PRELIMINARY OFFICIAL STATEMENT

Dated March 18, 2024

Ratings:
S&P: "AA"
"OTHER INFORMATION – Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS - Tax Exemption" herein.

THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

$43,000,000*
CITY OF AMARILLO, TEXAS
(Potter and Randall Counties)
DRAINAGE UTILITY SYSTEM REVENUE BONDS, SERIES 2024

Dated Date: March 15, 2024 — **Due: August 15, as shown on Page 2**
Interest Accrues from Date of Initial Delivery

PAYMENT TERMS . . . Interest on the $43,000,000* City of Amarillo, Texas, Drainage Utility System Revenue Bonds, Series 2024 (the "Bonds") will accrue from the date of initial delivery, and will be payable February 15 and August 15 of each year, commencing February 15, 2025 until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof within a stated maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar for the Bonds is Zions Bancorporation, National Association, Houston, Texas (see "THE BONDS - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and the general laws of the State of Texas (the "State"), particularly Chapter 552, Texas Local Government Code, as amended, and an ordinance (the "Ordinance") to be adopted by the City Council of the City of Amarillo, Texas (the "City"), and are special obligations of the City, payable, both as to principal and interest, solely from and secured by a lien on and pledge of the Pledged Revenues (hereinafter defined) of the City's drainage utility system (the "System"). **The City has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation and holders of the Bonds are not entitled to demand payment of the Bonds from any money raised by taxation.** See "THE BONDS – Authority for Issuance" "- Security and Source of Payment".

PURPOSE . . . Proceeds from the sale of the Bonds will be used (i) for acquiring, improving and constructing municipal drainage facilities, including the purchase of land, rights-of-way and equipment therefor; and (ii) to pay the costs associated with the issuance of the Bonds.

CUSIP PREFIX: 023025
MATURITYSCHEDULE & CUSIP SUFFIX
See Schedule on Page 2

LEGALITY . . . The Bonds are offered for delivery when, as and if issued and received by the Purchaser and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas, (see APPENDIX C, "Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Bonds will be available for delivery through DTC on or about April 25, 2024.

BIDS DUE ON TUESDAY, MARCH 26, 2024, AT 10:00 AM, CENTRAL TIME

* Preliminary, subject to change (see "CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts" in the Notice of Sale and Bidding Instructions).

CUSIP Prefix: 023025 [(1)]

MATURITY SCHEDULE*

Principal Amount	August 15 Maturity	Interest Rate	Initial Yield	CUSIP Suffix [(1)]
$ 280,000	2025			
850,000	2026			
875,000	2027			
905,000	2028			
930,000	2029			
955,000	2030			
985,000	2031			
1,015,000	2032			
1,050,000	2033			
1,080,000	2034			
1,120,000	2035			
1,155,000	2036			
1,195,000	2037			
1,240,000	2038			
1,290,000	2039			
1,340,000	2040			
1,395,000	2041			
1,455,000	2042			
1,520,000	2043			
1,590,000	2044			
1,660,000	2045			
1,740,000	2046			
1,825,000	2047			
1,915,000	2048			
2,005,000	2049			
2,105,000	2050			
2,210,000	2051			
2,320,000	2052			
2,435,000	2053			
2,560,000	2054			

(Interest to accrue from the Date of Initial Delivery)

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* Preliminary, subject to change (see "CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts" in the Notice of Sale and Bidding Instructions).

(1) CUSIP numbers are included solely for convenience of owners of the Bonds. CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the City, the Purchaser of the Bonds nor the Financial Advisor is responsible for the selection or correctness of the CUSIP numbers set forth herein.

OPTIONAL REDEMPTION. . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2034, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption").

MANDATORY SINKING FUND REDEMPTION…In the event any of the Bonds are structured as "term" Bonds, such term Bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Ordinance, which provisions will be included in the final Official Statement.

For purpose of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, this document, as the same may be supplemented or corrected from time to time, may be treated as an Official Statement with respect to the Bonds described herein "deemed final" by the City as of the date hereof (or of any supplement or correction) except for the omission of no more than the information provided by Subsection (b)(1) of Rule 15c2-12.

No dealer, broker, salesman or other person has been authorized by the City or the Purchaser to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Purchaser. This Official Statement does not constitute an offer to sell Bonds in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

The information set forth or included in this Official Statement has been provided by the City and from other sources believed by the City to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the City described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NEITHER THE CITY, ITS FINANCIAL ADVISOR, NOR THE PURCHASER MAKE ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE, AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS, INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

The agreements of the City and others related to the Bonds are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Bonds is to be construed as constituting an agreement with the purchasers of the Bonds. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

PRELIMINARY OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Preliminary Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Preliminary Official Statement. No person is authorized to detach this summary from this Preliminary Official Statement or to otherwise use it without the entire Preliminary Official Statement.

THE CITY.................................... The City of Amarillo, Texas (the "City") is a home rule municipality located in Potter and Randall Counties, and is a political subdivision of the State of Texas (the "State"). The City covers approximately 100.24 square miles in area (see "INTRODUCTION – Description of the City").

THE BONDS................................ The $43,000,000* City of Amarillo, Texas Drainage Utility System Revenue Bonds, Series 2024 are issued as serial bonds maturing August 15 in each of the years 2025 through 2054, unless the Purchaser designates one or more maturities as Term Bonds (see "THE BONDS – Description of the Bonds").

PAYMENT OF INTEREST .... Interest on the Bonds accrues from the date of the initial delivery of the Bonds, and is payable February 15, 2025 and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds" and "THE BONDS – Optional Redemption").

