,802	88,091	1,168	19,673	61,526	294,984
TOTAL LIABILITIES AND FUND BALANCES	$ 6,797	$ 120,745	$ 88,091	$ 560,376	$ 19,673	$ 276,223	$ 1,071,905

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
MISCELLANEOUS SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011

	Court Technology	Court Security	LEOSE Training Program	Homeland Security	Cable Capital Facilities	Photo Enforcement	Total
REVENUES							
Charges for services	$ 143,783	$ -	$ 23,383	$ -	$ -	$ -	$ 167,166
Fines and forfeitures	-	107,443	-	-	-	793,697	901,140
Intergovernmental revenues - operating	-	-	-	1,000,065	-	-	1,000,065
Investment earnings	-	-	90	-	-	-	90
Total revenues	143,783	107,443	23,473	1,000,065	-	793,697	2,068,461
EXPENDITURES							
Other public safety and health	64,952	128,885	21,391	339,478	-	608,832	1,163,538
Capital outlay	-	25,666	-	660,587	-	-	686,253
Total expenditures	64,952	154,551	21,391	1,000,065	-	608,832	1,849,791
Excess (deficiency) of revenues over (under) expenditures	78,831	(47,108)	2,082	-	-	184,865	218,670
OTHER FINANCING SOURCES (USES)							
Transfers to other funds	(74,770)	-	-	-	-	(206,462)	(281,232)
Total other financing sources and uses	(74,770)	-	-	-	-	(206,462)	(281,232)
Net change in fund balances	4,061	(47,108)	2,082	-	-	(21,597)	(62,562)
FUND BALANCES, BEGINNING OF YEAR	2,663	164,910	86,009	1,168	19,673	83,123	357,546
FUND BALANCES, END OF YEAR	$ 6,724	$ 117,802	$ 88,091	$ 1,168	$ 19,673	$ 61,526	$ 294,984

See Independent Auditor's Report.

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CAPITAL PROJECTS FUND

General Construction – To account for traffic engineering and other miscellaneous construction funded primarily by the general revenues of the City. This fund also accounts for costs of construction of various improvements to the City's parks, which in recent years have been financed primarily by general revenues, and in some instances by intergovernmental grants. The General Construction Fund is also used to account for general revenues designated for replacement of existing buildings, improvements and equipment, and for similar projects.

Street Improvement – To account for the construction of streets and alleys which are financed primarily by property owner participation.

Street and Drainage Improvement Fund – To account for improvements being made to major thoroughfares and the storm sewer system of the City financed by general revenues, augmented in some instances by property owner participation.

Golf Course Improvement Fund – To account for the portion of green fees designated for improvements to the public golf courses.

Solid Waste Disposal Improvement Fund – To account for costs of improvements to the City's solid waste disposal facilities, which in recent years have been financed primarily by general revenues.

T-Anchor-Bivins Improvement Fund – To account for sales of City land, the proceeds of which are designated for future betterments to the historic Bivins home, which is owned and rented by the City to the Amarillo Chamber of Commerce and other community service organizations.

Civic Center Improvement Fund – To account for improvements to Civic Center Convention Annex facilities, financed by motel tax receipts.

Animal Shelter Improvement Fund - To account for improvements to the Animal Shelter facilities.

Park Improvement Fund – To account for various Parks projects funded by the General Fund and other contributions and revenues.

CO Bond Contruction 06/07 Fund – To account for construction costs from the proceeds of CO Bonds issued in June 2007.

CITY OF AMARILLO, TEXAS
CAPITAL PROJECTS FUND
SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES
SEPTEMBER 30, 2011

	General Construction Fund	Street Improvement Fund	Street and Drainage Improvement Fund	Golf Course Improvement Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 7,682,467	$ 720,213	$ 780,719	$ 419,940
Investments, at fair values	9,199,992	-	1,494,269	-
Due from other governments	145,096	-	-	-
Accounts receivable	48,085	-	-	-
Accrued interest receivable	54,502	-	5,055	-
Prepaid items	1,000	-	-	-
TOTAL ASSETS	$ 17,131,142	$ 720,213	$ 2,280,043	$ 419,940
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Vouchers payable	$ 803,770	$ -	32,672	$ -
Accounts payable	254,186	-	44,343	-
Securities lending collateral	69,553	-	11,297	-
Due to other funds - unrestricted	-	-	-	-
Total liabilities	1,127,509	-	88,312	-
FUND BALANCES				
Nonspendable				
Prepaid items	1,000	-	-	-
Assigned for:				
Captial projects	16,002,633	720,213	2,191,731	419,940
Total fund balances	16,003,633	720,213	2,191,731	419,940
TOTAL LIABILITIES AND FUND BALANCES	$ 17,131,142	$ 720,213	$ 2,280,043	$ 419,940

See Independent Auditor's Report.

Solid Waste Disposal Improvement Fund	T-Anchor Bivins Improvement Fund	Convention Annex Improvement Fund	Animal Shelter Improvement Fund	Park Improvement Fund	CO Bond Const 06/07 Fund	Total
$ 2,012,347	$ 280,976	$ 2,231,271	$ 3,207	$ 189,983	$ 4,143,583	$ 18,464,706
8,092,590	-	2,289,447	-	507,371	-	21,583,669
-	-	-	-	-	-	145,096
-	-	-	-	-	-	48,085
30,441	-	10,792	-	7,561	-	108,351
-	-	-	-	-	-	1,000
$ 10,135,378	$ 280,976	$ 4,531,510	$ 3,207	$ 704,915	$ 4,143,583	$ 40,350,907
$ 483,492	$ 1,626	$ -	$ -	$ -	$ (1,923)	$ 1,319,637
122,588	-	-	-	-	70,197	491,314
61,181	-	17,308	-	3,836	-	163,175
-	-	-	-	-	104,000	104,000
667,261	1,626	17,308	-	3,836	172,274	2,078,126
-	-	-	-	-	-	1,000
9,468,117	279,350	4,514,202	3,207	701,079	3,971,309	38,271,781
9,468,117	279,350	4,514,202	3,207	701,079	3,971,309	38,272,781
$ 10,135,378	$ 280,976	$ 4,531,510	$ 3,207	$ 704,915	$ 4,143,583	$ 40,350,907

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
CAPITAL PROJECTS FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011

	General Construction Fund	Street Improvement Fund	Street and Drainage Improvement Fund	Golf Course Improvement Fund
REVENUES				
Intergovernmental revenues	$ 840,503	$ -	$ -	$ -
Charges for services	-	-	-	147,800
Construction participations	-	1,474,288	-	-
Miscellaneous	266,561	2,886	-	-
Other rentals and commissions	460,702	-	-	-
Investment earnings	62,128	2,668	17,801	130
Total revenues	1,629,894	1,479,842	17,801	147,930
EXPENDITURES				
Capital outlay	8,069,936	1,474,132	1,069,638	51,688
Total expenditures	8,069,936	1,474,132	1,069,638	51,688
Excess (deficiency) of revenues over (under) expenditures	(6,440,042)	5,710	(1,051,837)	96,242
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(374,051)	-	(13,803)	(79,499)
Transfers from other funds	5,326,462	-	1,963,837	-
Proceeds from issuance of long-term debt	3,750,000	-	-	-
Bond premium/issuance cost	(100,000)	-	-	-
Total other financing sources and uses	8,602,411	-	1,950,034	(79,499)
Net change in fund balances	2,162,369	5,710	898,197	16,743
FUND BALANCES, BEGINNING OF YEAR	13,841,264	714,503	1,293,534	403,197
FUND BALANCES, END OF YEAR	$ 16,003,633	$ 720,213	$ 2,191,731	$ 419,940

See Independent Auditor's Report.

Solid Waste Disposal Improvement Fund	T-Anchor Bivins Improvement Fund	Convention Annex Improvement Fund	Animal Shelter Improvement Fund	Park Improvement Fund	CO Bond Const 06/07 Fund	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 840,503
-	-	-	-	-	-	147,800
-	-	7,630	-	-	237,230	1,719,148
-	-	-	-	-	-	269,447
-	-	-	-	-	-	460,702
58,205	89	19,939	-	1,135	833	162,928
58,205	89	27,569	-	1,135	238,063	3,600,528
2,907,634	25,350	383,878	-	-	2,940,127	16,922,383
2,907,634	25,350	383,878	-	-	2,940,127	16,922,383
(2,849,429)	(25,261)	(356,309)	-	1,135	(2,702,064)	(13,321,855)
-	-	-	-	(1,377)	(563,716)	(1,032,446)
1,450,000	-	850,197	-	269	36,529	9,627,294
-	-	-	-	-	-	3,750,000
-	-	-	-	-	-	(100,000)
1,450,000	-	850,197	-	(1,108)	(527,187)	12,244,848
(1,399,429)	(25,261)	493,888	-	27	(3,229,251)	(1,077,007)
10,867,546	304,611	4,020,314	3,207	701,052	7,200,560	39,349,788
$ 9,468,117	$ 279,350	$ 4,514,202	$ 3,207	$ 701,079	$ 3,971,309	$ 38,272,781

See Independent Auditor's Report.

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INTERNAL SERVICE FUNDS

Municipal Garage Fund – To account for the revenues and cost of operations of a central motor pool which includes all City-owned vehicles except fire trucks and buses. Vehicles are rented to using departments at estimated cost of usage. The original equipment was contributed to the Municipal Garage upon its organization on October 1, 1973. Effective with the 1994/5 year, the City adopted a policy of financing additions, as well as replacements, out of the Garage's net earnings from user charges.

Information Services Fund – To account for the revenues and costs of operations of the City's data processing system. Charges to using departments are based on estimated cost of providing the service, including depreciation on equipment. This fund was established October 1, 1979, upon transfer of the necessary equipment from the general fixed assets of the City.

Risk Management Fund – To account for funds accumulated from operating transfers and from assessments of the various City departments for the purpose of self-insuring liability, workmen's compensation, unemployment claims, and miscellaneous other risks.

Employee Insurance Funds – To account for self-insured medical and dental benefits together with life insurance for employees, retirees and covered dependents. Additionally, employee contributions to the flexible benefits plan and related expenditures are accounted for within these funds.

CITY OF AMARILLO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

	Municipal Garage	Information Services	Risk Management	Employee Insurance	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 4,377,765	$ 1,441,424	$ 5,494,404	$ 4,406,342	$ 15,719,935
Investments at fair value	6,123,568	2,541,222	10,382,752	8,207,332	27,254,874
Receivables (net of allowances for uncollectibles)					
Accounts	28	-	18,935	389,895	408,858
Accrued interest	13,607	4,130	20,754	14,328	52,819
Due from other funds	494	-	-	162,450	162,944
Inventory of supplies at cost	378,464	-	-	-	378,464
Prepaid Expenses	-	-	282,960	-	282,960
Total current assets	10,893,926	3,986,776	16,199,805	13,180,347	44,260,854
NONCURRENT ASSETS					
Capital assets					
Improvements	229,268	4,314,071	-	-	4,543,339
Accumulated depreciation	(119,072)	(2,308,036)	-	-	(2,427,108)
Equipment	289,808	4,568,479	53,196	10,115	4,921,598
Accumulated depreciation	(238,824)	(3,872,574)	(48,580)	(7,493)	(4,167,471)
Vehicles	49,978,427	-	-	-	49,978,427
Accumulated depreciation	(33,308,059)	-	-	-	(33,308,059)
Construction in progress	490,533	199,080	-	-	689,613
Total capital assets, net of accumulated depreciation	17,322,081	2,901,020	4,616	2,622	20,230,339
TOTAL ASSETS	$ 28,216,007	$ 6,887,796	$ 16,204,421	$ 13,182,969	$ 64,491,193
LIABILITIES					
CURRENT LIABILITIES					
Vouchers payable	$ 1,023,800	$ 116,503	$ 61,714	$ 35,440	$ 1,237,457
Accounts payable	7,511	-	-	616,571	624,082
Accrued expenses	60,564	51,069	-	17,656	129,289
Securities lending collateral	40,625	19,212	78,495	62,048	200,380
Due to other funds	-	-	-	193,162	193,162
Estimated liability for incurred losses	-	-	3,323,752	2,351,079	5,674,831
Current portion of compensated absences	38,296	55,537	-	327	94,160
Total current liabilities	1,170,796	242,321	3,463,961	3,276,283	8,153,361
OTHER LIABILITIES					
Provision for compensated absences, net	194,422	329,158	-	38,294	561,874
Estimated liability for incurred losses, net of current portion	-	-	8,329,131	2,595,170	10,924,301
Postemployment benefit	-	-	-	56,953,683	56,953,683
Net pension obligation	120,964	134,646	-	23,495	279,105
Total other liabilities	315,386	463,804	8,329,131	59,610,642	68,718,963
TOTAL LIABILITIES	$ 1,486,182	$ 706,125	$ 11,793,092	$ 62,886,925	$ 76,872,324
NET ASSETS					
Invested in capital assets, net of related debt	$ 17,322,081	$ 2,901,020	$ 4,616	$ 2,622	$ 20,230,339
Unreserved	9,407,744	3,280,651	4,406,713	(49,706,578)	(32,611,470)
TOTAL NET ASSETS	$ 26,729,825	$ 6,181,671	$ 4,411,329	$ (49,703,956)	$ (12,381,131)

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2011

	Municipal Garage	Information Services	Risk Management	Employee Insurance	Total
OPERATING REVENUES					
Charges for services	$ -	$ -	$ 4,534	$ 1,061,687	$ 1,066,221
Internal charges	10,565,957	3,858,810	3,895,858	11,600,010	29,920,635
Employee contributions	-	-	-	4,563,216	4,563,216
Miscellaneous	-	1,647	-	309,401	311,048
Total operating revenues	10,565,957	3,860,457	3,900,392	17,534,314	35,861,120
OPERATING EXPENSES					
Salaries, wages, fringes	2,240,575	2,098,427	-	454,610	4,793,612
Supplies	1,626,518	303,389	389,510	77,054	2,396,471
Fuel and oil	3,577,519	-	-	-	3,577,519
Other contractual	76,946	693,981	131,975	63,559	966,461
Claims net of settlements	-	-	4,326,562	14,059,450	18,386,012
Postemployment expense	-	-	-	13,558,656	13,558,656
Other charges	982,227	163,757	739,393	860,109	2,745,486
Depreciation	4,372,713	767,804	332	635	5,141,484
Total operating expenses	12,876,498	4,027,358	5,587,772	29,074,073	51,565,701
Operating income (loss)	(2,310,541)	(166,901)	(1,687,380)	(11,539,759)	(15,704,581)
NONOPERATING REVENUES (EXPENSES)					
Interest earnings	64,226	16,559	92,038	58,321	231,144
Changes in value of investments	(9,053)	7,706	(4,354)	(4,547)	(10,248)
Gain (loss) on property sales	(272,093)	(756)	-	-	(272,849)
Total nonoperating revenues (expenses)	(216,920)	23,509	87,684	53,774	(51,953)
Income (loss) before contributions and transfers	(2,527,461)	(143,392)	(1,599,696)	(11,485,985)	(15,756,534)
TRANSFERS FROM MUNICIPALITY - CASH	16,657	93,303	-	-	109,960
TRANSFERS TO/FROM MUNICIPALITY - CAPITAL ASSETS	378,833	-	-	-	378,833
Change in net assets	(2,131,971)	(50,089)	(1,599,696)	(11,485,985)	(15,267,741)
NET ASSETS AT BEGINNING OF YEAR	28,861,796	6,231,760	6,011,025	(38,217,971)	2,886,610
NET ASSETS AT END OF YEAR	$ 26,729,825	$ 6,181,671	$ 4,411,329	$ (49,703,956)	$ (12,381,131)

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2011

	Municipal Garage	Information Services	Risk Management	Employee Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from other funds	$ 10,565,957	$ 3,860,457	$ 3,945,047	$ 17,481,943	$ 35,853,404
Cash payments for goods and services	(5,445,923)	(1,121,428)	(1,417,058)	(627,804)	(8,612,213)
Cash payments to employees	(2,368,965)	(2,184,967)	-	(459,816)	(5,013,748)
Cash payments for claims and loss adjustments	-	-	(2,157,496)	(14,908,530)	(17,066,026)
Net cash provided (used) by operating activities	2,751,069	554,062	370,493	1,485,793	5,161,417
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	16,657	93,303	-	-	109,960
Amounts borrowed from or repaid by other funds	-	-	-	23,858	23,858
Amounts loaned to or repaid to other funds	-	-	-	(2,538)	(2,538)
Other	494	-	-	-	494
Net cash provided (used) by noncapital financing activities	17,151	93,303	-	21,320	131,774
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(6,698,063)	(277,828)	-	-	(6,975,891)
Capital contributions	378,833	-	-	-	378,833
Proceeds from disposition of property, plant and equipment	442,035	-	-	-	442,035
Net cash provided (used) by capital financing activities	(5,877,195)	(277,828)	-	-	(6,155,023)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investment securities	9,152,732	2,000,534	12,602,819	10,005,463	33,761,548
Purchase of investment securities	(8,109,615)	(3,035,373)	(12,865,091)	(9,897,715)	(33,907,794)
Interest and gains (losses) on investments	145,542	39,475	202,941	92,427	480,385
Net cash provided (used) by investing activities	1,188,659	(995,364)	(59,331)	200,175	334,139
Net increase (decrease) in cash and cash equivalents	(1,920,316)	(625,827)	311,162	1,707,288	(527,693)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	6,298,081	2,067,251	5,183,242	2,699,054	16,247,628
CASH AND CASH EQUIVALENTS, AT END OF YEAR	$ 4,377,765	$ 1,441,424	$ 5,494,404	$ 4,406,342	$ 15,719,935

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS, CONTINUED
YEAR ENDED SEPTEMBER 30, 2011

	Municipal Garage	Information Services	Risk Management	Employee Insurance	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	$ (2,310,541)	$ (166,901)	$ (1,687,380)	$ (11,539,759)	$ (15,704,581)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	4,372,713	767,804	332	635	5,141,484
(Increase) decrease in accounts receivable	-	-	44,655	(52,371)	(7,716)
(Increase) decrease in accrued operating revenues	-	-	(88,556)	-	(88,556)
(Increase) decrease in inventories	(52,294)	-	-	-	(52,294)
Increase (decrease) in vouchers payable	867,882	39,699	(67,624)	(43,736)	796,221
Increase (decrease) in accounts payable	1,699	-	-	421,165	422,864
Increase (decrease) in accrued expense	(77,104)	(77,325)	-	(12,277)	(166,706)
Increase (decrease) in provision for compensated absences	(24,931)	17,195	-	7,766	30
Increase (decrease) in estimated claims liabilities	-	-	2,169,066	12,709,576	14,878,642
Increase (decrease) in net pension obligations	(26,355)	(26,410)	-	(5,206)	(57,971)
Net cash provided (used) by operating activities	$ 2,751,069	$ 554,062	$ 370,493	$ 1,485,793	$ 5,161,417
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Decreases (increases) in fair values of investments	$ (9,053)	$ 7,706	$ (4,354)	$ (4,547)	$ (10,248)

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GENERAL FUND

The General Fund accounts for all unrestricted resources except those required to be accounted for in another fund. The revenues and expenditures of the Transit System, Solid Waste Department and the Auditorium-Coliseum are accounted for in this fund.

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CITY OF AMARILLO, TEXAS
GENERAL FUND
BALANCE SHEET
SEPTEMBER 30, 2011

ASSETS

Cash and cash equivalents	$	329,595
Investments at fair value		40,809,763
Receivables (net of allowances for uncollectibles)		
Property taxes		292,368
Solid waste and other		1,286,699
Accrued interest		181,808
Other accrued revenue		1,553,792
Due from other funds		1,624,024
Due from other governments		4,299,097
Inventory of supplies		1,804,245
Prepaid items		6,742
TOTAL ASSETS	$	52,188,133

LIABILITIES AND FUND BALANCE

LIABILITIES		
Vouchers payable	$	1,285,200
Accounts payable		3,387,508
Accrued expenses		2,277,509
Securities lending collateral		290,216
Deposits		146,783
Due to other governments		725,131
Deferred revenue property taxes		210,463
Deferred revenues other		57,589
Total liabilities		8,380,399
FUND BALANCE		
Nonspendable:		
Inventory		1,804,245
Prepaid Items		6,742
Uncollected taxes		81,905
Committed for:		
Encumbrances		147,740
Unassigned		41,767,102
Total fund balance		43,807,734
TOTAL LIABILITIES AND FUND BALANCE	$	52,188,133

See Independent Auditor's Report.

