

CITY OF  
**AMARILLO**<sup>TM</sup>  
OPEN SPACES ★ ENDLESS OPPORTUNITIES



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FISCAL YEAR 2013 - 2014**



# **CITY OF AMARILLO, TEXAS**

## **Comprehensive Annual Financial Report**

Fiscal Year Ended  
September 30, 2014



Prepared by:  
Finance Division

Michelle Bonner  
Assistant City Manager  
of Financial Services

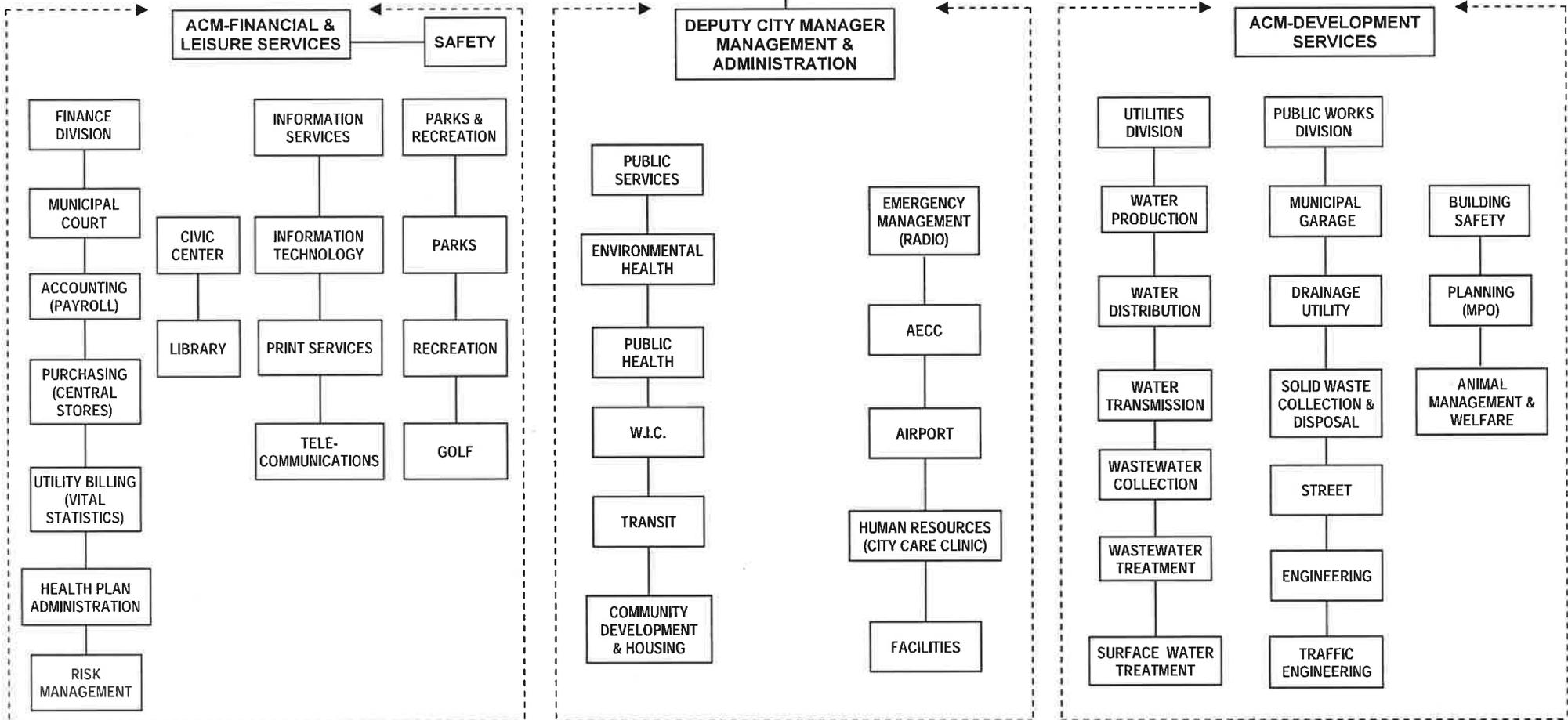
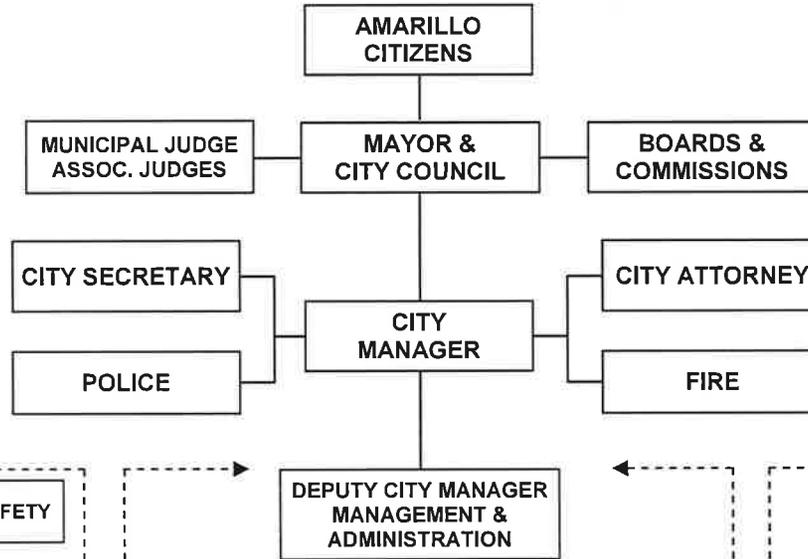
**BOARDS AND COMMISSIONS**

- Advisory Commission for People with Disabilities
- Airport Advisory Board
- Amarillo Economic Development Corporation
- Amarillo Firemen's Relief and Retirement Trust
- Amarillo Hospital District Board of Managers
- Amarillo Housing Corporation
- Amarillo Housing Finance Corporation
- Amarillo Industrial Development Corporation
- Amarillo Local Government Corporation
- Amarillo-Potter Events Venue District
- Animal Control Board
- Bi-City-County Public Health Board
- Board of Appraisal Review
- Board of Review for Landmarks and Historical Districts
- Canadian River Municipal Water Authority
- Center City Tax Increment Reinvestment
- Zone #1 Board (TIRZ)

# CITY OF AMARILLO ORGANIZATION CHART

**BOARDS AND COMMISSIONS**

- Civil Service Commission
- Community Development Advisory Committee
- Comprehensive Plan Implementation Advisory Committee
- Construction Advisory and Appeals Board
- Convention and Visitors Council
- Downtown Urban Design Review Board
- Emergency Care Advisory Board
- Health Facilities Corporation
- Library Board
- MPO Policy Advisory Committee
- Parks and Recreation Commission
- Photographic Traffic Signal Enforcement Committee
- Planning and Zoning Commission
- Public Improvement District Boards
- Traffic Commission
- Zoning Board of Adjustment



**CITY OF AMARILLO, TEXAS  
PRINCIPAL OFFICIALS  
SEPTEMBER 30, 2014**

**GOVERNING BODY:**

Paul Harpole  
Ellen Robertson Green  
Brian J. Eades  
Lilia Escajeda  
Ron Boyd

Mayor  
Councilmember Place 1  
Councilmember Place 2  
Councilmember Place 3  
Councilmember Place 4

**OTHER PRINCIPAL OFFICIALS:**

W. Jarrett Atkinson  
Vicki Covey  
Michelle Bonner  
Bob Cowell  
Marcus Norris  
Frances Hibbs  
Laura Hastings  
Michael Rice  
Emmett Autrey  
Robert Taylor  
Rod Tweet  
Jeff Greenlee  
Jeff Konishi  
Valerie Kuhnert

City Manager  
Deputy City Manager  
Assistant City Manager  
Assistant City Manager  
City Attorney  
City Secretary  
Director of Finance  
Director of Public Works  
Director of Utilities  
Police Chief  
Director of Parks and Recreation  
Fire Chief  
Information Services Directors  
City Auditor



Government Finance Officers Association

**Certificate of  
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**City of Amarillo  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO

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# CITY OF AMARILLO

OFFICE OF THE  
CITY MANAGER

January 20, 2015

To the Honorable Mayor and City Council,  
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, 2014 in compliance with Article III, Section 27 of the City Charter. The purpose of the report is to provide the Mayor, City Council, 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 Council. 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 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.

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 the MD&A for many years, this requirement is now promulgated by Statement No. 34. 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 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 Panhandle of Texas and now contains an area of 102.09 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 2014 population is 198,402.

In accordance with its current Charter, adopted in 1913, the City of Amarillo operates under a council-manager form of government. As the legislative body, the City Council 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 for 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 Council.

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, an international airport, and effective October 1, 2012, the City established a drainage utility system, the operations of which are all 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-Potter Events Venue District, the Amarillo Local Government Corporation, the Amarillo Housing Finance Corporation and the Amarillo Health

Facility Corporation are reported as component units in the City's financial statements. The Amarillo Local Government Corporation was created in FY 2011/12. The Amarillo Local Government Corporation's mission is to oversee the construction and operation by contract of the Downtown Convention Hotel, parking garage, and multiple-purpose event venue on land leased by the Local Government Corporation from the City. The City appoints the Amarillo Local Government Corporation Board, approves their budget, and is the only funding source for the Corporation. 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 Council appoints the District's Board of Managers and has final authority over its budget. Similarly, the Amarillo Economic Development Corporation is organized as a nonprofit corporation under the laws of the state of Texas, but is included in the financial statements because of the City Council's authority to select its Board of Directors and approve its budget. 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). 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 Council'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. The Amarillo Health Facility Corporation Board of Directors is appointed by the City Council. The purpose of the corporation is to authorize the issuance of bonds to providers of health care services in order to finance the acquisition, construction, and improvement of facilities. These bonds are not general obligations of either the corporation or the City. 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.

The City reports TIRZ #1 as a blended Component Unit. 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 #1 revenues can be pledged to support debt, only the City can issue the debt and pledge the TIRZ #1 revenue. Moreover, the City Council created the TIRZ #1 and has final approval authority on the budget and all TIRZ #1 projects.

#### Operating and Capital Budgets:

Budgetary controls serve two main purposes. First, the annual appropriated budget approved by the City Council 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 Officers Standards and Education Training (LEOSE), Local Seized Property Fund, 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 Council, 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 Council, 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 2012/13 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 must satisfy generally accepted accounting principles, applicable legal requirements, and the Government Finance Officers Association's (GFOA) 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 GFOA 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 affirmation by Standard & Poor's of the City's General Obligation and the Water & Sewer Revenue Bond debt AAA rating. The City was rated a AAA debt rating from Standard & Poor's on the Drainage Utility System. The City enjoys a Moody's ratings of Aa1 on both the City's General Obligation debt and Water & Sewer Revenue bonds. The AAA rating is the Standard & Poor's highest rating debt rating. The Aa1 Moody's rating is one-third step below Standard and Poor's.

#### 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 optimize 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 deposit 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. No-load money market mutual funds that are continuously rated AAA or AAAM by at least one nationally recognized rating agency have a dollar-weighted, average-stated maturity of 90 days or less and seek to maintain a stable net asset value of \$1 per share.
4. 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 deposit balances that exceed FDIC insurance 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 of 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% of the fair value of the securities lent; the collateral cannot fall below 100% 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 position 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 position for governmental type funds and on the balance sheet of proprietary funds. Since the asset and corresponding liability are equal, the impact on net position would be zero. At September 30, 2014, there was no cash collateral held for the securities lending program and, therefore, there was no adjustment 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. Starting in 2007, we had several debt issuances.

Our new air terminal was funded with approximately \$23 million from grants, approximately \$8 million from Airport reserves, and \$16.1 million in certificates of obligation (COs). 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 COs, and the City should not have to levy a tax to support this debt in the future.

Our Potter County Well Field came into service in FY 2012/13. The well field is capable of producing up to 22 million gallons of water per day. Eventually, the well field can be expanded to produce up to 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 is a new water supply for the City of Amarillo. The new well field will 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 COs 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 20-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 on 20-year debt.

We added a high service pump station to our 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 approximately \$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 COs at zero percent interest. The project was substantially complete at the end of calendar year 2011. The City had to increase water and 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 bridge remedies the problem on Grand Street and even helps relieve congestion on Eastern Street, as well. The project cost approximately \$5.67 million, with most of the funding coming from the Amarillo MPO and TxDOT Amarillo District ARRA funds (about \$4.2 million). The balance of the project cost was paid from City funds. Potter County contributed \$241,000 to the project. 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 was approximately \$1.2 million; the balance of the bond proceeds will be used for street improvement projects within the Recovery Zone.

With the Recovery Zone Build America Bonds, the City receives an interest credit of 45% of the interest paid for each interest payment made. This credit was used in calculating the above, 3.194% true

interest cost. These credits are not exempt from the "fiscal cliff" legislation and were reduced slightly. However, the issue size is so small that it did not significantly impact the tax rate for debt service.

#### 2011 Certificates of Obligation:

During January 2011, the City issued the 2011A COs in the amount of \$3,750,000 and the 2011B COs 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 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 the issue will be repaid from revenue generated from the TIRZ #1.

#### 2011 Water & Sewer Revenue Bonds:

In August 2011, the City issued \$16.3 million in Water & Sewer Revenue Bonds. The bonds were issued to purchase additional water rights adjacent to the City's existing water rights in Roberts County. The City purchased 32,350 acres of water rights in Ochiltree County, which is north of the City's existing water rights in Roberts County. When the City develops these rights, the City will have a very large contiguous area to develop.

#### 2012 Debt Issuances:

On December 12, 2012, the City closed on two debt issues. The first debt issue is \$6,260,000 in Combination Tax and Drainage Utility Revenue COs. The 2012A issue is mainly for drainage improvements on Farmers Avenue. The City is leveraging state funds and the state will participate with approximately \$1.7 million for paving improvements on the Farmers project. There should still be some remaining funds for other drainage improvements. In addition to the tax pledge, the Drainage COs have an unlimited net pledge of the Drainage Utility System of 1.25 times net revenue. The City intends to fund the debt entirely from the Drainage Utility and not levy a property tax for the COs. Thus, the debt is structured similar to the City's Water & Sewer revenue debt. The City needed the tax pledge because there had not been one full month of Drainage Utility revenue when the debt was issued. However, the City needed to fund the Farmer's project or risk losing state funding.

The second issue in 2012 is to purchase rolling stock for our municipal garage. Rolling stock replacement was delayed during the recent economic downturn. The 2012B issue has a five-year maturity and the proceeds will be used to purchase rolling stock with at least a five-year life. The 2012B issue is for \$2,790,000 in Combination Tax and Sanitation Revenue COs. The COs have a \$1,000 limit pledge of Sanitation Revenues and a property tax pledge. The City intends to pay for the COs from Municipal Garage Rental Revenues and not levy a tax for the debt.

Using the CO structure, the City got very attractive rates on the debt. The 2012A issuance has a 20-year maturity and has a true interest cost of 1.763%. The 2012B has a five-year maturity and has a true interest cost of 0.686%.

#### 2013 Water and Sewer Revenue Bonds:

On July 10, 2013, the City issued the Waterworks and Sewer System New Series 2013 Revenue Bonds in the amount of \$1,310,000. The series has a ten-year maturity and a true interest cost of 0.39%. The proceeds will be used to fund the design of the Osage to Arden Road pipeline.

#### 2014 Debt Issuances:

During 2014, the City had four debt issuances. This first was the issuance of the Waterworks and Sewer System Revenue bonds New Series 2014 CWSRF in the amount \$8.495 million. These bonds

were issued thru the Clean Water State Revolving Fund program of the Texas Water Development Board. This series has a 20-year maturity with a true interest cost of 1.94%. These funds will be used for the design and construction of Georgia Street Interceptor project. This project will eliminate a lift station and ensure proper operation of the collection system in the area. This bond issue will also fund the planning and design for the replacement of lift station 32.

The second debt issue was \$6.08 million of Drainage Utility Revenue Bonds with a true interest cost of 3.23% including maturities through 2034. This issue is mainly for the T-Anchor Excavation project. The third issue was Tax Note, Series 2014 with a true interest cost of 0.916% and maturities through 2019 to purchase rolling stock for the City's Municipal Garage. As mentioned previously, during the economic downturn the City delayed the replacement of rolling stock. This issue will allow the City to replace existing equipment. The funding for this issue will be from the Municipal Garage fund. The final issue was the 2014 COs of \$2.26 million with a 20-year maturity and 3.22% interest to pay for park improvements. This issue will be funded by assessments to the property owners of the Colonies Public Improvement District and the Greenways Public Improvement District.

#### 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 and transportation and travel and tourism are important industries to Amarillo.

Natural gas and petroleum are major industries in the City of Amarillo and the Panhandle. There was a slight decrease in the price of oil compared to last year. According to the Amarillo Economic Analysis, prepared by Amarillo National Bank, September 2014 oil was at \$99.25 per barrel compared to September 2013 at \$103.68 per barrel last year<sup>(1)</sup>. Natural gas prices decreased compared to last year. Natural gas was at \$3.57 per mmbtu last year compared to \$3.25 per mmbtu at September 2014<sup>(1)</sup>. Since we are both a producer and a consumer of natural gas, part of our economy benefits from lower gas prices while it is detrimental to another part of our economy. Decreases in natural gas prices mean lower royalty payments to landowners, but it also means lower 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 2009, there were 29<sup>(1)</sup> active drilling rigs in the Panhandle compared to 74<sup>(1)</sup> at September 2010 and 78<sup>(1)</sup> at September 2011. In September 2012, there were 75 active drilling rigs compared to 80 in 2013<sup>(1)</sup> and 67 in 2014<sup>(1)</sup>.

According to the Texas Cattle Feeders Association, our cattle feeding area produces about 6,000,000 fed cattle annually, which is about 28% of the nation's beef. Cattle prices remained stable in 2013 but improved for 2014. Fed cattle prices were \$123 per hundredweight at both September 2012 and 2013, compared to \$158 per hundredweight at September 2014<sup>(1)</sup>.

Dairies have become major industries in the Panhandle. September 2014 milk prices increased to \$22.65 per hundredweight as compared to \$18 per hundredweight a year ago<sup>(1)</sup>. 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. The corn crop is strong but prices are down at \$3.99<sup>(1)</sup> per bushel compared to \$5.20<sup>(1)</sup> last year.

Wheat was at \$8.48 per bushel at September 2012 compared to \$6.85 per bushel at September 2013<sup>(1)</sup> and \$5.95 per bushel at September 2014<sup>(1)</sup>. At September 2010, wheat had significantly increased to \$6.37<sup>(1)</sup> per bushel and continued to increase to \$7.67 per bushel at September 2011. Wheat was only at \$3.94<sup>(1)</sup> per bushel at September 2009 and \$6.43<sup>(1)</sup> per bushel at September 2008.

Cotton is down 20%. Cotton was at \$66.90<sup>(1)</sup> cents per pound at September 2014 compared to \$83.36<sup>(1)</sup> cents per pound at September 2013 and \$70.40 cents per pound in 2012<sup>(1)</sup>. At September 2011, cotton was at \$94<sup>(1)</sup> cents per pound compared to \$87.14<sup>(1)</sup> cents per pound in 2010 and \$53.5<sup>(1)</sup> cents per pound in 2009. Historically, cotton has been grown south of Amarillo. However, new hybrids can be grown in our area.

#### Our Economic Development Corporation:

In 1989, Amarillo citizens approved a ½ percent sales tax dedicated to the promotion of economic development initiatives through the procurement of industrial, manufacturing, distribution, and regional wholesaling projects which result in new jobs and capital investment in Amarillo. The Amarillo Economic Development Corporation (AEDC) was created by the citizenry to manage these funds, thereby marshalling in programs to diversify and grow our local economy. The AEDC became fully operational when the first tax proceeds were received in June 1990. The half-cent sales tax is expected to generate approximately \$19 million in revenues during FY 2014/15.

The AEDC is the primary economic development engine of the Amarillo community, responsible for industry growth and job creation through business attraction and retention initiatives. In 1989, the citizenry of Amarillo approved a measure to increase the sales tax rate by one-half cent to be dedicated to economic development programs. The vote proved to be a proactive one, as Amarillo was only the second city in Texas to approve the sales tax for economic development in the first year the program was made available through the Texas Legislature. Throughout its 25-year history, the AEDC has made investments in more than 100 projects across a variety of industries, building a "Portfolio of Success" for the Amarillo community. According to a recent 25-year look-back study performed by The Perryman Group, the annual economic activity stemming from the companies which have received investment from the AEDC include \$5.5 billion in gross product and 54,141 permanent jobs to the Amarillo area. The Perryman Group also estimates the gains in business activity associated with AEDC-assisted companies lead to major increases in tax receipts to local entities of \$198.3 million per year. Moreover, these economic impacts represent about 44.4% of the entire Amarillo economy and 62.8% of the incremental growth since the inception of the economic development sales tax.

The mission of the AEDC is to ATTRACT businesses to Amarillo which offer highly skilled, highly paid positions, to EXPAND and RETAIN existing local businesses in Amarillo, and to CREATE a business environment conducive to entrepreneurship. The AEDC targets companies whose primary function is to produce goods or services that are then sold outside of the immediate trade area, thereby introducing new monies into the local economy. This strategy is met by implementing aggressive business recruitment programs, local business retention and expansion programs, and promoting the AEDC and Amarillo, Texas, brands worldwide. The AEDC focuses on the following target industries across all programs: Aviation/Aerospace, Business/Financial Services, Diversified Manufacturing and Assembly, Distribution/ Transportation/Logistics and Food Technologies. These strategies have served Amarillo well. POLICOM Corporation ranked Amarillo #137 out of 381 Metropolitan Statistical Areas in its 2014 Economic Strength Rankings. This position is up 173 places from 2004, making Amarillo #10 in Texas for economic growth and resilience.

In 2014, the AEDC ushered through the catalyst project aimed at the revitalization of downtown Amarillo. The AEDC began construction on a new, \$9 million facility for Coca-Cola within Amarillo CenterPort Business Park. The relocation of Coca-Cola was the most instrumental play to jumpstart the downtown revitalization efforts because of the location of the company's downtown operations as the site for the future Multi-Purpose Event Venue (MPEV). The remainder of the downtown projects were contingent upon the relocation of Coca-Cola for the future MPEV. The AEDC successfully facilitated the retention of 120 jobs for MWI Veterinary Supply Co. within the Amarillo community. This involved \$1.6 million in construction of major improvements to an existing AEDC-owned facility accompanied with a long-term capital lease. The AEDC purchased the Commerce Building for the future West Texas A&M University Amarillo Center. The 100,000-square-foot structure located in downtown Amarillo will be re-purposed to become the University's permanent downtown Amarillo site and service center for the community. A staple of the relationship between the AEDC and West Texas A&M University is the EnterPrize Challenge, a local business plan competition funded by the AEDC and facilitated by the WT Enterprise Center. The 19th Annual EnterPrize Challenge awarded five grants totaling \$500,000 to new and emerging companies expected to create more than 120 new jobs and make substantial investments in the regional economy. To date, 69 businesses have received cash grants totaling more than \$4.1 million, resulting in 657 new jobs and \$117.3 million in new revenue to the Amarillo economy. The Texas Panhandle Regional Development Corporation (TPRDC) is the small business financing arm of the AEDC. This certified development company approved seven small business administration 504 loans totaling more than \$6.0 million, which leveraged \$14.9 million in bank financing and \$5.3 million in owner equity. For the year, this program was responsible for the creation of 57 new jobs. TPRDC also funded four loans in 2014 totaling \$4.5 million.

#### Major Industries and Employers:

The Amarillo Chamber of Commerce lists 29 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 and transportation, energy companies, public utilities, higher education, financial services, retirement services, the travel industry, and computer services<sup>(3)</sup>.

Two of our largest employers are in the defense industry: Bell Helicopter and CNS 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 CNS Pantex for the U.S. Department of Energy/National Nuclear Security Administration. The Pantex mission is Securing America as the NNSA'S production integrator and provider of the nuclear deterrent to the Department of Defense; serving the Nuclear Security Enterprise through our highly reliable people, processes, infrastructure, and business systems. Pantex Engineering has provided technology solutions for the manufacturing, evaluation, and testing of nuclear explosives, joint test beds, and other special nuclear materials. As the nation's primary site for assembly and disassembly of nuclear weapons, Pantex also provides major support through the External Mission Center to the DoD and the United Kingdom (UK) Ministry of Defense<sup>(2)</sup>. Approximately 3,112 people are employed at Pantex<sup>(3)</sup>.

In 1998, Bell Helicopter announced its decision to locate its V-22 Tiltrotor Assembly Center in Amarillo, Texas. The initial capital investment by the AEDC was \$30,000,000 for the construction of a world-class facility. Over the past 15 years, the invested amount in the Bell Helicopter Amarillo Assembly Center by the AEDC on behalf of the Amarillo community has surpassed \$120,000,000, resulting in a campus of more than 1.5 million square feet under roof. The company has diversified its product offerings out of the Amarillo Assembly Center due to the significant level of support the community has provided. Bell Helicopter's Amarillo Assembly Center builds the revolutionary V-22 Osprey, the UH-1 Huey, and the formidable AH-1 Cobra. The AEDC has issued a series of bonds to finance the project. Under the terms of the lease, Bell's lease payment is abated so long as they meet local

compensation and spending requirements. Amarillo is very proud of Bell Helicopter and the continued success their company has created for the region.

According to a September 27, 2012 Globe News article, Bell Helicopter will also build the new Relentless 525 civilian helicopter in Amarillo. According to Bell officials, building the Relentless 525 helicopter in Amarillo will help stabilize the plant's work force even if military aircraft production slows. Potential uses for the aircraft include offshore oil and gas exploration, firefighting, emergency medical flights, paramilitary operations and hauling corporate VIPs. In 2013, City officials approved a \$4.2 million AEDC investment in the new plant. Textron, Bell's parent company, will pump the remaining \$22.8 million into the new 249,000-square-foot production plant at the Assembly Center adjacent to Rick Husband Amarillo International Airport. The design and construction of this state-of-the-art facility was completed in late 2013.

ASARCO was organized in 1899 as American Smelting and Refining Company. Originally a consolidation of a number of lead-silver smelting companies, the Company has evolved over the years into an integrated producer of copper and other metals. Asarco's Amarillo Copper Refinery is among the world's most modern. The refinery is recognized internationally as an important producer and supplier of copper. The Company's Amarillo Copper Refinery in Amarillo together with the SX/EW plants at the Ray and Silver Bell mines produce approximately 375,000,000 pounds of refined copper per year. ASARCO employs 350<sup>(3)</sup> workers in Amarillo.

Other manufacturing operations in Amarillo include Owens Corning Fiberglass, which employs about 475<sup>(3)</sup> people. Owens Corning produces fiberglass for building products. Amarillo Gear has been in continual operation in Amarillo since 1917 and manufactures the largest range of spiral bevel right-angle gear drives in the world since 1934. Amarillo Gear is a Marmon Walter/Berkshire Hathaway Company<sup>(10)</sup> and employs 193<sup>(3)</sup>.

International Paper Company produces containerboard packaging in Amarillo and employs 130<sup>(3)</sup> people. Tech Spray specializes in cleaners, coatings, and other chemicals and tools that improve efficiency, safety, and performance<sup>(8)</sup>. Crouse-Hinds is a division of Copper Industries. Cooper Crouse-Hinds has grown into a diversified worldwide provider of electrical products that perform reliably and safely in harsh and hazardous environments.

Food distribution is also an important industry to Amarillo. Affiliated Foods employs 960<sup>(3)</sup> workers in its facility. Ben E. Keith, a distributor of food service products, employs 250<sup>(3)</sup> persons. One of our largest single employers is also in the food industry. Tyson Foods has 3,678<sup>(3)</sup> 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 which 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, 28% of the nation's beef is produced in the Texas Panhandle. Both Cactus Feeders and Friona Industries are headquartered in Amarillo. Cactus Feeders has ten 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 approximately 500 people. Cactus Feeders is the world's largest privately owned cattle feeding operation<sup>(4)</sup>. Founded in 1962, Friona Industries owns four feed yards in northwestern Texas with a feeding capacity of more than 290,000 head of cattle<sup>(5)</sup>.

Amarillo is a regional medical center for a five-state geographic region and the health care 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. The Medical Center's affiliated members include resident (on-campus) and non-resident (off-campus) patient care, patient service research, and education facilities. Each of these members provides vital services to our area<sup>(9)</sup>.

The Medical Center complex is home to several of our major employers: Baptist St. Anthony's Health Care System (BSA) with 2,900<sup>(3)</sup> employees and Northwest Texas Healthcare System (NWTHS) with 1,490<sup>(3)</sup> employees. Both BSA and NWTHS offer integrated acute care hospitals. BSA offers a full range of medical and surgical services at their 450-bed<sup>(14)</sup> 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<sup>(14)</sup>. For 2014, BSA is the largest taxpayer.

NWTHS is a designated tertiary care and teaching institution, academically affiliated with Texas Tech University, licensed for 385 acute beds, 90 behavioral health beds, and 10 newly designated rehabilitation beds. The emergency department is a certified as an Advanced (Level-III) Trauma Center, treating approximately 50,000 patients per year. Comprised of the main hospital, children's hospital, heart hospital, and an affiliated free-standing surgical hospital, NWTHS also serves as a regional treatment center, providing emergent life flight services to patients within the Texas Panhandle. NWTHS is one of our largest taxpayers<sup>(15)</sup>.

Our VA Medical Center employs approximately 1,000<sup>(3)</sup> 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 55 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, Childress, Dalhart, and Clovis, New Mexico<sup>(6)</sup>. The VA offers a wide array of mental health services, including substance use treatment and programs for the homeless. The VA also boasts an intensive mental health case management program.

Other large medical employers include the Texas Panhandle Centers Behavioral & Developmental with 436<sup>(3)</sup> employees, the Plum Creek Specialty Hospital with 187<sup>(3)</sup> employees, Panhandle Eye Group with 200<sup>(3)</sup> employees, the Amarillo Diagnostic Clinic with 190<sup>(3)</sup> employees, Family Medicine Centers with 250<sup>(3)</sup> employees, Amarillo Heart Group with 150<sup>(3)</sup> employees, the Don & Sybil Harrington Cancer Center with 165<sup>(3)</sup> employees, Regence Health Network with 165<sup>(3)</sup> employees and Physicians Surgical Hospitals with 123<sup>(3)</sup> 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 Park Central Retirement Community with 700<sup>(3)</sup> employees, Ussery-Roan Texas State Veterans Home with 120<sup>(3)</sup> employees, Bivins Memorial, the Craig Methodist Retirement Community with 140<sup>(3)</sup> employees, and Ware Living Center 140<sup>(3)</sup>.

Administrative and back-office operations are also included among Amarillo's major employers. American International Group (AIG) provides fixed annuity products through financial institutions in the

United States. The company was founded in 1944 and is based in Amarillo, Texas. AIG employs about 1,135<sup>(3)</sup> people locally.

For 30 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<sup>(13)</sup> and employs 100<sup>(3)</sup>. 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<sup>(13)</sup>.

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 1,300<sup>(3)</sup> people and Sam's Club employs 240<sup>(3)</sup>. United Supermarkets is a large employer and employs a total of 538<sup>(3)</sup> in their seven stores in Amarillo. Toot'n Totum has several convenience stores in Amarillo and employs 815<sup>(3)</sup>. Founded in 1968, Hastings 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 126 superstores, averaging approximately 24,000 square feet, primarily in medium-sized markets throughout the United States. Hastings also operates three concept stores, Sun Adventure Sports, located in Amarillo, Texas, and Lubbock, Texas, and TRADESMART, located in Littleton, Colorado<sup>(12)</sup>. The Hastings retail chain headquarters is located in Amarillo and has 570<sup>(3)</sup> employees.

Customer support and back office operations are also large employers. SITEL has telemarketing services in Amarillo and employs 300<sup>(3)</sup>. ANConnect has 324<sup>(3)</sup> employees. Maxor National Pharmacy Services Corporation is a pharmacy benefit management company headquartered in Amarillo and has 240<sup>(3)</sup> employees. The American Quarter Horse Association is also headquartered in Amarillo and employs 230<sup>(3)</sup>. The Atmos Energy customer support center in Amarillo employs 330<sup>(3)</sup>.

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 663<sup>(3)</sup>. Happy State Bank employs 598<sup>(3)</sup>. Herring Bank employs 125<sup>(3)</sup> and Bank of America employs 105<sup>(3)</sup>.

The Texas Department of Criminal Justice has two prison units in Amarillo and is a major employer. The two prisons provide 1,274<sup>(3)</sup> jobs.

Higher education is a major employer in the Amarillo area. Our community college, Amarillo College, offers both vocational training and associate degree programs and has 1,642<sup>(3)</sup> 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 946<sup>(3)</sup>. Texas Tech University provides training in our community for medical doctors earning specialty accreditation in family medicine. Texas Agrilife Research & Extension Center employs 108<sup>(3)</sup>. West Texas A&M University in nearby Canyon, which is a part of the Texas A&M University System, employs 730 full-time employees<sup>(3)</sup>. 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. Valero Energy Corp. employs 105<sup>(3)</sup> and Davidson Oil Company employs 137<sup>(3)</sup>.

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 900<sup>(3)</sup> employees. Trucking is also important to Amarillo. Kimrad Transport, LP, Baldwin Distributing Services, Inc, and Plains Transportation, Inc. are also in the trucking industry; Kimrad employs 215<sup>(3)</sup>,

Baldwin employs 165<sup>(3)</sup> and Plains employs 101<sup>(3)</sup>. Support for the trucking industry is a larger employer in Amarillo and includes companies like Amarillo Truck Center, which employs 112<sup>(3)</sup>, Summit Truck Group, and Bruckner's.

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<sup>(7)</sup>. 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, dining in almost 500 local restaurants. The Amarillo hotel industry has 60 hotels with almost 6,000 rooms to rent.

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.

Two of the larger employers are engineering firms. Talon/LPE is a full-service environmental consulting and engineering corporation and employs 110<sup>(3)</sup>, while Zachry Engineering Inc. employs 162<sup>(3)</sup>. The construction industry is also a major employer. J. Lee Milligan, Inc. employs 225<sup>(3)</sup> and L. A. Fuller & Sons Construction Inc. employs 150<sup>(3)</sup> 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. We had neither a reduction in service nor any reduction in available hours to our citizens. In 2011, the City's Water & Sewer revenue debt was upgraded to AAA by Standard & Poor's and in 2014 the City's Drainage Utility revenue debt was rated AAA by Standard & Poor's. Amarillo is one of the few cities that has AAA General Obligation debt, AAA Water & Sewer revenue debt AAA Drainage Utility revenue debt by Standard & Poor's.

The recovery has been most dramatic on our sales tax. We had another record high in 2013/14 besting the previous record in 2012/13 fiscal year. Our 2013/14 sales tax was \$54.4 million compared to \$52.1million in 2012/13. However, the City feels that a portion of the increased sales tax receipts is directly related to the May 2013 hail storm event. In preparing the 2014/15 budget, the City included a 3% increase over a "normalized" current year for a budget estimate of \$54.8 million. 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 another record year in hotel occupancy tax revenue. Our 2013/14 hotel tax revenue was over \$5.9 million compared to last year's revenue of \$5.7 million.

Employment remains stable. Amarillo's unemployment rate is 4.0% compared to 4.8% last year and 4.4% the year before<sup>(1)</sup>. However, Amarillo's unemployment was better than the state of Texas at 5.3%, and our national unemployment at 6.1%<sup>(16)</sup>.

We had another good year in our water and sewer fund. Rates were increased by 2%. Rates were increased in the prior two fiscal years by 11% with 6% in 2011/12 and 5% in 2012/13 which funded the

debt service portion of the CRMWA water rights and the City of Amarillo water rights purchase. 2011/12 water and sewer revenue was \$70.81 million in utility sales and service revenue and operating income of \$22.3 million. After nonoperating costs of \$1.5 million, the water and sewer fund netted \$20.3 million (including \$3.8 million gain on sale of property) compared to \$16.3 million in 2012/13.

Our property tax base continues to grow. Moreover, the base did not decrease during the recession. As of January 2013, we had \$10.7 billion in value compared to approximately \$10.5 billion the previous year. In 2013/14, the City had \$214 million in new property values compared to \$143 million in 2012/13.

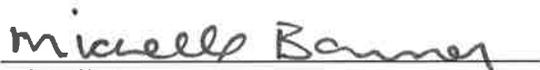
Building increased in the 2013/14 fiscal year. The City had \$237.7 million in permits compared to \$213.9 million in 2012/13. Commercial permits increased to \$112.4 million in 2013/14 compared to \$66.4 million in 2012/13, but residential permits decreased. Residential permits were at \$125.3 million in 2012/13 compared to \$147.5 million in 2012/13. The City experienced a significant hail storm event in May 2013, roofing permits increased from \$5.3 million in 2011/12 to \$132.1 million in 2012/13 and to \$112.5 million in 2013/2014.

For our 2013/14 budget, property tax rate increased by \$0.02 to \$0.34009 2013/14 as compared to 2012/13 rate of \$0.32009 per \$100 of taxable values. With \$0.01 of the tax increase to fund ten additional police officer positions, the Council also designated an additional \$0.01 increase to be used to enhance employee compensation.

Amarillo continues to enjoy strong sales tax receipts and increasing 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 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 Council for their responsible manner of conducting the financial operations of the City.

Yours very truly,

  
Michelle Bonner  
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) CNS 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) Tech Spray
- (9) Harrington Regional Medical Center
- (10) Amarillo Gear
- (11) Western National Life
- (12) Hastings
- (13) Insurance Management Services
- (14) Baptist St. Anthony's Hospital
- (15) Northwest Texas Hospital
- (16) U.S. Bureau of Labor Statistics

## Independent Auditor's Report

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

### *Report on the Financial Statements*

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, State of Texas (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *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

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the City as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Notes 1 and 23 to the basic financial statements, in 2014 the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

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 22, page 106, and 107 through 109 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements, schedules and other information, supplementary information, and statistical section 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial

reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Connor McMillon Mitchell : Shennum PLLC*

Amarillo, Texas  
January 20, 2015

## 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, 2014. 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, 2014.

### Financial Highlights:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$819.51 million (net position). Of this amount, \$717.37 million is invested in capital assets and infrastructure net of related debt. Of this amount, \$15.79 million is restricted for debt service and other purposes. The remaining \$86.35 million is unrestricted net position.
- The City's total net position increased by \$33.77 million before the prior period adjustment of \$(3.940) million. Of this amount, \$6.55 million increase is attributable to governmental activities, and an increase of \$27.22 million is attributable to net operating revenues of the business-type activities, 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 \$111.79 million. The General Fund's fund balance increased by \$4.22 million. The increase in fund balance for capital projects funds was \$5.85 million. This increase was a result of construction that will not be completed until future years on general construction and civic improvement projects. Decreases in other governmental funds, which include many grants and special revenue funds, were approximately \$626,000.
- At the end of the current fiscal year, the fund balance for the General Fund was \$55.9 million, or 34.9% of total general fund expenditures. Expenditures and transfers out of the General Fund were \$159.4 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 \$54.4 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 2014. Total sales tax collections exceeded \$54.4 million. Sales tax receipts have remained very strong for several years; however, the City feels that the record increase for the 2013/14 fiscal year includes receipts directly related to the May 2013 hail storm. The City has seen record receipts in building permits, \$2.4 million and landfill charges, \$3 million. When preparing the 2014/15 budget the estimates include a 3% increase over a "normalized" current year. The City continues to see strong sales tax collections into the first quarter of the 2014/15 fiscal year, however, at slightly lower levels than the 2013/14 year as anticipated in the budget preparation. 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 2013/14, recording slightly over \$5.9 million.
- On January 22, 2014 the City issued the Waterworks and Sewer System New Series Revenue Bonds, Series 2014 in the amount of \$8,495,000. The Series bonds mature annually through 2033 in principal amounts ranging from \$355,000 to \$495,000 and provide for interest rates ranging from 0.00% to 2.62%. The proceeds will fund the design and construction of the Georgia Street Interceptor project. This project will eliminate a lift station and ensure proper operation of the collection system in the area. This bond issue will also fund the planning and design for the

replacement of Lift Station 32. Included in this financing is an additional amount of \$441,131 of loan forgiveness for a total project of \$8.9 million.

- During 2012 the City Council approved the creation of a Drainage Utility Fund to be used for drainage improvements. The drainage fund is one of three enterprise type funds and revenues and expenditures are kept separate from all other City operations. The residential rate structure included small, typical and large classifications. The typical classification represents fifty percent of parcels in the City with a monthly fee of \$2.51. All nonresidential properties are billed at \$2.51 for every 2,800 square feet of impervious cover on the property. Assessments began October 1, 2012, and for the first year, this new fee generated approximately \$4.99 million in additional revenue. For fiscal year ending September 30, 2014, the drainage utility fund had a net position of \$5.5 million.
- On April 1, 2014 the City closed on two debt issues. The first debt issued was \$6,080,000 in Drainage Utility Revenue, Series 2014. The 2014 issue is mainly for drainage improvements on Martin Road. The 2014 bonds have a final maturity of August 15, 2034. The bonds are subject to mandatory redemption in annual amounts ranging from \$200,000 to \$410,000 and provide for interest rates ranging from 2.00% to 3.75%. The bonds have an unlimited net pledge of the Drainage Utility System of 1.25 times net revenue.
- On April 1, 2014 the City also issued the Combination Tax and Revenue Certificates of Obligations, Series 2014 in the amount of \$2,260,000 for the purpose of financing enhancements of the park facilities in the Greenways Public Improvement District (\$725,000) and the Colonies Public Improvement District (\$1,535,000), respectively. Debt Service is to be funded out of special assessments on properties within each District. The principal and interest are payable in semi-annual installments at rates ranging from 2.000% to 3.625%, and the certificates are subject to mandatory redemption in annual amounts ranging from \$65,000 to \$155,000. The final maturity is August 15, 2034.
- On February 25, 2014 the City issued Tax Notes, Series 2014 in the amount of \$2,650,000. The Notes have a five-year life and are payable in semi-annual installments with interest rates ranging from 0.20% to 2.00%. This issue will be used to fund roll stock in the Municipal Garage fleet. The Notes are subject to mandatory redemption in annual amounts ranging from \$430,000 to \$455,000.

### **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 this 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 position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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, drainage utility, and an international airport.

In addition to the financial statements of the City, the government-wide financial statements include information concerning six 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 Amarillo Hospital District, Amarillo Economic Development Corporation, Amarillo-Potter Events Venue District, Amarillo Housing Financial Corporation, Amarillo Health Facilities Corporation, and Amarillo Local Government Corporation. 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 statement. 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, two debt service funds, ten capital projects funds, and one 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 three 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, the drainage utility 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 position 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 accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund statements can be found on pages 38 and 39 of this report.

**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 position as of September 30, 2014 compared to the prior year (in thousands):

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Percent</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
Current assets	\$ 182,784	\$ 173,670	\$ 79,294	\$ 71,042	\$ 262,078	\$ 244,712	20.51%
Noncurrent assets	3,331	2,153	40,575	26,620	43,906	28,773	3.44%
Capital assets	367,312	363,844	604,429	599,324	971,741	963,168	76.04%
<b>Total assets</b>	<b>\$ 553,427</b>	<b>\$ 539,667</b>	<b>\$ 724,298</b>	<b>\$ 696,986</b>	<b>\$ 1,277,725</b>	<b>\$ 1,236,653</b>	<b>100.00%</b>
Deferred outflows of resources	\$ -	\$ -	\$ 1,967	\$ -	\$ 1,967	\$ -	0.00%
Current liabilities	\$ 24,798	\$ 22,159	\$ 25,205	\$ 22,151	\$ 50,003	\$ 44,310	10.89%
Noncurrent liabilities	167,299	162,205	241,904	238,432	409,203	400,637	89.11%
<b>Total liabilities</b>	<b>\$ 192,097</b>	<b>\$ 184,364</b>	<b>\$ 267,109</b>	<b>\$ 260,583</b>	<b>\$ 459,206</b>	<b>\$ 444,947</b>	<b>100.00%</b>
Deferred inflows of resources	\$ -	\$ -	\$ 977	\$ 2,028	\$ 977	\$ 2,028	0.00%
Net position:							
Net investment in capital assets	\$ 330,139	\$ 329,551	\$ 387,228	\$ 371,302	\$ 717,367	\$ 700,853	87.54%
Reserved/restricted	8,860	9,038	6,932	5,879	15,792	14,917	1.93%
Unrestricted	22,331	16,714	64,018	57,194	86,349	73,908	10.54%
<b>Total net position</b>	<b>\$ 361,330</b>	<b>\$ 355,303</b>	<b>\$ 458,178</b>	<b>\$ 434,375</b>	<b>\$ 819,508</b>	<b>\$ 789,678</b>	<b>100.00%</b>

The City's net position increased by \$33.77 million during the current fiscal year before the prior period adjustment of \$(3.940) million. The following table reflects the elements of this change:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Percent</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Revenues							
Program revenues							
Charges for services	\$ 47,730	\$ 46,316	\$ 91,818	\$ 85,707	\$ 139,548	\$ 132,023	47.30%
Operating grants and contributions	20,748	20,150	-	-	20,748	20,150	7.03%
Capital grants and contributions	8,032	9,573	6,407	2,745	14,439	12,318	4.89%
General revenues:							
Property taxes	39,329	36,426	-	-	39,329	36,426	13.33%
Other taxes	79,388	75,124	-	-	79,388	75,124	26.90%
Insurance recover/cost	623	-	20	698	643	698	0.22%
Investment earnings, etc.	675	567	304	238	979	805	0.33%
<b>Total revenues</b>	<b>196,525</b>	<b>188,156</b>	<b>98,549</b>	<b>89,388</b>	<b>295,074</b>	<b>277,544</b>	<b>100.00%</b>
Expenses:							
General/staff services	14,426	16,196	-	-	14,426	16,196	5.52%
Public safety	92,149	93,496	-	-	92,149	93,496	35.27%
Streets/traffic	20,236	20,897	-	-	20,236	20,897	7.74%
Culture and recreation	25,226	26,496	-	-	25,226	26,496	9.65%
Solid waste	13,812	13,950	-	-	13,812	13,950	5.29%
Transit	5,073	5,615	-	-	5,073	5,615	1.94%
Tourism/urban development	14,301	15,589	-	-	14,301	15,589	5.47%
Information technology	3,468	2,848	-	-	3,468	2,848	1.33%
Interest on long-term debt	2,046	2,139	-	-	2,046	2,139	0.78%
Water and sewer	-	-	56,986	60,199	56,986	60,199	21.81%
Drainage utility	-	-	2,384	1,745	2,384	1,745	0.91%
Airport	-	-	11,197	10,564	11,197	10,564	4.29%
<b>Total expenses</b>	<b>190,737</b>	<b>197,226</b>	<b>70,567</b>	<b>72,508</b>	<b>261,304</b>	<b>269,734</b>	<b>100.00%</b>
Excess (deficiency) before transfers	5,788	(9,070)	27,982	16,880	33,770	7,810	
Transfers	761	672	(761)	(672)	-	-	
<b>Change in net position</b>	<b>6,549</b>	<b>(8,398)</b>	<b>27,221</b>	<b>16,208</b>	<b>33,770</b>	<b>7,810</b>	
Net position, beginning	355,303	361,086	434,375	418,167	789,678	779,253	
Prior period adjustment (see Note 1)	(522)	2,615	(3,418)	-	(3,940)	2,615	
<b>Net position, beginning, as restated</b>	<b>354,781</b>	<b>363,701</b>	<b>430,957</b>	<b>418,167</b>	<b>785,738</b>	<b>781,868</b>	
<b>Net position, ending</b>	<b>\$ 361,330</b>	<b>\$ 355,303</b>	<b>\$ 458,178</b>	<b>\$ 434,375</b>	<b>\$ 819,508</b>	<b>\$ 789,678</b>	

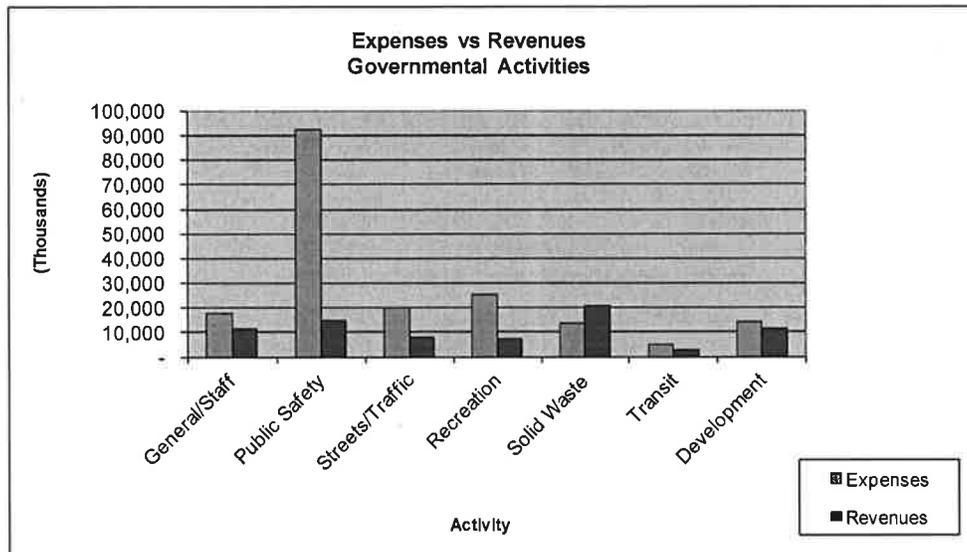
**Governmental activities:** The net position of the Governmental Activities was \$361.33 million. Of this amount, approximately \$330.14 million is net investment in capital assets. Restricted net position of approximately \$341,000 and \$8.51 million is restricted for debt service and other purposes, respectively. This leaves an unrestricted net position for Government Activities of \$22.33 million. Net position of the Business-type Activities, which are comprised of the Water and Sewer Fund, Drainage Utility Fund, and the Airport Fund totaled \$458.18 million. The unrestricted net position of the Business-type Activities is used to provide working capital and fund capital projects.

The increase in net position for the Governmental Activities is attributable to a much lower allocated cost of postemployment benefits required under GASB 45 due to changes made to the City's health plan during the 2013/14 fiscal year. Additional increases in net position were attributable to increased sales tax collections, hotel/motel tax collections, and increased building permits and landfill charges related to the May 2013 hail storm.

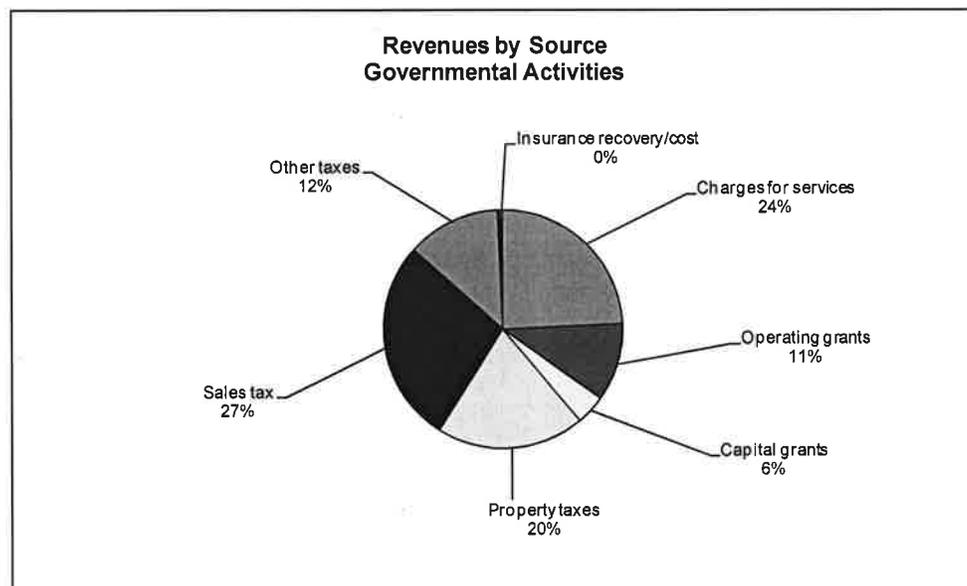
The accompanying bar chart entitled *Expenses vs. Revenues – Governmental Activities* – reflects the extent to which each of the major governmental functions of the City is supported by revenues designated for that purpose. These revenues include charges for services, intergovernmental revenues, and 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 \$190.74 million. Program revenues consisting of charges for services, operating grants, and capital grants were in total amount of \$76.51 million, resulting in a net cost of governmental functions in the amount of \$114.23 million to be supported by general revenues of the City which include property taxes and sales tax revenue. General revenues and transfers totaled \$120.77 million. General revenues, program revenues, and transfers combined were \$197.28 million representing total revenues derived from governmental activities.

The chart below titled *Expenses vs. Revenues – Governmental Activities* – shows the expenses and revenues by activity. For most activities, expenses exceed revenues. General revenues such as sales tax and property taxes are used to fund most of the governmental activities.



The accompanying pie chart entitled *Revenues by Source – Governmental Activities* – reflects the major components of both revenues as described above of \$197.28 million excluding transfers of \$761,000.



***Business-type activities:*** Business-type activities, which include the Water and Sewer Fund, Drainage Utility Fund and the Airport Fund, increased the City's net position by \$27.2 million. The increase in net position for the Business-type Activities is attributable to increased revenue in the Water and Sewer Fund, and the newly implemented drainage utility fees. Operating net income of the Water and Sewer Fund remained very strong at \$21.86 million compared to \$22.29 million in the previous fiscal year. The operating income remains high due to increased water and sewer rates, as well as continued drought conditions. Net position for the Water and Sewer Fund increased by \$23.7 million. Airport net position increased by \$1.2 million, which is mainly attributable through operating revenues and passenger facility charge revenue. The Drainage Utility Fund net position increased by \$2.7 million. The Drainage Utility Fund was approved in late fiscal year 2011/12 and had assessment income starting October 1, 2012. The Drainage Utility Fund had net operating income of \$3.3 million for the second year of operation.

87.54% of the City's net position for the Business-type Activities is net investment in capital assets (land, buildings, pipelines, streets, and runways, etc.). Management reviews the use of these assets on an ongoing basis and determines whether any should be disposed of. 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.

\$6.93 million of the assets represent 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. Other restrictions include amounts to be spent in accordance with grant agreements. The balance of net position is available to meet the City's ongoing obligations to citizens and creditors.

***Water and Sewer System:*** Water metered sales increased slightly by \$638,126. Water revenues are unpredictable because they are affected by the amount and timing of local rainfall. During 2013/14, the Texas Panhandle was still experiencing drought conditions; however, the conditions were not as severe as was experienced in 2010 through 2013. With the increase in water volume sold combined with rate increases implemented for fiscal year 2011/12, 2012/13 and 2013/14 and a new rate tier for high consumption, residential customers increased water sales. Changes in water usage have little effect on sewer revenues; however, this revenue source increased by \$604,918 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 position increased by \$1.2 million. This increase is attributable to increased operating revenues made up of the terminal building revenue which includes the parking garage revenue. The passenger facility charge is approved to collect up to \$19.2 million, which will be used to pay back certificate of obligation bonds issued on September 3, 2009 in the amount of \$16.14 million. During 2013/14, the Airport collected \$1.40 million in passenger facilities charges, which is \$68,268 less than the previous year. Airport operating revenues increased slightly from \$7.54 million to \$7.70 million. Operating revenues are derived from airlines, fees and commissions and other building rentals.

***Drainage Utility:*** The Drainage Utility Fund completed the second year of operation and recorded operating revenues of \$5.5 million with \$2.2 million in operating expenses resulting in net operating income of \$3.3 million. Operating income will be used to service drainage debt that was issued during 2012/13 and 2013/14. The total outstanding debt at year-end for the Drainage Utility Fund was \$11.48 million. Operating income will also be used to fund drainage projects, many of which are in the design and engineering stages at the end of this fiscal year. The fund did complete its first capital improvement on Farmers Ave. with a cost in excess of \$4.0 million.

## 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 unreserved 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 \$111.79 million, an increase of \$9.45 million from the prior year. Beginning in 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 \$55.9 million, of which \$54.4 million was unassigned.