AUTHORITY FOR ISSUANCE....... The Bonds are issued pursuant to the Constitution and the general laws of the State of Texas (the "State"), particularly Chapter 552, Texas Local Government Code, as amended, and an ordinance (the "Ordinance") to be adopted by the City Council of the City of Amarillo, Texas (the "City") (see "THE BONDS - Authority for Issuance").

SECURITY FOR THE BONDS .... The Bonds constitute special obligations of the City, payable, both as to principal and interest, solely from and secured by a lien on and pledge of the Pledged Revenues of the City's drainage utility system. **The City has not covenanted or obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "THE BONDS - Security and Source of Payment").

OPTIONAL REDEMPTION............. The City reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2034, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

TAX EXEMPTION......................... In the opinion of Bond Counsel, the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS – Tax Exemption" herein.

USE OF PROCEEDS .... Proceeds from the sale of the Bonds will be used (i) for acquiring, improving and constructing municipal drainage facilities, including the purchase of land, rights-of-way and equipment therefor; and (ii) to pay the costs associated with the issuance of the Bonds.

RATINGS .... The Bonds are rated "AA" by S&P Global Ratings, a division of S&P Global Inc. ("S&P") (see "OTHER INFORMATION – Ratings").

BOOK-ENTRY-ONLY SYSTEM .... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

PAYMENT RECORD .... The City has never defaulted in the payment of its bonded indebtedness.

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* Preliminary, subject to change (see "CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts" in the Notice of Sale and Bidding Instructions).

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

City Council	Date Elected	Term Expires	Occupation
Cole Stanley Mayor	2023	2025	Commercial/Residential Builder
Josh Craft Councilmember	2023	2025	Fire Department - Lieutenant
Don Tipps Councilmember	2023	2025	Business Owner
Tom Scherlen Councilmember	2023	2025	Retired
Les Simpson Councilmember	2023	2025	Business Owner

SELECTED ADMINISTRATIVE STAFF

Name	Position	Length of Service with the City
Andrew Freeman	Deputy City Manager	6 Years
Laura Storrs	Assistant City Manager and Chief Financial Officer	18 Years
Floyd Hartman	Interim City Manager	19 Years
Rich Gagnon	Assistant City Manager and Chief Information Officer	8 Years
Stephanie Coggins	City Secretary	8 Years

CONSULTANTS AND ADVISORS

Auditors .... CMMS CPAs & Advisors PLLC
Amarillo, Texas

Bond Counsel .... Norton Rose Fulbright US LLP
Dallas, Texas

Financial Advisor .... Specialized Public Finance Inc.
Dallas, Texas

For additional information regarding the City, please contact:

Laura Storrs Assistant City Manager City of Amarillo 601 S. Buchanan Amarillo, Texas 79105 (806) 378-3000	Steven A. Adams, CFA Managing Director Specialized Public Finance Inc. 4925 Greenville Ave., Ste. 1350 Dallas, Texas 75206 (214) 373-3911	Paul N. Jasin Managing Director Specialized Public Finance Inc. 4925 Greenville Ave., Ste. 1350 Dallas, Texas 75206 (214) 373-3911

OFFICIAL STATEMENT

RELATING TO

$43,000,000*
CITY OF AMARILLO, TEXAS
DRAINAGE UTILITY SYSTEM REVENUE BONDS, SERIES 2024

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of $43,000,000* City of Amarillo, Texas, Drainage Utility System Revenue Bonds, Series 2024. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance to be adopted on the date of sale of the Bonds, which will authorize the issuance of the Bonds (the "Ordinance"), except as otherwise indicated herein (see "SELECTED PROVISIONS OF THE ORDINANCE").

There follows in this Official Statement descriptions of the Bonds and certain information regarding the City, its drainage utility system (the "System") and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, Specialized Public Finance Inc., Dallas, Texas.

DESCRIPTION OF THE CITY . . . The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1899, and first adopted its Home Rule Charter in 1913. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and four Councilmembers. The City Manager is the chief administrative officer for the City. The City provides a full range of municipal services, 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 four public libraries. The City provides solid waste collection and disposal services and operates a transit system. The City maintains the water and sewer systems and an international airport. The estimated 2024 Census population for the City is 201,291. The City covers approximately 100.24 square miles in area.

THE BONDS

PURPOSE . . . Proceeds from the sale of the Bonds will be used (i) for acquiring, improving and constructing municipal drainage facilities, including the purchase of land, rights-of-way and equipment therefor; and (ii) to pay the costs associated with the issuance of the Bonds.

DESCRIPTION OF THE BONDS . . . The Bonds are dated March 15, 2024, and mature on August 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Bonds will accrue from the date of initial delivery and will be computed on the basis of a 360-day year consisting of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2025, until maturity of the Bonds or their prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of $5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS – Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Bonds are issued pursuant to the Constitution and the general laws of the State, particularly Chapter 552, Texas Local Government Code, as amended, and an ordinance (the "Ordinance") to be adopted by the City Council of the City of Amarillo, Texas.

SECURITY AND SOURCE OF PAYMENT . . . The Bonds are special obligations of the City payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the Pledged Revenues (as defined in the Ordinance) of the System.

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* Preliminary, subject to change (see "CONDITIONS OF THE SALE – Post Bid Modification of Principal Amounts" in the Notice of Sale and Bidding Instructions).

The currently outstanding Bonds, secured by and payable from Net Revenues and Pledged Revenues, respectively, on a parity with the Bonds, are described as follows:

Dated Date	Outstanding Debt*	Issue Description
April 1, 2014	$3,775,000	Drainage Utility System Revenue Bonds, Series 2014
July 1, 2020	8,190,000	Drainage Utility System Revenue Bonds, Series 2020
February 1, 2021	8,500,000	Drainage Utility System Revenue Bonds, Series 2021
January 1, 2023	43,000,000	Drainage Utility System Revenue Bonds, Series 2023

*As of January 1, 2024.

