

Popular Annual Financial Report

For the Fiscal Year Ended September 30, 2013

March 2014



From the Mayor ...



Paul Harpole

Amarillo was founded in 1887, but it wasn't until 1913 that a Charter Commission established a council-manager form of government – one of the first in Texas to do so. To honor that 15 member commission and the document that essentially serves as the City's constitution, the City of Amarillo kicked off a year-long Charter Centennial Celebration in November 2013 with a gala at the Rick Husband Amarillo International Airport. In addition to celebrating the City's Charter, the Gala paid tribute to the City's rich history and the people who made Amarillo what it is today.

The City also partnered with Amarillo Independent School District to host Education Days at the Amarillo Civic Center. The field trips taught 7th and 8th graders how government works while giving them a sense of pride in their community and a sense of what role they may play in the City's future.

Even with Charter amendments that were passed in the November 2013 election, Amarillo's Charter remains one of the least amended charters in the state. One hundred years of working under the guidance of that document is incredible, and it demonstrates the dedication and foresight of those leaders. They, along with that document, have historically positioned Amarillo to be what it is today – a regional hub larger than some states in the northeast.

Today we enjoy a diversified economy which has Amarillo well positioned for the next 100 years. We're proud that Amarillo has the highest financial rating available. That's not because of the efforts of today or yesterday, but because of a historical

effort. For that, we owe a debt of gratitude to our Charter Commission and to those who have followed in their footsteps.

Through the years, the City of Amarillo has had to weather a few storms and 2013 was no exception. In fact, a blizzard that began in the early hours of Monday, Feb. 25, 2013 has been called 'historic' by the National Weather Service. It's a day we'll not soon forget, especially the weather essential personnel who had to brave the elements to provide services to our citizens.

The City's response was a tremendous coordination of efforts involving several departments. By the time all was said and done, 19.1 inches of snow had fallen. The response involved 509 employees, 174 vehicles and equipment, 250 tons of sand and so much more. Other highlights throughout the year included:

- Renewed commitment to water conservation through the City's "Every Drop Counts" campaign
- Successfully graduated nearly 50 participants in the Amarillo 101 Citizens Academy since its inception in fall 2012
- Council's visit to the state capitol for Panhandle Days
- Continued progress on a Multi-Purpose Entertainment Venue to include a downtown ballpark, convention hotel and parking garage
- First-ever REALTOR® Day at City Hall
- Opening of Fire Station 13

That's just a small snapshot of 2013 in the City of Amarillo – a picture that will continue to develop well into 2014 and the City's next 100 years. It's a picture that wouldn't be possible without the talents and dedication demonstrated by the City's Finance division. I hope you'll get a better view of the City's vision through this comprehensive report.

City Facts

Population:
196,336

Public Safety:	128,704
Annual police services	18,182
Annual fire services	13
Number of fire stations	3,864
Number of fire hydrants	

Physical:	1,006.63
Miles of streets	10,547
Number of street lights	265
Signalized intersections	124.86
Miles of storm sewers	

Airport:	3
Number of airlines	42
Scheduled flights	401,200
Annual passengers	

Culture and Recreation:	5
Number of libraries	340,000
Civic Center (sq ft)	70,000
Globe News Center (sq ft)	2,935
Park acreage	3
Municipal swimming pools	32
Tennis courts	28,546
Tennis Center attendance	44
Soccer fields	39.14
Jogging trail mileage	9,000
Rifle Range attendance	

Solid Waste Management:	62,351
Residential Customers	3,716
Commercial Customers	662
Landfill acreage	158,500
Tons of waste collected	258,000
Tons of waste landfill	44,174,721

Municipal Water Utility:	1,120
Daily average water (gal)	122
Water distribution miles	2
Number of water wells	
Wastewater plants	17

Transit:	675,549
Number of buses	372,533
Miles fixed route	39,737
Fixed route passengers	
Spec-Trans passengers	

Purchasing:	2,300
Number purchase orders	63%
Percent to local businesses	

INSIDE: Government-Wide Financial Statements, Sales Tax Revenues, PAFR Award, Citywide Expenses, General Fund, Water and Sewer Fund, Drainage Utility Fund, Airport Fund and more!