The fund balance of the General Fund increased by \$4.2 million during the current year. The fund balance of the Capital Projects Funds increased by \$5.9 million. This increase includes dollars allocated to uncompleted projects. The capital projects funds had assigned fund balances of \$38.6 million at September 30, 2014. 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 a net position deficit of \$53.3 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 Services, 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 position of the Internal Service Funds is generally used to replace capital assets. Net position of the Internal Service Funds decreased by \$2.2 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 GASB 45 liability increased by \$1.6 million for the fiscal year ending September 30, 2014. The recording of this liability in the Employee Insurance Fund has created the overall deficit in net position for the Internal Service Funds as a whole. In January 2013, the City began prefunding a portion of its Other Postemployment Benefits (OPEB) liability via an irrevocable multi-employer OPEB trust (PEB Trust) in addition to pay as you go costs. During 2014 and 2015, the City has made significant plan design changes. Effective January 1, 2015, all Medicare eligible retirees will be transitioned to a private Medicare supplement plan and will no longer be covered on the City-sponsored plan. The City intends to provide a monthly stipend of \$150 to assist retirees in the payment of the supplement premium. These changes

have reduced the unfunded actuarial accrued liability and, correspondingly, the Annual OPEB Cost from \$22.9 million to \$8.2 million. Net position 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 position and changes in net position of the Enterprise Funds in these financial statements is identical with the net position and changes in net position in the city-wide financial presentation.

### Capital Assets and Debt Administration:

**Capital assets:** The City's investment in capital assets as of September 30, 2014, was \$971.74 million, net of accumulated depreciation. The following tabulation summarizes the City's capital assets at September 30, 2014:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land, easments and water rights	\$ 20,297	\$ 14,200	\$ 86,027	\$ 87,682	\$ 106,324	\$ 101,882
Infrastructure	137,998	140,649	-	-	137,998	140,649
Library resources	4,686	4,660	-	-	4,686	4,660
Water and sewer other	-	-	418,078	392,764	418,078	392,764
Airport facilities	-	-	72,564	75,669	72,564	75,669
Buildings and other improvements	155,103	151,626	-	-	155,103	151,626
Equipment and vehicles	31,155	28,645	1,925	2,208	33,080	30,853
Construction in progress	18,073	24,064	25,835	41,001	43,908	65,065
Total capital assets	<u>\$ 367,312</u>	<u>\$ 363,844</u>	<u>\$ 604,429</u>	<u>\$ 599,324</u>	<u>\$ 971,741</u>	<u>\$ 963,168</u>

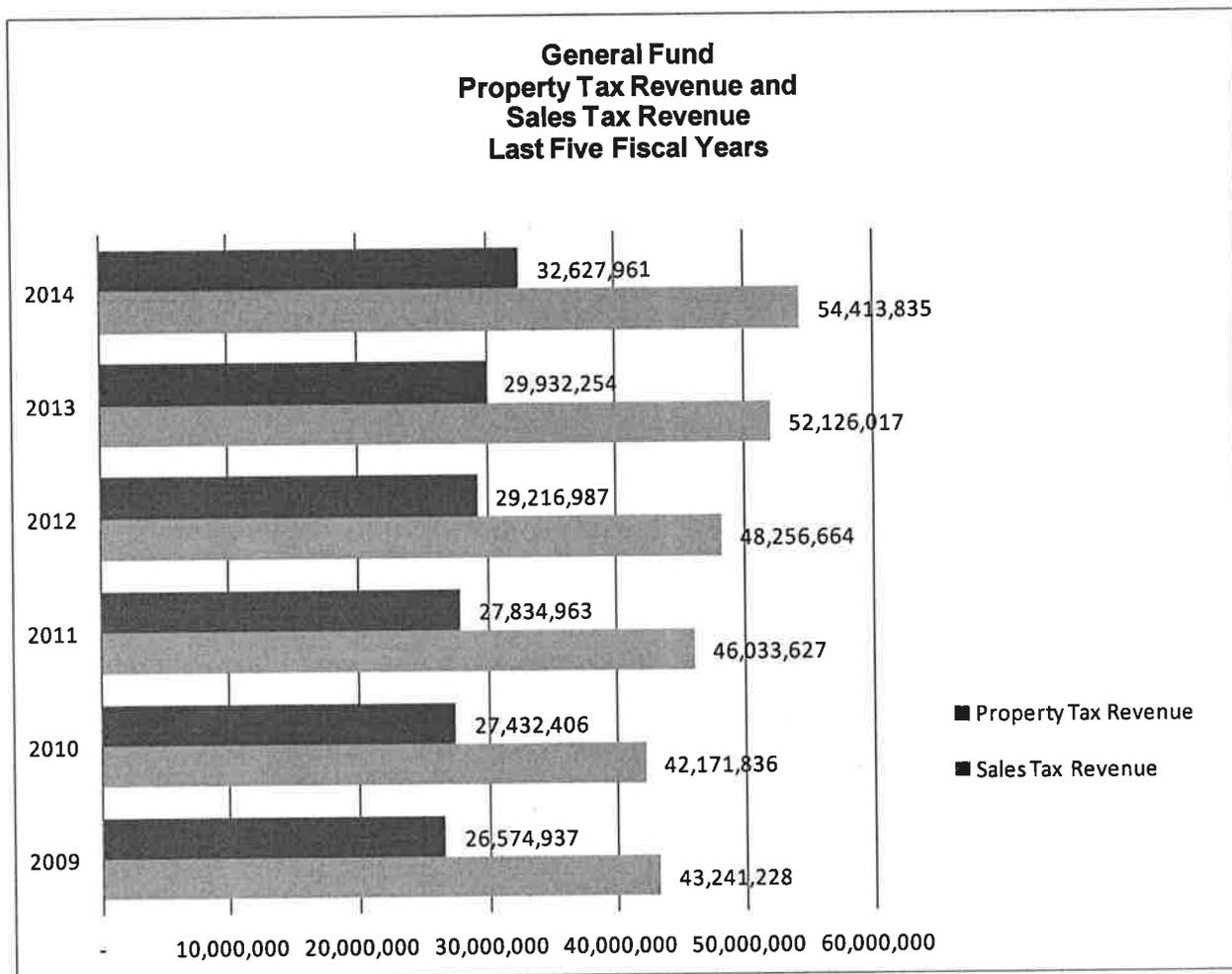
For this purpose, the vehicles, management information systems, and other assets of the Internal Service Funds are classified as assets used in government activities. Refer to Note 6 in the Notes to Basic Financial Statements for additional information related to capital assets.

The City of Amarillo attempts to fund its capital needs on a pay-as-you-go basis to the extent possible. The City from time to time will borrow funds in order to complete significant infrastructure projects. The City attempts to take advantage of favorable interest rates and use debt only when conditions are favorable. Note 11 to the financial statements discloses in detail the debt activities of the City. In addition, a Combined Schedule of Outstanding Debt Issuances is provided in the supplemental section of the CAFR. The following table shows the City's total principal amounts outstanding under bond agreements as of September 30, 2014:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
General obligation bonds	\$ 4,601	\$ 5,016	\$ -	\$ -	\$ 4,601	\$ 5,016
Certificates of obligation	19,530	20,600	85,830	90,695	105,360	111,295
Special assessment debt	10,244	8,340	-	-	10,244	8,340
Municipal garage revenue bonds	4,080	2,330	-	-	4,080	2,330
Water and sewer revenue bonds	-	-	52,365	46,970	52,365	46,970
Water authority debt	-	-	83,303	88,399	83,303	88,399
Drainage utility revenue bonds	-	-	11,485	5,820	11,485	5,820
Airport	-	-	9,755	11,135	9,755	11,135
Total outstanding debt	<u>\$ 38,455</u>	<u>\$ 36,286</u>	<u>\$ 242,738</u>	<u>\$ 243,019</u>	<u>\$ 281,193</u>	<u>\$ 279,305</u>

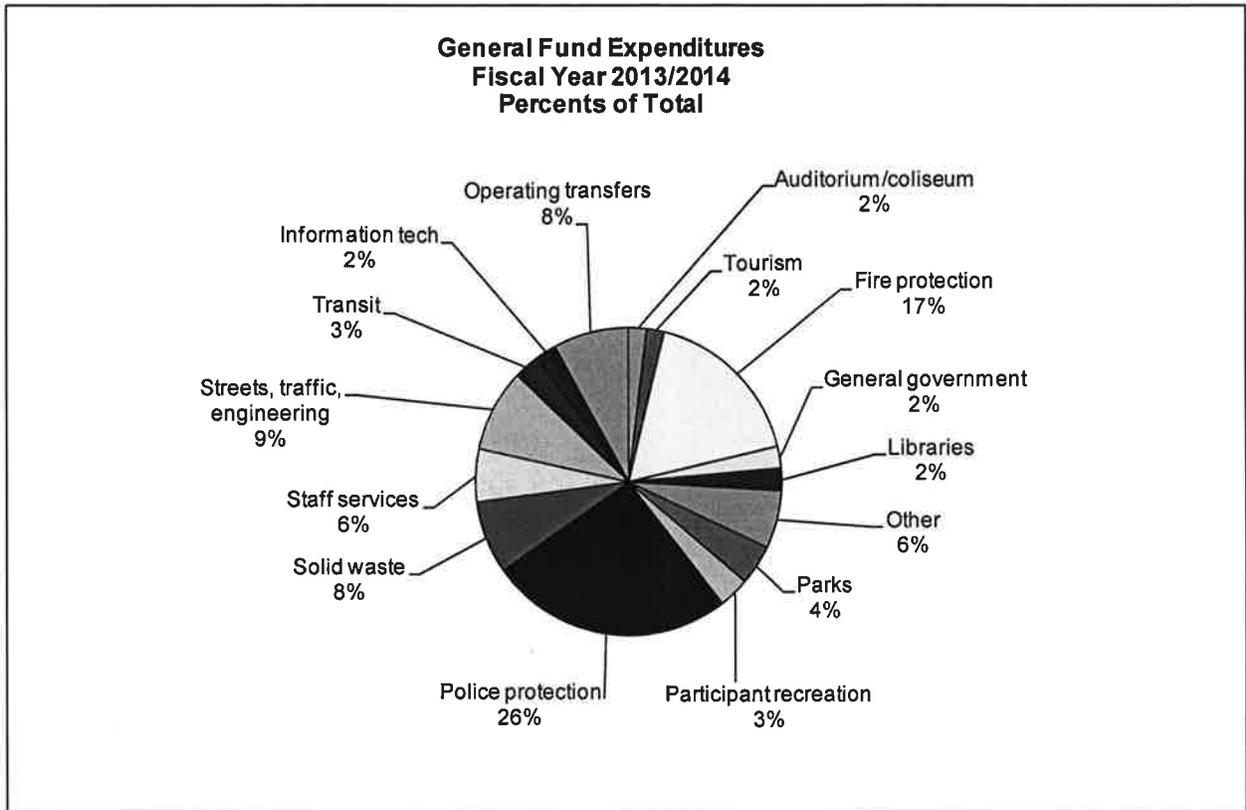




In the above graph you can see the growth rate of the General Fund property tax revenue (ad valorem tax collections) in contrast with the growth rate of sales tax revenue. The sales tax revenue, despite a nationwide slow economic recovery, has fared well and has a healthy, positive trend line. The City management keeps a watchful eye on the monthly sales tax to spot any flattening trends that might develop. Ad valorem tax revenues show an increase mainly due to increased property values. The tax rate in effect for the year ending September 30, 2014 was \$0.34009 which is a \$0.02 increase over the prior year's rate of \$0.32009. The total value of properties on the tax roll is now approximately \$10.7 billion.

**General Fund Expenditures:** The total General Fund operating expenditure budget excluding fund transfers for fiscal year 2013/14 was \$151.6 million. Total actual expenditures and appropriations against the operating budget for 2013/14 were \$147.3 million. This resulted in underspending the budget by \$4.3 million. Police and Fire protection combined account for approximately 46% of the General Fund expenditure budget. Operating transfers to Capital Projects Funds and other funds were budgeted for \$12.7 million.

Actual General Fund transfers to capital projects funds during the year were \$12.37 million. The following chart shows the breakdown by functional area of the General Fund actual expenditures for 2013/14:



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**

The 2014/15 budget is a balanced budget, based on conservative revenue estimates, a low ad valorem tax rate, and complies fully with all relevant state and local requirements. The City Council increased the property tax rate by \$0.005 to \$0.34509 per \$100 valuation. The tax increase allows the City to address additional police officer positions and increased staffing for Animal Management and Welfare. This budget takes many positive strides forward for Amarillo. With the addition of seven police officer positions, the City continues to work toward a recommended staffing level for the Police Department of two officers per 1,000 population. Additional overtime budget funding in the Fire Department will provide for Advanced EMT training of nine additional firefighters. The City has made great strides toward improving Animal Management and Welfare operations including the addition of nine positions, four during the 2013/14 fiscal year and five additional positions for the 2014/15 fiscal year. The budget also includes a restructure of the Department and enhancements to the facility. The budget further provides for continued improvements to our streets, water system, wastewater system, parks, and core services. This budget addresses internal City efforts such as the Information Technology division and the City fleet.

The City is very pleased with the sales tax receipts for the 2012/13 year. The 2012/13 sales tax receipts represented an all-time record collection year. We included a revised budget of \$54 million in sales tax receipts for the 2013/14 fiscal year, which is up \$1.5 million over the original budget. This represented

an increase for 2013/14 that goes above and beyond the record set the prior year as noted above. However, the City feels that a portion of the increased sales tax receipts is directly related to the May 2013 hail storm event. In preparing the 2014/15 budget, we have included a 3% increase over a "normalized" current year for a budget estimate of \$54.8 million. The City of Amarillo is heavily reliant upon the sales tax and the continued upward trends contribute greatly to the ability to address staffing concerns and compensation issues.

The sales tax is the City's largest revenue source. Amarillo has long enjoyed a history of steadily increasing sales tax, which has offset our low property tax rate. However, for the 2008, 2009, and 2010 fiscal years, the City saw flat or declining sales tax receipts. We were very pleased to report that the \$51.7 million sales tax receipts received for the 2012/13 fiscal year were the highest ever at that point. We estimated an increase in sales tax receipts for the 2013/14 fiscal year at \$54 million and an estimated budget for the 2014/15 fiscal year at \$54.8 million. Even so, the sales tax budget of \$54.8 million for the 2014/15 fiscal year is not sufficient alone to fund the budgets for Public Safety. The City relies on multiple-revenue sources to fund General Fund operations.

### **Property and Sales Taxes**

Amarillo continues to maintain the second lowest ad valorem tax rate among similarly sized cities in the State. The 2014/15 ad valorem tax rate is \$0.34509 per \$100 valuation, which is a \$0.005 (1/2 cent) increase over the prior year.

The total value of properties on the tax roll is now approximately \$11.1 billion and the value of frozen or capped properties is approximately \$1.7 billion. This results in a taxable value for the City of approximately \$9.3 billion. The loss in taxable value due to the increase in frozen properties for the year is \$17.6 million. That amount must be made up through either new growth in the tax roll, increased appraisal value of non-capped properties, or through adjustments in the overall tax rate. For the 2014/15 budget, the revenue lost from frozen taxes is \$1,001,220 or 2.7% of the current ad valorem tax levy. In 2013, Amarillo experienced \$340 million in total growth of all property. Of this amount, \$187 million was new property added to the tax roll.

The City Council determined funding issues as the number one strategic goal. During this budget, City staff analyzed and reviewed the fund levels including property tax levels and projected sales tax receipts. As discussed earlier, after three years with the same property tax rate, the City Council increased the property tax rate by \$0.01 to \$0.32009 for the 2011/12 fiscal year and by \$0.02 in the 2013/14 fiscal year and by \$0.005 in the 2014/15 fiscal year. Even with the increase, our \$0.34509 tax rate is one of the lowest rates in the State. It is interesting to note that while the property tax rate and associated levy is often in the public eye, it raises less revenue than is required to operate only the Amarillo Police Department for the upcoming fiscal year.

### **Franchise Fees, User Fees and Charges**

During this budget, City staff analyzed and reviewed the fund levels. During the 2010/11 fiscal year, the City issued water and sewer bonds to fund water rights purchases, as well as participating in a CRMWA debt issue for the purchase of ground water rights. Funding of this debt service necessitated an 11% increase in the water and sewer rates. This rate increase was implemented over two budget cycles. Thus, rates were increased by 6% in the 2011/12 budget and we included a 5% increase to follow for the 2012/13 fiscal year budget. In the 2013/14 fiscal year, the City included a 2% rate increase. For the 2014/15 fiscal year, the City has included an increase in the fourth tier rates from \$4.65 to \$5.00 per 1,000 gallons. This rate increase only affects those customers that use over 50,000 gallons a month. The water rate structure is designed so that customers who only use water for domestic use still have very reasonable rates. A residential 10,000 gallon water user will have a monthly rate of \$28.62, which is very low compared to other Texas cities.

For 2014/15, we have included an increase for the residential solid waste customers from \$15.00 monthly to \$15.40. Revenue from the electricity and gas franchise fees is projected to increase for the 2014/15 fiscal year from these sources.

**CONSOLIDATED BUDGET**

Our 2014/15 fiscal year budget is \$295,087,777, which is a 1.0% or \$2,980,229 decrease compared to our 2013/14 budget of \$298,068,006.

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

	<b><u>FY 2013/14</u></b>	<b><u>FY 2014/15</u></b>	<b><u>% Change</u></b>
General Fund M&O	\$ 163,198,265	\$ 173,731,298	6.5%
Water & Sewer M&O	43,733,976	46,878,105	7.2%
Capital Improvement Projects	58,441,659	44,277,813	-24.2%
Special Revenue M&O	19,879,800	21,146,090	6.4%
Municipal Garage M&O	9,553,462	9,806,879	2.7%
Insurance M&O	25,237,495	26,235,461	4.0%
Debt Service	25,234,744	25,397,971	0.6%
Airport M&O	6,688,180	6,791,953	1.6%
Drainage Utility M&O	1,994,043	2,417,037	21.2%
Info Technology M&O	4,576,311	4,758,062	4.0%
Capital Transfers	351,265	304,400	-13.3%
Less Interfund Transfers	<u>(60,821,194)</u>	<u>(66,657,292)</u>	<u>-9.6%</u>
<b>Total Budget</b>	<b><u>\$ 298,068,006</u></b>	<b><u>\$ 295,087,777</u></b>	<b><u>-1.0%</u></b>

Municipal government is a service provision business and the predominant expense category in our budget is always personnel and associated employee salaries and benefits expense. Personnel costs comprise 48% or \$141.8 million of our 2014/15 net budget. The second largest category is Capital Improvement Projects of \$44.3 million or 15% of our budget. The third highest category of expenses is Debt Service, which accounts for 9% or \$25.4 million of our budget. Debt service expenditures include all funds. The largest category increase in the FY 2014/15 budget is the General Fund.

**Employee Staffing**

The 2014/15 budget consists of 2,131 permanent and 330 part-time employee positions. Permanent positions have increased by 41 positions over the current year and part-time positions have decreased by 16. The largest single increase is in public safety, with a total of 12 new positions. With the increase in the sales tax revenue, we have been able to continue addressing staffing concerns.

<b><u>Personnel Additions</u></b>	<b><u>Department</u></b>	<b><u>Full Time</u></b>
Accountant III	Accounting	1
Office Administrator	Amarillo Emergency Communications Center	1
Animal Welfare Specialist	Animal Management & Welfare	1
Animal Control Officer	Animal Management & Welfare	4
Animal Control Supervisor	Animal Management & Welfare	1
Administrative Assistant	City Secretary	1
Administrative Assistant	Civilian Personnel	1
Custodian I	Custodial Operations	1

<u>Personnel Additions</u>	<u>Department</u>	<u>Full Time</u>
Fire Inspector	Fire Marshal	1
Park Plumber II	Parks Maintenance	1
Police Officer	Police	7
Utility Worker	Solid Waste Disposal	2
Concrete Finisher	Street	1
Utility Worker	Street	9
Assistant Transit Manager	Transit	1
Utility Technician	Water and Sewer	1
Foreperson I	Water and Sewer	1
Supervisor I	Water and Sewer	1
Utility Worker	Water and Sewer	1
Utility Worker	Drainage	1
Storm Sewer Technician	Drainage	1
Drainage Utility Supervisor	Drainage	1
Administrative Assistant V	Drainage	1
Registered Nurse	Public Health	1
Administrative Assistant I	Public Health	<u>1</u>
<b>Total Additions</b>		43
Positions eliminated	Aviation	<u>(2)</u>
<b>Net Additions</b>		<u><b>41</b></u>

For the 2014/15 fiscal year, we have proposed an additional seven new police officers. The Police Department will now have 365 sworn police officers, which is an increase of 48 since the 2009/10 fiscal year. Our goal is to add 10 to 12 officers each year for the next three years. During the 2011/12 fiscal year, we added three additional firefighters to begin staffing a second engine company at Station #13. For the 2012/13 year, we added an additional four firefighters and in 2013/14, an additional eight firefighters for a total of 259 firefighters. Collectively, the Police and Fire Departments account for approximately 41% of the General Fund budget and are a major service priority of our residents. The authorized strength of the Police Department has fallen behind the growth rate over the last several years and this is an area that received considerable attention in the 2013/14 and 2014/15 budgets.

The City Water and Sewer Utility has 268 full-time employees and seven part-time employees. We have 127 full-time and 197 part-time employees in the Parks Department and at our golf courses, 57 employees at the Airport, 58 full-time and 20 part-time employees in the five libraries, 31 full-time employees in Building Safety, 36 full-time and nine part-time employees in the Civic Center Complex, and 54 employees to maintain and clean City facilities. The Solid Waste Collection and Disposal operation has 141 full-time and four part-time employees. The Street Department has 96 full-time and five part-time employees, and the Traffic Engineering Department, which includes the school crossing guard program, has 44 part-time and 24 full-time employees. The Transit Department has 66 full-time employees and the Municipal Garage has 53 full-time employees. The Drainage Utility Fund has 24 full-time and two part-time employees, including nine positions originally transferred from the Street Department.

### Employee Compensation

- 1) Increase of 2.75% across the board for Police and Fire.
- 2) Average Increase of 2.75% as pay-for-performance, based on annual evaluations.

- 3) Continuation of the civilian Discretionary Retention Pay (DRP) program.
- 4) Continued funding of employee incentive pay programs.

The total cost of these pay plan improvements and benefits is \$3,766,855. Most of the cost (\$2,825,000) is in the General Fund.

### **Capital Needs**

Infrastructure needs to continue as a priority for the City Council and are included as a strategic goal. The recommended Capital Improvement Program (CIP) budget for the 2014/15 fiscal year is \$44.3 million, which is down from the \$54.4 million available in 2013/14. However, the 2013/14 fiscal year included two projects: \$5 million to fund the Martin Road Lake project and \$8.8 million for the Lift Station #7 project, in which both projects were bond financed.

The City continues to face an aging infrastructure. The City has included \$3.9 million for arterial roadway reconstruction. During the current year, the City has made improvements at the animal shelter facility. For next year's budget, the City has allocated \$518,000 to complete the upgrades and repairs to the animal shelter. The City has allocated approximately \$1.4 to complete expansions for the Police and Fire Departments, including expansions at the bomb team complex and the shooting complex and the first year of funding for the construction of a new Fire Station #3. The City continues the development of the downtown convention center hotel, parking structure, and multi-purpose venue and has allocated \$1.4 million as contingency funding for this project.

The City's General Fund capital program includes \$718,000 for equipment replacement in the Transit Department, of which we anticipate \$596,000 in grant funding. Also included in the General Fund capital program is additional funding for police and fire equipment, upgrades and repairs to City facilities, and improvements to the park system.

We have had significant pressure to keep budgeted expenditures as low as possible in prior budget fiscal years. With that in mind, we lowered municipal garage rental rates for the user departments in the 2009/10 and 2010/11 fiscal years. For the near term, the Municipal Garage has a strong fund balance; however, due to rising replacement costs, we are evaluating the equipment rate and replacement structure. In both the 2011/12 and 2012/13 fiscal year budgets, we increased the equipment rental rates by 5% and increased by 7% in the 2013/14 and 2014/15 budgets. We will continue to monitor those rates in future budgets. This same scenario applies to the City's Information Technology Fund, with appropriate enhancements made to this fund as well.

The City Water and Wastewater Utility, or Utilities Fund, had an excellent year. The Utilities Fund includes \$16.8 million in capital projects. Amarillo now has nearly 1,120 miles of water mains in the City and an additional 955 miles of wastewater mains. The City's water and wastewater systems are very robust and have excellent capacity. Efforts will continue to focus on addressing aging infrastructure and ensuring future capacity.

The Drainage Utility Fund allows us to address improvements to the storm water drainage system. We anticipate addressing capital needs in the approximate amount of \$2 million for the 2014/15 year.

### **Featured Programs**

During 2014, the Mayor, City Council members and senior staff participated in a strategic visioning retreat. The City Council used this process to frame a strategic plan for the future and to identify key items that are important for Amarillo's future. The City Council envisions a City that has: high quality of public safety, outstanding citizen participation, regional center for regional growth, large numbers of hiking and biking trails, amenities that attract and retain a well-educated population, a transportation

system that works for everyone, low taxes, embracement of diversity, security and protection of water rights, improved infrastructure, thriving neighborhoods in all sectors of the City, new businesses with living-wage jobs, opportunities for minorities, expanded services for public health, and superior education opportunities. Through this process, the City Council identified the following strategic goals to prioritize over the next five years. This budget addresses the City Council's goals:

- Funding Issues – The City Council annually reviews the rate structures for the City. The budget reflects a \$0.005 property tax increase to \$0.34509. This increase allows the City to address funding issues in public safety, specifically, the Police Department and the Animal Management and Welfare Department.
- Communication Strategies to gain buy-in from stakeholders – Better and more timely communication to the public has become an important goal to the City. During the 2014/15 budget, the City has included a full-time position to assist the Community Relations Coordinator to enhance the City's communication process. During the current year, and for the 2014/15 budget year, the City and the City Council have worked to address community concerns regarding the animal shelter. Staffing levels have been addressed, as well as the allocation of \$518,000 to complete upgrades and repairs to the animal shelter.
- Economic Development – The City continues to work closely with the Amarillo Economic Development Corporation to facilitate economic development for the City of Amarillo.
- Downtown Revitalization – The City of Amarillo and the Amarillo Local Government Corporation (LGC) continue the development of the downtown convention center hotel, parking structure, and multi-purpose venue. The LGC's charge is to work with developer(s) on these three downtown initiatives. On November 12, 2014, the LGC approved a Convention Center Hotel Agreement and a separate Convention Center Parking Garage Agreement. The City will own all of the facilities. The developer of the convention hotel will operate the hotel and the LGC will operate the parking facility, while the project developer will operate the retail portion of the garage. The hotel agreement includes a performance guarantee of up to \$2 million for a limited time to assure minimum performance of the hotel. The City anticipates the issuance of bonds to finance the parking garage and the multi-purpose event venue during the next two years. The City also anticipates the use of additional City funds to complete the project. Utility relocation is in process and includes funding from the Water and Sewer Fund, the Drainage Fund, and the Information Technology Fund. The City anticipates participation from the Civic Center Improvement Fund and the General Construction Fund. The Amarillo Tax Increment Reinvestment Zone #1 and Center City of Amarillo (the latter being an independent organization) are also contributing to these efforts. Potter County is participating in the parking garage construction in return for the use of certain parking spaces in the garage. As the projects develop, the downtown core of Amarillo, and the City as a whole, will have an opportunity for significant growth and economic development.
- Infrastructure Needs – During the 2013/14 fiscal year, the City was able to fully fund the 809 South Pierce building remodel. This project will allow the consolidation of the Development Services Departments. As mentioned previously, the City has allocated an additional \$518,000 to make much needed repairs to the animal shelter.
- Water Conservation – The City of Amarillo continues to address water conservation. For the 2014/15 fiscal year, the City has included an increase in the fourth tier rates from \$4.65 to \$5.00 per 1,000 gallons. This rate increase only affects those customers that use over 50,000 gallons a month. The water rate structure is designed so that customers who only use water for domestic use still have very reasonable rates. Throughout the summer months, which are the higher usage months for water, the City presented the 2014 Every Drop Counts Campaign each month to share conservation tips and water usage information with the City Council and the citizens of Amarillo.

- **Transportation Infrastructure** – The City will continue its focus on street repairs and improvements in the 2014/15 budget year. Funding from the one cent tax rate increase during the 2011/12 year is carried forward into the current year to allow for a larger arterial overlay program. This program maximizes the lifespan of our arterial streets and delays or prevents expensive reconstruction projects. The City has several reconstruction projects scheduled, with the focus this year being the completion of the reconstruction of 34th from Sony to Coulter and the project to widen and extend Hillside.
- **Bus Transit Issue** – The 2014/15 budget continues improvements to the City's transit system, funding for replacement of City buses. Each of the last two budgets has expanded the capacity of the Spec-Trans system. This system provides direct door-to-door service for qualifying riders and provides the only accessible transportation for many Amarillo residents to access healthcare and other important basic services.
- **Neighborhood Pride** – The City has included expansion projects for neighborhood parks which include playground replacements, additional restrooms, and lighting improvements in area parks.

**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.

## **BASIC FINANCIAL STATEMENTS**

These statements present an overview of the financial position and transactions of the entire reporting entity. The Statement of Net Position 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 Position 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 POSITION**  
**September 30, 2014**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 38,752,736	\$ 29,486,460	\$ 68,239,196	\$ 21,037,394
Investments	104,990,658	61,742,885	166,733,543	189,282,563
Receivables, net	12,995,100	10,794,662	23,789,762	8,166,018
Internal balances	23,658,704	(23,658,704)	-	-
Inventories and prepaid expenses	2,387,118	928,415	3,315,533	5,444,463
Other current assets	-	-	-	1,207,593
Total current assets	<u>182,784,316</u>	<u>79,293,718</u>	<u>262,078,034</u>	<u>225,138,031</u>
<b>NONCURRENT ASSETS</b>				
Restricted cash and cash equivalents	2,830,799	40,112,217	42,943,016	4,864,399
Restricted investments	500,000	-	500,000	-
Receivables, net	-	309,407	309,407	83,368,374
Other noncurrent assets	-	153,385	153,385	20,290,378
Land and building held for future incentives	-	-	-	10,048,389
Capital assets:				
Land	9,719,894	4,549,613	14,269,507	-
Contributed right of way easements	10,577,072	866,122	11,443,194	-
Water rights and contracts, net of amortization	-	80,610,796	80,610,796	-
Infrastructure, net of depreciation	137,998,212	-	137,998,212	-
Buildings and improvements, net of depreciation	155,103,122	490,642,300	645,745,422	39,800,579
Equipment and vehicles, net of depreciation	31,154,501	1,925,242	33,079,743	99,037
Library resources, net of depreciation	4,686,124	-	4,686,124	-
Construction in progress	18,073,394	25,835,204	43,908,598	-
Total noncurrent assets	<u>370,643,118</u>	<u>645,004,286</u>	<u>1,015,647,404</u>	<u>158,471,156</u>
<b>TOTAL ASSETS</b>	<u>\$ 553,427,434</u>	<u>\$ 724,298,004</u>	<u>\$ 1,277,725,438</u>	<u>\$ 383,609,187</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	\$ -	\$ 1,966,685	\$ 1,966,685	\$ 1,015,977
<b>TOTAL DEFERRED INFLOWS</b>	<u>\$ -</u>	<u>\$ 1,966,685</u>	<u>\$ 1,966,685</u>	<u>\$ 1,015,977</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 14,364,096	\$ 9,692,616	\$ 24,056,712	\$ 4,199,085
Current portion of long-term obligations	2,858,331	5,236,637	8,094,968	4,740,000
Estimated liability for self-insured losses, current portion	6,081,041	-	6,081,041	50,000
Bonded debt current maturity	-	10,000,000	10,000,000	-
Current portion of compensated absences	1,494,590	276,232	1,770,822	-
Total current liabilities	<u>24,798,058</u>	<u>25,205,485</u>	<u>50,003,543</u>	<u>8,989,085</u>
<b>NONCURRENT LIABILITIES</b>				
Liabilities payable from restricted assets	-	-	-	495,657
Noncurrent portion of long-term obligations	36,365,569	237,112,215	273,477,784	72,670,000
Other accrued expenses	-	2,783,256	2,783,256	-
Estimated liabilities for:				
Compensated absences, net	18,216,533	1,349,537	19,566,070	238,051
Self-insured losses, net of current portion	11,054,806	-	11,054,806	132,609
Landfill closure and postclosure care	2,341,863	-	2,341,863	-
Postemployment benefits	94,059,914	-	94,059,914	-
Net pension obligation	5,260,266	659,410	5,919,676	-
Total noncurrent liabilities	<u>167,298,951</u>	<u>241,904,418</u>	<u>409,203,369</u>	<u>73,536,317</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 192,097,009</u>	<u>\$ 267,109,903</u>	<u>\$ 459,206,912</u>	<u>\$ 82,525,402</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred service concession arrangement receipts	\$ -	\$ 622,227	\$ 622,227	\$ -
Deferred grant revenue	-	354,731	354,731	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ -</u>	<u>\$ 976,958</u>	<u>\$ 976,958</u>	<u>\$ -</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 330,139,447	\$ 387,227,804	\$ 717,367,251	\$ 13,283,298
Restricted for:				
Debt service	340,688	6,931,523	7,272,211	979,502
Other purposes	8,519,242	-	8,519,242	3,389,240
Unrestricted	<u>22,331,048</u>	<u>64,018,501</u>	<u>86,349,549</u>	<u>284,447,722</u>
<b>TOTAL NET POSITION</b>	<u>\$ 361,330,425</u>	<u>\$ 458,177,828</u>	<u>\$ 819,508,253</u>	<u>\$ 302,099,762</u>

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

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>				
General government	\$ 3,972,232	\$ 5,878,986	\$ 675	\$ 622,483
Staff services	10,452,882	3,753,976	873,626	74,107
Public safety and health				
Police protection	44,120,845	1,531,390	364,405	-
Fire protection	30,656,894	1,892,536	22,069	-
Other	17,370,805	6,166,068	5,006,007	53,185
Streets, traffic and engineering	20,235,525	921,593	35,250	7,231,224
Culture and recreation				
Auditorium/Coliseum	5,591,059	2,335,601	398,004	-
Libraries	4,399,419	154,883	930	-
Parks	8,739,922	1,481,805	-	-
Participant recreation	6,495,398	2,689,333	21,113	-
Solid waste	13,812,405	20,562,446	-	-
Transit	5,073,359	211,575	2,687,582	-
Information technology	3,468,350	-	-	-
Economic development	3,006,491	30,076	-	-
Urban redevelopment/housing	11,294,368	119,859	11,338,439	51,160
Interest on long-term debt	2,045,764	-	-	-
Total governmental activities	<u>190,735,718</u>	<u>47,730,127</u>	<u>20,748,100</u>	<u>8,032,159</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Water and Sewer	56,986,587	76,728,328	-	3,603,324
Drainage Utility	2,384,447	5,556,487	-	1,797
Airport	11,196,882	9,532,883	-	2,801,374
Total business-type activities	<u>70,567,916</u>	<u>91,817,698</u>	<u>-</u>	<u>6,406,495</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 261,303,634</u>	<u>\$ 139,547,825</u>	<u>\$ 20,748,100</u>	<u>\$ 14,438,654</u>
<b>COMPONENT UNITS</b>				
Amarillo Hospital District	\$ 8,350,267	\$ -	\$ 228,068	\$ 29,044
Amarillo Economic Development Corporation	19,201,869	5,819,504	-	239,711
Amarillo-Potter Events District	2,358,525	86,937	-	-
Amarillo Housing Finance Corporation	-	207	-	-
Amarillo Health Facilities Corporation	-	79	-	-
Amarillo Local Government Corporation	34,253	-	-	-
<b>TOTAL COMPONENT UNITS</b>	<u>\$ 29,944,914</u>	<u>\$ 5,906,727</u>	<u>\$ 228,068</u>	<u>\$ 268,755</u>

**GENERAL REVENUES**

Property taxes, levied for general purposes  
Property taxes, levied for debt services  
Sales taxes  
Mixed beverage taxes  
Hotel occupancy taxes  
Gross receipts business taxes  
Unrestricted investment earnings  
Insurance recovery/cost

**TRANSFERS**

Total general revenues and transfers

**CHANGE IN NET POSITION**

**NET POSITION, BEGINNING OF YEAR**

**PRIOR PERIOD ADJUSTMENT (NOTE 1)**

**NET POSITION, BEGINNING OF YEAR, RESTATED**

**NET POSITION, END OF YEAR**

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

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ 2,529,912	\$ -	\$ 2,529,912	\$ -
(5,751,173)	-	(5,751,173)	-
(42,225,050)	-	(42,225,050)	-
(28,742,289)	-	(28,742,289)	-
(6,145,545)	-	(6,145,545)	-
(12,047,458)	-	(12,047,458)	-
(2,857,454)	-	(2,857,454)	-
(4,243,606)	-	(4,243,606)	-
(7,258,117)	-	(7,258,117)	-
(3,784,952)	-	(3,784,952)	-
6,750,041	-	6,750,041	-
(2,174,202)	-	(2,174,202)	-
(3,468,350)	-	(3,468,350)	-
(2,976,415)	-	(2,976,415)	-
215,090	-	215,090	-
(2,045,764)	-	(2,045,764)	-
<u>(114,225,332)</u>	<u>-</u>	<u>(114,225,332)</u>	<u>-</u>
-	23,345,065	23,345,065	-
-	3,173,837	3,173,837	-
-	1,137,375	1,137,375	-
<u>-</u>	<u>27,656,277</u>	<u>27,656,277</u>	<u>-</u>
<u>(114,225,332)</u>	<u>27,656,277</u>	<u>(86,569,055)</u>	<u>-</u>
-	-	-	(8,093,155)
-	-	-	(13,142,654)
-	-	-	(2,271,588)
-	-	-	207
-	-	-	79
<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,253)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,541,364)</u>
36,463,697	-	36,463,697	71,400
2,865,530	-	2,865,530	-
54,413,835	-	54,413,835	18,137,944
751,825	-	751,825	-
5,937,402	-	5,937,402	-
18,284,594	-	18,284,594	2,650,714
674,798	304,150	978,948	6,864,063
622,640	20,160	642,800	-
760,590	(760,590)	-	-
<u>120,774,911</u>	<u>(436,280)</u>	<u>120,338,631</u>	<u>27,724,121</u>
<u>6,549,579</u>	<u>27,219,997</u>	<u>33,769,576</u>	<u>4,182,757</u>
<u>355,303,179</u>	<u>434,375,393</u>	<u>789,678,572</u>	<u>296,588,810</u>
<u>(522,333)</u>	<u>(3,417,562)</u>	<u>(3,939,895)</u>	<u>1,328,195</u>
<u>354,780,846</u>	<u>430,957,831</u>	<u>785,738,677</u>	<u>297,917,005</u>
<u>\$ 361,330,425</u>	<u>\$ 458,177,828</u>	<u>\$ 819,508,253</u>	<u>\$ 302,099,762</u>

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

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,032,157	\$ 14,998,530	\$ 9,013,742	\$ 27,044,429
Restricted cash and cash equivalents	-	-	439,083	439,083
Investments, at fair values	48,661,203	25,523,237	9,045,817	83,230,257
Construction in progress	-	-	-	-
Restricted investments	-	-	500,000	500,000
Receivables, net of allowances for uncollectibles				
Property taxes	278,127	-	23,454	301,581
Accounts	1,674,203	1,009,437	335,833	3,019,473
Accrued interest	150,636	35,476	28,815	214,927
Other accrued revenue	1,898,688	-	175	1,898,863
Due from other funds unrestricted	1,870,257	-	39,116	1,909,373
Due from other governments	5,109,201	23,485	969,429	6,102,115
Inventory of supplies	1,402,375	-	-	1,402,375
Prepaid items	7,742	1,000	28,855	37,597
<b>TOTAL ASSETS</b>	<u>\$ 64,084,589</u>	<u>\$ 41,591,165</u>	<u>\$ 20,424,319</u>	<u>\$ 126,100,073</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Vouchers payable	\$ 1,493,063	\$ 1,254,260	\$ 139,052	\$ 2,886,375
Accounts payable	1,785,172	1,378,493	558,732	3,722,397
Accrued expenses	3,773,693	323,975	4,890	4,102,558
Deposits	(6,922)	-	1,268,955	1,262,033
Due to other funds - unrestricted	8,730	-	1,104,076	1,112,806
Due to other governments	833,269	-	23,938	857,207
Unearned revenues - property taxes	197,441	-	16,367	213,808
Unearned revenues - other	67,814	-	82,466	150,280
Total liabilities	<u>8,152,260</u>	<u>2,956,728</u>	<u>3,198,476</u>	<u>14,307,464</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	7,742	1,000	28,855	37,597
Inventory	1,402,375	-	-	1,402,375
Uncollected taxes	80,686	-	7,087	87,773
Restricted for:				
Debt service	-	-	691,778	691,778
Capital projects	-	-	-	-
Special purposes	-	-	7,827,464	7,827,464
Committed for:				
Compensated absences	-	-	8,670,659	8,670,659
Assigned for:				
Capital projects	-	38,633,437	-	38,633,437
Unassigned	54,441,526	-	-	54,441,526
Total fund balances	<u>55,932,329</u>	<u>38,634,437</u>	<u>17,225,843</u>	<u>111,792,609</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 64,084,589</u>	<u>\$ 41,591,165</u>	<u>\$ 20,424,319</u>	<u>\$ 126,100,073</u>

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 POSITION  
SEPTEMBER 30, 2014**

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>		<u>\$ 111,792,609</u>
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 position.		(77,851,840)
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 position.		367,312,319
Capital assets, net October 1, 2013	\$ 363,844,081	
Net current year additions	22,018,965	
Net current year deletions	(18,550,727)	
Capital assets, net September 30, 2014	<u>\$ 367,312,319</u>	
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 position. Those liabilities consist of:		(65,593,429)
Long-term debt	\$ 39,223,900	
Compensated absence	19,011,571	
Landfill closure and postclosure	2,341,863	
Net pension obligation	5,016,095	
	<u>\$ 65,593,429</u>	
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 unearned 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 position.		25,670,766
Unearned revenue	\$ 364,088	
Accrued interest payable	(445,252)	
Internal service unspent bond proceeds	2,051,028	
Internal balances	23,658,704	
Prepaid insurance	42,198	
	<u>\$ 25,670,766</u>	
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<u>\$ 361,330,425</u>

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, 2014**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes				
Ad valorem taxes	\$ 36,091,780	\$ -	\$ 2,865,530	\$ 38,957,310
Sales taxes	54,413,835	-	-	54,413,835
Mixed beverage taxes	751,825	-	-	751,825
Hotel occupancy taxes	5,937,402	-	-	5,937,402
Gross receipts business taxes	18,284,594	-	-	18,284,594
License and permits	3,799,014	-	-	3,799,014
Interfund revenues	943,522	-	-	943,522
Intergovernmental revenues	3,458,467	179,960	16,322,087	19,960,514
Citizen contributions	128,218	-	80,037	208,255
Construction participation	-	2,646,113	52,109	2,698,222
Revenue from participating taxing entities	-	-	622,483	622,483
Other entity participations	-	-	797,009	797,009
Charges for services	33,202,478	189,732	1,776,628	35,168,838
Fines and forfeitures	4,944,045	-	1,540,892	6,484,937
Investment earnings	405,089	108,117	47,339	560,545
Other rentals and commissions	421,119	-	-	421,119
Miscellaneous	741,825	20,723	57,842	820,390
Total revenues	<u>163,523,213</u>	<u>3,144,645</u>	<u>24,161,956</u>	<u>190,829,814</u>
<b>EXPENDITURES</b>				
Current				
General government	3,637,459	-	178,135	3,815,594
Staff services	8,906,336	-	383,452	9,289,788
Public safety and health				
Police protection	41,015,519	316,997	431,845	41,764,361
Fire protection	27,892,601	171,758	-	28,064,359
Other	9,747,273	-	6,012,540	15,759,813
Streets, traffic and engineering	13,135,565	-	-	13,135,565
Culture and recreation				
Auditorium - Coliseum	3,133,235	-	290,433	3,423,668
Libraries	3,762,915	-	2,018	3,764,933
Parks	6,736,430	1,257	610,282	7,347,969
Participant recreation	5,239,905	-	47,479	5,287,384
Solid waste	12,258,612	-	-	12,258,612
Transit system	4,402,888	-	-	4,402,888
Urban redevelopment and housing	-	-	11,635,914	11,635,914
Information technology	3,468,350	-	-	3,468,350
Tourism	3,006,491	-	-	3,006,491
Capital outlay	303,997	9,747,346	2,612,554	12,663,897
Debt service				
Principal retirement	-	-	1,841,067	1,841,067
Interest and fiscal charges	-	-	1,600,512	1,600,512
Termination vacation and sick leave pay	-	-	1,363,313	1,363,313
Total expenditures	<u>146,647,576</u>	<u>10,237,358</u>	<u>27,009,544</u>	<u>183,894,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,875,637</u>	<u>(7,092,713)</u>	<u>(2,847,588)</u>	<u>6,935,336</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Insurance recovery/costs	-	622,640	-	622,640
Transfers from other funds	47,550	13,079,548	827,066	13,954,164
Transfers to other funds	(12,704,018)	(757,348)	(810,347)	(14,271,713)
Issuance of long-term debt	-	-	2,260,000	2,260,000
Bond premium less issuance costs	-	-	(55,000)	(55,000)
Total other financing sources (uses)	<u>(12,656,468)</u>	<u>12,944,840</u>	<u>2,221,719</u>	<u>2,510,091</u>
Net change in fund balances	<u>4,219,169</u>	<u>5,852,127</u>	<u>(625,869)</u>	<u>9,445,427</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>51,713,160</u>	<u>32,782,310</u>	<u>17,851,712</u>	<u>102,347,182</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 55,932,329</u>	<u>\$ 38,634,437</u>	<u>\$ 17,225,843</u>	<u>\$ 111,792,609</u>

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, 2014**

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** \$ 9,445,427

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 position. (2,219,323)

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 2014 capital outlays, issuance of long-term debt, and debt principal payments is to increase net position. 17,989,828

Capital outlay	\$ 12,663,897
Residual value of assets disposed of	(218,107)
Library books additions	494,192
Contributed row easements	5,017,268
Assets contributed with grant funding	407,657
Issuance of long-term debt	(2,260,000)
Premium on bonds	43,854
Long-term debt principal payments	<u>1,841,067</u>
	<u>\$ 17,989,828</u>

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 position. (17,165,889)

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 unearned 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 position. (1,500,464)

Compensated absences	\$ (869,035)
Unearned revenue	371,917
Assets contributed with grant funding	(407,657)
Net loss of internal service funds allocated to business-type activities	316,169
Landfill closure and post-closure care	(116,653)
Accrued interest payable	(445,252)
Deferred amount for issuance premiums/costs	(67,117)
Change in net pension obligations	<u>(282,836)</u>
	<u>\$ (1,500,464)</u>

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 6,549,579

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

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

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Drainage Utility</u>	<u>Airport</u>	<u>Total</u>	
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 24,640,561	\$ 784,899	\$ 4,061,000	\$ 29,486,460	\$ 11,708,307
Investments, at fair values	52,948,308	3,171,173	5,623,404	61,742,885	21,760,401
Accounts receivable, net	5,197,701	250,976	145,362	5,594,039	1,383,966
Concession arrangement receivable	-	-	622,227	622,227	-
Accrued interest receivable	100,484	-	16,073	116,557	24,175
Other accrued revenue	4,152,861	-	290,252	4,443,113	-
Due from other funds	-	-	-	-	190,278
Due from other governments	-	-	18,726	18,726	-
Inventory of supplies	-	-	-	-	367,181
Prepaid expenses	928,415	-	-	928,415	537,766
<b>Total current assets</b>	<b>87,968,330</b>	<b>4,207,048</b>	<b>10,777,044</b>	<b>102,952,422</b>	<b>35,972,074</b>
<b>NONCURRENT ASSETS</b>					
Restricted cash and cash equivalents	32,371,275	7,508,757	232,185	40,112,217	2,391,716
Other noncurrent receivable	309,407	-	-	309,407	-
Other noncurrent assets	153,385	-	-	153,385	-
Capital assets					
Land	1,770,262	2,010	2,777,341	4,549,613	-
Contributed right of way easements	778,668	87,454	-	866,122	-
Underground water rights	56,444,957	-	-	56,444,957	-
Accumulated depletion water rights	(5,588,870)	-	-	(5,588,870)	-
Water supply contract	50,336,389	-	-	50,336,389	-
Accumulated amortization - water supply contract	(20,581,680)	-	-	(20,581,680)	-
Pipelines and plant	592,221,300	-	-	592,221,300	-
Accumulated depreciation - pipelines and plant	(174,143,586)	-	-	(174,143,586)	-
Runways, buildings and improvements	-	-	150,814,385	150,814,385	-
Accumulated depreciation - runways, buildings and improvements	-	-	(78,249,799)	(78,249,799)	-
Improvements	-	-	-	-	5,496,671
Accumulated depreciation improvements	-	-	-	-	(3,629,686)
Equipment and vehicles	4,228,332	8,188	4,707,262	8,943,782	65,891,656
Accumulated depreciation - equipment and vehicles	(3,321,549)	-	(3,696,991)	(7,018,540)	(41,686,016)
Construction in progress	12,169,588	5,642,382	8,023,234	25,835,204	586,748
<b>Total capital assets, net of accumulated depreciation</b>	<b>514,313,811</b>	<b>5,740,034</b>	<b>84,375,432</b>	<b>604,429,277</b>	<b>26,659,373</b>
<b>Total noncurrent assets</b>	<b>547,147,878</b>	<b>13,248,791</b>	<b>84,607,617</b>	<b>645,004,286</b>	<b>29,051,089</b>
<b>TOTAL ASSETS</b>	<b>\$ 635,116,208</b>	<b>\$ 17,455,839</b>	<b>\$ 95,384,661</b>	<b>\$ 747,956,708</b>	<b>\$ 65,023,163</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	\$ 1,966,685	\$ -	\$ -	\$ 1,966,685	\$ -
<b>TOTAL DEFERRED INFLOWS</b>	<b>\$ 1,966,685</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,966,685</b>	<b>\$ -</b>

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

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

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Drainage Utility</u>	<u>Airport</u>	<u>Total</u>	
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Vouchers payable	\$ 1,548,271	\$ 25,924	\$ 123,908	\$ 1,698,103	\$ 699,222
Accounts payable	737,303	3,013	436,442	1,176,758	168,138
Accrued expenses	2,415,764	244,628	484,850	3,145,242	220,914
Deposits	43,758	-	100,561	144,319	-
Consumer security deposits	3,478,194	-	-	3,478,194	-
Share of Water Authority debt - current	5,236,637	-	-	5,236,637	-
Due to other funds - unrestricted	50,000	-	-	50,000	936,844
Estimated liability for incurred losses	-	-	-	-	6,081,041
Bonded debt current maturity	7,940,000	620,000	1,440,000	10,000,000	890,000
Current portion of compensated absences	237,424	8,129	30,679	276,232	97,254
<b>Total current liabilities</b>	<u>21,687,351</u>	<u>901,694</u>	<u>2,616,440</u>	<u>25,205,485</u>	<u>9,093,413</u>
<b>NONCURRENT LIABILITIES</b>					
Bonded debt, net of current	130,639,582	10,975,596	9,080,217	150,695,395	3,249,636
Water Authority debt, net of current	86,416,820	-	-	86,416,820	-
Provision for compensated absences, net	1,113,512	55,224	180,801	1,349,537	602,298
Other accrued expenses	2,783,256	-	-	2,783,256	-
Estimated liabilities for incurred loss, net	-	-	-	-	11,054,806
Postemployment benefits	-	-	-	-	94,059,914
Net pension obligation	555,221	(3,330)	107,519	659,410	244,171
<b>Total noncurrent liabilities</b>	<u>221,508,391</u>	<u>11,027,490</u>	<u>9,368,537</u>	<u>241,904,418</u>	<u>109,210,825</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 243,195,742</u>	<u>\$ 11,929,184</u>	<u>\$ 11,984,977</u>	<u>\$ 267,109,903</u>	<u>\$ 118,304,238</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred service concession arrangement receipts	\$ -	\$ -	\$ 622,227	\$ 622,227	\$ -
Deferred gain on refunding	354,731	-	-	354,731	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 354,731</u>	<u>\$ -</u>	<u>\$ 622,227</u>	<u>\$ 976,958</u>	<u>\$ -</u>
<b>NET POSITION</b>					
Net investment in capital assets	\$ 312,096,698	\$ 1,275,891	\$ 73,855,215	\$ 387,227,804	\$ 24,570,765
Restricted for debt service	6,322,034	377,304	232,185	6,931,523	340,688
Unrestricted	75,113,688	3,873,460	8,690,057	87,677,205	(78,192,528)
<b>TOTAL NET POSITION</b>	<u>\$ 393,532,420</u>	<u>\$ 5,526,655</u>	<u>\$ 82,777,457</u>	481,836,532	<u>\$ (53,281,075)</u>
Amounts due governmental activities for allocable share of net expenses of certain internal service funds				(23,658,704)	
<b>TOTAL NET POSITION OF BUSINESS-TYPE ACTIVITIES IN STATEMENT OF NET POSITION</b>				<u>\$ 458,177,828</u>	

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 POSITION  
 YEAR ENDED SEPTEMBER 30, 2014**

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Drainage Utility</u>	<u>Airport</u>	<u>Total</u>	
<b>OPERATING REVENUES</b>					
Airfield fees and commissions	\$ -	\$ -	\$ 516,975	\$ 516,975	\$ -
Charges for services	-	-	-	-	1,044,096
Employees' benefit plan contributions	-	-	-	-	5,373,929
Internal charges	-	-	-	-	37,147,204
Miscellaneous revenues	-	-	-	-	36,146
Other building and ground rentals	-	-	1,524,748	1,524,748	-
Rents and miscellaneous	73,411	-	-	73,411	-
Tap fees and frontage charges	247,773	-	-	247,773	-
Terminal building area rental	-	-	5,657,077	5,657,077	-
Utility sales and service	72,022,182	-	-	72,022,182	-
Drainage utility assessments	-	5,469,629	-	5,469,629	-
Total operating revenues	<u>72,343,366</u>	<u>5,469,629</u>	<u>7,698,800</u>	<u>85,511,795</u>	<u>43,601,375</u>
<b>OPERATING EXPENSES</b>					
Salaries, wages and fringe benefits	11,594,856	671,575	2,488,748	14,755,179	5,373,387
Supplies	1,428,923	128,371	203,026	1,760,320	3,286,323
Fuel and oil	-	-	-	-	3,630,356
Fuel and power	4,933,966	-	614,340	5,548,306	-
Contractual services	4,554,358	900,228	661,484	6,116,070	1,748,301
Water Authority charges	5,427,970	-	-	5,427,970	-
Other charges	8,902,176	515,919	2,075,255	11,493,350	3,100,903
Claim and loss adjustments	-	-	-	-	22,802,004
Postemployment expense	-	-	-	-	1,617,827
Depreciation	13,637,200	212	4,901,299	18,538,711	5,902,061
Total operating expenses	<u>50,479,449</u>	<u>2,216,305</u>	<u>10,944,152</u>	<u>63,639,906</u>	<u>47,461,162</u>
Operating income (loss)	<u>21,863,917</u>	<u>3,253,324</u>	<u>(3,245,352)</u>	<u>21,871,889</u>	<u>(3,859,787)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Gain (loss) in disposal of property	3,816,207	-	3,477	3,819,684	508,912
Interfund reimbursement	568,755	86,858	-	655,613	-
Passenger facility charge	-	-	1,401,562	1,401,562	-
Insurance recovery/cost	-	-	20,160	20,160	-
Interest earnings	259,941	12,064	30,597	302,602	120,763
Change in value of investments	-	-	1,548	1,548	(6,510)
Other miscellaneous revenues	-	-	432,521	432,521	27,335
Interest expense and fiscal charges	(6,190,969)	(168,142)	(256,207)	(6,615,318)	(88,185)
Total nonoperating revenues (expenses)	<u>(1,546,066)</u>	<u>(69,220)</u>	<u>1,633,658</u>	<u>18,372</u>	<u>562,315</u>
Income (loss) before contributions and transfers	20,317,851	3,184,104	(1,611,694)	21,890,261	(3,297,472)

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 POSITION, CONTINUED  
 YEAR ENDED SEPTEMBER 30, 2014**