The Bonds are not a charge upon any other income or revenues of the City and **shall never constitute an indebtedness or pledge of the general credit or taxing powers of the City**. The Ordinance does not create a lien or mortgage on the System, except for the pledge of the Net Revenues, and any judgment against the City may not be enforced by levy and execution against any property owned by the City.

ADDITIONAL COVENANTS PERTAINING TO THE BONDS . . . **Pledge of Pledged Revenues.** The City has covenanted in the Ordinance that the Pledged Revenues will be irrevocably pledged to the payment of the principal of and interest on the Bonds and the pledge of such Pledged Revenues shall constitute a lien on such Pledged Revenues in accordance with the terms and provisions of the Ordinance and be valid and binding without any physical delivery thereof or further act by the City.

Chapter 1208, Texas Government Code, as amended, applies to the issuance of the Bonds and the pledge of the Net Revenues granted by the City under the Ordinance, is valid, effective, and perfected. If Texas law is amended at any time while the Bonds are Outstanding and unpaid such that the pledge of the Pledged Revenues granted by the City under the Ordinance is to be subject to the filing requirements of Chapter 9, Business and Commerce Code, as amended, then in order to preserve to the Holders of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, as amended, and enable a filing to perfect the security interest in said pledge to occur.

Revenue Fund. All Gross Revenues shall be kept separate and apart from all other funds, accounts, and moneys of the City, and shall be deposited as collected into the "City of Amarillo, Texas, Drainage Utility System Fund" (hereinafter called the "Revenue Fund"). All moneys deposited in the Revenue Fund shall be pledged and appropriated to the extent required for the following purposes and in the order of priority shown, to wit:

First: To the payment of the reasonable and proper Maintenance and Operation Expenses of the System as defined by law.

Second: To the payment of the amounts required to be deposited in the special funds and accounts created and established for the payment of the Bonds Similarly Secured.

Third: To the payment of any other indebtedness payable from and secured, in whole or in part, by a lien on and claim against the revenues of the System.

Fourth: Any revenues remaining in the Revenue Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

Deposits to Interest and Redemption Fund. The City will cause to be deposited in the Interest and Redemption Fund from the Pledged Revenues in the System Fund, the amount of Pledged Revenues pledged to the payment of the Bonds.

No ad valorem taxes are collected or used in connection with the Bonds. In addition, any surplus proceeds from the sale of the Bonds not expended for authorized purposes shall be deposited in the Interest and Redemption Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in said Fund from the Pledged Revenues.

Special Covenants. The City has covenanted in the Ordinance as follows:

(i) That it has the lawful power to pledge the Pledged Revenues supporting the Bonds and has lawfully exercised said powers under the Constitution and laws of the State of Texas, including said power existing under Chapter 552, Texas Local Government Code, as amended.

(ii) That other than for the payment of the Previously Issued Bonds and the Bonds, the Net Revenues and Pledged Revenues, as applicable, are not in any manner pledged to the payment of any debt or obligation of the City or of the System.

(iii) That, as long as the Previously Issued Bonds and the Bonds or any interest thereon remain Outstanding and the pledge of the Net Revenues or Pledged Revenues, as applicable, has not been fully satisfied, the City will not sell, lease, or encumber the System or any substantial part thereof, provided that this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System.

(iv) Rate Covenant. The City Council of the City will fix, establish, maintain, and collect such rates, charges, and fees for the use and availability of the System at all times as are necessary to produce revenues of the System sufficient, together with any other Pledged Revenues, (1) to pay all current operation and maintenance expenses of the System, and (2) to produce Pledged Revenues for each year at least equal to 1.25 times the principal and interest requirements of all then Outstanding Bonds Similarly Secured (as defined in the Bond Ordinance) for the year during which such requirements are scheduled to be the greatest.

Issuance of Additional Obligations. The City has reserved the right to issue additional bonds, certificates or other obligations ("Additional Obligations") payable from and secured by and made payable equally and notably on a parity with the Bonds and all other outstanding Previously Issued Bonds from an irrevocable lien on and pledge and pledge of the Pledged Revenues.

Notwithstanding any provisions of the Ordinance to the contrary, no installment, series, or issue of Additional Obligations shall be issued or delivered unless an independent certified public accountant, or independent firm of certified public accountants, signs a written certificate to the effect that, during either the next preceding year, or any twelve consecutive calendar month period ending not more than ninety days prior to the passage of the ordinance authorizing the issuance of the then proposed Additional Obligations the Pledged Revenues were, in his or its opinion, at least equal to 1.25 times the principal and interest requirements of all Bonds Similarly Secured to be Outstanding after the issuance of the then proposed Additional Obligations for the year during which such requirements are scheduled to be the greatest.

RATES . . . The City has covenanted in the Ordinance that it will fix, establish, maintain, and collect such rates, charges, and fees for the use and availability of the System at all times as are necessary to produce revenues of the System sufficient, together with any other Pledged Revenues, (1) to pay all current operation and maintenance expenses of the System, and (2) to produce Pledged Revenues for each year at least equal to 1.25 times the principal and interest requirements of all then Outstanding Bonds Similarly Secured for the year during which such requirements are scheduled to be the greatest. See "SELECTED PROVISIONS OF THE ORDINANCE – Rate Covenant."

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2034, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2033, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

MANDATORY SINKING FUND REDEMPTION…In the event any of the Bonds are structured as "term" Bonds, such term Bonds will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Ordinance, which provisions will be included in the final Official Statement.