FINANCIALS

Accounting Terminology:

- **Net position** represents the City's assets less liabilities.
- **Net investment in capital assets** consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. For 2013, this category consists of \$8.2 million restricted for debt service and \$6.7 million restricted for other purposes such as grants.
- **Unrestricted net position** is the remaining net position of the City after subtracting net investment in capital assets and restricted net position.
- **Charges for services** represent fees paid by individuals, businesses, or other governments who purchase, use or directly benefit from the goods and services the City provides. For 2013, the largest items in this category include \$ 7 1 million for water and wastewater charges, \$19 million in solid waste charges, \$5 million in drainage utility charges, and \$ 9 million in airport charges.
- **Operating grants and contributions** are grants and contributions that may be used to finance the regular operations of the City.
- **Capital grants and contributions** involve a capital asset of the City and may not be used for operating purposes.



Amarillo is one of only eight cities in the state of Texas rated AAA by Standard and Poor's rating service on both water and sewer revenue debt and general obligation debt.

Citywide Net Position (in thousands)

	FYE 9/30/2013	FYE 9/30/2012
Current Assets	\$ 244,712	\$ 220,065
Noncurrent and Capital Assets	991,941	991,369
Total Assets	\$ 1,236,653	\$ 1,211,434
Current Liabilities	\$ 44,310	\$ 44,978
Noncurrent Liabilities	400,637	387,203
Total Liabilities	\$ 444,947	\$ 432,181
Deferred Inflows of Resources	\$ 2,028	\$ -
Net Position:		
Net Investment in Capital		
Assets	\$ 700,853	\$ 696,254
Restricted	14,917	11,279
Unrestricted	73,908	71,720
Total Net Position	\$ 789,678	\$ 779,253

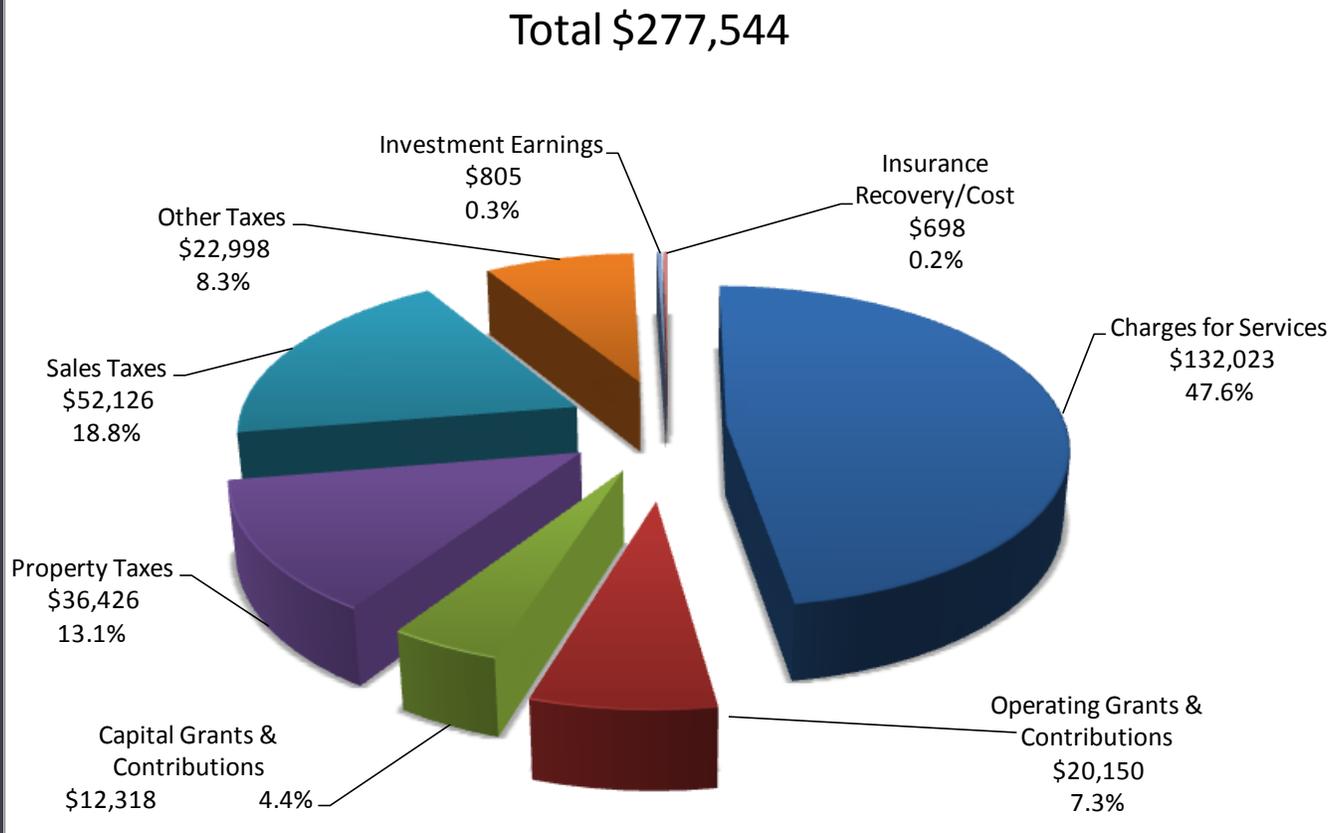
Government-Wide Financial Statements:

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). The change in net position is not reported here, but is the difference of total revenues and total expense. This year net position increased by \$7,808,964. Revenues increased overall due to an increased collection of sales tax, hotel/motel taxes, water and sewer sales, and the new drainage utility assessments that began October 1, 2012. Citywide expenses increased over the previous year from additional staff, overtime and equipment in the public safety area.

CITYWIDE REVENUES (in thousands)



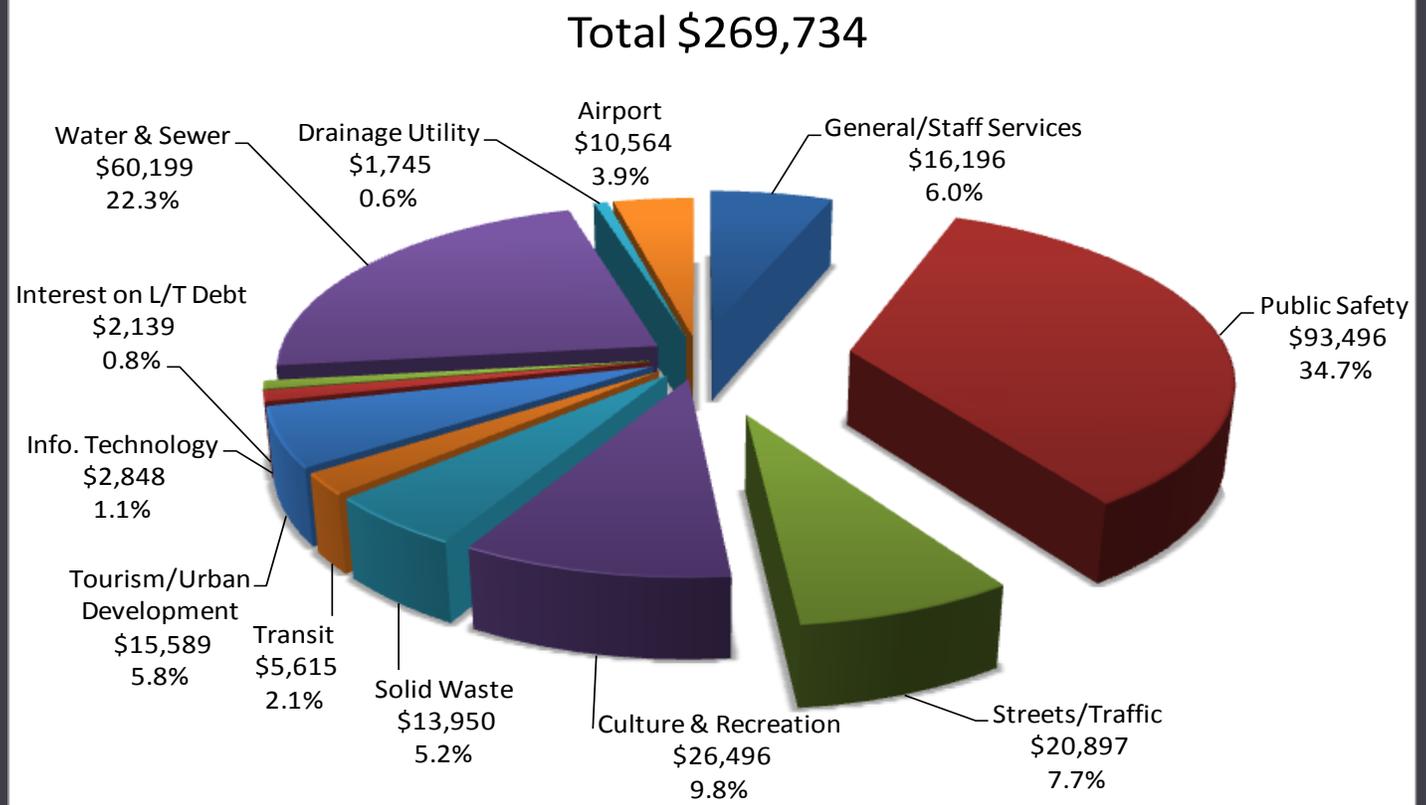
Citywide Revenues (in thousands)		
	9/30/2013	9/30/2012
Charges for Services	\$ 132,023	\$ 121,741
Operating Grants & Contributions	20,150	19,724
Capital Grants & Contributions	12,318	20,580
Property Taxes	36,426	36,102
Sales Taxes	52,126	48,257
Other Taxes	22,998	21,636
Investment Earnings	805	952
Insurance Recovery/Cost	698	-
Total	\$ 277,544	\$ 268,992