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Drainage Utility</u>	<u>Airport</u>	<u>Total</u>	
<b>NONOPERATING REVENUES (EXPENSES), CONTINUED</b>					
Capital contributions	\$ 3,603,324	\$ 1,797	\$ 2,801,374	\$ 6,406,495	\$ -
Transfers from other funds	-	-	-	-	1,183,364
Transfers to other funds	<u>(250,456)</u>	<u>(479,978)</u>	<u>(30,156)</u>	<u>(760,590)</u>	<u>(105,225)</u>
Change in net position	23,670,719	2,705,923	1,159,524	27,536,166	(2,219,333)
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>373,073,481</u>	<u>2,888,937</u>	<u>81,755,510</u>	<u>457,717,928</u>	<u>(51,061,742)</u>
<b>PRIOR PERIOD ADJUSTMENT</b>	(3,211,780)	(68,205)	(137,577)	(3,417,562)	-
<b>NET POSITION, BEGINNING OF YEAR, RESTATED</b>	<u>369,861,701</u>	<u>2,820,732</u>	<u>81,617,933</u>	<u>454,300,366</u>	<u>(51,061,742)</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 393,532,420</u>	<u>\$ 5,526,655</u>	<u>\$ 82,777,457</u>	<u>\$ 481,836,532</u>	<u>\$ (53,281,075)</u>
Allocation of net expenses of certain internal service funds to business-type activities				<u>(23,658,704)</u>	
<b>NET POSITION OF BUSINESS-TYPE ACTIVITIES IN STATEMENT OF NET POSITION</b>				<u>\$ 458,177,828</u>	
<b>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Net Position of Proprietary Funds to the Statement of Activities</b>					
Total Net Change in Fund Balances - Proprietary Funds				\$ 27,536,166	
Internal service fund allocation for proprietary funds				<u>(316,169)</u>	
Change in net position for Primary government business-type activities				<u>\$ 27,219,997</u>	

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, 2014**

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Drainage Utility</u>	<u>Airport</u>	<u>Total</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from third parties	\$ 73,451,597	\$ 5,513,220	\$ 7,827,440	\$ 86,792,257	\$ -
Cash received from City departments	-	-	-	-	42,908,152
Cash payments to suppliers for goods and services	(23,886,079)	(1,547,238)	(3,187,795)	(28,621,112)	(11,166,380)
Cash payments to employees	(11,616,639)	(528,106)	(2,472,762)	(14,617,507)	(5,375,826)
Cash payments for claims and loss adjustments	-	-	-	-	(23,404,275)
Net cash provided (used) by operating activities	<u>37,948,879</u>	<u>3,437,876</u>	<u>2,166,883</u>	<u>43,553,638</u>	<u>2,961,671</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers to other funds	(250,456)	(479,978)	(30,156)	(760,590)	(105,225)
Transfers from other funds	-	-	-	-	1,183,364
Amounts borrowed from other funds	618,755	86,858	-	705,613	511,773
Amounts loaned to other funds	-	-	250,000	250,000	(14,133)
Cash payments received for passenger facility charge	-	-	1,401,562	1,401,562	-
Net cash provided (used) by noncapital financing activities	<u>368,299</u>	<u>(393,120)</u>	<u>1,621,406</u>	<u>1,596,585</u>	<u>1,575,779</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(14,811,965)	(968,088)	(7,161,814)	(22,941,867)	(8,683,581)
Capital grants received	3,958,055	-	2,782,648	6,740,703	(900,000)
Issuance of bonds	8,495,000	6,080,000	-	14,575,000	2,694,063
Bond premium less issuance costs	-	47,856	-	47,856	-
Principal paid on bond maturities	(7,965,000)	(415,000)	(1,380,000)	(9,760,000)	(101,071)
Principal paid on proportionate share of Water Authority debt	(5,095,528)	-	-	(5,095,528)	-
Noncurrent receivable	17,695	-	-	17,695	-
Interest expense	(7,567,115)	(210,711)	(488,072)	(8,265,898)	-
Capital contributions	-	1,797	-	1,797	-
Proceeds from insurance	-	-	20,160	20,160	27,335
Proceeds from sale of capital assets	4,048,825	-	464,868	4,513,693	642,547
Net cash provided (used) by capital and related financing activities	<u>(18,920,033)</u>	<u>4,535,854</u>	<u>(5,762,210)</u>	<u>(20,146,389)</u>	<u>(6,320,707)</u>

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, 2014**

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Drainage Utility</u>	<u>Airport</u>	<u>Total</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sales and maturities of investment securities	\$ 48,512,326	\$ 1,000,000	\$ 3,400,000	\$ 52,912,326	\$ 24,260,571
Purchase of investment securities	(61,379,390)	(4,205,540)	(2,501,820)	(68,086,750)	(23,762,542)
Interest and gains on investments	430,048	49,375	83,050	562,473	187,250
Net cash provided (used) by investing activities	<u>(12,437,016)</u>	<u>(3,156,165)</u>	<u>981,230</u>	<u>(14,611,951)</u>	<u>685,279</u>
Net increase (decrease) in cash and cash equivalents	6,960,129	4,424,445	(992,691)	10,391,883	(1,097,978)
<b>CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR</b>	<u>50,051,707</u>	<u>3,869,211</u>	<u>5,285,876</u>	<u>59,206,794</u>	<u>15,198,001</u>
<b>CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)</b>	<u>\$ 57,011,836</u>	<u>\$ 8,293,656</u>	<u>\$ 4,293,185</u>	<u>\$ 69,598,677</u>	<u>\$ 14,100,023</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 21,863,917	\$ 3,253,324	\$ (3,245,352)	\$ 21,871,889	\$ (3,859,787)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	13,637,200	212	4,901,299	18,538,711	5,902,061
(Increase) decrease in accounts receivable	771,627	43,591	155,826	971,044	(693,223)
(Increase) decrease in other accrued revenue	336,604	-	(27,186)	309,418	-
(Increase) decrease in prepaid expenses	5,438	-	-	5,438	(39,694)
(Increase) decrease in inventories	-	-	-	-	(7,239)
Increase (decrease) in vouchers payable	864,867	(5,729)	(103,176)	755,962	340,343
Increase (decrease) in accounts payable	289,223	3,013	357,420	649,656	179,709
Increase (decrease) in accrued operating expenses	273,520	129,948	110,938	514,406	37,687
Increase (decrease) in customer deposits	124,033	-	1,128	125,161	-
Increase (decrease) in provision for compensated absences	(25,265)	13,326	15,244	3,305	(41,809)
Increase (decrease) in net pension obligation	3,482	191	742	4,415	1,683
Increase (decrease) in IBNR accrual	-	-	-	-	(616,754)
Increase (decrease) in other accrued expenses	(195,767)	-	-	(195,767)	-
Increase (decrease) in estimated claims liabilities	-	-	-	-	1,758,694
Net cash provided (used) by operating activities	<u>\$ 37,948,879</u>	<u>\$ 3,437,876</u>	<u>\$ 2,166,883</u>	<u>\$ 43,553,638</u>	<u>\$ 2,961,671</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Amortization of bond premiums	\$ 333,530	\$ -	\$ -	\$ 333,530	\$ -
Decreases (increases) in fair values of investments	9,090	-	1,548	10,638	(6,510)
Prepaid insurance	(10,704)	-	-	(10,704)	-
Interest expense capitalized	720,016	119,486	123,613	963,115	-
Capital contributions	3,603,324	1,797	2,801,374	6,406,495	-

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

**CITY OF AMARILLO, TEXAS  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 SEPTEMBER 30, 2014**

	<b>Private- Purpose Trust Funds</b>	<b>Agency Fund</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 30,753	\$ 739,016
<b>TOTAL ASSETS</b>	\$ 30,753	\$ 739,016
<b>LIABILITIES</b>		
Due to agencies	\$ -	\$ 739,016
<b>TOTAL LIABILITIES</b>	\$ -	\$ 739,016
<b>NET POSITION</b>		
Held for other governments, individuals, entities	\$ 30,753	\$ -
<b>TOTAL NET POSITION</b>	\$ 30,753	\$ -

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

**CITY OF AMARILLO, TEXAS  
 FIDUCIARY FUNDS  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

	<b>Private- Purpose Trust Funds</b>
<b>ADDITIONS</b>	
Investment earnings	\$ 10
Total additions	10
 <b>DEDUCTIONS</b>	
Supplies	-
Total deductions	-
Change in net position	10
<b>NET POSITION, BEGINNING OF YEAR</b>	30,743
<b>NET POSITION, END OF YEAR</b>	\$ 30,753

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

**CITY OF AMARILLO, TEXAS**  
**STATEMENT OF NET POSITION - COMPONENT UNITS**  
**SEPTEMBER 30, 2014**

	<u>Amarillo Hospital District</u>	<u>Amarillo Economic Development Corporation</u>	<u>Amarillo- Potter Events Venue District</u>	<u>Amarillo Housing Finance Corporation</u>	<u>Amarillo Health Facilities Corporation</u>	<u>Amarillo Local Government Corporation</u>	<u>Total</u>
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and cash equivalents	\$ 8,166,991	\$ 10,786,916	\$ 1,861,488	\$ 127,742	\$ 2,615	\$ 91,642	\$ 21,037,394
Investments	180,252,556	8,250,000	750,000	-	30,007	-	189,282,563
Receivables, net	-	7,952,318	213,700	-	-	-	8,166,018
Inventories and prepaid expenses	5,444,463	-	-	-	-	-	5,444,463
Other current assets	923,165	283,358	-	-	-	1,070	1,207,593
Total current assets	<u>194,787,175</u>	<u>27,272,592</u>	<u>2,825,188</u>	<u>127,742</u>	<u>32,622</u>	<u>92,712</u>	<u>225,138,031</u>
<b>NONCURRENT ASSETS</b>							
Restricted cash and cash equivalents	30,629	4,044,324	789,446	-	-	-	4,864,399
Receivables, net	-	83,368,374	-	-	-	-	83,368,374
Other noncurrent assets	20,097,351	193,027	-	-	-	-	20,290,378
Land and building held for future incentives	-	10,048,389	-	-	-	-	10,048,389
Capital assets:							
Buildings and improvements, net of depreciation	70,729	13,655,710	13,550,560	-	-	-	27,276,999
Equipment and vehicles, net of depreciation	-	66,651	32,386	-	-	-	99,037
Construction in process	-	12,523,580	-	-	-	-	12,523,580
Total noncurrent assets	<u>20,198,709</u>	<u>123,900,055</u>	<u>14,372,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158,471,156</u>
<b>TOTAL ASSETS</b>	<u>\$ 214,985,884</u>	<u>\$ 151,172,647</u>	<u>\$ 17,197,580</u>	<u>\$ 127,742</u>	<u>\$ 32,622</u>	<u>\$ 92,712</u>	<u>\$ 383,609,187</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred charge on refunding	\$ -	\$ 448,724	\$ 567,253	\$ -	\$ -	\$ -	\$ 1,015,977
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ -</u>	<u>\$ 448,724</u>	<u>\$ 567,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,015,977</u>

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

**CITY OF AMARILLO, TEXAS**  
**STATEMENT OF NET POSITION - COMPONENT UNITS, CONTINUED**  
**SEPTEMBER 30, 2014**

	<u>Amarillo Hospital District</u>	<u>Amarillo Economic Development Corporation</u>	<u>Amarillo- Potter Events Venue District</u>	<u>Amarillo Housing Finance Corporation</u>	<u>Amarillo Health Facilities Corporation</u>	<u>Amarillo Local Government Corporation</u>	<u>Total</u>
<b>LIABILITIES AND NET POSITION</b>							
<b>CURRENT LIABILITIES</b>							
Accounts payable and accrued expenses	\$ 236,911	\$ 3,760,724	\$ 197,477	\$ -	\$ -	\$ 3,973	\$ 4,199,085
Current portion of long-term obligations	-	4,235,000	505,000	-	-	-	4,740,000
Estimated liability for incurred losses - current portion	50,000	-	-	-	-	-	50,000
Total current liabilities	<u>286,911</u>	<u>7,995,724</u>	<u>702,477</u>	<u>-</u>	<u>-</u>	<u>3,973</u>	<u>8,989,085</u>
<b>NONCURRENT LIABILITIES</b>							
Liabilities payable from restricted assets - accrued interest	-	495,657	-	-	-	-	495,657
Noncurrent portion of long-term obligations	-	60,960,000	11,710,000	-	-	-	72,670,000
Estimated liabilities							
Compensated absences	-	238,051	-	-	-	-	238,051
Self-insured losses, net of current portion	132,609	-	-	-	-	-	132,609
Total noncurrent liabilities	<u>132,609</u>	<u>61,693,708</u>	<u>11,710,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,536,317</u>
<b>TOTAL LIABILITIES</b>	<u>419,520</u>	<u>69,689,432</u>	<u>12,412,477</u>	<u>-</u>	<u>-</u>	<u>3,973</u>	<u>82,525,402</u>
<b>NET POSITION</b>							
Net investment in capital assets	70,729	11,277,370	1,935,199	-	-	-	13,283,298
Restricted for:							
Debt service	-	190,056	789,446	-	-	-	979,502
Other purposes	30,629	3,358,611	-	-	-	-	3,389,240
Unrestricted	214,465,006	67,105,902	2,627,711	127,742	32,622	88,739	284,447,722
<b>TOTAL NET POSITION</b>	<u>\$ 214,566,364</u>	<u>\$ 81,931,939</u>	<u>\$ 5,352,356</u>	<u>\$ 127,742</u>	<u>\$ 32,622</u>	<u>\$ 88,739</u>	<u>\$ 302,099,762</u>

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

**CITY OF AMARILLO, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - COMPONENT UNITS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Amarillo Hospital District</u>	<u>Amarillo Economic Development Corporation</u>	<u>Amarillo- Potter Events Venue District</u>	<u>Amarillo Housing Finance Corporation</u>	<u>Amarillo Health Facilities Corporation</u>	<u>Amarillo Local Government Corporation</u>	<u>Total</u>
<b>REVENUES</b>							
Sales taxes	\$ -	\$ 18,137,944	\$ -	\$ -	\$ -	\$ -	\$ 18,137,944
Gross receipts business taxes	-	-	2,650,714	-	-	-	2,650,714
Grant revenues	-	239,711	-	-	-	-	239,711
Revenue from participating taxing entities	-	-	-	-	-	71,400	71,400
Intergovernmental revenues - operating	228,068	-	-	-	-	-	228,068
Charges for services	-	5,815,066	-	-	-	-	5,815,066
Gain (loss) on disposal of property	-	2,184	-	-	79	-	2,263
Investment earnings (loss)	6,824,670	33,698	5,685	10	-	-	6,864,063
Miscellaneous	29,044	2,254	86,937	207	-	-	118,442
<b>Total revenues</b>	<u>7,081,782</u>	<u>24,230,857</u>	<u>2,743,336</u>	<u>217</u>	<u>79</u>	<u>71,400</u>	<u>34,127,671</u>
<b>EXPENSES</b>							
Functions:							
Public health	8,350,267	-	-	-	-	-	8,350,267
Economic development - industrial	-	15,243,263	-	-	-	34,253	15,277,516
Economic development - tourism	-	-	2,358,525	-	-	-	2,358,525
Debt service:							
Interest and fiscal charges	-	3,958,606	-	-	-	-	3,958,606
<b>Total expenses</b>	<u>8,350,267</u>	<u>19,201,869</u>	<u>2,358,525</u>	<u>-</u>	<u>-</u>	<u>34,253</u>	<u>29,944,914</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>(1,268,485)</u>	<u>5,028,988</u>	<u>384,811</u>	<u>217</u>	<u>79</u>	<u>37,147</u>	<u>4,182,757</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	215,834,849	77,657,000	2,885,301	127,525	32,543	51,592	296,588,810
<b>PRIOR PERIOD ADJUSTMENT (NOTE 1)</b>	-	(754,049)	2,082,244	-	-	-	1,328,195
<b>NET POSITION, BEGINNING OF YEAR, RESTATED</b>	<u>215,834,849</u>	<u>76,902,951</u>	<u>4,967,545</u>	<u>127,525</u>	<u>32,543</u>	<u>51,592</u>	<u>297,917,005</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 214,566,364</u>	<u>\$ 81,931,939</u>	<u>\$ 5,352,356</u>	<u>\$ 127,742</u>	<u>\$ 32,622</u>	<u>\$ 88,739</u>	<u>\$ 302,099,762</u>

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

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**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, drainage utilities, and the airport, the operations of which are accounted for as enterprise funds.

The Governmental Accounting Standards Board (GASB) established standards for defining the financial reporting entity. Under such standards, the following entities have been determined to be component units of the City for financial reporting purposes because of their operational or financial benefit or burden relationships with the City. Based on these standards, the City has the following component units:

***Discretely Presented Component Units***

*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 program ("Medicaid"). 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 November 8, 2017, with a payment of \$1,360,000 to Medicaid funding. The District has provided \$62.5 million in funding to the Medicaid program versus \$76.4 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 Council and, additionally, the City Council has final authority over any tax levy and the total amount of the annual budget. The Boards are not substantially the same, nor does the District provide services to the City.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**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 Council appoints its Board of Directors and approves its budgets. The Boards are not substantially the same, nor does AEDC provide services to the City.

*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. However, the Boards are not substantially the same.

*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, and \$10,000,000 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 Council appoints its Board of Directors and has discretion over their terms of office as well as the programs and activities of the Corporation. The Boards are not substantially the same, nor does AHFC provide services to the City.

*Amarillo Local Government Corporation*

Amarillo Local Government Corporation (LGC) 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. LGC is considered to be a part of the City's financial reporting entity, because the City Council appoints its Board of Directors and approves its budgets. The Boards are not substantially the same.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Definition and Scope of Reporting Entity (Continued)**

*Amarillo Health Facilities Corporation*

The Amarillo Health Facility Corporation (the Corporation) was established to assist the public health function. This Corporation can provide for the acquisition, improvement, renovation, furnishing or equipment of a project that is determined by the Board of Directors to be required, necessary or convenient for health care, research, and education within the State of Texas to assist the maintenance of public health. Assistance may be in the form of the issuance of bonds and loaning money to these providers of health care services. The City serves as fiscal agent for the Corporation funds as well as its accounting records. The City Council and the Corporation's Board are not substantially the same, nor does the Corporation provide services to 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.

***Blended Component Unit***

*Tax Increment Reinvestment Zone #1*

The Tax Increment Reinvestment Zone Number One (TIRZ #1) 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. The operations of TIRZ #1 are included in the governmental activities of the government-wide financial statements as a separate special revenue fund.

The component unit 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 Position 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 Position because they do not represent resources of the City.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 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 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.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The *Drainage Utility Fund* provides for a dedicated funding source for the operations and maintenance of the existing storm-water system.

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 a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement.

The private purpose trust funds account for activities that are not City programs, but are programs sponsored by individuals, private organizations, or other governments. Although the City serves as fiscal agent, the funds received and held under the Centennial Parkway fund, the Indigent Dog Bite Victim fund and the Amarillo Industrial Development Corporation are not available to support the City activities and programs, but are received and held for individuals, private organizations or other governments.

The agency fund is custodial in nature and does not present results of operations or have a measurement focus. The Civic Center Operations fund is used to account for assets that the City holds for others in an agency capacity.

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*, the *Drainage Utility 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.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund 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.

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.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)**

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 Unearned Revenue*

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 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.

Unearned 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 *TIRZ #1 Fund, Municipal Garage Fund, Water and Sewer Fund, the Drainage Utility 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.

**CITY OF AMARILLO, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 Year Ended September 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)**

*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 \$5,000 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

*Intangible Assets*

Intangible assets consist 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.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)**

*Compensated Absence (Continued)*

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 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 discounts, during the current period as other financing sources.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At September 30, 2014, the City has one item that qualifies for reporting in this category, deferred charge on refunding in the amount of \$1,966,685, reported in the statement of net position for Water and Sewer. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At September 30, 2014, the City had two items which qualifies for reporting in this category, deferred grant revenue and deferred service concession arrangement.

On January 22, 2014 the City issued the Waterworks and Sewer System New Series Revenue Bonds, Series 2014 in the amount of \$8,495,000. Included in this financing is an additional amount of \$441,131 of loan forgiveness for a total project of \$8.9 million. This project will eliminate a lift station and ensure proper operation of the collection system in the area. At September 30, 2014 the City had recognized \$86,400 of the grant revenue associated with the project, leaving a balance \$354,731 of deferred revenue.

The City has approximately one year remaining on a 10-year service concession arrangement with a non-governmental operator to operate the City's Airport parking facilities. The arrangement is reported in the City's business-type activities. The terms of the arrangement included installment payments from the operator. No provision in the agreement imposed an obligation on the City to sacrifice financial resources. At September 30, 2014 the present value of the installment payments, reported as an asset and as a deferred inflow of resources, was \$622,227. This balance of the deferred inflow of resources will be amortized over the remaining life of the agreement.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)**

*Net Position*

In the government-wide financial statements, the difference between the City's total assets, deferred outflows of resources and liabilities and deferred inflows of resources represents net position. Net position displays the following three components:

*Net investment in capital assets* – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

*Restricted net position* – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

*Unrestricted net position* – This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position." It represents the amount available for future operations.

*Fund Balances*

In the governmental funds financial statements, fund balances are classified as follows:

*Nonspendable fund balance* – 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 because of state or federal laws or externally imposed conditions by grantors or creditors.

*Committed fund balance* – Includes amounts that can only be used for specific purposes as pursuant to official action by the City Council prior to the end of the reporting period. Commitments are made and can be rescinded only via resolution by the City Council.

*Assigned fund balance* – Comprises amounts the City intends to use for a specific purpose but is neither restricted nor committed. The formal budget as approved by the City Council authorizes the City Manager 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.

At September 30, 2014, the City had net position restricted for other purposes of \$8,519,242. Of this amount, \$1,519,847 was restricted for use by Housing and Urban Development grants, \$67,556 by Public Health grants, \$1 by the Justice Grants, \$268,943 by Hazardous Materials Transportation Planning grants, \$265,573 by Public Improvement Districts, \$444,484 for Seized Funds, \$125,104 for Court Technology, \$75,754 for Court Security, \$55,966 by the LEOSE Training Programs, \$5,186 for Homeland Security, \$19,673 for Cable Capital Facilities, \$229,019 by the Photo Enforcement Program, \$48,727 by the Public Library Bush Collection, \$73,064 by various Library Trusts, \$964,516 for Flood Hazard, \$409,299 for Civic Amarillo, \$85,345 by the Zoo Trust fund, \$20,674 for the Centennial Celebration, \$9,521 for Keep Amarillo Beautiful, \$3,121,525 by the TIRZ #1, \$17,687 by the Pavillard Endowment, and \$691,778 for the Bond Debt Service Fund.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)**

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.

**Restatement of Beginning Net Position and Reclassifications**

For the year ended September 30, 2014, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 reclassifies certain items that were previously reported as assets and liabilities and changed the accounting and reporting of bond issuance costs. Bond issuance costs that were amortized under prior standards are expensed in the period incurred under the new standards. Due to the change in accounting principles, the beginning net position for the primary government was restated or decreased by \$3,939,895 from \$789,678,572 to \$785,738,677. Bond issuance costs that were previously amortized over the bond repayments have been adjusted and are reflected as prior period adjustments for the following funds: (\$3,211,780) for the Water and Sewer Fund, (\$68,205) for the Drainage Utility Fund, (\$137,577) for the Airport Fund, and an adjustment of (\$522,333) is reflected on the government-wide financials. The beginning net position for the discretely presented component units were restated from \$296,588,810 to \$297,917,005. Bond issuance costs that were previously amortized are reflected as prior period adjustments for the following component units: AEDC (\$754,049) and Venue District (\$88,588). The Venue District had a restatement to beginning net assets for a correction in accumulated depreciation in the amount of \$2,170,832.

**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 Council 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 Council 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 Council. 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

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

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

**Budgetary Information (Continued)**

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 and 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 Council.

Grant funds not included in the annual appropriated budget are subject to management control by means of project-length budgets authorized by the City Council in the grant application processes. Cumulative expenditures through September 30, 2014 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. Total encumbrances outstanding as of September 30, 2014 for General Fund are \$988,321, for Water and Sewer Fund are \$146,138, for Airport Fund are \$25,911, for Municipal Garage Fund are \$2,421,907, for Information Services Fund are \$48,683, and for Risk Management Fund are \$7,529.

**Deficit Fund Equity**

The Redstone Public Improvement District (PID), reported as a non-major governmental fund, has a \$247 deficit fund balance. Redstone began collecting assessments in fiscal year 2013/14. Urban Transportation Planning and Summer Lunch Program both have a fund balance of (\$1). Beginning with the fiscal year ending September 30, 2008, the City adjusted for postemployment health benefits as required by GASB Statement No. 45. This adjustment is \$14,682,580 for 2008, \$15,248,490 in 2009, \$13,463,957 in 2010, \$13,558,656 in 2011, \$17,615,147 in 2012, \$17,873,257 in 2013, and \$1,617,827 in 2014, resulting in a deficit fund balance of \$90,617,888 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, 2014, demand deposit and time deposits held by the depository institution, before reduction for checks issued and not presented, were in the total amount of \$35,945,379. The accounts are collateralized by a Federal Home Loan Bank of Atlanta letter of credit in the amount of \$50,000,000. The City has a secondary depository institution with demand deposits of \$556,629. These amounts are collateralized by securities in the amount of \$8,111,161.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

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

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the area of investment practices, management reports and establishment of appropriate policies. 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 (the 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. The City is in substantial compliance with the requirements of the Act and with local policies.

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, 2014, the weighted-average maturity of the City's total investment securities was 0.89 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.

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.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

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

<u>Securities Lent</u>	<u>Fair Value of Underlying Securities</u>	<u>Collateral Received/Securities Collateral Value</u>	<u>Cash Collateral Investment Value</u>
Lent for cash collateral	\$ -	\$ -	\$ -
Lent for securities collateral - fixed income securities	55,690,438	56,856,816	-
	<u>\$ 55,690,438</u>	<u>\$ 56,856,816</u>	<u>\$ -</u>

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, 2014, 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.

**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

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

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, 2014 and the corresponding weighted average maturity is shown in Table 1 below:

	<b>Fair Value</b>		<b>Total</b>	<b>Weighted Average Maturity (Years)</b>
	<b>Unrestricted Assets</b>	<b>Restricted Assets</b>		
Investment Securities				
U.S. Treasury Obligations	\$ 10,092,340	\$ -	\$ 10,092,340	0.87
U.S. Government Sponsored Agencies	103,434,322	-	103,434,322	1.66
Municipal Bond securities	9,896,963	-	9,896,963	0.43
Total investment securities	123,423,625	-	123,423,625	1.49
No-load U.S. Treasury-only mutual funds	39,570,737	43,303,347	82,874,084	-
Total investments	162,994,362	43,303,347	206,297,709	0.89
Add: Time deposits with original maturities over three months	43,309,918	500,000	43,809,918	
Total investments	206,304,280	43,803,347	250,107,627	0.74
Deduct: Cash equivalents	(39,570,737)	(43,303,347)	(82,874,084)	-
<b>Net investments for financial reporting</b>	<b>\$ 166,733,543</b>	<b>\$ 500,000</b>	<b>\$ 167,233,543</b>	<b>1.10</b>

*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 2013 tax roll for the 2013/14 fiscal year was \$0.34009 per \$100 of assessed valuation, resulting in a tax levy in the amount of \$35,664,675 on taxable value of \$10,760,454,171.

Property taxes receivable at September 30, 2014 are reflected in Table 2 below:

<b><u>Year of Levy</u></b>	
2014	\$ 325,763
2013	154,866
2012	111,424
2011	99,801
2010	88,085
2009	70,432
2008	52,056
2007	46,006
2006	43,269
2005	35,374
2004	28,407
2003	52,143

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 4 - TAXES (CONTINUED)**

<u>Year of Levy</u>	
2002	21,665
Prior	<u>61,679</u>
Total taxes receivable	1,190,970
Less: Allowance for estimated uncollectible portion	<u>889,389</u>
Net taxes receivable	301,581
Less: Provisions for collections deferred over 60 days	<u>213,808</u>
<b>Amount available (reserved in accordance with City ordinances)</b>	<b><u>\$ 87,773</u></b>

*Table 2 – Taxes Receivable at September 30, 2014*

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, Capital Projects, the Water Sewer System, Drainage Utility, Airport, and the Municipal Garage maintain separate accounts for revenue bond debt service/retirement which are reported as noncurrent assets and related liabilities, and restricted net position, as reflected in Table 3:

	<u>Restricted Assets</u>	<u>Related Liabilities</u>	<u>Restricted Net Position</u>
<b><u>TIRZ #1</u></b>			
Bond proceed account	\$ 939,083	\$ 939,083	\$ —
<b>Total bond debt service/retirement</b>	<b><u>\$ 939,083</u></b>	<b><u>\$ 939,083</u></b>	<b><u>\$ —</u></b>
<b><u>Water Sewer System</u></b>			
Bond escrow and proceed accounts	\$ 26,049,241	\$ 26,049,241	\$ —
Revenue bond interest and redemption	3,826,918	—	3,826,918
Revenue bond reserve	<u>2,495,116</u>	—	<u>2,495,116</u>
<b>Total bond debt service/retirement</b>	<b><u>\$ 32,371,275</u></b>	<b><u>\$ 26,049,241</u></b>	<b><u>\$ 6,322,034</u></b>
<b><u>Airport</u></b>			
PFC funds	\$ 232,185	\$ —	\$ 232,185
<b>Total bond debt service/retirement</b>	<b><u>\$ 232,185</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 232,185</u></b>
<b><u>Drainage Utility</u></b>			
Bond proceed account	\$ 7,131,453	\$ 7,131,453	\$ —
Bond interest and redemption	377,304	—	377,304
<b>Total bond debt service/retirement</b>	<b><u>\$ 7,508,757</u></b>	<b><u>\$ 7,131,453</u></b>	<b><u>\$ 377,304</u></b>
<b><u>Municipal Garage</u></b>			
Bond proceed account	\$ 2,051,028	\$ 2,051,028	\$ —
Bond interest and redemption	340,688	—	340,688
<b>Total bond debt service/retirement</b>	<b><u>\$ 2,391,716</u></b>	<b><u>\$ 2,051,028</u></b>	<b><u>\$ 340,688</u></b>

*Table 3 – Restricted Funds/Reserved Retained Earnings*

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

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2014 was as follows:

	Balances October 1, 2013	Additions	Deletions	Balances September 30, 2014
Capital assets used by governmental activities, at cost				
Capital assets, not being depreciated				
Land	\$ 8,641,254	\$ 1,078,640	\$ -	\$ 9,719,894
Contributed ROW easments	5,559,804	5,017,268	-	10,577,072
Capital projects in process	24,064,026	9,614,194	15,604,826	18,073,394
Total capital assets, not being depreciated	<u>38,265,084</u>	<u>15,710,102</u>	<u>15,604,826</u>	<u>38,370,360</u>
Capital assets, being depreciated				
Infrastructure	246,306,045	2,323,747	-	248,629,792
Building and other improvements	257,105,466	16,265,121	2,656,450	270,714,137
Equipment and vehicles	90,031,008	10,293,753	6,614,079	93,710,682
Library collections	7,886,444	494,192	442,658	7,937,978
Total capital assets, being depreciated	<u>601,328,963</u>	<u>29,376,813</u>	<u>9,713,187</u>	<u>620,992,589</u>
Less accumulated depreciation for:				
Infrastructure	105,657,173	4,974,407	-	110,631,580
Buildings and other improvements	105,479,431	10,131,584	-	115,611,015
Equipment and vehicles	61,386,472	7,494,337	6,324,628	62,556,181
Library collections	3,226,890	467,622	442,658	3,251,854
Total accumulated depreciation	<u>275,749,966</u>	<u>23,067,950</u>	<u>6,767,286</u>	<u>292,050,630</u>
Total capital assets, being depreciated, net	<u>325,578,997</u>	<u>6,308,863</u>	<u>2,945,901</u>	<u>328,941,959</u>
Net capital assets used by governmental activities	<u>363,844,081</u>	<u>22,018,965</u>	<u>18,550,727</u>	<u>367,312,319</u>
Capital assets used by business-type activities, at cost:				
Enterprise funds				
Water and sewer utility plant	702,781,060	52,454,587	37,286,151	717,949,496
Drainage utility assets	4,652,670	1,089,586	2,010	5,740,246
Airport assets	159,100,321	8,843,214	1,620,313	166,323,222
Total cost	<u>866,534,051</u>	<u>62,387,387</u>	<u>38,908,474</u>	<u>890,012,964</u>
Less accumulated depreciation for:				
Water and sewer utility plant	190,129,416	13,637,200	130,931	203,635,685
Drainage utility assets	-	212	-	212
Airport assets	77,080,144	4,901,299	33,653	81,947,790
Total accumulated depreciation	<u>267,209,560</u>	<u>18,538,711</u>	<u>164,584</u>	<u>285,583,687</u>
Net capital assets used by business-type activities	<u>599,324,491</u>	<u>43,848,676</u>	<u>38,743,890</u>	<u>604,429,277</u>
<b>Government-wide net capital assets</b>	<u>\$ 963,168,572</u>	<u>\$ 65,867,641</u>	<u>\$ 57,294,617</u>	<u>\$ 971,741,596</u>

Table 4 – Capital Asset Activity

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

Governmental activities	\$	
General government		74,082
Staff services		1,081,087
Police protection		668,687
Fire protection		1,140,371
Other public safety and health		915,648
Streets, traffic and engineering		6,604,467
Culture and recreation		5,100,448
Solid waste services		951,168
Transit services		629,931
Total governmental fund departments		<u>17,165,889</u>
Internal service fund depreciation allocable to governmental activities based on predominant usage		<u>5,902,061</u>
<b>Total governmental activities</b>	<b>\$</b>	<b><u>23,067,950</u></b>
Business-type activities	\$	
Water and sewer system		13,637,200
Drainage utility		212
Airport		4,901,299
<b>Total business-type activities</b>	<b>\$</b>	<b><u>18,538,711</u></b>

**CITY OF AMARILLO, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 Year Ended September 30, 2014**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

**Water and Sewer System Capital Assets**

The City of Amarillo is one of 11 cities that can 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 reservoir has experienced a serious decline in available water due to the drought conditions in the Texas Panhandle. Currently, the City of Amarillo is not allocating water from this source. The related infrastructure recorded on the City's books for CRMWA assets at September 30, 2014 is \$50.3 million. The related amortized cost of these assets is \$20.6 million.

The City owns \$56,444,957 of underground water rights in Roberts, Ochiltree, 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 and Ochiltree 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. In fiscal year 2011/12 and fiscal year 2012/13, \$991,758 and \$15,000 of these funds, respectively, were used to assist in purchasing water rights, leaving a balance of \$6,236,919 for future purchases. The City purchased \$17,206,287 of additional water rights in fiscal year 2011/12. These rights consisted of 34,609.52 acres of water rights in Ochiltree, Roberts and Lipscomb counties. These water rights were purchased from bond proceeds and amounts being held for purchase from Hartley and Dallam county water right sales. On December 3, 2013, the City Council approved the sale of approximately 45,000 acres of groundwater rights located in Hartley County. These groundwater rights are in an area of competition from irrigated agricultural operations. This sale will eliminate the City's exposure in Hartley County. This sale was completed in two separate closings. The first closing on December 20, 2013 resulted in the sale of 23,664 acres for the amount of \$3,876,221 and the second closing on December 5, 2014, was for approximately 21,985 acres with receipts of \$3,603,957. The proceeds from both sales will be deposited in a separate interest-bearing account being held for the future purchase of water rights.

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	\$ 6,686,830
Interest expenses capitalized	\$ 720,016

The interest expense not meeting the capitalization criteria represents the \$3,462,630 of CRMWA charges associated with that entity's bonded indebtedness and \$2,504,184 of Water and Sewer Revenue Bond interest not subject to the capitalization requirements. The City prepaid bond interest payments due October 1, 2014 of \$910,665.

**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

**CITY OF AMARILLO, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 Year Ended September 30, 2014**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

**Airport Capital Asset (Continued)**

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. A new terminal facility was completed prior to September 30, 2014 and total cost of \$52,499,341 was capitalized by the Airport. The Airport had various construction projects in process at September 30, 2014.

The City capitalized interest costs in the amount of \$123,613 applicable to its outstanding airport bonds as construction in progress in the Airport Fund. Interest and amortization expense before capitalization was \$379,820.

**Drainage Capital Assets**

The Drainage Utility Fund currently has \$5,642,382 in construction in progress as of September 30, 2014. It also had right of way easements of \$87,454, equipment and vehicles of \$8,400 and land of \$2,010. The City capitalized interest costs in the amount of \$119,486 applicable to its outstanding drainage bonds as construction in progress in the Drainage Utility Fund. Interest and amortization expense before capitalization was \$168,142.

**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 \$498,164 for the year ended September 30, 2014.

**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.

The City's total payroll for the fiscal year ended September 30, 2014 was \$95,189,730 and the portion covered by the two plans was as follows:

Texas Municipal Retirement System (TMRS)	\$ 75,371,525
Firemen's Relief and Retirement System (FRRF)	<u>17,460,889</u>
<b>Total covered payroll</b>	<u>\$ 92,832,414</u>

Including current employees, annuitants and terminated employees entitled to future benefits, the City had 3,393 members of TMRS and 439 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:

**CITY OF AMARILLO, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 Year Ended September 30, 2014**

**NOTE 8 - RETIREMENT BENEFITS (CONTINUED)**

**Retirement Plans**

*Texas Municipal Retirement System (TMRS)*

*Plan Description*

The City provides pension benefits for all of its eligible employees who are not firefighters through a nontraditional, joint-contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent, multiple-employer, public-employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

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

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

	<u>Plan Year 2013</u>	<u>Plan Year 2014</u>
Employee deposit rate	7%	7%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating	100% repeating
Annuity increase (to retirees)	0% of CPI	0% of CPI

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 repeating Updated Service Credit during the 2012/13 budget process and added five-year vesting. Both of these benefits were effective January 1, 2013.

**CITY OF AMARILLO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended September 30, 2014**

**NOTE 8 - RETIREMENT BENEFITS (CONTINUED)**

*Texas Municipal Retirement System (TMRS) (Continued)*

*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 Council.

Under the state law governing TMRS, the City's contribution rate is annually determined by the System's actuary using the Entry Age Normal (EAN) cost method. EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used. This rate consists of the normal cost-contribution rate and the prior-service contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout the period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on the employee's behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded actuarial liability over the applicable period for the City, which is 21.1 years as of the December 31, 2013 actuarial study. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits such as the Updated Service Credits.

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 December 31, 2013 valuation determines the City's contribution rate beginning January 1, 2015.

The annual pension cost and net pension obligation are as follows:

Annual Required Contribution (ARC)	\$ 8,803,634
Interest on Net Pension Obligation	320,008
Adjustment to the ARC	<u>(287,753)</u>
Annual Pension Cost (APC)	8,835,888
Contributions made	<u>(8,803,634)</u>
Change in net pension obligation	32,254
Net Pension Obligation at September 30, 2013	<u>4,571,536</u>
Net Pension Obligation at September 30, 2014	<u>\$ 4,603,791</u>

The City's total payroll in fiscal year 2014, exclusive of firefighters, was \$77,437,882, and the City's contributions were based on a covered payroll of \$75,371,525. Both the City and the covered employees make contributions monthly. The City's contribution was \$8,803,634. The employees' contributions of 7% of payroll were \$5,276,014.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial accrued liabilities and the actuarial value of assets.

**CITY OF AMARILLO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended September 30, 2014**

**NOTE 8 - RETIREMENT BENEFITS (CONTINUED)**

*Texas Municipal Retirement System (TMRS) (Continued)*

**Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contributions Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/14	\$ 8,835,888	\$ 8,803,634	99.6%	\$ 4,603,791
9/30/13	8,466,538	9,201,346	108.7%	4,571,536
9/30/12	9,921,486	9,887,329	99.7%	5,306,344

The required contribution rates for fiscal year ending September 30, 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

<u>Valuation Date</u>	<u>12/31/2011</u>	<u>12/31/2012</u>	<u>12/31/2013</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	25.7 years; closed period	24.7 years; closed period	21.1 years; closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
<b><i>Actuarial Assumptions:</i></b>			
Investment Rate of Return	7.00%	7.00%	7.00%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at Cost-of-Living Adjustments	3.00%	3.00%	3.00%
	0.00%	0.00%	0.00%

*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.

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

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

**CITY OF AMARILLO, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 Year Ended September 30, 2014**

**NOTE 8 - RETIREMENT BENEFITS (CONTINUED)**

*Texas Municipal Retirement System (TMRS) (Continued)*

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. In October 2013, the TMRS Board approved actuarial changes in (a) the Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

*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, 2014 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, 2014, 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	198
Current employees:	
Actives below assumed retirement age	206
Actives at or above assumed retirement age	35
<b>Total</b>	<b>439</b>

*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.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 8 - RETIREMENT BENEFITS (CONTINUED)**

*Firemen's Relief and Retirement Fund (Continued)*

The firefighters' total payroll in fiscal year 2014 was \$17,751,848, and the City's contributions were based on a covered payroll of \$17,460,890. The firefighters made required contributions of \$2,252,570, \$1,896,432, and \$1,733,976 for the fiscal years ending 2014, 2013, and 2012, respectively.

*Funding Status*

The most recent actuarial valuation was performed as of January 1, 2014. 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, 27, and 50. 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 18.83% by the City and 13.00% by employees, a 3.00% rate of inflation, compensation increases for individual members derived from a table based on the member's years of service, compounded annually, increases in total payroll of 4.00%, compounded annually, retirement age of active firefighters derived from a retirement table developed based on the fund's experience with respect to retirement, and starting age for benefits of terminated members to average age 50. 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. Neither the plan nor the actuarial valuation includes a cost of living increase.

The amortization of the unfunded actuarial accrued liability was determined as a level percentage of projected payroll. As of January 1, 2014 the amortization period of the unfunded actuarial accrued liability is 28.1 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 15 to 30-year period being preferable. The amortization period as of January 1, 2012 was 102.1 years which was greater than the Pension Review Board Guidelines. During October 2012 the firefighters voted in a 2% employee contribution increase from 11% to 13% and effective October 2013 the City increased the employer contribution by 1% to 18.83% to address the increased amortization period. The decrease in the amortization period was also affected by (a) favorable demographic experience and (b) the rate of return on the actuarial value of assets, which was higher than assumed. The annual pension cost, unfunded actuarial liability, and net pension obligation which are calculated under a 30-year amortization period are as follows:

Annual Required Contribution (ARC)	\$ 3,464,841
Interest on Net Pension Obligation	87,523
Adjustment to the ARC	<u>(64,477)</u>
Annual Pension Cost (APC)	3,487,887
Contributions Made	<u>(3,232,891)</u>
Change in net pension obligation	254,996
Net Pension Obligation at September 30, 2013	<u>1,060,889</u>
Net Pension Obligation at September 30, 2014	<u>\$ 1,315,885</u>

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 8 - RETIREMENT BENEFITS (CONTINUED)**

***Firemen's Relief and Retirement Fund*** (Continued)

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, 2014, the actuarial value of plan assets was \$132,542,271 and the fair market value was \$148,585,336.

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
09/30/2014	\$ 3,487,887	\$ 3,232,891	92.7%	\$ 1,315,885
09/30/2013	3,718,514	2,915,596	78.4%	1,060,889
09/30/2012	3,383,272	2,810,617	83.1%	257,971

**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 12/31/2013	FRRF 1/1/2014	Totals
Actuarial accrued liability	\$ 399,937,315	\$ 158,987,639	\$ 558,924,954
Net assets available for benefits asset valuation based on cost or adjustment cost	(346,724,766)	-	(346,724,766)
Net asset available for benefits asset valuation based on smoothed market	-	(132,542,271)	(132,542,271)
<b>Unfunded (overfunded) actuarial accrued liability</b>	<b>\$ 53,212,549</b>	<b>\$ 26,445,368</b>	<b>\$ 79,657,917</b>

	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
TMRS	12/31/13	\$ 346,724,766	\$ 399,937,315	\$ 53,212,549	86.7%	\$ 74,043,744	71.9%
FRRF	01/01/14	132,542,271	158,987,639	26,445,368	83.4%	16,602,749	159.3%

*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 and 27 as amended by GASB Statement No. 50, may be found in the Required Supplementary Information section of this report on page 107 (TMRS plan) and page 108 (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

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 8 - RETIREMENT BENEFITS (CONTINUED)**

**Additional Information (Continued)**

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](http://www.TMRS.com).

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.O. 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.

The laws governing deferred compensation plans require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Because the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

**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 ending September 30, 2008. The City provides postemployment health benefits to retirees within a single-employer plan. In January 2013, the City began prefunding a portion of its Other Postemployment Benefits (OPEB) liability via an irrevocable multiemployer OPEB trust (PEB Trust) in addition to pay-as-you-go costs. Assets in the PEB Trust can only be used to fund other postemployment benefits, such as medical costs for eligible retirees, and any eligible spouse or children. During calendar year 2014, the City made contributions of 2.43% of payroll into the PEB Trust. The City increased prefunding contributions to 2.43% commencing January 1, 2014. The City Council has the authority to increase or decrease prefunding contribution rates.

As shown below, for FYE 2014 the City's total contributions (prefunding + pay-as-you-go) were less than the actuarial calculation of annual required contribution for FYE 2014. Prior to 2013, there was no prefunding, and each respective fund 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 years when benefits will be paid.

*Annual Other Postemployment Benefits Cost*

For the fiscal year ended September 30, 2014, the City's annual OPEB cost (expense) is \$8,250,908. Considering the annual expense less pay-as-you-go cost for retirees and trust contributions of \$6,633,081, the result was an increase in the net OPEB obligation of \$1,617,827 for the year ended September 30, 2014.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 9 - POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Benefit Obligation and Normal Cost Fiscal Year Ended September 30, 2014**

<b>Actuarial present value of benefits</b>	<u>\$ 95,468,494</u>
<b>Unfunded actuarial accrued liability</b>	
Actuarial accrued liability	\$ 69,780,405
Actuarial value of assets	<u>3,657,652</u>
<b>Unfunded actuarial accrued liability</b>	<u>\$ 66,122,753</u>
<b>Present value of future normal costs</b>	<u>\$ 29,345,741</u>
<b>Annual required contribution</b>	
Normal cost	\$ 2,372,207
Amortization of UAAL	4,798,567
Interest on above amounts to end of year	<u>430,246</u>
<b>Annual required contribution</b>	<u>\$ 7,601,020</u>

**Net OPEB Obligation**

<b>Annual required contribution</b>	\$ 7,601,020
<b>Interest on net OPEB obligation</b>	5,546,525
<b>Adjustment to annual required contribution</b>	<u>(4,896,637)</u>
Annual OPEB cost	\$ 8,250,908
<b>Employer contributions with interest</b>	<u>6,633,081</u>
Increase in net OPEB obligation	1,617,827
<b>Net OPEB obligation, beginning of year</b>	<u>92,442,087</u>
<b>Net OPEB obligation, end of year</b>	<u>\$ 94,059,914</u>

**Schedule of Employer Contributions**

<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Employer Contribution</b>	<b>Percentage Contributed</b>	<b>Net OPEB Obligation</b>
9/30/14	\$ 8,250,908	\$ 6,633,081	80%	\$ 94,059,914
9/30/13	22,961,829	5,088,572	22%	92,442,087
9/30/12	21,982,334	4,367,187	20%	74,568,830

*Funding Status*

Effective January 1, 2013, the City began funding the PEB Trust. 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.

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
10/1/14	\$ 3,657,652	\$ 69,780,405	\$ 66,122,753	5.2%	\$ 90,872,000	72.8%
10/1/13	1,341,136	67,640,329	66,299,193	2.0%	87,952,000	75.4%

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 9 - POSTEMPLOYMENT BENEFITS (CONTINUED)**

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.

*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 current plan requires that when a retiree becomes Medicare eligible, the City-sponsored group healthcare plan becomes a supplement to Medicare. Effective January 1, 2015, all retirees, who are enrolled in Medicare, will be transitioned to a private Medicare supplement plan and will no longer be covered on the City-sponsored plan. The City intends to provide a monthly stipend of \$150 to assist retirees in the payment of the supplement premium. 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 retiree health program. The amounts recorded as liabilities for the fiscal year ending September 30, 2014 are based on the October 1, 2013 actuarial study. The actuarial liability was based on a 6.0% discount rate, partial pre-funding and pay as you go funding. Projected Unit Credit level percent of pay actuarial cost method, 30-year closed amortization of the UAAL, a payroll growth rate of 3.00% per year for Texas Municipal Retirement Fund and 5.5% per year for Amarillo Firemen's Relief and Retirement Fund participants (payroll growth rate). The healthcare cost trend rates are assumed to decrease in future years ranging from a high of 9.00% for 2014 to 5.00% beginning 2022.

*Financial Statements*

The Plan does not publish separate financial statements. Further information regarding the Plan, including the most recent actuarial study, 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.

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.

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 2014-15.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 10 - COMMITMENTS (CONTINUED)**

However, the City has appropriated \$1,110,841 of its available Fund Balance in the City's 2014-15 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, 2014, 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.

	<u>Project Authorizations</u>	<u>Expected Outside Funding Sources</u>	<u>Outside Funding Received</u>	<u>Complete at September 30, 2014</u>	<u>City's Remaining Committed</u>
Governmental activities					
Street improvements	\$ 17,247,831	\$ 15,921,199	\$ 1,901,652	\$ 2,214,509	\$ 1,013,775
General construction	50,519,583	50,785,020	27,904,833	12,577,878	15,061,518
Solid waste improvements	7,946,540	-	-	1,818,768	6,127,772
Civic Center improvements	4,097,659	454,235	104,235	787,923	2,959,736
Total - governmental fund activities	<u>79,811,613</u>	<u>67,160,454</u>	<u>29,910,720</u>	<u>17,399,078</u>	<u>25,162,801</u>
Internal service fund projects					
Information services	2,764,992	166,503	166,503	1,757,559	1,007,433
Municipal garage	50,000	-	-	1,029	48,971
Total - all governmental-type activities	<u>82,626,605</u>	<u>67,326,957</u>	<u>30,077,223</u>	<u>19,157,666</u>	<u>26,219,205</u>
Business-type activities					
Water and sewer system improvements	87,502,583	7,456,738	910,165	33,311,834	47,644,176
Airport	11,713,375	5,538,397	3,099,475	7,898,499	1,375,954
Drainage utility	13,547,991	-	-	5,899,861	7,648,129
Total - all business-type activities	<u>112,763,949</u>	<u>12,995,135</u>	<u>4,009,640</u>	<u>47,110,194</u>	<u>56,668,259</u>
<b>Total - all city project</b>	<u><b>\$ 195,390,554</b></u>	<u><b>\$ 80,322,092</b></u>	<u><b>\$ 34,086,863</b></u>	<u><b>\$ 66,267,860</b></u>	<u><b>\$ 82,887,464</b></u>

*Table 6 – Unfinished Construction Projects*

Funding assistance is being requested in connection with the development of a new well field 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, 2013, all of this amount has been received and was recorded as a bond payable.

The City currently has eight Public Improvement Districts (PIDs). Seven of the eight 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. On July 29, 2014 the City Council approved the dissolution of the Brennan Boulevard Public Improvement District No.1. Any amounts left in fund balance will be transferred to the Parks Department.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 10 - COMMITMENTS (CONTINUED)**

The PIDs are responsible for the maintenance and ongoing upkeep of these enhanced facilities 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, a third issue was for \$600,000 in 2008, and a fourth issue of \$725,000 in 2014. 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 2014, there was approximately \$7,300 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 2015 fiscal year are \$27,573.

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, \$1,500,000 during 2008 and \$1,535,000 in 2014. The special assessments paid by the residents will be used to pay the debt service associated with this issue. Through September 30, 2014 there was approximately \$2.22 million 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 2014 fiscal year are approximately \$2 million. The other PIDs are fully developed and there is not an amount to be paid to the developer.

The City has committed \$276,298 in the 2014/15 Budget to Downtown Amarillo Inc. (DAI). On November 18, 2014 the Council approved an addendum of \$290,856 to fund additional services for DAI to prepare and submit to the United States Department of Transportation an application for federal funding of enhancements under the TIGER program. The City has committed \$160,000 to Center City for downtown redevelopment. Both DAI and Center City work closely with the City, citizens, and the downtown developer to promote and improve the downtown area.

The City previously entered into a development agreement, which was assigned to the Amarillo Local Government Corporation (LGC) in 2011. The Corporation's charge is to work with a developer(s) on the following three downtown initiatives: a convention hotel, a parking garage, and a multi-purpose event venue (MPEV) that will also serve as a minor league ball park. On November 12, 2014, the LGC approved a Convention Center Hotel Agreement and a separate Convention Center Parking Garage Agreement. The City will own all of the facilities. The developer of the convention hotel will operate the hotel and the LGC will operate the parking facility. The parking garage developer will operate the retail portion of the garage. The hotel agreement includes a performance guarantee of up to \$2 million to assure a minimum performance of the hotel. On December 22, 2014, the City Council approved Addendum #1 to the Interlocal Local Agreement between the City and LGC confirming that the City will provide public revenue, as necessary, to fund the downtown projects and to fund the hotel performance assurance. The development agreement containing details of the MPEV project is currently under negotiation. The developer(s) along with the LGC will be responsible for the maintenance and operation of the facilities as appropriate.

The City anticipates the issuance of approximately \$36.8 million in bonds to finance the parking garage and MPEV during the next two years. This issuance may be split into two issuances based on the construction sequence of the projects as they are developed. The City anticipates the use of capital funds for these two projects, including Civic Center Improvement Fund, General Construction Fund, relocation

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 10 - COMMITMENTS (CONTINUED)**

and expansion of utilities associated with these projects, TIRZ #1, and an additional funding from Center City. At year-end the utilities project is in process.

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, approximately 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 remaining 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 of the funds allocated to subsidize events at the Civic Center Complex, and those excess funds are also transferred to the Civic Center Improvement funds. All three of the projects will be outsourced in a lease agreement with the selected developer(s).

To generate additional revenues, the City increased Civic Center Complex rental rates by 20% in 2011/12 and 2012/13 fiscal years to offset the reduction in available hotel taxes described above. The City has also added a 10% add-on fee to ticketed events at the Civic Center Complex. Effective with the 2011/12 budget, the Amarillo-Potter Events Venue District approved a \$100,000 increase in the operating agreement for their portion of the Civic Center, which also offsets the reduction in hotel tax for Civic Center and reallocation to the MPEV and garage.

For the Civic Center, the net result of issuing the hotel tax revenue bonds will be fewer funds for future capital for a period of time. The Chamber has retained significant unspent hotel revenues and will use those funds to offset the reduction in future hotel tax allocation to them. The hotel tax revenue will ultimately grow to make up for the projected reductions to the Chamber and Civic Center. Fortunately, the City is already experiencing significant strength in growth of hotel tax revenues; 2011/12, 2012/13, and 2013/14 were the City's best years yet for hotel tax, and the increased collections are beginning to offset project reductions.

**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. The maturities range thru 2037 with annual principal payments from \$90,000 to \$245,000 and provide for interest rates ranging from 3.50% to 5.25%. The 2011B series was issued in the amount of \$2,210,000 to fund streetscape improvements in the City's downtown central business district. The streetscape project is part of our "Downtown Strategic Action Plan" for TIRZ #1. Accordingly, the debt service for this issue will be funded by the TIRZ #1 revenue. The maturities range thru 2032 with annual principal payments from \$75,000 to \$170,000 and provide for interest rates ranging from 3.50% to 6.00%.

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 Street, as well as street and drainage improvements. The annual principal maturities range from \$61,000 to \$88,000.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**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 at rates ranging from 3.50% to 5.00%, and the serial bonds mature annually to August 15, 2022 in amounts ranging from \$370,000 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 \$1,110,000 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.

The City's General Obligation debt is rated AAA by Standards 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 was 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 \$50,000 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 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 \$18,920 to \$43,909. The final maturity is February 15, 2026.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)**

**Special Assessment Debt (Continued)**

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 semi-annually at a rate of 4.28%, and the certificates are subject to mandatory redemption in annual amounts ranging from \$25,000 to \$45,000. The final maturity is February 15, 2028. For the 2008B issue principal and interest are payable semi-annually at a rate of 4.08%, and the certificates are subject to mandatory redemption in annual amounts ranging from \$65,000 to \$110,000. The final maturity is February 15, 2028.

On April 1, 2014, the City issued \$2,260,000 of Combination Tax and Revenue Certificates of Obligation, Series 2014 for the purpose of financing enhancements of the park facilities in the Greenways Public Improvement District (\$725,000) and the Colonies Public Improvement District (\$1,535,000), respectively. Debt Service is to be funded out of special assessments on properties within each District. The principal and interest are payable in semi-annual installments at rates ranging from 2.000% to 3.625%, and the certificates are subject to mandatory redemption in annual amounts ranging from \$65,000 to \$155,000. The final maturity is August 15, 2034.