NOTICE OF REDEMPTION . . . Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

DEFEASANCE . . . The Ordinance provides for the defeasance of Bonds when the payment of the principal of and premium, if any, on such Bonds, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or an authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by an independent accounting or consulting firm to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation and expenses of the paying agent for the Bonds. The Ordinance provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under applicable laws of the State of Texas. The City may limit the foregoing Government Securities in connection with the sale of the Bonds. The City has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law. There is no assurance that the ratings for U.S. Treasury securities used as Government Securities or that for any other Government Security will be maintained at any particular rating category.

Upon such deposit as described above, such Bonds shall no longer be regarded to be outstanding or unpaid and will cease to be outstanding obligations secured by the Ordinance or treated as debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt or for any other purpose, except for the purpose of receiving payment.

Furthermore, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Bonds are to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of each such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: "AAA". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's Book-Entry Only System has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

USE OF CERTAIN TERMS IN OTHER SECTIONS OF THIS OFFICIAL STATEMENT . . . In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City or the Purchaser.

EFFECT OF TERMINATION OF BOOK-ENTRY ONLY SYSTEM . . . In the event that the Book-Entry Only System is discontinued, printed Bonds will be issued to the holders and the Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "THE BONDS - Transfer, Exchange and Registration" below.

So long as Cede & Co. is the registered owner of the Bonds, the City will have no obligation or responsibility to the Direct Participants or Indirect Participants, or the persons for which they act as nominees, with respect to the payment to or providing of notice to such Direct Participants, Indirect Participants or the persons for which they act as nominees.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar for the Bonds is Zions Bancorporation, National Association, Houston, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System is discontinued, Bond certificates will be printed and delivered to the registered owners thereof, and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar, and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate designated amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption of such Bond; provided, however, such limitation on transfer shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond called for redemption in part.

PAYMENTS ON THE BONDS . . . Interest on the Bonds shall be paid to the registered owners whose names appear on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of each registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to each registered owner at their stated maturity or upon prior redemption upon their presentation and surrender to the Designated Payment/Transfer Office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry-Only System" herein. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized to be closed, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

Record Date for Interest Payment . . . The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month.

In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

Bondholders' Remedies . . . The Ordinance provides that any holder of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the City Council and other officers of the City to observe and perform any covenant, condition, or obligation set for in the Ordinance. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Bonds upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. v. City of Jacksonville*, 489 S.W. 3d 427 (Tex. 2016) ("Wasson") that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city. The Texas Supreme Court reviewed Wasson again in June 2018 and clarified that to determine whether governmental immunity applies to a breach of contract claim, the proper inquiry is whether the municipality was engaged in a governmental or proprietary function when it entered into the contract, not at the time of the alleged breach. Therefore in regard to municipal contract cases (as in tort claims) it is incumbent on the courts to determine whether a function was proprietary or governmental based won the statutory guidance at the time of the contractual relationship. Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist, then the Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, in the absence of City action, Bondholders may not be able to bring such a suit against the City for breach of the Bonds or Ordinance. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such as the Pledged Revenues, such provisions are subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce creditors' rights would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bonds are qualified with respect to the customary rights of debtors relative to their creditors.

Amendments of the Ordinance . . . The City may amend the Ordinance without the consent of or notice to any registered owners in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of the registered owners of a majority in aggregate principal amount of the Bonds then outstanding, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the outstanding Bonds affected, no such amendment, addition or rescission may extend the time or times of payment of the principal, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor on the rate of interest thereon or if any other way. See "SELECTED PROVISIONS OF THE ORDINANCE – Ordinance to Constitute Contract – Amendment of Ordinance".

USE OF PROCEEDS . . . The proceeds from the sale of the Bonds will be applied approximately as follows:

SOURCES OF FUNDS		
Par Amount of Bonds	$	-
Net Bid Premium		-
Total Sources	$	-
USES OF FUNDS		
Deposit to Project Construction Fund	$	-
Costs of Issuance/Rounding Amount		-
Total Uses	$	-

INFECTIOUS DISEASE OUTBREAK – COVID-19

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings and other activities.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the U.S., the State and the City. Following the widespread release and distribution of various COVID-19 vaccines beginning in December 2020 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Under executive orders in effect as of the date of this Official Statement, there are no COVID-19 related operating limits for any business or other establishment in Texas. The Governor retains the right to impose additional restrictions on activities if needed in order to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

With the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that economic activity will continue or increase at the same rate, especially if there are future outbreaks of COVID-19 or variants of COVID-19. The COVID-19 pandemic may result in lasting changes in some businesses and social practices, which could affect business activity and limit the growth of or reduce the City's ad valorem and sales tax collections. In addition, further or extended reductions in the value of stocks and other investments could impact employee retirement plans or other funds and could require actions by the State. The City cannot predict the long-term economic effect of COVID-19 or the effect of any future outbreak of COVID-19, or variants of COVID-19, or a similar virus on the City's operations or financial condition.

Some of the financial and operating data contained herein are as of dates and for periods prior to the economic impact of COVID-19 and measures instituted to slow it. Accordingly, such information is not necessarily indicative of the current financial condition or future prospects of the City. The City continues to monitor the spread of COVID-19 and is working with local, State, and national agencies to address the potential impact of the COVID-19 pandemic upon the City. While the extent of the impact of COVID-19 on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City's operations and financial condition, and the effect could be material.

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THE SYSTEM

DRAINAGE UTILITY SYSTEM . . . Chapter 552, Texas Local Government Code provides the authority for municipalities to establish a drainage utility system and to develop a schedule of charges within the City. This enabling legislation was created in order to provide municipalities a funding source to address Environmental Protection Agency ("EPA") mandated stormwater quality requirements, as well as local drainage system operating and maintenance costs.

Effective October 1, 2012, the City established a Drainage Utility System, the operations of which are accounted for as an enterprise fund.