Amarillo's Sales Tax History

Amarillo continues to enjoy strong sales tax receipts. Amarillo has a diversified economy with plenty of jobs. The City recorded a record level of sales tax collections for fiscal year 2013 totaling \$52,126,017. The City's share of the 8.25% is 1.5%.

CITYWIDE EXPENSES (in thousands)



Citywide Expenses (in thousands)		
	9/30/2013	9/30/2012
General/Staff Services	\$ 16,196	\$ 15,527
Public Safety	93,496	87,643
Streets/Traffic	20,897	21,680
Culture and Recreation	26,496	25,808
Solid Waste	13,950	13,734
Transit	5,615	5,122
Tourism/Urban Development	15,589	14,627
Information Technology	2,848	2,704
Interest on Long-term Debt	2,139	2,218
Water and Sewer	60,199	58,290
Drainage Utility	1,745	47
Airport	10,564	10,389
Total	\$ 269,734	\$ 257,789

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, the drainage utility 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. 7th, Amarillo, TX 79101 or online at www.amarillo.gov.



GENERAL FUND

GENERAL FUND

Statement of Revenues, Expenditures and Changes in Fund Balance for the Year Ended September 30, 2013

	FYE 9/30/2013	FYE 9/30/2012
REVENUES		
Taxes	\$ 108,336,731	\$ 102,254,702
License and Permits	3,514,170	2,315,185
Interfund Revenues	1,675,119	1,584,965
Intergovernmental Revenues	3,528,450	3,388,112
Contributions - Citizens	22,814	7,363
Charges for Services	32,318,766	30,428,631
Fines and Forfeitures	4,842,882	4,955,058
Investment Earnings	298,071	391,254
Other Rentals and Commissions	412,125	395,662
Miscellaneous	508,341	601,608
Total Revenues	155,457,469	146,322,540
EXPENDITURES		
General Government	3,409,164	3,314,666
Staff Services	9,240,292	8,755,786
Public Safety and Health	74,875,469	70,586,503
Streets, Traffic and Engineering	12,852,628	13,683,894
Culture and Recreation	18,374,016	17,835,756
Solid Waste	11,311,765	11,063,271
Transit	4,267,016	3,957,318
Information Technology	2,847,562	2,703,716
Tourism	3,083,969	2,847,958
Capital Outlay	57,453	106,906
Total Expenditures	140,319,334	134,855,774
Excess of Revenues Over Expenditures	15,138,135	11,466,766
OTHER FINANCING SOURCES (USES)		
Transfers In	51,001	70,281
Transfers Out	(9,740,541)	(9,080,216)
Net Change in Fund Balance	5,448,595	2,456,831
FUND BALANCE - BEGINNING	46,264,565	43,807,734
FUND BALANCE - ENDING	\$ 51,713,160	\$ 46,264,565

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, 2 debt service funds, 10 capital projects funds, and 1 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, 2012. 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, transit, and administrative services.

At a Glance:

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 2013. Total sales tax collections exceeded \$52 million. The City also had a record year for hotel occupancy tax revenue in 2012/13, recording slightly over \$5.6 million. Expenditures of the general fund increased over the previous fiscal year mainly due to the addition of staff in police and fire. Public safety is a top priority for the City and additional staff, equipment, and overtime for directed police patrol created increased expenditures for the general fund.