CITY OF AMARILLO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SEPTEMBER 30, 2011

REVENUES	
Taxes	$ 98,234,240
License and permits	2,284,564
Interfund revenues	1,557,653
Intergovernmental revenues	2,882,582
Contributions - citizens	22,898
Charges for services	30,175,667
Fines and forfeitures	4,656,666
Investment earnings	613,351
Other rentals and commissions	378,468
Miscellaneous	488,121
Total revenues	141,294,210
EXPENDITURES	
Current	
General government	3,206,313
Staff services	8,713,449
Public safety and health	
Police protection	34,954,775
Fire protection	24,224,482
Other	8,822,423
Streets, traffic and engineering	13,397,670
Culture and recreation	
Auditorium-colliseum	2,745,954
Libraries	3,418,370
Parks	6,307,737
Participant recreation	4,657,968
Solid waste	10,532,391
Transit system	3,506,527
Information technology	2,538,403
Tourism	3,037,368
Capital outlay	490,678
Total expenditures	130,554,508
EXCESS OF REVENUES OVER EXPENDITURES	10,739,702
OTHER FINANCING SOURCES (USES)	
Transfers from other funds	170,259
Transfers to other funds	(8,702,841)
Net change in fund balance	2,207,120
FUND BALANCE, BEGINNING OF YEAR	41,600,614
FUND BALANCE, END OF YEAR	$ 43,807,734

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES
YEAR ENDED SEPTEMBER 30, 2011

	Actual revenue	Budget	Variance with final budget positive (negative)
TAXES			
General property taxes			
Ad valorem tax collections	$ 27,834,963	$ 27,299,104	$ 535,859
Penalty and interest on delinquent taxes	259,935	274,998	(15,063)
Water & sewer utility	2,808,144	2,808,144	-
Sales tax			
General sales tax	46,033,627	41,800,000	4,233,627
Mixed beverage tax	602,075	586,000	16,075
Hotel occupancy tax	4,782,868	4,111,791	671,077
Gross receipts business taxes:			
Electric utility	7,665,778	7,056,766	609,012
Telephone utility	1,387,421	1,562,999	(175,578)
Gas utility	2,731,433	3,249,363	(517,930)
Cable television	1,717,263	1,631,436	85,827
Water & Sewer utility	2,410,733	2,389,921	20,812
Total taxes	98,234,240	92,770,522	5,463,718
LICENSES AND PERMITS			
Food and beverage establishments			
Liquor, beer and wine licenses	76,902	68,564	8,338
Restaurant permits	427,128	400,000	27,128
Food handler permits	30,120	28,168	1,952
Miscellaneous occupational			
Occupational and business	39,616	29,738	9,878
Transient bus licenses	825	975	(150)
Solicitation permits	4,675	1,598	3,077
Building and structures			
Building permits	1,211,741	908,944	302,797
Electrical permits	123,521	40,000	83,521
Plumbing and gas permits	239,185	168,809	70,376
Heating and air permits	59,546	34,351	25,195
Sewage disposal permits	64,345	56,086	8,259
Mobile home parks	6,960	36,450	(29,490)
Total licenses and permits	2,284,564	1,773,683	510,881
INTERFUND REVENUES			
Airport animal control	14,004	12,000	2,004
Communication services	762,703	807,532	(44,829)
Sales to other funds	646,889	409,992	236,897
Other interfund reimbursements	134,057	136,518	(2,461)
Total interfund revenue	1,557,653	1,366,042	191,611
INTERGOVERNMENTAL REVENUES			
General Government			
Auditorium Operating Assistance	297,996	297,996	-
Public safety and health			
Emergency Management Participations	204,865	280,219	(75,354)
Other	333	2,000	(1,667)
State shared revenues	66,535	60,700	5,835
Transit			
Federal/state operating assistance	2,312,853	2,752,191	(439,338)
Total intergovernmental revenues	2,882,582	3,393,106	(510,524)
CONTRIBUTIONS FROM CITIZENS			
Donations unrestricted	22,898	24,004	(1,106)

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES, CONTINUED
YEAR ENDED SEPTEMBER 30, 2011

	Actual revenue	Budget	Variance with final budget positive (negative)
CHARGES FOR SERVICES			
General government			
Zoning, planning application fees	42,051	35,710	6,341
Sale of city publications	3,324	781	2,543
Staff services			
Indirect cost reimbursement	1,588,970	1,586,700	2,270
Business type fund administrative fees			
Water & sewer administrative	1,297,956	1,297,957	(1)
Airport	198,582	198,579	3
Other administrative fees			
Weed mowing contract	288,011	359,002	(70,991)
Weed bad debt adjustment	(372,740)	(368,877)	(3,863)
Wrecker service contract	81,436	99,996	(18,560)
Fiscal agent fees	116,200	117,612	(1,412)
Public safety and health			
Police liason officer	784,879	731,615	53,264
AECC participations	769,901	763,596	6,305
EMS Support	105,000	105,000	-
Warrant fees	612,233	545,000	67,233
Traffic accident reports	59,233	64,000	(4,767)
Airport fire service fee	1,484,904	1,484,904	-
Fire inspections	23,285	20,199	3,086
Animal shelter fees	140,745	135,002	5,743
Vital statistics fee	296,312	354,445	(58,133)
Miscellaneous health department fees	6,630	6,700	(70)
Culture & recreation			
Auditorium rentals	988,167	770,251	217,916
Auditorium concessions	273,609	453,203	(179,594)
Auditorium advertising	18,120	19,170	(1,050)
Auditorium Box Office	333,649	296,238	37,411
Library late fees	136,880	122,001	14,879
Library copy charges	21,941	18,000	3,941
Non resident library fees	11,844	8,000	3,844
Baseball field rentals	68,116	55,500	12,616
Golf green fees	918,573	1,132,750	(214,177)
Golf membership fees	251,226	318,001	(66,775)
Golf other	305,166	91,489	213,677
Swimming pool fees	185,197	169,922	15,275
Tennis center fees	3,683	6,150	(2,467)
Zoo admission fees	150,621	200,004	(49,383)
Rifle range fees	75,929	55,001	20,928
Entry and tournament fees	443,955	472,530	(28,575)
Admission fees	734	4,400	(3,666)
Solid waste			
Collection & disposal fees	16,445,195	16,334,844	110,351
Landfill charges	1,357,254	1,555,004	(197,750)
Recyclable materials	87,842	58,004	29,838
Forfeited discounts	356,389	299,996	56,393
Transit			
Passenger revenue	145,014	113,513	31,501
Demand response	29,269	21,534	7,735
Advertising	9,300	18,600	(9,300)
Miscellaneous transit revenue	31,082	27,014	4,068
Total charges for services	30,175,667	30,159,040	16,627

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES, CONTINUED
YEAR ENDED SEPTEMBER 30, 2011

	Actual revenue	Budget	Variance with final budget postitive (negative)
FINES AND FORFEITURES			
Traffic fines	3,141,432	3,433,998	(292,566)
Misdemeanor fees	590,400	807,000	(216,600)
Parking fines	153,593	109,001	44,592
Court Fees	14,033	36,197	(22,164)
Other court revenue	135,578	207,002	(71,424)
Miscellaneous Fines	155,422	113,002	42,420
State court costs	466,208	510,000	(43,792)
Total fines and forfeitures	4,656,666	5,216,200	(559,534)
INVESTMENT EARNINGS			
Interest earnings	613,351	828,422	(215,071)
Total investment earnings	613,351	828,422	(215,071)
OTHER RENTALS AND COMMISSIONS			
Amusement park commissions	113,308	97,001	16,307
Municipal building rents	220,322	213,368	6,954
Surface land rents	15,100	14,604	496
Miscellaneous concessions	29,738	36,396	(6,658)
Total rental/commissions	378,468	361,369	17,099
MISCELLANEOUS REVENUES			
Use of money and property:			
Miscellaneous Revenues	356,707	257,706	99,001
Discount Card Sales	3,827	39,500	(35,673)
Sales to Outside Utilities	56,480	50,998	5,482
PID reimbursements	48,603	103,735	(55,132)
Appraisal District Refunds	24,175	3,361	20,814
Discounts Earned	3,364	2,503	861
Telephone Commissions	1,466	0	1,466
Sale of Property and Gains	8,406	30,199	(21,793)
Bad Debt/ Exp Recovery	(14,907)	-	(14,907)
Total miscellaneous revenues	488,121	488,002	119
TOTAL REVENUES	$ 141,294,210	$ 136,380,390	$ 4,913,820

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT (GAAP BASIS)
YEAR ENDED SEPTEMBER 30, 2011

	Salaries, wages and fringe benefits	Supplies	Contractual services
GENERAL GOVERNMENT			
Mayor and commission	$ 2,377	$ 6,691	$ 50,374
City manager	782,981	5,212	32,953
City secretary	238,433	29,978	761
Municipal court	1,320,075	40,748	87,386
Teen court	32,732	2,234	496
Planning and zoning	423,803	8,917	14,664
Total general government	2,800,401	93,780	186,634
STAFF SERVICES			
Financial administration			
Director of Finance	337,265	5,698	457,595
Accounting	839,992	32,301	184,132
Payroll	154,038	1,151	1,533
Benefits	272,498	-	39
Purchasing	331,722	15,444	27,533
Central stores	368,540	3,836	14,665
Municipal office services	52,682	(8,910)	19,149
Information technology	-	-	-
Legal	791,718	40,012	139,727
Personnel			
Human Resources	317,668	125,455	103,637
Safety and training	256,679	5,725	23,178
Communications	374,596	28,670	449,495
Occupancy			
Custodial operations	726,290	378,310	30,286
Building maintenance	1,210,416	29,901	399,476
Total staff services	6,034,104	657,593	1,850,445
PUBLIC SAFETY AND HEALTH			
Police			
Police	27,494,020	1,142,282	1,964,675
Civilian personnel	2,117,937	-	1,831,163
Miscellaneous Police programs	7,545	185	570
Total police protection	29,619,502	1,142,467	3,796,408
Fire Protection			
Fire operations	20,181,432	74,453	24,941
Civilian personnel	1,042,096	12,329	10,367
Fire support	587,009	1,276,782	744,360
EMS Support	76,330	-	39,002
Total fire protection	21,886,867	1,363,564	818,670
Other			
Building Safety	1,616,001	36,376	294,898
Animal control	1,153,770	108,229	122,001
Emergency services	222,777	17,732	26,364
AECC	3,754,461	23,831	271,492
Environmental health	657,451	11,245	83,916
Vital statistics	29,871	12,305	1,646
Total other	7,434,331	209,718	800,317
Total public safety and health	58,940,700	2,715,749	5,415,395

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Other charges	Total	Capital outlay	Total (GAAP) basis
$ 42,549	$ 101,991	$ -	$ 101,991
14,167	835,313	-	835,313
7,365	276,537	-	276,537
39,240	1,487,449	-	1,487,449
1,327	36,789	-	36,789
20,850	468,234	-	468,234
125,498	3,206,313	-	3,206,313
9,382	809,940	-	809,940
8,744	1,065,169	-	1,065,169
420	157,142	-	157,142
-	272,537	-	272,537
5,779	380,478	-	380,478
11,226	398,267	-	398,267
1,211	64,132	5,129	69,261
2,538,403	2,538,403	-	2,538,403
15,295	986,752	-	986,752
14,702	561,462	-	561,462
5,280	290,862	-	290,862
34,025	886,786	-	886,786
3,943	1,138,829	-	1,138,829
61,300	1,701,093	-	1,701,093
2,709,710	11,251,852	5,129	11,256,981
387,871	30,988,848	36,928	31,025,776
8,527	3,957,627	-	3,957,627
0	8,300	-	8,300
396,398	34,954,775	36,928	34,991,703
51,111	20,331,937	-	20,331,937
13,090	1,077,882	-	1,077,882
91,180	2,699,331	-	2,699,331
-	115,332	-	115,332
155,381	24,224,482	-	24,224,482
58,038	2,005,313	-	2,005,313
14,118	1,398,118	-	1,398,118
109,727	376,600	-	376,600
180,773	4,230,557	3,508	4,234,065
11,013	763,625	-	763,625
4,388	48,210	-	48,210
378,057	8,822,423	3,508	8,825,931
929,836	68,001,680	40,436	68,042,116

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT (GAAP BASIS), CONTINUED
YEAR ENDED SEPTEMBER 30, 2011

	Salaries, wages and fringe benefits	Supplies	Contractual services
STREETS, TRAFFIC & ENGINEERING			
Street maintenance	3,477,008	223,111	4,552,676
Traffic engineering	480,345	1,699,252	144,487
Traffic field operations	806,091	2,851	574,908
Engineering	1,188,462	48,217	89,914
Total streets, traffic, engineering	5,951,906	1,973,431	5,361,985
CULTURE & RECREATION			
Auditorium Coliseum			
Civic Center operations	946,781	563,057	102,911
Civic Center promotions	167,945	7,921	13,072
Box office operations	209,151	1,657	71,927
Civic Center Sports	65,275	94,763	44,917
Globe News Center	121,587	117,013	8,895
Library operations	2,479,164	740,995	122,539
Parks			
Parks administration	445,154	22,428	17,734
Park maintenance	3,177,242	1,507,074	1,084,443
Participant recreation			
Ross Rogers Golf Course	597,523	505,852	529,965
Comanche Trail	654,519	314,014	329,590
Zoo	230,901	87,036	21,374
Swimming pools	239,580	98,629	60,041
Tennis center	3,086	24,202	49,177
Parks and recreation programs	656,925	59,438	98,800
Total culture and recreation	9,994,833	4,144,079	2,555,385
SOLID WASTE			
Solid waste collection	4,367,127	265,468	2,814,604
Solid waste disposal	1,322,609	70,423	1,371,874
Total solid waste	5,689,736	335,891	4,186,478
TRANSIT			
Fixed Route	1,236,254	527,708	15,453
Demand response	687,298	252,098	41,668
Transit Maintenance	368,894	-	-
Total transit	2,292,446	779,806	57,121
ECONOMIC DEVELOPMENT			
Tourism support	-	-	3,037,368
Total economic development	-	-	3,037,368
TOTAL GENERAL FUND EXPENDITURES	$ 91,704,126	$ 10,700,329	$ 22,650,811

See Independent Auditor's Report.

Other charges	Total	Capital outlay	Total (GAAP) basis
50,350	8,303,145	-	8,303,145
23,124	2,347,208	-	2,347,208
12,084	1,395,934	9,964	1,405,898
24,790	1,351,383	-	1,351,383
110,348	13,397,670	9,964	13,407,634
115,430	1,728,179	5,134	1,733,313
23,829	212,767	16,481	229,248
39,226	321,961	7,609	329,570
2,235	207,190	-	207,190
28,362	275,857	-	275,857
75,672	3,418,370	-	3,418,370
13,220	498,536	-	498,536
40,442	5,809,201	-	5,809,201
11,430	1,644,770	393,196	2,037,966
7,070	1,305,193	-	1,305,193
617	339,928	-	339,928
16,132	414,382	7,100	421,482
2,690	79,155	-	79,155
59,377	874,540	5,629	880,169
435,732	17,130,029	435,149	17,565,178
37,087	7,484,286	-	7,484,286
283,199	3,048,105	-	3,048,105
320,286	10,532,391	-	10,532,391
300,696	2,080,111	-	2,080,111
57,492	1,038,556	-	1,038,556
18,966	387,860	-	387,860
377,154	3,506,527	-	3,506,527
-	3,037,368	-	3,037,368
-	3,037,368	-	3,037,368
$ 5,008,564	$ 130,063,830	$ 490,678	$ 130,554,508

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2011

	Net Current	Capital Outlay	Total Current Year (GAAP Basis)	Paid Prior Year Encumbrances
GENERAL GOVERNMENT				
Mayor and Commission	$ 101,991	$ -	$ 101,991	$ -
City manager	835,313	-	835,313	-
City secretary	276,537	-	276,537	-
Municipal court	1,487,449	-	1,487,449	-
Teen court	36,789	-	36,789	-
Planning and zoning	468,234	-	468,234	408
Total general government	3,206,313	-	3,206,313	408
STAFF SERVICES				
Financial administration				
Director of Finance	809,940	-	809,940	-
Accounting	1,065,169	-	1,065,169	-
Payroll	157,142	-	157,142	-
Benefits	272,537	-	272,537	-
Purchasing	380,478	-	380,478	-
Central stores	398,267	-	398,267	-
Municipal office services	64,132	5,129	69,261	-
Information technology	2,538,403	-	2,538,403	-
Legal	986,752	-	986,752	-
Personnel				
Human Resources	561,462	-	561,462	-
Safety and training	290,862	-	290,862	-
Communications	886,786	-	886,786	-
Occupancy				
Custodial operations	1,138,829	-	1,138,829	-
Building maintenance	1,701,093	-	1,701,093	-
Total staff services	11,251,852	5,129	11,256,981	-
PUBLIC SAFETY AND HEALTH				
Police				
Police	30,988,848	36,928	31,025,776	80,369
Civilian Personnel	3,957,627	-	3,957,627	-
Tobacco Senate Bill	8,300	-	8,300	-
Total police protection	34,954,775	36,928	34,991,703	80,369
Fire Protection				
Fire Operations	20,331,937	-	20,331,937	-
Civilian Personnel	1,077,882	-	1,077,882	-
Fire Support	2,699,331	-	2,699,331	22,016
EMS Support	115,332	-	115,332	-
Total fire protection	24,224,482	-	24,224,482	22,016
Other				
Building safety	2,005,313	-	2,005,313	-
Animal control	1,398,118	-	1,398,118	2,324
Emergency services	376,600	-	376,600	-
AECC	4,230,557	3,508	4,234,065	-
Environmental health	763,625	-	763,625	-
Vital Statistics	48,210	-	48,210	4,568
Total Other	8,822,423	3,508	8,825,931	6,892
Total public safety and health	68,001,680	40,436	68,042,116	109,277

See Independent Auditor's Report.

Encumbrances at End of Year	Total Actual Budgetary Basis	Original Budget	Final Budget	Variance with Final Budget
$ -	$ 101,991	$ 120,284	$ 120,284	$ 18,293
-	835,313	1,145,502	1,145,502	310,189
-	276,537	293,719	293,719	17,182
-	1,487,449	1,637,731	1,637,731	150,282
-	36,789	37,322	37,322	533
-	467,826	480,398	480,398	12,572
-	3,205,905	3,714,956	3,714,956	509,051
-	809,940	834,936	834,936	24,996
830	1,065,999	1,149,204	1,149,204	83,205
250	157,392	187,951	187,951	30,559
-	272,537	281,146	281,146	8,609
597	381,075	430,401	430,401	49,326
-	398,267	402,486	402,486	4,219
-	69,261	164,533	164,533	95,272
-	2,538,403	2,538,408	2,538,408	5
-	986,752	865,075	865,075	(121,677)
21,958	583,420	713,882	713,882	130,462
-	290,862	354,139	354,139	63,277
-	886,786	886,446	897,581	10,795
-	1,138,829	1,213,149	1,213,149	74,320
8,369	1,709,462	1,834,739	1,834,739	125,277
32,004	11,288,985	11,856,495	11,867,630	578,645
13,476	30,958,883	29,925,928	30,190,094	(768,789)
-	3,957,627	3,869,488	3,869,488	(88,139)
-	8,300	8,004	8,004	(296)
13,476	34,924,810	33,803,420	34,067,586	(857,224)
-	20,331,937	20,249,488	20,249,488	(82,449)
-	1,077,882	1,045,767	1,045,767	(32,115)
26,855	2,704,170	2,835,798	2,833,898	129,728
-	115,332	105,966	105,966	(9,366)
26,855	24,229,321	24,237,019	24,235,119	5,798
-	2,005,313	2,152,253	2,152,253	146,940
-	1,395,794	1,427,316	1,427,316	31,522
-	376,600	418,008	418,008	41,408
-	4,234,065	3,913,022	3,912,711	(321,354)
-	763,625	956,011	956,011	192,386
3,079	46,721	68,329	68,329	21,608
3,079	8,822,118	8,934,939	8,934,628	112,510
43,410	67,976,249	66,975,378	67,237,333	(738,916)

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS, CONTINUED
YEAR ENDED SEPTEMBER 30, 2011

	Net Current	Capital Outlay	Total Current Year (GAAP Basis)	Paid Prior Year Encumbrances
STREETS, TRAFFIC & ENGINEERING				
Street maintenance	8,303,145	-	8,303,145	7,576
Traffic engineering	2,347,208	-	2,347,208	-
Traffic field operations	1,395,934	9,964	1,405,898	39,413
Engineering	1,351,383	-	1,351,383	-
Total streets, traffic, engineering	13,397,670	9,964	13,407,634	46,989
CULTURE & RECREATION				
Auditorium Coliseum				
Civic Center operations	1,728,179	5,134	1,733,313	-
Civic Center promotions	212,767	16,481	229,248	16,481
Box office operations	321,961	7,609	329,570	-
Civic Center Sports	207,190	-	207,190	-
Globe News Center	275,857	-	275,857	-
Library operations	3,418,370	-	3,418,370	132
Parks	-	-		
Parks administration	498,536	-	498,536	-
Park maintenance	5,809,201	-	5,809,201	-
Participant Recreation	-	-		
Ross Rogers golf course	1,644,770	393,196	2,037,966	-
Comanche Trail	1,305,193	-	1,305,193	-
Zoo	339,928	-	339,928	-
Swimming pools	414,382	7,100	421,482	-
Tennis center	79,155	-	79,155	-
Parks and recreation programs	874,540	5,629	880,169	481
Total culture and recreation	17,130,029	435,149	17,565,178	17,094
SOLID WASTE				
Solid waste collection	7,484,286	-	7,484,286	-
Solid waste disposal	3,048,105	-	3,048,105	8,550
Total solid waste	10,532,391	-	10,532,391	8,550
TRANSIT				
Fixed route	2,080,111	-	2,080,111	1,289
Demand response	1,038,556	-	1,038,556	7,715
Transit Maintenance	387,860	-	387,860	-
Total transit	3,506,527	-	3,506,527	9,004
ECONOMIC DEVELOPMENT				
Tourism support	3,037,368	-	3,037,368	15,563
Total economic development	3,037,368	-	3,037,368	15,563
TOTAL GENERAL FUND EXPENDITURES	$ 130,063,830	$ 490,678	$ 130,554,508	$ 206,885
OPERATING TRANSFERS:				
Operating Transfers to Other Funds	8,702,841	-	8,702,841	-
Operating Transfers from Other Funds	(170,259)	-	(170,259)	-
TOTALS INCLUDING TRANSFERS	$ 138,596,412	$ 490,678	$ 139,087,090	$ 206,885

See Independent Auditor's Report.

Encumbrances at End of Year	Total Actual Budgetary Basis	Original Budget	Final Budget	Variance with Final Budget
3,422	8,298,991	8,930,372	8,930,372	631,381
-	2,347,208	2,412,244	2,412,244	65,036
5,081	1,371,566	1,461,559	1,494,127	122,561
4,137	1,355,520	1,570,898	1,570,898	215,378
12,640	13,373,285	14,375,073	14,407,641	1,034,356
-	1,733,313	1,819,696	1,819,385	86,072
-	212,767	287,974	287,974	75,207
-	329,570	353,413	353,413	23,843
-	207,190	234,515	234,515	27,325
19,340	295,197	339,622	339,622	44,425
-	3,418,238	3,611,979	3,611,979	193,741
-	498,536	524,592	524,592	26,056
218	5,809,419	5,616,405	5,616,886	(192,533)
-	2,037,966	1,458,501	1,458,501	(579,465)
-	1,305,193	1,291,925	1,306,925	1,732
-	339,928	337,562	340,962	1,034
2,765	424,247	429,723	429,723	5,476
-	79,155	81,032	79,132	(23)
390	880,078	987,586	990,734	110,656
22,713	17,570,797	17,374,525	17,394,343	(176,454)
-	7,484,286	7,637,086	7,622,189	137,903
-	3,039,555	3,256,836	3,256,836	217,281
-	10,523,841	10,893,922	10,879,025	355,184
1,155	2,079,977	2,576,065	2,576,065	496,088
-	1,030,841	1,048,943	1,048,943	18,102
-	387,860	461,761	461,761	73,901
1,155	3,498,678	4,086,769	4,086,769	588,091
35,818	3,057,623	2,228,588	2,228,588	(829,035)
35,818	3,057,623	2,228,588	2,228,588	(829,035)
$ 147,740	$ 130,495,363	$ 131,505,706	$ 131,816,285	$ 1,320,922
-	8,702,841	8,369,179	8,127,398	(575,443)
-	(170,259)	(285,996)	(285,996)	(115,737)
$ 147,740	$ 139,027,945	$ 139,588,889	$ 139,657,687	$ 629,742

See Independent Auditor's Report.

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STATEMENTS OF WATER AND SEWER FUND

This fund accounts for the provision of water and sewer services to residents and commercial enterprises of the City and proximate area. Water is obtained from a number of city-owned well fields, as well as from an allocation of surface water from the Canadian River and underground water from the northeast sector of the Panhandle, both provided by the Canadian River Municipal Water Authority.

CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 12,941,154
Investments, at fair values	30,501,543
Accounts receivable	4,647,849
Accrued interest receivable	74,346
Other accrued revenue	3,888,645
Prepaid expenses	24,496
Total current assets	52,078,033
NONCURRENT ASSETS	
Restricted cash and cash equivalents	64,870,188
Other noncurrent receivable	359,992
Capital assets	
Land	1,752,820
Contributed right of way easements	267,145
Underground water rights	39,493,927
Accumulated depletion - water rights	(3,390,564)
Water supply contract	50,336,389
Accumulated amortization - water supply contract	(18,287,542)
Pipelines and plant	500,590,181
Accumulated depreciation - pipelines and plant	(139,007,092)
Equipment and vehicles	3,861,557
Accumulated depreciation - equipment and vehicles	(3,128,840)
Construction in progress	16,228,356
Total capital assets net of accumulated depreciation	448,716,337
Total noncurrent assets	513,946,517
TOTAL ASSETS	$ 566,024,550

LIABILITIES

CURRENT LIABILITIES	
Vouchers payable	$ 2,528,424
Accounts payable	3,473,670
Accrued expenses	1,193,893
Securities lending collateral	230,595
Deposits	31,662
Consumer security deposits	3,047,063
Share of Water Authority debt, current	3,557,430
Bonded debt current maturity	7,210,000
Current portion of provision for compensated absences	168,340
Total current liabilities	21,441,077
NONCURRENT LIABILITIES	
Bonded debt net of current	139,432,250
Water authority debt, net of current	63,736,522
Other accrued expenses	3,150,000
Provision for compensated absences, net	1,275,330
Net pension obligation	631,316
Total noncurrent liabilities	208,225,418
TOTAL LIABILITIES	$ 229,666,495
NET ASSETS	
Invested in capital assets, net of related debt	$ 294,205,599
Restricted for debt service	5,444,724
Unrestricted	36,707,732
TOTAL NET ASSETS	$ 336,358,055

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2011

OPERATING REVENUES	
Rents and miscellaneous	$ 261,140
Tap fees and frontage charges	196,481
Utility sales and service	68,661,247
Total operating revenues	69,118,868
OPERATING EXPENSES	
Salaries, wages and fringe benefits	11,204,778
Supplies	1,340,547
Fuel and power	4,896,302
Contractual services	4,271,613
Water Authority charges	4,772,154
Other charges	7,653,768
Depreciation	10,492,183
Total operating expenses	44,631,345
Operating income	24,487,523
NONOPERATING REVENUES (EXPENSES)	
Gain on disposal of property	6,974,932
Interfund reimbursement	509,369
Interest earnings	191,138
Interest and fiscal charges	(4,600,102)
Total nonoperating revenue (expenses)	3,075,337
Income before contributions and transfers	27,562,860
Capital contributions	4,206,347
Transfers to other funds	(1,311)
Change in net assets	31,767,896
TOTAL NET ASSETS, BEGINNING OF YEAR	304,590,159
TOTAL NET ASSETS, END OF YEAR	$ 336,358,055

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from third parties	$ 68,070,886
Cash payments to suppliers for goods and services	(18,279,786)
Cash payments to employees	(12,117,026)
Net cash provided (used) by operating activities	37,674,074
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers (to) from other funds	(1,311)
Amounts repaid from other funds	509,369
Net cash provided (used) by noncapital financing activities	508,058
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(73,834,242)
Principal paid on revenue bond maturities	(11,030,000)
Principal paid on proportionate share of Water Authority debt	(3,414,609)
Noncurrent receivable	359,992
Proceeds from issuance of bonds	34,430,000
Bond issuance cost	(309,379)
Capital grants received	4,206,347
Interest expense	(6,980,931)
Proceeds from sale of capital assets	7,553,416
Net cash provided (used) by capital and related financing activities	(49,019,406)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investment securities	49,479,118
Purchase of investment securities	(23,510,699)
Interest and gains on investments	650,424
Net cash provided (used) by investing activities	26,618,843
Net increase in cash and cash equivalents	15,781,569
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	62,029,773
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	$ 77,811,342
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	$ 24,487,523
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	10,492,183
(Increase) decrease in accounts receivable	(238,626)
(Increase) decrease in other accrued revenue	(809,356)
(Increase) decrease in prepaid expenses	66,038
Increase (decrease) in vouchers payable	1,290,067
Increase (decrease) in accounts payable	2,768,581
Increase (decrease) in accrued operating expenses	(769,470)
Increase (decrease) in customer deposits	98,748
Increase (decrease) in net pension obligation	(10,218)
Increase (decrease) in compensated absences	(132,560)
Increase (decease) in other accrued liabilities	431,164
Net cash provided (used) by operating activities	$ 37,674,074
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Amortization of bond issuance costs	$ 185,655
Increases in fair values of investments	(79,963)
Interest expense capitalized	1,297,377

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
SCHEDULE OF OPERATING REVENUES
YEAR ENDED SEPTEMBER 30, 2011

UTILITY SALES AND SERVICE	
Water metered sales	$ 47,322,272
Sewer charges	18,555,334
Industrial waste charges	147,578
Forfeited discounts	1,114,010
Sale of reclaimed water	767,589
Water service charges	1,109,047
Net loss on bad debts	(552,113)
Lab fees	157,710
Liquid waste disposal	39,820
Total utility sales and service	68,661,247
TAP FEES AND FRONTAGE CHARGES	
Water tap fees	129,425
Sewer tap fees	50,210
Water frontage charges	7,123
Sewer frontage charges	9,723
Total tap fees and frontage changes	196,481
RENTS AND MISCELLANEOUS	
Rents and miscellaneous	261,140
Total rents and miscellaneous	261,140
TOTAL OPERATING REVENUE	$ 69,118,868

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
YEAR ENDED SEPTEMBER 30, 2011

	Salaries, Wages & Fringe Benefits	Supplies	Fuel and Power
WATER AND SEWER SYSTEM FUND			
DEPARTMENT			
Water production	$ 335,552	$ 41,371	$ 1,875,312
Water transmission	340,802	24,029	1,492,759
Surface water treatment	1,563,726	477,544	180,517
Water distribution	2,245,756	51,831	1,523
Water - general	-	-	-
Wastewater collection	1,212,704	129,104	147,883
Wastewater treatment	1,978,045	349,397	1,177,999
Environmental laboratory	1,043,487	138,044	20,309
Sewer - general	-	-	-
Utility billing	1,112,079	71,244	-
Director of utilites - admin.	1,372,627	57,983	-
Net Operating Expenses	$ 11,204,778	$ 1,340,547	$ 4,896,302

See Independent Auditor's Report.

Water Authority Charges	Contractual Services	Other Charges	Depreciation/ Amortization	Total Current Year
$ -	$ 587,999	$ 15,021	$ 2,519,148	$ 5,374,403
-	187,846	32,961	938,109	3,016,506
4,772,154	519,683	182,454	1,128,230	8,824,308
-	933,222	40,216	2,141,075	5,413,623
-	124,750	4,689,502	-	4,814,252
-	478,623	41,977	1,471,203	3,481,494
-	645,005	253,558	1,985,061	6,389,065
-	106,578	(6,238)	100,931	1,403,111
-	-	2,339,167	-	2,339,167
-	639,596	14,156	186,737	2,023,812
-	48,311	50,994	21,689	1,551,604
$ 4,772,154	$ 4,271,613	$ 7,653,768	$ 10,492,183	$ 44,631,345

See Independent Auditor's Report.

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AIRPORT FUND

This fund accounts for the operation of the Amarillo International Airport. In addition to providing runways, a passenger terminal and related facilities, the Airport includes improvements built by the federal government for an air force base on land which was returned to the City in 1967 and 1970. These facilities, together with later additions, are leased to commercial tenants for warehousing, manufacturing, and aircraft-related activities.

CITY OF AMARILLO, TEXAS
AIRPORT FUND
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	$ 3,535,345
Investments at fair value	6,826,949
Receivables (net of allowances for uncollectibles)	
Accounts	823,660
Accrued interest	12,552
Other accrued revenue	194,111
Due from other governments	177,629
Total current assets	11,570,246
NONCURRENT ASSETS	
Restricted cash and cash equivalents	575,968
Capital assets	
Land	2,777,341
Runways, buildings and improvements	139,783,073
Accumulated depreciation	(64,895,256)
Equipment and vehicles	5,411,280
Accumulated depreciation	(3,944,459)
Construction in progress	4,348,786
Total capital assets, net of accumulated depreciation	83,480,765
Total noncurrent assets	84,056,733
TOTAL ASSETS	$ 95,626,979
LIABILITIES	
CURRENT LIABILITIES	
Vouchers payable	$ 578,886
Accounts payable	966,180
Accrued expenses	133,034
Securities lending collateral	51,613
Deposits	76,157
Bonded debt current maturity	1,280,000
Current portion of provision for compensated absences	32,763
Total current liabilities	3,118,633
NONCURRENT LIABILITIES	
Bonded debt, net of current	13,373,382
Provision for compensated absences, net of current	169,192
Net pension obligation	123,735
Total noncurrent liabilities	13,666,309
TOTAL LIABILITIES	$ 16,784,942
NET ASSETS	
Invested in capital assets net of debt	$ 68,827,383
Restricted for debt service	575,968
Unrestricted	9,438,686
TOTAL NET ASSETS	$ 78,842,037

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
AIRPORT FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2011

OPERATING REVENUES	
Airfield fees and commissions	$ 573,174
Terminal building revenue	4,138,468
Other building revenue	1,491,001
Total operating revenues	6,202,643
OPERATING EXPENSES	
Salaries, wages and fringes	2,178,687
Supplies	148,787
Fuel and power	558,772
Other contractual	364,266
Other charges	2,018,026
Depreciation	3,211,361
Total operating expenses	8,479,899
Operating loss	(2,277,256)
NONOPERATING REVENUES (EXPENSES)	
Passenger facility charge	1,550,254
Interest earnings	103,626
Insurance recovery/cost	(67,260)
Change in value of investments	(21,214)
Other miscellaneous revenue	62,930
Net nonoperating revenues (expenses)	1,628,336
Net loss before contributions and transfer	(648,920)
CAPITAL CONTRIBUTIONS	4,203,957
Change in net assets	3,555,037
NET ASSETS AT BEGINNING OF YEAR	75,287,000
NET ASSETS AT END OF YEAR	$ 78,842,037

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
AIRPORT FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from third parties	$ 11,358,860
Cash payments to suppliers for goods and services	(3,975,892)
Cash payments to employees	(5,812,699)
Net cash provided (used) by operating activities	1,570,269
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Amounts borrowed from or repaid by other funds	829,203
Cash payments received for passenger facility charge	1,550,254
Net cash provided (used) by noncapital financing activities	2,379,457
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(25,597,421)
Capital grants received	4,203,957
Proceeds from sale of equipment	2,284
Interest expense	(640,463)
Principal paid on bond maturities	(1,230,000)
Proceeds from insurance	(67,260)
Net cash provided (used) by capital and related financing activities	(23,328,903)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investment securities	10,813,683
Purchase of investment securities	(6,758,642)
Interest and gains on investments	194,656
Net cash provided (used) by investing activities	4,249,697
Net decrease in cash and cash equivalents	(15,129,480)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	19,240,793
CASH AND CASH EQUIVALENTS, AT END OF YEAR	$ 4,111,313
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	$ (2,277,256)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	3,211,361
(Increase) decrease in accounts receivable	(814,931)
(Increase) decrease in other accrued revenue	5,971,148
Increase (decrease) in vouchers payable for operations	(875,541)
Increase (decrease) in accounts payable	(2,035,267)
Increase (decrease) in accrued expenses	(1,612,523)
Increase (decrease) in deposits received	(10,500)
Increase in provision for compensated absences	39,475
Increase (decrease) in net pension obligation	(25,697)
Net cash provided (used) by operating activities	$ 1,570,269
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
(Increase) decrease in fair values of investments	$ (21,214)
Interest expense capitalized	559,174

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
AIRPORT FUND
SCHEDULE OF OPERATING REVENUES
YEAR ENDED SEPTEMBER 30, 2011

AIRFIELD FEES AND COMMISSIONS	
Landing fees	$ 414,814
Military fuel flowage commission	117,483
Fuel and oil commission--fixed base operator	35,534
Fuel and oil commissions--other	5,343
Total airfield fees and commissions	573,174
TERMINAL BUILDING REVENUES	
Airline rentals	1,429,119
Restaurant commissions	87,214
Locker and vending machine commissions	2,093
Other terminal building rentals	113,138
Car rental agencies	1,027,966
Auto parking concession	1,478,938
Total terminal building revenues	4,138,468
OTHER BUILDING REVENUES	
Lease rentals	
Bell Helicopter	486,466
Krams, Inc.	319,593
Leading Edge	294,859
Fixed base operator	84,800
Other building rentals	62,438
Ground rentals	206,749
Advertising commissions	36,096
Total other building revenues	1,491,001
TOTAL OPERATING REVENUES	$ 6,202,643

See Independent Auditor's Report.

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COMBINING SCHEDULES

Grant Programs

The City participates in the following types of federal, federal-pass-through and state financial assistance programs, many of which benefit the entire 26-county region known as the Panhandle of Texas:

HUD Programs: These grants, funded by the U. S. Department of Housing and Urban Development, include both block grants and housing and emergency shelter assistance grants for the benefit of low and moderate-income persons.

Public Health: These funds account for grants received for nutrition, immunization, education, and similar public health purposes within the city-bi-county public health district, received primarily through the Texas Department of Health.

Justice: These grants are received from the Texas Criminal Justice Division for assistance in both local and Panhandle area crime control, as well as from the Department of Transportation for traffic safety purposes.

Other: The City's library administers grants received from the Texas State Library and the Texas Committee for the Humanities for services as an area resource center, as well as for local purposes. The City's transportation planning department administers grants from the U. S. Department of Transportation and the Texas Highway Commission for both general transportation planning and for planning with respect to the Department of Energy's Pantex plant east of the City. The City's parks department administers a summer lunch program for low-income children funded by the U. S. Department of Agriculture.

Agency and Donor-Restricted Investment Trust Funds

The City accounts for the assets of the following other parties:

Public Library Bush Collection
Library Trust
Flood Hazard
Centennial Plaza Trust
Centennial Parkway
Indigent Dog Bite Victim
Civic Amarillo
Zoo Trust
Center City Trust
Rick Husband Memorial
Amarillo Industrial Development Corp
Amarillo Health Facilities Corporation
Deferred Compensation
Civic Center Operations
Keep Amarillo Beautiful

CITY OF AMARILLO, TEXAS
HOUSING AND URBAN DEVELOPMENT GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES
SEPTEMBER 30, 2011

	Community Development Block Grant	Housing Assistance Payments Program	Home Investment Partnership Program	Shelter Plus Care
ASSETS				
Cash and cash equivalents	$ 11,008	$ 1,554,349	$ 35,331	$ 145
Accounts receivable	3,999	3,537	77,943	-
Due from other funds	12,750	5,350	13,760	-
Due from other governments	143,252	-	-	38,951
Other accrued revenue	328	-	-	17,704
Prepaid items	-	637,749	-	-
TOTAL ASSETS	$ 171,337	$ 2,200,985	$ 127,034	$ 56,800
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 8,122	$ 141,698	$ 2,375	$ -
Due to other funds - unrestricted	105,085	15,411	3,679	55,523
Due to other governments	401	6,101	-	-
Deferred revenue	5,000	-	79,493	-
Vouchers payable	52,729	544	-	-
Total liabilities	171,337	163,754	85,547	55,523
FUND BALANCES				
Nonspendable:				
Prepaid items	-	637,749	-	-
Restricted for:				
Special purposes	-	1,353,340	41,487	1,277
Committed for:				
Compensated Absences	-	46,142	-	-
Total fund balances	-	2,037,231	41,487	1,277
TOTAL LIABILITIES AND FUND BALANCES	$ 171,337	$ 2,200,985	$ 127,034	$ 56,800

See Independent Auditor's Report.

Supportive Housing	Affordable Housing	Emergency Shelter	HMIS	Total
$ 623	$ 154,511	$ 848	$ 2,422	$ 1,759,237
-	-	-	-	85,479
-	-	-	-	31,860
17,524	-	9,737	13,115	222,579
11,890	-	-	-	29,922
-	-	-	-	637,749
$ 30,037	$ 154,511	$ 10,585	$ 15,537	$ 2,766,826
$ -	$ -	$ -	$ 11,822	$ 164,017
24,827	5,904	8,000	-	218,429
-	-	-	-	6,502
-	23,778	-	-	108,271
3,586	1,481	2,585	-	60,925
28,413	31,163	10,585	11,822	558,144
-	-	-	-	637,749
1,624	123,348	-	3,715	1,524,791
-	-	-	-	46,142
1,624	123,348	-	3,715	2,208,682
$ 30,037	$ 154,511	$ 10,585	$ 15,537	$ 2,766,826

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
HOUSING AND URBAN DEVELOPMENT GRANTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011

	Community Development Block Grant	Housing Assistance Payments Program	Home Investment Partnership Program
REVENUES			
Grants-in-aid - capital	$ 1,797,571	$ 8,723,098	$ 289,384
Charges for services	10,740	-	27,581
Construction participations	42,737	-	-
Investment earnings	-	9,401	-
Miscellaneous revenues	11,986	45,072	-
Total revenues	1,863,034	8,777,571	316,965
EXPENDITURES			
Urban redevelopment/housing	1,843,365	8,599,824	343,480
Total expenditures	1,843,365	8,599,824	343,480
Excess (deficiency) of revenues over (under) expenditures	19,669	177,747	(26,515)
OTHER FINANCING SOURCES (USES)			
Transfer to other fund	(26,515)	-	-
Operating transfer from other fund	6,846	-	26,515
Total other financing sources (uses)	(19,669)	-	26,515
Net change in fund balances	-	177,747	-
FUND BALANCES, BEGINNING OF YEAR	-	1,859,484	41,487
FUND BALANCES, END OF YEAR	$ -	$ 2,037,231	$ 41,487

See Independent Auditor's Report.

Shelter Plus Care	Supportive Housing	Affordable Housing	Emergency Shelter	HMIS	Total
$ 222,102	$ 203,831	$ 200,000	$ 126,442	$ 77,876	$ 11,640,304
-	-	-	-	-	38,321
-	-	-	-	-	42,737
-	-	156	-	-	9,557
-	-	-	-	-	57,058
222,102	203,831	200,156	126,442	77,876	11,787,977
222,362	203,733	137,312	126,442	102,278	11,578,796
222,362	203,733	137,312	126,442	102,278	11,578,796
(260)	98	62,844	-	(24,402)	209,181
-	-	-	-	-	(26,515)
-	-	-	-	-	33,361
-	-	-	-	-	6,846
(260)	98	62,844	-	(24,402)	216,027
1,537	1,526	60,504	-	28,117	1,992,655
$ 1,277	$ 1,624	$ 123,348	$ -	$ 3,715	$ 2,208,682

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
PUBLIC HEALTH GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
SEPTEMBER 30, 2011

	Public Health	Women, Infants & Children	Total
ASSETS			
Cash and cash equivalents	$ 797	$ 33	$ 830
Accounts receivable	185,188	-	185,188
Other accrued revenue	159	-	159
Due from other funds - unrestricted	12,255	-	12,255
Due from other governments	206,186	288,276	494,462
TOTAL ASSETS	$ 404,585	$ 288,309	$ 692,894
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 34,895	$ 26,631	$ 61,526
Due to other funds - unrestricted	331,000	259,000	590,000
Vouchers payable	38,690	2,678	41,368
Total liabilities	404,585	288,309	692,894
FUND BALANCES			
Restricted:			
Special purposes	-	-	-
Total fund balances	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 404,585	$ 288,309	$ 692,894

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
PUBLIC HEALTH GRANTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011

	Public Health	Women, Infants & Children	Total
REVENUES			
Other entity participation	$ 944,425	$ -	$ 944,425
Intergovernmental revenues	1,251,705	1,377,559	2,629,264
Charges for services	30,938	-	30,938
Total revenues	2,227,068	1,377,559	3,604,627
EXPENDITURES			
Other public safety and health	2,200,848	1,306,530	3,507,378
Capital outlay	26,220	71,029	97,249
Total expenditures	2,227,068	1,377,559	3,604,627
Excess (deficiency) of revenues over (under) expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Operating transfers to other fund	-	-	-
Total other financing sources and uses	-	-	-
Net change in fund balances	-	-	-
FUND BALANCES, AT BEGINNING OF YEAR	-	-	-
FUND BALANCES, AT END OF YEAR	$ -	$ -	$ -

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
JUSTICE GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
SEPTEMBER 30, 2011

	Justice Assistant Grant	Selective Traffic Enforcement Program	Total
ASSETS			
Cash and cash equivalents	$ (76,411)	$ -	$ (76,411)
Due from other governments	81,928	-	81,928
TOTAL ASSETS	$ 5,517	$ -	$ 5,517
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Vouchers payable	$ 5,517	$ -	$ 5,517
Due to other funds - unrestricted	-	-	-
Total liabilities	5,517	-	5,517
FUND BALANCES			
Restricted:			
Special purposes	-	-	-
Total fund balances	-	-	-
TOTAL LIABILITIES AND FUND BALANCES	$ 5,517	$ -	$ 5,517

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
JUSTICE GRANTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011

	Justice Assistance Grant	Selective Traffic Enforcement Program	Total
REVENUES			
Intergovernmental revenues	$ 233,510	$ 21,510	$ 255,020
Total revenues	233,510	21,510	255,020
EXPENDITURES			
Police protection	207,430	29,654	237,084
Capital outlay	26,080	-	26,080
Total expenditures	233,510	29,654	263,164
Excess (deficiency) of revenues over (under) expenditures	-	(8,144)	(8,144)
OTHER FINANCING SOURCES (USES)			
Transfers from other fund	-	8,403	8,403
Total other financing sources and uses	-	8,403	8,403
Net change in fund balances	-	259	259
FUND BALANCES, AT BEGINNING OF YEAR	-	(259)	(259)
FUND BALANCES, AT END OF YEAR	$ -	$ -	$ -

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
MISCELLANEOUS GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES,
AND FUND BALANCES
SEPTEMBER 30, 2011

	Texas State Library Programs	Urban Transportation Planning	Hazardous Materials Transportation Planning
ASSETS			
Cash and cash equivalents	$ (7,348)	$ 617	$ 273,752
Other accrued revenue	-	-	-
Due from other governments	118,477	60,264	-
TOTAL ASSETS	$ 111,129	$ 60,881	$ 273,752
LIABILITIES AND FUND BALANCES			
Accounts payable	$ 2,003	$ 4,881	$ -
Due to other funds - unrestricted	104,000	56,000	-
Vouchers payable	5,126	-	-
Total liabilities	111,129	60,881	-
FUND BALANCES			
Restricted:			
Special purposes	-	-	273,752
Total fund balances	-	-	273,752
TOTAL LIABILITIES AND FUND BALANCES	$ 111,129	$ 60,881	$ 273,752

See Independent Auditor's Report.

