

CITY OF AMARILLO, TX

2012 Popular Annual Financial Report

City Facts

Population:
190,695

MARCH 2013



Public Safety:

Annual police services	135,381
Annual fire services	19,556
Number of fire stations	12
Number of fire hydrants	3,761

Physical:

Miles of streets	1,004.12
Number of street lights	10,496
Signalized intersections	264
Miles of storm sewers	123.35

Airport:

Number of airlines	4
Scheduled flights	42
Annual passengers	404,032

Culture and Recreation:

Number of libraries	5
Civic Center (sq ft)	484,478
Globe News Center (sq ft)	70,000
Park acreage	2,935
Municipal swimming pools	3
Tennis courts	32
Tennis Center attendance	32,078
Soccer fields	65
Jogging trail mileage	39.14
Rifle Range attendance	7,857

Solid Waste Management:

Residential Customers	61,919
Commercial Customers	3,708
Landfill acreage	662
Tons of waste collected	166,750
Tons of waste landfill	220,000

Municipal Water Utility:

Daily average water (gal)	46,148,634
Water distribution miles	1,110
Number of water wells	120
Wastewater plants	2

Transit:

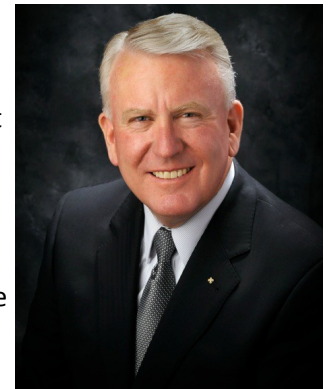
Number of buses	17
Miles fixed route	672,524
Fixed route passengers	386,042
Spec-Trans passengers	39,774

Purchasing:

Number purchase orders	2,258
Percent to local businesses	58%

From the Mayor

2012 was an eventful year for the City of Amarillo with a number of projects enjoying great success. Among those accomplishments were:



Mayor Paul Harpole

- Every Drop Counts Water Conservation Campaign
- Implementation of the Storm Water Drainage Utility
- Regeneration 2012 at Thompson Park
- Opening of the Bill & Alice O'Brien Education Center at the Amarillo Zoo
- Updating of Amarillo Parks and Recreation's Master Plan
- Launch of "Take Back the Wall" Graffiti Removal
- Addition of Amarillo City Transit Bus Routes
- Groundwork Underway for the Downtown Convention Hotel/Parking Garage
- Pedestrian Traffic Signal Installed on Coulter St. North of Amarillo Blvd.
- Launch of "One Text or Call Could Wreck It All" Education Campaign

We expect nothing less than continued success in 2013, especially in the area of budgetary issues. Priorities this fiscal year include public safety, enhancement of the City's pay plan and benefits, stabilization of employee health care costs and capital needs.

Speaking of capital needs, the City continues to face an aging infrastructure. The new Drainage Utility Fund will allow us to address improvements to the storm water drainage system. Other capital needs focused on in this fiscal year's budget includes road rehabilitation projects, additional police cars, repairs and upgrades to City facilities and improvements to the Park system, just to name a few.

Plus, the City of Amarillo continues to enjoy a AAA rating for both general obligation and water and sewer revenue bonds from Standard & Poor's, the highest rating a municipality can receive. This is an honor only bestowed on entities that show an extremely strong capacity to meet financial commitments. For that, I wish to thank the City's finance division for all their hard work and hope this report provides insight into how the City of Amarillo's services are financed.

