

# CITY OF AMARILLO, TEXAS

## 2011 Popular Annual Financial Report

MARCH 2012

### WATER



## Our Most Valuable Commodity

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*The Potter County Wellfield Project received an award at the 2011 NGWA Groundwater Expo and Annual Meeting*

The Drought of 2011 had a large effect on the water supplies the Panhandle of Texas depends upon. Lake Meredith's water level continued to drop and cities struggled to meet the peak water demands of summer. Fortunately, several important water projects were already in development.

The Potter County Wellfield project was placed partially on-line and will be completed this spring. This is the first new wellfield since 1957 when the Carson County Wellfield was developed. The Potter County Wellfield project was the largest groundwater development project in the western United States in 2010. The goal of the project was to design and construct a wellfield to secure water to meet the City's needs for years to come while complying with Panhandle Groundwater Conservation District (PGCD) requirements regarding allowable use from the Ogallala Aquifer. This project consists of 21 new production water wells, the pump station, and pipelines to deliver an estimated 20 million gallons of potable drinking water per day to the City with capabilities to expand to 40 million gallons per day in the future. It was funded through two loans totaling \$86,285,000.00 from the Texas Water Development Board's (TWDB) Water Infrastructure Fund (WIF), which provides

financial assistance for the planning, design and construction of State Water Plan projects. The TWDB portion of the project consists of seven active or completed contracts totaling just under \$70,000,000. The City invested \$5,600,000 during the planning and design phases of the project that is in addition to

rights in Ochiltree, Roberts and Lipscomb counties that were part of the Mesa deal. These water rights are across the Canadian River from the Water Authority's main holdings and are adjacent to other rights owned by the City.

The Osage Combined High Service Pump Station Project was completed in 2011. This project included a new combined high service and transfer pump station located on top of a new deep wetwell. The TWDB and the American Recovery and Reinvestment Act (ARRA) provided \$18,000,000 for this project. This project was designed for energy efficiency and to reduce annual maintenance, power and operational costs.

The green components include six vertical turbine pumps with efficiency motors fitted with variable frequency drives.

The project provides the ability to move water from the Osage Potable Water Treatment Plant to this system at full capacity and flow rates.

Water is one of the most critical issues for this region and by completing these projects, the City of Amarillo has secured water for years to come.



Inside Water Tank Potter County Wellfield

the two TWDB loans.

The largest single water transaction in Texas Panhandle history was also finalized when the Canadian River Municipal Water Authority paid Mesa Water \$103 million for approximately 211,000 acres of water rights, mostly in Roberts County in the northeast panhandle.

In a parallel deal, the City of Amarillo paid the Canadian River Municipal Water Authority \$17 million for 34,500 acres of water

*“Amarillo’s downtown is bustling with community excitement with the news of a new convention center hotel, an event venue/stadium and a parking garage.”*

*Air terminal addition and modifications included a new baggage handling system, ticket level enhancements, furniture and new apron area.*

## Mayor and City Commission



Mayor & Commissioners

Above: Ellen Robertson Green, Brian J. Eades, Mayor Paul Harpole, Lilia Escajeda and Jim Simms

The City Commissioners and I hope this report provides insight into how the City of Amarillo’s services are financed. We wish to thank the Finance Division for all their hard work.

Also, we are happy to announce the plans to revitalize our downtown area. Amarillo’s downtown is bustling with community excitement with the news of a new convention center hotel, an event venue/stadium and a parking garage. The groundbreaking will begin soon.

Mayor Paul Harpole

## New Fire Station



New Fire Station #12  
3100 S.W. 58th Avenue

For years, Amarillo had ten fire stations, even when the City was only 30 square miles. Today, the City is over 100 square miles, and until 2010 had not added a new fire station, even with a large population growth. Finally, in 2010, Fire Station #11 was built in the Woodlands area. Fire Station #12 is the newest addition to the Fire Department. The station will allow firefighters to get to the south side of town much faster than was previously possible. Response times are critical during an emergency of any type and the AFD strives to provide the best possible service to the citizens of Amarillo. In 2009, the AFD responded to over 15,000 calls for help. Station #12 began immediately responding to many of these calls.