Pantex Plant Environmental Oversight	Public Assistance	Summer Lunch Program	Total
$ 926	$ -	$ 19,716	$ 287,663
-	-	-	-
27,154	-	-	205,895
$ 28,080	$ -	$ 19,716	$ 493,558
$ 1,930	$ -	$ -	$ 8,814
11,000	-	6,846	177,846
15,150	-	-	20,276
28,080	-	6,846	206,936
-	-	12,870	286,622
-	-	12,870	286,622
$ 28,080	$ -	$ 19,716	$ 493,558

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
MISCELLANEOUS GRANTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2011

	Texas State Library Programs	Urban Transportation Planning	Hazardous Materials Transportation Planning
REVENUES			
Intergovernmental revenues	$ 523,994	$ 310,786	$ -
Total revenues	523,994	310,786	-
EXPENDITURES			
Libraries	523,994	-	-
Other public safety and health	-	-	-
Staff services	-	310,786	102,245
Total expenditures	523,994	310,786	102,245
Excess (deficiency) of revenues over (under) expenditures	-	-	(102,245)
OTHER FINANCING SOURCES (USES)			
Transfers to other fund	-	-	-
Operating transfers from other fund	-	-	50,732
Total other financing sources and uses	-	-	50,732
Net change in fund balances	-	-	(51,513)
FUND BALANCES, AT BEGINNING OF YEAR	-	-	325,265
FUND BALANCES, AT END OF YEAR	$ -	$ -	$ 273,752

See Independent Auditor's Report.

Pantex Plant Environmental Oversight	Public Assistance	Summer Lunch Program	Total
$ 118,863	$ 14,523	$ 240,627	$ 1,208,793
118,863	14,523	240,627	1,208,793
-	-	-	523,994
118,863	12,705	202,594	334,162
-	-	-	413,031
118,863	12,705	202,594	1,271,187
-	1,818	38,033	(62,394)
-	-	(25,163)	(25,163)
-	-	-	50,732
-	-	(25,163)	25,569
-	1,818	12,870	(36,825)
-	(1,818)	-	323,447
$ -	$ -	$ 12,870	$ 286,622

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
COMBINING STATEMENT OF FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	Public Library Bush Collection	Library Trust	Flood Hazard	Centennial Plaza Trust	Centennial Parkway	Indigent Dog Bite Victim	Civic Amarillo	Zoo Trust	Center City Trust	Rick Husband Memorial	Amarillo Industrial Development Corp	Amarillo Health Facilities Corporation	Deferred Compensation	Civic Center Operations	Keep Amarillo Beautiful	Total Fiduciary Funds
ASSETS																
Cash and cash equivalents	$ 48,712	$ 78,287	$ 735,338	$ 12	$ 2,464	$ 4,991	$ 254,915	$ 38,817	$ (146)	$ 1,000	$ 23,269	$ 32,522	$ -	$ 775,739	$ 14,954	$ 2,010,874
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,746)	(1,746)
Accrued interest receivable	-	-	3,886	-	-	-	-	-	-	-	-	-	-	-	-	3,886
Investments, at fair values	-	-	1,493,643	-	-	-	-	-	-	-	-	-	29,524,067	-	-	31,017,710
TOTAL ASSETS	$ 48,712	$ 78,287	$ 2,232,867	$ 12	$ 2,464	$ 4,991	$ 254,915	$ 38,817	$ (146)	$ 1,000	$ 23,269	$ 32,522	$ 29,524,067	$ 775,739	$ 13,208	$ 33,030,724
LIABILITIES																
Held for other governments, individuals, entities	$ 48,712	$ 78,287	$ 2,221,575	$ 12	$ 2,464	$ 4,991	$ 254,915	$ 38,817	$ (146)	$ 1,000	$ 23,269	$ 32,383	$ 29,524,067	$ 775,739	$ 13,208	$ 33,019,293
Securities lending collateral	-	-	11,292	-	-	-	-	-	-	-	-	-	-	-	-	11,292
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	139	-	-	-	139
TOTAL LIABILITIES	$ 48,712	$ 78,287	$ 2,232,867	$ 12	$ 2,464	$ 4,991	$ 254,915	$ 38,817	$ (146)	$ 1,000	$ 23,269	$ 32,522	$ 29,524,067	$ 775,739	$ 13,208	$ 33,030,724

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY FUNDS
SEPTEMBER 30, 2011

	Public Library Bush Collection	Library Trust	Flood Hazard	Centennial Plaza Trust	Centennial Parkway	Indigent Dog Bite Victim	Civic Amarillo	Zoo Trust	Center City Trust	Rick Husband Memorial	Amarillo Industrial Development Corp	Amarillo Health Facilities Corporation	Deferred Compensation	Civic Center Operations	Keep Amarillo Beautiful	Total Fiduciary Funds
ADDITIONS:																
Contributions from citizens	$ -	$ 1,418	$ -	$ -	$ -	$ -	$ -	$ 1,905	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,323
Charges for services	-	-	-	-	-	-	407,518	33,784	-	-	-	-	-	3,097,717	-	3,539,019
Miscellaneous revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	974	974
Investment earnings	6	78	23,432	-	3	5	180	29	-	-	3	52	-	-	13	23,801
Total additions	6	1,496	23,432	-	3	5	407,698	35,718	-	-	3	52	-	3,097,717	987	3,567,117
DEDUCTIONS:																
Salaries and wages	-	-	-	-	-	-	339,425	-	-	-	-	-	-	-	-	339,425
Contractual services	-	-	-	-	-	-	12,564	-	-	-	-	-	-	3,292,912	-	3,305,476
Supplies	-	3,051	-	-	-	-	-	20,573	-	-	-	-	-	23,500	33	47,157
Change in investment value	-	-	-	-	-	-	-	-	-	-	-	-	51,553	-	-	51,553
Total deductions	-	3,051	-	-	-	-	351,989	20,573	-	-	-	-	51,553	3,316,412	33	3,743,611
Change in Net Assets	6	(1,555)	23,432	-	3	5	55,709	15,145	-	-	3	52	(51,553)	(218,695)	954	(176,494)
FUND BALANCE, BEGINNING OF YEAR	48,706	79,842	2,209,435	12	2,461	4,986	199,206	23,672	(146)	1,000	23,266	32,470	29,575,620	994,434	12,254	33,207,218
FUND BALANCE, END OF YEAR	$ 48,712	$ 78,287	$ 2,232,867	$ 12	$ 2,464	$ 4,991	$ 254,915	$ 38,817	$ (146)	$ 1,000	$ 23,269	$ 32,522	$ 29,524,067	$ 775,739	$ 13,208	$ 33,030,724

See Independent Auditor's Report.

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SUPPLEMENTARY INFORMATION

The following schedules are presented for the purpose of additional analysis and are not a required part of comprehensive annual financial report. The following types of information are included:

- A schedule of investments by funds
- Schedules concerning ad valorem taxes
- Schedules of outstanding debt issuances
- Schedules for Waterworks and Sewer System
- Schedule of insurance coverage - all funds
- Non-Major Special Revenue Budgets

CITY OF AMARILLO, TEXAS
SCHEDULE OF INVESTMENTS - BY FUNDS
SEPTEMBER 30, 2011

	No-Load Mutual Funds	U.S. Treasury Obligations	
		Par Value	Fair Values
GOVERNMENTAL FUNDS			
General Fund	$ 88,594	$ 7,000,000	$ 7,021,785
Compensated Absences	2,906,324	-	-
General Construction	358,664	2,000,000	2,014,140
Street Improvement	690,669	-	-
Street and Drainage	709,865	-	-
Golf	335,072	-	-
Solid Waste Disposal Fund	1,675,675	2,500,000	2,513,685
T-Anchor Bivins	251,116	-	-
Civic Center Improvement	1,928,002	500,000	503,536
Park improvement	169,179	500,000	503,535
CO Bond Construction 06/07	4,142,213	-	-
Total Governmental Funds	13,255,373	12,500,000	12,556,681
PROPRIETARY FUNDS			
ENTERPRISE FUNDS			
Unrestricted			
Water and Sewer Fund	8,987,754	-	-
Airport Fund	1,402,032	-	-
Total Unrestricted	10,389,786	-	-
Restricted:			
Water and Sewer Fund	64,870,188	-	-
Total Enterprise Funds	75,259,974	-	-
INTERNAL SERVICE FUNDS			
Municipal Garage	3,076,534	-	-
Information Services	1,040,632	1,000,000	1,002,690
Risk Management	4,617,008	4,500,000	4,514,040
Employee Insurance	2,147,806	-	-
Total Internal Service Funds	10,881,980	5,500,000	5,516,730
Totals - All Funds	$ 99,397,327	$ 18,000,000	$ 18,073,411

See Independent Auditor's Report.

U.S. Government and Government-Sponsored Agencies Interest Bearing Obligations		Total Investments			Net Investments for		
Par Values	Fair Values	at Fair Values	Add Time Deposits	Less Cash Equivalents	Financial Reporting	Securities Lending	Total Investments
$ 30,500,000	$ 31,075,710	$ 38,186,089	$ 2,422,052	$ (88,594)	$ 40,519,547	$ 290,216	$ 40,809,763
9,275,000	9,383,191	12,289,515	-	(2,906,324)	9,383,191	71,478	9,454,669
7,000,000	7,116,299	9,489,103	-	(358,664)	9,130,439	69,553	9,199,992
-	-	690,669	-	(690,669)	-	-	-
1,475,000	1,482,972	2,192,837	-	(709,865)	1,482,972	11,297	1,494,269
-	-	335,072	-	(335,072)	-	-	-
5,465,000	5,517,724	9,707,084	-	(1,675,675)	8,031,409	61,181	8,092,590
-	-	251,116	-	(251,116)	-	-	-
1,750,000	1,768,603	4,200,141	-	(1,928,002)	2,272,139	17,308	2,289,447
-	-	672,714	-	(169,179)	503,535	3,836	507,371
-	-	4,142,213	-	(4,142,213)	-	-	-
55,465,000	56,344,499	82,156,553	2,422,052	(13,255,373)	71,323,232	524,869	71,848,101
29,900,000	30,270,948	39,258,702	-	(8,987,754)	30,270,948	230,595	30,501,543
6,750,000	6,775,336	8,177,368	-	(1,402,032)	6,775,336	51,613	6,826,949
36,650,000	37,046,284	47,436,070	-	(10,389,786)	37,046,284	282,208	37,328,492
-	-	64,870,188	-	(64,870,188)	-	-	-
36,650,000	37,046,284	112,306,258	-	(75,259,974)	37,046,284	282,208	37,328,492
5,250,000	5,332,943	8,409,477	750,000	(3,076,534)	6,082,943	40,625	6,123,568
1,500,000	1,519,320	3,562,642	-	(1,040,632)	2,522,010	19,212	2,541,222
5,750,000	5,790,217	14,921,265	-	(4,617,008)	10,304,257	78,495	10,382,752
8,125,000	8,145,284	10,293,090	-	(2,147,806)	8,145,284	62,048	8,207,332
20,625,000	20,787,764	37,186,474	750,000	(10,881,980)	27,054,494	200,380	27,254,874
$ 112,740,000	$ 114,178,547	$ 231,649,285	$ 3,172,052	$ (99,397,327)	$ 135,424,010	$ 1,007,457	$ 136,431,467

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
AD VALOREM TAXES RECEIVABLE BY ROLL YEAR
SEPTEMBER 30, 2011

Roll Year	General Fund	Debt Service	Total
2011	$ 363,579	$ 37,026	$ 400,605
2010	219,973	22,401	242,374
2009	137,425	13,995	151,420
2008	89,928	1,890	91,818
2007	66,303	1,518	67,821
2006	55,524	1,341	56,865
2005	44,626	1,119	45,745
2004	44,934	1,177	46,111
2003	79,049	2,159	81,208
2002	52,713	1,750	54,463
2001	38,958	-	38,958
2000	26,638	-	26,638
1999	17,046	-	17,046
1998 & Prior	53,163	-	53,163
Total taxes receivable	1,289,859	84,376	1,374,235
Allowance for uncollectible taxes	997,491	51,631	1,049,122
Net taxes receivable	292,368	32,745	325,113
Provision for deferred collections	210,463	27,005	237,468
Net taxes available for current expenditure	$ 81,905	$ 5,740	$ 87,645

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CITY OF AMARILLO, TEXAS
SCHEDULE OF CHANGES IN TAXES AVAILABLE
YEAR ENDED SEPTEMBER 30, 2011

TAXES AVAILABLE, BEGINNING, Net	$	91,894
REVENUES		
Taxes levied		30,639,878
Adjustments		(15,826)
Tax levy net of adjustments		30,624,052
Increase in allowance for uncollectible taxes		132,851
Decrease in provision for deferred collections		(121,563)
Net revenues		30,635,340
COLLECTIONS		(30,639,589)
Net increase (decrease) in taxes available		(4,249)
TAXES AVAILABLE, ENDING, Net	$	87,645
TOTAL AD VALOREM TAXES:		
Ad valorem taxes - property tax rolls	$	27,834,963
Penalty and interest		259,935
Payment in lieu of property tax		2,808,144
Total General Fund tax revenues		30,903,042
Debt Service		2,750,167
TOTAL TAX REVENUES	$	33,653,209

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
COMBINED SCHEDULE OF OUTSTANDING DEBT ISSUANCES
SEPTEMBER 30, 2011

	Issue Date	Final Maturity Date	Interest Rates on Outstanding Maturities
GENERAL OBLIGATION DEBT:			
Serviced by Tax Revenues:			
General Obligation Bonds, Series 2009	09/03/09	08/15/22	2.00 - 5.00%
Combination Tax and Revenue Certificate of Obligation Bonds, Series 2007	09/25/07	05/15/27	4.00 - 5.25%
Recovery Zone Build America Bonds, Series 2010	04/15/10	08/15/30	5.81%
Serviced by special assessments and other revenue sources:			
Public Improvement Districts:			
Combination Tax and Revenues Certificates of Obligation			
Series 2001 Greenways	12/20/01	08/15/16	4.45%
Series 2003 Greenways	11/26/03	08/15/23	3.70%
Series 2006 Colonies	05/24/06	02/15/26	4.75%
Series 2008A Greenways	07/17/08	02/15/28	4.28%
Series 2008B Colonies	07/17/08	02/15/28	4.08%
Golf Course Supported:			
Series 2011A	02/03/11	02/15/37	3.5 - 5.25%
Tax Increment Reinvestment Zone #1 Supported:			
Series 2011B	02/03/11	02/15/32	3.5 - 6.00%
Total debt services by property taxes, including special assessment and other revenue sources			
REVENUE OBLIGATION DEBT:			
Serviced by Water and Sewer Revenues:			
Waterworks and Sewer Revenue, 2003	12/20/03	04/01/23	3.15 - 4.40%
Waterworks and Sewer Revenue, 2005	09/07/05	04/01/19	4.00 - 5.00%
Waterworks and Sewer Revenue, 2006	12/28/06	04/01/32	4.00 - 4.50%
Waterworks and Sewer Revenue, 2006A	01/18/07	04/01/27	4.25 - 4.38%
Waterworks and Sewer Revenue, 2011	08/30/11	04/01/31	2.00 - 4.125%
General Obligation Bonds, Series 2011	08/30/11	04/01/23	2.00 - 3.125%
Combination Tax and Revenues Certificates of Obligation			
Waterworks and Sewer Tax and Revenue, 2009	04/01/09	05/15/28	0.148 - 3.018%
Waterworks and Sewer Tax and Revenue 2009B	12/29/09	05/15/29	0.021 -2.587%
Waterworks and Sewer Tax and Revenue 2009C	02/02/10	05/15/31	0.00%
Total bonds serviced by Water and Sewer revenues			
Airport Tax and Revenue, 2009A Serviced by Airport Revenue	09/03/09	02/15/20	3.00 -5.00%
Total bonds payable*			

* Does not include the City's proportionate share of the Canadian River Water Authority indebtedness.
** Total interest of $78,319 less 45% offset subsidy from the United States Treasury.
*** Includes $5,680,000 bonds defeased on 8/30/2011 with the issue of the General Obligation Bonds, Series 2011.

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Bond Issuances				2011-12 Maturities		
Authorized	Issued	Retired	Outstanding	Principal	Interest	Total
$ 4,825,000	$ 4,825,000	$ 355,000	$ 4,470,000	$ 340,000	$ 168,638	$ 508,638
24,575,000	24,575,000	1,975,000	22,600,000	980,000	1,123,213	2,103,213
1,392,000	1,392,000	44,000	1,348,000	58,000	43,076 **	101,076
600,000	600,000	355,000	245,000	45,000	10,903	55,903
620,000	620,000	185,000	435,000	30,000	16,095	46,095
585,000	585,000	106,082	478,918	23,708	22,237	45,945
600,000	600,000	60,000	540,000	20,000	22,684	42,684
1,500,000	1,500,000	150,000	1,350,000	55,000	53,958	108,958
3,750,000	3,750,000	-	3,750,000	85,000	169,288	254,288
2,210,000	2,210,000	-	2,210,000	70,000	105,750	175,750
40,657,000	40,657,000	3,230,082	37,426,918	1,706,708	1,735,842	3,442,550
9,180,000	9,180,000	8,770,000 ***	410,000	410,000	6,919	416,919
13,650,000	13,650,000	4,000,000	9,650,000	1,030,000	440,900	1,470,900
9,120,000	9,120,000	-	9,120,000	-	383,088	383,088
9,370,000	9,370,000	-	9,370,000	-	401,531	401,531
16,300,000	16,300,000	-	16,300,000	845,000	317,401	1,162,401
5,605,000	5,605,000	-	5,605,000	85,000	79,286	164,286
38,885,000	38,885,000	2,005,000	36,880,000	2,005,000	624,317	2,629,317
47,400,000	47,400,000	1,955,000	45,445,000	1,955,000	744,726	2,699,726
18,075,000	15,420,000	-	15,420,000	880,000	-	880,000
167,585,000	164,930,000	16,730,000	148,200,000	7,210,000	2,998,168	10,208,168
16,140,000	16,140,000	2,395,000	13,745,000	1,280,000	594,625	1,874,625
$ 224,382,000	$ 221,727,000	$ 22,355,082	$ 199,371,918	$ 10,196,708	$ 5,328,635	$ 15,525,343

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
COMBINED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
SEPTEMBER 30, 2011

	General Obligation Bonds and Tax Revenues Certificates of Obligations (Serviced by Tax Revenues)				Tax and Revenues Certificates of Obligation (Serviced by Special Assessments)		
	Principal	Interest	Treasury Subsidy	Total	Principal	Interest	Total
2011-2012	$ 1,378,000	$ 1,370,169	$ (35,243)	$ 2,712,926	$ 328,708	$ 400,914	$ 729,622
2012-2013	1,424,000	1,317,399	(33,727)	2,707,672	339,860	387,917	727,777
2013-2014	1,485,000	1,256,071	(32,184)	2,708,887	356,067	374,479	730,546
2014-2015	1,541,000	1,193,909	(30,616)	2,704,293	362,331	360,483	722,814
2015-2016	1,607,000	1,127,966	(29,021)	2,705,945	383,659	346,150	729,809
2016-2017	1,684,000	1,051,014	(27,400)	2,707,614	340,051	330,979	671,030
2017-2018	1,750,000	978,445	(25,726)	2,702,719	356,509	317,717	674,226
2018-2019	1,832,000	897,769	(24,027)	2,705,742	368,037	304,001	672,038
2019-2020	1,919,000	808,914	(22,275)	2,705,639	379,643	289,748	669,391
2020-2021	2,005,000	715,742	(20,472)	2,700,270	401,325	274,596	675,921
2021-2022	2,102,000	617,065	(18,641)	2,700,424	418,088	258,250	676,338
2022-2023	1,703,000	512,367	(16,759)	2,198,608	434,936	240,868	675,804
2023-2024	1,790,000	422,551	(14,850)	2,197,701	401,875	222,601	624,476
2024-2025	1,882,000	328,155	(12,890)	2,197,265	423,909	203,858	627,767
2025-2026	1,978,000	228,920	(10,876)	2,196,044	413,920	183,419	597,339
2026-2027	2,081,000	124,638	(8,837)	2,196,801	420,000	163,387	583,387
2027-2028	83,000	14,932	(6,720)	91,212	445,000	142,138	587,138
2028-2029	86,000	10,109	(4,550)	91,559	305,000	122,875	427,875
2029-2030	88,000	5,112	(2,301)	90,811	320,000	105,800	425,800
2030-2031	-	-	-	-	340,000	87,750	427,750
2031-2032	-	-	-	-	360,000	68,363	428,363
2032-2033	-	-	-	-	200,000	53,025	253,025
2033-2034	-	-	-	-	210,000	42,263	252,263
2034-2035	-	-	-	-	220,000	30,975	250,975
2035-2036	-	-	-	-	235,000	19,030	254,030
2036-2037	-	-	-	-	245,000	6,431	251,431
Totals	$ 28,418,000	$ 12,981,247	$ (377,115)	$ 41,022,132	$ 9,008,918	$ 5,338,017	$ 14,346,935

Note: Does not include the City's proportionate share of the Canadian River Water Authority indebtedness.

See Independent Auditor's Report.