**Municipal Garage Bonds**

On December 12, 2012 the City issued the 2012B bond issue for \$2,790,000 in Combination Tax and Sanitation Revenue Certificates of Obligations to purchase rolling stock for the City's municipal garage. Rolling stock replacement was delayed during the recent economic downturn. The 2012B issue has a five-year maturity and the proceeds will be used to purchase rolling stock with at least a five-year life. The COs have a \$1,000 limit pledge of Sanitation Revenues and a property tax pledge. The City intends to pay the COs from Municipal Garage Rental Revenues and not levy a tax for the debt. The final maturity is August 19, 2018. The COs are subject to mandatory redemption in annual amounts ranging from \$460,000 to \$475,000 and provide for interest rates ranging from 1.00% to 1.25%. On February 25, 2014 the City issued Tax Notes, Series 2014 in the amount of \$2,650,000. The Notes have a five-year life and are payable in semi-annual installments with interest rates ranging from 0.20% to 2.00%. This issue will be used to fund roll stock in the Municipal Garage fleet. The Notes are subject to mandatory redemption in annual amounts ranging from \$430,000 to \$455,000.

Summary of changes in the governmental activities debt for the year ended September 30, 2014 is as follows:

	Tax Supported Debt	Special Assessment Debt and Other Revenue Sources	Municipal Garage Debt	Total Government Activities Debt
Principal balances outstanding, October 1, 2013	\$ 25,616,000	\$ 8,340,350	\$ 2,330,000	\$ 36,286,350
New bond issue	-	2,260,000	2,650,000	4,910,000
Principal maturities	<u>(1,485,000)</u>	<u>(356,067)</u>	<u>(900,000)</u>	<u>(2,741,067)</u>
Balances September 30, 2014	24,131,000	10,244,283	4,080,000	38,455,283
Balance of unamortized discount/premium	<u>432,325</u>	<u>276,656</u>	<u>59,636</u>	<u>768,617</u>
Net balances, September 30, 2014	<u>\$ 24,563,325</u>	<u>\$ 10,520,939</u>	<u>\$ 4,139,636</u>	<u>\$ 39,223,900</u>

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)**

**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 4.375%. In order to keep debt service payments level the City's principal payments will begin in the year 2020.

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 \$1,170,000 to \$1,415,000 and provide for interest rates of 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. 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 was paid off in 2012. The outstanding Series 2011 bonds mature annually thru 2023 with principal amounts ranging from \$465,000 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 began in 2013 and mature annually through 2032 in principal amounts ranging from \$330,000 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 \$2,010,000 to \$2,555,000 and provide for interest rates ranging from .338% to 3.018%.

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 .21% to 2.587%. The City also issued Combination Tax and Revenue Certificates of Obligation Series 2009C in the amount of \$18,075,000. The Series 2009C bonds mature annually through 2031 with annual principal payment of \$905,000 and provide for a 0% interest rate.

During 2013, the City settled and closed on \$1,060,000 of the remaining balance of the Series 2009C Bonds.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)**

**Water and Sewer Bonds (Continued)**

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 \$625,000 to \$1,150,000 and provide for interest rates ranging from 2.00% to 4.125%. The proceeds were used to fund the purchase of Ochiltree County water rights.

On July 10, 2013 the City issued the Waterworks and Sewer System New Series Revenue Bonds, Series 2013 in the amount of \$1,310,000. The Series bonds mature annually through 2023 in principal amounts ranging from \$125,000 to \$135,000 and provide for interest rates ranging from 0.01% to 0.85%. The proceeds will be used to fund the design of the Osage to Arden Road pipeline.

On January 22, 2014 the City issued the Waterworks and Sewer System New Series Revenue Bonds, Series 2014 in the amount of \$8,495,000. The Series 2014 bonds mature annually through 2033 in principal amounts ranging from \$355,000 to \$495,000 and provide for interest rates ranging from 0.00% to 2.62%. These funds will be used for the design and construction of Georgia Street Interceptor project. This project will eliminate a lift station and ensure proper operation of the collection system in the area. This bond issue will also fund the planning and design for the replacement of Lift Station 32. Included in this financing is an additional amount of \$441,131 of loan forgiveness for a total project of \$8.9 million.

A summary of changes in Water and Sewer System bonded debt for the year ended September 30, 2014, is as follows:

<b>Principal outstanding, October 1, 2013</b>	\$ 137,665,000
New bond issue	8,495,000
Principal maturities	<u>(7,965,000)</u>
Principal outstanding, September 30, 2014	138,195,000
Unamortized redemption premium	<u>384,582</u>
<b>Net balances, September 30, 2014</b>	<b><u>\$ 138,579,582</u></b>

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 2014 obligation is \$11,126,396. At September 30, 2014, the amount available in this account was \$3,826,918.
- 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, 2014, the combined requirement amounted to \$2,495,116 and the amount available in this account was \$2,495,116.

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.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)**

**Water and Sewer Bonds (Continued)**

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, 2014. The City has maintained its tax-exempt status during 2014.

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.

On December 13, 2013, Standard & Poor's Rating Services affirmed its AAA rating, with a stable outlook, on the City of Amarillo, Texas Waterworks and Sewer System Revenue Bonds.

**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.

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 \$494,012 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, 2014, the City's proportionate share of this indebtedness was \$2,510,533, and its share of the unamortized discount obtained for early retirement of the Bureau of Reclamation debt was \$1,351,100.

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, 2014, the City's portion of the outstanding remaining principal for the 2010 issue is \$1,845,629 and the City's portion of the 2005 Refunding bonds is \$8,865,552 with principal amounts ranging from \$601,054 to \$1,625,678 providing for interest rates of 4.00% to 5.00%.

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 was \$19,467,586. The participating member cities desired to have level debt service payments. In order

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)**

**Water Authority Obligations (Continued)**

to keep the CRMWA debt service payments level, the City will only pay 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. On January 22, 2013, CRMWA issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2012 in the amount of \$39,505,000 for the advance refunding of the 2005 CRMWA Contract Revenue Series. The 2012 Refunding bonds will reduce total debt service payments over the next thirteen years by \$5,063,754 with Amarillo's share at \$2,443,576. The refunding resulted in an economic gain of \$4,259,006 with Amarillo's share at \$2,044,083. The City's outstanding portion of this bond issue is \$17,918,751 at September 30, 2014 with principal maturing annually through February 15, 2025 and interest ranging from 2.00% to 5.00%. In total, the payments to CRMWA will remain constant throughout the term of the various bond issues. The City's portion of the principal payments range from \$303,325 to \$3,348,405 with interest rates ranging from 2.00% to 5.00%.

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 \$14,750,703 at September 30, 2014. The City's portion of the principal payments range from \$517,896 to \$1,529,487 with interest rates at 5.00%.

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. The City's portion of the annual principal payments range from \$268,606 to \$951,547 with interest rates of 3.00% to 5.00%. The City's proportionate share of this indebtedness is \$7,082,778 at September 30, 2014. Bonds are secured by a lien on the participating member cities' project payments.

During December 2011, CRMWA issued debt in the amount \$81,630,000 to fund the purchase of additional water rights in the Ogallala Aquifer. The City participated in this issue and the City's proportionate share of the bond issue was \$33,536,053. The bonds were issued at a premium and the City's proportionate share was \$3,091,199 with bond issuance cost of \$473,755. The City's portion of the annual principal payments range from \$649,625 to \$2,567,688 with interest rates of 4.00% to 5.00%. At September 30, 2014, the City's proportionate share of the outstanding indebtedness was \$30,329,526. Bonds are secured by a lien on the participating member cities' project payments.

On November 4, 2014, CRMWA issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2014 in the amount of \$42,165,000 to refund a portion of CRMWA's outstanding Contract Revenue Refunding Bonds, Series 2005 and a portion of the CRMWA's outstanding Contract Revenue Bonds, Series 2006. The 2014 Refunding Bonds will reduce total debt service payments over the next 13 years by \$5,157,098 with Amarillo's share at \$2,437,634. The refunding resulted in an economic gain of \$4,468,378 with Amarillo's share at \$2,139,336. The City's portion of this bond issue is \$20,294,781 with principal maturing annually through February 15, 2027 and interest ranging from 2.00% to 5.00%. In total, the payments to CRMWA will remain constant throughout the term of the various bond issues.

The City increased Water and Sewer rates by 6% beginning October 1, 2011 and by 5% effective October 1, 2012 to help pay for the purchase of the Ochiltree County water rights and the City's portion of the CRMWA debt. The City increased rates effective October 1, 2013 by 2% to help pay for the 2013 and 2014 Water and Sewer Revenue bonds.

**CITY OF AMARILLO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended September 30, 2014**

**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, 2014, is reflected in the following table:

<b>Principal outstanding, October 1, 2013</b>	\$ 88,399,000
Principal maturities	<u>(5,095,528)</u>
<b>Principal outstanding, September 30, 2014</b>	83,303,472
Unamortized redemption discount/premium	<u>8,349,985</u>
<b>Net balances, September 30, 2014</b>	<u>\$ 91,653,457</u>

**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 \$1,440,000 to \$1,830,000 and provide for interest rates ranging from 4.70% to 5.00%.

<b>Principal outstanding, October 1, 2013</b>	\$ 11,135,000
Principal maturities	<u>(1,380,000)</u>
<b>Principal outstanding, September 30, 2014</b>	9,755,000
Unamortized redemption premium	<u>765,217</u>
<b>Net balances, September 30, 2014</b>	<u>\$ 10,520,217</u>

**Drainage Utility Bonds**

On December 12, 2012 the City issued \$6,260,000 in Combination Tax and Drainage Utility Revenue Certificates of Obligations (COs). The 2012A issue is mainly for drainage improvements on Farmers Avenue. The 2012A bonds have a final maturity of August 15, 2032. The COs are subject to mandatory redemption in annual amounts ranging from \$245,000 to \$430,000 and provide for interest rates ranging from 1.00% to 2.00%. In addition to the tax pledge, the Drainage Utility COs have an unlimited net pledge of the Drainage Utility System of 1.25 times net revenue. The City intends to fund the debt entirely from the Drainage Utility and not levy a property tax for the COs. Thus, the debt is structured similar to the Water & Sewer revenue debt.

On April 1, 2014 the City issued \$6,080,000 in Drainage Utility Revenue Bonds. The 2014 issue is mainly for drainage improvements on Martin Road. The 2014 bonds have a final maturity of 2034. The bonds are subject to mandatory redemption in annual amounts ranging from \$200,000 to \$410,000 and provide for interest rates ranging from 2.00% to 3.75%. The bonds have an unlimited net pledge of the Drainage Utility System of 1.25 times net revenue.

<b>Principal outstanding, October 1, 2013</b>	\$ 5,820,000
New bond issue	6,080,000
Principal maturities	<u>(415,000)</u>
<b>Principal outstanding, September 30, 2014</b>	11,485,000
Unamortized redemption premium	<u>110,596</u>
<b>Net balances, September 30, 2014</b>	<u>\$ 11,595,596</u>

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)**

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

Bond issues outstanding at September 30, 2014 are summarized in Table 7 below.

	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>	<u>Annual Principal Installments</u>	
City of Amarillo indebtedness					
General Obligation debt					
Payable from tax revenues					
General Obligation Bonds, series 2009	3.50 - 5.00%	2022	3,430,000	370,000	485,000
Combination tax/revenue certificates of obligation, series 2007	4.00 - 5.25%	2027	19,530,000	1,110,000	2,000,000
Recovery Zone Build America Bonds, Series 2010	5.81%	2030	1,171,000	61,000	88,000
Payable from special assessments					
Combination tax/revenue certificates of obligation, series 2001	4.45%	2016	105,000	50,000	55,000
Combination tax/revenue certificates of obligation, series 2003	3.70%	2023	345,000	30,000	45,000
Combination tax/revenue certificates of obligation, series 2006	4.75%	2026	404,283	18,920	43,909
Combination tax/revenue certificates of obligation, series 2008A	4.28%	2028	470,000	25,000	45,000
Combination tax/revenue certificates of obligation, series 2008B	4.08%	2028	1,175,000	65,000	110,000
Combination tax/revenue certificates of obligation, series 2014	2.00 - 3.625%	2034	2,260,000	65,000	155,000
Payable from other sources					
Combination tax/revenue certificates of obligation, series 2011A	3.50 - 5.25%	2037	3,490,000	90,000	245,000
Combination tax/revenue certificates of obligation, series 2011B	3.50 - 6.00%	2032	1,995,000	75,000	170,000
Waterworks and Sewer Bonds					
2005 revenue issuance	5.00%	2019	6,440,000	1,170,000	1,415,000
2006 revenue issuance	4.00 - 4.50%	2032	8,500,000	330,000	655,000
2006A revenue issuance	4.25 - 4.375%	2027	9,370,000	1,010,000	1,350,000
2011 revenue issuance	2.00 - 4.125%	2031	14,240,000	625,000	1,150,000
2013 revenue issuance	0.01 - 0.85%	2023	1,180,000	125,000	135,000
2014 revenue issuance	0.00 - 2.62%	2033	8,020,000	355,000	495,000
Combination tax/revenue certificates of obligation, series 2009	.338 - 3.018%	2028	30,865,000	2,010,000	2,555,000
Combination tax/revenue certificates of obligation, series 2009B	.21 - 2.587%	2029	39,580,000	1,955,000	3,400,000
Combination tax/revenue certificates of obligation, series 2009C	0.00%	2031	15,385,000	905,000	905,000
General Obligation bonds series 2011	2.00 - 3.125%	2023	4,615,000	465,000	575,000
Airport Bonds					
Combination tax/revenue certificates of obligation, series 2009A	4.70 - 5.00%	2020	9,755,000	1,440,000	1,830,000
Drainage Bonds					
2014 revenue issuance	2.00 - 3.75%	2034	6,080,000	200,000	410,000
Combination tax/revenue certificates of obligation, series 2012A	1.00 - 2.00%	2032	5,405,000	245,000	430,000
Municipal Garage Bonds					
Combination tax/revenue certificates of obligation, series 2012B	1.00 - 1.25%	2018	1,870,000	460,000	475,000
Tax Notes, 2014	0.20 - 2.00%	2019	2,210,000	430,000	455,000
Total City of Amarillo issuances			<u>197,890,283</u>		
Canadian River Water Authority indebtedness					
2005 refunding issuance	4.00 - 5.00%	2020	8,865,552	601,054	1,625,678
2006 revenue issuance	5.00%	2027	14,750,703	517,896	1,529,487
2009 revenue issuance	3.00 - 5.00%	2029	7,082,778	268,606	951,547
2010 refunding issuance (Conjunctive Use Groundwater)	3.00 - 3.50%	2020	1,845,629	213,418	521,567
2010 refunding issuance (BUREC)	3.00 - 3.50%	2018	2,510,533	494,012	941,547
2011 revenue issuance	4.00 - 5.00%	2031	30,329,526	649,625	2,567,688
2012 refunding issuance	2.00 - 5.00%	2025	17,918,751	303,325	3,348,405
Total City share of Water Authority indebtedness			<u>83,303,472</u>		
<b>Total bond issues outstanding</b>			<u><u>\$ 281,193,755</u></u>		

Table 7 – Description of Individual Bond Issues Outstanding

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)**

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

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	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,541,000	\$ 1,163,293	\$ 427,331	\$ 449,503	\$ 7,940,000	\$ 3,186,396	\$ 5,236,637	\$ 3,926,288
2016	1,607,000	1,098,945	473,659	413,769	8,065,000	3,077,633	5,427,428	3,683,694
2017	1,684,000	1,023,614	435,051	396,798	8,180,000	2,954,970	5,713,444	3,437,763
2018	1,750,000	952,719	451,509	381,636	8,335,000	2,819,029	6,323,654	3,188,379
2019	1,832,000	873,742	463,037	365,070	8,500,000	2,662,640	5,862,513	2,911,139
2020-2024	9,519,000	2,983,643	2,550,867	1,548,882	45,210,000	10,460,080	32,773,118	10,150,855
2025-2029	6,110,000	662,881	2,602,829	998,802	44,095,000	4,519,523	18,749,366	3,067,982
2030-2034	88,000	2,811	2,140,000	435,732	7,870,000	435,059	3,217,312	172,857
2035-2039	-	-	700,000	56,437	-	-	-	-
	<u>\$ 24,131,000</u>	<u>\$ 8,761,648</u>	<u>\$ 10,244,283</u>	<u>\$ 5,046,629</u>	<u>\$ 138,195,000</u>	<u>\$ 30,115,330</u>	<u>\$ 83,303,472</u>	<u>\$ 30,538,957</u>

For the Year Ended September 30,	Airport Debt		Drainage Debt		Municipal Garage Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,440,000	\$ 433,650	\$ 620,000	\$ 333,848	\$ 890,000	\$ 47,813	\$ 18,094,968	\$ 9,540,791
2016	1,510,000	362,025	675,000	271,794	900,000	42,138	18,658,087	8,949,998
2017	1,580,000	290,775	685,000	262,544	910,000	33,138	19,187,495	8,399,602
2018	1,655,000	215,900	500,000	253,144	925,000	24,038	19,940,163	7,834,845
2019	1,740,000	131,025	510,000	243,144	455,000	9,100	19,362,550	7,195,860
2020-2024	1,830,000	43,762	2,665,000	1,020,270	-	-	94,547,985	26,207,492
2025-2029	-	-	3,000,000	669,107	-	-	74,557,195	9,918,295
2030-2034	-	-	2,830,000	249,013	-	-	16,145,312	1,295,472
2035-2039	-	-	-	-	-	-	700,000	56,437
	<u>\$ 9,755,000</u>	<u>\$ 1,477,137</u>	<u>\$ 11,485,000</u>	<u>\$ 3,302,864</u>	<u>\$ 4,080,000</u>	<u>\$ 156,227</u>	<u>\$ 281,193,755</u>	<u>\$ 79,398,792</u>

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 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, 2014 under the annual leave policy was \$9,576,391, compensated time policy was \$1,024,661, and under the sick leave policy was \$10,735,840.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)**

**Provision for Compensated Absences (Continued)**

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

	<b>Governmental Funds</b>	<b>Proprietary Funds</b>
<b>Balances at October 1, 2013</b>	\$ 18,842,088	\$ 1,622,464
Terminations paid	(1,545,213)	(288,124)
Leave accrued	<u>2,414,248</u>	<u>291,429</u>
<b>Balances at September 30, 2014</b>	<u>\$ 19,711,123</u>	<u>\$ 1,625,769</u>

Of the above obligations, \$1,494,590 in the Government Funds and \$276,232 in the Proprietary Funds are estimated to be current. 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 position in the fund at September 30, 2014 was \$8,626,770; \$699,552 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 that 17.1% of the revised capacity was filled at September 30, 2014 and that the landfill has a projected remaining life of approximately 154 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, 2014, these five cells were approximately 42% 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 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

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)**

station, closure costs would be about \$11 million and post-closure costs would be about \$3 million for a total of \$14 million in today's dollars.

Based on the cumulative usage of 7,368,000 tons at September 30, 2014, 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	\$ 1,801,166
Cost of postclosure care and monitoring	<u>540,697</u>
<b>Total estimated accrued liability</b>	<b><u>\$ 2,341,863</u></b>

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, 2014 was as follows:

	Balance Sept. 30, 2013 (restated)	Amortization/ Accretion	Additions	Reductions	Balance Sept. 30, 2014	Due Within One Year
<b>Bonds payable:</b>						
<b>Governmental activities</b>						
General obligation bonds	\$ 3,785,000	\$ -	\$ -	\$ (355,000)	\$ 3,430,000	\$ 370,000
Recovery Zone Build America bonds	1,231,000	-	-	(60,000)	1,171,000	61,000
Tax-supported certificates of obligation	20,600,000	-	-	(1,070,000)	19,530,000	1,110,000
Unamortized gain on refunding	-	-	-	-	-	-
Unamortized offering premium	699,175	(34,048)	43,854	-	708,981	-
Special assessment and other debt	8,340,350	-	2,260,000	(356,067)	10,244,283	427,331
Municipal Garage bonds	2,330,000	-	2,650,000	(900,000)	4,080,000	890,000
Premium on Municipal Garage bonds	28,459	(12,885)	44,063	-	59,636	-
<b>Total governmental activities</b>	<b>37,013,984</b>	<b>(46,933)</b>	<b>4,997,917</b>	<b>(2,741,067)</b>	<b>39,223,900</b>	<b>2,858,331</b>
<b>Business-type activities</b>						
Water & sewer bonds	137,665,000	-	8,495,000	(7,965,000)	138,195,000	7,940,000
Premium on Water & sewer bonds	445,370	(60,788)	-	-	384,582	-
Water authority obligations	88,399,000	-	-	(5,095,528)	83,303,472	5,236,637
Premium on Water authority obligations	8,622,727	(272,742)	-	-	8,349,985	-
Airport bonds	11,135,000	-	-	(1,380,000)	9,755,000	1,440,000
Premium on Airport bonds	873,469	(108,252)	-	-	765,217	-
Drainage Utility bonds	5,820,000	-	6,080,000	(415,000)	11,485,000	620,000
Premium on Drainage Utility bonds	68,198	(7,765)	50,163	-	110,596	-
<b>Total business-type activities</b>	<b>253,028,764</b>	<b>(449,547)</b>	<b>14,625,163</b>	<b>(14,855,528)</b>	<b>252,348,852</b>	<b>15,236,637</b>
<b>Total</b>	<b>290,042,748</b>	<b>(496,481)</b>	<b>19,623,080</b>	<b>(17,596,595)</b>	<b>291,572,752</b>	<b>18,094,968</b>
<b>Other liabilities:</b>						
<b>Governmental activities</b>						
Compensated absences	18,842,088	-	2,414,248	(1,545,213)	19,711,123	1,494,590
Self-insurance liability	17,611,734	-	551,965	(1,027,852)	17,135,847	6,081,041
Provision for landfill and postclosure care costs	2,225,210	-	-	116,653	2,341,863	-
Postemployment benefits	92,442,087	-	-	1,617,827	94,059,914	-
Net pension obligation	4,977,430	-	9,082,055	(8,799,219)	5,260,266	-
<b>Total governmental activities</b>	<b>136,098,549</b>	<b>-</b>	<b>12,048,268</b>	<b>(9,637,804)</b>	<b>138,509,013</b>	<b>7,575,631</b>
<b>Business-type activities</b>						
Compensated absences	1,622,464	-	291,429	(288,124)	1,625,769	276,232
Other accrued expenses	2,979,023	-	-	(195,767)	2,783,256	-
Net pension obligation	654,995	-	4,415	-	659,410	-
<b>Total business-type activities</b>	<b>5,256,482</b>	<b>-</b>	<b>295,844</b>	<b>(483,891)</b>	<b>5,068,435</b>	<b>276,232</b>
<b>Total</b>	<b>141,355,031</b>	<b>-</b>	<b>12,344,112</b>	<b>(10,121,695)</b>	<b>143,577,448</b>	<b>7,851,863</b>
<b>Total long-term liabilities</b>	<b>\$ 431,397,779</b>	<b>\$ (496,481)</b>	<b>\$ 31,967,192</b>	<b>\$ (27,718,290)</b>	<b>\$ 435,150,200</b>	<b>\$ 25,946,831</b>

For the governmental activities, compensated absences, postemployment benefits and net pension obligation are generally liquidated by the General Fund.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 12 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The following tabulation reflects the composition of interfund balances at September 30, 2014.

<u>Receivable Fund</u>		<u>Payable Funds</u>	
General Fund	\$ 1,870,257	Nonmajor Govt. Funds	\$ 1,062,419
		Internal Service	757,838
		Proprietary Funds	50,000
	<u>\$ 1,870,257</u>		<u>\$ 1,870,257</u>
Nonmajor Govt. Funds	\$ 39,116	Nonmajor Govt. Funds	\$ 32,562
		General Fund	6,554
	<u>\$ 39,116</u>		<u>\$ 39,116</u>
Internal Service Funds	\$ 190,278	Internal Service	\$ 179,006
		Nonmajor Govt. Funds	9,096
		General Fund	2,176
	<u>\$ 190,278</u>		<u>\$ 190,278</u>

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:

<u>Transfers Out Fund</u>		<u>Transfers In Fund</u>	
General Fund	\$ 12,704,018	Capital Projects	\$ 12,370,178
		Internal Service	253,977
		Nonmajor Govt. Funds	79,863
	<u>\$ 12,704,018</u>		<u>\$ 12,704,018</u>
Capital Projects	\$ 757,348	Internal Service	\$ 295,901
		Nonmajor Govt. Funds	255,175
		Capital Projects	170,722
	<u>\$ 757,348</u>	General Fund	35,550
Nonmajor Govt. Funds	\$ 810,347		<u>\$ 757,348</u>
		Nonmajor Govt. Funds	\$ 491,029
		Capital Projects	273,111
		Internal Service	34,207
	<u>\$ 810,347</u>	General Fund	12,000
Proprietary Funds	\$ 760,590		<u>\$ 810,347</u>
		Internal Service	\$ 598,289
		Capital Projects	161,301
	<u>\$ 760,590</u>	Nonmajor Govt. Funds	1,000
Internal Service	\$ 105,225		<u>\$ 760,590</u>
		Capital Projects	\$ 104,235
		Internal Service	990
	<u>\$ 105,225</u>		<u>\$ 105,225</u>

**CITY OF AMARILLO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended September 30, 2014**

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

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, 2014 and for its fiscal year then ended, reflect the following:

<b>Assets</b>	
Cash and cash equivalents	\$ 16,144,795
Due from member cities and other receivable	11,477,839
<b>Deferred Outflows of Resources</b>	546,674
<b>Debt Service Funds</b>	
Restricted cash and cash equivalents	21,638,356
Due from cities	176,856,664
Property, plant and equipment, net of accumulated depreciation	328,810,949
<b>Liabilities and Deferred Revenues</b>	
Current liabilities	15,008,583
Noncurrent liabilities	<u>197,707,969</u>
<b>Net Position</b>	<u>\$ 342,758,725</u>

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 13 - WATER SUPPLY CONTRACT (CONTINUED)**

<b>Operating Revenues</b>		\$ 14,230,630
User assessments for operations		(17,072,854)
<b>Operating Expenses</b>		
<b>Nonoperating Revenue (Expense)</b>		
Net contributions from member cities		23,987
Nonoperating revenues (expenses)		<u>152,584</u>
		<u>176,571</u>
<b>Net Increase (Decrease) in Net Position</b>		<u>\$ (2,665,653)</u>

CRMWA's debt consists of the approximately \$5.6 million related to bonds issued to refund the construction obligation to the Bureau of Reclamation and \$203.4 million related to the underground water project. The CRMWA's annual debt services requirements, including interest, range from \$6.5 million to \$20.2 million with final repayment in 2031. 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 \$83.3 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.

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, 2014, the Consortium served over 100 libraries in addition to its members. The condensed financial statements of the Consortium at September 30, 2014 and for the year then ended are summarized in the table below.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 14 - HARRINGTON LIBRARY CONSORTIUM (CONTINUED)**

**Balance Sheet**

Capital assets, net of depreciation	\$ 16,026
Cash and other assets, net	832,259
Current liabilities	<u>(115,707)</u>
Net position	<u>\$ 732,578</u>

**Revenues**

Operating revenues	\$ 381,315
Nonoperating revenues	<u>61,131</u>
Total revenues	442,446

**Expenses**

Operating expenses	<u>(520,892)</u>
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<b>Change in net position</b>	<u><u>\$ (78,446)</u></u>
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**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.

The City of Amarillo has a blanket all risk property insurance policy. While the sum of the scheduled values is the policy limit, the blanket feature allows this limit to be used for one occurrence. Thus, if a property's scheduled value was not sufficient to cover a loss, the entire blanket would be used to cover the loss. The policy also treats rolling stock and vehicles as contents when on premises. The schedule of values and the coverage have been increasing over the last three years as property is added to the schedule, and replacement values have increased with increases in construction costs. Settlements of insurance have not exceeded coverage in the past three years.

**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 \$4,250,000.

**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 \$600 million. The property insurance policy also includes \$100 million in flood and earthquake coverage and has a Terrorism endorsement. On the morning of June 27, 2014, a water line near the City of Amarillo Civic Center broke and flooded the Civic Center. The line was located near the east ramp and flooded the Civic Center basement with close to three feet of water. The affected areas included the coliseum, auditorium, and the basement. Physical damages occurred to building improvements and equipment in these areas due to the flooding. The City has flood insurance with a \$250,000 deductible. This deductible amount has been reserved in the City's Self Insurance Fund. The City has received two \$1 million advances from the insurance carrier. The City and the insurance carrier are estimating total cost associated with the flood of \$3.5 to \$4.0 million dollars.

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.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 15 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)**

**Self-Insurance and Risk Management (Continued)**

**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.

**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 \$100,000 deductible per occurrence and annual aggregate coverage of \$16 million. The City's largest claim has been a \$5 million Police Liability Claim which was settled in FY 2004.

**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.

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, 2014 related to incurred but not reported (IBNR) claims was \$3,306,575. 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, 2014. Management's estimate of the liability by the City was within recommended liability and funding ranges of that study. A provision is also made for estimated future costs of known loss events. This provision at September 30, 2014, was \$1,881,715 and was calculated by management based on historical costs associated with similar health conditions. The postemployment liability at September 30, 2014 was \$94,059,914. The postemployment health benefit adjustment was \$1,617,827, which includes the annual required contribution of \$7,601,020 plus interest of \$5,546,525, less an adjustment to the annual required contribution of \$4,896,637 and less the pay-as-you-go cost for retirees and trust contributions of \$6,633,081.

After providing for incurred losses, the Employee Insurance Fund had a net position of \$(90,617,888) at September 30, 2014. Included in the net asset calculation is the adjustment discussed in the previous paragraph for postemployment health benefits as required by Governmental Accounting Standards No. 45. This adjustment is \$1,617,827 for the 2013/14 fiscal year.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 15 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)**

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

	<u>2014</u>	<u>2013</u>
<b>Estimated liabilities at beginning of year</b>	\$ 97,489,510	\$ 78,888,605
Postemployment health benefits annual required contribution	8,250,908	22,961,829
Postemployment health benefits pay-as-you-go cost and trust contributions	(6,633,081)	(5,088,572)
Claims during year and changes in estimates	20,879,878	19,636,414
Payments during year	<u>(20,739,011)</u>	<u>(18,908,766)</u>
<b>Estimated liabilities at end of year</b>	<u>\$ 99,248,204</u>	<u>\$ 97,489,510</u>

**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 and 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, 2014. 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, 2014 to be \$11,947,557.

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:

	<u>2014</u>	<u>2013</u>
<b>Estimated liability at beginning of year</b>	\$ 12,564,311	\$ 11,379,827
Claims during year and changes in estimates	2,048,510	3,522,212
Payments during year	<u>(2,665,264)</u>	<u>(2,337,728)</u>
<b>Estimated liability at end of year</b>	<u>\$ 11,947,557</u>	<u>\$ 12,564,311</u>

**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 unrepresented claims payable at September 30, 2014.

**CITY OF AMARILLO, TEXAS  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 Year Ended September 30, 2014**

**NOTE 15 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)**

**Pollution Remediation Obligation**

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 \$2.9 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.

**Federal and State Grant Programs**

The City participates in numerous federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required.

**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:

<u>Issues</u>	<u>Number of issues</u>	<u>Original issue amounts</u>
Amarillo Health Facilities Corporation	1	\$ 3,155,000
Amarillo Housing Finance Corporation	1	<u>10,000,000</u>
		<u>\$ 13,155,000</u>

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**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.

**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, 2014 and 2013, the District recognized approximately \$5,408,000 and \$5,337,000, 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

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 17 - AMARILLO HOSPITAL DISTRICT (CONTINUED)**

**Agreements with Respect to Hospital Sale (Continued)**

November 9, 2006 through November 8, 2008 and replaced it with 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. The original agreement has been extended twenty-four times and as of September 30, 2014 is prepaid through August 8, 2017. The District has provided \$61.2 million in funding to the Medicaid program versus \$74.6 million in indigent care payments that would have been due under the contract.

On October 30, 2014, the District extended the agreement through February 8, 2017 with a payment of \$1,360,000.

**Waiver under Section 1115 of the Social Security Act**

The District agreed to participate in a waiver under Section 1115 of the Social Security Act that is designed to build on existing Texas health care reforms and to redesign health care delivery in the state administered through the Amarillo Department of Public Health. The waiver consists of two components: the Uncompensated Care (UC) program and the Delivery System Reform Incentive Payments (DSRIP) program, which is a five-year program and is currently in its third year. The only requirement in year one was to submit a plan, while years two through five required process and outcome metrics. Public Health received \$423,000 for year one and \$129,213 for year two. On October 28, 2014, the District approved a transfer of \$1,575,000 for year three.

**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, 2014 are as follows:

	<b>Fair Value</b>			<b>Weighted Average Maturity (Years)</b> (excluding securities lending)
	<b>Unrestricted Assets</b>	<b>Restricted Assets</b>	<b>Total</b>	
Investment Securities				
U.S. Treasury obligations	\$ 29,697,081	\$ -	\$ 29,697,081	8.62
U.S. Government and government-sponsored agencies	136,672,900	-	136,672,900	11.20
Municipal bonds	<u>13,882,575</u>	<u>-</u>	<u>13,882,575</u>	<u>5.81</u>
Total investment securities	180,252,556	-	180,252,556	7.10
No-load U.S. Treasury-only mutual funds	<u>8,067,009</u>	<u>-</u>	<u>8,067,009</u>	<u>-</u>
Total investments	188,319,565	-	188,319,565	7.10
Deduct: Cash equivalents	<u>(8,067,009)</u>	<u>-</u>	<u>(8,067,009)</u>	<u>-</u>
<b>Net investments for financial reporting</b>	<b><u>\$ 180,252,556</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 180,252,556</u></b>	<b><u>7.10</u></b>

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 17 - AMARILLO HOSPITAL DISTRICT (CONTINUED)**

**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 2014 and 2013 the District received approximately \$228,000 and \$209,000, 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, 2013 reflected an actuarial accrued liability of \$28,885,608 and net position available for benefits, at "smoothed" market, of approximately \$17,736,458, resulting in an unfunded liability of \$11,149,150. 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 frozen. For the year ended September 30, 2014, the District made a contribution of \$2,000,000 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, 2013, the plan had 169 participants classified as "active" under this provision, although the plan was "frozen" as it relates to District participants, as well as 385 retirees and 230 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.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 17 - AMARILLO HOSPITAL DISTRICT (CONTINUED)**

**Commitments and Contingencies (Continued)**

Northwest Texas Healthcare System (Northwest) and Northwest's affiliate, Amarillo Clinical Services, Inc. (ACS), provide the tobacco prevention services and the pediatric sub-specialty care services in the community. ACS provides pediatric sub-specialty care through an arrangement with Texas Tech. Northwest provides tobacco prevention and control services through a contract with the America Cancer Society. The District has approved a resolution to make monthly payments on behalf of NWTX to the Medicaid program of \$117,000 through September 30, 2014.

**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 Council. 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.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
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**NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)**

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

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.

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, 2014 is as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
<b>Investments</b>		
CDARs	\$ 8,250,000	0.27
Money market mutual funds	<u>10,832,331</u>	<u>—</u>
Total investments at fair value	19,082,331	0.27
Deduct: Classified as cash equivalents for financial reporting	<u>(10,832,331)</u>	<u>—</u>
<b>Net investments</b>	<u>\$ 8,250,000</u>	<u>0.27</u>

**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.

**CITY OF AMARILLO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended September 30, 2014**

**NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)**

**Economic Development Loans (Continued)**

An analysis of loans and the related valuations allowances at September 30, 2014 are as follows:

Principal balances	\$ 7,584,105
Allowance for uncollectible accounts	<u>                    -</u>
<b>Loans, net of allowances</b>	<b><u>\$ 7,584,105</u></b>

Interest accrued and receivable on loans is \$2,139,068 at September 30, 2014.

**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, 2014, AEDC had increased the total funding capacity under the location incentive agreement to approximately \$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, 2014, AEDC's net investment in this lease was \$8,116,742.

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 annual rentals, in the amount of \$528,500 could be fully waived if job creation goals are met. At September 30, 2014, AEDC's net investment, less discount for jobs credits, in this lease was \$3,991,071.

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 creation goals are met. At September 30, 2014, AEDC's net investment in this lease, less discount for jobs credits, was \$5,865,829.

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, 2014, AEDC's net investment in this lease, less discount for jobs credits, was \$6,147,850.

**CITY OF AMARILLO, TEXAS  
NOTES TO BASIC FINANCIAL STATEMENTS  
Year Ended September 30, 2014**

**NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)**

**Direct Financing Leases (Continued)**

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, 2014, AEDC's net investment in this lease, less discount for job credits, was \$20,169,367.

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 \$2,811,214 could be fully waived if job creation goals are met. At September 30, 2014, AEDC's net investment in this lease, less discount for job credits, was \$28,981,469.

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 two other direct financing leases, with a total carrying value of \$6,564,529 as of September 30, 2014. Future noncancelable commitments of the tenants under these arrangements are as follows:

<u>Year ending September 30</u>	<u>Bell Helicopter</u>	<u>Other</u>
2015	\$ 8,850,890	\$ 660,000
2016	8,850,890	660,000
2017	8,850,890	660,000
2018	8,850,890	660,000
2019	7,267,728	660,000
Future years	<u>65,942,910</u>	<u>6,328,905</u>
	<u>\$ 108,614,198</u>	<u>\$ 9,628,905</u>

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 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, 2014, AEDC received rentals in the amount of \$146,419 and paid \$117,615 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, 2014, the AEDC's property, plant, and equipment were as follows:

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)**

**Capital Assets (Continued)**

Buildings and improvements	\$ 22,008,553
Vehicles and equipment	125,977
Construction in progress	12,523,580
Accumulated depreciation	<u>(8,412,169)</u>
<b>Total capital assets</b>	<b><u>\$ 26,245,941</u></b>

**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, 2014 was \$64,803.

**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 5.10% through 6.25%. Scheduled principal payments are as follows: 2015, \$2,895,000; 2016, \$3,040,000; 2017, \$3,200,000; 2018, \$3,365,000; 2019, \$1,620,000; and thereafter \$17,160,000. The principal outstanding at September 30, 2014 was \$31,280,000.

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: 2015, \$1,340,000; 2016, \$1,410,000; 2017, \$1,480,000; 2018, \$1,555,000; 2019, \$1,635,000 ; and thereafter \$26,495,000. The principal outstanding at September 30, 2014 was \$33,915,000.

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

**Commitments**

At September 30, 2014, AEDC had construction-in-progress commitments in the amount of approximately \$5,900,000.

At September 30, 2014, 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 \$8,200,000. Subsequent to year-end, AEDC approved approximately \$3,000,000 in additional grants.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)**

**Commitments (Continued)**

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

On October 15, 2013, the AEDC Board of Directors approved the Location Incentive Agreement and Real Estate Exchange Agreement for the Coca-Cola Refreshments project. The building is currently under construction at an expected cost of approximately \$9,000,000.

In April 2014, AEDC purchased a building for \$3,100,000. They have committed to give this building to West Texas A&M University to be used for an Amarillo campus.

**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 Council 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.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

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

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

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, 2014 was a livestock arena, and its estimated useful life is 40 years.

**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, 2014 on the 2005 bond issue was \$5,440,000.

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 \$652,000 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, 2014 on the bond issues was \$6,775,000.

**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. On August 19, 2014, the Venue District approved an appropriation in the amount of \$328,248 (\$27,354 per month) for its management fee for operating the Amarillo National Center, and the management fee to the City of Amarillo remains unchanged at \$398,000 annually.

The Venue District's Board approved \$350,000 for capital improvements and \$267,000 for event development in its normal budgetary process.

The Amarillo Convention & Visitor Council through its partnership with American Quarter Horse Association (AQHA) is contributing to the success of the AQHA Adequan World Select World Show. The

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

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

**Commitments (Continued)**

District has committed approximately \$50,000 to offset show expenses. The District also agreed to provide up to \$67,366 of funds received from the Texas Events Trust Fund's Board to offset show expenses and up to \$18,000 for the economic impact study and application.

**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 trustee 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 trustee investment arrangement in which proceeds are invested in GNMA and FNMA certificates. In 2003 the AHFC issued \$10,000,000 under authority of the Texas' Housing Finance Corporation Act, and entered into a trustee 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. Further information regarding this entity may be obtained from the Director of Finance, City of Amarillo.

**NOTE 21 - TAX INCREMENT REINVESTMENT ZONE #1**

The Tax Increment Reinvestment Zone Number One (TIRZ #1) 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.

The TIRZ #1 has agreed to support the Potter County Courthouse renovation project with a debt issuance of \$1,234,605. The TIRZ #1 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 #1 Board amended the agreement to add \$198,000 to the agreement. The TIRZ #1 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 #1 revenue for the Courthouse project and other streetscape improvements in downtown Amarillo.

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 21 - TAX INCREMENT REINVESTMENT ZONE #1 (CONTINUED)**

The TIRZ #1 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. The Fisk Building opened as a new Courtyard by Marriott hotel in December 2010 and was eligible for a rebate of \$43,327 in 2013.

The TIRZ #1 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 #1 Board. \$203,124 has been distributed for this project as of September 30, 2014.

The TIRZ #1 Board approved approximately \$2.7 million for the streetscape improvements for the Amarillo Convention Hotel, parking structure, and multi-purpose event venue.

The TIRZ #1 approved a \$385,000 local match of TxDOT funding for streetscape improvements at Buchanan Street and 6th Avenue.

The TIRZ #1 has agreed to rebate 90% of the taxes of the participating taxing entities paid by the owners for 20 years on the downtown Toot'n Totum not to exceed \$494,195.

**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.

LGC is governed by a seven-member Board of Directors appointed by the City Council. LGC's annual operating budget, as well as projects undertaken by it, is subject to approval by the City Council.

The City has leased land to the LGC to build a convention hotel and parking garage. The LGC entered into a lease and development agreement with Wallace Bajjali (WB) Development Partners, LP in July 2012. In November 2014 this agreement was amended and restated as two separate development agreements. The first agreement between LGC and Supreme Bright Amarillo II, LLC is to construct a full-service convention center hotel on land owned by the City. The hotel will have 225 rooms and approximately 17,000 square feet of configurable meeting space. The City will own the hotel and lease the hotel for an eighty (80) year term to the developer. The developer will receive all revenue from the hotel and will be responsible for all operating and maintenance costs. The agreement includes a performance assurance clause of up to \$2 million, to be funded, if necessary, to assure a minimum performance of the hotel for a limited time surrounding the opening of it. On December 22, 2014 the City Council approved Addendum No. 1 to the Interlocal Agreement between the City and the LGC to provide public revenues, as necessary, to fund the hotel performance assurance. The LGC, the City, and TIRZ #1 have agreed not to incentivize another comparable hotel in the downtown area for five years.

The second agreement is between LGC and WB for the construction of a parking garage. WB has agreed to construct a 750-space parking garage adjacent to the hotel. The hotel will have reserved spaces in the

**CITY OF AMARILLO, TEXAS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**Year Ended September 30, 2014**

**NOTE 22 - AMARILLO LOCAL GOVERNMENT CORPORATION (CONTINUED)**

garage. The hotel developer has agreed to pay \$120,000 a year in parking rent. The cost of the structure is estimated to be approximately \$14.3 million. To complete the project funding, the City will issue approximately \$13 million in bonds. The City will own the parking garage and the LGC will operate the parking facility and retain all parking fee revenue. The parking garage developer will operate the retail portion of the garage and retain the revenue therefrom.

**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 23 - NEW GASB PRONOUNCEMENTS**

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for financial statements for periods beginning after December 15, 2012. This Statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. See Note 1 - Summary of Significant Accounting Policies.

The GASB has issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62*. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2012.

In June 2012 the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. This Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement is effective for the 2015 fiscal year, implementation of which is currently being evaluated.

The GASB has issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, and is effective for financial statements for reporting periods beginning after December 15, 2013.

The GASB has issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a nonexchange financial guarantee. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2013.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, was issued in November 2013. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. This Statement is effective for the 2015 fiscal year, implementation of which is currently being evaluated.

**NOTE 24 - SUBSEQUENT EVENTS**

The City evaluated for inclusion as a subsequent event disclosure those events that occurred prior to January 20, 2015, the date the financial statements were issued.

This information is an integral part of the accompanying basic financial statements.

## 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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	
<b>REVENUES</b>						
Ad valorem taxes	\$ 35,537,373	\$ 35,537,373	\$ 36,091,780	\$ -	\$ 36,091,780	\$ 554,407
Sales taxes	52,500,000	52,500,000	54,413,835	-	54,413,835	1,913,835
Mixed beverage taxes	555,500	555,500	751,825	-	751,825	196,325
Hotel occupancy taxes	5,652,840	5,652,840	5,937,402	-	5,937,402	284,562
Gross receipts bus. taxes	16,953,642	16,953,642	18,284,594	-	18,284,594	1,330,952
Licenses and permits	2,508,880	2,508,880	3,799,014	-	3,799,014	1,290,134
Interfund reimbursement	794,916	794,916	943,522	-	943,522	148,606
Intergovernmental revenue	3,610,106	3,622,856	3,458,467	-	3,458,467	(164,389)
Contributions from citizens	9,301	114,301	128,218	-	128,218	13,917
Charges for services	32,290,845	32,290,845	33,202,478	-	33,202,478	911,633
Fines and forfeitures	4,651,405	4,651,405	4,944,045	-	4,944,045	292,640
Investment earnings	365,632	365,632	405,089	-	405,089	39,457
Other rentals and commissions	413,776	413,776	421,119	-	421,119	7,343
Miscellaneous revenues	479,942	479,942	741,825	-	741,825	261,883
Total Revenues	<u>156,324,158</u>	<u>156,441,908</u>	<u>163,523,213</u>	<u>-</u>	<u>163,523,213</u>	<u>7,081,305</u>
<b>EXPENDITURES</b>						
Auditorium/Coliseum	3,219,171	3,229,769	3,165,268	(37,769)	3,127,499	102,270
Tourism	3,145,364	3,145,364	3,006,491	(10,000)	2,996,491	148,873
Fire protection	28,157,790	28,157,418	27,966,852	(27,360)	27,939,492	217,926
General government	3,727,994	3,728,640	3,637,459	4,588	3,642,047	86,593
Libraries	3,759,982	3,781,793	3,773,070	(16,352)	3,756,718	25,075
Public safety and health	10,045,225	10,218,328	9,773,867	(2,267)	9,771,600	446,728
Parks	6,849,610	6,878,981	6,736,430	4,483	6,740,913	138,068
Participant recreation	5,596,789	5,608,582	5,239,905	(1,487)	5,238,418	370,164
Police protection	41,302,652	41,423,368	41,101,263	38,245	41,139,508	283,860
Solid waste	12,623,404	12,536,562	12,281,862	(9,916)	12,271,946	264,616
Staff services	9,354,064	9,392,553	8,906,336	(19,430)	8,886,906	505,647
Information technology	3,468,348	3,468,348	3,468,350	-	3,468,350	(2)
Streets traffic and engineering	15,405,987	15,383,077	13,187,535	662,414	13,849,949	1,533,128
Transit	4,622,329	4,643,140	4,402,888	36,756	4,439,644	203,496
Total Expenditures	<u>151,278,709</u>	<u>151,595,923</u>	<u>146,647,576</u>	<u>621,905</u>	<u>147,269,481</u>	<u>4,326,442</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,045,449</u>	<u>4,845,985</u>	<u>16,875,637</u>	<u>(621,905)</u>	<u>16,253,732</u>	<u>11,407,747</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds	96,515	144,065	47,550	-	47,550	(96,515)
Transfers to other funds	(12,829,471)	(12,682,068)	(12,704,018)	-	(12,704,018)	(21,950)
Total Other Financing Sources (Uses)	<u>(12,732,956)</u>	<u>(12,538,003)</u>	<u>(12,656,468)</u>	<u>-</u>	<u>(12,656,468)</u>	<u>(118,465)</u>
Net Change in Fund Balances	(7,687,507)	(7,692,018)	4,219,169	(621,905)	3,597,264	11,289,282
<b>FUND BALANCE OCTOBER 1, 2013</b>	<u>23,376,194</u>	<u>23,306,676</u>	<u>51,713,160</u>	<u>60,845</u>	<u>51,774,005</u>	<u>28,467,329</u>
<b>FUND BALANCE, SEPTEMBER 30, 2014</b>	<u>\$ 15,688,687</u>	<u>\$ 15,614,658</u>	<u>\$ 55,932,329</u>	<u>\$ (561,060)</u>	<u>\$ 55,371,269</u>	<u>\$ 39,756,611</u>

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, 2014**

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]
12/31/13	\$ 346,724,766	\$ 399,937,315	\$ 53,212,549	86.7%	\$ 74,043,744	71.9%
12/31/12	328,782,257	359,062,508	30,280,251	91.6%	71,219,421	42.5%
12/31/11	310,626,860	345,983,859 <sup>(4)</sup>	35,356,999	89.8%	68,569,807	51.6%
12/31/11	310,626,860	330,594,097	19,967,237	94.0%	68,569,807	29.1%
12/31/10	294,844,927 <sup>(1)</sup>	320,290,615	25,445,688	92.1%	66,106,916	38.5%
12/31/10	152,320,989 <sup>(2)</sup>	215,708,440	63,387,451	70.6%	66,106,916	95.9%
12/31/09	147,138,927	211,843,454 <sup>(3)</sup>	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).
- (4) Valuation changed due to the City adding repeating updated services credits and five-year vesting.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
FIREMEN'S RELIEF AND RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS  
SEPTEMBER 30, 2014**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
01/01/14	\$ 132,542,271	\$ 158,987,639	\$ 26,445,368	83.4%	\$ 16,602,749	159.3%
01/01/13			Not Calculated			
01/01/12	120,396,531	153,978,252	33,581,721	78.2%	15,058,726	223.0%
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			

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
OTHER POSTEMPLOYMENT BENEFITS  
SCHEDULE OF FUNDING PROGRESS  
SEPTEMBER 30, 2014**

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]
10/1/14 <sup>(1)</sup>	\$ 3,657,652	\$ 69,780,405	\$ 66,122,753	5.2%	\$ 90,872,000	72.8%
10/1/13 <sup>(1)</sup>	1,341,136	67,640,329	66,299,193	2.0%	87,952,000	75.4%
10/1/12	-	267,069,036	267,069,036	0.0%	94,400,488	282.9%
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	203,630,675	0.0%	80,412,465	253.2%

<sup>(1)</sup> The 10/1/13 and 10/1/14 liabilities and annual costs are based on the 10/01/2013 GASB 45 valuation.

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.

**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.

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

**Photo Enforcement:** Fees collected from red-light traffic violations that are restricted by State law to be used only for traffic intersection improvements.

**Public Library Bush Collection:** Funds received and restricted for the purchase and maintenance of items in the William Henry Bush Collection.

**Library Trust:** Various funds received for the sole benefit of the Amarillo Public Library.

**Flood Hazard:** Fees collected for playa lake development.

**Centennial Plaza Trust:** Funds received for improvements at the Amarillo City Hall/Civic Center Complex.

**Civic Amarillo:** Funds accumulated and used by the Amarillo Civic Center for the in-house promotion of events.

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**Other (Continued):**

**Zoo Trust:** Funds received and restricted for operations and improvements at the Amarillo Zoo.

**Centennial Celebration:** Funds received and restricted for the City's centennial celebration.

**Keep Amarillo Beautiful:** Funds received for improvements to the Amarillo area.

**Tax Increment Reinvestment Zone #1:** Blended component unit created to promote the development of or redevelopment of certain contiguous geographic areas in the City.

**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, 2014**

	Special Revenue Funds				
	Housing and Urban Development Grants	Other Grant Funds	Public Improvement Districts	Seizures Funds	Other
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,856,070	\$ 316,353	\$ 257,706	\$ 467,142	\$ 4,321,821
Investments, at fair values	-	-	-	-	1,530,000
Receivables, net of allowances for uncollectibles					
Property taxes	-	-	-	-	-
Accounts	91,251	235,818	10,510	-	(1,746)
Accrued Interest	-	-	-	-	298
Other accrued revenue	175	-	-	-	-
Due from other funds unrestricted	39,116	-	-	-	-
Due from other governments	308,128	590,190	-	-	71,111
Prepaid items	28,250	-	-	605	-
Restricted cash and cash equivalents	-	-	-	-	439,083
Restricted investments	-	-	-	-	500,000
<b>TOTAL ASSETS</b>	<b>\$ 2,322,990</b>	<b>\$ 1,142,361</b>	<b>\$ 268,216</b>	<b>\$ 467,747</b>	<b>\$ 6,860,567</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Vouchers payable	\$ 44,245	\$ 48,341	\$ 1,643	\$ 1	\$ 44,822
Accounts payable	215,936	106,520	-	-	233,527
Accrued expenses	-	-	-	-	4,890
Deposits	-	-	-	-	1,268,955
Due to other funds - unrestricted	386,529	651,000	1,000	547	65,000
Due to other governments	1,828	-	-	22,110	-
Unearned revenues - other	82,466	-	-	-	-
Unearned revenues - property taxes	-	-	-	-	-
Total liabilities	<u>731,004</u>	<u>805,861</u>	<u>2,643</u>	<u>22,658</u>	<u>1,617,194</u>
<b>FUND BALANCES</b>					
Nonspendable					
Prepaid items	28,250	-	-	605	-
Uncollected taxes	-	-	-	-	-
Restricted for:					
Debt Service	-	-	-	-	-
Special purposes	1,519,847	336,500	265,573	444,484	5,243,373
Committed for:					
Compensated Absences	43,889	-	-	-	-
Total fund balances	<u>1,591,986</u>	<u>336,500</u>	<u>265,573</u>	<u>445,089</u>	<u>5,243,373</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,322,990</b>	<b>\$ 1,142,361</b>	<b>\$ 268,216</b>	<b>\$ 467,747</b>	<b>\$ 6,860,567</b>

See Independent Auditor's Report.

<u>Bonded Debt Service Fund</u>	<u>Compensated Absences Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 694,525	\$ 1,082,438	\$ 17,687	\$ 9,013,742
-	7,515,817	-	9,045,817
23,454	-	-	23,454
-	-	-	335,833
-	28,517	-	28,815
-	-	-	175
-	-	-	39,116
-	-	-	969,429
-	-	-	28,855
-	-	-	439,083
-	-	-	500,000
<u>\$ 717,979</u>	<u>\$ 8,626,772</u>	<u>\$ 17,687</u>	<u>\$ 20,424,319</u>
\$ -	\$ -	\$ -	\$ 139,052
2,747	2	-	558,732
-	-	-	4,890
-	-	-	1,268,955
-	-	-	1,104,076
-	-	-	23,938
-	-	-	82,466
16,367	-	-	16,367
<u>19,114</u>	<u>2</u>	<u>-</u>	<u>3,198,476</u>
-	-	-	28,855
7,087	-	-	7,087
691,778	-	-	691,778
-	-	17,687	7,827,464
-	8,626,770	-	8,670,659
<u>698,865</u>	<u>8,626,770</u>	<u>17,687</u>	<u>17,225,843</u>
<u>\$ 717,979</u>	<u>\$ 8,626,772</u>	<u>\$ 17,687</u>	<u>\$ 20,424,319</u>

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, 2014**

	Special Revenue Funds				
	Housing and Urban Development Grants	Other Grant Funds	Public Improvement Districts	Seizures Funds	Other
<b>REVENUES</b>					
Ad valorem taxes - for debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	11,746,096	4,211,226	-	-	364,765
Citizen contributions	-	-	-	-	80,037
Construction participation	52,109	-	-	-	-
Revenue from participating taxing entities	-	-	-	-	622,483
Other entity participations	-	797,009	-	-	-
Charges for services	60,866	38,026	1,091,888	-	585,848
Fines and forfeitures	-	-	-	399,841	1,141,051
Investment earnings	4,046	-	430	833	8,408
Miscellaneous	57,842	-	-	-	-
Total revenues	<u>11,920,959</u>	<u>5,046,261</u>	<u>1,092,318</u>	<u>400,674</u>	<u>2,802,592</u>
<b>EXPENDITURES</b>					
General government	-	-	-	-	178,135
Police protection	-	292,627	-	139,218	-
Other public safety and health	-	4,502,258	-	-	1,510,282
Staff services	-	377,187	-	-	-
Auditorium - Coliseum	-	-	-	-	290,433
Library	-	-	-	-	2,018
Parks	-	-	610,282	-	-
Participation recreation	-	-	-	-	47,479
Urban redevelopment and housing	11,635,914	-	-	-	-
Capital outlay	-	327,179	2,205,000	67,127	13,248
Debt service principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Termination vacation and sick leave pay	-	-	-	-	-
Total expenditures	<u>11,635,914</u>	<u>5,499,251</u>	<u>2,815,282</u>	<u>206,345</u>	<u>2,041,595</u>
Excess (deficiency) of revenues over (under) expenditures	285,045	(452,990)	(1,722,964)	194,329	760,997
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	14,925	68,027	-	-	9,996
Transfers to other funds	(13,085)	(10,038)	(301,656)	(134,570)	(350,998)
Bond premium less issuance costs	-	-	(55,000)	-	-
Issuance of long-term debt	-	-	2,260,000	-	-
Net change in fund balances	286,885	(395,001)	180,380	59,759	419,995
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>1,305,101</u>	<u>731,501</u>	<u>85,193</u>	<u>385,330</u>	<u>4,823,378</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 1,591,986</u>	<u>\$ 336,500</u>	<u>\$ 265,573</u>	<u>\$ 445,089</u>	<u>\$ 5,243,373</u>

See Independent Auditor's Report.