During 2012 the City Council approved the creation of a drainage utility fund to be used for drainage improvements. The drainage utility fund will be one of three enterprise type funds and revenues and expenditures will be 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 $2.82. All nonresidential properties are billed at $2.82 for every 2,800 square feet of impervious cover on the property.

Net position for the Drainage Utility Fund increased by $2.5 million. Fiscal year 2022 included a 4% rate increase.

The drainage utility fund provides for a dedicated funding source for the operations and maintenance of the existing storm-water system. The drainage utility fund has 32 full-time employees.

The Drainage Utility Fund completed the eleventh year of operation and recorded operating revenues of $7.6 million with $4.4 million in operating expenses resulting in net operating income of $3.2 million. Drainage utility assessment revenue was approximately $722 thousand more than the prior year due a to a 6% rate increase. The rate increase helped fund the Drainage Revenue Bonds, Series 2023 for capital improvements to the drainage system along with increased costs associated with the drainage system rising costs. Some drainage projects are funded with cash, as available, and others have been funded by drainage revenue bonds, which are paid back through debt service payments over the term of the bonds. Drainage revenue bonds were issued in 2012/13, 2013/14, 2019/20, 2020/21, and in 2022/23. The total outstanding debt at year-end for the Drainage Utility Fund was $29.7 million.

DRAINAGE CAPITAL ASSETS . . . The Drainage Utility Fund had $18,755,422 of construction in progress as of September 30, 2023. It also had right of way easements of $1,517,200, equipment and vehicles of $67,307, infrastructure of $18,970,197, and land of $87,744.

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TABLE 1 – MONTHLY DRAINAGE FEE RATES (EFFECTIVE OCTOBER 1, 2023)

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 $2.82 per ERU per month.

	Classification	Equivalent Residential Units	Monthly Fee
Tier 1	Less than 2,072 square feet impervious area	0.68 ERU	$ 2.29
Tier 2	2,072 - 3,236 square feet impervious area	1.00 ERU	3.36
Tier 3	Greater than 3,236 square feet impervious area	1.51 ERU	5.08

Commercial 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 the parcel by the ERU monthly billing rate.

TABLE 2 – TOP TEN DRAINAGE CUSTOMERS

	2023	
Customer Name	Total ERU's	Monthly Drainage Fee
Burlington Northern	21,365	$ 84,346
Amarillo Independent School District	2,792	11,049
City of Amarillo	3,287	13,121
Wal-Mart	1,170	4,631
Milligan Real Estate LLC	738	3,005
BSA Hospital LLC	704	2,890
Westgate Mall Realty LLC	601	1,849
Xcel	559	2,341
Gavilon Grain LLC	447	1,820
Lowes Home Center Inc	444	1,733
Total	32,107	$ 126,785

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DEBT INFORMATION

TABLE 3 – PRO-FORMA DRAINAGE UTILITY SYSTEM REVENUE DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 9/30	Outstanding Debt Service Principal	Outstanding Debt Service Interest	Outstanding Debt Service Total	The Bonds [(1)] Principal	The Bonds [(1)] Interest	The Bonds [(1)] Total	Drainage Utility System Revenue Debt Service Total
2024	$ 1,160,000	$ 793,744	$ 1,953,744	$ -	$ -	$ -	$ 1,953,744
2025	1,200,000	753,244	1,953,244	280,000	2,405,847	2,685,847	4,639,091
2026	1,240,000	711,144	1,951,144	850,000	1,833,676	2,683,676	4,634,820
2027	1,285,000	663,444	1,948,444	875,000	1,808,176	2,683,176	4,631,620
2028	1,335,000	613,894	1,948,894	905,000	1,781,926	2,686,926	4,635,820
2029	1,390,000	557,681	1,947,681	930,000	1,754,776	2,684,776	4,632,458
2030	1,450,000	498,631	1,948,631	955,000	1,726,876	2,681,876	4,630,508
2031	1,500,000	446,719	1,946,719	985,000	1,698,226	2,683,226	4,629,945
2032	1,545,000	396,094	1,941,094	1,015,000	1,668,676	2,683,676	4,624,770
2033	1,615,000	348,794	1,963,794	1,050,000	1,636,196	2,686,196	4,649,990
2034	1,665,000	301,975	1,966,975	1,080,000	1,602,071	2,682,071	4,649,046
2035	1,285,000	252,950	1,537,950	1,120,000	1,566,971	2,686,971	4,224,921
2036	1,320,000	218,400	1,538,400	1,155,000	1,528,891	2,683,891	4,222,291
2037	1,360,000	182,700	1,542,700	1,195,000	1,488,466	2,683,466	4,226,166
2038	1,390,000	148,900	1,538,900	1,240,000	1,443,654	2,683,654	4,222,554
2039	1,425,000	114,300	1,539,300	1,290,000	1,394,054	2,684,054	4,223,354
2040	1,455,000	78,700	1,533,700	1,340,000	1,342,454	2,682,454	4,216,154
2041	925,000	42,200	967,200	1,395,000	1,288,854	2,683,854	3,651,054
2042	400,000	16,000	416,000	1,455,000	1,228,171	2,683,171	3,099,171
2043	-	-	-	1,520,000	1,162,696	2,682,696	2,682,696
2044	-	-	-	1,590,000	1,094,296	2,684,296	2,684,296
2045	-	-	-	1,660,000	1,022,746	2,682,746	2,682,746
2046	-	-	-	1,740,000	942,651	2,682,651	2,682,651
2047	-	-	-	1,825,000	858,696	2,683,696	2,683,696
2048	-	-	-	1,915,000	770,640	2,685,640	2,685,640
2049	-	-	-	2,005,000	678,241	2,683,241	2,683,241
2050	-	-	-	2,105,000	581,500	2,686,500	2,686,500
2051	-	-	-	2,210,000	476,250	2,686,250	2,686,250
2052	-	-	-	2,320,000	365,750	2,685,750	2,685,750
2053	-	-	-	2,435,000	249,750	2,684,750	2,684,750
2054	-	-	-	2,560,000	128,000	2,688,000	2,688,000
	$ 24,945,000	$ 7,139,513	$ 32,084,513	$ 43,000,000	$ 37,529,181	$ 80,529,181	$ 112,613,693

(1) Interest on the Bonds has been calculated at assumed rates as of the posted date of the Preliminary Official Statement for purposes of illustration. Preliminary, subject to change.