Water and Sewer Revenue Bonds (Debt Serviced by Water and Sewer Revenues)			Airport Bonds (Debt Serviced by Airport Revenues)		
Principal	Interest	Total	Principal	Interest	Total
$ 7,210,000	$ 2,998,168	$ 10,208,168	$ 1,280,000	$ 594,625	$ 1,874,625
7,290,000	3,204,293	10,494,293	1,330,000	542,675	1,872,675
7,360,000	3,120,968	10,480,968	1,380,000	495,125	1,875,125
7,460,000	3,025,484	10,485,484	1,440,000	433,650	1,873,650
7,570,000	2,914,903	10,484,903	1,510,000	362,025	1,872,025
7,680,000	2,791,222	10,471,222	1,580,000	290,775	1,870,775
7,830,000	2,653,355	10,483,355	1,655,000	215,900	1,870,900
7,985,000	2,494,916	10,479,916	1,740,000	131,025	1,871,025
8,195,000	2,332,300	10,527,300	1,830,000	43,762	1,873,762
8,370,000	2,158,372	10,528,372	-	-	-
8,580,000	1,964,650	10,544,650	-	-	-
8,785,000	1,753,906	10,538,906	-	-	-
8,720,000	1,523,089	10,243,089	-	-	-
8,950,000	1,293,713	10,243,713	-	-	-
9,200,000	1,047,591	10,247,591	-	-	-
9,465,000	787,761	10,252,761	-	-	-
8,330,000	545,045	8,875,045	-	-	-
5,085,000	319,158	5,404,158	-	-	-
1,700,000	162,763	1,862,763	-	-	-
1,780,000	91,088	1,871,088	-	-	-
655,000	14,738	669,738	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 148,200,000	$ 37,197,483	$ 185,397,483	$ 13,745,000	$ 3,109,562	$ 16,854,562

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
BOND PRINCIPAL REPAYMENT SCHEDULE
SEPTEMBER 30, 2011

Fiscal Year Ending 09/30	Principal Repayment Schedule	Bonds Remaining Unpaid at End of Year	Percent of Principal Retired
2012	$ 7,210,000	$ 140,990,000	4.87%
2013	7,290,000	133,700,000	9.78%
2014	7,360,000	126,340,000	14.75%
2015	7,460,000	118,880,000	19.78%
2016	7,570,000	111,310,000	24.89%
2017	7,680,000	103,630,000	30.07%
2018	7,830,000	95,800,000	35.36%
2019	7,985,000	87,815,000	40.75%
2020	8,195,000	79,620,000	46.28%
2021	8,370,000	71,250,000	51.92%
2022	8,580,000	62,670,000	57.71%
2023	8,785,000	53,885,000	63.64%
2024	8,720,000	45,165,000	69.52%
2025	8,950,000	36,215,000	75.56%
2026	9,200,000	27,015,000	81.77%
2027	9,465,000	17,550,000	88.16%
2028	8,330,000	9,220,000	93.78%
2029	5,085,000	4,135,000	97.21%
2030	1,700,000	2,435,000	98.36%
2031	1,780,000	655,000	99.56%
2032	655,000	-	100.00%
	$ 148,200,000		

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CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL FINANCIAL DATA
OPERATING STATEMENTS

	Fiscal Years Ended September 30						
	2011	2010	2009	2008	2007	2006	2005
OPERATING REVENUES	$69,118,868	$ 54,601,904	$ 50,253,220	$48,492,400	$42,708,719	$ 41,487,297	$37,924,809
OPERATING EXPENSES [1]							
Personal Services	11,204,778	11,912,936	11,688,167	10,509,419	10,267,666	9,930,209	8,953,300
Supplies	1,340,547	1,223,082	1,265,460	1,252,065	1,230,636	1,151,333	992,479
Contractual & Other Services	21,593,837	21,300,695	21,487,366	22,039,131	20,148,372	20,793,207	17,966,138
Total expenses	34,139,162	34,436,713	34,440,993	33,800,615	31,646,674	31,874,749	27,911,917
NONOPERATING REVENUES (EXPENSES) [2]	4,696,784	(2,272,491)	(1,789,663)	(1,207,585)	(301,399)	238,573	(34,836)
NET AVAILABLE FOR DEBT SERVICE	$39,676,490	$ 17,892,700	$ 14,022,564	$13,484,200	$10,760,646	$ 9,851,121	$ 9,978,056
ANNUAL DEBT SERVICE							
Principal	$ 7,210,000	$ 5,350,000	$ 1,290,000	$ 1,245,000	$ 2,770,000	$ 2,850,000	$ 2,520,000
Interest	2,998,168	2,884,844	2,017,904	1,765,242	1,626,605	1,626,919	1,602,381
TOTAL DEBT SERVICE	$10,208,168	$ 8,234,844	$ 3,307,904	$ 3,010,242	$ 4,396,605	$ 4,476,919	$ 4,122,381
Coverage	3.89x	2.17x	4.24x	4.48x	2.45x	2.20x	2.42x

(1) Excludes depreciation
(2) Includes CRMWA interest expense, but excludes bond interest expense

FUND BALANCES
(As of SEPTEMBER 30, 2011)

Invested in Capital Assets, net of related debt	$ 294,205,599
Reserved for Revenue Bond Debt Retirement	5,444,724
Unreserved	36,707,732
Total Fund Balance	$ 336,358,055

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL FINANCIAL DATA
CITY'S EQUITY IN SYSTEM

	Fiscal Years Ended September 30						
	2011	2010	2009	2008	2007	2006	2005
Waterworks and sewer system in service	$ 596,302,019	$ 507,674,625	$ 491,036,495	$ 471,959,370	$ 455,446,116	$ 434,428,709	$ 406,350,077
Reserve for depreciation	(163,814,038)	(153,617,168)	(143,615,988)	(134,149,886)	(124,874,763)	(116,181,884)	(107,938,874)
Net plant in service	432,487,981	354,057,457	347,420,507	337,809,484	330,571,353	318,246,825	298,411,203
Plus construction in progress	16,228,356	30,597,915	11,655,875	21,367,938	17,046,285	20,249,931	10,421,112
Net plant in service and coming on line	448,716,337	384,655,372	359,076,382	359,177,422	347,617,638	338,496,756	308,832,315
Plus restricted assets and other noncurrent assets	65,230,180	87,258,165	44,080,326	4,655,463	5,253,485	5,498,508	4,615,624
Plus working capital	37,846,956	28,518,711	29,781,899	29,575,921	40,661,784	43,361,597	59,407,688
Total assets	551,793,473	500,432,248	432,938,607	393,408,806	393,532,907	387,356,861	372,855,627
Other noncurrent liabilities	208,225,418	190,492,089	139,031,888	102,971,513	107,268,456	102,488,387	89,024,995
Plus liabilities payable from restricted assets	7,210,000	5,350,000	1,335,000	1,290,000	1,245,000	2,770,000	2,850,000
Total obligations	215,435,418	195,842,089	140,366,888	104,261,513	108,513,456	105,258,387	91,874,995
City's equity in system	$ 336,358,055	$ 304,590,159	$ 292,571,719	$ 289,147,293	$ 285,019,451	$ 282,098,474	$ 280,980,632

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEMS
HISTORICAL FINANCIAL DATA
WATER AND SEWER FUND OPERATIONS

	Fiscal Years Ended September 30						
OPERATING REVENUES	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Water Sales	$ 47,322,272	$ 35,062,958	$ 32,260,187	$ 31,678,129	$ 27,911,290	$ 27,224,086	$ 24,517,816
Sewer Charges	18,555,334	16,295,031	15,132,268	13,493,693	12,202,722	11,714,386	11,003,983
Industrial Surcharges	187,398	114,904	70,470	95,630	113,610	94,372	117,055
Forfeited Discounts - Water	1,114,010	923,777	842,068	800,837	677,411	744,025	728,517
Sale of Reclaimed Water	767,589	772,639	761,885	839,581	697,706	710,253	598,014
Water Service Charges	1,109,047	883,873	847,347	848,657	855,963	509,102	541,754
Water Tap Fees	129,425	136,410	133,100	190,450	154,027	231,962	193,332
Sewer Tap Fees	50,210	59,387	50,509	76,825	74,193	110,643	101,413
Water Frontage Charges	7,123	15,920	17,214	30,240	4,592	24,094	116,946
Sewer Frontage Charges	9,723	12,345	3,750	27,354	7,348	27,634	61,796
Net Loss on Bad Debts	(552,113)	(258,377)	(284,457)	(254,360)	(243,740)	(131,599)	(289,251)
Lab Fees	157,710	118,412	86,264	78,110	70,907	88,446	88,365
Miscellaneous	261,140	464,625	332,615	587,254	182,690	139,893	145,069
Total Operating Revenues	69,118,868	54,601,904	50,253,220	48,492,400	42,708,719	41,487,297	37,924,809
OPERATING EXPENSES							
Salaries, Wages and Fringe Benefits	11,204,778	11,912,936	11,688,167	10,509,419	10,267,666	9,930,209	8,953,300
Supplies	1,340,547	1,223,082	1,265,460	1,252,065	1,230,636	1,151,333	992,479
Fuel and Power	4,896,302	4,013,217	4,535,483	6,555,099	5,281,354	6,551,303	4,755,685
Surface Water	4,772,154	3,949,399	4,000,658	4,314,844	4,432,158	4,724,879	4,013,845
Other Contractual Charges	4,271,613	6,046,353	4,803,561	4,577,276	4,029,217	3,542,077	3,537,566
Other Charges	7,653,768	7,291,726	8,147,664	6,591,912	6,405,643	5,974,948	5,659,042
Depreciation	10,492,183	10,097,129	9,505,120	9,348,296	8,718,244	8,289,913	7,306,095
Less: Interfund Reimbursements	(509,369)	(487,504)	(412,322)	(449,141)	(408,145)	(402,845)	(339,206)
Total Operating Expenses	44,121,976	44,046,338	43,533,791	42,699,770	39,956,773	39,761,817	34,878,806
Operating Income	24,996,892	10,555,566	6,719,429	5,792,630	2,751,946	1,725,480	3,046,003
NONOPERATING REVENUES (EXPENSES)							
Operating Grant	4,206,347	6,657,116	353,948	1,106,357	1,828,471	386,018	295,268
Interest Earnings	191,138	398,055	881,453	1,590,376	2,804,084	2,398,869	1,327,964
Disposition of Property	6,974,932	14,646	20,351	30,888	25,548	22,438	(15,702)
Interest Expense & Fiscal Charges	(4,600,102)	(5,568,544)	(4,459,891)	(4,303,033)	(4,298,916)	(3,507,300)	(1,694,981)
Total Nonoperating Revenues (Expenses)	6,772,315	1,501,273	(3,204,139)	(1,575,412)	359,187	(699,975)	(87,451)
Total Income Before Transfers	31,769,207	12,056,839	3,515,290	4,217,218	3,111,133	1,025,505	2,958,552
TRANSFERS FROM (TO) OTHER FUNDS	(1,311)	(38,400)	(90,864)	(89,376)	(190,156)	92,337	(79,220)
NET INCOME	$ 31,767,896	$ 12,018,439	$ 3,424,426	$ 4,127,842	$ 2,920,977	$ 1,117,842	$ 2,879,332

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL FINANCIAL DATA
WATER AND SEWER FUND NET ASSETS

	Fiscal Years Ended September 30						
	2011	2010	2009	2008	2007	2006	2005
ASSETS							
CURRENT ASSETS							
Cash	$ 12,941,154	$ 2,815,848	$ 1,735,136	$ 8,528,047	$ 8,500,435	$ 4,854,600	$ 1,828,382
Investments - at fair market value	30,501,543	28,323,250	36,579,772	23,442,437	38,441,471	49,013,124	56,159,561
Receivables (net of allowance for uncollectibles):							
Accounts	4,647,849	4,409,223	3,560,095	3,716,402	4,052,683	2,636,748	2,656,585
Accrued interest	74,346	250,099	166,365	150,298	291,451	363,305	291,918
Other accrued revenue	3,888,645	3,079,289	2,829,096	2,581,211	2,628,454	1,715,287	2,222,987
Prepaid expenses	24,496	90,534	93,060	21,535	22,836	8,890	6,122
Total current assets	52,078,033	38,968,243	44,963,524	38,439,930	53,937,330	58,591,954	63,165,555
NONCURRENT ASSETS							
Restricted Cash	64,870,188	59,213,925	44,080,326	4,655,463	5,253,485	5,498,508	4,615,624
Restricted investments at fair value	-	28,044,240	-	-	-	-	-
Other noncurrent receivable	359,992	-	-	-	-	-	-
Capital assets							
Land, easements and water rights	41,513,892	38,622,957	38,459,728	37,961,382	37,934,912	37,523,862	37,481,836
Accumulated depletion water right	(3,390,564)	(2,882,654)	(2,393,228)	(1,903,803)	(1,414,701)	(920,648)	(437,056)
Supply contract	50,336,389	50,336,389	50,336,389	50,336,389	50,336,389	50,336,388	50,336,389
Accumulated amortization	(18,287,542)	(17,523,528)	(16,759,513)	(15,995,450)	(15,229,295)	(14,465,232)	(13,701,170)
Pipelines and other improvements	500,590,181	414,863,547	398,448,386	379,991,136	363,671,746	343,247,188	315,359,989
Accumulated depreciation	(139,007,092)	(130,173,118)	(121,455,798)	(113,326,071)	(105,355,484)	(98,019,324)	(91,110,697)
Equipment	3,861,557	3,851,732	3,791,992	3,670,463	3,503,069	3,321,271	3,171,863
Accumulated depreciation	(3,128,840)	(3,037,868)	(3,007,449)	(2,924,562)	(2,875,283)	(2,776,680)	(2,689,951)
Construction in progress	16,228,356	30,597,915	11,655,875	21,367,938	17,046,285	20,249,931	10,421,112
Total capital assets, net	448,716,337	384,655,372	359,076,382	359,177,422	347,617,638	338,496,756	308,832,315
Total noncurrent assets	513,946,517	471,913,537	403,156,708	363,832,885	352,871,123	343,995,264	313,447,939
TOTAL ASSETS	$ 566,024,550	$ 510,881,780	$ 448,120,232	$ 402,272,815	$ 406,808,453	$ 402,587,218	$ 376,613,494

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL FINANCIAL DATA
WATER AND SEWER FUND NET ASSETS, CONTINUED

	Fiscal Years Ended September 30						
	2011	2010	2009	2008	2007	2006	2005
LIABILITIES							
CURRENT LIABILITIES							
Vouchers payable	$ 2,528,424	$ 1,238,357	$ 1,133,500	$ 1,291,941	$ 1,827,014	$ 1,595,947	$ 865,679
Accounts payable	3,473,670	705,089	305,704	659,793	346,083	606,560	45,800
Accrued expenses	1,193,893	1,963,363	1,341,568	1,079,137	573,476	1,280,810	465,291
Securities lending collateral	230,595	-	6,375,189	-	5,028,928	6,221,516	-
Deposits	31,662	31,548	30,512	37,671	31,774	32,994	29,592
Consumer security deposits	3,047,063	2,948,429	2,866,116	2,814,605	2,623,664	2,451,521	2,350,837
Compensated absences, current	168,340	148,137	134,195	-	-	-	-
Proportionate share of Water Authority indebtedness - current installments	3,557,430	3,414,609	2,994,841	2,980,862	2,844,607	2,531,314	2,014,838
Due to other funds	-	-	-	-	-	509,695	668
Revenue bonds - current maturities	7,210,000	5,350,000	1,335,000	1,290,000	1,245,000	2,770,000	2,850,000
Total current liabilities	21,441,077	15,799,532	16,516,625	10,154,009	14,520,546	18,000,357	8,622,705
NONCURRENT LIABILITIES							
Revenue bonds - less current maturities and unamortized issuance costs	139,432,250	118,201,627	73,360,035	35,820,349	37,012,208	29,139,783	31,804,330
Proportionate share of Water Authority indebtedness - less current installments	63,736,522	67,501,999	62,686,378	65,799,502	68,901,455	71,916,110	53,829,861
Other accrued expenses	3,150,000	2,718,836	1,316,942	-	-	-	-
Provision for accrued sick and annual leave	1,275,330	1,305,751	1,340,334	1,351,662	1,354,793	1,432,494	1,375,966
Net pension obligation	631,316	763,876	328,199	-	-	-	-
Total noncurrent liabilities	208,225,418	190,492,089	139,031,888	102,971,513	107,268,456	102,488,387	87,010,157
Total liabilities	229,666,495	206,291,621	155,548,513	113,125,522	121,789,002	120,488,744	95,632,862
NET ASSETS							
Invested in capital assets, net of related debt	294,205,599	272,063,445	258,921,318	253,286,709	237,614,368	232,139,549	218,333,286
Restricted for debt service	5,444,724	31,857	2,524,136	3,365,463	4,008,485	2,728,508	1,765,624
Unrestricted	36,707,732	32,494,857	31,126,265	32,495,121	43,396,598	47,230,417	60,881,722
Total fund equity/retained earnings	336,358,055	304,590,159	292,571,719	289,147,293	285,019,451	282,098,474	280,980,632
TOTAL LIABILITIES AND NET ASSETS	$ 566,024,550	$ 510,881,780	$ 448,120,232	$ 402,272,815	$ 406,808,453	$ 402,587,218	$ 376,613,494

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
SCHEDULE OF INSURANCE COVERAGE--ALL FUNDS
SEPTEMBER 30, 2011

Property Covered	Type of Coverage	Self-Insured Retention	Limits of Liability
General Fund Departments:			
Buildings & Contents	Fire and extended coverage	$250,000	$314,135,328
Water and Sewer Utility:			
Buildings & Contents	Fire and extended coverage	$250,000	$64,573,119
Airport:			
Buildings & Contents	Fire and extended coverage	$250,000	$189,216,244
Amarillo Hopital District			
Buildings & Contents	Fire and extended coverage	$250,000	$724,017
Polygraph examiners	Bond		$5,000
Police Officer's Liability Insurance	Police Liability Coverage	$100,000	$ 16,000,000/16,000,000
City Commission, City Manager, City Attorney, and selected Division Directors & Department Heads	24 hour accident protection for business travel		$ 250,000/1,250,000
Boiler and machinery (Included with fire and extended coverage policy)	Explosion and damage	$10,000	$50,000,000
Worker's Compensation			
All City Employees	Injury to City Workers	$1,000,000	Statutory
Individual Stop Loss			
Health Plan Participants	Health Insurance	$750,000	$4,250,000

SURETY BONDS OF PRINCIPAL OFFICIALS

BONDS REQUIRED BY CITY CHARTER:

Official	Title	Amount of Surety Bond
W. Jarrett Atkinson	City Manager	$5,000
Curtis D. Bainum	City Auditor	$5,000

OTHER

Excess of $5,000 and all other prinipal city officials and employees are covered under the City of Amarillo Self-Insurance Plan	$1,000,000/3,000,000

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
PUBLIC HEALTH FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2011

	Net Current	Capital Outlay	Total Current Year (GAAP Basis)	Paid Prior Year Encumbrances	Encumbrances at End of Year	Total Actual Budgetary Basis	Original Budget	Final Budget	Variance with Final Budget
Public Health	$ 2,200,848	$ 26,220	$ 2,227,068	$ -	$ -	$ 2,227,068	$ 2,199,761	$ 2,199,761	$ (27,307)
	$ 2,200,848	$ 26,220	$ 2,227,068	$ -	$ -	$ 2,227,068	$ 2,199,761	$ 2,199,761	$ (27,307)

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
LAW ENFORCEMENT OFFICERS STANDARDS AND EDUCATION (LEOSE) TRAINING FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2011

	Net Current	Capital Outlay	Total Current Year (GAAP Basis)	Paid Prior Year Encumbrances	Encumbrances at End of Year	Total Actual Budgetary Basis	Original Budget	Final Budget	Variance with Final Budget
LEOSE Training	$ 21,391	$ -	$ 21,391	$ -	$ -	$ 21,391	$ 25,340	$ 25,340	$ 3,949
	$ 21,391	$ -	$ 21,391	$ -	$ -	$ 21,391	$ 25,340	$ 25,340	$ 3,949

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
LOCAL SEIZED PROPERTY FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2011

	Net Current	Capital Outlay	Total Current Year (GAAP Basis)	Paid Prior Year Encumbrances	Encumbrances at End of Year	Total Actual Budgetary Basis	Original Budget	Final Budget	Variance with Final Budget
Local Seized Property	$ 206,664	$ 280,487	$ 487,151	$ -	$ -	$ 487,151	$ 159,200	$ 159,200	$ (327,951)
	$ 206,664	$ 280,487	$ 487,151	$ -	$ -	$ 487,151	$ 159,200	$ 159,200	$ (327,951)

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
COMPENSATED ABSENCES FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2011

	Net Current	Capital Outlay	Total Current Year (GAAP Basis)	Paid Prior Year Encumbrances	Encumbrances at End of Year	Total Actual Budgetary Basis	Original Budget	Final Budget	Variance with Final Budget
Compensated Absences	$ 1,591,569	$ -	$ 1,591,569	$ -	$ -	$ 1,591,569	$ 1,504,500	$ 1,504,500	$ (87,069)
	$ 1,591,569	$ -	$ 1,591,569	$ -	$ -	$ 1,591,569	$ 1,504,500	$ 1,504,500	$ (87,069)

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
COURT TECHNOLOGY AND COURT SECURITY FUNDS
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2011

	Net Current	Capital Outlay	Total Current Year (GAAP Basis)	Paid Prior Year Encumbrances	Encumbrances at End of Year	Total Actual Budgetary Basis	Original Budget	Final Budget	Variance with Final Budget
Court Technology	$ 139,722	$ -	$ 139,722	$ -	$ -	$ 139,722	$ 124,340	$ 124,340	$ (15,382)
Court Security	128,885	25,666	154,551	-	-	154,551	97,664	97,664	(56,887)
	$ 268,607	$ 25,666	$ 294,273	$ -	$ -	$ 294,273	$ 222,004	$ 222,004	$ (72,269)

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
PUBLIC IMPROVEMENT DISTRICTS
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2011

	Net Current	Capital Outlay	Total Current Year (GAAP Basis)	Paid Prior Year Encumbrances	Encumbrances at End of Year	Total Actual Budgetary Basis	Original Budget	Final Budget	Variance with Final Budget
Greenways at Hillside	$ 357,079	$ -	$ 357,079	$ -	$ -	$ 357,079	$ 361,001	$ 361,001	$ 3,922
Brennan Boulevard	12,612	-	12,612	-	-	12,612	15,185	15,185	2,573
The Colonies	366,345	-	366,345	-	-	366,345	335,147	335,147	(31,198)
Tutbury	13,860	-	13,860	-	-	13,860	16,339	16,339	2,479
Point West	40,093	-	40,093	-	-	40,093	51,674	51,674	11,581
Quail Creek	5,576	-	5,576	-	-	5,576	6,198	6,198	622
	$ 795,565	$ -	$ 795,565	$ -	$ -	$ 795,565	$ 785,544	$ 785,544	$ (10,021)

See Independent Auditor's Report

CITY OF AMARILLO, TEXAS
BONDED DEBT SERVICE FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2011

	Net Current	Capital Outlay	Total Current Year (GAAP Basis)	Paid Prior Year Encumbrances	Encumbrances at End of Year	Total Actual Budgetary Basis	Original Budget	Final Budget	Variance with Final Budget
Bonded Debt Service	$ 5,376,639	$ -	$ 5,376,639	$ -	$ -	$ 5,376,639	$ 3,020,576	$ 3,020,576	$ (2,356,063)
	$ 5,376,639	$ -	$ 5,376,639	$ -	$ -	$ 5,376,639	$ 3,020,576	$ 3,020,576	$ (2,356,063)

See Independent Auditor's Report.