<u>Bonded Debt Service Fund</u>	<u>Compensated Absences Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 2,865,530	\$ -	\$ -	\$ 2,865,530
-	-	-	16,322,087
-	-	-	80,037
-	-	-	52,109
-	-	-	622,483
-	-	-	797,009
-	-	-	1,776,628
-	-	-	1,540,892
58	33,546	18	47,339
-	-	-	57,842
<u>2,865,588</u>	<u>33,546</u>	<u>18</u>	<u>24,161,956</u>
-	-	-	178,135
-	-	-	431,845
-	-	-	6,012,540
6,265	-	-	383,452
-	-	-	290,433
-	-	-	2,018
-	-	-	610,282
-	-	-	47,479
-	-	-	11,635,914
-	-	-	2,612,554
1,841,067	-	-	1,841,067
1,600,512	-	-	1,600,512
-	1,363,313	-	1,363,313
<u>3,447,844</u>	<u>1,363,313</u>	<u>-</u>	<u>27,009,544</u>
(582,256)	(1,329,767)	18	(2,847,588)
734,118	-	-	827,066
-	-	-	(810,347)
-	-	-	(55,000)
-	-	-	2,260,000
<u>151,862</u>	<u>(1,329,767)</u>	<u>18</u>	<u>(625,869)</u>
<u>547,003</u>	<u>9,956,537</u>	<u>17,669</u>	<u>17,851,712</u>
<u>\$ 698,865</u>	<u>\$ 8,626,770</u>	<u>\$ 17,687</u>	<u>\$ 17,225,843</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
OTHER GRANT FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2014**

	<u>Special Revenue Funds</u>			<u>Total Other Grant Funds</u>
	<u>Public Health Grants</u>	<u>Justice Grants</u>	<u>Miscellaneous Grants</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 27,159	\$ 1,542	\$ 287,652	\$ 316,353
Receivables, net of allowances for uncollectibles				
Accounts	235,818	-	-	235,818
Due from other governments	470,799	11,459	107,932	590,190
<b>TOTAL ASSETS</b>	<b>\$ 733,776</b>	<b>\$ 13,001</b>	<b>\$ 395,584</b>	<b>\$ 1,142,361</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Vouchers payable	\$ 48,341	\$ -	\$ -	\$ 48,341
Accounts payable	97,879	-	8,641	106,520
Due to other funds - unrestricted	520,000	13,000	118,000	651,000
Total liabilities	666,220	13,000	126,641	805,861
<b>FUND BALANCES</b>				
Restricted:				
Special purposes	67,556	1	268,943	336,500
Total fund balances	67,556	1	268,943	336,500
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 733,776</b>	<b>\$ 13,001</b>	<b>\$ 395,584</b>	<b>\$ 1,142,361</b>

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, 2014**

	<u>Special Revenue Funds</u>			<u>Total Other Grants Funds</u>
	<u>Public Health Grants</u>	<u>Justice Funds</u>	<u>Miscellaneous Grants</u>	
<b>REVENUES</b>				
Intergovernmental revenues	\$ 2,913,575	\$ 237,051	\$ 1,060,600	\$ 4,211,226
Other entity participations	797,009	-	-	797,009
Charges for services	38,026	-	-	38,026
Total revenues	<u>3,748,610</u>	<u>237,051</u>	<u>1,060,600</u>	<u>5,046,261</u>
<b>EXPENDITURES</b>				
Other public safety and health	3,770,272	-	731,986	4,502,258
Staff services	-	-	377,187	377,187
Police protection	-	292,627	-	292,627
Capital outlay	327,179	-	-	327,179
Total expenditures	<u>4,097,451</u>	<u>292,627</u>	<u>1,109,173</u>	<u>5,499,251</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(348,841)</u>	<u>(55,576)</u>	<u>(48,573)</u>	<u>(452,990)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	55,577	12,450	68,027
Operating transfers to other funds	(10,038)	-	-	(10,038)
Net change in fund balances	<u>(358,879)</u>	<u>1</u>	<u>(36,123)</u>	<u>(395,001)</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>426,435</u>	<u>-</u>	<u>305,066</u>	<u>731,501</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 67,556</u>	<u>\$ 1</u>	<u>\$ 268,943</u>	<u>\$ 336,500</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
PUBLIC IMPROVEMENT DISTRICTS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2014**

	<u>Greenways at Hillside</u>	<u>Brennan Boulevard</u>	<u>The Colonies</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 66,944	\$ 8,948	\$ 74,384
Accounts Receivable	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 66,944</u></u>	<u><u>\$ 8,948</u></u>	<u><u>\$ 74,384</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to other funds - unrestricted	\$ -	\$ -	\$ -
Vouchers payable	<u>148</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>148</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted for:			
Special purposes	<u>66,796</u>	<u>8,948</u>	<u>74,384</u>
Total fund balances	<u>66,796</u>	<u>8,948</u>	<u>74,384</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 66,944</u></u>	<u><u>\$ 8,948</u></u>	<u><u>\$ 74,384</u></u>

See Independent Auditor's Report.

<u>Tutbury</u>	<u>Point West</u>	<u>Quail Creek</u>	<u>Vineyards</u>	<u>Redstone</u>	<u>Total</u>
\$ 8,157	\$ 92,432	\$ 3,979	\$ 2,109	\$ 753	\$ 257,706
-	-	7,110	3,400	-	10,510
<u>\$ 8,157</u>	<u>\$ 92,432</u>	<u>\$ 11,089</u>	<u>\$ 5,509</u>	<u>\$ 753</u>	<u>\$ 268,216</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
480	-	915	100	-	1,643
<u>480</u>	<u>-</u>	<u>915</u>	<u>100</u>	<u>1,000</u>	<u>2,643</u>
7,677	92,432	10,174	5,409	(247)	265,573
<u>7,677</u>	<u>92,432</u>	<u>10,174</u>	<u>5,409</u>	<u>(247)</u>	<u>265,573</u>
<u>\$ 8,157</u>	<u>\$ 92,432</u>	<u>\$ 11,089</u>	<u>\$ 5,509</u>	<u>\$ 753</u>	<u>\$ 268,216</u>

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, 2014**

	<u>Greenways at Hillside</u>	<u>Brennan Boulevard</u>	<u>The Colonies</u>
<b>REVENUES</b>			
Charges for services	\$ 478,065	\$ 14,588	\$ 509,268
Investment earnings	207	12	194
Total revenues	<u>478,272</u>	<u>14,600</u>	<u>509,462</u>
<b>EXPENDITURES</b>			
Parks	277,613	12,565	261,603
Capital outlay	<u>707,356</u>	<u>-</u>	<u>1,497,644</u>
Total expenditures	<u>984,969</u>	<u>12,565</u>	<u>1,759,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(506,697)</u>	<u>2,035</u>	<u>(1,249,785)</u>
<b>OTHER FINANCING SOURCES</b>			
Issuance of long-term debt	725,000	-	1,535,000
Bond premium less issuance costs	(17,644)	-	(37,356)
Transfer to other funds	<u>(146,517)</u>	<u>-</u>	<u>(155,139)</u>
Net change in fund balances	54,142	2,035	92,720
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>12,654</u>	<u>6,913</u>	<u>(18,336)</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 66,796</u>	<u>\$ 8,948</u>	<u>\$ 74,384</u>

See Independent Auditor's Report.

<u>Tutbury</u>	<u>Point West</u>	<u>Quail Creek</u>	<u>Vineyards</u>	<u>Redstone</u>	<u>Total</u>
\$ 16,296	\$ 52,000	\$ 13,771	\$ 6,600	\$ 1,300	\$ 1,091,888
10	-	7	-	-	430
<u>16,306</u>	<u>52,000</u>	<u>13,778</u>	<u>6,600</u>	<u>1,300</u>	<u>1,092,318</u>
12,147	34,563	8,079	3,435	277	610,282
-	-	-	-	-	2,205,000
<u>12,147</u>	<u>34,563</u>	<u>8,079</u>	<u>3,435</u>	<u>277</u>	<u>2,815,282</u>
4,159	17,437	5,699	3,165	1,023	(1,722,964)
-	-	-	-	-	2,260,000
-	-	-	-	-	(55,000)
-	-	-	-	-	(301,656)
4,159	17,437	5,699	3,165	1,023	180,380
3,518	74,995	4,475	2,244	(1,270)	85,193
<u>\$ 7,677</u>	<u>\$ 92,432</u>	<u>\$ 10,174</u>	<u>\$ 5,409</u>	<u>\$ (247)</u>	<u>\$ 265,573</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
SEIZURE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2014**

	<b>Federal APD seized property</b>	<b>Local seized property</b>	<b>Texas Narcotics seized property</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 201,319	\$ 123,681	\$ 142,142	\$ 467,142
Prepaid items	-	-	605	605
<b>TOTAL ASSETS</b>	<b>\$ 201,319</b>	<b>\$ 123,681</b>	<b>\$ 142,747</b>	<b>\$ 467,747</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Due to other funds - unrestricted	\$ -	\$ 547	\$ -	\$ 547
Due to other governments	-	1,891	20,219	22,110
Vouchers payable	1	-	-	1
Total liabilities	1	2,438	20,219	22,658
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	-	-	605	605
Restricted for:				
Special purposes	201,318	121,243	121,923	444,484
Total fund balances	201,318	121,243	122,528	445,089
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 201,319</b>	<b>\$ 123,681</b>	<b>\$ 142,747</b>	<b>\$ 467,747</b>

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, 2014**

	<u>Federal APD seized property</u>	<u>Local seized property</u>	<u>Texas Narcotics seized property</u>	<u>Total</u>
<b>REVENUES</b>				
Investment earnings	\$ 347	\$ 202	\$ 284	\$ 833
Seized property revenue	<u>246,628</u>	<u>153,213</u>	<u>-</u>	<u>399,841</u>
Total revenues	<u>246,975</u>	<u>153,415</u>	<u>284</u>	<u>400,674</u>
<b>EXPENDITURES</b>				
Police protection	42,114	97,104	-	139,218
Capital outlay	<u>12,850</u>	<u>54,277</u>	<u>-</u>	<u>67,127</u>
Total expenditures	<u>54,964</u>	<u>151,381</u>	<u>-</u>	<u>206,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>192,011</u>	<u>2,034</u>	<u>284</u>	<u>194,329</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer to other fund	<u>(120,384)</u>	<u>(14,186)</u>	<u>-</u>	<u>(134,570)</u>
Net change in fund balances	71,627	(12,152)	284	59,759
<b>FUND BALANCES, BEGINNING OF YEAR</b>				
	<u>129,691</u>	<u>133,395</u>	<u>122,244</u>	<u>385,330</u>
<b>FUND BALANCES, END OF YEAR</b>				
	<u>\$ 201,318</u>	<u>\$ 121,243</u>	<u>\$ 122,528</u>	<u>\$ 445,089</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
MISCELLANEOUS SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
SEPTEMBER 30, 2014**

	<u>Court Technology</u>	<u>Court Security</u>	<u>LEOSE Training Program</u>	<u>Homeland Security</u>	<u>Cable Capital Facilities</u>	<u>Photo Enforcement</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 125,141	\$ 80,936	\$ 55,966	\$ 2,685	\$ 19,673	\$ 498,539
Accounts receivable	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-
Investments, at fair values	-	-	-	-	-	-
Due from other governments	-	-	-	71,111	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 125,141</u>	<u>\$ 80,936</u>	<u>\$ 55,966</u>	<u>\$ 73,796</u>	<u>\$ 19,673</u>	<u>\$ 498,539</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Vouchers payable	\$ 37	\$ -	\$ -	\$ -	\$ -	\$ 44,785
Accounts payable	-	5,182	-	3,610	-	224,735
Accrued expenses	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Due to other funds - unrestricted	-	-	-	65,000	-	-
Total liabilities	<u>37</u>	<u>5,182</u>	<u>-</u>	<u>68,610</u>	<u>-</u>	<u>269,520</u>
<b>FUND BALANCES</b>						
Restricted:						
Special purposes	<u>125,104</u>	<u>75,754</u>	<u>55,966</u>	<u>5,186</u>	<u>19,673</u>	<u>229,019</u>
Total fund balances	<u>125,104</u>	<u>75,754</u>	<u>55,966</u>	<u>5,186</u>	<u>19,673</u>	<u>229,019</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 125,141</u>	<u>\$ 80,936</u>	<u>\$ 55,966</u>	<u>\$ 73,796</u>	<u>\$ 19,673</u>	<u>\$ 498,539</u>

See Independent Auditor's Report.

<u>Public Library Bush Collection</u>	<u>Library Trust</u>	<u>Flood Hazard</u>	<u>Civic Amarillo</u>	<u>Zoo Trust</u>	<u>Centennial Celebration</u>	<u>Keep Amarillo Beautiful</u>	<u>Tax Increment Reinvestment Zone #1</u>	<u>Total</u>
\$ 48,727	\$ 73,064	\$ 1,233,413	\$ 414,189	\$ 85,345	\$ 20,674	\$ 11,267 (1,746)	\$ 1,652,202	\$ 4,321,821
-	-	-	-	-	-	-	-	(1,746)
-	-	58	-	-	-	-	240	298
-	-	1,000,000	-	-	-	-	530,000	1,530,000
-	-	-	-	-	-	-	-	71,111
-	-	-	-	-	-	-	439,083	439,083
-	-	-	-	-	-	-	500,000	500,000
<u>\$ 48,727</u>	<u>\$ 73,064</u>	<u>\$ 2,233,471</u>	<u>\$ 414,189</u>	<u>\$ 85,345</u>	<u>\$ 20,674</u>	<u>\$ 9,521</u>	<u>\$ 3,121,525</u>	<u>\$ 6,860,567</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,822
-	-	-	-	-	-	-	-	233,527
-	-	-	4,890	-	-	-	-	4,890
-	-	1,268,955	-	-	-	-	-	1,268,955
-	-	-	-	-	-	-	-	65,000
-	-	1,268,955	4,890	-	-	-	-	1,617,194
<u>48,727</u>	<u>73,064</u>	<u>964,516</u>	<u>409,299</u>	<u>85,345</u>	<u>20,674</u>	<u>9,521</u>	<u>3,121,525</u>	<u>5,243,373</u>
<u>48,727</u>	<u>73,064</u>	<u>964,516</u>	<u>409,299</u>	<u>85,345</u>	<u>20,674</u>	<u>9,521</u>	<u>3,121,525</u>	<u>5,243,373</u>
<u>\$ 48,727</u>	<u>\$ 73,064</u>	<u>\$ 2,233,471</u>	<u>\$ 414,189</u>	<u>\$ 85,345</u>	<u>\$ 20,674</u>	<u>\$ 9,521</u>	<u>\$ 3,121,525</u>	<u>\$ 6,860,567</u>

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, 2014**

	<u>Court Technology</u>	<u>Court Security</u>	<u>LEOSE Training Program</u>	<u>Homeland Security</u>	<u>Cable Capital Facilities</u>	<u>Photo Enforcement</u>
<b>REVENUES</b>						
Intergovernmental revenues - operating	\$ -	\$ -	\$ -	\$ 364,765	\$ -	\$ -
Citizen contributions	-	-	-	-	-	-
Revenue from participating taxing entities	-	-	-	-	-	-
Charges for services	150,715	-	23,689	-	-	-
Fines and forfeitures	-	113,009	-	-	-	1,028,042
Investment earnings	-	-	55	-	-	-
Total revenues	<u>150,715</u>	<u>113,009</u>	<u>23,744</u>	<u>364,765</u>	<u>-</u>	<u>1,028,042</u>
<b>EXPENDITURES</b>						
General government	-	-	-	-	-	-
Other public safety and health	149,528	144,832	16,190	396,039	-	803,693
Auditorium - Coliseum	-	-	-	-	-	-
Library	-	-	-	-	-	-
Participant recreation	-	-	-	-	-	-
Capital outlay	13,248	-	-	-	-	-
Total expenditures	<u>162,776</u>	<u>144,832</u>	<u>16,190</u>	<u>396,039</u>	<u>-</u>	<u>803,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,061)</u>	<u>(31,823)</u>	<u>7,554</u>	<u>(31,274)</u>	<u>-</u>	<u>224,349</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers to other funds	(2,135)	-	-	-	-	(172,575)
Transfers from other funds	-	-	-	-	-	-
Total other financing sources and uses	<u>(2,135)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(172,575)</u>
Net change in fund balances	<u>(14,196)</u>	<u>(31,823)</u>	<u>7,554</u>	<u>(31,274)</u>	<u>-</u>	<u>51,774</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>139,300</u>	<u>107,577</u>	<u>48,412</u>	<u>36,460</u>	<u>19,673</u>	<u>177,245</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 125,104</u>	<u>\$ 75,754</u>	<u>\$ 55,966</u>	<u>\$ 5,186</u>	<u>\$ 19,673</u>	<u>\$ 229,019</u>

See Independent Auditor's Report.

<u>Public Library Bush Collection</u>	<u>Library Trust</u>	<u>Flood Hazard</u>	<u>Civic Amarillo</u>	<u>Zoo Trust</u>	<u>Centennial Celebration</u>	<u>Keep Amarillo Beautiful</u>	<u>Tax Increment Reinvestment Zone #1</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 364,765
-	930	-	-	49,031	30,076	-	-	80,037
-	-	-	-	-	-	-	622,483	622,483
-	-	-	369,052	42,392	-	-	-	585,848
-	-	-	-	-	-	-	-	1,141,051
<u>5</u>	<u>74</u>	<u>4,069</u>	<u>321</u>	<u>68</u>	<u>-</u>	<u>4</u>	<u>3,812</u>	<u>8,408</u>
<u>5</u>	<u>1,004</u>	<u>4,069</u>	<u>369,373</u>	<u>91,491</u>	<u>30,076</u>	<u>4</u>	<u>626,295</u>	<u>2,802,592</u>
-	-	-	-	-	39,835	-	138,300	178,135
-	-	-	-	-	-	-	-	1,510,282
-	-	-	290,433	-	-	-	-	290,433
-	2,018	-	-	-	-	-	-	2,018
-	-	-	-	47,479	-	-	-	47,479
-	-	-	-	-	-	-	-	13,248
<u>-</u>	<u>2,018</u>	<u>-</u>	<u>290,433</u>	<u>47,479</u>	<u>39,835</u>	<u>-</u>	<u>138,300</u>	<u>2,041,595</u>
<u>5</u>	<u>(1,014)</u>	<u>4,069</u>	<u>78,940</u>	<u>44,012</u>	<u>(9,759)</u>	<u>4</u>	<u>487,995</u>	<u>760,997</u>
-	-	-	-	-	-	-	(176,288)	(350,998)
-	-	-	-	-	9,996	-	-	9,996
-	-	-	-	-	9,996	-	(176,288)	(341,002)
<u>5</u>	<u>(1,014)</u>	<u>4,069</u>	<u>78,940</u>	<u>44,012</u>	<u>237</u>	<u>4</u>	<u>311,707</u>	<u>419,995</u>
<u>48,722</u>	<u>74,078</u>	<u>960,447</u>	<u>330,359</u>	<u>41,333</u>	<u>20,437</u>	<u>9,517</u>	<u>2,809,818</u>	<u>4,823,378</u>
<u>\$ 48,727</u>	<u>\$ 73,064</u>	<u>\$ 964,516</u>	<u>\$ 409,299</u>	<u>\$ 85,345</u>	<u>\$ 20,674</u>	<u>\$ 9,521</u>	<u>\$ 3,121,525</u>	<u>\$ 5,243,373</u>

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

**Street 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 Construction 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, 2014**

	<u>General Construction Fund</u>	<u>Street Assessments Fund</u>	<u>Street Improvement Fund</u>	<u>Golf Course Improvement Fund</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 8,004,464	\$ 651,390	\$ 737,426	\$ 192,875
Investments, at fair values	10,521,171	-	1,000,630	-
Due from other governments	23,485	-	-	-
Accounts receivable	1,009,437	-	-	-
Accrued interest receivable	20,166	-	1,392	-
Prepaid items	1,000	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 19,579,723</u>	<u>\$ 651,390</u>	<u>\$ 1,739,448</u>	<u>\$ 192,875</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Vouchers payable	\$ 387,665	\$ -	\$ 344,965	\$ -
Accounts payable	1,299,700	1	40,909	1
Accrued expenses	26,786	-	258,969	-
Total liabilities	<u>1,714,151</u>	<u>1</u>	<u>644,843</u>	<u>1</u>
<b>FUND BALANCES</b>				
Nonspendable				
Prepaid items	1,000	-	-	-
Assigned for:				
Capital projects	<u>17,864,572</u>	<u>651,389</u>	<u>1,094,605</u>	<u>192,874</u>
Total fund balances	<u>17,865,572</u>	<u>651,389</u>	<u>1,094,605</u>	<u>192,874</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 19,579,723</u>	<u>\$ 651,390</u>	<u>\$ 1,739,448</u>	<u>\$ 192,875</u>

See Independent Auditor's Report.

<u>Solid Waste Disposal Improvement Fund</u>	<u>T-Anchor Bivins Improvement Fund</u>	<u>Civic Center Improvement Fund</u>	<u>Animal Shelter Improvement Fund</u>	<u>Park Improvement Fund</u>	<u>CO Bond Const 06/07 Fund</u>	<u>Total</u>
\$ 2,844,782	\$ 292,003	\$ 1,564,373	\$ 3,207	\$ 708,010	\$ -	\$ 14,998,530
8,499,470	-	5,501,966	-	-	-	25,523,237
-	-	-	-	-	-	23,485
-	-	-	-	-	-	1,009,437
9,784	-	4,134	-	-	-	35,476
-	-	-	-	-	-	1,000
<u>\$ 11,354,036</u>	<u>\$ 292,003</u>	<u>\$ 7,070,473</u>	<u>\$ 3,207</u>	<u>\$ 708,010</u>	<u>\$ -</u>	<u>\$ 41,591,165</u>
\$ 515,752	\$ -	\$ 5,878	\$ -	\$ -	\$ -	\$ 1,254,260
37,882	-	-	-	-	-	1,378,493
37,900	-	320	-	-	-	323,975
<u>591,534</u>	<u>-</u>	<u>6,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,956,728</u>
-	-	-	-	-	-	1,000
<u>10,762,502</u>	<u>292,003</u>	<u>7,064,275</u>	<u>3,207</u>	<u>708,010</u>	<u>-</u>	<u>38,633,437</u>
<u>10,762,502</u>	<u>292,003</u>	<u>7,064,275</u>	<u>3,207</u>	<u>708,010</u>	<u>-</u>	<u>38,634,437</u>
<u>\$ 11,354,036</u>	<u>\$ 292,003</u>	<u>\$ 7,070,473</u>	<u>\$ 3,207</u>	<u>\$ 708,010</u>	<u>\$ -</u>	<u>\$ 41,591,165</u>

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, 2014**

	<u>General Construction Fund</u>	<u>Street Assessments Fund</u>	<u>Street Improvement Fund</u>	<u>Golf Course Improvement Fund</u>
<b>REVENUES</b>				
Intergovernmental revenues	\$ 179,960	\$ -	\$ -	\$ -
Charges for services	-	-	-	189,732
Construction participations	408,657	2,237,456	-	-
Miscellaneous	15,368	-	5,355	-
Investment earnings	43,209	67	5,177	76
Total revenues	<u>647,194</u>	<u>2,237,523</u>	<u>10,532</u>	<u>189,808</u>
<b>EXPENDITURES</b>				
Police protection	316,997	-	-	-
Fire protection	-	-	-	-
Parks	-	-	-	-
Capital outlay	5,270,557	2,309,088	820,102	12,308
Total expenditures	<u>5,587,554</u>	<u>2,309,088</u>	<u>820,102</u>	<u>12,308</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,940,360)</u>	<u>(71,565)</u>	<u>(809,570)</u>	<u>177,500</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Insurance recovery/cost	622,640	-	-	-
Transfers to other funds	(231,493)	-	(336,000)	(255,175)
Transfers from other funds	8,885,454	-	1,219,048	-
Total other financing sources and uses	<u>9,276,601</u>	<u>-</u>	<u>883,048</u>	<u>(255,175)</u>
Net change in fund balances	4,336,241	(71,565)	73,478	(77,675)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>13,529,331</u>	<u>722,954</u>	<u>1,021,127</u>	<u>270,549</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 17,865,572</u>	<u>\$ 651,389</u>	<u>\$ 1,094,605</u>	<u>\$ 192,874</u>

See Independent Auditor's Report.

<u>Solid Waste Disposal Improvement Fund</u>	<u>T-Anchor Bivins Improvement Fund</u>	<u>Civic Center Improvement Fund</u>	<u>Animal Shelter Improvement Fund</u>	<u>Park Improvement Fund</u>	<u>CO Bond Const 06/07 Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,960
-	-	-	-	-	-	189,732
-	-	-	-	-	-	2,646,113
-	-	-	-	-	-	20,723
<u>37,678</u>	<u>66</u>	<u>21,749</u>	<u>-</u>	<u>54</u>	<u>41</u>	<u>108,117</u>
<u>37,678</u>	<u>66</u>	<u>21,749</u>	<u>-</u>	<u>54</u>	<u>41</u>	<u>3,144,645</u>
-	-	-	-	-	-	316,997
-	-	-	-	-	171,758	171,758
-	-	-	-	1,257	-	1,257
<u>934,671</u>	<u>500</u>	<u>293,767</u>	<u>-</u>	<u>-</u>	<u>106,353</u>	<u>9,747,346</u>
<u>934,671</u>	<u>500</u>	<u>293,767</u>	<u>-</u>	<u>1,257</u>	<u>278,111</u>	<u>10,237,358</u>
<u>(896,993)</u>	<u>(434)</u>	<u>(272,018)</u>	<u>-</u>	<u>(1,203)</u>	<u>(278,070)</u>	<u>(7,092,713)</u>
-	-	-	-	-	-	622,640
(305,000)	-	-	-	-	370,320	(757,348)
<u>1,250,000</u>	<u>-</u>	<u>2,286,862</u>	<u>-</u>	<u>-</u>	<u>(561,816)</u>	<u>13,079,548</u>
<u>945,000</u>	<u>-</u>	<u>2,286,862</u>	<u>-</u>	<u>-</u>	<u>(191,496)</u>	<u>12,944,840</u>
48,007	(434)	2,014,844	-	(1,203)	(469,566)	5,852,127
<u>10,714,495</u>	<u>292,437</u>	<u>5,049,431</u>	<u>3,207</u>	<u>709,213</u>	<u>469,566</u>	<u>32,782,310</u>
<u>\$ 10,762,502</u>	<u>\$ 292,003</u>	<u>\$ 7,064,275</u>	<u>\$ 3,207</u>	<u>\$ 708,010</u>	<u>\$ -</u>	<u>\$ 38,634,437</u>

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 1994/95 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 POSITION  
SEPTEMBER 30, 2014**

	<u>Municipal Garage</u>	<u>Information Services</u>	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Total</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	\$ 838,685	\$ 1,744,002	\$ 5,287,269	\$ 3,838,351	\$ 11,708,307
Investments at fair value	5,002,920	2,005,825	9,755,731	4,995,925	21,760,401
Receivables (net of allowances for uncollectibles)					
Accounts	28	-	522,533	861,405	1,383,966
Accrued interest	3,398	1,273	15,968	3,536	24,175
Due from other funds	1,900	9,843	3,909	174,626	190,278
Inventory of supplies at cost	361,253	5,928	-	-	367,181
Prepaid expenses	-	-	537,766	-	537,766
Total current assets	<u>6,208,184</u>	<u>3,766,871</u>	<u>16,123,176</u>	<u>9,873,843</u>	<u>35,972,074</u>
<b>NONCURRENT ASSETS</b>					
Restricted cash and cash equivalents	2,391,716	-	-	-	2,391,716
Capital assets					
Improvements	768,005	4,728,666	-	-	5,496,671
Accumulated depreciation	(156,009)	(3,473,677)	-	-	(3,629,686)
Equipment	295,221	5,489,608	62,819	4,975	5,852,623
Accumulated depreciation	(258,158)	(4,661,042)	(52,306)	(3,191)	(4,974,697)
Vehicles	60,039,033	-	-	-	60,039,033
Accumulated depreciation	(36,711,319)	-	-	-	(36,711,319)
Construction in progress	1,029	585,719	-	-	586,748
Total capital assets, net of accumulated depreciation	<u>23,977,802</u>	<u>2,669,274</u>	<u>10,513</u>	<u>1,784</u>	<u>26,659,373</u>
Total noncurrent assets	<u>26,369,518</u>	<u>2,669,274</u>	<u>10,513</u>	<u>1,784</u>	<u>29,051,089</u>
<b>TOTAL ASSETS</b>	<u>\$ 32,577,702</u>	<u>\$ 6,436,145</u>	<u>\$ 16,133,689</u>	<u>\$ 9,875,627</u>	<u>\$ 65,023,163</u>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Vouchers payable	\$ 340,176	\$ 268,979	\$ 52,759	\$ 37,308	\$ 699,222
Accounts payable	5	-	5,911	162,222	168,138
Accrued expenses	93,108	92,773	-	35,033	220,914
Due to other funds	-	-	-	936,844	936,844
Bonded debt current maturity	890,000	-	-	-	890,000
Estimated liability for incurred losses	-	-	2,774,466	3,306,575	6,081,041
Current portion of compensated absences	17,162	77,154	-	2,938	97,254
Total current liabilities	<u>1,340,451</u>	<u>438,906</u>	<u>2,833,136</u>	<u>4,480,920</u>	<u>9,093,413</u>
<b>NONCURRENT LIABILITIES</b>					
Provision for compensated absences, net	261,230	290,458	-	50,610	602,298
Estimated liability for incurred losses, net of current portion	-	-	9,173,091	1,881,715	11,054,806
Bonded debt, net of current	3,249,636	-	-	-	3,249,636
Postemployment benefit	-	-	-	94,059,914	94,059,914
Net pension obligation	106,574	117,241	-	20,356	244,171
Total noncurrent liabilities	<u>3,617,440</u>	<u>407,699</u>	<u>9,173,091</u>	<u>96,012,595</u>	<u>109,210,825</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 4,957,891</u>	<u>\$ 846,605</u>	<u>\$ 12,006,227</u>	<u>\$ 100,493,515</u>	<u>\$ 118,304,238</u>
<b>NET POSITION</b>					
Net investment in capital assets	\$ 21,889,194	\$ 2,669,274	\$ 10,513	\$ 1,784	\$ 24,570,765
Restricted for debt service	340,688	-	-	-	340,688
Unrestricted	5,389,929	2,920,266	4,116,949	(90,619,672)	(78,192,528)
<b>TOTAL NET POSITION</b>	<u>\$ 27,619,811</u>	<u>\$ 5,589,540</u>	<u>\$ 4,127,462</u>	<u>\$ (90,617,888)</u>	<u>\$ (53,281,075)</u>

See Independent Auditor's Report.

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

	<u>Municipal Garage</u>	<u>Information Services</u>	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Total</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ -	\$ -	\$ 8,995	\$ 1,035,101	\$ 1,044,096
Internal charges	13,992,244	5,056,247	4,751,721	13,346,992	37,147,204
Employee contributions	-	-	-	5,373,929	5,373,929
Miscellaneous	-	36,051	-	95	36,146
Total operating revenues	<u>13,992,244</u>	<u>5,092,298</u>	<u>4,760,716</u>	<u>19,756,117</u>	<u>43,601,375</u>
<b>OPERATING EXPENSES</b>					
Salaries, wages, fringes	2,306,252	2,565,838	-	501,297	5,373,387
Supplies	2,146,758	473,127	549,746	116,692	3,286,323
Fuel and oil	3,630,356	-	-	-	3,630,356
Contractual services	104,313	1,366,272	-	277,716	1,748,301
Claims, net of settlements	-	-	1,922,126	20,879,878	22,802,004
Postemployment expense	-	-	-	1,617,827	1,617,827
Other charges	991,814	201,751	1,233,824	673,514	3,100,903
Depreciation	5,068,220	831,519	2,256	66	5,902,061
Total operating expenses	<u>14,247,713</u>	<u>5,438,507</u>	<u>3,707,952</u>	<u>24,066,990</u>	<u>47,461,162</u>
Operating income (loss)	<u>(255,469)</u>	<u>(346,209)</u>	<u>1,052,764</u>	<u>(4,310,873)</u>	<u>(3,859,787)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest earnings	17,586	11,091	58,094	33,992	120,763
Changes in value of investments	(7,232)	(2,093)	4,057	(1,242)	(6,510)
Interest and fiscal charges	(88,185)	-	-	-	(88,185)
Gain (loss) on property sales	464,349	44,563	-	-	508,912
Miscellaneous revenues	27,335	-	-	-	27,335
Total nonoperating revenues (expenses)	<u>413,853</u>	<u>53,561</u>	<u>62,151</u>	<u>32,750</u>	<u>562,315</u>
Income (loss) before contributions and transfers	158,384	(292,648)	1,114,915	(4,278,123)	(3,297,472)
<b>TRANSFERS</b>					
TO MUNICIPALITY - CASH	-	-	(104,235)	(990)	(105,225)
FROM MUNICIPALITY - CASH	<u>1,116,739</u>	<u>66,625</u>	<u>-</u>	<u>-</u>	<u>1,183,364</u>
Change in net position	1,275,123	(226,023)	1,010,680	(4,279,113)	(2,219,333)
<b>NET POSITION AT BEGINNING OF YEAR</b>					
	<u>26,344,688</u>	<u>5,815,563</u>	<u>3,116,782</u>	<u>(86,338,775)</u>	<u>(51,061,742)</u>
<b>NET POSITION AT END OF YEAR</b>					
	<u>\$ 27,619,811</u>	<u>\$ 5,589,540</u>	<u>\$ 4,127,462</u>	<u>\$ (90,617,888)</u>	<u>\$ (53,281,075)</u>

See Independent Auditor's Report.

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

	<u>Municipal Garage</u>	<u>Information Services</u>	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals</u>
<b>CASH FLOWS FROM</b>					
<b>OPERATING ACTIVITIES</b>					
Cash received from City departments	\$ 13,992,244	\$ 5,092,920	\$ 4,356,601	\$ 19,466,387	\$ 42,908,152
Cash payments to suppliers for goods and services	(6,673,789)	(1,812,732)	(1,705,551)	(974,308)	(11,166,380)
Cash payments to employees	(2,263,882)	(2,628,804)	-	(483,140)	(5,375,826)
Cash payments for claims and loss adjustments	-	-	(2,665,264)	(20,739,011)	(23,404,275)
Net cash provided (used) by operating activities	<u>5,054,573</u>	<u>651,384</u>	<u>(14,214)</u>	<u>(2,730,072)</u>	<u>2,961,671</u>
<b>CASH FLOWS FROM NONCAPITAL</b>					
<b>FINANCING ACTIVITIES</b>					
Transfers from other funds	1,116,739	66,625	-	-	1,183,364
Transfers to other funds	-	-	(104,235)	(990)	(105,225)
Amounts borrowed from other funds	-	-	(250,000)	761,773	511,773
Amounts loaned to other funds	472	(9,843)	(3,909)	(853)	(14,133)
Net cash provided (used) by noncapital financing activities	<u>1,117,211</u>	<u>56,782</u>	<u>(358,144)</u>	<u>759,930</u>	<u>1,575,779</u>
<b>CASH FLOWS FROM CAPITAL</b>					
<b>FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(8,195,673)	(487,908)	-	-	(8,683,581)
Principal paid on bond maturities	(900,000)	-	-	-	(900,000)
Proceeds from issuance of bonds	2,694,063	-	-	-	2,694,063
Interest expense	(101,071)	-	-	-	(101,071)
Insurance proceeds	27,335	-	-	-	27,335
Proceeds from sale of equipment	637,841	4,706	-	-	642,547
Net cash provided (used) by capital financing activities	<u>(5,837,505)</u>	<u>(483,202)</u>	<u>-</u>	<u>-</u>	<u>(6,320,707)</u>
<b>CASH FLOWS FROM INVESTING</b>					
<b>ACTIVITIES</b>					
Proceeds from sales and maturities of investment securities	6,361,000	3,000,000	11,149,571	3,750,000	24,260,571
Purchase of investment securities	(7,006,345)	(2,257,011)	(10,499,561)	(3,999,625)	(23,762,542)
Interest and gains (losses) on investments	65,219	36,882	50,193	34,956	187,250
Net cash provided (used) by investing activities	<u>(580,126)</u>	<u>779,871</u>	<u>700,203</u>	<u>(214,669)</u>	<u>685,279</u>
Net increase (decrease) in cash and cash equivalents	(245,847)	1,004,835	327,845	(2,184,811)	(1,097,978)
<b>CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR</b>	<u>3,476,248</u>	<u>739,167</u>	<u>4,959,424</u>	<u>6,023,162</u>	<u>15,198,001</u>
<b>CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)</b>	<u>\$ 3,230,401</u>	<u>\$ 1,744,002</u>	<u>\$ 5,287,269</u>	<u>\$ 3,838,351</u>	<u>\$ 14,100,023</u>

See Independent Auditor's Report.

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

	<u>Municipal Garage</u>	<u>Information Services</u>	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (255,469)	\$ (346,209)	\$ 1,052,764	\$ (4,310,873)	\$ (3,859,787)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	5,068,220	831,519	2,256	66	5,902,061
(Increase) decrease in accounts receivable	-	622	(404,115)	(289,730)	(693,223)
(Increase) decrease in inventories	(1,311)	(5,928)	-	-	(7,239)
(Increase) decrease in prepaid expenses	-	-	(39,694)	-	(39,694)
Increase (decrease) in vouchers payable	205,080	234,346	(14,577)	(84,506)	340,343
Increase (decrease) in accounts payable	(4,317)	-	5,906	178,120	179,709
Increase (decrease) in accrued expenses	11,976	8,264	-	17,447	37,687
Increase (decrease) in provision for compensated absences	29,713	(72,081)	-	559	(41,809)
Increase (decrease) in estimated claims liabilities	-	-	-	1,758,694	1,758,694
Increase (decrease) in net pension obligation	681	851	-	151	1,683
Increase (decrease) in IBNR accrual	-	-	(616,754)	-	(616,754)
Net cash provided (used) by operating activities	<u>\$ 5,054,573</u>	<u>\$ 651,384</u>	<u>\$ (14,214)</u>	<u>\$ (2,730,072)</u>	<u>\$ 2,961,671</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>					
Transfers (to) from other funds - capital assets	\$ 2,557	\$ (44,322)	\$ -	\$ -	\$ (41,765)
Decreases (increases) in fair values of investments	(7,232)	(2,093)	4,057	(1,242)	(6,510)
Amortization of bond premium	(12,886)	-	-	-	-

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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, 2014**

**ASSETS**

Cash and cash equivalents	\$ 3,032,157
Investments at fair value	48,661,203
Receivables (net of allowances for uncollectibles)	
Property taxes	278,127
Solid waste and other	1,674,203
Accrued interest	150,636
Other accrued revenue	1,898,688
Due from other funds	1,870,257
Due from other governments	5,109,201
Inventory of supplies	1,402,375
Prepaid items	7,742
<b>TOTAL ASSETS</b>	<b>\$ 64,084,589</b>

**LIABILITIES AND FUND BALANCE**

**LIABILITIES**

Vouchers payable	\$ 1,493,063
Accounts payable	1,785,172
Accrued expenses	3,773,693
Deposits	(6,922)
Due to other funds - unrestricted	8,730
Due to other governments	833,269
Unearned revenue property taxes	197,441
Unearned revenues other	67,814
Total liabilities	<u>8,152,260</u>

**FUND BALANCE**

Nonspendable:	
Inventory	1,402,375
Prepaid items	7,742
Uncollected taxes	80,686
Unassigned	54,441,526
Total fund balance	<u>55,932,329</u>

<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 64,084,589</b>
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See Independent Auditor's Report.

**CITY OF AMARILLO  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
SEPTEMBER 30, 2014**

**REVENUES**

Taxes	\$ 115,479,436
License and permits	3,799,014
Interfund revenues	943,522
Intergovernmental revenues	3,458,467
Contributions - citizens	128,218
Charges for services	33,202,478
Fines and forfeitures	4,944,045
Investment earnings	405,089
Other rentals and commissions	421,119
Miscellaneous	741,825
	<u>163,523,213</u>
Total revenues	<u>163,523,213</u>

**EXPENDITURES**

Current	
General government	3,637,459
Staff services	8,906,336
Public safety and health	
Police protection	41,015,519
Fire protection	27,892,601
Other	9,747,273
Streets, traffic and engineering	13,135,565
Culture and recreation	
Auditorium-colliseum	3,133,235
Libraries	3,762,915
Parks	6,736,430
Participant recreation	5,239,905
Solid waste	12,258,612
Transit system	4,402,888
Information technology	3,468,350
Tourism	3,006,491
Capital outlay	303,997
	<u>146,647,576</u>
Total expenditures	<u>146,647,576</u>

**EXCESS OF REVENUES OVER  
EXPENDITURES**

16,875,637

**OTHER FINANCING SOURCES (USES)**

Transfers from other funds	47,550
Transfers to other funds	(12,704,018)
	<u>4,219,169</u>
Net change in fund balance	<u>4,219,169</u>

**FUND BALANCE, BEGINNING OF YEAR**

51,713,160

**FUND BALANCE, END OF YEAR**

\$ 55,932,329

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
GENERAL FUND  
COMPARATIVE SCHEDULE OF REVENUES  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Actual revenue</u>	<u>Budget</u>	<u>Variance with final budget positive (negative)</u>
<b>TAXES</b>			
General property taxes			
Ad valorem tax collections	\$ 32,627,961	\$ 32,032,951	\$ 595,010
Penalty and interest on delinquent taxes	253,736	294,998	(41,262)
Water & sewer utility	3,210,083	3,209,424	659
General sales tax	54,413,835	52,500,000	1,913,835
Mixed beverage tax	751,825	555,500	196,325
Hotel occupancy tax	5,937,402	5,652,840	284,562
Gross receipts business taxes:			
Electric utility	8,425,708	8,387,634	38,074
Telephone utility	1,280,464	1,219,276	61,188
Gas utility	3,274,169	2,387,069	887,100
Cable television	2,131,480	1,857,480	274,000
Water & Sewer utility	3,172,773	3,102,183	70,590
Total taxes	<u>115,479,436</u>	<u>111,199,355</u>	<u>4,280,081</u>
<b>LICENSES AND PERMITS</b>			
Food and beverage establishments			
Liquor, beer and wine licenses	93,547	77,079	16,468
Restaurant permits	426,589	436,884	(10,295)
Food handler permits	32,598	33,778	(1,180)
Miscellaneous occupational			
Occupational and business	63,584	36,065	27,519
Transient bus licenses	575	781	(206)
Solicitation permits	6,705	3,399	3,306
Building and structures			
Building permits	2,363,024	1,329,833	1,033,191
Electrical permits	138,058	104,999	33,059
Plumbing and gas permits	438,111	301,770	136,341
Heating and air permits	136,328	76,997	59,331
Sewage disposal permits	74,275	70,845	3,430
Mobile home parks	25,620	36,450	(10,830)
Total licenses and permits	<u>3,799,014</u>	<u>2,508,880</u>	<u>1,290,134</u>
<b>INTERFUND REVENUES</b>			
Airport animal control	18,000	12,000	6,000
Communication services	-	60,000	(60,000)
Sales to other funds	811,878	624,996	186,882
Other interfund reimbursements	113,644	97,920	15,724
Total interfund revenue	<u>943,522</u>	<u>794,916</u>	<u>148,606</u>
<b>INTERGOVERNMENTAL REVENUES</b>			
General government			
Auditorium Operating Assistance	398,004	397,992	12
Public safety and health			
Emergency Management Participations	300,409	289,000	11,409
Other	30,281	26,250	4,031
State shared revenues	42,191	54,492	(12,301)
Transit			
Federal/state operating assistance	2,687,582	2,855,122	(167,540)
Total intergovernmental revenues	<u>3,458,467</u>	<u>3,622,856</u>	<u>(164,389)</u>
<b>CONTRIBUTIONS FROM CITIZENS</b>			
Donations unrestricted	<u>128,218</u>	<u>114,301</u>	<u>13,917</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
GENERAL FUND  
COMPARATIVE SCHEDULE OF REVENUES, CONTINUED  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Actual revenue</u>	<u>Budget</u>	<u>Variance with final budget positive (negative)</u>
<b>CHARGES FOR SERVICES</b>			
General government			
Zoning, planning application fees	52,363	52,280	83
Sale of city publications	197	635	(438)
Staff services			
Indirect cost reimbursement	1,691,961	1,765,656	(73,695)
Business type fund administrative fees			
Water & sewer administrative	1,189,313	1,189,312	1
Airport	106,392	106,387	5
Other administrative fees			
Weed mowing contract	218,605	310,002	(91,397)
Weed bad debt adjustment	(342,740)	(368,870)	26,130
Wrecker service contract	59,176	69,996	(10,820)
Fiscal agent fees	131,306	129,432	1,874
Public safety and health			
Police liaison officer	863,911	850,246	13,665
AECC participations	797,662	785,424	12,238
EMS Support	107,500	123,000	(15,500)
Warrant fees	681,186	582,097	99,089
Traffic accident reports	46,373	45,000	1,373
Airport fire service fee	1,646,949	1,646,949	-
Fire inspections	40,005	34,000	6,005
Animal shelter fees	68,100	100,998	(32,898)
Vital statistics fee	297,883	309,300	(11,417)
Miscellaneous health department fees	7,849	7,867	(18)
Culture & recreation			
Auditorium rentals	1,350,304	1,335,578	14,726
Auditorium concessions	304,514	296,949	7,565
Auditorium advertising	-	2,503	(2,503)
Auditorium Box Office	311,224	294,998	16,226
Library late fees	112,634	119,198	(6,564)
Library copy charges	28,161	25,002	3,159
Nonresident library fees	14,026	12,001	2,025
Baseball field rentals	61,559	73,264	(11,705)
Golf green fees	980,818	1,069,697	(88,879)
Golf membership fees	246,395	233,126	13,269
Golf other	483,945	531,556	(47,611)
Swimming pool fees	138,246	196,517	(58,271)
Tennis center fees	7,319	6,991	328
Zoo admission fees	227,497	220,004	7,493
Rifle range fees	110,194	114,999	(4,805)
Entry and tournament fees	375,275	443,961	(68,686)
Admission fees	-	-	-
Solid waste			
Collection & disposal fees	17,088,980	17,149,200	(60,220)
Landfill charges	2,997,937	1,758,620	1,239,317
Recyclable materials	93,425	125,000	(31,575)
Forfeited discounts	394,464	380,000	14,464
Transit			
Passenger revenue	143,863	113,514	30,349
Demand response	27,011	24,228	2,783
Miscellaneous transit revenue	40,696	24,228	16,468
Total charges for services	<u>33,202,478</u>	<u>32,290,845</u>	<u>911,633</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
GENERAL FUND  
COMPARATIVE SCHEDULE OF REVENUES, CONTINUED  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Actual revenue</u>	<u>Budget</u>	<u>Variance with final budget positive (negative)</u>
<b>FINES AND FORFEITURES</b>			
Traffic fines	3,389,077	3,120,001	269,076
Misdemeanor fees	536,753	588,996	(52,243)
Parking fines	215,629	170,000	45,629
Court Fees	(28,211)	(25,497)	(2,714)
Other court revenue	107,501	144,902	(37,401)
Miscellaneous fines	179,056	154,001	25,055
State court costs	544,240	499,002	45,238
Total fines and forfeitures	<u>4,944,045</u>	<u>4,651,405</u>	<u>292,640</u>
<b>INVESTMENT EARNINGS</b>			
Interest earnings	405,089	365,632	39,457
Total investment earnings	<u>405,089</u>	<u>365,632</u>	<u>39,457</u>
<b>OTHER RENTALS AND COMMISSIONS</b>			
Amusement park commissions	110,757	109,000	1,757
Municipal building rents	238,018	228,478	9,540
Surface land rents	13,800	15,096	(1,296)
Miscellaneous concessions	58,544	61,202	(2,658)
Total rental/commissions	<u>421,119</u>	<u>413,776</u>	<u>7,343</u>
<b>MISCELLANEOUS</b>			
Use of money and property:			
Miscellaneous revenues	570,303	318,822	251,481
Discount card sales	-	-	-
Sales to outside utilities	82,163	58,600	23,563
PID reimbursements	53,151	66,000	(12,849)
Appraisal District refunds	24,741	26,018	(1,277)
Discounts earned	1,672	1,102	570
Sale of property and gains	12,849	9,400	3,449
Bad debt/exp recovery	(3,054)	-	(3,054)
Total miscellaneous	<u>741,825</u>	<u>479,942</u>	<u>261,883</u>
<b>TOTAL REVENUES</b>	<u>\$ 163,523,213</u>	<u>\$ 156,441,908</u>	<u>\$ 7,081,305</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY DEPARTMENT (GAAP BASIS)  
YEAR ENDED SEPTEMBER 30, 2014**

	Salaries, wages and fringe benefits	Supplies	Contractual services
<b>GENERAL GOVERNMENT</b>			
Mayor and commission	\$ 2,885	\$ 5,912	\$ 36,929
City manager	994,421	18,215	110,875
City secretary	232,089	45,349	2,898
Municipal court	965,014	49,232	55,597
Judicial	452,151	4,126	3,160
Teen court	44,678	1,153	217
Planning and zoning	462,248	7,846	14,795
Total general government	<u>3,153,486</u>	<u>131,833</u>	<u>224,471</u>
<b>STAFF SERVICES</b>			
Financial administration			
Director of Finance	318,392	7,710	515,469
Accounting	840,426	54,664	203,867
Payroll	199,751	1,486	5,737
Benefits	306,502	2,984	-
Purchasing	475,890	20,782	25,980
Central stores	320,112	5,022	15,978
Information technology	-	-	-
Legal	811,685	50,407	105,813
Personnel			
Human Resources	377,782	171,449	103,182
Safety and training	334,321	9,917	14,071
Communications	277,734	33,109	55,478
Occupancy			
Custodial operations	827,850	496,295	21,950
Building maintenance	1,306,208	35,787	436,679
Total staff services	<u>6,396,653</u>	<u>889,612</u>	<u>1,504,204</u>
<b>PUBLIC SAFETY AND HEALTH</b>			
Police			
Police	32,625,383	1,277,488	2,680,339
Civilian personnel	2,244,224	-	1,757,240
Miscellaneous police programs	25,427	-	-
Total police protection	<u>34,895,034</u>	<u>1,277,488</u>	<u>4,437,579</u>
Fire protection			
Fire operations	23,239,421	23,010	44,211
Civilian personnel	1,298,320	44,118	25,966
Fire support	654,206	1,409,960	977,770
Total fire protection	<u>25,191,947</u>	<u>1,477,088</u>	<u>1,047,947</u>
Other			
Building safety	2,053,514	81,131	321,680
Animal management and welfare	1,415,459	171,039	208,998
Emergency services	240,190	33,048	33,845
AECC	3,702,604	26,068	220,013
Environmental health	689,790	12,204	80,933
Vital statistics	33,390	8,952	1,964
Total other	<u>8,134,947</u>	<u>332,442</u>	<u>867,433</u>
Total public safety and health	<u>68,221,928</u>	<u>3,087,018</u>	<u>6,352,959</u>

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Other charges	Total	Capital outlay	Total (GAAP) basis
\$ 32,891	\$ 78,617	\$ -	\$ 78,617
35,009	1,158,520	-	1,158,520
14,866	295,202	-	295,202
28,681	1,098,524	-	1,098,524
4,964	464,401	-	464,401
1,429	47,477	-	47,477
9,829	494,718	-	494,718
<u>127,669</u>	<u>3,637,459</u>	<u>-</u>	<u>3,637,459</u>
6,094	847,665	-	847,665
3,252	1,102,209	-	1,102,209
1,433	208,407	-	208,407
755	310,241	-	310,241
4,242	526,894	-	526,894
(10,462)	330,650	-	330,650
3,468,350	3,468,350	-	3,468,350
17,357	985,262	-	985,262
15,932	668,345	-	668,345
7,072	365,381	-	365,381
18,682	385,003	-	385,003
3,483	1,349,578	-	1,349,578
48,027	1,826,701	-	1,826,701
<u>3,584,217</u>	<u>12,374,686</u>	<u>-</u>	<u>12,374,686</u>
395,512	36,978,722	85,744	37,064,466
9,906	4,011,370	-	4,011,370
-	25,427	-	25,427
<u>405,418</u>	<u>41,015,519</u>	<u>85,744</u>	<u>41,101,263</u>
85,296	23,391,938	19,983	23,411,921
12,165	1,380,569	52,895	1,433,464
78,158	3,120,094	1,373	3,121,467
<u>175,619</u>	<u>27,892,601</u>	<u>74,251</u>	<u>27,966,852</u>
36,510	2,492,835	-	2,492,835
13,572	1,809,068	8,067	1,817,135
107,050	414,133	18,527	432,660
245,866	4,194,551	-	4,194,551
2,738	785,665	-	785,665
6,715	51,021	-	51,021
<u>412,451</u>	<u>9,747,273</u>	<u>26,594</u>	<u>9,773,867</u>
<u>993,488</u>	<u>78,655,393</u>	<u>186,589</u>	<u>78,841,982</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY DEPARTMENT (GAAP BASIS), CONTINUED  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Salaries, wages and fringe benefits</u>	<u>Supplies</u>	<u>Contractual services</u>
<b>STREETS, TRAFFIC &amp; ENGINEERING</b>			
Street maintenance	3,221,470	255,704	4,235,189
Traffic engineering	519,725	12,210	14,408
Traffic field operations	835,632	1,862,264	600,211
Engineering	1,393,370	23,383	94,274
Total streets, traffic, engineering	<u>5,970,197</u>	<u>2,153,561</u>	<u>4,944,082</u>
<b>CULTURE &amp; RECREATION</b>			
Auditorium - Coliseum			
Civic Center operations	1,035,067	638,626	102,981
Civic Center promotions	201,621	15,007	31,351
Box office operations	252,388	483	40,062
Civic Center sports	86,810	168,068	72,989
Globe News Center	73,834	126,856	22,306
Library operations	2,712,639	807,137	120,698
Parks			
Parks administration	367,577	30,169	12,659
Park maintenance	3,355,927	1,692,852	1,211,303
Participant recreation			
Ross Rogers Golf Course	719,264	780,091	596,781
Comanche Trail Golf Course	658,989	226,102	366,862
Zoo	299,793	110,851	28,539
Swimming pools	255,817	119,274	49,318
Tennis center	16,023	34,334	51,890
Parks and recreation programs	660,101	72,319	113,051
Total culture and recreation	<u>10,695,850</u>	<u>4,822,169</u>	<u>2,820,790</u>
<b>SOLID WASTE</b>			
Solid waste collection	4,532,123	314,345	3,645,389
Solid waste disposal	1,472,684	112,186	1,851,677
Total solid waste	<u>6,004,807</u>	<u>426,531</u>	<u>5,497,066</u>
<b>TRANSIT</b>			
Fixed route	1,549,483	712,852	31,475
Demand response	908,659	259,841	46,176
Transit maintenance	422,003	68	-
Total transit	<u>2,880,145</u>	<u>972,761</u>	<u>77,651</u>
<b>ECONOMIC DEVELOPMENT</b>			
Tourism support	-	-	3,006,491
Total economic development	<u>-</u>	<u>-</u>	<u>3,006,491</u>
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<u>\$ 103,323,066</u>	<u>\$ 12,483,485</u>	<u>\$ 24,427,714</u>

See Independent Auditor's Report.