INSIDE

Pages 2 & 3: Government-Wide Financial Statements, Sales Tax Revenues, PAFR Award
 Pages 4 & 5: Citywide Expenses, General Fund
 Pages 6 & 7: Water & Sewer, Airport, APD Accomplishments

FINANCIALS

Accounting Terminology:

- **Net assets** represent the City’s assets less liabilities.
- **Net assets invested in capital assets, net of related debt**, consist 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 assets** consist of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. For 2012, this category consists of \$7.4 million restricted for debt service and \$3.8 million restricted for other purposes such as grants.
- **Unrestricted net assets** are the remaining net assets of the City after subtracting net assets invested in capital assets, net of related debt, and restricted net assets.
- **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 2012, the largest items in this category include \$70 million for water and wastewater charges, \$18 million in solid waste charges, and \$8 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.

Citywide Net Assets (in thousands)

	FYE 9/30/2011	FYE
Current Assets	\$ 217,478	\$ 220,065
Noncurrent and Capital Assets	944,529	991,370
Total Assets	\$ 1,162,007	\$ 1,211,435
Current Liabilities	\$ 47,173	\$ 44,978
Noncurrent Liabilities	348,161	387,203
Total Liabilities	\$ 395,334	\$ 432,181
Net Assets:		
Invested in Capital Assets,		
Net of Related Debt	\$ 671,990	\$ 696,254
Restricted	7,727	11,279
Unrestricted	86,955	71,721
Total Net Assets	\$ 766,672	\$ 779,254

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 \$11,204,063.