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STATISTICAL SECTION

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

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Financial Trends
These schedules contain trend information to help the reader understand how the City's financial information and well-being have changed over time. 198-203

Revenue Capacity
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes. 204-211

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 212-216

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time. 217-218

Operating Information
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. 219-222

Waterworks and Sewer System Information
These schedules contain information about how the City's Waterworks and Sewer System financial information relates to services and activities provided. 223-227

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

CITY OF AMARILLO, TEXAS
NET ASSETS BY COMPONENT, LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental Activities										
Invested in capital assets, net of related debt	$ 308,957,310	$ 309,160,316	$ 301,783,034	$ 289,264,232	$ 265,774,557	$ 257,206,882	$ 245,465,271	$ 241,180,240	$ 247,897,894	$ 213,327,306
Restricted for										
Debt service	1,706,708	1,476,611	1,371,563	555,566	344,615	328,705	300,000	290,000	255,000	-
Capital outlay	-	-	-	17,586,769	24,476,393	-	-	-	-	3,582,611
Other purposes	-	-	-	-	-	-	-	-	-	1,381,417
Unrestricted (deficit)	55,475,614	69,367,279	85,762,657	90,992,936	80,514,311	93,548,849	86,252,914	82,391,755	76,046,071	100,819,016
Total governmental activities net assets	$ 366,139,632	$ 380,004,206	$ 388,917,254	$ 398,399,503	$ 371,109,876	$ 351,084,436	$ 332,018,185	$ 323,861,995	$ 324,198,965	$ 319,110,350
Business-type Activities										
Invested in capital assets, net of related debt	$ 363,032,982	$ 325,209,714	$ 310,139,595	$ 300,175,147	$ 285,682,252	$ 280,490,179	$ 265,711,299	$ 252,311,091	$ 253,265,078	$ 244,510,800
Restricted for										
Debt service	6,020,692	436,303	3,683,013	3,365,463	4,008,485	2,728,508	1,765,624	1,613,902	2,029,267	2,205,230
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Unrestricted (deficit)	31,479,680	43,205,956	39,181,048	42,722,033	57,263,547	58,637,634	72,742,103	83,232,311	74,085,906	75,576,266
Total business-type activities net assets	$ 400,533,354	$ 368,851,973	$ 353,003,656	$ 346,262,643	$ 346,954,284	$ 341,856,321	$ 340,219,026	$ 337,157,304	$ 329,380,251	$ 322,292,296
Primary Government										
Invested in capital assets, net of related debt	$ 671,990,292	$ 634,370,030	$ 611,922,629	$ 589,439,379	$ 551,456,809	$ 537,697,061	$ 511,176,570	$ 493,491,331	$ 501,162,972	$ 457,838,106
Restricted for										
Debt service	7,727,400	1,912,914	5,054,576	3,921,029	4,353,100	3,057,213	2,065,624	1,903,902	2,284,267	2,205,230
Capital outlay	-	-	-	17,586,769	24,476,393	-	-	-	-	3,582,611
Other purposes	-	-	-	-	-	-	-	-	-	1,381,417
Unrestricted (deficit)	86,955,294	112,573,235	124,943,705	133,714,969	137,777,858	152,186,483	158,995,017	165,624,066	150,131,977	176,395,282
Total primary government net assets	$ 766,672,986	$ 748,856,179	$ 741,920,910	$ 744,662,146	$ 718,064,160	$ 692,940,757	$ 672,237,211	$ 661,019,299	$ 653,579,216	$ 641,402,646
Component Units										
Invested in capital assets, net of related debt	$ 14,778,882	$ 16,057,848	$ 22,180,482	$ 35,404,607	$ 13,587,578	$ 12,444,477	$ 25,146,179	$ 9,789,099	$ 10,294,414	$ 9,678,381
Restricted for:										
Debt service	1,064,112	860,609	652,663	784,333	724,440	849,282	1,708,258	1,686,452	1,723,391	1,769,721
Other purposes	5,356,212	11,099,766	52,103	21,677,079	51,164	50,701	50,254	-	-	49,643
Unrestricted (deficit)	290,751,762	279,771,608	284,569,397	250,182,352	282,799,795	278,721,748	272,980,941	290,712,335	288,092,378	284,583,242
Total component units activities net assets	$ 311,950,968	$ 307,789,831	$ 307,454,645	$ 308,048,371	$ 297,162,977	$ 292,066,208	$ 299,885,632	$ 302,187,886	$ 300,110,183	$ 296,080,987

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
CHANGES IN NET ASSETS, LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)

	Fiscal Year									
Expenses	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities:										
General government and administration	$ 17,568,368	$ 18,553,336	$ 18,608,757	$ 15,990,458	$ 13,652,969	$ 12,819,831	$ 12,527,854	$ 11,540,577	$ 11,405,085	$ 10,069,509
Public safety and health	82,193,776	80,634,623	78,657,042	73,157,814	61,157,972	57,848,228	53,854,331	53,318,300	50,225,431	48,210,327
Streets, traffic and engineering	20,357,268	20,189,342	20,029,456	20,565,144	17,296,398	17,712,608	16,335,926	15,802,998	15,316,888	15,319,504
Culture and recreation	24,380,362	24,297,915	23,912,234	22,673,994	18,814,509	18,337,247	17,094,182	19,376,023	14,688,110	14,691,037
Solid waste	13,212,467	12,960,933	13,002,330	12,878,205	9,107,259	10,411,481	9,530,545	8,436,434	8,560,684	8,406,167
Transit	4,702,836	4,919,193	4,848,218	4,920,015	4,054,201	4,269,932	4,112,365	3,864,550	4,122,759	3,277,456
Economic development	5,269,868	2,586,912	2,798,810	2,280,629	2,017,045	1,955,590	1,899,218	1,739,586	1,862,982	1,677,002
Urban redevelopment/housing	11,667,515	11,611,626	11,968,993	10,204,054	10,471,645	9,992,339	9,993,988	10,461,503	10,184,879	9,086,751
Interest on long-term debt	2,350,205	1,532,615	2,359,313	326,813	340,063	336,232	332,329	-	-	-
Total governmental activities expenses	181,702,665	177,286,495	176,185,153	162,997,126	136,912,061	133,683,488	125,680,738	124,539,971	116,366,818	110,737,753
Business-type activities										
Water and Sewer	52,872,999	52,401,135	50,118,642	51,853,812	43,531,289	43,812,434	37,822,249	35,591,139	34,728,551	32,188,516
Airport	8,479,899	8,803,465	8,593,388	8,512,889	8,016,692	7,923,094	7,691,049	7,208,258	6,330,521	6,269,581
Total business-type activities expenses	61,352,898	61,204,600	58,712,030	60,366,701	51,547,981	51,735,528	45,513,298	42,799,397	41,059,072	38,458,097
Total primary government expenses	$ 243,055,563	$ 238,491,095	$ 234,897,183	$ 223,363,827	$ 188,460,042	$ 185,419,016	$ 171,194,036	$ 167,339,368	$ 157,425,890	$ 149,195,850
Component units										
Amarillo Hospital District	$ 9,333,545	$ 9,956,490	$ 10,680,305	$ 10,901,435	$ 10,374,050	$ 11,746,855	$ 11,446,673	$ 10,615,491	$ 12,228,050	$ 10,623,325
Amarillo Economic Development Corporation	16,939,339	18,705,551	22,589,356	9,463,914	15,632,514	23,453,229	11,752,313	7,385,398	7,414,648	7,181,816
Amarillo-Potter Events District	2,345,524	2,363,221	2,501,146	2,540,572	2,375,946	2,097,826	2,283,733	2,132,606	1,285,075	1,222,817
Amarillo Housing Finance Corporation	1,576	1,653	11,400	2,466	1,952	4,391	1,400	2,649	83,023	1,000
Tax Increment Reinvestment Zone #1	204,518	34,414	8,528	10,421	20,990	-	-	-	-	-
Amarillo Local Government Corporation	1,500	-	-	-	-	-	-	-	-	-
Total component units activities expenses	$ 28,826,002	$ 31,061,329	$ 35,790,735	$ 22,918,808	$ 28,405,452	$ 37,302,301	$ 25,484,119	$ 20,136,144	$ 21,010,796	$ 19,028,958
Program Revenues										
Governmental activities:										
Fees, Fines, and Charges for Services:										
General government and administration	$ 10,235,745	$ 10,725,176	$ 10,964,850	$ 9,415,044	$ 8,558,541	$ 9,238,878	$ 8,028,071	$ 7,912,292	$ 7,680,971	$ 3,372,377
Public safety and health	7,552,299	7,764,312	6,173,574	5,866,957	5,215,652	5,110,619	4,780,316	4,690,006	4,484,812	6,563,714
Streets, traffic and engineering	748,018	618,399	445,833	472,726	474,423	437,469	353,483	454,066	495,998	462,492
Culture and recreation	5,289,633	5,058,308	5,248,389	4,870,910	4,789,381	4,909,794	4,418,374	4,044,231	3,343,275	3,346,082
Solid waste	18,234,773	17,226,650	16,741,863	16,110,978	16,114,975	14,685,610	14,339,251	12,574,723	11,217,421	12,322,635
Transit	214,665	203,175	185,176	197,306	201,984	213,039	391,015	331,720	397,951	184,705
Urban redevelopment/housing	296,074	188,392	114,695	163,512	265,235	141,707	58,432	606,755	852,225	220,744
Operating grants and contributions	19,858,342	21,439,450	20,135,506	18,384,040	18,141,143	17,945,138	16,562,670	17,010,033	15,812,064	15,209,416
Capital grants and contributions	3,444,571	7,298,406	8,227,527	6,881,414	9,519,713	14,046,785	5,222,603	1,314,759	6,475,233	8,173,114
Total governmental activities program revenues	65,874,120	70,522,268	68,237,413	62,362,887	63,281,047	66,729,039	54,154,215	48,938,585	50,759,950	49,855,279

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
CHANGES IN NET ASSETS, LAST TEN FISCAL YEARS, CONTINUED
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Business-type activities										
Water and Sewer	69,628,237	55,089,408	50,665,542	48,941,541	43,116,864	41,890,142	38,264,015	41,032,472	38,561,472	36,952,756
Airport	7,815,827	7,568,658	7,127,466	6,067,346	6,085,678	5,851,653	5,533,036	5,370,162	5,085,327	5,887,807
Operating grants and contributions	-	-	-	-	-	-	-	-	-	87,228
Capital grants and contributions	8,410,304	13,903,432	6,434,413	2,483,503	3,926,383	2,500,179	3,301,525	3,271,334	2,877,169	10,855,004
Total business-type activities program revenues	85,854,368	76,561,498	64,227,421	57,492,390	53,128,925	50,241,974	47,098,576	49,673,968	46,523,968	53,782,795
Total primary government revenues	$ 151,728,488	$ 147,083,766	$ 132,464,834	$ 119,855,277	$ 116,409,972	$ 116,971,013	$ 101,252,791	$ 98,612,553	$ 97,283,918	$ 103,638,074
Component units										
Amarillo Hospital District	$ -	$ -	$ -	$ -	$ -	$ 219,085	$ 21,298	$ 4,916	$ 80,738	$ 258,773
Amarillo Economic Development Corporation	4,745,415	2,905,176	3,140,213	2,686,833	2,641,826	2,721,730	1,950,323	1,488,413	2,117,797	1,861,405
Amarillo-Potter Events District	1,320	-	-	-	-	-	-	120	378	-
Amarillo Housing Finance Corporation	388	24,632	32,936	1,776	2,723	-	8,986	4,744	8,850	84,065
Tax Increment Reinvestment Zone #1	2,232,500	34,414	8,528	10,421	20,990	-	-	-	-	-
Amarillo Local Government Corporation	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	239,737	441,057	1,920,040	1,591,851	1,419,283	1,359,709	1,174,866	1,004,232	222,717	358,958
Capital grants and contributions	29,837	6,381	9,181	10,866	-	139,722	-	-	-	-
Total component units revenue	$ 7,249,197	$ 3,411,660	$ 5,110,898	$ 4,301,747	$ 4,084,822	$ 4,440,246	$ 3,155,473	$ 2,502,425	$ 2,430,480	$ 2,563,201
Net (Expense) Revenue										
Governmental activities	$ (115,828,545)	$ (106,764,227)	$ (107,947,740)	$ (100,634,239)	$ (73,631,015)	$ (66,954,449)	$ (71,526,523)	$ (75,601,386)	$ (65,606,868)	$ (60,882,474)
Business-type activities	24,501,470	15,356,898	5,515,391	(2,874,311)	1,580,944	(1,493,554)	1,585,278	6,874,571	5,464,896	15,324,698
Total primary government net expense	$ (91,327,075)	$ (91,407,329)	$ (102,432,349)	$ (103,508,550)	$ (72,050,071)	$ (68,448,003)	$ (69,941,245)	$ (68,726,815)	$ (60,141,972)	$ (45,557,776)
Component units										
Amarillo Hospital District	$ (9,063,971)	$ (9,509,052)	$ (8,751,084)	$ (9,298,718)	$ (8,954,767)	$ (10,028,339)	$ (10,250,509)	$ (9,606,343)	$ (11,924,595)	$ (10,156,645)
Amarillo Economic Development Corporation	(12,193,924)	(15,800,375)	(19,449,143)	(6,777,081)	(12,990,688)	(20,731,499)	(9,801,990)	(5,896,985)	(5,296,851)	(5,320,411)
Amarillo-Potter Events District	(2,344,204)	(2,363,221)	(2,501,146)	(2,540,572)	(2,375,946)	(2,097,826)	(2,283,733)	(2,132,486)	(1,284,697)	(1,071,766)
Amarillo Housing Finance Corporation	(1,188)	22,979	21,536	(690)	771	(4,391)	7,586	2,095	(74,173)	83,065
Tax Increment Reinvestment Zone #1	2,027,982	(34,414)	(8,528)	(10,421)	(20,990)	-	-	-	-	-
Amarillo Local Government Corporation	(1,500)	-	-	-	-	-	-	-	-	-
Total component units net expense	$ (21,576,805)	$ (27,684,083)	$ (30,688,365)	$ (18,627,482)	$ (24,341,620)	$ (32,862,055)	$ (22,328,646)	$ (17,633,719)	$ (18,580,316)	$ (16,465,757)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes, levied for general purposes	$ 30,599,301	$ 30,638,635	$ 29,569,613	$ 28,061,014	$ 25,772,013	$ 24,190,472	$ 23,367,505	$ 23,144,339	$ 21,435,224	$ 20,237,476
Property taxes, levied for debt services	2,750,167	2,737,072	2,706,352	532,309	529,784	526,912	631,336	615,137	602,446	657,376
Sales taxes	51,418,570	47,157,452	48,063,372	48,962,126	46,622,165	44,322,599	41,821,141	39,182,243	36,893,629	36,811,851
Gross receipts business taxes	15,912,628	15,302,905	14,318,526	16,144,044	12,844,804	11,865,951	11,098,127	10,107,385	8,422,912	7,992,843

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
CHANGES IN NET ASSETS, LAST TEN FISCAL YEARS, CONTINUED
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Governmental activities (continued):										
Unrestricted investment earnings	1,111,192	1,288,039	3,568,427	6,006,138	7,707,207	5,072,520	2,783,711	1,605,600	2,706,158	5,726,803
Income (expense) from use and disposition of property	(272,849)	480,281	148,337	294,710	(9,674)	131,935	(19,107)	307,410	604,631	551,193
Other	444,962	246,795	90,864	27,923,525	190,156	(89,689)	-	302,302	30,483	7,500
Total governmental activities	101,963,971	97,851,179	98,465,491	127,923,866	93,656,455	86,020,700	79,682,713	75,264,416	70,695,483	71,985,042
Business-type activities										
Unrestricted investment earnings	273,550	536,222	1,292,227	2,241,158	3,661,826	3,026,487	1,572,157	1,188,717	1,656,669	2,536,795
Income (expense) from use and disposition of property	6,974,932	14,646	24,259	30,888	45,349	14,673	(91,463)	16,067	(3,127)	-
Other	(68,571)	(59,449)	(90,864)	(89,376)	(190,156)	89,689	(4,250)	(302,302)	(30,483)	(7,500)
Total business-type activities	7,179,911	491,419	1,225,622	2,182,670	3,517,019	3,130,849	1,476,444	902,482	1,623,059	2,529,295
Total primary government	109,143,882	98,342,598	99,691,113	130,106,536	97,173,474	89,151,549	81,159,157	76,166,898	72,318,542	74,514,337
Component Units										
Property taxes, levied for general purposes	460,051	437,846	324,433	231,844	10,808	13,909	11,731	13,206	27,613	37,192
Property taxes, levied for debt services	-	-	-	-	-	-	-	-	-	-
Sales taxes	15,344,542	14,057,279	14,413,743	14,686,781	13,924,958	13,345,346	12,620,048	11,790,263	11,064,592	11,070,136
Gross receipts business taxes	2,159,203	2,009,281	1,952,359	2,070,185	2,052,011	1,808,263	1,670,800	1,568,201	1,509,842	1,484,633
Unrestricted investment earnings	7,774,146	11,514,863	13,404,104	12,524,066	13,450,612	9,875,113	5,723,813	6,339,752	9,584,735	18,799,012
Income (expense) from use and disposition of property	-	-	-	-	-	-	-	-	-	363
Total component units activities	25,737,942	28,019,269	30,094,639	29,512,876	29,438,389	25,042,631	20,026,392	19,711,422	22,186,782	31,391,336
Change in Net Assets										
Governmental activities	(13,864,574)	(8,913,048)	(9,482,249)	27,289,627	20,025,440	19,066,251	8,156,190	(336,970)	5,088,615	11,102,568
Business-type activities	31,681,381	15,848,317	6,741,013	(691,641)	5,096,769	1,637,295	3,061,722	7,777,053	7,087,955	17,853,993
Total primary government	$ 17,816,807	$ 6,935,269	$ (2,741,236)	$ 26,597,986	$ 25,122,209	$ 20,703,546	$ 11,217,912	$ 7,440,083	$ 12,176,570	$ 28,956,561
Total component units	$ 4,161,137	$ 335,186	$ (593,726)	$ 10,885,394	$ 5,096,769	$ (7,819,424)	$ (2,302,254)	$ 2,077,703	$ 3,606,466	$ 14,925,579

Source: Comprehensive Annual Financial Reports

See Independent Auditor's Report.

Exhibit A-3

CITY OF AMARILLO, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
Reserved	$ -	$ 298,680	$ 209,187	$ 518,108	$ 369,642	$ 333,150	$ 424,567	$ 464,698	$ 321,850	$ 417,930
Nonexpendable:										
Prepaid items	6,742	-	-	-	-	-	-	-	-	-
Inventory	1,804,245	-	-	-	-	-	-	-	-	-
Uncollected taxes	81,905	-	-	-	-	-	-	-	-	-
Committed for:										
Encumbrances	147,740	-	-	-	-	-	-	-	-	-
Unreserved/unassigned	41,767,102	41,301,934	37,163,472	36,673,773	37,304,407	37,840,494	37,110,347	37,503,800	32,987,569	41,339,191
Total general fund	43,807,734	41,600,614	37,372,659	$ 37,191,881	$ 37,674,049	$ 38,173,644	$ 37,534,914	$ 37,968,498	$ 33,309,419	$ 41,757,121
All Other Governmental Funds										
Reserved	$ -	$ 1,010,434	$ 1,017,324	$ 1,135,941	$ 1,173,096	$ 1,225,402	$ 14,127,578	$ 13,839,648	$ 13,921,984	$ 14,470,859
Unreserved, reported in:										
Debt service fund	-	210,081	101,259	10,167	12,521	232	42,366	115,523	43,904	13,022,947
Capital projects	-	39,348,787	48,335,396	57,437,304	65,723,873	33,324,183	30,195,836	31,053,633	33,040,858	22,498,938
Special revenue funds	-	2,656,334	2,680,946	4,037,138	3,134,224	3,187,240	2,793,679	2,132,069	2,436,152	1,284,872
Compensated absences fund	-	14,222,386	15,053,260	14,850,723	14,660,177	14,211,648	416,361	-	-	-
Undesignated	-	-	-	-	-	-	-	-	-	(2,020)
Nonexpendable:										
Prepaid items	639,354	-	-	-	-	-	-	-	-	-
Uncollected taxes	5,740	-	-	-	-	-	-	-	-	-
Restricted for:										
Debt service fund	246,574	-	-	-	-	-	-	-	-	-
Special purposes	2,824,678	-	-	-	-	-	-	-	-	-
Committed for:										
Compensated absences	12,779,761	-	-	-	-	-	-	-	-	-
Assigned for:										
Capital projects	38,271,781	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 54,767,888	$ 57,448,022	$ 67,188,185	$ 77,471,273	$ 84,703,891	$ 51,948,705	$ 47,575,820	$ 47,140,873	$ 49,442,898	$ 51,275,596

Source: Information obtained from the City's Comprehensive Annual Financial Reports.

See Independent Auditor's Report.