<u>Other charges</u>	<u>Total</u>	<u>Capital outlay</u>	<u>Total (GAAP) basis</u>
29,774	7,742,137	28,805	7,770,942
11,755	558,098	-	558,098
8,621	3,306,728	23,165	3,329,893
17,575	1,528,602	-	1,528,602
<u>67,725</u>	<u>13,135,565</u>	<u>51,970</u>	<u>13,187,535</u>
158,541	1,935,215	-	1,935,215
26,990	274,969	32,033	307,002
39,215	332,148	-	332,148
2,841	330,708	-	330,708
37,199	260,195	-	260,195
122,441	3,762,915	10,155	3,773,070
4,037	414,442	-	414,442
61,906	6,321,988	-	6,321,988
7,308	2,103,444	-	2,103,444
5,697	1,257,650	-	1,257,650
2,519	441,702	-	441,702
14,356	438,765	-	438,765
2,546	104,793	-	104,793
48,080	893,551	-	893,551
<u>533,676</u>	<u>18,872,485</u>	<u>42,188</u>	<u>18,914,673</u>
33,117	8,524,974	-	8,524,974
297,091	3,733,638	23,250	3,756,888
<u>330,208</u>	<u>12,258,612</u>	<u>23,250</u>	<u>12,281,862</u>
352,041	2,645,851	-	2,645,851
93,702	1,308,378	-	1,308,378
26,588	448,659	-	448,659
<u>472,331</u>	<u>4,402,888</u>	<u>-</u>	<u>4,402,888</u>
-	3,006,491	-	3,006,491
-	3,006,491	-	3,006,491
<u>\$ 6,109,314</u>	<u>\$ 146,343,579</u>	<u>\$ 303,997</u>	<u>\$ 146,647,576</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS**  
**GENERAL FUND**  
**SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	Net Current	Capital Outlay	Total Current Year (GAAP Basis)	Paid Prior Year Encumbrances
<b>GENERAL GOVERNMENT</b>				
Mayor and Commission	\$ 78,617	\$ -	\$ 78,617	\$ -
City manager	1,158,520	-	1,158,520	-
City secretary	295,202	-	295,202	168
Municipal court	1,098,524	-	1,098,524	-
Judicial	464,401	-	464,401	1,051
Teen court	47,477	-	47,477	-
Planning and zoning	494,718	-	494,718	-
Total general government	<u>3,637,459</u>	<u>-</u>	<u>3,637,459</u>	<u>1,219</u>
<b>STAFF SERVICES</b>				
Financial administration				
Director of Finance	847,665	-	847,665	-
Accounting	1,102,209	-	1,102,209	10,244
Payroll	208,407	-	208,407	-
Benefits	310,241	-	310,241	-
Purchasing	526,894	-	526,894	2,755
Central stores	330,650	-	330,650	-
Information technology	3,468,350	-	3,468,350	-
Legal	985,262	-	985,262	-
Personnel				
Human Resources	668,345	-	668,345	14,995
Safety and training	365,381	-	365,381	1,607
Communications	385,003	-	385,003	-
Occupancy				
Custodial operations	1,349,578	-	1,349,578	-
Building maintenance	1,826,701	-	1,826,701	-
Total staff services	<u>12,374,686</u>	<u>-</u>	<u>12,374,686</u>	<u>29,601</u>
<b>PUBLIC SAFETY AND HEALTH</b>				
Police				
Police	36,978,722	85,744	37,064,466	42,333
Civilian personnel	4,011,370	-	4,011,370	-
Tobacco Senate Bill	25,427	-	25,427	-
Total police protection	<u>41,015,519</u>	<u>85,744</u>	<u>41,101,263</u>	<u>42,333</u>
Fire Protection				
Fire operations	23,391,938	19,983	23,411,921	-
Civilian personnel	1,380,569	52,895	1,433,464	-
Fire support	3,120,094	1,373	3,121,467	92,512
Total fire protection	<u>27,892,601</u>	<u>74,251</u>	<u>27,966,852</u>	<u>92,512</u>
Other				
Building safety	2,492,835	-	2,492,835	4,272
Animal management and welfare	1,809,068	8,067	1,817,135	-
Emergency services	414,133	18,527	432,660	-
AECC	4,194,551	-	4,194,551	-
Environmental health	785,665	-	785,665	-
Vital statistics	51,021	-	51,021	-
Total other	<u>9,747,273</u>	<u>26,594</u>	<u>9,773,867</u>	<u>4,272</u>
Total public safety and health	<u>78,655,393</u>	<u>186,589</u>	<u>78,841,982</u>	<u>139,117</u>

See Independent Auditor's Report.

Encumbrances at End of Year	Total Actual Budgetary Basis	Original Budget	Final Budget	Variance with Final Budget
\$ -	\$ 78,617	\$ 102,496	\$ 102,496	\$ 23,879
-	1,158,520	1,142,563	1,142,857	(15,663)
-	295,034	318,433	309,613	14,579
5,807	1,104,331	1,143,719	1,151,182	46,851
-	463,350	472,852	471,518	8,168
-	47,477	40,681	40,780	(6,697)
-	494,718	507,250	510,194	15,476
<u>5,807</u>	<u>3,642,047</u>	<u>3,727,994</u>	<u>3,728,640</u>	<u>86,593</u>
5,371	853,036	885,679	887,348	34,312
-	1,091,965	1,169,126	1,174,041	82,076
-	208,407	205,240	206,617	(1,790)
342	310,583	306,714	308,486	(2,097)
-	524,139	531,827	535,213	11,074
-	330,650	340,000	343,395	12,745
-	3,468,350	3,468,348	3,468,348	(2)
-	985,262	995,696	998,833	13,571
4,458	657,808	736,751	719,107	61,299
-	363,774	387,119	388,740	24,966
-	385,003	410,839	448,486	63,483
-	1,349,578	1,378,623	1,387,479	37,901
-	1,826,701	2,006,450	1,994,808	168,107
<u>10,171</u>	<u>12,355,256</u>	<u>12,822,412</u>	<u>12,860,901</u>	<u>505,645</u>
80,578	37,102,711	37,081,056	37,163,659	60,948
-	4,011,370	4,208,096	4,228,946	217,576
-	25,427	13,500	30,763	5,336
<u>80,578</u>	<u>41,139,508</u>	<u>41,302,652</u>	<u>41,423,368</u>	<u>283,860</u>
4,809	23,416,730	23,725,199	23,722,499	305,769
718	1,434,182	1,267,069	1,288,336	(145,846)
<u>59,625</u>	<u>3,088,580</u>	<u>3,165,522</u>	<u>3,146,583</u>	<u>58,003</u>
<u>65,152</u>	<u>27,939,492</u>	<u>28,157,790</u>	<u>28,157,418</u>	<u>217,926</u>
-	2,488,563	2,405,280	2,546,620	58,057
-	1,817,135	1,759,588	1,769,517	(47,618)
-	432,660	421,086	421,873	(10,787)
2,005	4,196,556	4,356,174	4,371,776	175,220
-	785,665	1,050,817	1,055,868	270,203
-	51,021	52,280	52,674	1,653
<u>2,005</u>	<u>9,771,600</u>	<u>10,045,225</u>	<u>10,218,328</u>	<u>446,728</u>
<u>147,735</u>	<u>78,850,600</u>	<u>79,505,667</u>	<u>79,799,114</u>	<u>948,514</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS, CONTINUED  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>
<b>STREETS, TRAFFIC &amp; ENGINEERING</b>				
Street maintenance	7,742,137	28,805	7,770,942	28,805
Traffic engineering	558,098	-	558,098	-
Traffic field operations	3,306,728	23,165	3,329,893	46,370
Engineering	1,528,602	-	1,528,602	-
Total streets, traffic, engineering	<u>13,135,565</u>	<u>51,970</u>	<u>13,187,535</u>	<u>75,175</u>
<b>CULTURE &amp; RECREATION</b>				
Auditorium - Coliseum				
Civic Center operations	1,935,215	-	1,935,215	33,775
Civic Center promotions	274,969	32,033	307,002	1,781
Box office operations	332,148	-	332,148	-
Civic Center Sports	330,708	-	330,708	-
Globe News Center	260,195	-	260,195	2,213
Library operations	3,762,915	10,155	3,773,070	16,352
Parks				
Parks administration	414,442	-	414,442	-
Park maintenance	6,321,988	-	6,321,988	-
Participant Recreation				
Ross Rogers Golf Course	2,103,444	-	2,103,444	3,220
Comanche Trail Golf Course	1,257,650	-	1,257,650	-
Zoo	441,702	-	441,702	-
Swimming pools	438,765	-	438,765	-
Tennis center	104,793	-	104,793	3,357
Parks and recreation programs	893,551	-	893,551	-
Total culture and recreation	<u>18,872,485</u>	<u>42,188</u>	<u>18,914,673</u>	<u>60,698</u>
<b>SOLID WASTE</b>				
Solid waste collection	8,524,974	-	8,524,974	-
Solid waste disposal	3,733,638	23,250	3,756,888	10,606
Total solid waste	<u>12,258,612</u>	<u>23,250</u>	<u>12,281,862</u>	<u>10,606</u>
<b>TRANSIT</b>				
Fixed route	2,645,851	-	2,645,851	-
Demand response	1,308,378	-	1,308,378	-
Transit maintenance	448,659	-	448,659	-
Total transit	<u>4,402,888</u>	<u>-</u>	<u>4,402,888</u>	<u>-</u>
<b>ECONOMIC DEVELOPMENT</b>				
Tourism support	3,006,491	-	3,006,491	50,000
Total economic development	<u>3,006,491</u>	<u>-</u>	<u>3,006,491</u>	<u>50,000</u>
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<u>\$ 146,343,579</u>	<u>\$ 303,997</u>	<u>\$ 146,647,576</u>	<u>\$ 366,416</u>
<b>OPERATING TRANSFERS:</b>				
Operating Transfers to Other Funds	\$ 12,704,018	\$ -	\$ 12,704,018	\$ -
Operating Transfers from Other Funds	(47,550)	-	(47,550)	-
<b>TOTALS INCLUDING TRANSFERS</b>	<u>\$ 159,000,047</u>	<u>\$ 303,997</u>	<u>\$ 159,304,044</u>	<u>\$ 366,416</u>

See Independent Auditor's Report.

<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
637,000	8,379,137	9,578,558	9,556,951	1,177,814
-	558,098	620,100	622,968	64,870
97,127	3,380,650	3,440,247	3,447,872	67,222
3,462	1,532,064	1,767,082	1,755,286	223,222
<u>737,589</u>	<u>13,849,949</u>	<u>15,405,987</u>	<u>15,383,077</u>	<u>1,533,128</u>
-	1,901,440	1,935,503	1,911,380	9,940
-	305,221	370,009	402,603	97,382
-	332,148	325,114	326,196	(5,952)
-	330,708	280,751	281,170	(49,538)
-	257,982	307,794	308,420	50,438
-	3,756,718	3,759,982	3,781,793	25,075
2,423	416,865	487,969	489,194	72,329
2,060	6,324,048	6,361,641	6,389,787	65,739
5,090	2,105,314	2,238,002	2,242,850	137,536
-	1,257,650	1,398,320	1,404,110	146,460
-	441,702	408,593	409,942	(31,760)
-	438,765	456,598	455,127	16,362
-	101,436	100,787	100,787	(649)
-	893,551	994,489	995,766	102,215
<u>9,573</u>	<u>18,863,548</u>	<u>19,425,552</u>	<u>19,499,125</u>	<u>635,577</u>
-	8,524,974	8,820,921	8,722,532	197,558
690	3,746,972	3,802,483	3,814,030	67,058
<u>690</u>	<u>12,271,946</u>	<u>12,623,404</u>	<u>12,536,562</u>	<u>264,616</u>
36,756	2,682,607	2,752,406	2,763,472	80,865
-	1,308,378	1,387,714	1,394,537	86,159
-	448,659	482,209	485,131	36,472
<u>36,756</u>	<u>4,439,644</u>	<u>4,622,329</u>	<u>4,643,140</u>	<u>203,496</u>
40,000	2,996,491	3,145,364	3,145,364	148,873
40,000	2,996,491	3,145,364	3,145,364	148,873
<u>\$ 988,321</u>	<u>\$ 147,269,481</u>	<u>\$ 151,278,709</u>	<u>\$ 151,595,923</u>	<u>\$ 4,326,442</u>
\$ -	\$ 12,704,018	\$ 12,829,471	\$ 12,682,068	\$ (21,950)
-	(47,550)	(96,515)	(144,065)	(96,515)
<u>\$ 988,321</u>	<u>\$ 159,925,949</u>	<u>\$ 164,011,665</u>	<u>\$ 164,133,926</u>	<u>\$ 4,207,977</u>

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 POSITION  
SEPTEMBER 30, 2014**

**ASSETS**

<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$	24,640,561
Investments, at fair values		52,948,308
Accounts receivable, net of allowances		5,197,701
Accrued interest receivable		100,484
Other accrued revenue		4,152,861
Prepaid expenses		<u>928,415</u>
Total current assets		<u>87,968,330</u>
<b>NONCURRENT ASSETS</b>		
Restricted cash and cash equivalents		32,371,275
Other noncurrent receivable		309,407
Other noncurrent asset		153,385
Capital assets		
Land		1,770,262
Contributed right of way easements		778,668
Underground water rights		56,444,957
Accumulated depletion - water rights		(5,588,870)
Water supply contract		50,336,389
Accumulated amortization - water supply contract		(20,581,680)
Pipelines and plant		592,221,300
Accumulated depreciation - pipelines and plant		(174,143,586)
Equipment and vehicles		4,228,332
Accumulated depreciation - equipment and vehicles		(3,321,549)
Construction in progress		<u>12,169,588</u>
Total capital assets net of accumulated depreciation		<u>514,313,811</u>
Total noncurrent assets		<u>547,147,878</u>
<b>TOTAL ASSETS</b>		<u>\$ 635,116,208</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	\$	1,966,685
<b>TOTAL DEFERRED OUTFLOWS</b>	\$	<u>1,966,685</u>
		<b>LIABILITIES</b>
<b>CURRENT LIABILITIES</b>		
Vouchers payable	\$	1,548,271
Accounts payable		737,303
Accrued expenses		2,415,764
Due to Other Funds		50,000
Deposits		43,758
Consumer security deposits		3,478,194
Share of Water Authority debt, current		5,236,637
Bonded debt current maturity		7,940,000
Current portion of provision for compensated absences		<u>237,424</u>
Total current liabilities		<u>21,687,351</u>
<b>NONCURRENT LIABILITIES</b>		
Bonded debt, net of current		130,639,582
Water authority debt, net of current		86,416,820
Other accrued expenses		2,783,256
Provision for compensated absences, net		1,113,512
Net pension obligation		<u>555,221</u>
Total noncurrent liabilities		<u>221,508,391</u>
<b>TOTAL LIABILITIES</b>	\$	<u>243,195,742</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred grant revenue	\$	354,731
<b>TOTAL DEFERRED INFLOWS</b>	\$	<u>354,731</u>
<b>NET POSITION</b>		
Net investment in capital assets	\$	312,096,698
Restricted for debt service		6,322,034
Unrestricted		<u>75,113,688</u>
<b>TOTAL NET POSITION</b>	\$	<u>393,532,420</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
WATER AND SEWER SYSTEM FUND  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
YEAR ENDED SEPTEMBER 30, 2014**

<b>OPERATING REVENUES</b>	
Utility sales and service	\$ 72,022,182
Tap fees and frontage charges	247,773
Rents and miscellaneous	<u>73,411</u>
Total operating revenues	<u>72,343,366</u>
<b>OPERATING EXPENSES</b>	
Salaries, wages and fringe benefits	11,594,856
Supplies	1,428,923
Fuel and power	4,933,966
Contractual services	4,554,358
Water Authority charges	5,427,970
Other charges	8,902,176
Depreciation	<u>13,637,200</u>
Total operating expenses	<u>50,479,449</u>
Operating income	<u>21,863,917</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Gain on disposal of property	3,816,207
Interfund reimbursement	568,755
Interest earnings	259,941
Interest and fiscal charges	<u>(6,190,969)</u>
Total nonoperating revenue (expenses)	<u>(1,546,066)</u>
Income before contributions and transfers	20,317,851
Capital contributions	3,603,324
Transfers to other funds	<u>(250,456)</u>
Change in net position	23,670,719
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	373,073,481
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>(3,211,780)</u>
<b>TOTAL NET POSITION, BEGINNING OF YEAR, RESTATED</b>	<u>369,861,701</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ 393,532,420</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
WATER AND SEWER SYSTEM FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2014**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from third parties	\$ 73,451,597
Cash payments to suppliers for goods and services	(23,886,079)
Cash payments to employees	<u>(11,616,639)</u>
Net cash provided (used) by operating activities	<u>37,948,879</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Amounts borrowed from other funds	618,755
Transfers to other funds	<u>(250,456)</u>
Net cash provided (used) by noncapital financing activities	<u>368,299</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(14,811,965)
Principal paid on bond maturities	(7,965,000)
Principal paid on proportionate share of Water Authority debt	(5,095,528)
Noncurrent receivable	17,695
Proceeds from issuance of bonds	8,495,000
Capital grants received	3,958,055
Interest expense	(7,567,115)
Proceeds from sale of capital assets	<u>4,048,825</u>
Net cash provided (used) by capital and related financing activities	<u>(18,920,033)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investment securities	48,512,326
Purchase of investment securities	(61,379,390)
Interest and gains on investments	<u>430,048</u>
Net cash provided (used) by investing activities	<u>(12,437,016)</u>
Net increase in cash and cash equivalents	6,960,129
<b>CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR</b>	<u>50,051,707</u>
<b>CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)</b>	<u>\$ 57,011,836</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income	\$ 21,863,917
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	13,637,200
(Increase) decrease in accounts receivable	771,627
(Increase) decrease in other accrued revenue	336,604
(Increase) decrease in prepaid expenses	5,438
Increase (decrease) in vouchers payable	864,867
Increase (decrease) in accounts payable	289,223
Increase (decrease) in accrued operating expenses	273,520
Increase (decrease) in customer deposits	124,033
Increase (decrease) in provision for compensated absences	(25,265)
Increase (decrease) in net pension obligation	3,482
Increase (decrease) in other accrued expenses	<u>(195,767)</u>
Net cash provided (used) by operating activities	<u>\$ 37,948,879</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>	
Amortization of bond premiums	\$ 333,530
Prepaid insurance	(10,704)
Increases in fair values of investments	9,090
Interest expense capitalized	720,016
Capital contributions	3,603,324

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
WATER AND SEWER SYSTEM FUND  
SCHEDULE OF OPERATING REVENUES  
YEAR ENDED SEPTEMBER 30, 2014**

<b>UTILITY SALES AND SERVICE</b>	
Water metered sales	\$ 47,606,516
Sewer charges	21,024,451
Industrial waste charges	213,765
Forfeited discounts	1,242,531
Sale of reclaimed water	574,786
Water service charges	1,240,897
Net loss on bad debts	(88,378)
Lab fees	156,239
Liquid waste disposal	51,375
	<hr/>
Total utility sales and service	72,022,182
<b>TAP FEES AND FRONTAGE CHARGES</b>	
Water tap fees	177,324
Sewer tap fees	63,596
Water frontage charges	1,925
Sewer frontage charges	4,928
	<hr/>
Total tap fees and frontage charges	247,773
<b>RENTS AND MISCELLANEOUS</b>	
Rents and miscellaneous	73,411
	<hr/>
Total rents and miscellaneous	73,411
	<hr/>
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 72,343,366</b>
	<hr/> <hr/>

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**CITY OF AMARILLO, TEXAS  
WATER AND SEWER SYSTEM FUND  
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Salaries, Wages &amp; Fringe Benefits</u>	<u>Supplies</u>	<u>Fuel and Power</u>
<b>WATER AND SEWER SYSTEM FUND DEPARTMENT</b>			
Water production	\$ 247,066	\$ 26,527	\$ 1,548,267
Water transmission	326,019	29,184	1,755,106
Surface water treatment	1,437,648	437,350	150,570
Water distribution	2,294,212	73,076	2,166
Water - general	-	-	-
Wastewater collection	1,370,653	180,768	184,529
Wastewater treatment	2,043,704	390,601	1,270,062
Environmental laboratory	1,132,087	163,117	23,266
Sewer - general	-	-	-
Utility billing	1,209,468	85,249	-
Director of utilites - admin.	1,533,999	43,051	-
	<u>\$ 11,594,856</u>	<u>\$ 1,428,923</u>	<u>\$ 4,933,966</u>
Total operating expenses	<u>\$ 11,594,856</u>	<u>\$ 1,428,923</u>	<u>\$ 4,933,966</u>

See Independent Auditor's Report.

<u>Water Authority Charges</u>	<u>Contractual Services</u>	<u>Other Charges</u>	<u>Depreciation/ Amortization</u>	<u>Total Current Year</u>
\$ -	\$ 299,505	\$ 42,558	\$ 3,705,947	\$ 5,869,870
-	213,797	41,112	2,189,935	4,555,153
5,427,970	452,240	206,536	1,206,324	9,318,638
-	1,321,985	38,007	2,485,183	6,214,629
-	124,750	5,534,428	-	5,659,178
-	718,684	29,119	1,634,375	4,118,128
-	573,641	379,242	2,123,101	6,780,351
-	122,119	884	96,332	1,537,805
-	-	2,575,099	-	2,575,099
-	655,560	5,665	175,397	2,131,339
-	72,077	49,526	20,606	1,719,259
<u>\$ 5,427,970</u>	<u>\$ 4,554,358</u>	<u>\$ 8,902,176</u>	<u>\$ 13,637,200</u>	<u>\$ 50,479,449</u>

See Independent Auditor's Report.

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## **STATEMENTS OF DRAINAGE UTILITY FUND**

The Drainage Utility Fund provides for a dedicated funding source for the operations and maintenance of the existing storm-water system.

**CITY OF AMARILLO, TEXAS  
DRAINAGE UTILITY FUND  
STATEMENT OF NET POSITION  
SEPTEMBER 30, 2014**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 784,899
Investments, at fair values	3,171,173
Accounts receivable	<u>250,976</u>
Total current assets	<u>4,207,048</u>

**NONCURRENT ASSETS**

Restricted cash and cash equivalents	7,508,757
Capital assets	
Land	2,010
Equipment under capital lease, net	8,188
Contributed right of way easements	87,454
Construction in progress	<u>5,642,382</u>
Total noncurrent assets	<u>13,248,791</u>

**TOTAL ASSETS**

\$ 17,455,839

**LIABILITIES**

**CURRENT LIABILITIES**

Vouchers payable	\$ 25,924
Accounts payable	3,013
Accrued expenses	154,997
Accrued interest	89,631
Bonded debt current maturity	620,000
Current portion of provision for compensated absences	<u>8,129</u>
Total current liabilities	<u>901,694</u>

**NONCURRENT LIABILITIES**

Bonded debt net of current	10,975,596
Other accrued expenses	
Provision for compensated absences, net	55,224
Net pension obligation	<u>(3,330)</u>
Total noncurrent liabilities	<u>11,027,490</u>

**TOTAL LIABILITIES**

\$ 11,929,184

**NET POSITION**

Net investment in capital assets	\$ 1,275,891
Restricted for debt service	377,304
Unrestricted	<u>3,873,460</u>

**TOTAL NET POSITION**

\$ 5,526,655

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
DRAINAGE UTILITY FUND  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
YEAR ENDED SEPTEMBER 30, 2014**

<b>OPERATING REVENUES</b>	
Drainage utility assessments	\$ 5,384,253
Forfeited discounts	<u>85,376</u>
Total operating revenues	<u>5,469,629</u>
<b>OPERATING EXPENSES</b>	
Salaries, wages and fringe benefits	671,575
Supplies	128,371
Contractual services	900,228
Other charges	515,919
Depreciation	<u>212</u>
Total operating expenses	<u>2,216,305</u>
Operating income (loss)	<u>3,253,324</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest earnings	12,064
Sales to other departments	86,858
Interest and fiscal charges	<u>(168,142)</u>
Total nonoperating revenue (expenses)	<u>(69,220)</u>
Income before contributions and transfers	3,184,104
Capital contributions	1,797
Transfers to other funds	<u>(479,978)</u>
Change in net position	2,705,923
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	2,888,937
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>(68,205)</u>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<u>2,820,732</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ 5,526,655</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
DRAINAGE UTILITY FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2014**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from third parties	\$ 5,513,220
Cash payments to suppliers for goods and services	(1,547,238)
Cash payments to employees	<u>(528,106)</u>
Net cash provided (used) by operating activities	<u>3,437,876</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to other funds	(479,978)
Amounts borrowed from other funds	<u>86,858</u>
Net cash provided (used) by noncapital financing activities	<u>(393,120)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(968,088)
Principal paid on bond maturities	(415,000)
Interest expense	(210,711)
Capital contributions	1,797
Issuance of bonds	6,080,000
Bond premium less issuance cost	<u>47,856</u>
Net cash provided (used) by capital and related financing activities	<u>4,535,854</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investment securities	1,000,000
Purchase of investment securities	(4,205,540)
Interest and gains on investments	<u>49,375</u>
Net cash provided (used) by investing activities	<u>(3,156,165)</u>
Net increase (decrease) in cash and cash equivalents	4,424,445
<b>CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR</b>	<u>3,869,211</u>
<b>CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)</b>	<u><u>\$ 8,293,656</u></u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ 3,253,324
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	212
(Increase) decrease in accounts receivable	43,591
Increase (decrease) in vouchers payable	(5,729)
Increase (decrease) in accounts payable	3,013
Increase (decrease) in accrued operating expenses	129,948
Increase (decrease) in provision for compensated absences	13,326
Increase (decrease) in net pension obligation	<u>191</u>
Net cash provided (used) by operating activities	<u><u>\$ 3,437,876</u></u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>	
Interest expense capitalized	\$ 119,486

See Independent Auditor's Report.

## **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 POSITION  
SEPTEMBER 30, 2014**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$	4,061,000
Investments at fair value		5,623,404
Receivables (net of allowances for uncollectibles)		
Accounts		145,362
Concession arrangement		622,227
Accrued interest		16,073
Other accrued revenue		290,252
Due from other governments		18,726
Total current assets		10,777,044

**NONCURRENT ASSETS**

Restricted cash and cash equivalents		232,185
Capital assets		
Land		2,777,341
Runways, buildings and improvements		150,814,385
Accumulated depreciation		(78,249,799)
Equipment and vehicles		4,707,262
Accumulated depreciation		(3,696,991)
Construction in progress		8,023,234
Total capital assets, net of accumulated depreciation		84,375,432
Total noncurrent assets		84,607,617

**TOTAL ASSETS**

**\$ 95,384,661**

**LIABILITIES**

**CURRENT LIABILITIES**

Vouchers payable	\$	123,908
Accounts payable		436,442
Accrued expenses		484,850
Deposits		100,561
Bonded debt current maturity		1,440,000
Current portion of provision for compensated absences		30,679
Total current liabilities		2,616,440

**NONCURRENT LIABILITIES**

Bonded debt, net of current portion		9,080,217
Provision for compensated absences, net		180,801
Net pension obligation		107,519
Total noncurrent liabilities		9,368,537

**TOTAL LIABILITIES**

**\$ 11,984,977**

**DEFERRED INFLOWS OF RESOURCES**

Deferred service concession arrangements receipts	\$	622,227
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**TOTAL DEFERRED INFLOWS**

**\$ 622,227**

**NET POSITION**

Net investment in capital assets	\$	73,855,215
Restricted for debt service		232,185
Unrestricted		8,690,057

**TOTAL NET POSITION**

**\$ 82,777,457**

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
AIRPORT FUND  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
YEAR ENDED SEPTEMBER 30, 2014**

<b>OPERATING REVENUES</b>	
Airfield fees and commissions	\$ 516,975
Terminal building revenue	5,657,077
Other building revenue	<u>1,524,748</u>
Total operating revenues	<u>7,698,800</u>
<b>OPERATING EXPENSES</b>	
Salaries, wages and fringes	2,488,748
Supplies	203,026
Fuel and power	614,340
Contractual services	661,484
Other charges	2,075,255
Depreciation	<u>4,901,299</u>
Total operating expenses	<u>10,944,152</u>
Operating loss	<u>(3,245,352)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Passenger facility charge	1,401,562
Interest earnings	30,597
Insurance recovery/cost	20,160
Change in value of investments	1,548
Gain (loss) on sale of property	3,477
Interest expense	(256,207)
Other miscellaneous revenue	<u>432,521</u>
Net nonoperating revenues (expenses)	<u>1,633,658</u>
Net loss before contributions	(1,611,694)
<b>CAPITAL CONTRIBUTIONS</b>	2,801,374
<b>TRANSFERS TO OTHER FUNDS</b>	<u>(30,156)</u>
Change in net position	1,159,524
<b>NET POSITION AT BEGINNING OF YEAR</b>	81,755,510
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>(137,577)</u>
<b>TOTAL NET POSITION, BEGINNING OF YEAR, RESTATED</b>	<u>81,617,933</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 82,777,457</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
AIRPORT FUND  
STATEMENT OF CASH FLOWS  
YEAR ENDED SEPTEMBER 30, 2014**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from third parties	\$ 7,827,440
Cash payments to suppliers for goods and services	(3,187,795)
Cash payments to employees	<u>(2,472,762)</u>
Net cash provided (used) by operating activities	<u>2,166,883</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Amounts loaned to other funds	250,000
Cash payments received for passenger facility charge	1,401,562
Transfers to other funds	<u>(30,156)</u>
Net cash provided (used) by noncapital financing activities	<u>1,621,406</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(7,161,814)
Principal paid on bond maturities	(1,380,000)
Capital grants received	2,782,648
Interest expense	(488,072)
Proceeds from sale of equipment	464,868
Proceeds from insurance	<u>20,160</u>
Net cash provided (used) by capital and related financing activities	<u>(5,762,210)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investment securities	3,400,000
Purchase of investment securities	(2,501,820)
Interest and gains on investments	<u>83,050</u>
Net cash provided (used) by investing activities	<u>981,230</u>
Net increase (decrease) in cash and cash equivalents	(992,691)
<b>CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR</b>	<u>5,285,876</u>
<b>CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)</b>	<u><u>\$ 4,293,185</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating income (loss)	\$ (3,245,352)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	4,901,299
(Increase) decrease in accounts receivable	155,826
(Increase) decrease in other accrued revenue	(27,186)
Increase (decrease) in vouchers payable	(103,176)
Increase (decrease) in accounts payable	357,420
Increase (decrease) in accrued operating expenses	110,938
Increase (decrease) in deposits received	1,128
Increase (decrease) in provision for compensated absences	15,244
Increase (decrease) in net pension obligation	<u>742</u>
Net cash provided (used) by operating activities	<u><u>\$ 2,166,883</u></u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>	
(Increase) decrease in fair values of investments	\$ 1,548
Interest expense capitalized	123,613
Capital contributions	2,801,374

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**CITY OF AMARILLO, TEXAS  
AIRPORT FUND  
SCHEDULE OF OPERATING REVENUES  
YEAR ENDED SEPTEMBER 30, 2014**

<b>AIRFIELD FEES AND COMMISSIONS</b>	
Landing fees	\$ 379,593
Military fuel flowage commission	133,513
Fuel and oil commissions--other	<u>3,869</u>
Total airfield fees and commissions	<u>516,975</u>
<b>TERMINAL BUILDING REVENUES</b>	
Airline rentals	1,541,689
Restaurant commissions	201,726
Other terminal building rentals	112,895
Car rental agencies	1,748,606
Auto parking concession	<u>2,052,161</u>
Total terminal building revenues	<u>5,657,077</u>
<b>OTHER BUILDING REVENUES</b>	
Lease rentals	
Bell Helicopter	456,766
Krams, Inc.	275,070
Leading Edge	275,184
Fixed base operator	90,862
Other building rentals	183,913
Ground rentals	205,623
Advertising commissions	<u>37,330</u>
Total other building revenues	<u>1,524,748</u>
<b>TOTAL OPERATING REVENUES</b>	<u><u>\$ 7,698,800</u></u>

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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 Private-Purpose Trust Funds

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

#### Agency Fund

**Civic Center Operations:** Accounts for individual events at the City of Amarillo Civic Center. Funds are held in these accounts until events occur and are balanced and closed out.

#### Private-Purpose Trust Funds

**Centennial Parkway:** Donations for trees and landscaping along Airport Boulevard.

**Indigent Dog Bite Victim:** Donations for health-related services for qualifying indigent dog bite victims.

**Amarillo Industrial Development Corporation:** Promotion and development of commercial, industrial and manufacturing enterprises to promote and encourage employment and the public welfare.

**CITY OF AMARILLO, TEXAS  
HOUSING AND URBAN DEVELOPMENT GRANTS  
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES  
SEPTEMBER 30, 2014**

	<u>Community Development Block Grant</u>	<u>Housing Assistance Payments Program</u>	<u>Home Investment Partnership Program</u>	<u>Shelter Plus Care/ Permanent Housing</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 53,709	\$ 1,728,544	\$ 46,721	\$ 2,835
Accounts receivable	14,204	681	76,366	-
Due from other funds	9,037	6,969	5,839	-
Due from other governments	95,552	-	10,888	118,305
Other accrued revenue	175	-	-	-
Prepaid items	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 172,677</u>	<u>\$ 1,736,194</u>	<u>\$ 139,814</u>	<u>\$ 121,140</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 49,914	\$ 162,647	\$ 1,355	\$ -
Due to other funds - unrestricted	83,489	14,582	19,983	120,118
Due to other governments	1,828	-	-	-
Unearned revenue	5,000	-	76,466	-
Vouchers payable	32,444	10,353	1,448	(1)
Total liabilities	<u>172,675</u>	<u>187,582</u>	<u>99,252</u>	<u>120,117</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted for:				
Special purposes	2	1,504,723	40,562	1,023
Committed for:				
Compensated absences	-	43,889	-	-
Total fund balances	<u>2</u>	<u>1,548,612</u>	<u>40,562</u>	<u>1,023</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 172,677</u>	<u>\$ 1,736,194</u>	<u>\$ 139,814</u>	<u>\$ 121,140</u>

See Independent Auditor's Report.

<u>Supportive/ Transitional Housing</u>	<u>Affordable Housing</u>	<u>Emergency Shelter</u>	<u>HMIS</u>	<u>Total</u>
\$ 3,740	\$ 14,221	\$ 962	\$ 5,338	\$ 1,856,070
-	-	-	-	91,251
-	-	4,186	13,085	39,116
73,032	-	4	10,347	308,128
-	-	-	-	175
-	-	-	28,250	28,250
<u>\$ 76,772</u>	<u>\$ 14,221</u>	<u>\$ 5,152</u>	<u>\$ 57,020</u>	<u>\$ 2,322,990</u>
\$ -	\$ -	\$ -	\$ 2,020	\$ 215,936
75,120	13,085	5,152	55,000	386,529
-	-	-	-	1,828
-	1,000	-	-	82,466
2	-	(1)	-	44,245
<u>75,122</u>	<u>14,085</u>	<u>5,151</u>	<u>57,020</u>	<u>731,004</u>
-	-	-	28,250	28,250
1,650	136	1	(28,250)	1,519,847
-	-	-	-	43,889
<u>1,650</u>	<u>136</u>	<u>1</u>	<u>-</u>	<u>1,591,986</u>
<u>\$ 76,772</u>	<u>\$ 14,221</u>	<u>\$ 5,152</u>	<u>\$ 57,020</u>	<u>\$ 2,322,990</u>

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, 2014**

	<u>Community Development Block Grant</u>	<u>Housing Assistance Payments Program</u>	<u>Home Investment Partnership Program</u>
<b>REVENUES</b>			
Grants-in-aid - capital	\$ 1,723,062	\$ 8,575,484	\$ 821,896
Charges for services	38,125	-	22,741
Construction participations	52,109	-	-
Investment earnings	-	4,015	-
Miscellaneous revenues	-	57,842	-
Total revenues	<u>1,813,296</u>	<u>8,637,341</u>	<u>844,637</u>
<b>EXPENDITURES</b>			
Urban redevelopment/housing	<u>1,814,009</u>	<u>8,322,123</u>	<u>842,080</u>
Total expenditures	<u>1,814,009</u>	<u>8,322,123</u>	<u>842,080</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(713)</u>	<u>315,218</u>	<u>2,557</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer to other fund	-	-	-
Operating transfer from other fund	<u>715</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>715</u>	<u>-</u>	<u>-</u>
Net change in fund balances	2	315,218	2,557
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>-</u>	<u>1,233,394</u>	<u>38,005</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 2</u>	<u>\$ 1,548,612</u>	<u>\$ 40,562</u>

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<u>Shelter Plus Care/ Permanent Housing</u>	<u>Supportive/ Transitional Housing</u>	<u>Affordable Housing</u>	<u>Emergency Shelter</u>	<u>HMIS</u>	<u>Total</u>
\$ 351,969	\$ 189,424	\$ -	\$ -	\$ 84,261	\$ 11,746,096
-	-	-	-	-	60,866
-	-	-	-	-	52,109
-	-	31	-	-	4,046
-	-	-	-	-	57,842
<u>351,969</u>	<u>189,424</u>	<u>31</u>	<u>-</u>	<u>84,261</u>	<u>11,920,959</u>
<u>351,967</u>	<u>189,426</u>	<u>-</u>	<u>18,962</u>	<u>97,347</u>	<u>11,635,914</u>
<u>351,967</u>	<u>189,426</u>	<u>-</u>	<u>18,962</u>	<u>97,347</u>	<u>11,635,914</u>
<u>2</u>	<u>(2)</u>	<u>31</u>	<u>(18,962)</u>	<u>(13,086)</u>	<u>285,045</u>
<u>-</u>	<u>-</u>	<u>(13,085)</u>	<u>-</u>	<u>-</u>	<u>(13,085)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,125</u>	<u>13,085</u>	<u>14,925</u>
<u>-</u>	<u>-</u>	<u>(13,085)</u>	<u>1,125</u>	<u>13,085</u>	<u>1,840</u>
<u>2</u>	<u>(2)</u>	<u>(13,054)</u>	<u>(17,837)</u>	<u>(1)</u>	<u>286,885</u>
<u>1,021</u>	<u>1,652</u>	<u>13,190</u>	<u>17,838</u>	<u>1</u>	<u>1,305,101</u>
<u>\$ 1,023</u>	<u>\$ 1,650</u>	<u>\$ 136</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 1,591,986</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
PUBLIC HEALTH GRANTS  
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES  
SEPTEMBER 30, 2014**

	<b>Public Health</b>	<b>Women, Infants &amp; Children</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 18,568	\$ 8,591	\$ 27,159
Accounts receivable	235,818	-	235,818
Due from other governments	231,069	239,730	470,799
<b>TOTAL ASSETS</b>	<b>\$ 485,455</b>	<b>\$ 248,321</b>	<b>\$ 733,776</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 60,547	\$ 37,332	\$ 97,879
Due to other funds - unrestricted	315,000	205,000	520,000
Vouchers payable	42,352	5,989	48,341
Total liabilities	417,899	248,321	666,220
<b>FUND BALANCES</b>			
Restricted:			
Special purposes	67,556	-	67,556
Total fund balances	67,556	-	67,556
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 485,455</b>	<b>\$ 248,321</b>	<b>\$ 733,776</b>

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, 2014**

	<u>Public Health</u>	<u>Women, Infants &amp; Children</u>	<u>Total</u>
<b>REVENUES</b>			
Other entity participation	\$ 797,009	\$ -	\$ 797,009
Intergovernmental revenues	1,567,850	1,345,725	2,913,575
Charges for services	38,026	-	38,026
Total revenues	<u>2,402,885</u>	<u>1,345,725</u>	<u>3,748,610</u>
<b>EXPENDITURES</b>			
Other public safety and health	2,424,547	1,345,725	3,770,272
Capital outlay	327,179	-	327,179
Total expenditures	<u>2,751,726</u>	<u>1,345,725</u>	<u>4,097,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(348,841)</u>	<u>-</u>	<u>(348,841)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers to other fund	<u>(10,038)</u>	<u>-</u>	<u>(10,038)</u>
Total other financing sources and uses	<u>(10,038)</u>	<u>-</u>	<u>(10,038)</u>
Net change in fund balances	(358,879)	-	(358,879)
<b>FUND BALANCES, AT BEGINNING OF YEAR</b>	<u>426,435</u>	<u>-</u>	<u>426,435</u>
<b>FUND BALANCES, AT END OF YEAR</b>	<u>\$ 67,556</u>	<u>\$ -</u>	<u>\$ 67,556</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
JUSTICE GRANTS  
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES  
SEPTEMBER 30, 2014**

	<u>Justice Assistant Grant</u>	<u>Selective Traffic Enforcement Program</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 1,542	\$ 1,542
Due from other governments	<u>-</u>	<u>11,459</u>	<u>11,459</u>
<b>TOTAL ASSETS</b>	<u><u>\$ -</u></u>	<u><u>\$ 13,001</u></u>	<u><u>\$ 13,001</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Due to other funds - unrestricted	<u>\$ -</u>	<u>\$ 13,000</u>	<u>\$ 13,000</u>
Total liabilities	<u>-</u>	<u>13,000</u>	<u>13,000</u>
<b>FUND BALANCES</b>			
Restricted:			
Special purposes	<u>-</u>	<u>1</u>	<u>1</u>
Total fund balances	<u>-</u>	<u>1</u>	<u>1</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ -</u></u>	<u><u>\$ 13,001</u></u>	<u><u>\$ 13,001</u></u>

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, 2014**

	<u>Justice Assistance Grant</u>	<u>Selective Traffic Enforcement Program</u>	<u>Total</u>
<b>REVENUES</b>			
Intergovernmental revenues	\$ 101,816	\$ 135,235	\$ 237,051
Total revenues	<u>101,816</u>	<u>135,235</u>	<u>237,051</u>
<b>EXPENDITURES</b>			
Police protection	<u>101,816</u>	<u>190,811</u>	<u>292,627</u>
Total expenditures	<u>101,816</u>	<u>190,811</u>	<u>292,627</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(55,576)</u>	<u>(55,576)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other fund	<u>-</u>	<u>55,577</u>	<u>55,577</u>
Total other financing sources and uses	<u>-</u>	<u>55,577</u>	<u>55,577</u>
Net change in fund balances	-	1	1
<b>FUND BALANCES, AT BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES, AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
MISCELLANEOUS GRANTS  
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES  
SEPTEMBER 30, 2014**

	<u>Urban Transportation Planning</u>	<u>Hazardous Materials Transportation Planning</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,530	\$ 268,945
Due from other governments	<u>66,108</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 68,638</u></u>	<u><u>\$ 268,945</u></u>
<b>LIABILITIES AND FUND BALANCES</b>		
Accounts payable	\$ 8,639	\$ -
Due to other funds - unrestricted	<u>60,000</u>	<u>-</u>
Total liabilities	<u>68,639</u>	<u>-</u>
<b>FUND BALANCES</b>		
Restricted:		
Special purposes	<u>(1)</u>	<u>268,945</u>
Total fund balances	<u>(1)</u>	<u>268,945</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><u>\$ 68,638</u></u>	<u><u>\$ 268,945</u></u>

See Independent Auditor's Report.

<u>Pantex Plant Environmental Oversight</u>	<u>Summer Lunch Program</u>	<u>Total</u>
\$ 1,176	\$ 15,001	\$ 287,652
<u>41,824</u>	<u>-</u>	<u>107,932</u>
<u>\$ 43,000</u>	<u>\$ 15,001</u>	<u>\$ 395,584</u>
\$ -	\$ 2	\$ 8,641
<u>43,000</u>	<u>15,000</u>	<u>118,000</u>
<u>43,000</u>	<u>15,002</u>	<u>126,641</u>
<u>-</u>	<u>(1)</u>	<u>268,943</u>
<u>-</u>	<u>(1)</u>	<u>268,943</u>
<u>\$ 43,000</u>	<u>\$ 15,001</u>	<u>\$ 395,584</u>

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, 2014**

	<u>Urban Transportation Planning</u>	<u>Hazardous Materials Transportation Planning</u>
<b>REVENUES</b>		
Intergovernmental revenues	\$ 377,186	\$ -
Total revenues	<u>377,186</u>	<u>-</u>
<b>EXPENDITURES</b>		
Other public safety and health	-	-
Staff services	377,187	-
Total expenditures	<u>377,187</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfers from other fund	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>
Net change in fund balances	(1)	-
<b>FUND BALANCES, AT BEGINNING OF YEAR</b>	<u>-</u>	<u>268,945</u>
<b>FUND BALANCES, AT END OF YEAR</b>	<u>\$ (1)</u>	<u>\$ 268,945</u>

See Independent Auditor's Report.

<u>Pantex Plant Environmental Oversight</u>	<u>Summer Lunch Program</u>	<u>Total</u>
\$ 366,974	\$ 316,440	\$ 1,060,600
<u>366,974</u>	<u>316,440</u>	<u>1,060,600</u>
366,974	365,012	731,986
<u>-</u>	<u>-</u>	<u>377,187</u>
<u>366,974</u>	<u>365,012</u>	<u>1,109,173</u>
<u>-</u>	<u>(48,572)</u>	<u>(48,573)</u>
<u>-</u>	<u>12,450</u>	<u>12,450</u>
<u>-</u>	<u>12,450</u>	<u>12,450</u>
<u>-</u>	<u>(36,122)</u>	<u>(36,123)</u>
<u>-</u>	<u>36,121</u>	<u>305,066</u>
<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 268,943</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
 COMBINING STATEMENT OF FIDUCIARY FUNDS  
 SEPTEMBER 30, 2014**

	<u>Centennial Parkway</u>	<u>Indigent Dog Bite Victim</u>	<u>Amarillo Industrial Development Corporation</u>	<u>Total Private-Purpose Trust Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,471	\$ 5,006	\$ 23,276	\$ 30,753
<b>TOTAL ASSETS</b>	<u>\$ 2,471</u>	<u>\$ 5,006</u>	<u>\$ 23,276</u>	<u>\$ 30,753</u>
<b>NET POSITION</b>				
Held in trust for private purposes	\$ 2,471	\$ 5,006	\$ 23,276	\$ 30,753
<b>TOTAL NET POSITION</b>	<u>\$ 2,471</u>	<u>\$ 5,006</u>	<u>\$ 23,276</u>	<u>\$ 30,753</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY FUNDS  
 SEPTEMBER 30, 2014**

	<u>Centennial Parkway</u>	<u>Indigent Dog Bite Victim</u>	<u>Amarillo Industrial Development Corporation</u>	<u>Total Private-Purpose Trust Funds</u>
<b>ADDITIONS:</b>				
Investment earnings	\$ 2	\$ 5	\$ 3	\$ 10
Total additions	<u>2</u>	<u>5</u>	<u>3</u>	<u>10</u>
<b>DEDUCTIONS:</b>				
Supplies	-	-	-	-
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>2</u>	<u>5</u>	<u>3</u>	<u>10</u>
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>2,469</u>	<u>5,001</u>	<u>23,273</u>	<u>30,743</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 2,471</u>	<u>\$ 5,006</u>	<u>\$ 23,276</u>	<u>\$ 30,753</u>

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**CITY OF AMARILLO, TEXAS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
<b>CIVIC CENTER OPERATIONS</b>				
Assets				
Cash and cash equivalents	\$ 718,537	\$ 3,738,223	\$ 3,717,744	\$ 739,016
Total assets	<u>\$ 718,537</u>	<u>\$ 3,738,223</u>	<u>\$ 3,717,744</u>	<u>\$ 739,016</u>
Liabilities				
Due to other agencies	\$ 718,537	\$ 3,738,223	\$ 3,717,744	\$ 739,016
Total liabilities	<u>\$ 718,537</u>	<u>\$ 3,738,223</u>	<u>\$ 3,717,744</u>	<u>\$ 739,016</u>

See Independent Auditor's Report.

## **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:

- Schedule of investments by funds
- Schedules concerning ad valorem taxes
- Schedules of outstanding debt issuances
- Schedules for Waterworks and Sewer System
- Schedule for Drainage Utility
- Schedule of insurance coverage - all funds
- Non-Major Special Revenue Budgets

**CITY OF AMARILLO, TEXAS  
SCHEDULE OF INVESTMENTS - BY FUNDS  
SEPTEMBER 30, 2014**

	No-Load Mutual Funds	Taxable Municipal Bonds		
		Amortized Cost	Par Value	Fair Values
<b>GOVERNMENTAL FUNDS</b>				
Unrestricted:				
General Fund	\$ 1,006,076	\$ 4,417,738	\$ 4,325,000	\$ 4,420,691
Housing and Urban Development Grants Funds	2,080	-	-	-
Seizure Funds	6,590	-	-	-
Tax Increment Reinvestment Zone #1	758,395	-	-	-
Compensated Absences	456,698	1,283,532	1,320,000	1,237,106
General Obligation Debt	685,314	-	-	-
Public Improvement Districts	28,324	-	-	-
Capital Projects Funds	6,575,700	-	-	-
Miscellaneous special revenue	753,735	-	-	-
Total Unrestricted	10,272,912	5,701,270	5,645,000	5,657,797
Restricted:				
Tax Increment Reinvestment Zone #1	-	-	-	-
Total Restricted	-	-	-	-
Total Governmental Funds	10,272,912	5,701,270	5,645,000	5,657,797
<b>PROPRIETARY FUNDS</b>				
<b>ENTERPRISE FUNDS</b>				
Unrestricted:				
Water and Sewer Fund	9,361,506	3,136,157	3,100,000	3,137,612
Airport Fund	3,152,709	600,306	590,000	600,549
Drainage Utility	-	-	-	-
Total Unrestricted	12,514,215	3,736,463	3,690,000	3,738,161
Restricted:				
Water and Sewer Fund	42,585,349	-	-	-
Airport Fund	-	-	-	-
Drainage Utility	7,508,811	-	-	-
Total Restricted	50,094,160	-	-	-
Total Enterprise Funds	62,608,375	3,736,463	3,690,000	3,738,161
<b>INTERNAL SERVICE FUNDS</b>				
Unrestricted:				
Municipal Garage	72,020	-	-	-
Information Services	350,812	-	-	-
Risk Management	4,518,253	500,000	500,000	501,005
Employee Insurance	2,659,996	-	-	-
Total Unrestricted	7,601,081	500,000	500,000	501,005
Restricted:				
Municipal Garage	2,391,716	-	-	-
Total Internal Service Funds	9,992,797	500,000	500,000	501,005
<b>Totals - All Funds</b>	<b>\$ 82,874,084</b>	<b>\$ 9,937,733</b>	<b>\$ 9,835,000</b>	<b>\$ 9,896,963</b>

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U.S. Treasury Obligations			U.S. Government and Government-Sponsored Agencies		Total Investments at Fair Values	Add Time Deposits	Less Cash Equivalents	Total Investments
Amortized Cost	Par Value	Fair Values	Interest Bearing Obligations					
			Par Values	Fair Values				
\$ 5,032,130	\$ 5,000,000	\$ 5,047,540	\$ 35,245,000	\$ 35,413,054	\$ 45,887,361	\$ 3,779,918	\$ (1,006,076)	\$ 48,661,203
-	-	-	-	-	2,080	-	(2,080)	-
-	-	-	-	-	6,590	-	(6,590)	-
-	-	-	-	-	758,395	530,000	(758,395)	530,000
-	-	-	2,250,000	2,278,711	3,972,515	4,000,000	(456,698)	7,515,817
-	-	-	-	-	685,314	-	(685,314)	-
-	-	-	-	-	28,324	-	(28,324)	-
1,516,586	1,500,000	1,520,100	12,000,000	12,003,137	20,098,936	12,000,000	(6,575,700)	25,523,237
-	-	-	-	-	753,735	1,000,000	(753,735)	1,000,000
6,548,716	6,500,000	6,567,640	49,495,000	49,694,902	72,193,251	21,309,918	(10,272,912)	83,230,257
-	-	-	-	-	-	500,000	-	500,000
-	-	-	-	-	-	500,000	-	500,000
6,548,716	6,500,000	6,567,640	49,495,000	49,694,902	72,193,251	21,809,918	(10,272,912)	83,730,257
1,001,306	1,000,000	1,002,300	34,185,000	34,308,396	47,809,814	14,500,000	(9,361,506)	52,948,308
1,516,586	1,500,000	1,520,100	2,500,000	2,502,755	7,776,113	1,000,000	(3,152,709)	5,623,404
1,001,306	1,000,000	1,002,300	2,105,000	2,168,873	3,171,173	-	-	3,171,173
3,519,198	3,500,000	3,524,700	38,790,000	38,980,024	58,757,100	15,500,000	(12,514,215)	61,742,885
-	-	-	-	-	42,585,349	-	(42,585,349)	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	7,508,811	-	(7,508,811)	-
-	-	-	-	-	50,094,160	-	(50,094,160)	-
3,519,198	3,500,000	3,524,700	38,790,000	38,980,024	108,851,260	15,500,000	(62,608,375)	61,742,885
-	-	-	2,000,000	2,002,920	2,074,940	3,000,000	(72,020)	5,002,920
-	-	-	1,250,000	1,255,825	1,606,637	750,000	(350,812)	2,005,825
-	-	-	7,000,000	7,004,726	12,023,984	2,250,000	(4,518,253)	9,755,731
-	-	-	4,500,000	4,495,925	7,155,921	500,000	(2,659,996)	4,995,925
-	-	-	14,750,000	14,759,396	22,861,482	6,500,000	(7,601,081)	21,760,401
-	-	-	-	-	2,391,716	-	(2,391,716)	-
-	-	-	14,750,000	14,759,396	25,253,198	6,500,000	(9,992,797)	21,760,401
\$ 10,067,914	\$ 10,000,000	\$ 10,092,340	\$ 103,035,000	\$ 103,434,322	\$ 206,297,709	\$ 43,809,918	\$ (82,874,084)	\$ 167,233,543

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS**  
**AD VALOREM TAXES RECEIVABLE BY ROLL YEAR**  
**SEPTEMBER 30, 2014**

<u>Roll Year</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
2014	\$ 300,149	\$ 25,613	\$ 325,763
2013	141,643	13,223	154,866
2012	101,750	9,674	111,424
2011	90,577	9,224	99,801
2010	79,943	8,141	88,085
2009	63,922	6,510	70,432
2008	50,985	1,072	52,056
2007	44,976	1,030	46,006
2006	42,249	1,020	43,269
2005	34,509	865	35,374
2004	27,683	725	28,407
2003	50,757	1,386	52,143
2002	20,969	696	21,665
2001 & Prior	61,679	-	61,679
Total taxes receivable	1,111,791	79,179	1,190,970
Allowance for uncollectible taxes	833,664	55,725	889,389
Net taxes receivable	278,127	23,454	301,581
Provision for deferred collections	197,441	16,367	213,808
<b>Net taxes available for current expenditure</b>	<b>\$ 80,686</b>	<b>\$ 7,087</b>	<b>\$ 87,773</b>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
SCHEDULE OF CHANGES IN TAXES AVAILABLE  
YEAR ENDED SEPTEMBER 30, 2014**

<b>TAXES AVAILABLE, BEGINNING, Net</b>	<u>\$ 107,220</u>
<b>REVENUES</b>	
Taxes levied	35,664,675
Adjustments	<u>(95,279)</u>
Tax levy net of adjustments	35,569,396
Decrease in allowance for uncollectible taxes	616
Decrease in provision for deferred collections	<u>43,486</u>
Net revenues	35,613,498
<b>COLLECTIONS</b>	<u>(35,632,945)</u>
Net increase (decrease) in taxes available	<u>(19,447)</u>
<b>TAXES AVAILABLE, ENDING, Net</b>	<u><u>\$ 87,773</u></u>
<b>TOTAL AD VALOREM TAXES:</b>	
Ad valorem taxes - property tax rolls	\$ 32,627,961
Penalty and interest	253,736
Payment in lieu of property tax	<u>3,210,083</u>
Total General Fund tax revenues	36,091,780
Debt Service	<u>2,865,530</u>
<b>TOTAL TAX REVENUES</b>	<u><u>\$ 38,957,310</u></u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
COMBINED SCHEDULE OF OUTSTANDING DEBT ISSUANCES  
SEPTEMBER 30, 2014**

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rates on Outstanding Maturities</u>
<b>GENERAL OBLIGATION DEBT:</b>			
<i>Serviced by Tax Revenues:</i>			
General Obligation Bonds, Series 2009	09/03/09	08/15/22	3.50 - 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%
<i>Serviced by special assessments and other revenue sources:</i>			
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%
Series 2014 (\$725,000 Greenways, \$1,535,000 Colonies)	04/01/14	08/15/34	2.000 - 3.625%
Golf Course Supported:			
Series 2011A	02/03/11	02/15/37	3.50 - 5.25%
Tax Increment Reinvestment Zone #1 Supported:			
Series 2011B	02/03/11	02/15/32	3.50 - 6.00%
Total debt serviced by property taxes, including special assessment and other revenue sources			
<i>Serviced by Municipal Garage Fund Revenue (an Internal Service Fund):</i>			
Combination Tax and Revenue Certificates of Obligation, 2012B	12/12/12	08/15/18	1.00 - 1.250%
Tax Notes, Series 2014	02/25/14	08/15/19	0.20 - 2.00%
Total debt serviced by Municipal Garage Funds revenue			
<b>REVENUE OBLIGATION DEBT:</b>			
<i>Serviced by Water and Sewer Revenues:</i>			
Waterworks and Sewer Revenue, 2005	09/07/05	04/01/19	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 - 4.375%
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%
Waterworks and Sewer Revenue, 2013	07/10/13	04/01/23	0.010 - 0.850%
Waterworks and Sewer Revenue, 2014	01/22/14	04/01/33	0.00 - 2.62%
Combination Tax and Revenues Certificates of Obligation			
Waterworks and Sewer Tax and Revenue, 2009	04/01/09	05/15/28	0.338 - 3.018%
Waterworks and Sewer Tax and Revenue 2009B	12/29/09	05/15/29	0.21 - 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			
<i>Serviced by Airport Revenue:</i>			
Airport Tax and Revenue, 2009A	09/03/09	02/15/20	4.70 - 5.00%
<i>Serviced by Drainage Fund Revenue:</i>			
Combination Tax and Revenue Certificates of Obligation, 2012A	12/12/12	08/15/32	1.00 - 2.00%
Drainage Revenue, 2014	04/01/14	08/15/34	2.00 - 3.75%
Total debt serviced by Drainage Fund revenue			
<b>Total bonds payable*</b>			

\* Does not include the City's proportionate share of the Canadian River Water Authority indebtedness.