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ANTICIPATED ISSUANCE OF SYSTEM REVENUE BONDS . . . The City does not anticipate the issuance of additional System revenue debt within the next year.

OTHER OBLIGATIONS . . . See APPENDIX B, "Excerpts from the City's Annual Financial Report", Note #8.

PENSION FUND . . . The City provides pension benefits for all of its full-time employees. Civilian employees and Police Officers participate in the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. Firefighters participate in a separate pension plan. The City makes annual contributions to the plans equal to the amount accrued for pension expense.

FIREMEN'S RELIEF AND RETIREMENT FUND . . . Effective January 1, 2018, firefighters can retire at age 50 with 20 years of service and receive either (1) a monthly retirement benefit equal to 3.45% of the firefighter's highest average salary multiplied by the firefighter's total years of service, if hired prior to January 1, 2018 or (2) a monthly retirement benefit equal to the sum of (a) 3.25% of the firefighter's highest average salary multiplied by the firefighter's years of service up to a maximum of 20 years and (b) 2.50% of the firefighter's highest average salary multiplied by the firefighter's years of service in excess of 20 years, if hired on or after January 1, 2018. A firefighter's highest average salary is greater of (1) the firefighter's highest five-year average salary for any period prior to retirement or (2) the firefighter's highest three-year average salary prior to January 1, 2018.

The City employer contribution rate was 18.83% of the firefighters' gross pay starting January 2014 and was increased to 19.57% starting January 2017, and was increased to 19.82% starting January 2020, and was increased to 20.32% starting January 1, 2021. The Plan is funded by a contribution by each firefighter. The firefighters' contribution rate is 13.00% of gross pay and was increased to 13.50% as of January 1, 2021. If a firefighter terminates service with the Fire Department of the City and he or she is not entitled to any of the benefits as described above, he or she will receive a lump sum payment of the contributions he or she made without accumulated interest. A firefighter who has become eligible for benefits may also elect to receive a refund of his or her contributions, but will forfeit his right to any benefits which he might otherwise have been entitled to receive.

For more detailed information concerning benefits, see APPENDIX B, "Excerpts from the City's Annual Financial Report, September 30, 2023", Note #9.

OTHER POST-EMPLOYMENT BENEFITS . . . In addition to providing pension benefits, the City currently allows eligible retired employees to continue to participate in the City of Amarillo Employee Insurance Fund along with covered dependents at the time of retirement. The City currently provides these benefits on a "pay-as-you-go" basis together with the healthcare cost of the active employees.

In January 2013, the City began prefunding a portion of its Other Postemployment Benefits (OPEB) liability via an irrevocable multi-employer agent 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. The increased prefunding contributions to 2.8% of payroll into the OPEB Trust (approximately $2.7 million) and pay-as-you-go cost of approximately $4.3 million for a total contribution at December 31, 2021 of approximately $7 million. The City Council has the authority to increase or decrease prefunding contribution rates.

For more detailed information concerning other post-employment benefits, see APPENDIX B, "Excerpts from the City's Annual Financial Report, September 30, 2023", Note #10.

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FINANCIAL INFORMATION

TABLE 4 – DRAINAGE UTILITY SYSTEM CONDENSED SCHEDULE OF OPERATIONS

	Fiscal Year Ending September 30,			
	2023	2022	2021	2020
Operating Revenues	$ 7,624,310	$ 6,901,991	$ 6,528,963	$ 6,339,811
Operating Expenses [1]:				
Personnel Services	$ 1,407,778	$ 819,810	$ 1,067,784	$ 1,124,934
Other Supplies & Services	281,577	877,971	157,088	741,311
Contractual & Other Services	1,099,122	1,078,920	892,409	880,851
Other Charges	1,248,771	1,116,022	1,127,052	1,204,980
Total Expenses	$ 4,037,248	$ 3,892,723	$ 3,244,333	$ 3,952,076
Non-Operating Revenues (Expenses)	$ 1,198,980	$ 163,710	$ 9,334	$ 135,699
Net Available for Debt Service	$ 4,786,042	$ 3,172,978	$ 3,293,964	$ 2,523,434
Number of Customers	74,816	74,624	75,079	73,544

Source: City's Audited Financial Statements.
(1) Excludes Depreciation.

TABLE 5 – COVERAGE AND FUND BALANCE [1]

Net System Income Available for Debt Service for Fiscal Year Ended 9/30/2023	$4,786,042
Average Annual Principal and Interest Requirements (2024-2054)	$3,519,178
Coverage of Maximum Requirements by 2023 Unaudited Net Revenues	1.36X
Maximum Principal and Interest Requirements, 2034	$4,649,990
Coverage of Maximum Requirements by 2023 Unaudited Net Revenues	1.03X

(1) Preliminary, subject to change.

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INVESTMENTS

The City invests its investable funds in investments authorized by Texas law in accordance with investment policies approved by the City Council of the City. Both State law and the City's investment policies are subject to change.