ONE TEXT OR
CALL COULD

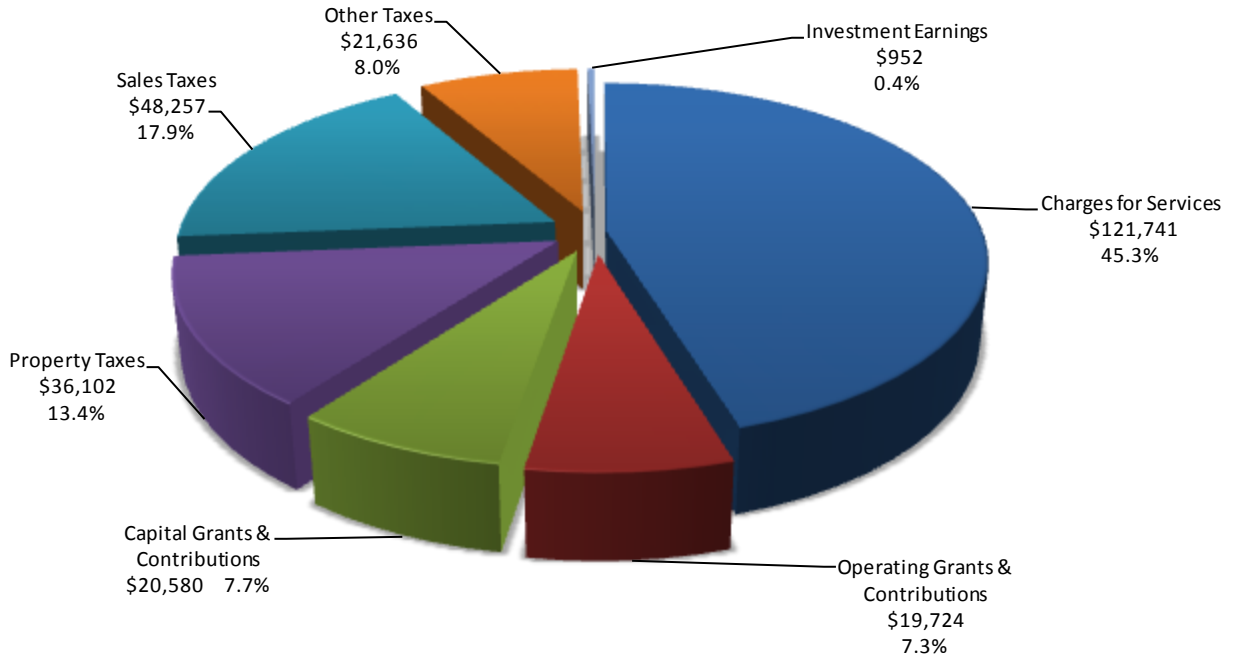
WRECK IT ALL

AMARILLO
IS
HANDS FREE



FINANCIALS

Citywide Revenues (in thousands) Total \$268,992

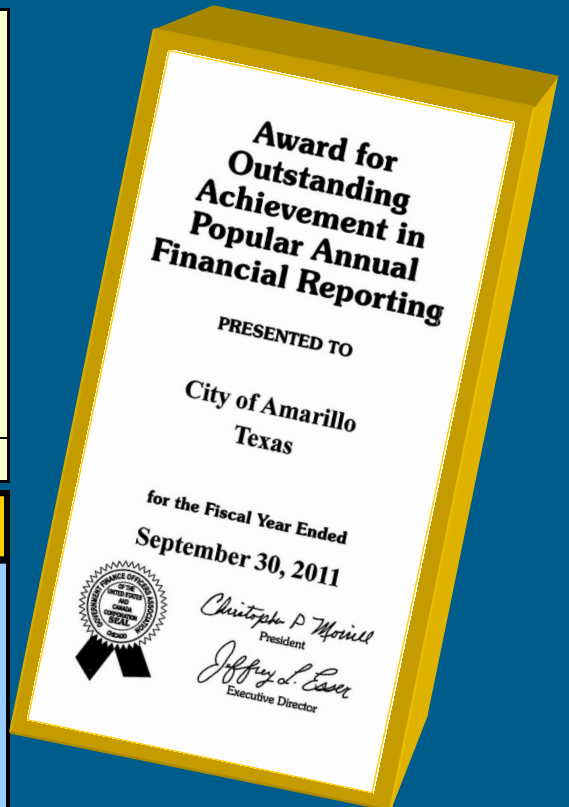


Citywide Revenues (in thousands)

	<u>9/30/2011</u>	<u>9/30/2012</u>
Charges for Services	\$ 120,015	\$ 121,741
Operating Grants & Contributions	19,858	19,724
Capital Grants & Contributions	12,299	20,580
Property Taxes	33,349	36,102
Sales Taxes	46,034	48,257
Other Taxes	21,297	21,636
Investment Earnings	1,385	952
Gain on Sale of Property	6,635	-
Total	\$ 260,872	\$ 268,992