Rick Husband Amarillo International Airport

## Airport Renovations

The federal government has played a big role in financing construction of the terminal. The Federal Aviation Administration funded \$21 million, and the Transportation Security Administration added \$2.5 million. These sources provided roughly half of the airport's total construction cost. The rest comes from passenger surcharges (\$17.1 million) and other airport revenue (\$9.4 million). Renovations include new gates, baggage screening system, concession locations, glass passenger boarding bridges and bright and open waiting areas with views of the airport apron and runways.

# FINANCIALS

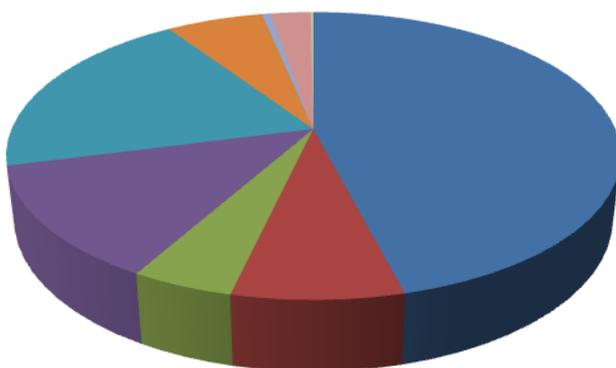
**Government-wide Financial Statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of the finances of the City in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes). The change in net assets is not reported here, but is the difference of total revenues and total expense. This year, net assets increased by \$17,816,807, largely due to the completion of large capital projects.

City of Amarillo, Texas Citywide Net Assets		
	FYE 9/30/2010	FYE 9/30/2011
Current Assets	\$ 218,809,837	\$ 217,477,966
Noncurrent and Capital Assets	887,155,276	944,529,318
<b>Total Assets</b>	<b>\$ 1,105,965,113</b>	<b>\$ 1,162,007,284</b>
Current Liabilities	\$ 43,932,709	\$ 47,173,204
Noncurrent Liabilities	313,176,225	348,161,094
<b>Total Liabilities</b>	<b>\$ 357,108,934</b>	<b>\$ 395,334,298</b>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 634,370,030	\$ 671,990,292
Restricted	1,912,914	7,727,400
Unrestricted	112,573,235	86,955,294
<b>Total Net Assets</b>	<b>\$ 748,856,179</b>	<b>\$ 766,672,986</b>

## Citywide Revenues

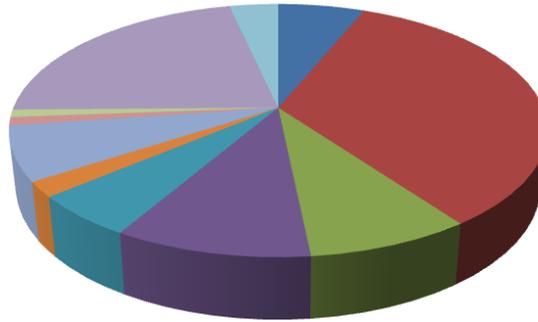


Charges for Services	\$120,015,271	46.0%
Operating Grants and Contributions	19,858,342	7.6%
Capital Grants and Contributions	11,854,875	4.6%
Property Taxes	33,349,468	12.8%
Sales Taxes	51,418,570	19.7%
Other Taxes	15,912,628	6.1%
Investment Earnings	1,384,742	0.5%
Gain (Loss) on Sale of Property	6,634,823	2.5%
Other Contributed Capital	443,651	0.2%
<b>TOTAL</b>	<b>\$260,872,370</b>	<b>100%</b>