LEGAL INVESTMENTS . . . Available City funds are invested as authorized by Texas law and in accordance with investment policies approved by the City Council. Both State law and the City's investment policies are subject to change. Under State law, the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including the Federal Home Loan Banks; (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which are unconditionally guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) interest-bearing banking deposits that are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor; (8) interest-bearing banking deposits other than those described by clause (7) if (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in this State that the investing entity selects from a list the governing body or designated investment committee of the entity adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in this State that the investing entity selects; (B) the broker or depository institution selected as described by (A) above arranges for the deposit of the funds in the banking deposits in one or more federally insured depository institutions, regardless of where located, for the investing entity's account; (C) the full amount of the principal and accrued interest of the banking deposits is insured by the United States or an instrumentality of the United States; and (D) the investing entity appoints as the entity's custodian of the banking deposits issued for the entity's account: (i) the depository institution selected as described by (A) above; (ii) an entity described by Section 2257.041(d), Texas Government Code; or (iii) a clearing broker dealer registered with the Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (9) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, and are guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Insurance Fund or its successor, or are secured as to principal by obligations described in the clauses (1) through (8) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, an entity as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (10) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (11) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (8) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (8) above, clauses (13) through (15) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State; and (iv) the agreement to lend securities has a term of one year or less, (12) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (13) commercial paper with a stated maturity of 365 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (14) a no-load money market mutual fund registered with and regulated by the Securities and Exchange Commission that provides the City with a prospectus and other information required by the Securities Exchange Act of 1934 or the Investment Company Act of 1940 and complies with federal Securities and Exchange Commission Rule 2a-7, and (15) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, and have a duration of one year or more and are invested exclusively in obligations described in this paragraph or have a duration of less than one year and the investment portfolio is limited to investment grade securities, excluding asset-backed securities. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAm or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

INVESTMENT POLICIES . . . Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, any additions and changes to market value and the ending value of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under State law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the Board; (3) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (4) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (5) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (6) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (7) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; (8) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; (9) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 6 – CURRENT INVESTMENTS

As of February 29, 2024 the City's investable funds were invested in the following categories:

Description	Market Value	% of Total Based on Market Value
CDARS	$ 1,000,000	18.29%
Certificates of Deposit	500,000	9.14%
Treasury Note/Fed Frm	3,968,793	72.57%
Total Investments	$ 5,468,793	100.00%

SELECTED PROVISIONS OF THE ORDINANCE

The following are selected provisions of the Ordinance. These excerpts should be qualified by reference to the exact terms of the Ordinance. Unless otherwise indicated, any references to sections listed below are to sections contained in the Ordinance and section headings contained in the following excerpts are to sections contained in the Ordinance.

SECTION 10: Definitions. That for all purposes of this ordinance and in particular for clarity with respect to the issuance of the Bonds herein authorized and the pledge and appropriation of revenues therefor, the following definitions are provided:

(a) The term "Additional Obligations" shall mean the additional bonds, certificates of obligation, notes or other obligations, which the City reserves the right to issue in the future, as provided in this Ordinance, and as may be outstanding from time to time, payable from and secured by a lien on and pledge of the Pledged Revenues of equal rank and dignity, and on a parity in all respects, with the lien thereon and pledge thereof securing the payment of the Bonds Similarly Secured.

(b) The term "Bonds" or "Series 2024 Bonds" shall mean the "City of Amarillo, Texas, Drainage Utility System Revenue Bonds, Series 2024", authorized by this Ordinance, as may be outstanding from time to time.

(c) The term "Bonds Similarly Secured" means the Previously Issued Bonds, the Bonds and Additional Obligations.

(d) The term "Certificate Fund" means the special fund created and established to pay the principal of and interest on the "City of Amarillo, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2012A," dated November 1, 2012, under the provisions of Ordinance No. 7374 authorizing the issuance of such obligations.

(e) The term "City" shall mean the City of Amarillo, in Potter and Randall Counties, Texas.

(f) The term "Drainage Utility System" and "System" shall mean the City's municipal drainage utility system, including all present and future additions, extensions, replacements, and improvements thereto.

(g) The term "Gross Revenues of the City's Drainage Utility System" and "Gross Revenues" shall mean all revenues, income, and receipts of every nature derived or received by the City from the operation and ownership of the System, including the interest income from the investment or deposit of money in any fund mentioned in this Ordinance.

(h) The term "Maintenance and Operation Expenses" shall mean all reasonable and necessary expenses directly related and attributable to the operation and maintenance of the System, including all salaries, labor, materials, repairs, extensions and other expenses reasonably and properly charged necessary to render efficient service to the City and its inhabitants. Depreciation and expenditures classed under generally accepted accounting principles as capital expenditures shall not be considered as "Maintenance and Operation Expenses" for purposes of determining "Net Revenues".

(i) The term "Net Revenues of the City's Drainage Utility System" and "Net Revenues" shall mean, with respect to any period, all income, revenues, and receipts received from the operation and ownership of the System less Maintenance and Operation expenses of the System during such period.

(j) The terms "Outstanding" and "outstanding" when used in this Ordinance with respect to Bonds means, as of the date of determination, all Bonds theretofore issued and delivered under this Ordinance, except:

(1) those Bonds theretofore canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Bonds for which payment has been duly provided by the City by the irrevocable deposit with the Paying Agent/Registrar of money in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity or redemption, as the case may be, provided that, if such Bonds are to be redeemed, notice of redemption thereof shall have been duly given pursuant to this Ordinance or irrevocably provided to be given to the satisfaction of the Paying Agent/Registrar, or waived;

(3) those Bonds that have been mutilated, destroyed, lost or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 27 hereof; and

(4) those Bonds for which the payment of the principal of, premium, if any, and interest on which has been duly provided for by the City in accordance with law.