\*\* Total interest of \$68,304 less 45% offset subsidy from the United States Treasury.

See Independent Auditor's Report.

<b>Bond Issuances</b>				<b>2014-15 Maturities</b>		
<b>Authorized</b>	<b>Issued</b>	<b>Retired</b>	<b>Outstanding</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
\$ 4,825,000	\$ 4,825,000	\$ 1,395,000	\$ 3,430,000	\$ 370,000	\$ 135,663	\$ 505,663
24,575,000	24,575,000	5,045,000	19,530,000	1,110,000	990,213	2,100,213
1,392,000	1,392,000	221,000	1,171,000	61,000	37,417 **	98,417
600,000	600,000	495,000	105,000	50,000	4,672	54,672
620,000	620,000	275,000	345,000	30,000	12,765	42,765
585,000	585,000	180,717	404,283	27,331	18,613	45,944
600,000	600,000	130,000	470,000	25,000	19,581	44,581
1,500,000	1,500,000	325,000	1,175,000	65,000	46,614	111,614
2,260,000	2,260,000	-	2,260,000	65,000	89,020	154,020
3,750,000	3,750,000	260,000	3,490,000	90,000	160,100	250,100
<u>2,210,000</u>	<u>2,210,000</u>	<u>215,000</u>	<u>1,995,000</u>	<u>75,000</u>	<u>98,138</u>	<u>173,138</u>
<u>42,917,000</u>	<u>42,917,000</u>	<u>8,541,717</u>	<u>34,375,283</u>	<u>1,968,331</u>	<u>1,612,796</u>	<u>3,581,127</u>
2,790,000	2,790,000	920,000	1,870,000	460,000	19,888	479,888
<u>2,650,000</u>	<u>2,650,000</u>	<u>440,000</u>	<u>2,210,000</u>	<u>430,000</u>	<u>27,925</u>	<u>457,925</u>
<u>5,440,000</u>	<u>5,440,000</u>	<u>1,360,000</u>	<u>4,080,000</u>	<u>890,000</u>	<u>47,813</u>	<u>937,813</u>
13,650,000	13,650,000	7,210,000	6,440,000	1,170,000	322,000	1,492,000
9,120,000	9,120,000	620,000	8,500,000	330,000	356,738	686,738
9,370,000	9,370,000	-	9,370,000	-	401,531	401,531
16,300,000	16,300,000	2,060,000	14,240,000	625,000	500,338	1,125,338
5,605,000	5,605,000	465,000	4,615,000	465,000	115,475	580,475
1,310,000	1,310,000	130,000	1,180,000	125,000	3,173	128,173
8,495,000	8,495,000	475,000	8,020,000	355,000	121,476	476,476
38,885,000	38,885,000	8,020,000	30,865,000	2,010,000	621,349	2,631,349
47,400,000	47,400,000	7,820,000	39,580,000	1,955,000	744,316	2,699,316
<u>18,075,000</u>	<u>18,075,000</u>	<u>2,690,000</u>	<u>15,385,000</u>	<u>905,000</u>	<u>-</u>	<u>905,000</u>
<u>168,210,000</u>	<u>168,210,000</u>	<u>29,490,000</u>	<u>138,195,000</u>	<u>7,940,000</u>	<u>3,186,396</u>	<u>11,126,396</u>
16,140,000	16,140,000	6,385,000	9,755,000	1,440,000	433,650	1,873,650
6,260,000	6,260,000	855,000	5,405,000	420,000	95,350	515,350
<u>6,080,000</u>	<u>6,080,000</u>	<u>-</u>	<u>6,080,000</u>	<u>200,000</u>	<u>238,498</u>	<u>438,498</u>
<u>12,340,000</u>	<u>12,340,000</u>	<u>855,000</u>	<u>11,485,000</u>	<u>620,000</u>	<u>333,848</u>	<u>953,848</u>
<u>\$ 245,047,000</u>	<u>\$ 245,047,000</u>	<u>\$ 46,631,717</u>	<u>\$ 197,890,283</u>	<u>\$ 12,858,331</u>	<u>\$ 5,614,503</u>	<u>\$ 18,472,834</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS**  
**COMBINED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY**  
**SEPTEMBER 30, 2014**

	<b>General Obligation Bonds and Tax Revenues Certificates of Obligations (Serviced by Tax Revenues)</b>				<b>Tax and Revenues Certificates of Obligation (Serviced by Special Assessments)</b>			<b>Water and Sewer Revenue Bonds (Debt Serviced by Water and Sewer Revenues)</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Treasury Subsidy</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2014-2015	\$ 1,541,000	\$ 1,193,909	\$ (30,616)	\$ 2,704,293	\$ 427,331	\$ 449,503	\$ 876,834	\$ 7,940,000	\$ 3,186,396	\$ 11,126,396
2015-2016	1,607,000	1,127,966	(29,021)	2,705,945	473,659	413,769	887,428	8,065,000	3,077,633	11,142,633
2016-2017	1,684,000	1,051,014	(27,400)	2,707,614	435,051	396,798	831,849	8,180,000	2,954,970	11,134,970
2017-2018	1,750,000	978,445	(25,726)	2,702,719	451,509	381,636	833,145	8,335,000	2,819,029	11,154,029
2018-2019	1,832,000	897,769	(24,027)	2,705,742	463,037	365,070	828,107	8,500,000	2,662,640	11,162,640
2019-2020	1,919,000	808,913	(22,275)	2,705,638	474,643	347,967	822,610	8,715,000	2,485,012	11,200,012
2020-2021	2,005,000	715,742	(20,472)	2,700,270	501,325	329,964	831,289	8,905,000	2,309,006	11,214,006
2021-2022	2,102,000	617,065	(18,641)	2,700,424	523,088	310,619	833,707	9,120,000	2,111,479	11,231,479
2022-2023	1,703,000	512,367	(16,759)	2,198,608	539,936	290,874	830,810	9,330,000	1,895,659	11,225,659
2023-2024	1,790,000	422,553	(14,850)	2,197,703	511,875	269,458	781,333	9,140,000	1,658,924	10,798,924
2024-2025	1,882,000	328,155	(12,890)	2,197,265	533,909	247,414	781,323	9,380,000	1,423,955	10,803,955
2025-2026	1,978,000	228,920	(10,876)	2,196,044	528,920	223,675	752,595	9,635,000	1,172,428	10,807,428
2026-2027	2,081,000	124,638	(8,837)	2,196,801	540,000	200,193	740,193	9,910,000	905,806	10,815,806
2027-2028	83,000	14,932	(6,720)	91,212	570,000	175,345	745,345	8,780,000	626,212	9,406,212
2028-2029	86,000	10,109	(4,550)	91,559	430,000	152,175	582,175	6,390,000	391,122	6,781,122
2029-2030	88,000	5,112	(2,301)	90,811	450,000	131,038	581,038	3,075,000	224,755	3,299,755
2030-2031	-	-	-	-	480,000	108,600	588,600	3,160,000	142,475	3,302,475
2031-2032	-	-	-	-	500,000	84,313	584,313	1,140,000	54,860	1,194,860
2032-2033	-	-	-	-	345,000	63,900	408,900	495,000	12,969	507,969
2033-2034	-	-	-	-	365,000	47,881	412,881	-	-	-
2034-2035	-	-	-	-	220,000	30,975	250,975	-	-	-
2035-2036	-	-	-	-	235,000	19,031	254,031	-	-	-
2036-2037	-	-	-	-	245,000	6,431	251,431	-	-	-
<b>Totals</b>	<b>\$ 24,131,000</b>	<b>\$ 9,037,609</b>	<b>\$ (275,961)</b>	<b>\$ 32,892,648</b>	<b>\$ 10,244,283</b>	<b>\$ 5,046,629</b>	<b>\$ 15,290,912</b>	<b>\$ 138,195,000</b>	<b>\$ 30,115,330</b>	<b>\$ 168,310,330</b>

Note: Does not include the City's proportionate share of the Canadian River Water Authority indebtedness.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS**  
**COMBINED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY, CONTINUED**  
**SEPTEMBER 30, 2014**

	<b>Airport Bonds</b> <b>(Debt Serviced by Airport Revenues)</b>			<b>Drainage Utility Bonds</b> <b>(Debt Serviced by Drainage Revenues)</b>			<b>Municipal Garage Bonds</b> <b>(Debt Serviced by Municipal Garage Revenues)</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014-2015	\$ 1,440,000	\$ 433,650	\$ 1,873,650	\$ 620,000	\$ 333,848	\$ 953,848	\$ 890,000	\$ 47,813	\$ 937,813
2015-2016	1,510,000	362,025	1,872,025	675,000	271,794	946,794	900,000	42,138	942,138
2016-2017	1,580,000	290,775	1,870,775	685,000	262,544	947,544	910,000	33,138	943,138
2017-2018	1,655,000	215,900	1,870,900	500,000	253,144	753,144	925,000	24,038	949,038
2018-2019	1,740,000	131,025	1,871,025	510,000	243,144	753,144	455,000	9,100	464,100
2019-2020	1,830,000	43,762	1,873,762	515,000	230,344	745,344	-	-	-
2020-2021	-	-	-	520,000	217,394	737,394	-	-	-
2021-2022	-	-	-	535,000	204,344	739,344	-	-	-
2022-2023	-	-	-	540,000	190,894	730,894	-	-	-
2023-2024	-	-	-	555,000	177,294	732,294	-	-	-
2024-2025	-	-	-	565,000	163,294	728,294	-	-	-
2025-2026	-	-	-	580,000	149,044	729,044	-	-	-
2026-2027	-	-	-	600,000	134,394	734,394	-	-	-
2027-2028	-	-	-	620,000	119,244	739,244	-	-	-
2028-2029	-	-	-	635,000	103,131	738,131	-	-	-
2029-2030	-	-	-	650,000	86,181	736,181	-	-	-
2030-2031	-	-	-	675,000	68,369	743,369	-	-	-
2031-2032	-	-	-	700,000	49,394	749,394	-	-	-
2032-2033	-	-	-	395,000	29,694	424,694	-	-	-
2033-2034	-	-	-	410,000	15,375	425,375	-	-	-
2034-2035	-	-	-	-	-	-	-	-	-
2035-2036	-	-	-	-	-	-	-	-	-
2036-2037	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<u>\$ 9,755,000</u>	<u>\$ 1,477,137</u>	<u>\$ 11,232,137</u>	<u>\$ 11,485,000</u>	<u>\$ 3,302,864</u>	<u>\$ 14,787,864</u>	<u>\$ 4,080,000</u>	<u>\$ 156,227</u>	<u>\$ 4,236,227</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
WATERWORKS AND SEWER SYSTEM  
BOND PRINCIPAL REPAYMENT SCHEDULE  
SEPTEMBER 30, 2014**

<u>Fiscal Year Ending 09/30</u>	<u>Principal Repayment Schedule</u>	<u>Bonds Remaining Unpaid at End of Year</u>	<u>Percent of Principal Retired</u>
2015	\$ 7,940,000	\$ 130,255,000	5.75%
2016	8,065,000	122,190,000	11.58%
2017	8,180,000	114,010,000	17.50%
2018	8,335,000	105,675,000	23.53%
2019	8,500,000	97,175,000	29.68%
2020	8,715,000	88,460,000	35.99%
2021	8,905,000	79,555,000	42.43%
2022	9,120,000	70,435,000	49.03%
2023	9,330,000	61,105,000	55.78%
2024	9,140,000	51,965,000	62.40%
2025	9,380,000	42,585,000	69.18%
2026	9,635,000	32,950,000	76.16%
2027	9,910,000	23,040,000	83.33%
2028	8,780,000	14,260,000	89.68%
2029	6,390,000	7,870,000	94.31%
2030	3,075,000	4,795,000	96.53%
2031	3,160,000	1,635,000	98.82%
2032	1,140,000	495,000	99.64%
2033	495,000	-	100.00%
	<u>\$ 138,195,000</u>		

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
WATERWORKS AND SEWER SYSTEM  
HISTORICAL FINANCIAL DATA  
OPERATING STATEMENTS**

	Fiscal Years Ended September 30						
	2014	2013	2012	2011	2010	2009	2008
<b>OPERATING REVENUES</b>	\$ 72,343,366	\$ 70,809,219	\$ 69,656,085	\$ 69,118,868	\$ 54,601,904	\$ 50,253,220	\$ 48,492,400
<b>OPERATING EXPENSES <sup>(1)</sup></b>							
Personal Services	11,594,856	11,646,845	11,394,284	11,204,778	11,912,936	11,688,167	10,509,419
Supplies	1,428,923	1,408,294	1,303,399	1,340,547	1,223,082	1,265,460	1,252,065
Contractual & Other Services	23,818,470	22,080,097	21,419,337	21,593,837	21,300,695	21,487,366	22,039,131
Total expenses	<u>36,842,249</u>	<u>35,135,236</u>	<u>34,117,020</u>	<u>34,139,162</u>	<u>34,436,713</u>	<u>34,440,993</u>	<u>33,800,615</u>
<b>NONOPERATING REVENUES (EXPENSES) <sup>(2)</sup></b>	<u>1,182,273</u>	<u>(3,401,054)</u>	<u>(3,665,377)</u>	4,696,784	(2,272,491)	(1,789,663)	(1,207,585)
<b>NET AVAILABLE FOR DEBT SERVICE</b>	<u>\$ 36,683,390</u>	<u>\$ 32,272,929</u>	<u>\$ 31,873,688</u>	<u>\$ 39,676,490</u>	<u>\$ 17,892,700</u>	<u>\$ 14,022,564</u>	<u>\$ 13,484,200</u>
<b>ANNUAL DEBT SERVICE</b>							
Principal	\$ 7,940,000	\$ 7,490,000	\$ 7,290,000	\$ 7,210,000	\$ 5,350,000	\$ 1,290,000	\$ 1,245,000
Interest	3,186,396	3,157,712	3,232,174	2,998,168	2,884,844	2,017,904	1,765,242
<b>TOTAL DEBT SERVICE</b>	<u>\$ 11,126,396</u>	<u>\$ 10,647,712</u>	<u>\$ 10,522,174</u>	<u>\$ 10,208,168</u>	<u>\$ 8,234,844</u>	<u>\$ 3,307,904</u>	<u>\$ 3,010,242</u>
Coverage	3.30x	3.03x	3.03x	3.89x	2.17x	4.24x	4.48x

(1) Excludes depreciation

(2) Includes CRMWA interest expense, but excludes bond interest expense

**NET POSITION  
(As of SEPTEMBER 30, 2014)**

Net Investment in Capital Assets	\$ 312,096,698
Restricted for Revenue Bond Debt Retirement	6,322,034
Unrestricted	<u>75,113,688</u>
<b>Total Net Position</b>	<u>\$ 393,532,420</u>

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**

	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Waterworks and sewer system in service	\$ 705,779,908	\$ 668,716,261	\$ 658,740,846	\$ 596,302,019	\$ 507,674,625	\$ 491,036,495	\$ 471,959,370
Reserve for depreciation	(203,635,685)	(190,129,416)	(176,837,047)	(163,814,038)	(153,617,168)	(143,615,988)	(134,149,886)
Net plant in service	502,144,223	478,586,845	481,903,799	432,487,981	354,057,457	347,420,507	337,809,484
Plus construction in progress	12,169,588	34,064,799	36,349,481	16,228,356	30,597,915	11,655,875	21,367,938
Net plant in service and coming on line	514,313,811	512,651,644	518,253,280	448,716,337	384,655,372	359,076,382	359,177,422
Plus restricted assets and other noncurrent assets and deferred items	34,446,021	24,000,067	27,143,194	57,987,789	87,258,165	44,080,326	4,655,463
Plus working capital	74,220,979	66,127,977	51,196,475	45,089,347	28,518,711	29,781,899	29,575,921
Total assets	<u>622,980,811</u>	<u>602,779,688</u>	<u>596,592,949</u>	<u>551,793,473</u>	<u>500,432,248</u>	<u>432,938,607</u>	<u>393,408,806</u>
Other noncurrent liabilities	221,508,391	222,216,207	232,759,820	208,225,418	190,492,089	139,031,888	102,971,513
Plus liabilities payable from restricted assets	7,940,000	7,490,000	7,290,000	7,210,000	5,350,000	1,335,000	1,290,000
Total obligations	<u>229,448,391</u>	<u>229,706,207</u>	<u>240,049,820</u>	<u>215,435,418</u>	<u>195,842,089</u>	<u>140,366,888</u>	<u>104,261,513</u>
<b>City's equity in system</b>	<u>\$ 393,532,420</u>	<u>\$ 373,073,481</u>	<u>\$ 356,543,129</u>	<u>\$ 336,358,055</u>	<u>\$ 304,590,159</u>	<u>\$ 292,571,719</u>	<u>\$ 289,147,293</u>

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

	2014	2013	2012	2011	2010	2009	2008
<b>OPERATING REVENUES</b>							
Water sales	\$ 47,606,516	\$ 46,968,390	\$ 46,807,157	\$ 47,322,272	\$ 35,062,958	\$ 32,260,187	\$ 31,678,129
Sewer charges	21,024,451	20,419,533	19,377,899	18,555,334	16,295,031	15,132,268	13,493,693
Industrial surcharges	265,140	316,450	226,620	187,398	114,904	70,470	95,630
Forfeited discounts - water	1,242,531	1,168,146	1,171,110	1,114,010	923,777	842,068	800,837
Sale of reclaimed water	574,786	598,131	670,041	767,589	772,639	761,885	839,581
Water service charges	1,240,897	1,184,191	1,176,520	1,109,047	883,873	847,347	848,657
Water tap fees	177,324	153,754	130,810	129,425	136,410	133,100	190,450
Sewer tap fees	63,596	61,124	71,993	50,210	59,387	50,509	76,825
Water frontage charges	1,925	16,628	14,855	7,123	15,920	17,214	30,240
Sewer frontage charges	4,928	8,208	25,074	9,723	12,345	3,750	27,354
Net loss on bad debts	(88,378)	(503,962)	(502,057)	(552,113)	(258,377)	(284,457)	(254,360)
Lab fees	156,239	143,814	175,921	157,710	118,412	86,264	78,110
Miscellaneous	73,411	274,812	310,142	261,140	464,625	332,615	587,254
Total operating revenues	<u>72,343,366</u>	<u>70,809,219</u>	<u>69,656,085</u>	<u>69,118,868</u>	<u>54,601,904</u>	<u>50,253,220</u>	<u>48,492,400</u>
<b>OPERATING EXPENSES</b>							
Salaries, wages and fringe benefits	11,594,856	11,646,845	11,394,284	11,204,778	11,912,936	11,688,167	10,509,419
Supplies	1,428,923	1,408,294	1,303,399	1,340,547	1,223,082	1,265,460	1,252,065
Fuel and power	4,933,966	4,398,162	4,476,328	4,896,302	4,013,217	4,535,483	6,555,099
Surface water	5,427,970	4,851,074	4,682,183	4,772,154	3,949,399	4,000,658	4,314,844
Other contractual charges	4,554,358	4,329,654	4,216,512	4,271,613	6,046,353	4,803,561	4,577,276
Other charges	8,902,176	8,501,207	8,044,314	7,653,768	7,291,726	8,147,664	6,591,912
Depreciation	13,637,200	13,378,612	13,110,658	10,492,183	10,097,129	9,505,120	9,348,296
Less: interfund reimbursements	(568,755)	(651,429)	(577,802)	(509,369)	(487,504)	(412,322)	(449,141)
Total operating expenses	<u>49,910,694</u>	<u>47,862,419</u>	<u>46,649,876</u>	<u>44,121,976</u>	<u>44,046,338</u>	<u>43,533,791</u>	<u>42,699,770</u>
Operating income	<u>22,432,672</u>	<u>22,946,800</u>	<u>23,006,209</u>	<u>24,996,892</u>	<u>10,555,566</u>	<u>6,719,429</u>	<u>5,792,630</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Capital contributions	3,603,324	369,472	4,587,476	4,206,347	6,657,116	353,948	1,106,357
Interest earnings	259,941	209,901	170,434	191,138	398,055	881,453	1,590,376
Disposition of property	3,816,207	57,883	(161,536)	6,974,932	14,646	20,351	30,888
Interest expense & fiscal charges	(6,190,969)	(6,881,192)	(7,030,181)	(4,600,102)	(5,568,544)	(4,459,891)	(4,303,033)
Total nonoperating revenues (expenses)	<u>1,488,503</u>	<u>(6,243,936)</u>	<u>(2,433,807)</u>	<u>6,772,315</u>	<u>1,501,273</u>	<u>(3,204,139)</u>	<u>(1,575,412)</u>
Total income before transfers	23,921,175	16,702,864	20,572,402	31,769,207	12,056,839	3,515,290	4,217,218
<b>TRANSFERS FROM (TO) OTHER FUNDS</b>	<u>(250,456)</u>	<u>(172,512)</u>	<u>(387,328)</u>	<u>(1,311)</u>	<u>(38,400)</u>	<u>(90,864)</u>	<u>(89,376)</u>
<b>NET INCOME</b>	<u>\$ 23,670,719</u>	<u>\$ 16,530,352</u>	<u>\$ 20,185,074</u>	<u>\$ 31,767,896</u>	<u>\$ 12,018,439</u>	<u>\$ 3,424,426</u>	<u>\$ 4,127,842</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
WATERWORKS AND SEWER SYSTEM  
HISTORICAL FINANCIAL DATA  
WATER AND SEWER FUND NET POSITION**

	Fiscal Years Ended September 30						
	2014	2013	2012	2011	2010	2009	2008
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash	\$ 24,640,561	\$ 26,378,742	\$ 19,588,927	\$ 20,183,545	\$ 2,815,848	\$ 1,735,136	\$ 8,528,047
Investments - at fair market value	52,948,308	40,279,863	35,148,563	30,501,543	28,323,250	36,579,772	23,442,437
Receivables (net of allowance for uncollectibles):							
Accounts	5,197,701	5,969,328	5,602,192	4,647,849	4,409,223	3,560,095	3,716,402
Accrued interest	100,484	71,974	60,022	74,346	250,099	166,365	150,298
Other accrued revenue	4,152,861	4,489,465	3,788,401	3,888,645	3,079,289	2,829,096	2,581,211
Prepaid expenses	928,415	933,853	963,535	24,496	90,534	93,060	21,535
Total current assets	<u>87,968,330</u>	<u>78,123,225</u>	<u>65,151,640</u>	<u>59,320,424</u>	<u>38,968,243</u>	<u>44,963,524</u>	<u>38,439,930</u>
<b>NONCURRENT ASSETS</b>							
Restricted cash	32,371,275	23,672,965	26,799,244	57,627,797	59,213,925	44,080,326	4,655,463
Restricted investments at fair value	-	-	-	-	28,044,240	-	-
Other noncurrent receivable	309,407	327,102	343,950	359,992	-	-	-
Other noncurrent asset	153,385	-	-	-	-	-	-
Capital assets							
Land, easements and water rights	58,993,887	59,163,418	59,023,252	41,513,892	38,622,957	38,459,728	37,961,382
Accumulated depletion water rights	(5,588,870)	(4,863,498)	(4,107,495)	(3,390,564)	(2,882,654)	(2,393,228)	(1,903,803)
Supply contract	50,336,389	50,336,389	50,336,389	50,336,389	50,336,389	50,336,389	50,336,389
Accumulated amortization	(20,581,680)	(19,817,665)	(19,053,650)	(18,287,542)	(17,523,528)	(16,759,513)	(15,995,450)
Pipelines and other improvements	592,221,300	554,949,517	545,610,923	500,590,181	414,863,547	398,448,386	379,991,136
Accumulated depreciation	(174,143,586)	(162,185,069)	(150,524,679)	(139,007,092)	(130,173,118)	(121,455,798)	(113,326,071)
Equipment	4,228,332	4,266,937	3,770,282	3,861,557	3,851,732	3,791,992	3,670,463
Accumulated depreciation	(3,321,549)	(3,263,184)	(3,151,223)	(3,128,840)	(3,037,868)	(3,007,449)	(2,924,562)
Construction in progress	12,169,588	34,064,799	36,349,481	16,228,356	30,597,915	11,655,875	21,367,938
Total capital assets, net	<u>514,313,811</u>	<u>512,651,644</u>	<u>518,253,280</u>	<u>448,716,337</u>	<u>384,655,372</u>	<u>359,076,382</u>	<u>359,177,422</u>
Total noncurrent assets	<u>547,147,878</u>	<u>536,651,711</u>	<u>545,396,474</u>	<u>506,704,126</u>	<u>471,913,537</u>	<u>403,156,708</u>	<u>363,832,885</u>
<b>TOTAL ASSETS</b>	<u>\$ 635,116,208</u>	<u>\$ 614,774,936</u>	<u>\$ 610,548,114</u>	<u>\$ 566,024,550</u>	<u>\$ 510,881,780</u>	<u>\$ 448,120,232</u>	<u>\$ 402,272,815</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>							
Deferred charge on refunding	\$ 1,966,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL DEFERRED OUTFLOWS</b>	<u>\$ 1,966,685</u>	<u>\$ -</u>					

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
WATERWORKS AND SEWER SYSTEM  
HISTORICAL FINANCIAL DATA  
WATER AND SEWER FUND NET POSITION, CONTINUED**

	Fiscal Years Ended September 30						
	2014	2013	2012	2011	2010	2009	2008
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Vouchers payable	\$ 1,548,271	\$ 683,404	\$ 1,753,994	\$ 2,528,424	\$ 1,238,357	\$ 1,133,500	\$ 1,291,941
Accounts payable	737,303	448,080	1,630,633	3,473,670	705,089	305,704	659,793
Accrued expenses	2,415,764	2,142,244	2,339,336	1,193,893	1,963,363	1,341,568	1,079,137
Deferred revenue	-	-	-	-	-	-	-
Securities lending collateral	-	-	-	230,595	-	6,375,189	-
Deposits	43,758	36,899	32,740	31,662	31,548	30,512	37,671
Consumer security deposits	3,478,194	3,361,020	3,144,653	3,047,063	2,948,429	2,866,116	2,814,605
Compensated absences, current	237,424	228,074	187,561	168,340	148,137	134,195	-
Proportionate share of Water Authority indebtedness - current installments	5,236,637	5,095,527	4,866,248	3,557,430	3,414,609	2,994,841	2,980,862
Due to other funds	50,000	-	-	-	-	-	-
Revenue bonds - current maturities	7,940,000	7,490,000	7,290,000	7,210,000	5,350,000	1,335,000	1,290,000
<b>Total current liabilities</b>	<b>21,687,351</b>	<b>19,485,248</b>	<b>21,245,165</b>	<b>21,441,077</b>	<b>15,799,532</b>	<b>16,516,625</b>	<b>10,154,009</b>
<b>NONCURRENT LIABILITIES</b>							
Revenue bonds - less current maturities and unamortized issuance costs	130,639,582	128,779,108	133,829,981	139,432,250	118,201,627	73,360,035	35,820,349
Proportionate share of Water Authority indebtedness - less current installments	86,416,820	88,758,210	93,936,161	63,736,522	67,501,999	62,686,378	65,799,502
Other accrued expenses	2,783,256	2,979,023	3,109,196	3,150,000	2,718,836	1,316,942	-
Provision for accrued sick and annual leave	1,113,512	1,148,127	1,249,273	1,275,330	1,305,751	1,340,334	1,351,662
Net pension obligation	555,221	551,739	635,209	631,316	763,876	328,199	-
<b>Total noncurrent liabilities</b>	<b>221,508,391</b>	<b>222,216,207</b>	<b>232,759,820</b>	<b>208,225,418</b>	<b>190,492,089</b>	<b>139,031,888</b>	<b>102,971,513</b>
<b>TOTAL LIABILITIES</b>	<b>\$ 243,195,742</b>	<b>\$ 241,701,455</b>	<b>\$ 254,004,985</b>	<b>\$ 229,666,495</b>	<b>\$ 206,291,621</b>	<b>\$ 155,548,513</b>	<b>\$ 113,125,522</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred grant revenue	\$ 354,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>TOTAL DEFERRED INFLOWS</b>	<b>\$ 354,734</b>	<b>\$ -</b>					
<b>NET POSITION</b>							
Net investment in capital assets	\$ 312,096,698	\$ 300,642,476	\$ 299,800,814	\$ 286,963,208	\$ 272,063,445	\$ 258,921,318	\$ 253,286,709
Restricted for debt service	6,322,034	5,559,288	5,329,320	5,444,724	31,857	2,524,136	3,365,463
Unrestricted	75,113,688	66,871,717	51,412,995	43,950,123	32,494,857	31,126,265	32,495,121
<b>TOTAL NET POSITION</b>	<b>\$ 393,532,420</b>	<b>\$ 373,073,481</b>	<b>\$ 356,543,129</b>	<b>\$ 336,358,055</b>	<b>\$ 304,590,159</b>	<b>\$ 292,571,719</b>	<b>\$ 289,147,293</b>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
DRAINAGE UTILITY  
CONDENSED SCHEDULE OF OPERATIONS  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>OPERATING REVENUES</b>	\$ 5,469,629	\$ 4,990,113	\$ -
<b>OPERATING EXPENSES</b>			
Personal Services	671,575	553,212	26,714
Contractual & Other Services	900,228	645,280	18,170
Other Supplies and Expenses	128,371	102,203	1,704
Other Charges	515,919	425,868	-
Depreciation	212	-	-
Total expenses	<u>2,216,305</u>	<u>1,726,563</u>	<u>46,588</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	<u>98,922</u>	<u>83,822</u>	<u>-</u>
<b>NET AVAILABLE FOR DEBT SERVICE</b>	<u>\$ 3,352,246</u>	<u>\$ 3,347,372</u>	<u>\$ (46,588)</u>
<b>NUMBER OF CUSTOMERS</b>	69,769	69,474	N/A

(1) Nonoperating revenues (expenses) exclude bond interest expense, capital contributions and transfers.

**COVERAGE AND FUND BALANCE**

	<u>2014</u>	<u>2013</u>
Net System Income Available for Debt Service	\$ 3,352,246	\$ 3,347,372
Average Annual Principal and Interest Requirements	739,393	420,988
Coverage of Average Annual Requirements	4.53 X	7.95 X
Maximum Principal and Interest Requirements	953,848	438,498
Coverage of Maximum Requirements	3.51 X	7.63 X

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
SCHEDULE OF INSURANCE COVERAGE--ALL FUNDS  
SEPTEMBER 30, 2014**

<u>Property Covered</u>	<u>Type of Coverage</u>	<u>Self-Insured Retention</u>	<u>Limits of Liability</u>
General Fund Departments:			
Buildings & Contents	Fire and extended coverage	\$250,000	*\$433,013,388
Water and Sewer Utility:			
Buildings & Contents	Fire and extended coverage	\$250,000	*\$314,772,315
Airport:			
Buildings & Contents	Fire and extended coverage	\$250,000	*\$193,950,879
Amarillo Hopital District			
Buildings & Contents	Fire and extended coverage	\$250,000	*\$738,021
Polygraph Examiners	Bond		\$5,000
Police Officer's Liability Insurance	Police Liability Coverage	\$100,000	\$16,000,000/16,000,000
City Council, 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	\$25,000	\$50,000,000
Professional liability	Med Mal and Gen Liability		
	Public Health and Clinic	\$25,000	\$2,000,000/5,000,000
Cyber Security	Stored data security	\$15,000	\$3,000,000
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:*

<u>Official</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
W. Jarrett Atkinson	City Manager	\$50,000
Vicki Covey	Deputy City Manager	\$50,000

*OTHER*

Excess of \$50,000 and all other principal city officials and employees are covered under the City of Amarillo Self-Insurance Plan.

\$1,000,000/3,000,000

\* These amounts reflect total property insured, the total policy has a \$600 million limit.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
PUBLIC HEALTH FUND  
SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>	<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Revenues:									
Public Health	\$ 2,402,885	\$ -	\$ 2,402,885	\$ -	\$ -	\$ 2,402,885	\$ 2,457,002	\$ 2,924,031	\$ (521,146)
	<u>\$ 2,402,885</u>	<u>\$ -</u>	<u>\$ 2,402,885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,402,885</u>	<u>\$ 2,457,002</u>	<u>\$ 2,924,031</u>	<u>\$ (521,146)</u>
Expenditures:									
Public Health	\$ 2,424,547	\$ 327,179	\$ 2,751,726	\$ -	\$ 16,014	\$ 2,767,740	\$ 2,457,002	\$ 2,596,964	\$ (170,776)
	<u>\$ 2,424,547</u>	<u>\$ 327,179</u>	<u>\$ 2,751,726</u>	<u>\$ -</u>	<u>\$ 16,014</u>	<u>\$ 2,767,740</u>	<u>\$ 2,457,002</u>	<u>\$ 2,596,964</u>	<u>\$ (170,776)</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS**  
**LAW ENFORCEMENT OFFICERS STANDARDS AND EDUCATION (LEOSE) TRAINING FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>	<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Revenues:									
LEOSE Training	\$ 23,744	\$ -	\$ 23,744	\$ -	\$ -	\$ 23,744	\$ 50	\$ 958	\$ 22,786
	<u>\$ 23,744</u>	<u>\$ -</u>	<u>\$ 23,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,744</u>	<u>\$ 50</u>	<u>\$ 958</u>	<u>\$ 22,786</u>
Expenditures:									
LEOSE Training	\$ 16,190	\$ -	\$ 16,190	\$ -	\$ -	\$ 16,190	\$ 22,500	\$ 23,408	\$ 7,218
	<u>\$ 16,190</u>	<u>\$ -</u>	<u>\$ 16,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,190</u>	<u>\$ 22,500</u>	<u>\$ 23,408</u>	<u>\$ 7,218</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
LOCAL SEIZED PROPERTY FUND  
SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>	<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Revenues:									
Local Seized Property	\$ 153,415	\$ -	\$ 153,415	\$ -	\$ -	\$ 153,415	\$ -	\$ -	\$ 153,415
	<u>\$ 153,415</u>	<u>\$ -</u>	<u>\$ 153,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,415</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,415</u>
Expenditures:									
Local Seized Property	\$ 111,290	\$ 54,277	\$ 165,567	\$ -	\$ 2,636	\$ 168,203	\$ 116,046	\$ 116,046	\$ (52,157)
	<u>\$ 111,290</u>	<u>\$ 54,277</u>	<u>\$ 165,567</u>	<u>\$ -</u>	<u>\$ 2,636</u>	<u>\$ 168,203</u>	<u>\$ 116,046</u>	<u>\$ 116,046</u>	<u>\$ (52,157)</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
 COMPENSATED ABSENCES FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS  
 YEAR ENDED SEPTEMBER 30, 2014**

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>	<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Revenues:									
Compensated Absences	\$ 33,546	\$ -	\$ 33,546	\$ -	\$ -	\$ 33,546	\$ 54,000	\$ 54,000	\$ (20,454)
	<u>\$ 33,546</u>	<u>\$ -</u>	<u>\$ 33,546</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,546</u>	<u>\$ 54,000</u>	<u>\$ 54,000</u>	<u>\$ (20,454)</u>
Expenditures:									
Compensated Absences	\$ 1,363,313	\$ -	\$ 1,363,313	\$ -	\$ -	\$ 1,363,313	\$ 1,700,700	\$ 1,700,700	\$ 337,387
	<u>\$ 1,363,313</u>	<u>\$ -</u>	<u>\$ 1,363,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,363,313</u>	<u>\$ 1,700,700</u>	<u>\$ 1,700,700</u>	<u>\$ 337,387</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS**  
**COURT TECHNOLOGY AND COURT SECURITY FUNDS**  
**SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS**  
**YEAR ENDED SEPTEMBER 30, 2014**

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>	<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>									
Court Technology	\$ 150,715	\$ -	\$ 150,715	\$ -	\$ -	\$ 150,715	\$ 128,500	\$ 128,500	\$ 22,215
Court Security	113,009	-	113,009	-	-	113,009	105,000	105,000	8,009
	<u>\$ 263,724</u>	<u>\$ -</u>	<u>\$ 263,724</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 263,724</u>	<u>\$ 233,500</u>	<u>\$ 233,500</u>	<u>\$ 30,224</u>
<b>Expenditures:</b>									
Court Technology	\$ 151,663	\$ 13,248	\$ 164,911	\$ -	\$ -	\$ 164,911	\$ 104,790	\$ 104,790	\$ (60,121)
Court Security	144,832	-	144,832	-	-	144,832	140,268	140,268	(4,564)
	<u>\$ 296,495</u>	<u>\$ 13,248</u>	<u>\$ 309,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309,743</u>	<u>\$ 245,058</u>	<u>\$ 245,058</u>	<u>\$ (64,685)</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
PUBLIC IMPROVEMENT DISTRICTS  
SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS  
YEAR ENDED SEPTEMBER 30, 2014**

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>	<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>									
Greenways at Hillside	\$ 478,272	\$ -	\$ 478,272	\$ -	\$ -	\$ 478,272	\$ 472,723	\$ 472,723	\$ 5,549
Brennan Boulevard	14,600	-	14,600	-	-	14,600	13,897	13,897	703
The Colonies	509,462	-	509,462	-	-	509,462	506,793	506,793	2,669
Tutbury	16,306	-	16,306	-	-	16,306	16,301	16,301	5
Point West	52,000	-	52,000	-	-	52,000	52,000	52,000	-
Quail Creek	13,778	-	13,778	-	-	13,778	6,880	6,880	6,898
Vineyards	6,600	-	6,600	-	-	6,600	-	-	6,600
Redstone	1,300	-	1,300	-	-	1,300	-	-	1,300
	<u>\$ 1,092,318</u>	<u>\$ -</u>	<u>\$ 1,092,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,092,318</u>	<u>\$ 1,068,594</u>	<u>\$ 1,068,594</u>	<u>\$ 23,724</u>
<b>Expenditures:</b>									
Greenways at Hillside	\$ 424,130	\$ 707,356	\$ 1,131,486	\$ -	\$ -	\$ 1,131,486	\$ 469,577	\$ 469,577	\$ (661,909)
Brennan Boulevard	12,565	-	12,565	-	-	12,565	17,351	17,351	4,786
The Colonies	416,742	1,497,644	1,914,386	-	-	1,914,386	430,159	434,109	(1,480,277)
Tutbury	12,147	-	12,147	-	-	12,147	15,590	15,590	3,443
Point West	34,563	-	34,563	-	-	34,563	29,248	29,248	(5,315)
Quail Creek	8,079	-	8,079	-	-	8,079	6,953	6,953	(1,126)
Vineyards	3,435	-	3,435	-	-	3,435	3,760	3,760	325
Redstone	277	-	277	-	-	277	-	-	(277)
	<u>\$ 911,938</u>	<u>\$ 2,205,000</u>	<u>\$ 3,116,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,116,938</u>	<u>\$ 972,638</u>	<u>\$ 976,588</u>	<u>\$ (2,140,350)</u>

See Independent Auditor's Report

**CITY OF AMARILLO, TEXAS  
 BONDED DEBT SERVICE FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS  
 YEAR ENDED SEPTEMBER 30, 2014**

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>	<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Revenues:									
Bonded Debt Service	\$ 3,599,706	\$ -	\$ 3,599,706	\$ -	\$ -	\$ 3,599,706	\$ 3,550,486	\$ 3,550,486	\$ 49,220
	<u>\$ 3,599,706</u>	<u>\$ -</u>	<u>\$ 3,599,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,599,706</u>	<u>\$ 3,550,486</u>	<u>\$ 3,550,486</u>	<u>\$ 49,220</u>
Expenditures:									
Bonded Debt Service	\$ 3,447,844	\$ -	\$ 3,447,844	\$ -	\$ -	\$ 3,447,844	\$ 3,457,434	\$ 3,457,434	\$ 9,590
	<u>\$ 3,447,844</u>	<u>\$ -</u>	<u>\$ 3,447,844</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,447,844</u>	<u>\$ 3,457,434</u>	<u>\$ 3,457,434</u>	<u>\$ 9,590</u>

See Independent Auditor's Report.

## 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial information and well-being have changed over time.	219-224
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	225-230
<b>Debt Capacity</b> 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.	231-236
<b>Demographic and Economic Information</b> 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.	237-238
<b>Operating Information</b> 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.	239-243
<b>Waterworks and Sewer System Information</b> These schedules contain information about how the City's Waterworks and Sewer System financial information relates to services and activities provided.	244-247
<b>Drainage Utility Information</b> These schedules contain information about how the City's Drainage Utility financial information relates to services and activities provided.	248

**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 No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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**CITY OF AMARILLO, TEXAS**  
**NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS**  
 (accrual basis of accounting)  
 (unaudited)

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 330,139,447	\$ 329,550,783	\$ 320,390,991	\$ 308,957,310	\$ 309,160,316	\$ 301,783,034	\$ 289,264,232	\$ 265,774,557	\$ 257,206,882	\$ 245,465,271
Restricted for										
Debt service	340,688	2,364,008	1,763,860	1,706,708	1,476,611	1,371,563	555,566	344,615	328,705	300,000
Capital outlay	-	-	-	-	-	-	17,586,769	24,476,393	-	-
Other purposes	8,519,242	6,673,794	3,812,464	-	-	-	-	-	-	-
Unrestricted	22,331,048	16,714,594	35,119,387	55,475,614	69,367,279	85,762,657	90,992,936	80,514,311	93,548,849	86,252,914
<b>Total governmental activities net position</b>	<u>\$ 361,330,425</u>	<u>\$ 355,303,179</u>	<u>\$ 361,086,702</u>	<u>\$ 366,139,632</u>	<u>\$ 380,004,206</u>	<u>\$ 388,917,254</u>	<u>\$ 398,399,503</u>	<u>\$ 371,109,876</u>	<u>\$ 351,084,436</u>	<u>\$ 332,018,185</u>
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 387,227,804	\$ 371,302,208	\$ 369,612,040	\$ 355,790,591	\$ 325,209,714	\$ 310,139,595	\$ 300,175,147	\$ 285,682,252	\$ 280,490,179	\$ 265,711,299
Restricted for										
Debt service	6,931,523	5,879,001	5,702,750	6,020,692	436,303	3,683,013	3,365,463	4,008,485	2,728,508	1,765,624
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Unrestricted	64,018,501	57,194,184	42,852,895	38,722,071	43,205,956	39,181,048	42,722,033	57,263,547	58,637,634	72,742,103
<b>Total business-type activities net position</b>	<u>\$ 458,177,828</u>	<u>\$ 434,375,393</u>	<u>\$ 418,167,685</u>	<u>\$ 400,533,354</u>	<u>\$ 368,851,973</u>	<u>\$ 353,003,656</u>	<u>\$ 346,262,643</u>	<u>\$ 346,954,284</u>	<u>\$ 341,856,321</u>	<u>\$ 340,219,026</u>
<b>Primary Government</b>										
Net investment in capital assets	\$ 717,367,251	\$ 700,852,991	\$ 690,003,031	\$ 664,747,901	\$ 634,370,030	\$ 611,922,629	\$ 589,439,379	\$ 551,456,809	\$ 537,697,061	\$ 511,176,570
Restricted for										
Debt service	7,272,211	8,243,009	7,466,610	7,727,400	1,912,914	5,054,576	3,921,029	4,353,100	3,057,213	2,065,624
Capital outlay	-	-	-	-	-	-	17,586,769	24,476,393	-	-
Other purposes	8,519,242	6,673,794	3,812,464	-	-	-	-	-	-	-
Unrestricted	86,349,549	73,908,778	77,972,282	94,197,685	112,573,235	124,943,705	133,714,969	137,777,858	152,186,483	158,995,017
<b>Total primary government net assets</b>	<u>\$ 819,508,253</u>	<u>\$ 789,678,572</u>	<u>\$ 779,254,387</u>	<u>\$ 766,672,986</u>	<u>\$ 748,856,179</u>	<u>\$ 741,920,910</u>	<u>\$ 744,662,146</u>	<u>\$ 718,064,160</u>	<u>\$ 692,940,757</u>	<u>\$ 672,237,211</u>
<b>Component Units</b>										
Net investment in capital assets	\$ 13,283,298	\$ 21,800,738	\$ 13,340,320	\$ 14,778,882	\$ 16,057,848	\$ 22,180,482	\$ 35,404,607	\$ 13,587,578	\$ 12,444,477	\$ 25,146,179
Restricted for:										
Debt service	979,502	1,097,604	1,079,681	1,064,112	860,609	652,663	784,333	724,440	849,282	1,708,258
Other purposes	3,389,240	3,542,472	4,611,677	5,356,212	11,099,766	52,103	21,677,079	51,164	50,701	50,254
Unrestricted	284,447,722	270,147,996	295,372,581	290,751,762	279,771,608	284,569,397	250,182,352	282,799,795	278,721,748	272,980,941
<b>Total component units activities net position</b>	<u>\$ 302,099,762</u>	<u>\$ 296,588,810</u>	<u>\$ 314,404,259</u>	<u>\$ 311,950,968</u>	<u>\$ 307,789,831</u>	<u>\$ 307,454,645</u>	<u>\$ 308,048,371</u>	<u>\$ 297,162,977</u>	<u>\$ 292,066,208</u>	<u>\$ 299,885,632</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS**  
**CHANGES IN NET POSITION, LAST TEN FISCAL YEARS**  
 (accrual basis of accounting)  
 (unaudited)

Expenses	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Governmental activities:</b>										
General government and administration	\$ 17,893,464	\$ 19,044,399	\$ 18,230,072	\$ 17,568,368	\$ 18,553,336	\$ 18,608,757	\$ 15,990,458	\$ 13,652,969	\$ 12,819,831	\$ 12,527,854
Public safety and health	92,148,544	93,496,408	87,643,282	82,193,776	80,634,623	78,657,042	73,157,814	61,157,972	57,848,228	53,854,331
Streets, traffic and engineering	20,235,525	20,897,358	21,680,105	20,357,268	20,189,342	20,029,456	20,565,144	17,296,398	17,712,608	16,335,926
Culture and recreation	25,225,798	26,495,404	25,807,855	24,380,362	24,297,915	23,912,234	22,673,994	18,814,509	18,337,247	17,094,182
Solid waste	13,812,405	13,950,138	13,734,078	13,212,467	12,960,933	13,002,330	12,878,205	9,107,259	10,411,481	9,530,545
Transit	5,073,359	5,614,558	5,121,742	4,702,836	4,919,193	4,848,218	4,920,015	4,054,201	4,269,932	4,112,365
Economic development	3,006,491	3,083,969	2,847,958	5,269,868	2,586,912	2,798,810	2,280,629	2,017,045	1,955,590	1,899,218
Urban redevelopment/housing	11,294,368	12,504,610	11,779,399	11,667,515	11,611,626	11,968,993	10,204,054	10,471,645	9,992,339	9,993,988
Interest on long-term debt	2,045,764	2,138,731	2,217,767	2,350,205	1,532,615	2,359,313	326,813	340,063	336,232	332,329
Total governmental activities expenses	<u>190,735,718</u>	<u>197,225,575</u>	<u>189,062,258</u>	<u>181,702,665</u>	<u>177,286,495</u>	<u>176,185,153</u>	<u>162,997,126</u>	<u>136,912,061</u>	<u>133,683,488</u>	<u>125,680,738</u>
<b>Business-type activities</b>										
Water and Sewer	56,986,587	60,199,606	58,290,626	52,872,999	52,401,135	50,118,642	51,853,812	43,531,289	43,812,434	37,822,249
Drainage Utility	2,384,447	1,745,262	46,588	-	-	-	-	-	-	-
Airport	11,196,882	10,563,835	10,388,942	8,479,899	8,803,465	8,593,388	8,512,889	8,016,692	7,923,094	7,691,049
Total business-type activities expenses	<u>70,567,916</u>	<u>72,508,703</u>	<u>68,726,156</u>	<u>61,352,898</u>	<u>61,204,600</u>	<u>58,712,030</u>	<u>60,366,701</u>	<u>51,547,981</u>	<u>51,735,528</u>	<u>45,513,298</u>
<b>Total primary government expenses</b>	<u>\$ 261,303,634</u>	<u>\$ 269,734,278</u>	<u>\$ 257,788,414</u>	<u>\$ 243,055,563</u>	<u>\$ 238,491,095</u>	<u>\$ 234,897,183</u>	<u>\$ 223,363,827</u>	<u>\$ 188,460,042</u>	<u>\$ 185,419,016</u>	<u>\$ 171,194,036</u>
<b>Component units</b>										
Amarillo Hospital District	\$ 8,350,267	\$ 8,739,162	\$ 8,510,747	\$ 9,333,545	\$ 9,956,490	\$ 10,680,305	\$ 10,901,435	\$ 10,374,050	\$ 11,746,855	\$ 11,446,673
Amarillo Economic Development Corporation	19,201,869	24,134,763	20,091,297	16,939,339	18,705,551	22,589,356	9,463,914	15,632,514	23,453,229	11,752,313
Amarillo-Potter Events District	2,358,525	3,268,540	3,102,810	2,345,524	2,363,221	2,501,146	2,540,572	2,375,946	2,097,826	2,283,733
Amarillo Housing Finance Corporation	-	-	-	1,576	1,653	11,400	2,466	1,952	4,391	1,400
Amarillo Health Facilities Corporation	-	-	-	-	-	-	-	-	-	-
Tax Increment Reinvestment Zone #1	-	-	1,270,527	204,518	34,414	8,528	10,421	20,990	-	-
Amarillo Local Government Corporation	34,253	16,353	90,985	1,500	-	-	-	-	-	-
Total component units activities expenses	<u>\$ 29,944,914</u>	<u>\$ 36,158,818</u>	<u>\$ 33,066,366</u>	<u>\$ 28,826,002</u>	<u>\$ 31,061,329</u>	<u>\$ 35,790,735</u>	<u>\$ 22,918,808</u>	<u>\$ 28,405,452</u>	<u>\$ 37,302,301</u>	<u>\$ 25,484,119</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Fees, Fines, and Charges for Services:										
General government and administration	\$ 9,632,962	\$ 10,071,778	\$ 10,023,088	\$ 10,235,745	\$ 10,725,176	\$ 10,964,850	\$ 9,415,044	\$ 8,558,541	\$ 9,238,878	\$ 8,028,071
Public safety and health	9,589,994	8,880,952	7,503,497	7,552,299	7,764,312	6,173,574	5,866,957	5,215,652	5,110,619	4,780,316
Streets, traffic and engineering	921,593	737,912	804,886	748,018	618,399	445,833	472,726	474,423	437,469	353,483
Culture and recreation	6,661,622	6,639,290	5,823,416	5,289,633	5,058,308	5,248,389	4,870,910	4,789,381	4,909,794	4,418,374
Solid waste	20,562,446	19,638,691	18,644,949	18,234,773	17,226,650	16,741,863	16,110,978	16,114,975	14,685,610	14,339,251
Transit	211,575	207,492	213,849	214,665	203,175	185,176	197,306	201,984	213,039	391,015
Economic development	30,076	20,500	-	-	-	-	-	-	-	-
Urban redevelopment/housing	119,859	119,742	95,458	296,074	188,392	114,695	163,512	265,235	141,707	58,432
Operating grants and contributions	20,748,100	20,149,589	19,723,706	19,858,342	21,439,450	20,135,506	18,384,040	18,141,143	17,945,138	16,562,670
Capital grants and contributions	8,032,159	9,572,638	12,681,594	3,444,571	7,298,406	8,227,527	6,881,414	9,519,713	14,046,785	5,222,603
Total governmental activities program revenues	<u>76,510,386</u>	<u>76,038,584</u>	<u>75,514,443</u>	<u>65,874,120</u>	<u>70,522,268</u>	<u>68,237,413</u>	<u>62,362,887</u>	<u>63,281,047</u>	<u>66,729,039</u>	<u>54,154,215</u>

See Independent Auditor's Report.