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

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Taxes	$ 100,984,407	$ 95,672,000	$ 94,530,658	$ 93,677,610	$ 85,758,232	$ 81,018,597	$ 76,917,615	$ 72,453,223	$ 67,298,630	$ 65,709,949
License and permits	2,284,564	2,260,499	1,758,303	2,015,135	1,727,536	1,916,299	1,786,318	1,296,047	1,365,240	1,187,315
Interfund revenues	1,557,653	1,478,752	1,373,441	1,320,395	1,270,941	1,231,060	2,547,357	2,753,169	2,415,808	-
Intergovernmental revenues	20,510,802	25,396,992	20,693,196	18,681,299	17,433,057	19,850,636	17,755,613	17,429,463	16,062,469	17,466,017
Grants-in-aid	-	-	-	-	-	-	-	-	28,028	-
Citizen contributions	22,898	6,000	31,000	7,300	6,000	5,000	6,074	5,900	20,000	61,207
Construction participation	1,761,885	2,816,377	6,241,042	5,816,556	9,393,844	11,540,373	2,525,475	292,994	5,638,364	5,855,306
Other entity participations	944,425	856,721	786,670	690,382	824,023	595,839	795,821	621,344	538,437	-
Charges for services	31,291,822	30,025,565	28,672,632	27,514,707	27,422,759	25,939,174	23,963,289	21,411,896	19,250,063	22,690,214
Fines and forfeitures	5,846,225	6,235,025	6,634,542	5,104,849	4,199,581	4,398,745	3,916,486	4,504,414	5,029,319	3,188,883
Investment earnings	890,296	1,007,601	2,665,718	4,677,492	5,902,783	4,056,915	2,308,358	1,513,250	2,085,337	4,223,606
Other rentals and commissions	839,170	858,951	867,160	469,613	249,409	239,192	224,668	239,686	353,318	-
Miscellaneous	814,676	526,107	1,179,434	694,338	749,919	980,841	465,066	382,951	661,350	560,074
Total revenues	167,748,823	167,140,590	165,433,796	160,669,676	154,938,084	151,772,671	133,212,140	122,904,337	120,746,363	120,942,571
Expenditures										
General government and administration	14,875,816	14,925,037	15,252,845	13,074,117	12,325,695	11,573,762	10,947,924	9,674,291	9,460,814	9,249,179
Public safety and health	86,844,050	83,263,087	81,699,196	77,852,041	71,204,891	68,295,871	62,875,319	62,313,813	57,730,984	55,777,158
Culture and recreation	18,154,024	17,765,568	17,607,384	17,426,501	16,516,821	15,911,599	14,792,474	13,460,424	12,753,036	12,405,629
Solid waste	10,532,391	10,970,380	11,296,793	10,881,683	10,307,975	9,596,852	8,842,767	7,926,642	7,794,013	7,499,981
Transit system	3,506,527	3,762,267	4,061,190	3,937,106	3,687,600	3,422,653	3,205,899	2,983,056	2,871,039	2,482,960
Urban redevelopment and housing	11,578,796	11,694,748	11,921,285	10,009,916	10,473,891	9,994,020	9,903,853	10,443,196	10,122,583	9,054,972
Tourism	5,269,868	2,586,912	2,798,810	2,280,629	2,017,045	1,955,590	1,899,218	1,739,586	1,862,874	1,676,759
Capital outlay	18,503,130	24,381,672	26,590,979	31,499,119	18,739,343	21,078,954	15,192,733	9,356,087	22,053,421	21,704,176
Debt service										
Principal retirement	1,476,611	1,371,563	555,566	344,615	328,705	301,519	290,000	280,000	245,000	265,000
Interest and fiscal charges	1,662,908	1,532,615	2,359,312	326,813	340,063	336,232	332,329	347,095	346,090	365,144
Termination vacation and sick leave pay	1,591,569	1,457,052	1,379,825	1,753,114	1,306,089	1,238,756	901,745	1,319,386	1,080,767	1,302,219
Total expenditures	173,995,690	173,710,901	175,523,185	169,385,654	147,248,118	143,705,808	129,184,261	119,843,576	126,320,621	121,783,177
Excess of revenues over (under) expenditures	(6,246,867)	(6,570,311)	(10,089,389)	(8,715,978)	7,689,966	8,066,863	4,027,879	3,060,761	(5,574,258)	(840,606)
Other Financing Sources (Uses):										
Transfers from other funds	10,266,422	7,274,581	9,448,299	16,474,780	22,639,094	11,483,105	11,314,214	16,750,972	14,043,053	15,738,852
Transfers to other funds	(10,375,070)	(7,583,483)	(9,461,220)	(17,538,013)	(23,075,481)	(15,108,353)	(15,340,729)	(17,882,676)	(18,749,195)	(17,231,352)
Unrealized gain (loss) on investments	-	-	-	-	-	-	-	(172,003)	-	-
Payment to refunded bond escrow agent	-		(4,680,000)	-	-	-	-	-	-	-
Bond premium less issuance cost	(77,500)		(145,000)	-	-	-	-	-	-	-
Issuance of refunding debt	-	-	4,825,000	-	427,012	-	-	-	-	-
Proceeds from issuance of long-term debt	5,960,000	1,367,000	-	2,064,425	24,575,000	570,000	-	600,000	-	586,317
Total other financing sources (uses)	5,773,852	1,058,098	(12,921)	1,001,192	24,565,625	(3,055,248)	(4,026,515)	(703,707)	(4,706,142)	(906,183)
Net change in fund balances	$ (473,015)	$ (5,512,213)	$ (10,102,310)	$ (7,714,786)	$ 32,255,591	$ 5,011,615	$ 1,364	$ 2,357,054	$ (10,280,400)	$ (1,746,789)
Debt service as a percentage of noncapital expenditures	2.061%	1.983%	1.996%	0.489%	0.523%	0.523%	0.549%	0.571%	0.570%	0.634%

See Independent Auditor's Report.

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

Fiscal Year	Property Taxes* General Fund	Property Taxes* Debt Service	Sales Taxes	Gross Receipts Business Taxes	Total Taxes
2002	$ 20,247,879	$ 657,376	36,811,851	$ 7,992,843	$ 65,709,949
2003	21,379,643	602,446	36,893,629	8,422,912	67,298,630
2004	22,548,458	615,137	39,182,243	10,107,385	72,453,223
2005	23,371,765	626,582	41,821,141	11,098,127	76,917,615
2006	24,303,135	526,912	44,322,599	11,865,951	81,018,597
2007	25,761,479	529,784	46,622,165	12,844,804	85,758,232
2008	28,039,131	532,309	48,962,126	16,144,044	93,677,610
2009	29,442,408	2,706,352	48,063,372	14,318,526	94,530,658
2010	30,474,571	2,737,072	47,157,452	15,302,905	95,672,000
2011	30,903,042	2,750,167	51,418,570	15,912,628	100,984,407
Change					
2002-2011	52.6%	N/A	39.7%	99.1%	53.7%

Notes:

* The City was able to keep its property tax rates fairly stable because of substantial growth in property tax values (See Exhibit A-6.)

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY, LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year	Real Estate	Business Personal	Total Assessed Value	Less: Tax-Exempt Property	Taxable Value	Total Direct Tax Rate
2002	$ 6,281,658,205	$ 1,055,255,033	$ 7,336,913,238	$ 899,018,606	$ 6,437,894,632	0.29653
2003	6,860,543,027	1,098,779,696	7,959,322,723	1,204,821,590	6,754,501,133	0.29563
2004	7,226,216,296	1,069,853,131	8,296,069,427	1,221,045,400	7,075,024,027	0.29437
2005	7,538,307,247	1,262,875,966	8,801,183,213	1,276,555,884	7,524,627,329	0.28906
2006	7,938,381,440	1,240,508,943	9,178,890,383	1,335,511,280	7,843,379,103	0.28712
2007	8,518,092,297	1,284,058,473	9,802,150,770	1,442,769,110	8,359,381,660	0.28371
2008	9,437,359,663	1,336,466,293	10,773,825,956	1,632,941,441	9,140,884,515	0.28371
2009	9,848,073,262	1,399,854,654	11,247,927,916	1,547,532,972	9,700,397,944	0.31009
2010	10,147,687,093	1,413,365,790	11,561,052,883	1,569,701,314	9,991,351,569	0.31009
2011	10,299,410,694	1,351,284,199	11,650,694,893	1,594,987,161	10,055,707,732	0.31009

Source: Potter-Randall Appraisal District

Notes: Property in Potter County and Randall County is reassessed annually. The counties assess property at approximately 100% of actual value for business personal property and 100% for real estate property. Tax rates are per $100 of taxable value.

See Independent Auditor's Report.

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

	City Direct Rates			Overlapping Rates							
Fiscal Year	Basic Rate	General Obligation Debt Service	Total Direct Rate	Amarillo Independent School District and County Education District 20	Amarillo College District	Canyon Independent School District	River Road Independent School District	Potter County	Randall County	Highland Park Independent School District	Bushland Independent School District
2002	0.28700	0.00953	0.29653	1.53500	0.15415	1.47314	1.55624	0.51990	0.32700	1.53553	1.36000
2003	0.28777	0.00786	0.29563	1.59000	0.15621	1.60660	1.57230	0.55282	0.33418	1.53240	1.45100
2004	0.28686	0.00751	0.29437	1.59000	0.15942	1.69779	1.57230	0.59503	0.33721	1.55158	1.65200
2005	0.28199	0.00707	0.28906	1.61500	0.16043	1.73919	1.57230	0.60704	0.33642	1.57130	1.49820
2006	0.28035	0.00677	0.28712	1.64500	0.16043	1.69141	1.77980	0.60704	0.34518	1.64760	1.61993
2007	0.27736	0.00635	0.28371	1.47500	0.16043	1.50982	1.64980	0.59973	0.35136	1.49566	1.47945
2008	0.27787	0.00584	0.28371	1.17200	0.16043	1.29000	1.32300	0.59674	0.34957	1.19421	1.18795
2009	0.28143	0.02866	0.31009	1.17000	0.18395	1.29000	1.32300	0.59674	0.36062	1.19081	1.18300
2010	0.28239	0.02770	0.31009	1.17000	0.18413	1.29000	1.31700	0.59627	0.36062	1.18544	1.24950
2011	0.28279	0.02730	0.31009	1.17000	0.18996	1.29000	1.36000	0.59911	0.36890	1.18252	1.26862

The maximum tax rate provided by City charter is $1.80, of which $1.30 may be levied for general purposes; the remaining $0.50 may be used only for waterworks purposes.

Taxes are assessed by the Potter-Randall Appraisal District. The City of Amarillo collected its own taxes until July 1, 1996, when Potter and Randall Counties assumed collection responsibilities for all entities within their boundaries. Taxes are due October 1, and become delinquent February 1. Delinquent taxes are subject to 12% to 18% per annum interest plus a penalty of 5% to 10% in accordance with statutes.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
PRINCIPAL PROPERTY TAXPAYERS, CURRENT YEAR AND NINE YEARS AGO
(unaudited)

	2011			2002		
Taxpayer	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Northwest Texas Healthcare	$ 86,142,476	1	0.857%	$ 68,377,891	2	1.062%
Wal Mart Stores Inc	84,559,955	2	0.841%	41,096,445	4	0.638%
Southwestern Public Service	68,128,704	3	0.678%	115,679,198	1	1.797%
Amarillo Mall LLC	63,954,470	4	0.636%	-		-
Burlington Northern Santa Fe Railroad	48,810,972	5	0.485%	31,159,037	6	0.484%
Ben E Keith	47,962,029	6	0.477%	-		-
Amarillo Economic Development Corporation*	37,797,485	7	0.376%	-		-
Amarillo National Bank	37,357,833	8	0.372%	25,997,131	7	0.404%
Case Newport LP	33,337,825	9	0.332%	-		-
Southwestern Bell Telephone Company	32,582,759	10	0.324%	58,456,848	3	0.908%
Schroder Amarillo	-		-	31,967,259	5	0.497%
Cox Communications Inc.	-		-	23,189,178	8	0.360%
Atmos Corp/Energas Co.	-		-	19,381,154	9	0.301%
Anderson Merchandisers LP	-		-	17,311,561	10	0.269%
Total taxable value of ten largest taxpayers	540,634,508		5.376%	364,237,811		5.658%
Total taxable value of other taxpayers	9,515,073,224		94.624%	6,073,656,821		94.342%
Total taxable value of all taxpayers	$ 10,055,707,732		100.000%	$ 6,437,894,632		100.000%

Source: Potter Randall Appraisal District

*Amarillo Economic Development Corporation owns and leases property to Bell Helicopter.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS, LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended September 30,	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	$ 19,090,290	$ 18,588,795	97.37	$ 300,262	$ 18,889,057	98.95
2003	19,968,330	19,484,122	97.58	337,860	19,821,981	99.27
2004	20,826,737	20,520,657	98.53	398,005	20,826,737	100.00
2005	21,750,690	21,355,304	98.18	117,517	21,472,821	98.72
2006	22,519,911	22,101,623	98.14	307,605	22,409,228	99.51
2007	23,716,401	23,359,468	98.49	260,873	23,620,341	99.59
2008	25,933,603	25,517,113	98.39	287,186	25,804,299	99.50
2009	29,523,733	29,021,939	98.30	315,606	29,337,545	99.37
2010	30,409,776	29,913,203	98.37	202,384	30,115,587	99.03
2011	30,639,878	30,277,693	98.82	-	30,277,693	98.82

Sources: Potter and Randall County Tax Offices

Note: As the City was unable to find information for the last ten fiscal years, the City has implemented this schedule for fiscal years starting 2005.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
TAXABLE SALES BY CATEGORY, LAST TEN CALENDAR YEARS
(unaudited)

	Calendar Year									
	2011*	2010	2009	2008	2007	2006	2005	2004	2003	2002
Agriculture/Forestry/Fishing/Hunting		$ 1,182	$ 1,397	$ 1,120	$ 1,421	$ 1,571	$ 1,519	$ 1,825	$ 1,399	$ 1,276
Mining/Quarrying/Oil and Gas		9,218	1,453	1,074	835	813	4,264	2,904	1,322	744
Utilities		156,654	157,575	199,995	168,441	171,922	156,569	148,460	148,622	145,023
Construction		66,145	60,373	75,775	78,916	77,077	67,014	66,646	60,818	63,605
Manufacturing		64,400	71,250	79,628	76,683	78,798	74,706	65,737	75,421	73,189
Wholesale Trade		134,129	124,812	163,070	144,283	153,236	128,360	116,074	94,105	97,848
Retail Trade		1,432,986	1,396,690	1,461,374	1,412,115	1,331,076	1,282,886	1,237,198	1,179,897	1,157,022
Transportation/Warehousing		3,030	2,567	3,008	2,430	2,206	1,612	2,910	1,846	1,241
Information		74,234	71,685	68,129	65,839	75,812	85,937	78,658	118,003	99,267
Finance/Insurance		9,152	10,427	11,792	11,201	9,944	7,267	8,146	6,594	8,690
Real Estate/Rental Leasing		29,209	26,258	29,400	27,078	26,679	22,594	21,590	20,530	19,590
Professional/Scientific/Technical Services		34,290	35,134	34,824	35,639	29,189	27,329	28,888	23,683	21,264
Management of Companies/Enterprises		1,064	2,166	2,909	3,259	3,649	7,915	7,758	-	-
Admin/Support/Waste Mgmt/Remediation		47,521	45,853	45,583	44,309	43,579	41,165	38,064	35,286	38,644
Educational Services		5,566	4,864	4,380	4,254	4,046	3,815	3,706	3,409	2,997
Health Care/Social Assistance		2,366	2,902	4,580	4,771	4,025	4,229	4,849	5,262	4,194
Arts/Entertainment/Recreation		22,939	23,187	24,846	23,453	21,881	22,223	22,100	20,742	19,197
Accomodation/Food Services		339,900	329,042	332,340	313,292	299,451	281,312	261,620	252,417	240,980
Other Services		80,938	78,969	81,764	77,211	74,657	72,837	66,224	66,918	67,632
Other		402	348	427	270	260	280	1,048	6,259	10,312
Total		$ 2,515,324	$ 2,446,951	$ 2,626,021	$ 2,495,701	$ 2,409,870	$ 2,293,835	$ 2,184,401	$ 2,122,533	$ 2,072,714
City direct sales tax rate		2%	2%	2%	2%	2%	2%	2%	2%	2%

*Notes: Retail sales information is not available for the 2011 Calendar Year.

Source: State of Texas https://ourcpa.cpa.state.tx.us/allocation/HistSales.jsp

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
DIRECT AND OVERLAPPING SALES TAX RATES, LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year	City* Direct Rate	State
2002	2.0	6.25
2003	2.0	6.25
2004	2.0	6.25
2005	2.0	6.25
2006	2.0	6.25
2007	2.0	6.25
2008	2.0	6.25
2009	2.0	6.25
2010	2.0	6.25
2011	2.0	6.25

Sources: City Budget Office and Department of Finance

Note: The City sales tax rate may be changed only with the approval of the state legislature.

* The Amarillo Economic Development Corporation is funded with 1/2 percent sales tax.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
PRINCIPAL SALES TAX REMITTERS, CURRENT YEAR AND NINE YEARS AGO
(unaudited)

	2011			2002		
Taxpayer	Taxable Liability	Rank	Percent of Total	Taxable Liability	Rank	Percent of Total
		1		$ -		
		2				
		3				
		4				
		5				
		6				
		7				
		8				
		9				
		10				
	-			-		

Sources: N/A

Notes: Information is not available for this schedule.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT, AS OF SEPTEMBER 30, 2011
(unaudited)

	Net Debt Outstanding	Percent Applicable	Applicable Debt Outstanding
Amarillo Independent School District	$ 102,795,504	99.08%	$ 101,849,785
Amarillo College District	57,237,469	99.20%	56,779,569
Amarillo Hospital District	-	100.00%	-
Canyon Independent School District	83,651,243	34.77%	29,085,537
River Road Independent School District	15,455,933	23.57%	3,642,963
Potter County	11,744,778	75.60%	8,879,052
Randall County	2,821,353	65.86%	1,858,143
Highland Park Independent School District	12,369,997	35.31%	4,367,846
Bushland Independent School District	1,868,714	23.58%	440,643
Total overlapping debt			206,903,539
City of Amarillo			37,174,604
Total direct and overlapping debt			$ 244,078,143

Sources: Assessed value data used to estimate applicable percentages provided by the Municipal Advisory Council, November 2011. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Amarillo. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE, LAST TEN FISCAL YEARS
(unaudited)

	General Bonded Debt				Business-type Activities					
Fiscal Year	Tax-Supported Debt	Special Assessment/Other Debt	Percentage of Actual Taxable Value of Property	Per Capita	Water & Sewer Revenue Debt	Water Authority Debt	Airport Debt	Total Primary Government	Percentage of Personal Income	Per Capita
2002	$ 6,680,000	$ 565,000	0.11%	$ 40.99	$ 33,375,000	$ 40,460,453	-	$ 81,080,453	1.41%	458.77
2003	6,465,000	535,000	0.10%	39.04	31,365,000	37,064,903	-	75,429,903	1.25%	420.72
2004	6,240,000	1,100,000	0.10%	40.39	37,930,000	35,256,050	-	80,526,050	1.27%	443.12
2005	6,005,000	1,045,000	0.09%	38.64	35,540,000	53,018,680	-	95,608,680	1.40%	523.99
2006	5,760,000	1,571,978	0.09%	39.64	32,690,000	71,377,816	-	111,399,794	1.52%	602.35
2007	30,080,000	1,498,273	0.38%	168.32	39,490,000	68,846,778	-	139,915,051	1.76%	745.78
2008	29,815,000	3,518,658	0.36%	175.40	38,245,000	66,002,170	-	137,580,828	1.58%	723.95
2009	29,555,000	3,368,092	0.34%	171.91	75,840,000	63,021,308	16,140,000	187,924,400	2.15%	981.26
2010	29,732,000	3,211,529	0.33%	172.76	124,800,000	69,101,396	14,975,000	241,819,925	2.68%	1,268.10
2011	28,418,000	9,008,918	0.37%	191.28	148,200,000	65,664,394	13,745,000	265,036,312	2.91%	1,354.53

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

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN, LAST TEN FISCAL YEARS
(unaudited)

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General bonded debt outstanding										
Tax supported debt	$ 28,418,000	$ 29,732,000	$ 29,555,000	$ 29,815,000	$ 30,080,000	$ 5,760,000	$ 6,005,000	$ 6,240,000	$ 6,465,000	$ 6,680,000
Special assessment/other debt	9,008,918	3,211,529	3,368,092	3,518,658	1,498,273	1,571,978	1,045,000	1,100,000	535,000	565,000
Water & Sewer bonds	148,200,000	124,800,000	38,885,000	-	-	-	-	-	-	-
Airport Bonds	13,745,000	14,975,000	16,140,000	-	-	-	-	-	-	-
Total	199,371,918	172,718,529	87,948,092	33,333,658	31,578,273	7,331,978	7,050,000	7,340,000	7,000,000	7,245,000
Percentage of estimated actual property value	1.98%	1.73%	0.91%	0.36%	0.38%	0.09%	0.09%	0.10%	0.10%	0.11%
Per capita	1,045.50	905.73	462.78	175.40	168.32	39.64	38.64	40.39	39.04	40.99
Less: Amounts set aside to repay general debt	252,314	216,923	102,939	11,862	10,931	1,107	39,769	34,057	29,183	30,198
Total net debt applicable to debt limit	199,119,604	172,501,606	87,845,153	33,321,796	31,567,342	7,330,871	7,010,231	7,305,943	6,970,817	7,214,802
Legal debt limit	1,165,069,489	1,156,105,288	1,124,793,092	1,077,382,596	980,215,077	917,889,038	880,118,321	829,606,943	795,932,272	733,691,324
Legal debt margin	$ 965,949,885	$ 983,603,682	$ 1,036,947,939	$ 1,044,060,800	$ 948,647,735	$ 910,558,167	$ 873,108,090	$ 822,301,000	$ 788,961,455	$ 726,476,522
Debt service as a percentage of noncapital expenditures	3.14%	3.01%	2.97%	1.79%	1.56%	1.55%	1.36%	1.79%	1.63%	1.97%

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

See Independent Auditor's Report.