WATER, SEWER AND DRAINAGE UTILITY

WATER AND SEWER FUND

Statement of Revenues, Expenditures and Changes in Net Position for the Year Ended Sept. 30, 2013

	FYE 9/30/2013	FYE 9/30/2012
OPERATING REVENUES		
Utility Sales and Service	\$ 70,294,693	\$ 69,103,211
Tap Fees and Frontage Charges	239,714	242,732
Rents and Miscellaneous	274,812	310,142
Total Operating Revenues	70,809,219	69,656,085
OPERATING EXPENSES		
Salaries, Wages and Fringe Benefits	11,646,845	11,394,284
Supplies	1,408,294	1,303,399
Fuel and Power	4,398,162	4,476,328
Contractual Services	4,329,654	4,216,512
Water Authority Charges	4,851,074	4,682,183
Other Charges	8,501,207	8,044,314
Depreciation	13,378,612	13,110,658
Total Operating Expenses	48,513,848	47,227,678
Operating Income	22,295,371	22,428,407
Total Nonoperating Revenues (Expenses)	(5,961,979)	(6,443,481)
Income before Contributions and Transfers	16,333,392	15,984,926
Capital Contributions	369,472	4,587,476
Transfers to Other Funds	(172,512)	(387,328)
Change in Net Position	16,530,352	20,185,074
NET POSITION - BEGINNING OF YEAR	356,543,129	336,358,055
NET POSITION - END OF YEAR	\$ 373,073,481	\$ 356,543,129

DRAINAGE UTILITY FUND

Statement of Revenues, Expenditures and Changes in Net Position for the Year Ended Sept. 30, 2013

	FYE 9/30/2013	FYE 9/30/2012
OPERATING REVENUES		
Drainage Utility Assessments	\$ 4,913,558	\$ -
Forfeited Discounts	76,555	-
Total Operating Revenues	4,990,113	-
OPERATING EXPENSES		
Salaries, Wages and Fringe Benefits	553,212	26,714
Supplies	102,203	1,704
Contractual Services	645,280	18,170
Other Charges	425,868	-
Total Operating Expenses	1,726,563	46,588
Operating Income (Loss)	3,263,550	(46,588)
Total Nonoperating Revenues (Expenses)	65,123	-
Income (Loss) Before Contributions and Transfers	3,328,673	(46,588)
Capital Contributions	85,657	-
Transfers to Other Funds	(478,805)	-
Change in Net Position	2,935,525	(46,588)
NET POSITION - BEGINNING OF YEAR	(46,588)	-
NET POSITION - END OF YEAR	\$ 2,888,937	\$ (46,588)

City Water and Sewer

Number of Customers

FYE	Water	Sewer
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
2012	70,151	68,020
2013	70,161	68,111

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, 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.

Proprietary funds provide the same type information as the government-wide financial statements, only in more detail. The water and sewer fund, drainage utility fund, and airport fund statements of revenues, expenditures and changes in net position are presented in this special newsletter with comparative data from fiscal year ending September 30, 2012.

AIRPORT FUND

Statement of Revenues, Expenditures and Changes in Net Position for the Year Ended September 30, 2013

	FYE 9/30/2013	FYE 9/30/2012
OPERATING REVENUES		
Airfield Fees and Commissions	\$ 529,086	\$ 538,756
Terminal Building Revenue	5,483,188	4,733,224
Other Building Revenue	1,525,387	1,464,486
Total Operating Revenues	7,537,661	6,736,466
OPERATING EXPENSES		
Salaries, Wages and Fringe Benefits	2,443,831	2,479,141
Supplies	153,073	199,335
Fuel and Power	571,846	563,208
Other Contractual	516,050	463,355
Other Charges	2,130,633	2,096,691
Depreciation	4,591,175	4,587,212
Total Operating Expenses	10,406,608	10,388,942
Operating Income (Loss)	(2,868,947)	(3,652,476)
NONOPERATING REVENUES (EXPENSES)		
Passenger Facility Charge	1,470,190	1,639,556
Interest Earnings	33,533	52,772
Insurance Recovery/Cost	697,782	-
Change in Value of Investments	(5,702)	(6,179)
Gain (Loss) on Sale of Property	3,962	-
Interest Expense	(161,189)	-
Other Miscellaneous Revenue	107,469	22,044
Total Nonoperating Revenues (Expenses)	2,146,045	1,708,193
Net Loss before Contributions and Transfers	(722,902)	(1,944,283)
Capital Contributions	2,290,337	3,311,359
Transfers to Other Funds	(33,064)	-
Transfers from Other Funds	12,026	-
Change in Net Position	1,546,397	1,367,076
NET POSITION - BEGINNING OF YEAR	80,209,113	78,842,037
NET POSITION - END OF YEAR	\$ 81,755,510	\$ 80,209,113