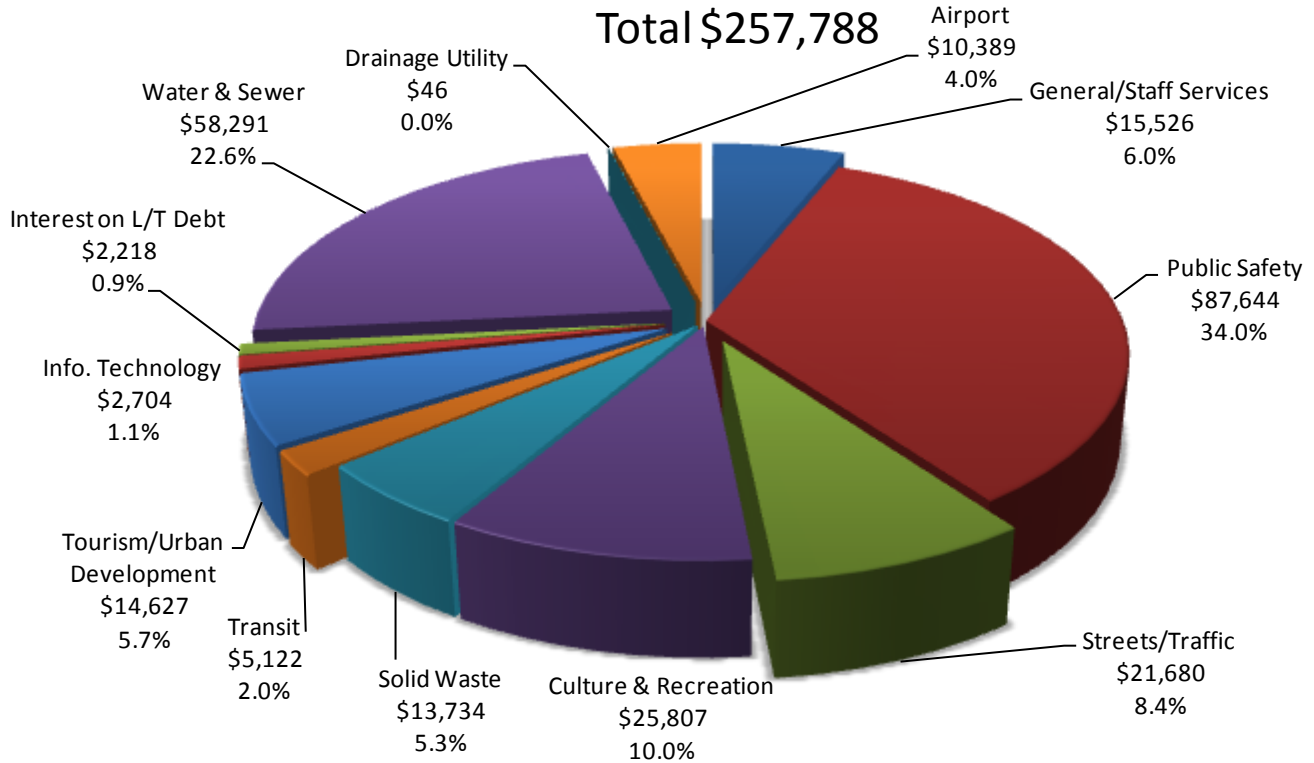
Amarillo's Sales Tax History

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 2012 totaling \$48,256,664. The City's share of the 8.25% is 1.5%.



Citywide Expenses (in thousands)

Total \$257,788



Citywide Expenses (in thousands)

	9/30/2011	9/30/2012
General/Staff Services	\$ 15,030	\$ 15,526
Public Safety	82,194	87,644
Streets/Traffic	20,357	21,680
Culture and Recreation	24,380	25,807
Solid Waste	13,213	13,734
Transit	4,703	5,122
Tourism/Urban Development	16,937	14,627
Information Technology	2,538	2,704
Interest on Long-term Debt	2,350	2,218
Water and Sewer	52,873	58,291
Drainage Utility	-	46
Airport	8,480	10,389
Total	\$ 243,055	\$ 257,788

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

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance
for the Year Ended September 30, 2012

	FYE 9/30/2011	FYE 9/30/2012
REVENUES		
Taxes	\$98,234,240	\$102,254,702
License and Permits	2,284,564	2,315,185
Interfund Revenues	1,557,653	1,584,965
Intergovernmental Revenues	2,882,582	3,388,112
Contributions - Citizens	22,898	7,363
Charges for Services	30,175,667	30,428,631
Fines and Forfeitures	4,656,666	4,955,058
Investment Earnings	613,351	391,254
Other Rentals and Commissions	378,468	395,662
Miscellaneous	488,121	601,608
TOTAL REVENUES	141,294,210	146,322,540
EXPENDITURES		
General Government	3,206,313	3,314,666
Staff Services	8,713,449	8,755,786
Public Safety and Health	68,001,680	70,586,503
Streets, Traffic and Engineering	13,397,670	13,683,894
Culture and Recreation	17,130,029	17,835,756
Solid Waste	10,532,391	11,063,271
Transit	3,506,527	3,957,318
Information Technology	2,538,403	2,703,716
Tourism	3,037,368	2,847,958
Capital Outlay	490,678	106,906
TOTAL EXPENDITURES	130,554,508	134,855,774
Excess of Revenues Over Expenditures	10,739,702	11,466,766
OTHER FINANCING SOURCES (USES)		
Transfers In	170,259	70,281
Transfers Out	(8,702,841)	(9,080,216)
TOTAL OTHER FINANCING SOURCES (USES)	(8,532,582)	(9,009,935)
NET CHANGE IN FUND BALANCES	2,207,120	2,456,831
FUND BALANCE - BEGINNING	41,600,614	43,807,734
FUND BALANCE - ENDING	\$43,807,734	\$46,264,565