Potter County Wellfield



### Citywide Expenses



General/Staff Services	\$15,029,965	6.2%
Public Safety	82,193,776	33.8%
Streets/Traffic	20,357,268	8.4%
Culture and Recreation	24,380,362	10.0%
Solid Waste	13,212,467	5.4%
Transit	4,702,836	1.9%
Tourism/Urban Development	16,937,383	7.0%
Information Technology	2,538,403	1.0%
Interest on Long-term Debt	2,350,205	1.0%
Water and Sewer	52,872,999	21.8%
Airport	8,479,899	3.5%
<b>TOTAL</b>	<b>\$243,055,563</b>	<b>100%</b>

**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. This report presents only the operating statements of the general fund, the water and sewer fund, and the airport fund. For information on the other funds as well as more detailed information on the funds presented here, a copy of the City's Comprehensive Annual Financial Report may be obtained from the Finance Department at the Amarillo City Hall, 509 S.E. 7<sup>th</sup> Avenue, Amarillo, Texas 79101 or online at [www.amarillo.gov](http://www.amarillo.gov).



City Transit's New Buses



Amarillo Zoo Herpetarium

# General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance  
for the Year Ended September 30, 2011



New Police Vehicles



Amarillo Civic Center



Center City



Amarillo Downtown

	FYE 9/30/2010	FYE 9/30/2011
<b>REVENUES</b>		
Taxes	\$ 92,934,928	\$ 98,234,240
License and Permits	2,260,499	2,284,564
Interfund Revenues	1,478,752	1,557,653
Intergovernmental Revenues	3,191,821	2,882,582
Contributions - Citizens	6,000	22,898
Charges for Services	29,028,629	30,175,667
Fines and Forfeitures	4,884,192	4,656,666
Investment Earnings	545,176	613,351
Other Rentals and Commissions	366,446	378,468
Miscellaneous	435,135	488,121
<b>TOTAL REVENUES</b>	<b>135,131,578</b>	<b>141,294,210</b>
<b>EXPENDITURES</b>		
General Government	3,388,917	3,206,313
Staff Services	8,500,648	8,713,449
Public Safety and Health	64,204,252	68,001,680
Streets, Traffic and Engineering	13,310,091	13,397,670
Culture and Recreation	16,790,113	17,130,029
Solid Waste	10,970,380	10,532,391
Transit	3,762,267	3,506,527
Information Technology	2,538,406	2,538,403
Tourism	2,586,912	3,037,368
Capital Outlay	18,623	490,678
<b>TOTAL EXPENDITURES</b>	<b>126,070,609</b>	<b>130,554,508</b>
Excess of Revenues Over Expenditures	9,060,969	10,739,702
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In	182,924	170,259
Transfers Out	(5,015,938)	(8,702,841)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,833,014)</b>	<b>(8,532,582)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,227,955</b>	<b>2,207,120</b>
FUND BALANCE - BEGINNING	37,372,659	41,600,614
<b>FUND BALANCE - ENDING</b>	<b>\$ 41,600,614</b>	<b>\$ 43,807,734</b>

**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.

In addition to a general fund, the City maintains special revenue funds, two debt service funds, ten capital projects funds, and one permanent fund. Included in this special newsletter is the general fund statement of revenues, expenditures and changes in fund balance with comparative data from fiscal year ending September 30, 2010. Largest of the City's funds, the general fund accounts for the majority of the City services, including police, fire, street maintenance, solid waste collection and disposal, traffic, parks, library, and administrative services.

**Proprietary Funds:** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer system and for its international airport.

*Internal service funds* are an accounting device used to accumulate and allocate costs internally among a governmental entity's various functions. The City uses internal service funds to account for its fleet of vehicles, its management information systems, and its general and employee health self-insured programs.

Proprietary funds provide the same type information as the government-wide financial statements, only in more detail. The water and sewer fund and airport fund statements of revenues, expenditures and changes in fund balance are presented in this special newsletter with comparative data from fiscal year ending September 30, 2010.