Accounting Terminology:

- **Fund balance** is the net position of a governmental fund (difference between assets and liabilities).
- **Capital outlay** represents the acquisition or construction of capital assets in the governmental funds. For governmental fund accounting, capital assets are expensed when purchased or constructed through the line item capital outlay.
- **Other financing sources (uses)** represent increases (decreases) in the fund balances of a governmental fund other than revenues (expenditures). Examples include transfers between funds within the City and bond proceeds.
- **Depreciation** is the allocation of the cost of using a capital asset over the asset's estimated useful life.
- **Capital contributions** are funds and/or assets contributed to the City specifically for the acquisition, construction, or improvement of capital assets.

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). Component unit information has been excluded from this presentation in order to focus on the primary government. 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 obtained at the Finance Department at the Amarillo City Hall (509 S.E. 7th) or log on to the City website, www.amarillo.gov, and click on Quick Links on the left side of the home page, and then click on Financial Information.

New AP Manager Named

Sara A. Freese began in January as the City's new Director of Aviation. Freese's role is to plan, organize and direct all airport administration, management and operations associated with AMA, reporting directly to the City Manager's office. She also is responsible for directing airport operations and maintenance of buildings, grounds, runways, taxiways, machinery and vehicles.

Freese has more than 14 years of experience in the airport industry and

has worked in all facets of aviation including airlines, Fixed Based Operators (FBO), private airports and firefighting.

Freese holds a B.S. in Aviation Management from Central Missouri State University in Warrensburg, Missouri, a Master of Science in Aviation Safety from the same institution and an MBA from Upper Iowa University, Fayette, Iowa.



Sara A. Freese, A.A.E.



Mayor and City Council

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

City Council meets every Tuesday at 3 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
Vicki Covey, Deputy City Manager
Michelle Bonner, Assistant City Manager
Bob Cowell, Assistant City Manager

Division Directors

Emmett Autrey, Director of Utilities
Jeff Greenlee, Fire Chief
Lori James, Human Resources Director
Michael Rice, Public Works Director
Robert Taylor, Chief of Police
Rod Tweet, Parks & Recreation Director

CONTACT:

Michelle.Bonner@amarillo.gov
(806) 378-4209
509 Southeast 7th Avenue
P. O. Box 1971
Amarillo, Texas 79105-1971
(806) 378-3000 Main Number
(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.

This is an official publication of the City of Amarillo.

Unemployment Rate: 5.1% Principal Employers:

Affiliated Foods • Baptist/St. Anthony's Health Systems • Bell Helicopter/Textron, Inc. • Burlington Northern Santa Fe • Northwest Texas Healthcare System • Toot'n Totum • Tyson Foods • Xcel Energy • Walmart Supercenters • Western National Life Insurance

Covey & Bonner Recognized

Amarillo Women's Network honored two City of Amarillo employees with Career Achievement awards — Deputy City Manager Vicki Covey and Assistant City Manager/Finance Michelle Bonner. The Career Achievement Award honors women who make major career advancements or receive recognition in their professions during the previous calendar year and this year.



Covey was named deputy city manager for the City in March 2013. She is the first woman to serve in this position.

Bonner has 21 years of experience with the City and was promoted to assistant city manager over finance in early 2013. Initiated in 1981, the Career Achievement award was set up to encourage women to seek higher career goals and recognize firms and organizations that support and promote women.

Cowell Joins Team



After an extensive recruitment and selection process, the City of Amarillo named Bob Cowell as its new Assistant City Manager for Development Services in December 2013. Cowell assumed oversight and responsibility for the City's Development Services, Utilities and Public Works divisions.

Cowell earned his Master's degree in Urban Planning, Specialization in Land Use from the University of Tennessee in Knoxville and his Bachelor's degree in Aeronautics, Specialization in Administration, from St. Louis University in St. Louis, Missouri.

As the Assistant City Manager for Development Services, Cowell's responsibilities will include the oversight of approximately 700 employees in 14 departmental operations. He will be actively involved in streamlining and enhancing Amarillo's development and growth processes and services. Additionally, Mr. Cowell will be responsible for overall city management in coordination with the senior management team.