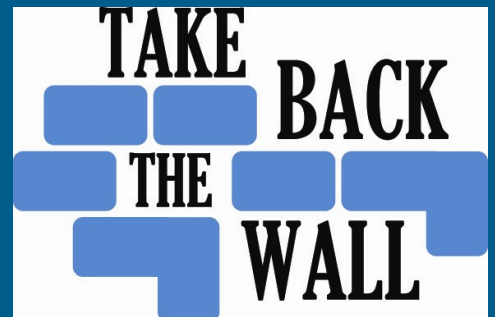
Government funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and 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, two debt service funds, 10 capital projects funds, and one permanent fund. Included in this report is the general fund statement of revenues, expenditures and changes in fund balance with comparative data from fiscal year ending September 30, 2011. 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.

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 2012. Total sales tax collections exceeded \$48 million. The City also had a record year for hotel occupancy tax revenue in 2011/12, recording slightly over \$5 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.



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, its 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 and airport fund statements of revenues, expenditures and changes in net assets are presented in this special newsletter with comparative data from fiscal year ending September 30, 2011.

Water and Sewer

Statement of Revenues, Expenditures and Changes in Net Assets
for the Year Ended September 30, 2012

	FYE 9/30/2011	FYE 9/30/2012
OPERATING REVENUES		
Rents and Miscellaneous	\$ 261,140	\$ 310,142
Tap Fees and Frontage Charges	196,481	242,732
Utility Sales and Service	68,661,247	69,103,211
TOTAL OPERATING REVENUES	69,118,868	69,656,085
OPERATING EXPENSES		
Salaries, Wages and Fringe Benefits	11,204,778	11,394,284
Supplies	1,340,547	1,303,399
Fuel and Power	4,896,302	4,476,328
Contractual Services	4,271,613	4,216,512
Water Authority Charges	4,772,154	4,682,183
Other Charges	7,653,768	8,044,314
Depreciation	10,492,183	13,110,658
TOTAL OPERATING EXPENSES	44,631,345	47,227,678
OPERATING INCOME (LOSS)	24,487,523	22,428,407
NONOPERATING REVENUES (EXPENSES)		
Gain (Loss) on Disposal of Property	6,974,932	(161,536)
Interfund Reimbursement	509,369	577,802
Interest Earnings	191,138	170,434
Interest and Fiscal Charges	(4,600,102)	(7,030,181)
TOTAL NONOPERATING REVENUES (EXPENSES)	3,075,337	(6,443,481)
Income Before Contributions and Transfers	27,562,860	15,984,926
Capital Contributions	4,206,347	4,587,476
Transfers to Other Funds	(1,311)	(387,328)
CHANGE IN NET ASSETS	31,767,896	20,185,074
NET ASSETS - BEGINNING OF YEAR	304,590,159	336,358,055
NET ASSETS - END OF YEAR	\$ 336,358,055	\$ 356,543,129

City Water & Sewer

FYE	Number of Customers	
	Water	Sewer
2003	62,832	60,760
2004	64,112	61,451
2005	65,065	62,489
2006	66,833	64,939
2007	67,452	65,513
2008	68,306	66,294
2009	68,586	66,539
2010	69,358	67,281
2011	69,754	67,654
2012	70,151	68,020

Crime Rates Continue to Drop

In 2012, Amarillo's crime rate dropped 5 percent and over the last three years the crime rate has dropped approximately 20 percent. Police Chief Robert Taylor attributes these decreases to the efforts of directed patrol, teamwork among patrol officers and detectives and an increase in follow-up investigative efforts on the part of the Detective Division. The Amarillo Police Department has also fostered cooperation from the citizens of Amarillo and the Amarillo Crime Stoppers program, which has reached an all-time record number of tips to the program reaching 1604 in 2012. These Crime Stoppers tips led to the arrest of 165 people, 122 of them being fugitives.