## Water and Sewer

Statement of Revenues, Expenditures and Changes in Fund Balance  
for the Year Ended September 30, 2011

	FYE 9/30/2010	FYE 9/30/2011
<b>OPERATING REVENUES</b>		
Rents and Miscellaneous	428,415	261,140
Tap Fees and Frontage Charges	224,062	196,481
Utility Sales and Service	53,949,427	68,661,247
<b>TOTAL OPERATING REVENUES</b>	<b>54,601,904</b>	<b>69,118,868</b>
<b>OPERATING EXPENSES</b>		
Salaries, Wages and Fringe Benefits	11,912,936	11,204,778
Supplies	1,223,082	1,340,547
Fuel and Power	4,013,217	4,896,302
Contractual Services	6,046,353	4,271,613
Water Authority Charges	3,949,399	4,772,154
Other Charges	7,291,726	7,653,768
Depreciation	10,097,129	10,492,183
<b>TOTAL OPERATING EXPENSES</b>	<b>44,533,842</b>	<b>44,631,345</b>
<b>OPERATING INCOME (LOSS)</b>	<b>10,068,062</b>	<b>24,487,523</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gain on Disposal of Property	14,646	6,974,932
Interfund Reimbursement	487,504	509,369
Interest Earnings	398,055	191,138
Interest and Fiscal Charges	(5,568,544)	(4,600,102)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(4,668,339)</b>	<b>3,075,337</b>
Income Before Contributions and Transfers	5,399,723	27,562,860
Capital Contributions	6,657,116	4,206,347
Transfers to Other Funds	(38,400)	(1,311)
<b>CHANGE IN NET ASSETS</b>	<b>12,018,439</b>	<b>31,767,896</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>292,571,720</b>	<b>304,590,159</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 304,590,159</b>	<b>\$ 336,358,055</b>

## City Receives Triple AAA Rating

Standard & Poor's Rating Service elevated the City's rating for water and sewer revenue bonds to AAA. This is the highest rating a municipality can receive and the first time for Amarillo. Standard & Poor's bestows a AAA rating — the service's highest designation — on entities showing "an extremely strong capacity to meet financial commitments." The City's water and sewer revenue bond rating previously was AA+. Amarillo is one of a few cities in the United States to be rated AAA by S&P on both General Obligation and Water & Sewer Revenue bonds.

### City Water & Sewer

#### Number of Customers

FYE	Water	Sewer
2003	62,832	60,760
2004	64,112	61,451
2005	65,065	62,489
2006	66,833	64,939
2007	67,452	65,513
2008	68,306	66,294
2009	68,586	66,539
2010	69,358	67,281
2011	69,754	67,654

# Airport Fund

Statement of Revenues, Expenditures and Changes in Fund Balance  
for the Year Ended September 30, 2011

	FYE 9/30/2010	FYE 9/30/2011
<b>OPERATING REVENUES</b>		
Airfield Fees and Commissions	566,212	573,174
Terminal Building Revenue	4,044,700	4,138,468
Other Building Revenue	1,320,318	1,491,001
<b>TOTAL OPERATING REVENUES</b>	<b>5,931,230</b>	<b>6,202,643</b>
<b>OPERATING EXPENSES</b>		
Salaries, Wages and Fringe Benefits	2,236,530	2,178,687
Supplies	132,804	148,787
Fuel and Power	425,408	558,772
Other Contractual	307,345	364,266
Other Charges	2,037,476	2,018,026
Depreciation	3,283,168	3,211,361
<b>TOTAL OPERATING EXPENSES</b>	<b>8,422,731</b>	<b>8,479,899</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(2,491,501)</b>	<b>(2,277,256)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Passenger Facility Charge	1,629,519	1,550,254
Interest Earnings	139,554	103,626
Change in Value of Investments	(1,387)	(21,214)
Insurance Recovery/Cost	-	(67,260)
Interest Expense	(380,734)	-
Other Miscellaneous Revenue	7,909	62,930
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>1,394,861</b>	<b>1,628,336</b>
Income Before Contributions and Transfers	(1,096,640)	(648,920)
Capital Contributions	7,246,316	4,203,957
Transfers to Other Funds	(21,049)	-
<b>CHANGE IN NET ASSETS</b>	<b>6,128,627</b>	<b>3,555,037</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>69,158,374</b>	<b>75,287,001</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 75,287,001</b>	<b>\$ 78,842,038</b>