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

	9/30/2011 (2010 Tax Roll)	9/30/2010 (2009 Tax Roll)	9/30/2009 (2008 Tax Roll)	9/30/2008 (2007 Tax Roll)	9/30/2007 (2006 Tax Roll)	9/30/2006 (2005 Tax Roll)	9/30/2005 (2004 Tax Roll)	9/30/2004 (2003 Tax Roll)	9/30/2003 (2002 Tax Roll)	9/30/2002 (2001 Tax Roll)
Assessed value, tax roll	$ 11,650,694,893	$ 11,561,052,883	$ 11,247,930,916	$ 10,773,825,956	$ 9,802,150,770	$ 9,178,890,383	$ 8,801,183,213	$ 8,296,069,427	$ 7,959,322,723	$ 7,336,913,238
Debt limit -10% of assessed roll	$ 1,165,069,489	$ 1,156,105,288	$ 1,124,793,092	$ 1,077,382,596	$ 980,215,077	$ 917,889,038	$ 880,118,321	$ 829,606,943	$ 795,932,272	$ 733,691,324
Amount of debt applicable to debt limit:										
Total bonded debt	199,371,918	172,718,529	124,618,092	71,578,658	71,068,273	40,021,978	42,590,000	45,270,000	38,365,000	40,620,000
Less: Assets in Debt Service Funds (net)	252,314	216,923	102,939	11,862	10,931	1,107	39,769	34,057	29,183	30,198
Waterworks revenue bonds	44,850,000	35,620,000	36,955,000	38,245,000	39,490,000	32,690,000	35,540,000	37,930,000	31,365,000	33,375,000
	45,102,314	35,836,923	37,057,939	38,256,862	39,500,931	32,691,107	35,579,769	37,964,057	31,394,183	33,405,198
Total amount of debt applicable to debt limit	154,269,604	136,881,606	87,560,153	33,321,796	31,567,342	7,330,871	7,010,231	7,305,943	6,970,817	7,214,802
Pro forma legal debt margin	$ 1,010,799,885	$ 1,019,223,682	$ 1,037,232,939	$ 1,044,060,800	$ 948,647,735	$ 910,558,167	$ 873,108,090	$ 822,301,000	$ 788,961,455	$ 726,476,522

Note: Article 835p of the State of Texas Civil Statutes, effective March 17, 1967, provides that this limitation applies only to cities having a population of 600,000 or more according to the then last preceding Federal Census.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
PLEDGED-REVENUE COVERAGE, LAST TEN FISCAL YEARS
(unaudited)

	Water Revenue Bonds						
Fiscal Year	Total Revenue	Less: Operating Expenses	Less: CRMWA Interest	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2002	$ 39,065,360	$ 23,504,548	$ 1,932,296	$ 13,628,516	$ 1,915,000	$ 1,752,845	3.72
2003	39,913,917	25,195,913	1,851,649	12,866,355	2,010,000	1,653,538	3.51
2004	40,253,986	26,613,408	1,772,617	11,867,961	2,615,000	1,807,465	2.68
2005	39,576,277	27,911,917	1,686,304	9,978,056	2,520,000	1,602,381	2.42
2006	44,311,449	31,874,749	2,585,579	9,851,121	2,850,000	1,626,919	2.20
2007	45,946,496	31,646,674	3,539,176	10,760,646	2,770,000	1,626,605	2.45
2008	50,562,805	33,800,615	3,277,990	13,484,200	1,245,000	1,765,242	4.48
2009	51,567,346	34,440,993	3,103,789	14,022,564	1,290,000	2,017,904	4.24
2010	55,502,109	34,436,713	3,172,696	17,892,700	5,350,000	2,831,444	2.19
2011	76,794,307	34,139,162	2,978,655	39,676,490	7,210,000	2,998,168	3.89

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS, LAST TEN CALENDAR YEARS
(unaudited)

Calendar Year	Population (1)	Personal Income (2) (in $1,000s)	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
2002	176,733	$ 5,758,479	$ 24,999	*	29,193	4.6%
2003	179,287	6,018,259	25,835	*	29,500	4.8%
2004	181,725	6,319,255	26,853	*	29,959	4.3%
2005	182,462	6,843,145	28,750	33.6	30,106	4.0%
2006	184,941	7,335,250	30,975	*	30,750	3.7%
2007	187,609	7,951,993	32,831	*	30,613	3.4%
2008	190,042	8,712,000	35,640	32.7	30,969	3.6%
2009	191,514	8,747,000	35,366	*	31,920	5.2%
2010	190,695	9,015,000	35,958	33.4	32,704	5.7%
2011	195,666	9,105,150	36,458	*	33,043	6.0%

Sources:

1. Population estimates prepared by City of Amarillo Planning Department (2010 provided by Census 2010). (Amarillo grows by an average of 1% or 2% annually.)
2. Personal income and per capita income figures obtained from U.S. Department of Commerce's Bureau of Economic Analysis, MSA Area Income Summary. To calculate 2011 figures, Planning Department staff used an average of increases from the previous two years.
3. Median age obtained from Census 2000, 2005, and 2010 American Community Survey.
4. School enrollment was provided by Amarillo Independent School District.
5. Unemployment rates obtained from U.S. Department of Labor's Bureau of Labor Statistics. The rate for 2011 is based on an average from January through September 2011 only.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
PRINCIPAL EMPLOYERS, CURRENT YEAR AND NINE YEARS AGO
(unaudited)

	2011			2002		
Employer	Employees	Rank	Percent of Total City MSA* Employment	Employees	Rank	Percent of Total City MSA Employment
Tyson Foods	3,700	1	2.957%	3,615	1	3.106%
Baptist/St. Anthony's Health Systems	2,700	2	2.158%	2,900	2	2.492%
Northwest Texas Healthcare	1,490	3	1.191%	1,375	4	1.182%
Xcel Energy	1,431	4	1.144%	1,810	3	1.555%
Bell Helicopter, Inc	1,382	5	1.105%	-	-	-
Affiliated Foods	1,250	6	0.999%	1,100	5	0.945%
Western National Life Insurance	1,035	7	0.827%	-	0	-
Burlington Northern Santa Fe	805	8	0.643%	800	7	0.687%
Walmart Supercenters	781	9	0.625%	825	6	0.709%
Toot 'n Totum	700	10	0.559%	-	-	-
Owens-Corning Fiberglass	-	-	-	750	8	0.644%
Asarco, Inc.				600	9	0.516%
Sitel	-	-	-	600	10	0.516%
Total employees of the principal employers	15,274		12.208%	14,375		12.352%
Total employees of other employers	109,841		87.792%	101,999		87.648%
Total Amarillo MSA* employment	125,115		100.000%	116,374		100.000%

Sources: The ten principal employers information was provided by the Amarillo Chamber of Commerce.

* Amarillo Metropolitan Statistical Area (MSA) employment figure obtained from the U.S. Bureau of Labor Statistics (Economy at a Glance). 2011 figure is the average of January 2011 through August 2011 data.

** Information was not available.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
CITY GOVERNMENT BUDGETED POSITIONS BY FUNCTION/PROGRAM, LAST TEN FISCAL YEARS
(unaudited)

Function/Program	Budgeted Positions as of September 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
GENERAL GOVERNMENT										
Mayor and commission	5	5	5	5	5	5	5	5	5	5
City manager	6	6	6	3	3	4	4	3	3	3
City secretary	2	2	2	2	2	3	3	3	3	3
Municipal court and Teen court	29	29	29	28	28	28	28	26	26	26
Planning and zoning	7	7	7	8	8	8	8	9	10	10
STAFF SERVICES										
Financial administration										
Director of Finance	5	5	5	6	6	6	6	6	6	6
Accounting	14	14	14	15	15	15	15	16	16	16
Payroll	3	3	3	-	-	-	-	-	-	-
Benefits	5	5	5	-	-	-	-	-	-	-
Purchasing	8	8	8	8	6	6	6	6	6	6
Central stores	8	8	8	8	8	8	8	9	9	9
Municipal office services	3	3	3	3	4	4	4	4	4	4
Legal	8	8	8	8	7	7	7	7	7	6
Personnel and Risk Management	12	12	12	22	21	18	18	17	16	16
Emergency Management and Communications	12	12	12	12	12	12	12	11	11	11
Occupancy										
Custodial operations	25	25	25	25	25	25	25	25	25	25
Building maintenance	24	24	24	24	23	23	23	23	23	23
PUBLIC SAFETY AND HEALTH										
Police										
Police	317	317	317	312	302	302	302	280	284	285
Civilian personnel	56	71	109	109	102	102	102	98	91	88
Fire Protection										
Fire	244	244	244	229	221	221	221	218	217	217
Civilian personnel	15	15	28	29	21	21	16	14	14	14
Other										
Building safety	32	32	32	31	29	29	29	29	27	26
Animal control	26	26	27	27	27	27	23	22	22	22
Emergency services	1	-	-	-	-	-	-	-	-	-
Amarillo Emergency Comm. Center	65	66	1	-	-	-	-	-	-	-
Environmental health	14	14	14	13	11	11	11	11	11	11
Vital statistics	1	1	1	1	1	1	1	1	1	1
STREETS, TRAFFIC & ENGINEERING										
Street maintenance	108	108	108	108	100	100	97	97	97	97
Traffic engineering	46	46	46	46	45	45	45	44	44	45
Traffic field operations	22	22	22	22	22	22	22	22	24	23
Engineering	21	21	21	22	22	22	22	22	22	24
CULTURE & RECREATION										
Auditorium Coliseum										
Civic Center operations	23	23	23	23	23	23	23	23	20	20
Civic Center promotions	4	4	4	4	3	3	2	2	2	2

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
CITY GOVERNMENT BUDGETED POSITIONS BY FUNCTION/PROGRAM, LAST TEN FISCAL YEARS
(unaudited)

	Budgeted Positions as of September 30									
Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Box office operations	12	12	12	12	12	12	12	11	10	10
Civic Center Sports	2	2	2	2	2	2	2	2	2	2
Globe News Center	3	3	3	3	3	3	3	-	-	-
Library operations	78	78	78	78	78	78	77	77	77	75
Parks and Recreation	257	257	258	258	253	275	274	273	276	255
Golf	47	47	47	48	48	48	48	48	54	50
SOLID WASTE										
Solid waste collection	107	108	108	107	105	105	103	101	99	99
Solid waste disposal	36	36	36	36	36	36	36	35	31	31
TRANSIT										
Fixed Route and Demand Response	59	59	59	61	61	61	61	61	61	60
Total General Fund	1,772	1,788	1,776	1,758	1,700	1,721	1,704	1,661	1,656	1,626
WATER & SEWER SYSTEM										
Water Production	7	7	7	7	7	7	7	7	7	7
Water Transmission	9	9	9	9	9	9	8	8	7	7
Surface Water Treatment	29	29	29	29	29	29	29	28	28	27
Water Distribution	58	58	58	58	58	58	58	58	58	58
Wastewater Collection	34	34	34	34	34	34	34	32	32	32
Wastewater Treatment	52	52	52	52	50	50	50	50	50	50
Environmental Laboratory	20	19	19	20	21	21	21	20	20	19
Utility Billing	29	29	29	29	29	29	29	29	29	29
Director of Utilities	19	17	17	16	16	16	16	16	15	15
Total Water & Sewer System	257	254	254	254	253	253	252	248	246	244
AIRPORT	62	62	62	62	50	49	49	49	49	49
INFORMATION SERVICES	29	28	28	27	27	27	27	26	26	24
MUNICIPAL GARAGE	53	53	53	53	51	51	51	51	51	51
CITY CARE CLINIC	8	8	8	-	-	-	-	-	-	-
SPECIAL REVENUE										
Library	5	5	5	6	6	7	7	7	8	7
Police Grant	-	6	7	-	-	-	-	-	11	11
Urban Planning/Traffic Grants	7	7	7	7	6	6	6	6	6	6
Health Grants	76	72	72	73	74	74	74	73	71	66
Court Security Fund	2	2	2	2	2	2	2	2	-	-
Community Development and Housing	18	18	18	18	18	20	20	20	21	18
Emergency Management	7	7	-	7	6	6	6	6	4	3
Total Special Revenue	115	117	111	113	112	115	115	114	121	111
Total	2,296	2,310	2,292	2,267	2,193	2,216	2,198	2,149	2,149	2,105

Source: City Annual Budgets

Notes: Budgeted positions are made up of both full-time and part-time postions.

See Independent Auditor's Report.

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

	Fiscal Year									
Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Staff services:										
Annual number of purchase orders	2,235	2,593	3,554	3,605	3,382	3,815	3,809	3,874	4,432	3,791
Public safety and health:										
Annual calls for police services	132,509	137,405	130,862	126,176	127,990	135,989	132,049	134,298	136,660	135,000
Annual calls for fire services	18,832	16,495	15,313	12,774	12,167	10,776	10,365	9,384	8,671	*
Permits:										
Residential - new	600	535	516	582	641	772	775	737	752	647
Residential - additions & repairs	2,173	2,030	1,507	1,624	1,628	885	1,536	997	1,028	1,306
Commercial - new	51	54	40	92	74	116	103	144	126	105
Commercial - additions & repairs	359	354	289	336	321	366	313	321	343	314
Mobile homes	29	41	39	41	51	56	81	80	104	108
Roof	1,329	1,185	937	942	336	1,149	2,978	4,686	1,734	3,263
Value of construction:										
Residential - new	143,974,309	128,042,161	124,991,767	189,507,406	186,508,133	170,644,851	141,386,316	111,294,974	135,417,905	105,140,137
Residential - additions & repairs	25,752,823	24,136,709	23,025,345	23,269,814	28,541,979	16,568,993	14,762,901	14,850,053	12,616,631	24,428,096
Commercial - new	48,331,131	109,596,401	54,552,931	90,950,995	81,067,524	111,957,825	134,904,353	57,951,679	77,417,700	40,428,096
Commercial - additions & repairs	79,922,243	96,129,977	117,491,080	68,402,515	56,147,219	112,542,681	131,128,921	47,230,465	56,854,218	44,578,113
Mobile homes	935,288	1,296,730	3,255,543	6,266,747	4,296,872	3,893,346	4,032,248	3,227,533	4,047,510	3,964,990
Roof	9,732,006	7,913,915	5,922,164	7,844,282	5,799,608	11,789,696	35,940,785	54,239,433	11,663,513	13,397,635
Culture and recreation:										
Civic Center event days	1,986	2,244	2,229	2,578	2,369	2,060	2,060	1,805	1,681	1,577
Civic Center annual attendance	656,523	672,178	635,553	700,515	700,000	738,000	737,438	695,486	644,230	665,820
Library volumes loaned annually	1,752,006	1,495,169	1,752,006	1,805,566	2,110,369	2,147,905	2,085,345	2,103,172	1,963,202	2,087,382
Annual swimming pool attendance	60,981	58,485	57,983	66,133	75,659	72,935	72,168	65,732	79,467	68,866
Tennis Center attendance	32,859	30,096	34,321	31,193	40,161	31,145	33,651	31,776	33,517	29,580
Rounds of golf played annually (2 courses)	88,089	86,177	105,932	107,726	104,381	113,166	104,060	106,382	105,721	111,702
Rifle range attendance	6,548	4,468	2,489	3,663	3,198	2,804	-	-	-	-
Solid Waste:										
Tons of waste collected	154,900	150,000	157,000	168,000	188,000	164,000	162,309	162,563	155,987	151,309
Tons of waste landfill	212,350	213,500	223,000	224,000	237,600	248,700	241,462	227,870	215,100	222,246
Transit:										
Fixed transit route--in miles	686,118	674,307	665,036	651,690	658,077	656,459	657,751	639,493	653,744	627,442
Passengers served--fixed route services	367,480	330,647	328,605	343,404	371,316	365,156	352,345	340,293	349,446	351,467
Demand response passengers	35,362	29,709	23,324	29,712	28,644	28,701	29,243	25,743	23,512	22,766
Water and Sewer:										
Active water accounts	69,754	69,358	68,586	68,306	67,452	66,833	65,065	64,112	62,832	62,347
Average daily production--gallons	51,308,710	42,921,918	42,461,096	43,752,000	41,062,041	47,707,877	44,558,978	45,939,937	46,862,580	48,236,625
Plant capacity--gallons:										
Bonham:										
Pumping	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	40,000,000
Storage	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
24th Street:										
Pumping	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	24,000,000
Storage	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
34th Street:										
Pumping	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	42,000,000
Storage	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Arden Road:										
Pumping	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	-	-	-	-	-
Storage	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	-	-	-	-	-
Purification Plant:										
Pumping	116,000,000	116,000,000	116,000,000	116,000,000	116,000,000	116,000,000	116,000,000	116,000,000	116,000,000	112,000,000
Storage	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Overhead Storage	8,500,000	8,500,000	8,500,000	8,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000	6,500,000

See Independent Auditor's Report.

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Function/Program										
Surface water allocation--gallons	1,885,254,000	3,018,347,000	4,226,385,000	3,662,482,893	4,226,385,000	6,037,696,000	6,037,696,000	4,300,285,000	9,177,294,000	9,177,294,000
Roberts County (CRMWA) Allocation	8,827,731,000	7,280,016,000	5,956,377,000	5,956,158,358	6,618,197,000	5,294,557,000	5,294,557,000	*	*	*
Active sewer accounts	67,654	67,281	66,539	66,294	65,513	64,939	62,489	61,451	60,760	60,362
Plant capacity–gallons:										
North treatment--per day	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	1,600,000
Southeast treatment--per day	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	1,200,000
Daily average of sewage treated--gallons	17,887,000	17,653,660	17,439,096	17,226,046	17,601,452	17,350,967	16,888,833	17,056,216	17,329,000	17,436,770
Daily average of reclaimed water sold to industry–gallons	13,150,184	12,678,301	12,624,641	14,061,315	12,795,430	12,957,562	9,951,477	8,651,397	9,798,000	9,999,537
Airport:										
Major airlines	4	4	3	4	4	4	4	5	5	5
Scheduled daily flights	42	41	46	58	58	49	51	52	67	54
Airline passengers enplaned	413,775	403,752	413,767	461,251	454,514	445,618	440,843	405,313	382,457	388,077
Airplanes cleared daily–average	229	226	236	226	243	267	299	322	334	298
Total tower operations (24 hours FAA Control Tower)	83,439	82,441	86,140	82,648	88,825	97,523	109,270	117,613	121,895	108,778

Source: Various City departments

* Information was not available for these years.

See Independent Auditor's Report.

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

	Fiscal Year									
Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Public Safety and Health:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	12	11	10	10	10	10	10	10	10	10
Number of fire hydrants	3,732	3,671	3,698	3,587	3,469	3,441	3,385	3,324	3,320	3,269
Number of outdoor warning sirens	89	86	85	85	85	83	78	*	*	*
Streets, traffic and engineering:										
Streets - paved (miles)	912.86	911.12	905.80	902.00	889.97	883.64	874.37	862.39	857.79	843.24
Streets - unpaved (miles)	83.13	83.13	83.13	83.00	83.13	83.84	84.96	88.63	89.92	82.30
Alleys (miles)	476.59	476.01	472.42	468.00	463.67	458.86	453.67	447.72	440.75	430.49
Miles of storm sewers	119.46	118.99	116.87	116.00	112.66	111.79	109.00	108.00	105.27	104.24
Number of street lights	10,765	10,742	10,657	10,657	10,590	10,491	10,425	10,378	10,256	10,251
Number of signalized locations	261	261	260	258	255	254	254	252	250	249
Number of traffic signs installed	8,293	7,559	7,515	7,447	7,367	7,263	7,182	7,062	7,336	6,817
Culture and recreation:										
Civic Center (auditorium, coliseum, convention annex, center)--in square feet	410,000	410,000	410,000	410,000	410,000	410,000	340,000	340,000	340,000	340,000
Number of libraries	5	5	5	5	5	5	5	5	5	4
Total library holdings	544,719	516,281	602,724	705,033	711,295	807,535	807,500	*	*	*
Number of parks and playgrounds	65	65	65	64	62	62	62	61	60	60
Parks--number of acres	2,927	2,927	2,907	2,839	2,827	2,827	2,827	2,827	2,799	2,427
Number of swimming pools	3	3	3	4	4	4	4	4	4	4
Number of golf courses--36 holes	2	2	2	2	2	2	2	2	1	1
Number of golf courses--18 holes	2	2	2	2	2	2	2	2	2	2
Other recreational facilities:										
Soccer fields	65	65	65	65	65	65	66	65	65	65
Jogging trails (miles)	38.45	38.45	37.67	43.97	42	41.38	41.38	37.38	33.50	33.50
Baseball and softball fields	30	30	30	30	30	30	30	37	31	28
Tennis courts	37	37	37	41	41	41	34	52	52	46
Solid waste:										
Number of solid waste customers, residential	61,459	61,267	60,602	60,037	59,394	58,324	58,324	*	*	*
Number of solid waste customers, commercial	3,747	3,718	3,692	3,655	3,614	3,501	3,501	*	*	*
Landfill acreage	662	662	662	662	662	661	661	*	*	*
Transit:										
Number of buses in service	19	17	17	17	17	17	17	17	17	17
Number of vans in service	11	13	11	7	7	7	7	6	5	5
Water and Sewer:										
Miles of water mains:										
Transmission	138.00	120.00	120.00	120.00	120.00	118.63	118.63	118.63	118.63	118.63
Distribution	1,106.00	1,082.00	1,082.00	1,080.00	1,063.00	1,050.79	1,036.00	1,029.38	1,140.40	1,007.88
Number of water wells	117	106	106	99	94	91	99	100	100	101
Miles of sanitary sewers	943.36	931.90	929.30	926.33	911.00	884.82	874.68	868.89	861.74	854.79
Number of wastewater treatment plants	2	2	2	2	2	2	2	2	2	2

Source: Various City departments

* Information was not available for these years.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL INFORMATION
HISTORICAL SUMMARY OF TOTAL CUSTOMERS
(Unaudited)

Fiscal Year Ended September 30	Number of Customers	
	Water	Sewer
2003	62,832	60,760
2004	64,112	61,451
2005	65,065	62,489
2006	66,833	64,939
2007	67,452	65,513
2008	68,306	66,294
2009	68,586	66,539
2010	69,358	67,281
2011	69,754	67,654

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL INFORMATION
AVERAGE DAILY WATER CONSUMPTION AND SYSTEM INFORMATION
(Unaudited)

Fiscal Year Ended September 30	Average Daily Water Consumption (Gallons)	Maximum Daily Water Consumption (Gallons)	Miles of Mains		Number of Hydrants
			Water	Sewer	
2004	45,939,936	74,900,000	1,029	868	3,359
2005	44,558,978	77,500,000	1,036	875	3,385
2006	47,707,877	80,200,000	1,051	885	3,441
2007	41,062,000	72,000,000	1,063	911	3,469
2008	43,752,000	83,000,000	1,080	926	3,587
2009	42,461,096	82,000,000	1,082	929	3,698
2010	42,921,918	79,300,000	1,091	932	3,671
2011	51,308,710	88,700,000	1,106	943	3,732

Maximum Water Production Capacity (from Water Plant and Wells)	141 million gallons per day
Maximum or Peak Usage to Date	74 million gallons
Overhead Storage Capacity	8.5 million gallons
Ground Storage Capacity	74.25 million gallons

TEN LARGEST WATER CUSTOMERS AND AVERAGE MONTHLY USE

1. Tyson Fresh Meats	145,342,080
2. Texas Department of Corrections	30,855,166
3. City of Canyon	22,208,333
4. Owens Corning	14,635,000
5. Xcel Energy	13,695,000
6. Asarco	6,435,833
7. Baptist Saint Anthony's Hospital	6,120,167
8. Northwest Texas Healthcare	5,438,083
9. Plains Dairy	4,906,166
10. Veterans Hospital	2,837,250

CAPACITY OF SEWER TREATMENT PLANTS

(Two plants combined)	28.00 million gallons per day
Average daily sewage treated	17.89 million gallons per day

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
WATER RATES
SEPTEMBER 30, 2011
(Unaudited)

Minimum Monthly Billing for First 3,000 Gallons Consumed:	Rates Per Month	
Meter Size	**Inside City**	**Outside City**
5/8"	$ 11.22	$ 16.83
1"	15.05	22.57
1-1/2"	19.28	28.93
2"	29.96	44.95
3"	110.24	165.36
4"	139.90	209.85
6"	209.15	313.73
8" and larger	288.35	432.53

Additional Charge by Volume (per 1,000 Gallons):	Inside City	Outside City
Residential		
2,001-10,000	2.00	3.00
Over 10,000	2.61	3.92
Over 30,000	3.87	5.81
Over 50,000	4.09	6.14
Commercial		
Over 3,000	2.28	3.41

Source: City of Amarillo Ordinance Number 7238 effective October 1, 2010.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
SEWER RATES
SEPTEMBER 30, 2011
(Unaudited)

Base Amount	Rates Per Month
Meter Size	
3/4"	$ 12.71
1"	13.11
1-1/2"	13.46
2"	14.61
3"	16.52
4"	24.15
6"	35.55
8" and larger	46.97

Additional Charge by Volume

Commercial accounts are charged on total water used with a rate of $1.64 per 1,000 gallons of water consumed over the initial allotment of 3,000 gallons. Residential accounts are charged based on the average water consumed in December, January and February, but in no event shall residential customers be charged for more than 20,000 gallons of sewage. The volume charge for sewer accounts is $1.52 per 1,000 gallons of water consumed over the initial allotment of 3,000 gallons.

Source: City of Amarillo Ordinance Number 7238 effective October 1, 2010.

See Independent Auditor's Report.

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