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Business-type activities</b>										
Water and Sewer	76,728,328	71,518,531	70,233,887	69,628,237	55,089,408	50,665,542	48,941,541	43,116,864	41,890,142	38,264,015
Drainage Utility	5,556,487	5,073,594	-	-	-	-	-	-	-	-
Airport	9,532,883	9,115,320	8,398,066	7,815,827	7,568,658	7,127,466	6,067,346	6,085,678	5,851,653	5,533,036
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	6,406,495	2,745,466	7,898,835	8,410,304	13,903,432	6,434,413	2,483,503	3,926,383	2,500,179	3,301,525
<b>Total business-type activities program revenues</b>	<b>98,224,193</b>	<b>88,452,911</b>	<b>86,530,788</b>	<b>85,854,368</b>	<b>76,561,498</b>	<b>64,227,421</b>	<b>57,492,390</b>	<b>53,128,925</b>	<b>50,241,974</b>	<b>47,098,576</b>
<b>Total primary government revenues</b>	<b>\$ 174,734,579</b>	<b>\$ 164,491,495</b>	<b>\$ 162,045,231</b>	<b>\$ 151,728,488</b>	<b>\$ 147,083,766</b>	<b>\$ 132,464,834</b>	<b>\$ 119,855,277</b>	<b>\$ 116,409,972</b>	<b>\$ 116,971,013</b>	<b>\$ 101,252,791</b>
<b>Component units</b>										
Amarillo Hospital District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 219,085	\$ 21,298
Amarillo Economic Development Corporation	5,819,504	6,222,671	7,777,947	4,745,415	2,905,176	3,140,213	2,686,833	2,641,826	2,721,730	1,950,323
Amarillo-Potter Events District	86,937	82,982	47,192	1,320	-	-	-	-	-	-
Amarillo Housing Finance Corporation	207	299	338	388	24,632	32,936	1,776	2,723	-	8,986
Amarillo Health Facilities Corporation	79	-	-	-	-	-	-	-	-	-
Tax Increment Reinvestment Zone #1	-	-	-	2,232,500	34,414	8,528	10,421	20,990	-	-
Amarillo Local Government Corporation	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	228,068	208,998	278,842	239,737	441,057	1,920,040	1,591,851	1,419,283	1,359,709	1,174,866
Capital grants and contributions	268,755	362,109	28,667	29,837	6,381	9,181	10,866	-	139,722	-
<b>Total component units revenue</b>	<b>\$ 6,403,550</b>	<b>\$ 6,877,059</b>	<b>\$ 8,132,986</b>	<b>\$ 7,249,197</b>	<b>\$ 3,411,660</b>	<b>\$ 5,110,898</b>	<b>\$ 4,301,747</b>	<b>\$ 4,084,822</b>	<b>\$ 4,440,246</b>	<b>\$ 3,155,473</b>
<b>Net (Expense) Revenue</b>										
Governmental activities	\$ (114,225,332)	\$ (121,186,991)	\$ (113,547,815)	\$ (115,828,545)	\$ (106,764,227)	\$ (107,947,740)	\$ (100,634,239)	\$ (73,631,015)	\$ (66,954,449)	\$ (71,526,523)
Business-type activities	27,656,277	15,944,208	17,804,632	24,501,470	15,356,898	5,515,391	(2,874,311)	1,580,944	(1,493,554)	1,585,278
<b>Total primary government net expense</b>	<b>\$ (86,569,055)</b>	<b>\$ (105,242,783)</b>	<b>\$ (95,743,183)</b>	<b>\$ (91,327,075)</b>	<b>\$ (91,407,329)</b>	<b>\$ (102,432,349)</b>	<b>\$ (103,508,550)</b>	<b>\$ (72,050,071)</b>	<b>\$ (68,448,003)</b>	<b>\$ (69,941,245)</b>
<b>Component units</b>										
Amarillo Hospital District	\$ (8,093,155)	\$ (8,497,101)	\$ (8,203,238)	\$ (9,063,971)	\$ (9,509,052)	\$ (8,751,084)	\$ (9,298,718)	\$ (8,954,767)	\$ (10,028,339)	\$ (10,250,509)
Amarillo Economic Development Corporation	(13,142,654)	(17,583,046)	(11,762,554)	(12,193,924)	(15,800,375)	(19,449,143)	(6,777,081)	(12,990,688)	(20,731,499)	(9,801,990)
Amarillo-Potter Events District	(2,271,588)	(3,185,558)	(3,055,618)	(2,344,204)	(2,363,221)	(2,501,146)	(2,540,572)	(2,375,946)	(2,097,826)	(2,283,733)
Amarillo Housing Finance Corporation	207	299	338	(1,188)	22,979	21,536	(690)	771	(4,391)	7,586
Amarillo Health Facilities Corporation	79	-	-	-	-	-	-	-	-	-
Tax Increment Reinvestment Zone #1	-	-	(1,270,527)	2,027,982	(34,414)	(8,528)	(10,421)	(20,990)	-	-
Amarillo Local Government Corporation	(34,253)	(16,353)	(90,985)	(1,500)	-	-	-	-	-	-
<b>Total component units net expense</b>	<b>\$ (23,541,364)</b>	<b>\$ (29,281,759)</b>	<b>\$ (24,382,584)</b>	<b>\$ (21,576,805)</b>	<b>\$ (27,684,083)</b>	<b>\$ (30,688,365)</b>	<b>\$ (18,627,482)</b>	<b>\$ (24,341,620)</b>	<b>\$ (32,862,055)</b>	<b>\$ (22,328,646)</b>
<b>General Revenues</b>										
<b>and Other Changes in Net Assets</b>										
Governmental activities:										
Property taxes, levied for general purposes	\$ 36,463,697	\$ 33,548,566	\$ 33,255,011	\$ 30,599,301	\$ 30,638,635	\$ 29,569,613	\$ 28,061,014	\$ 25,772,013	\$ 24,190,472	\$ 23,367,505
Property taxes, levied for debt services	2,865,530	2,875,654	2,846,831	2,750,167	2,737,072	2,706,352	532,309	529,784	526,912	631,336
Sales taxes	54,413,835	52,126,017	48,256,664	46,033,627	42,171,836	43,241,228	44,060,343	41,774,872	40,036,037	37,860,147
Mixed beverage taxes	751,825	595,016	533,575	602,075	585,729	589,894	570,334	520,653	472,305	426,819

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Governmental activities (continued):</b>										
Hotel occupancy taxes	5,937,402	5,691,118	5,002,181	4,782,868	4,399,887	4,232,250	4,331,449	4,326,640	3,814,257	3,534,175
Gross receipts business taxes	18,284,594	16,712,223	16,100,508	15,912,628	15,302,905	14,318,526	16,144,044	12,844,804	11,865,951	11,098,127
Unrestricted investment earnings	674,798	567,298	735,449	1,111,192	1,288,039	3,568,427	6,006,138	7,707,207	5,072,520	2,783,711
Income (expense) from use and disposition of property	-	-	-	(272,849)	480,281	148,337	294,710	(9,674)	131,935	(19,107)
Other	760,590	672,355	387,328	444,962	246,795	90,864	27,923,525	190,156	(89,689)	-
<b>Total governmental activities</b>	<b>120,152,271</b>	<b>112,788,247</b>	<b>107,117,547</b>	<b>101,963,971</b>	<b>97,851,179</b>	<b>98,465,491</b>	<b>127,923,866</b>	<b>93,656,455</b>	<b>86,020,700</b>	<b>79,682,713</b>
<b>Business-type activities</b>										
Unrestricted investment earnings	304,150	238,073	217,027	273,550	536,222	1,292,227	2,241,158	3,661,826	3,026,487	1,572,157
Income (expense) from use and disposition of property	-	-	-	6,974,932	14,646	24,259	30,888	45,349	14,673	(91,463)
Other	(740,430)	25,427	(387,328)	(68,571)	(59,449)	(90,864)	(89,376)	(190,156)	89,689	(4,250)
<b>Total business-type activities</b>	<b>(436,280)</b>	<b>263,500</b>	<b>(170,301)</b>	<b>7,179,911</b>	<b>491,419</b>	<b>1,225,622</b>	<b>2,182,670</b>	<b>3,517,019</b>	<b>3,130,849</b>	<b>1,476,444</b>
<b>Total primary government</b>	<b>119,715,991</b>	<b>113,051,747</b>	<b>106,947,246</b>	<b>109,143,882</b>	<b>98,342,598</b>	<b>99,691,113</b>	<b>130,106,536</b>	<b>97,173,474</b>	<b>89,151,549</b>	<b>81,159,157</b>
<b>Component Units</b>										
Property taxes, levied for general purposes	71,400	76,810	589,735	460,051	437,846	324,433	231,844	10,808	13,909	11,731
Property taxes, levied for debt services	-	-	-	-	-	-	-	-	-	-
Sales taxes	18,137,944	17,375,339	16,085,554	15,344,542	14,057,279	14,413,743	14,686,781	13,924,958	13,345,346	12,620,048
Gross receipts business taxes	2,650,714	2,589,164	2,295,432	2,159,203	2,009,281	1,952,359	2,070,185	2,052,011	1,808,263	1,670,800
Unrestricted investment earnings	6,864,063	(5,992,233)	7,865,154	7,774,146	11,514,863	13,404,104	12,524,066	13,450,612	9,875,113	5,723,813
Other	-	-	-	-	-	-	-	-	-	-
<b>Total component units activities</b>	<b>27,724,121</b>	<b>14,049,080</b>	<b>26,835,875</b>	<b>25,737,942</b>	<b>28,019,269</b>	<b>30,094,639</b>	<b>29,512,876</b>	<b>29,438,389</b>	<b>25,042,631</b>	<b>20,026,392</b>
<b>Change in Net Position</b>										
Governmental activities	6,549,579	(8,398,744)	(6,430,268)	(13,864,574)	(8,913,048)	(9,482,249)	27,289,627	20,025,440	19,066,251	8,156,190
Business-type activities	27,219,997	16,207,708	17,634,331	31,681,381	15,848,317	6,741,013	(691,641)	5,096,769	1,637,295	3,061,722
<b>Total primary government</b>	<b>\$ 33,769,576</b>	<b>\$ 7,808,964</b>	<b>\$ 11,204,063</b>	<b>\$ 17,816,807</b>	<b>\$ 6,935,269</b>	<b>\$ (2,741,236)</b>	<b>\$ 26,597,986</b>	<b>\$ 25,122,209</b>	<b>\$ 20,703,546</b>	<b>\$ 11,217,912</b>
<b>Total component units</b>	<b>\$ 4,182,757</b>	<b>\$ (15,232,679)</b>	<b>\$ 2,453,291</b>	<b>\$ 4,161,137</b>	<b>\$ 335,186</b>	<b>\$ (593,726)</b>	<b>\$ 10,885,394</b>	<b>\$ 5,096,769</b>	<b>\$ (7,819,424)</b>	<b>\$ (2,302,254)</b>

Source: Comprehensive Annual Financial Reports

See Independent Auditor's Report.

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

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>General Fund</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 298,680	\$ 209,187	\$ 518,108	\$ 369,642	\$ 333,150	\$ 424,567
Nonspendable:										
Prepaid items	7,742	7,742	7,742	6,742	-	-	-	-	-	-
Inventory	1,402,375	1,553,581	1,546,717	1,804,245	-	-	-	-	-	-
Uncollected taxes	80,686	94,493	70,967	81,905	-	-	-	-	-	-
Committed for:										
Encumbrances	-	-	295,059	147,740	-	-	-	-	-	-
Unreserved/unassigned	54,441,526	50,057,344	44,344,080	41,767,102	41,301,934	37,163,472	36,673,773	37,304,407	37,840,494	37,110,347
<b>Total general fund</b>	<u>\$ 55,932,329</u>	<u>\$ 51,713,160</u>	<u>\$ 46,264,565</u>	<u>\$ 43,807,734</u>	<u>\$ 41,600,614</u>	<u>\$ 37,372,659</u>	<u>\$ 37,191,881</u>	<u>\$ 37,674,049</u>	<u>\$ 38,173,644</u>	<u>\$ 37,534,914</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 1,010,434	\$ 1,017,324	\$ 1,135,941	\$ 1,173,096	\$ 1,225,402	\$ 14,127,578
Unreserved, reported in:										
Debt service fund	-	-	-	-	210,081	101,259	10,167	12,521	232	42,366
Capital projects	-	-	-	-	39,348,787	48,335,396	57,437,304	65,723,873	33,324,183	30,195,836
Special revenue funds	-	-	-	-	2,656,334	2,680,946	4,037,138	3,134,224	3,187,240	2,793,679
Compensated absences fund	-	-	-	-	14,222,386	15,053,260	14,850,723	14,660,177	14,211,648	416,361
Undesignated	-	-	-	-	-	-	-	-	-	-
Nonexpendable:										
Prepaid items	29,855	628,029	652,712	639,354	-	-	-	-	-	-
Uncollected taxes	7,087	12,727	6,509	5,740	-	-	-	-	-	-
Restricted for:										
Debt service fund	691,778	534,276	375,156	246,574	-	-	-	-	-	-
Capital projects	-	-	3,671,462	-	-	-	-	-	-	-
Special purposes	7,827,464	6,673,794	3,812,464	2,824,678	-	-	-	-	-	-
Committed for:										
Compensated absences	8,670,659	10,003,888	11,500,973	12,779,761	-	-	-	-	-	-
Assigned for:										
Capital projects	38,633,437	32,781,310	33,889,784	38,271,781	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 55,860,280</u>	<u>\$ 50,634,024</u>	<u>\$ 53,909,060</u>	<u>\$ 54,767,888</u>	<u>\$ 57,448,022</u>	<u>\$ 67,188,185</u>	<u>\$ 77,471,273</u>	<u>\$ 84,703,891</u>	<u>\$ 51,948,705</u>	<u>\$ 47,575,820</u>

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)**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues</b>										
Taxes	\$ 118,344,966	\$ 111,212,385	\$ 105,101,533	\$ 100,984,407	\$ 95,672,000	\$ 94,530,658	\$ 93,677,610	\$ 85,758,232	\$ 81,018,597	\$ 76,917,615
License and permits	3,799,014	3,514,170	2,315,185	2,284,564	2,260,499	1,758,303	2,015,135	1,727,536	1,916,299	1,786,318
Interfund revenues	943,522	1,675,119	1,584,965	1,557,653	1,478,752	1,373,441	1,320,395	1,270,941	1,231,060	2,547,357
Intergovernmental revenues	19,960,514	21,945,515	24,719,942	20,510,802	25,396,992	20,693,196	18,681,299	17,433,057	19,850,636	17,755,613
Grants-in-aid	-	-	-	-	-	-	-	-	-	-
Citizen contributions	208,255	45,638	10,144	22,898	6,000	31,000	7,300	6,000	5,000	6,074
Construction participation	2,698,222	3,976,610	4,685,053	1,761,885	2,816,377	6,241,042	5,816,556	9,393,844	11,540,373	2,525,475
Revenue from participating taxing entities	622,483	594,974	-	-	-	-	-	-	-	-
Other entity participations	797,009	820,676	808,345	944,425	856,721	786,670	690,382	824,023	595,839	795,821
Charges for services	35,168,838	34,034,663	31,985,474	31,291,822	30,025,565	28,672,632	27,514,707	27,422,759	25,939,174	23,963,289
Fines and forfeitures	6,484,937	5,937,467	6,160,381	5,846,225	6,235,025	6,634,542	5,104,849	4,199,581	4,398,745	3,916,486
Investment earnings	560,545	448,256	566,680	890,296	1,007,601	2,665,718	4,677,492	5,902,783	4,056,915	2,308,358
Other rentals and commissions	421,119	418,222	382,306	839,170	858,951	867,160	469,613	249,409	239,192	224,668
Miscellaneous	820,390	671,097	671,563	814,676	526,107	1,179,434	694,338	749,919	980,841	465,066
<b>Total revenues</b>	<b>190,829,814</b>	<b>185,294,792</b>	<b>178,991,571</b>	<b>167,748,823</b>	<b>167,140,590</b>	<b>165,433,796</b>	<b>160,669,676</b>	<b>154,938,084</b>	<b>151,772,671</b>	<b>133,212,140</b>
<b>Expenditures</b>										
General government and administration	16,573,732	16,107,002	15,098,294	14,875,816	14,925,037	15,252,845	13,074,117	12,325,695	11,573,762	10,947,924
Public safety and health	98,724,098	92,887,532	89,501,953	86,844,050	83,263,087	81,699,196	77,852,041	71,204,891	68,295,871	62,875,319
Culture and recreation	19,823,954	19,333,878	19,010,912	18,154,024	17,765,568	17,607,384	17,426,501	16,516,821	15,911,599	14,792,474
Solid waste	12,258,612	11,311,765	11,063,271	10,532,391	10,970,380	11,296,793	10,881,683	10,307,975	9,596,852	8,842,767
Transit system	4,402,888	4,267,016	3,957,318	3,506,527	3,762,267	4,061,190	3,937,106	3,687,600	3,422,653	3,205,899
Urban redevelopment and housing	11,635,914	12,261,800	11,942,850	11,578,796	11,694,748	11,921,285	10,009,916	10,473,891	9,994,020	9,903,853
Tourism	3,006,491	3,083,969	2,847,958	5,269,868	2,586,912	2,798,810	2,280,629	2,017,045	1,955,590	1,899,218
Capital outlay	12,663,897	20,736,329	20,385,363	18,503,130	24,381,672	26,590,979	31,499,119	18,739,343	21,078,954	15,192,733
Debt service										
Principal retirement	1,841,067	1,763,860	1,706,708	1,476,611	1,371,563	555,566	344,615	328,705	301,519	290,000
Interest and fiscal charges	1,600,512	1,673,168	1,730,024	1,662,908	1,532,615	2,359,312	326,813	340,063	336,232	332,329
Termination vacation and sick leave pay	1,363,313	1,552,850	1,313,015	1,591,569	1,457,052	1,379,825	1,753,114	1,306,089	1,238,756	901,745
<b>Total expenditures</b>	<b>183,894,478</b>	<b>184,979,169</b>	<b>178,557,666</b>	<b>173,995,690</b>	<b>173,710,901</b>	<b>175,523,185</b>	<b>169,385,654</b>	<b>147,248,118</b>	<b>143,705,808</b>	<b>129,184,261</b>
Excess of revenues over (under) expenditures	6,935,336	315,623	433,905	(6,246,867)	(6,570,311)	(10,089,389)	(8,715,978)	7,689,966	8,066,863	4,027,879
<b>Other Financing Sources (Uses):</b>										
Transfers from other funds	13,954,164	11,308,054	10,120,249	10,266,422	7,274,581	9,448,299	16,474,780	22,639,094	11,483,105	11,314,214
Transfers to other funds	(14,271,713)	(12,065,339)	(10,333,489)	(10,375,070)	(7,583,483)	(9,461,220)	(17,538,013)	(23,075,481)	(15,108,353)	(15,340,729)
Other	622,640	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(4,680,000)	-	-	-	-
Bond premium less issuance cost	(55,000)	-	-	(77,500)	-	(145,000)	-	-	-	-
Issuance of refunding debt	-	-	-	-	-	4,825,000	-	-	-	-
Issuance of long-term debt	2,260,000	-	-	5,960,000	1,367,000	-	2,064,425	24,575,000	570,000	-
<b>Total other financing sources (uses)</b>	<b>2,510,091</b>	<b>(757,285)</b>	<b>(213,240)</b>	<b>5,773,852</b>	<b>1,058,098</b>	<b>(12,921)</b>	<b>1,001,192</b>	<b>24,565,625</b>	<b>(3,055,248)</b>	<b>(4,026,515)</b>
<b>Net change in fund balances</b>	<b>\$ 9,445,427</b>	<b>\$ (441,662)</b>	<b>\$ 220,665</b>	<b>\$ (473,015)</b>	<b>\$ (5,512,213)</b>	<b>\$ (10,102,310)</b>	<b>\$ (7,714,786)</b>	<b>\$ 32,255,591</b>	<b>\$ 5,011,615</b>	<b>\$ 1,364</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>2.051%</b>	<b>2.137%</b>	<b>2.221%</b>	<b>2.061%</b>	<b>1.983%</b>	<b>1.996%</b>	<b>0.489%</b>	<b>0.523%</b>	<b>0.523%</b>	<b>0.549%</b>

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

Fiscal Year	Property Taxes*		Sales Taxes	Mixed Beverage Taxes	Hotel Occupancy Taxes	Gross Receipts Business Taxes	Total Taxes
	General Fund	Debt Service					
2005	\$ 23,371,765	\$ 626,582	\$ 37,860,147	\$ 426,819	\$ 3,534,175	\$ 11,098,127	\$ 76,917,615
2006	24,303,135	526,912	40,036,037	472,305	3,814,257	11,865,951	81,018,597
2007	25,761,479	529,784	41,774,872	520,653	4,326,640	12,844,804	85,758,232
2008	28,039,131	532,309	44,060,343	570,334	4,331,449	16,144,044	93,677,610
2009	29,442,408	2,706,352	43,241,228	589,894	4,232,250	14,318,526	94,530,658
2010	30,474,571	2,737,072	42,171,836	585,729	4,399,887	15,302,905	95,672,000
2011	30,903,042	2,750,167	46,033,627	602,075	4,782,868	15,912,628	100,984,407
2012	32,361,774	2,846,831	48,256,664	533,575	5,002,181	16,100,508	105,101,533
2013	33,212,357	2,875,654	52,126,017	595,016	5,691,118	16,712,223	111,212,385
2014	36,091,780	2,865,530	54,413,835	751,825	5,937,402	18,284,594	118,344,966
<b>Change</b>							
2005-2014	54.4%	357.3%	43.7%	76.1%	68.0%	64.8%	53.9%

**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)

<b>Fiscal Year</b>	<b>Real Estate</b>	<b>Business Personal</b>	<b>Total Assessed Value</b>	<b>Less: Tax-Exempt Property</b>	<b>Taxable Value</b>	<b>Total Direct Tax Rate</b>
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
2012	10,737,236,627	1,379,495,572	12,116,732,199	1,858,785,870	10,257,946,329	0.32009
2013	10,941,419,006	1,417,493,921	12,358,912,927	1,902,510,338	10,456,402,589	0.32009
2014	11,063,215,720	1,510,766,292	12,573,982,012	1,813,527,841	10,760,454,171	0.34009

**Source:** Potter and Randall Counties

**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)

Fiscal Year	City Direct Rates			Overlapping Rates							
	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
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
2012	0.29230	0.02779	0.32009	1.17000	0.18938	1.29000	1.35000	0.63350	0.37756	1.17289	1.26960
2013	0.29276	0.02733	0.32009	1.17000	0.19950	1.26500	1.35000	0.62707	0.38430	1.16744	1.26960
2014	0.31335	0.02674	0.34009	1.18900	0.19950	1.22800	1.35000	0.63402	0.39241	1.16750	1.29440

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)

Taxpayer	2014			2005		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
BSA Hospital, LLC	\$ 102,538,638	1	0.953%	\$ -	-	-
Southwestern Public Service	91,746,933	2	0.853%	103,730,243	1	1.379%
Northwest Texas Healthcare	88,858,955	3	0.826%	84,456,755		1.122%
Walmart Real Estate	84,186,743	4	0.782%	63,757,339	3	0.847%
BNSF Railway Company	68,685,493	5	0.638%	31,210,133	6	0.415%
Amarillo Mall, LLC	63,896,344	6	0.594%	-	-	-
Atmos Energy	47,677,589	7	0.443%	23,960,921	8	0.318%
Ben E Keith	39,708,907	8	0.369%	-	-	-
Amarillo National Bank	39,527,874	9	0.367%	29,340,964	7	0.390%
Toot N Totum, Inc.	38,419,267	10	0.357%	-	-	-
Southwestern Bell Telephone Company	-	-	-	46,987,928	5	0.624%
Amarillo Partners LLP	-	-	-	60,540,129	4	0.805%
United Supermarkets	-	-	-	16,412,419	10	0.218%
TCA Cable Partners	-	-	-	16,793,894	9	0.223%
Total taxable value of ten largest taxpayers	665,246,743		6.182%	477,190,725		6.342%
Total taxable value of other taxpayers	10,095,207,428		93.818%	7,047,436,604		93.658%
Total taxable value of all taxpayers	\$ 10,760,454,171		100.000%	\$ 7,524,627,329		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
2005	\$ 21,750,690	\$ 21,355,304	98.18	\$ 126,762	\$ 21,482,066	98.76
2006	22,519,911	22,101,623	98.14	320,515	22,422,138	99.57
2007	23,716,401	23,359,468	98.49	282,113	23,641,581	99.68
2008	25,933,603	25,517,113	98.39	326,587	25,843,700	99.65
2009	29,523,733	29,021,939	98.30	396,000	29,417,939	99.64
2010	30,409,776	29,913,203	98.37	357,102	30,270,305	99.54
2011	30,639,878	30,277,693	98.82	298,615	30,576,308	99.79
2012	32,159,248	31,738,183	98.69	317,045	32,055,228	99.68
2013	32,832,489	32,397,075	98.67	272,318	32,669,393	99.50
2014	35,664,675	35,179,859	98.64	-	35,179,859	98.64

Sources: Potter and Randall County Tax Offices

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS**  
**TAXABLE SALES BY CATEGORY, LAST TEN CALENDAR YEARS**  
(in \$1,000s)  
(unaudited)

	Calendar Year									
	2014*	2013	2012	2011	2010	2009	2008	2007	2006	2005
Agriculture/Forestry/Fishing/Hunting	\$ 1,476	\$ 1,071	\$ 1,334	\$ 1,217	\$ 1,397	\$ 1,120	\$ 1,421	\$ 1,571	\$ 1,519	
Mining/Quarrying/Oil and Gas	8,200	5,868	8,995	8,828	1,453	1,074	835	813	4,264	
Utilities	150,770	137,345	148,600	156,654	157,575	199,995	168,441	171,922	156,569	
Construction	89,718	81,497	83,862	66,604	60,378	75,775	78,916	77,077	67,014	
Manufacturing	77,664	77,449	70,539	65,543	71,250	79,628	76,683	78,798	74,706	
Wholesale Trade	236,453	186,694	161,328	145,841	128,518	163,070	144,283	153,236	128,360	
Retail Trade	1,638,624	1,553,612	1,477,297	1,420,094	1,392,979	1,461,374	1,412,115	1,331,076	1,282,886	
Transportation/Warehousing	2,515	2,984	3,109	3,030	2,567	3,008	2,430	2,206	1,612	
Information	90,646	82,132	82,826	74,283	71,685	68,129	65,839	75,812	85,937	
Finance/Insurance	12,400	11,606	13,495	9,152	10,427	11,792	11,201	9,944	7,267	
Real Estate/Rental Leasing	46,176	47,476	37,928	29,209	26,258	29,400	27,078	26,679	22,594	
Professional/Scientific/Technical Services	43,229	45,820	38,356	34,318	35,134	34,824	35,639	29,189	27,329	
Management of Companies/Enterprises	87	78	53	1,064	2,166	2,909	3,259	3,649	7,915	
Admin/Support/Waste Mgmt/Remediation	70,433	65,733	49,585	47,502	45,853	45,583	44,309	43,579	41,165	
Educational Services	5,718	5,752	5,843	5,566	4,864	4,380	4,254	4,046	3,815	
Health Care/Social Assistance	16,032	2,565	2,576	2,366	2,902	4,580	4,771	4,025	4,229	
Arts/Entertainment/Recreation	22,781	25,854	25,972	22,939	23,187	24,846	23,453	21,881	22,223	
Accommodation/Food Services	391,312	381,756	360,977	339,900	329,042	332,340	313,292	299,451	281,312	
Other Services	101,357	95,569	86,502	80,946	78,969	81,764	77,211	74,657	72,837	
Public Administration	Not reported									
Other	Not reported									
<b>All Industries **</b>	<b>\$ 2,811,806</b>	<b>\$ 2,868,621</b>	<b>\$ 2,674,728</b>	<b>\$ 2,515,459</b>	<b>\$ 2,446,951</b>	<b>\$ 2,626,021</b>	<b>\$ 2,495,701</b>	<b>\$ 2,409,870</b>	<b>\$ 2,293,835</b>	
City direct sales tax rate	2%	2%	2%	2%	2%	2%	2%	2%	2%	

\*Note: Retail sales information is not available for the 2014 Calendar Year.

\*\* All Industries is a total of all industries reported and not reported

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)

<u>Fiscal Year</u>	<u>City* Direct Rate</u>	<u>State</u>
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
2012	2.0	6.25
2013	2.0	6.25
2014	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**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT, AS OF SEPTEMBER 30, 2014**  
(unaudited)

	<u>Net Debt Outstanding</u>	<u>Percent Applicable</u>	<u>Applicable Debt Outstanding</u>
Amarillo Independent School District	\$ 147,444,600	99.97%	\$ 147,400,367
Amarillo College District	66,965,000	100.00%	66,965,000
Amarillo Hospital District	-	100.00%	-
Canyon Independent School District	26,985,470	36.45%	9,836,204
River Road Independent School District	3,010,347	23.36%	703,217
Potter County	6,655,000	76.36%	5,081,758
Randall County	25,941,598	65.65%	17,030,659
Highland Park Independent School District	3,910,434	39.38%	1,539,929
Bushland Independent School District	6,299,316	26.28%	1,655,460
Total overlapping debt			250,212,594
City of Amarillo*			33,676,418
<b>Total direct and overlapping debt</b>			<b>\$ 283,889,012</b>

**Sources:** Assessed value data used to estimate applicable percentages provided by the Municipal Advisory Council, October 2014.  
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.

\* City of Amarillo outstanding debt includes debt serviced by tax revenues of \$24,131,000 and debt serviced by special assessment and other revenue of \$10,244,283 less sinking fund assets of \$698,865.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE, LAST TEN FISCAL YEARS**  
(unaudited)

Fiscal Year	General Bonded Debt			Business-type Activities								Percentage of Personal Income	Per Capita
	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	Drainage Utility Debt	Municipal Garage Debt	Total Primary Government			
2005	\$ 6,005,000	\$ 1,045,000	0.09%	38.64	\$ 35,540,000	53,018,680	-	-	-	\$ 95,608,680	1.35%	523.99	
2006	5,760,000	1,571,978	0.09%	39.64	32,690,000	71,377,816	-	-	-	111,399,794	1.46%	602.35	
2007	30,080,000	1,498,273	0.38%	168.32	39,490,000	68,846,778	-	-	-	139,915,051	1.73%	745.78	
2008	29,815,000	3,518,658	0.36%	175.40	38,245,000	66,002,170	-	-	-	137,580,828	1.55%	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	2.20%	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	2.69%	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	2.77%	1,354.53	
2012	27,040,000	8,680,210	0.35%	183.77	142,585,000	94,814,081	12,465,000	-	-	285,584,291	2.89%	1,469.24	
2013	25,616,000	8,340,350	0.32%	172.95	137,665,000	88,399,000	11,135,000	5,820,000	2,330,000	279,305,350	2.70%	1,422.59	
2014	24,131,000	10,244,283	0.32%	173.26	138,195,000	83,303,472	9,755,000	11,485,000	4,080,000	281,193,755	2.62%	1,417.29	

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>General bonded debt outstanding*</b>										
Tax supported debt	\$ 24,131,000	\$ 25,616,000	\$ 27,040,000	\$ 28,418,000	\$ 29,732,000	\$ 29,555,000	\$ 29,815,000	\$ 30,080,000	\$ 5,760,000	\$ 6,005,000
Special assessment/other debt	10,244,283	8,340,350	8,680,210	9,008,918	3,211,529	3,368,092	3,518,658	1,498,273	1,571,978	1,045,000
Water & Sewer bonds	138,195,000	137,665,000	142,585,000	148,200,000	124,800,000	38,885,000	-	-	-	-
Airport Bonds	9,755,000	11,135,000	12,465,000	13,745,000	14,975,000	16,140,000	-	-	-	-
Drainage Utility Bonds	11,485,000	5,820,000	-	-	-	-	-	-	-	-
Municipal Garage Bonds	4,080,000	2,330,000	-	-	-	-	-	-	-	-
<b>Total</b>	<b>197,890,283</b>	<b>190,906,350</b>	<b>190,770,210</b>	<b>199,371,918</b>	<b>172,718,529</b>	<b>87,948,092</b>	<b>33,333,658</b>	<b>31,578,273</b>	<b>7,331,978</b>	<b>7,050,000</b>
Percentage of estimated actual property value	1.84%	1.83%	1.86%	1.98%	1.73%	0.91%	0.36%	0.38%	0.09%	0.09%
Per capita	997.42	972.35	981.45	1,045.50	905.73	10.28	175.40	168.32	39.64	38.64
Less: Amounts set aside to repay general debt	698,865	547,003	381,665	252,314	216,923	102,939	11,862	10,931	1,107	39,769
<b>Total net debt applicable to debt limit</b>	<b>197,191,418</b>	<b>190,359,347</b>	<b>190,388,545</b>	<b>199,119,604</b>	<b>172,501,606</b>	<b>87,845,153</b>	<b>33,321,796</b>	<b>31,567,342</b>	<b>7,330,871</b>	<b>7,010,231</b>
Legal debt limit	1,257,398,201	1,235,891,293	1,211,673,220	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
<b>Legal debt margin</b>	<b>\$ 1,060,206,783</b>	<b>\$ 1,045,531,946</b>	<b>\$ 1,021,284,675</b>	<b>\$ 965,949,885</b>	<b>\$ 983,603,682</b>	<b>\$ 1,036,947,939</b>	<b>\$ 1,044,060,800</b>	<b>\$ 948,647,735</b>	<b>\$ 910,558,167</b>	<b>\$ 873,108,090</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>2.89%</b>	<b>3.13%</b>	<b>3.10%</b>	<b>3.14%</b>	<b>3.01%</b>	<b>2.97%</b>	<b>1.79%</b>	<b>1.56%</b>	<b>1.55%</b>	<b>1.36%</b>

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

\* Excludes Water Authority Debt

See Independent Auditor's Report.

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

	9/30/2014 (2013 Tax Roll)	9/30/2013 (2012 Tax Roll)	9/30/2012 (2011 Tax Roll)	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)
<b>Assessed value, tax roll</b>	<u>\$ 12,573,982,012</u>	<u>\$ 12,358,912,927</u>	<u>\$ 12,116,732,199</u>	<u>\$ 11,650,694,893</u>	<u>\$ 11,561,052,883</u>	<u>\$ 11,247,930,916</u>	<u>\$ 10,773,825,956</u>	<u>\$ 9,802,150,770</u>	<u>\$ 9,178,890,383</u>	<u>\$ 8,801,183,213</u>
Debt limit -10% of assessed roll	\$ 1,257,398,201	\$ 1,235,891,293	\$ 1,211,673,220	\$ 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
Amount of debt applicable to debt limit:										
Total bonded debt	197,890,283	190,906,350	190,770,210	199,371,918	172,718,529	124,618,092	71,578,658	71,068,273	40,021,978	42,590,000
Less: Assets in Debt Service Funds (net)	698,865	547,003	381,665	252,314	216,923	102,939	11,862	10,931	1,107	39,769
Waterworks revenue bonds	<u>47,750,000</u>	<u>41,900,000</u>	<u>42,565,000</u>	<u>44,850,000</u>	<u>35,620,000</u>	<u>36,955,000</u>	<u>38,245,000</u>	<u>39,490,000</u>	<u>32,690,000</u>	<u>35,540,000</u>
	<u>48,448,865</u>	<u>42,447,003</u>	<u>42,946,665</u>	<u>45,102,314</u>	<u>35,836,923</u>	<u>37,057,939</u>	<u>38,256,862</u>	<u>39,500,931</u>	<u>32,691,107</u>	<u>35,579,769</u>
Total amount of debt applicable to debt limit	<u>149,441,418</u>	<u>148,459,347</u>	<u>147,823,545</u>	<u>154,269,604</u>	<u>136,881,606</u>	<u>87,560,153</u>	<u>33,321,796</u>	<u>31,567,342</u>	<u>7,330,871</u>	<u>7,010,231</u>
<b>Pro forma legal debt margin</b>	<u>\$ 1,107,956,783</u>	<u>\$ 1,087,431,946</u>	<u>\$ 1,063,849,675</u>	<u>\$ 1,010,799,885</u>	<u>\$ 1,019,223,682</u>	<u>\$ 1,037,232,939</u>	<u>\$ 1,044,060,800</u>	<u>\$ 948,647,735</u>	<u>\$ 910,558,167</u>	<u>\$ 873,108,090</u>

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)

Fiscal Year	Water Revenue Bonds						
	Total Revenue	Less: Operating Expenses	Less: CRMWA Interest	Net Available Revenue	Principal	Debt Service Interest	Coverage
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	2,884,844	2.17
2011	76,794,307	34,139,162	2,978,655	39,676,490	7,210,000	2,998,168	3.89
2012	70,242,785	34,117,020	4,252,077	31,873,688	7,290,000	3,232,174	3.03
2013	71,728,432	35,135,236	4,320,267	32,272,929	7,490,000	3,157,712	3.03
2014	76,988,269	36,842,249	3,462,630	36,683,390	7,940,000	3,186,396	3.30

**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)
2005	182,462	\$ 7,095,453	\$ 29,518	33.6	30,106	4.0%
2006	184,941	7,611,450	31,367	*	30,750	3.7%
2007	187,609	8,078,500	33,026	*	30,613	3.4%
2008	190,042	8,855,735	35,932	32.7	30,969	3.6%
2009	191,514	8,553,870	34,302	*	31,920	5.2%
2010	190,695	9,003,940	35,633	33.4	32,704	5.7%
2011	195,666	9,582,655	37,464	*	33,043	5.5%
2012	194,375	9,875,509	38,340	*	33,306	4.4%
2013	196,336	10,343,608	39,774	33.4	33,419	5.1%
2014	198,402	10,746,806	40,983	*	33,591	4.1%

**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. The 2005 through 2013 figures were updated based on new estimates during November 2014. To calculate 2014 figures, Planning Department staff used an average of increases from the previous two years.
3. Median age obtained from Census 2000, 2005, 2010, and 2012 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 2014 is based on the July 2014 figure provided by the US Bureau of Labor Statistics (Amarillo Economy at a Glance).

\* Median age was not available for these years.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS**  
**PRINCIPAL EMPLOYERS, CURRENT YEAR AND NINE YEARS AGO**  
(unaudited)

Employer	2014			2005		
	Employees	Rank	Percent of Total City MSA* Employment	Employees	Rank	Percent of Total City MSA Employment
Tyson Foods	3,678	1	2.847%	3,700	1	3.037%
Baptist/St. Anthony's Health Systems	2,900	2	2.245%	2,800	2	2.298%
Northwest Texas Healthcare	1,490	3	1.153%	1,800	3	1.477%
Southwestern Public Service	1,431	4	1.108%	700	8	0.542%
Walmart Supercenters	1,300	5	1.006%	1,605	4	1.317%
Western National Life Insurance	1,135	6	0.879%	-	-	-
Bell Helicopter, Inc	1,000	7	0.774%	650	9	0.534%
Affiliated Foods	960	8	0.743%	1,037	6	0.803%
Burlington Northern Santa Fe	900	9	0.698%	800	7	0.657%
Toot 'n Totum	815	10	0.631%	-	-	-
United Supermarkets	-	-	-	1,249	5	1.025%
AIG	-	-	-	602	10	0.516%
Total employees of the principal employers	15,609		12.082%	14,943		12.265%
Total employees of other employers	113,588		87.918%	106,887		87.735%
Total Amarillo MSA* employment	129,197		100.000%	121,830		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) at June 2014.

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>GENERAL GOVERNMENT</b>										
Mayor and commission	5	5	5	5	5	5	5	5	5	5
City manager	6	6	6	6	6	6	3	3	4	4
City secretary	4	3	3	2	2	2	2	2	3	3
Judicial	4	4	-	-	-	-	-	-	-	-
Municipal court and Teen court	25	25	29	29	29	29	28	28	28	28
Planning and zoning	7	7	7	7	7	7	8	8	8	8
<b>STAFF SERVICES</b>										
Financial administration										
Director of Finance	5	5	5	5	5	5	6	6	6	6
Accounting	16	16	16	14	14	14	15	15	15	15
Payroll	3	3	3	3	3	3	-	-	-	-
Health Plan Administration	5	5	5	5	5	5	-	-	-	-
Purchasing	9	9	9	8	8	8	8	6	6	6
Central stores	8	7	7	8	8	8	8	8	8	8
Municipal office services	-	-	-	3	3	3	3	4	4	4
Legal	9	9	9	8	8	8	8	7	7	7
Personnel and Risk Management	12	12	12	12	12	12	22	21	18	18
Emergency Management and Communications	9	13	13	12	12	12	12	12	12	12
Occupancy										
Custodial operations	27	27	27	25	25	25	25	25	25	25
Building maintenance	26	25	25	24	24	24	24	23	23	23
<b>PUBLIC SAFETY AND HEALTH</b>										
Police										
Police	358	345	335	317	317	317	312	302	302	302
Civilian personnel	57	57	56	56	71	109	109	102	102	102
Fire Protection										
Fire	259	251	247	244	244	244	229	221	221	221
Civilian personnel	18	18	17	15	15	28	29	21	21	16
Other										
Building safety	34	34	33	32	32	32	31	29	29	29
Animal control	33	26	26	26	26	27	27	27	27	23
Emergency services	-	-	-	1	-	-	-	-	-	-
Amarillo Emergency Comm. Center	71	71	71	65	66	1	-	-	-	-
Environmental health	14	14	14	14	14	14	13	11	11	11
Vital statistics	1	1	1	1	1	1	1	1	1	1
<b>STREETS, TRAFFIC &amp; ENGINEERING</b>										
Street maintenance	99	99	108	108	108	108	108	100	100	97
Traffic engineering	46	46	46	46	46	46	46	45	45	45
Traffic field operations	22	22	22	22	22	22	22	22	22	22
Engineering	23	21	21	21	21	21	22	22	22	22
<b>CULTURE &amp; RECREATION</b>										
Auditorium Coliseum										
Civic Center operations	23	23	23	23	23	23	23	23	23	23
Civic Center promotions	5	4	4	4	4	4	4	3	3	2

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Box office operations	12	12	12	12	12	12	12	12	12	12
Civic Center Sports	2	2	2	2	2	2	2	2	2	2
Globe News Center	3	3	3	3	3	3	3	3	3	3
Library operations	78	78	78	78	78	78	78	78	78	77
Parks and Recreation	267	268	264	257	257	258	258	253	275	274
Golf	56	56	56	47	47	47	48	48	48	48
<b>SOLID WASTE</b>										
Solid waste collection	110	110	110	107	108	108	107	105	105	103
Solid waste disposal	37	37	37	36	36	36	36	36	36	36
<b>TRANSIT</b>										
Fixed Route and Demand Response	65	63	62	59	59	59	61	61	61	61
<b>Total General Fund</b>	<b>1,873</b>	<b>1,842</b>	<b>1,829</b>	<b>1,772</b>	<b>1,788</b>	<b>1,776</b>	<b>1,758</b>	<b>1,700</b>	<b>1,721</b>	<b>1,704</b>
<b>WATER &amp; SEWER SYSTEM</b>										
Water Production	9	9	8	7	7	7	7	7	7	7
Water Transmission	9	9	9	9	9	9	9	9	9	8
Surface Water Treatment	29	29	29	29	29	29	29	29	29	29
Water Distribution	59	59	58	58	58	58	58	58	58	58
Wastewater Collection	38	36	34	34	34	34	34	34	34	34
Wastewater Treatment	54	54	54	52	52	52	52	50	50	50
Environmental Laboratory	20	20	20	20	19	19	20	21	21	21
Utility Billing	32	31	31	29	29	29	29	29	29	29
Director of Utilities	21	20	19	19	17	17	16	16	16	16
<b>Total Water &amp; Sewer System</b>	<b>271</b>	<b>267</b>	<b>262</b>	<b>257</b>	<b>254</b>	<b>254</b>	<b>254</b>	<b>253</b>	<b>253</b>	<b>252</b>
<b>AIRPORT</b>	59	58	59	62	62	62	62	50	49	49
<b>DRAINAGE UTILITY</b>	22	17	-	-	-	-	-	-	-	-
<b>INFORMATION SERVICES</b>	40	34	34	29	28	28	27	27	27	27
<b>MUNICIPAL GARAGE</b>	53	53	53	53	53	53	53	51	51	51
<b>CITY CARE CLINIC</b>	8	8	8	8	8	8	-	-	-	-
<b>SPECIAL REVENUE</b>										
Library	-	-	2	5	5	5	6	6	7	7
Police Grant	-	-	-	-	6	7	-	-	-	-
Urban Planning/Traffic Grants	7	7	7	7	7	7	7	6	6	6
Health Grants	79	81	81	76	72	72	73	74	74	74
Court Security Fund	-	-	-	2	2	2	2	2	2	2
Community Development and Housing	21	20	20	18	18	18	18	18	20	20
Emergency Management	3	4	5	7	7	-	7	6	6	6
<b>Total Special Revenue</b>	<b>110</b>	<b>112</b>	<b>115</b>	<b>115</b>	<b>117</b>	<b>111</b>	<b>113</b>	<b>112</b>	<b>115</b>	<b>115</b>
<b>Total</b>	<b>2,436</b>	<b>2,391</b>	<b>2,360</b>	<b>2,296</b>	<b>2,310</b>	<b>2,292</b>	<b>2,267</b>	<b>2,193</b>	<b>2,216</b>	<b>2,198</b>

Source: City Annual Budgets

Notes: Budgeted positions are made up of both full-time and part-time positions.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM, LAST TEN FISCAL YEARS**  
(unaudited)

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Staff services:										
Annual number of purchase orders	2,315	2,300	2,258	2,235	2,593	3,554	3,605	3,382	3,815	3,809
Public safety and health:										
Annual calls for police services	126,888	128,704	135,381	132,509	137,405	130,862	126,176	127,990	135,989	132,049
Annual calls for fire services	19,820	18,182	19,556	18,832	16,495	15,313	12,774	12,167	10,776	10,365
Permits:										
Residential - new	494	611	556	600	535	516	582	641	772	775
Residential - additions & repairs	11,121	15,033	1,686	2,173	2,030	1,507	1,624	1,628	885	1,536
Commercial - new	59	51	56	51	54	40	92	74	116	103
Commercial - additions & repairs	484	367	296	359	354	289	336	321	366	313
Mobile homes	45	45	39	29	41	39	41	51	56	81
Roof	9,367	13,594	868	1,329	1,185	937	942	336	1,149	2,978
Value of construction:										
Residential - new	125,256,568	147,498,017	136,045,085	143,974,309	128,042,161	124,991,767	189,507,406	186,508,133	170,644,851	141,386,316
Residential - additions & repairs	132,112,253	150,002,607	18,676,854	25,752,823	24,136,709	23,025,345	23,269,814	28,541,979	16,568,993	14,762,901
Commercial - new	112,400,600	66,384,691	56,715,644	48,331,131	109,596,401	54,552,931	90,950,995	81,067,524	111,957,825	134,904,353
Commercial - additions & repairs	98,010,940	54,900,626	50,067,552	79,922,243	96,129,977	117,491,080	68,402,515	56,147,219	112,542,681	131,128,921
Mobile homes	1,917,724	1,078,432	1,043,758	935,288	1,296,730	3,255,543	6,266,747	4,296,872	3,893,346	4,032,248
Roof	112,455,900	132,120,404	5,271,512	9,732,006	7,913,915	5,922,164	7,844,282	5,799,608	11,789,696	35,940,785
Culture and recreation:										
Civic Center event days	1,626	1,665	1,811	1,986	2,244	2,229	2,578	2,369	2,060	2,060
Civic Center annual attendance	603,276	656,239	607,940	656,523	672,178	635,553	700,515	700,000	738,000	737,438
Library volumes loaned annually	1,376,801	1,577,915	1,294,367	1,752,006	1,495,169	1,752,006	1,805,566	2,110,369	2,147,905	2,085,345
Annual swimming pool attendance	41,321	53,450	56,338	60,981	58,485	57,983	66,133	75,659	72,935	72,168
Tennis Center attendance	31,086	28,546	32,078	32,859	30,096	34,321	31,193	40,161	31,145	33,651
Rounds of golf played annually (2 courses)	90,122	97,153	90,201	88,089	86,177	105,932	107,726	104,381	113,166	104,060
Rifle range attendance	7,802	9,000	7,857	6,548	4,468	2,489	3,663	3,198	2,804	-
Solid Waste:										
Tons of waste collected	158,402	158,500	166,750	154,900	150,000	157,000	168,000	188,000	164,000	162,309
Tons of waste landfill	262,678	258,000	220,000	212,350	213,500	223,000	224,000	237,600	248,700	241,462
Transit:										
Fixed transit route--in miles	688,498	675,549	672,524	686,118	674,307	665,036	651,690	658,077	656,459	657,751
Passengers served--fixed route services	371,656	372,533	386,042	367,480	330,647	328,605	343,404	371,316	365,156	352,345
Demand response passengers	39,606	39,737	39,774	35,362	29,709	23,324	29,712	28,644	28,701	29,243
Water and Sewer:										
Active water accounts	70,441	70,161	70,151	69,754	69,358	68,586	68,306	67,452	66,833	65,065
Average daily production--gallons	43,702,583	44,174,721	46,148,634	51,308,710	42,921,918	42,461,096	43,752,000	41,062,041	47,707,877	44,558,978
Plant capacity--gallons:										
Bonham:										
Pumping	5,400,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000
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	37,000,000
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	55,000,000
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	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	2,500,000	2,500,000	2,500,000	-	-

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM, LAST TEN FISCAL YEARS**  
(unaudited)

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Purification Plant:										
Pumping	120,000,000	120,000,000	120,000,000	116,000,000	116,000,000	116,000,000	116,000,000	116,000,000	116,000,000	116,000,000
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	8,500,000	8,500,000	8,500,000	6,500,000	6,500,000	6,500,000
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
Roberts County (CRMWA) Allocation	8,603,656,000	8,603,656,000	8,603,656,000	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	69,039	68,111	68,020	67,654	67,281	66,539	66,294	65,513	64,939	62,489
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	16,000,000
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	12,000,000
Daily average of sewage treated--gallons	16,340,652	16,349,951	16,121,705	17,887,000	17,653,660	17,439,096	17,226,046	17,601,452	17,350,967	16,888,833
Daily average of reclaimed water sold to industry--gallons	9,065,214	9,763,656	10,750,432	13,150,184	12,678,301	12,624,641	14,061,315	12,795,430	12,957,562	9,951,477
Airport:										
Major airlines	3	3	3	4	4	3	4	4	4	4
Scheduled daily flights	37	42	42	42	41	46	58	58	49	51
Airline passengers enplaned	375,268	401,200	404,032	413,775	403,752	413,767	461,251	454,514	445,618	440,843
Airplanes cleared daily--average	165	172	178	229	226	236	226	243	267	299
Total tower operations (24 hours FAA Control Tower)	60,099	62,784	70,642	79,541	82,441	86,140	82,648	88,825	97,523	109,270

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)

Function/Program	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Public Safety and Health:</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	13	13	12	12	11	10	10	10	10	10
Number of fire hydrants	3,940	3,864	3,761	3,732	3,671	3,698	3,587	3,469	3,441	3,385
Number of outdoor warning sirens	88	90	90	89	86	85	85	85	83	78
<b>Streets, traffic and engineering:</b>										
Streets - paved (miles)	930.40	923.50	920.99	912.86	911.12	905.80	902.00	889.97	883.64	874.37
Streets - unpaved (miles)	83.13	83.13	83.13	83.13	83.13	83.13	83.00	83.13	83.84	84.96
Alleys (miles)	488.66	483.90	480.70	476.59	476.01	472.42	468.00	463.67	458.86	453.67
Miles of storm sewers	125.39	124.86	125.35	119.46	118.99	116.87	116.00	112.66	111.79	109.00
Number of street lights	10,578	10,547	10,496	10,765	10,742	10,657	10,657	10,590	10,491	10,425
Number of signalized locations	267	265	264	261	261	260	258	255	254	254
Number of traffic signs installed	8,706	8,596	8,375	8,293	7,559	7,515	7,447	7,367	7,263	7,182
<b>Culture and recreation:</b>										
Civic Center (auditorium, coliseum, convention annex, center)—in square feet	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000	340,000
Number of libraries	5	5	5	5	5	5	5	5	5	5
Total library holdings	463,918	467,149	484,478	544,719	516,281	602,724	705,033	711,295	807,535	807,500
Number of parks and playgrounds	64	64	64	65	65	65	64	62	62	62
Parks—number of acres	2,936	2,935	2,935	2,927	2,927	2,907	2,839	2,827	2,827	2,827
Number of swimming pools	3	3	3	3	3	3	4	4	4	4
Number of golf courses—36 holes	2	2	2	2	2	2	2	2	2	2
Number of golf courses—18 holes	2	2	2	2	2	2	2	2	2	2
<b>Other recreational facilities:</b>										
Soccer fields	44	44	44	65	65	65	65	65	65	66
Jogging trails (miles)	39.14	39.14	39.14	38.45	38.45	37.67	43.97	42	41.38	41.38
Baseball and softball fields	32	32	32	30	30	30	30	30	30	30
Tennis courts	32	32	32	37	37	37	41	41	41	34
<b>Solid waste:</b>										
Number of solid waste customers, residential	62,715	62,351	61,919	61,459	61,267	60,602	60,037	59,394	58,324	58,324
Number of solid waste customers, commercial	3,730	3,716	3,708	3,747	3,718	3,692	3,655	3,614	3,501	3,501
Landfill acreage	662	662	662	662	662	662	662	662	661	661
<b>Transit:</b>										
Number of buses in service	17	17	17	19	17	17	17	17	17	17
Number of vans in service	13	13	13	11	13	11	7	7	7	7
<b>Water and Sewer:</b>										
<b>Miles of water mains:</b>										
Transmission, well collection, and transfer	178.94	178.40	138.00	138.00	120.00	120.00	120.00	120.00	118.63	118.63
Distribution	1,129.75	1,120.31	1,109.66	1,106.00	1,082.00	1,082.00	1,080.00	1,063.00	1,050.79	1,036.00
Number of water wells	126	122	120	117	106	106	99	94	91	99
Miles of sanitary sewers	963.48	955.00	944.26	943.36	931.90	929.30	926.33	911.00	884.82	874.68
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)**

<b>Fiscal Year Ended September 30</b>	<b>Number of Customers</b>	
	<b>Water</b>	<b>Sewer</b>
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
2012	70,151	68,020
2013	70,161	68,111
2014	70,441	69,039

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
WATERWORKS AND SEWER SYSTEM  
HISTORICAL INFORMATION  
AVERAGE DAILY WATER CONSUMPTION AND SYSTEM INFORMATION  
(Unaudited)**

<b>Fiscal Year Ended September 30</b>	<b>Average Daily Water Consumption (Gallons)</b>	<b>Maximum Daily Water Consumption (Gallons)</b>	<b>Miles of Mains</b>		<b>Number of Hydrants</b>
			<b>Water</b>	<b>Sewer</b>	
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
2012	46,103,000	92,100,000	1,110	944	3,761
2013	44,131,039	84,500,000	1,120	955	3,864
2014	43,702,583	80,400,000	1,130	963	3,940

Maximum Water Production Capacity (from Water Plant and Wells)	138 million gallons per day
Maximum or Peak Usage to Date	92.1 million gallons
Overhead Storage Capacity	8.5 million gallons
Ground Storage Capacity	74.3 million gallons

**TEN LARGEST WATER CUSTOMERS AND AVERAGE MONTHLY USE**

1. Tyson Fresh Meats	140,255,583
2. Texas Department of Corrections	33,388,971
3. City of Canyon	24,344,167
4. Owens Corning	16,642,334
5. Asarco	12,587,667
6. Xcel Energy	9,139,750
7. Plains Dairy	4,940,334
8. Baptist Saint Anthony's Hospital	4,064,167
9. Northwest Texas Healthcare	3,496,250
10. Texas Industrial Services	2,152,750

**CAPACITY OF SEWER TREATMENT PLANTS**

(Two plants combined)	28.00 million gallons per day
Average daily sewage treated	16.34 million gallons per day

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
WATERWORKS AND SEWER SYSTEM  
WATER RATES  
SEPTEMBER 30, 2014  
(Unaudited)**

**Minimum Monthly Billing for  
First 3,000 Gallons Consumed:**

<b>Meter Size</b>	<b>Rates Per Month</b>	
	<b>Inside City</b>	<b>Outside City</b>
5/8"	\$ 12.73	\$ 19.10
1"	17.09	25.62
1-1/2"	21.89	32.84
2"	34.02	51.03
3"	125.14	187.72
4"	158.81	238.23
6"	237.45	356.16
8" and larger	327.36	491.03

**Additional Charge by Volume  
(per 1,000 Gallons):**

	<b>Inside City</b>	<b>Outside City</b>
<i>Residential</i>		
3,001-10,000	2.27	3.41
Over 10,000	2.97	4.46
Over 30,000	4.40	6.60
Over 50,000	4.65	6.98
<i>Commercial</i>		
Over 3,000	2.59	3.87

**Source:** City of Amarillo Ordinance Number 7431 effective October 1, 2013.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
WATERWORKS AND SEWER SYSTEM  
SEWER RATES  
SEPTEMBER 30, 2014  
(Unaudited)**

<u>Base Amount</u>	<u>Rates Per Month</u>
<b>Meter Size</b>	
3/4"	\$ 14.42
1"	14.89
1-1/2"	15.28
2"	16.59
3"	18.76
4"	27.42
6"	40.35
8" and larger	53.33

**Additional Charge by Volume**

Commercial accounts are charged on total water used with a rate of \$1.86 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 \$1.72 per 1,000 gallons of water consumed over the initial allotment of 3,000 gallons.

**Source:** City of Amarillo Ordinance Number 7431 effective October 1, 2013.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS  
DRAINAGE UTILITY  
Top Ten Drainage Customers  
(unaudited)**

Customer Name	2014		
	Total ERU's	Rank	Monthly Drainage Fee
City of Amarillo	5,232	1	\$ 13,132
Amarillo Independent School District	4,657	2	11,690
Southwestern Public Service	1,449	3	3,638
Wal-Mart	1,397	4	3,505
Amarillo Tri-State Fair	1,279	5	3,209
Progressive Rail Services	1,004	6	2,521
Toot N Totum, Inc.	860	7	2,158
Westgate Mall DBA	784	8	1,967
UHS of Amarillo, Inc.	759	9	1,905
J Lee Milligan Inc.	738	10	1,853
Total	<u>18,159</u>		<u>\$ 45,579</u>

### Residential Rates

Residential Rates are based on statistical evaluation of land parcel impervious area for single-family properties. The equivalent residential unit (ERU) rate is \$2.51 per ERU per month.

Classification	Equivalent Residential Units	Monthly Fee
Tier 1 Less than 2,072 square feet impervious area	.068 ERU	\$ 1.71
Tier 2 2,072 - 3,236 square feet impervious area	1.00 ERU	2.51
Tier 3 Greater than 3,236 square feet impervious area	1.51 ERU	3.79

### Commerical Rates

Total ERUs for commercial property is based on the impervious area for each parcel divided by 2,800 square feet with a minimum of one ERU. The monthly Drainage Utility charge for commercial property is calculated by multiplying the total number of ERU's for parcel by the ERU monthly billing rate.

See Independent Auditor's Report.