## City Facts

<b>Public Safety:</b>	
Annual police services	132,509
Annual fire services	18,832
Number of fire stations	12
Number of fire hydrants	3,732
<b>Physical:</b>	
Miles of streets	996
Number of street lights	10,765
Signalized intersections	261
Miles of storm sewers	119
<b>Airport:</b>	
Number of airlines	4
Scheduled flights	42
Annual passengers	413,775
<b>Culture and Recreation:</b>	
Number of libraries	5
Civic Center (sq ft)	340,000
Globe News Center (sq ft)	70,000
Park acreage	2,927
Municipal swimming pools	3
Tennis courts	37
Tennis Center attendance	32,859
Soccer fields	65
Jogging trail mileage	38
Rifle Range attendance	6,548
<b>Solid Waste Management:</b>	
Residential Customers	61,459
Commercial Customers	3,747
Landfill acreage	662
Tons of waste collected	154,900
Tons of waste landfill	212,350
<b>Municipal Water Utility:</b>	
Daily average water (gal)	51,308,710
Water distribution miles	1,106
Number of water wells	117
Wastewater plants	2
<b>Transit:</b>	
Number of buses	19
Miles fixed route	686,118
Fixed route passengers	367,480
Spec-Trans passengers	35,362
<b>Purchasing:</b>	
Number purchase orders	2,235
Percent to local businesses	53%

While this presentation does not conform to Generally Accepted Accounting Principles (GAAP), the purpose of these statements is to provide the citizen with a selection of the information contained within the City's Comprehensive Annual Financial Report (CAFR). The City's accounting policies do conform to GAAP as set forth by the Governmental Accounting Standards Board. The City's separately prepared and audited CAFR offers a complete description of the City's significant accounting policies and other disclosures required by GAAP, as well as a more detailed analysis of the City's financial position. A copy of the CAFR can be picked up at the Finance Department at the Amarillo City Hall (509 S.E. 7<sup>th</sup> Avenue) or log on to the City website, [www.amarillo.gov](http://www.amarillo.gov), and click on Financial Information on the right side of the home page.



## City of Amarillo

### Mayor and City Commission

**Paul Harpole, Mayor**  
**Ellen Robertson Green, Place 1**  
**Brian J. Eades, Place 2**  
**Lilia Escajeda, Place 3**  
**Jim Simms, Place 4**

City Commission meets every Tuesday at 3:00 p.m. except for the first Tuesday of each month. Those meetings are at 5:30 p.m. Agendas and minutes can be found on the City's website.

### City Management

**W. Jarrett Atkinson, City Manager**  
**Dean Frigo, Assistant City Manager**  
**Vicki Covey, Assistant City Manager**

### Division Directors

Emmett Autrey, Director of Utilities  
Curtis Bainum, City Auditor  
Rick Blandford, Interim AFD Chief  
Michelle Bonner, Finance Director  
James Brown, Information Services Director  
Lori James, Human Resources Director  
Larry Offerdahl, Parks & Recreation Director  
Michael Rice, Public Works Director  
Robert Taylor, Chief of Police

### CONTACT:

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Amarillo, Texas 79105-1971  
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(806) 378-9394 Facsimile  
City TDD (806) 378-4229



The City of Amarillo's Annual Financial Report and Budget are available on the City's website at [www.amarillo.gov](http://www.amarillo.gov).

This is an official publication of the City of Amarillo.

# Amarillo's Sales Tax History

Amarillo continues to enjoy strong sales tax receipts. Amarillo has a strong diversified economy with plenty of jobs. The employment is diverse and strong in Amarillo. We have increased in sales tax collection each month over the past 18 month period. Sales tax collections totaled \$45,619,081 in 2011. The City's share of the 8.25% is 1.5%.



## Parks & Recreation Splash Pads

The City has replaced five wading pools with interactive splash pads. Memorial Park splash pad is the eighth in the City. Each splash pad is a little different, hopefully to encourage people to visit other parks.



**Memorial Park Splash Pad**