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Airport Fund

Statement of Revenues, Expenditures and Changes in Net Assets
for the Year Ended September 30, 2012

	FYE 9/30/2011	FYE 9/30/2012
OPERATING REVENUES		
Airfield Fees and Commissions	\$ 573,174	\$ 538,756
Terminal Building Revenue	4,138,468	4,733,224
Other Building Revenue	1,491,001	1,464,486
TOTAL OPERATING REVENUES	6,202,643	6,736,466
OPERATING EXPENSES		
Salaries, Wages and Fringe Benefits	2,178,687	2,479,141
Supplies	148,787	199,335
Fuel and Power	558,772	563,208
Other Contractual	364,266	463,355
Other Charges	2,018,026	2,096,691
Depreciation	3,211,361	4,587,212
TOTAL OPERATING EXPENSES	8,479,899	10,388,942
OPERATING INCOME (LOSS)	(2,277,256)	(3,652,476)
NONOPERATING REVENUES (EXPENSES)		
Passenger Facility Charge	1,550,254	1,639,556
Interest Earnings	103,626	52,772
Change in Value of Investments	(21,214)	(6,179)
Insurance Recovery/Cost	(67,260)	-
Other Miscellaneous Revenue	62,930	22,044
TOTAL NONOPERATING REVENUES (EXPENSES)	1,628,336	1,708,193
Income Before Contributions and Transfers	(648,920)	(1,944,283)
Capital Contributions	4,203,957	3,311,359
CHANGE IN NET ASSETS	3,555,037	1,367,076
NET ASSETS - BEGINNING OF YEAR	75,287,000	78,842,037
NET ASSETS - END OF YEAR	\$ 78,842,037	\$ 80,209,113

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At the 2012 Crime Stoppers Conference, Amarillo Crime Stoppers was given the 2011 "Productivity Award" for the largest value, in dollars, of property recovered in cities our size: \$42,895. Plus, Crimestoppers Coordinator Cpl. Sean Slover (pictured at right) was selected as the Amarillo South Rotary Club "2011 Officer of the Year" in February 2012 for his work to expand the program by increasing tips, arrests, and funds raised to pay rewards.



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 citizens 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 picked up at the Finance Department at the Amarillo City Hall (509 S.E. 7th) or log on to the City's website, 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 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, Assistant City Manager
Michelle Bonner, Assistant City Manager

Division Directors

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

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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.

Principal Employers:

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

City of Amarillo Names New Fire Chief

Jeff Greenlee was appointed to the position of Fire Chief in early November 2012, following a nationwide search conducted by Strategic Government Resources, a consulting firm specializing in government recruitment. Chief Greenlee has served the City in various capacities with the Amarillo Fire Department since 1993. He



was valedictorian of the Amarillo Fire Academy Class of 1993 and rose through the ranks of the Amarillo Fire Department. In his most recent position as district chief, Greenlee served as director of the City's HazMat program and director of the Fire Department's communications program.

Prior to coming to the City, Chief Greenlee worked at General Dynamics and Rockwell International. He holds a degree in Engineering Technology from Tarleton State University. Chief Greenlee has served as a member of the Amarillo Firemen's Relief and Retirement Fund board for ten years. He also is a member of the Amarillo Firefighters Honor Guard and holds several certifications in his field.

In his new role, the Chief will oversee every aspect of the Amarillo Fire Department, including 250 Firefighters, 17 civilian personnel, 12 stations and one station that will soon be under construction. The City has an ISO Personal Protection Classification 2 rating and the departmental budget for FY 2012 is \$25,755,359.