(k) The term "Pledged Revenues" shall mean (i) the Net Revenues, plus (ii) any additional revenues, income, receipts, or other resources, including, without limitation, any grants, donations, or income received or to be received from the United States Government, or any other public or private source, whether pursuant to an agreement or otherwise, which hereafter may be pledged to the payment of the Bonds Similarly Secured.

(l) The term "Previously Issued Bonds" shall mean the following outstanding and unpaid obligations as follows:

"City of Amarillo, Texas, Drainage Utility System Revenue Bonds, Series 2014," dated April 1, 2014;

"City of Amarillo, Texas, Drainage Utility System Revenue Bonds, Series 2020," dated July 1, 2020;

"City of Amarillo, Texas, Drainage Utility System Revenue Bonds, Series 2021," dated February 1, 2021; and

"City of Amarillo, Texas, Drainage Utility System Revenue Bonds, Series 2023," dated January 1, 2023.

(m) The term "year" shall mean the regular fiscal year used by the City in connection with the operation of the System, which may be any twelve consecutive months period established by the City.

SECTION 11: Pledge. That the City hereby covenants and agrees that the Pledged Revenues, with the exception of those in excess of the amounts required for the payment and security of the Bonds Similarly Secured, are hereby irrevocably pledged to the payment and security of the Bonds Similarly Secured, and the Pledged Revenues are further pledged irrevocably to the establishment and maintenance of the Interest and Redemption Fund as hereinafter provided. The Bonds Similarly Secured are and will be secured by and payable only from the Pledged Revenues, and are not secured by or payable from a mortgage or deed of trust on any real, personal, or mixed properties constituting the System.

Such lien on and pledge of the Pledged Revenues shall be valid and binding and fully perfected from and after the date of adoption of this Ordinance without physical delivery or transfer of control of the Pledged Revenues, the filing of this Ordinance or any other act; all as provided in Texas Government Code, Chapter 1208, as amended. Texas Government Code, Chapter 1208, as amended, applies to the issuance of the Bonds and the pledge of the Pledged Revenues granted by the City under this Section, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are Outstanding such that the pledge of the Pledged Revenues granted by the City under this Section is to be subject to the filing requirements of Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

SECTION 12: Revenue Fund. There has been created and established and shall be maintained on the books of the City, and accounted for separate and apart from all other funds of the City, a special fund entitled the "City of Amarillo, Texas, Drainage Utility System Fund" (hereinafter called the "Revenue Fund"). All Gross Revenues shall be credited to the Revenue Fund immediately upon receipt and revenues deposited to said Revenue Fund shall be pledged and appropriated to the following uses and in the priority shown below:

First: To the payment of all necessary and reasonable Maintenance and Operation Expenses of the System as said expenses are defined by law.

Second: To the payment, equally and ratably, of the amounts required to be deposited in the Interest and Redemption Fund or other fund or account, respectively, created and established for the payment of principal of and interest on the Bonds Similarly Secured as the same becomes due and payable.

Third: To the payment of any other indebtedness payable from and secured, in whole or in part, by a lien on and claim against the revenues of the System.

Fourth: Any revenues remaining in the Revenue Fund after satisfying the foregoing payments, or making adequate and sufficient provisions for the payment thereof, may be appropriated and used for any other purpose now or hereafter permitted by law.

SECTION 13: Interest and Redemption Fund. That for the sole purpose of paying the principal of and interest on all Outstanding Bonds Similarly Secured, as the same come due, there is hereby created and established and shall be maintained at any official depository bank of the City a separate fund entitled the "City of Amarillo Series Drainage Utility System Revenue Bonds Interest and Redemption Fund" (hereinafter called the "Interest and Redemption Fund").

SECTION 14: Deposits of Pledged Revenues; Investments.

(a) The Pledged Revenues shall be deposited into the Interest and Redemption Fund when and as required by this Ordinance.

(b) To the extent permitted by law, money in any Fund mentioned in this Ordinance may, at the option of the City, be invested in investments authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256, as amended, and the City's investment policy; provided that all such deposits and investments shall be made in such manner that the money required to be expended from any Fund will be available at the proper time or times. All interest and income derived from such deposits and investments immediately shall be credited to, and any losses debited to, the Fund from which the deposit or investment was made, and surpluses in any Fund shall or may be disposed of as hereinafter provided. Such investments shall be sold promptly when necessary to prevent any default in connection with the Bonds Similarly Secured.

SECTION 15: Funds Secured. Money in all funds mentioned in this Ordinance, to the extent not invested, shall be secured in the manner prescribed by law for securing funds of the City.

SECTION 16: Debt Service Requirements.

(a) Promptly after the delivery of the Bonds the City shall cause to be deposited to the credit of the Interest and Redemption Fund any accrued interest received from the sale and delivery of the Bonds, and any such deposit shall be used to pay part of the interest next coming due on the Bonds.

(b) In addition to amounts required to be transferred by the ordinances authorizing the Bonds Similarly Secured, the City shall transfer from the Pledged Revenues and deposit to the credit of the Interest and Redemption Fund the amounts, at the times, as follows:

> (1) such amounts, deposited in approximately equal monthly installments on or before the 10th day of each month hereafter, commencing with the month during which the Bonds are delivered, or the month thereafter if delivery is made after the 10th thereof, as will be sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such purpose, to pay the interest scheduled to accrue and come due on the Bonds and any Additional Obligations on the next succeeding interest payment date; and
>
> (2) such amounts, deposited in approximately equal monthly installments on or before the 10th day of each month hereafter, commencing with the month during which the Bonds are delivered, or the month thereafter if delivery is made after the 10th day thereof, as will be sufficient, together with other amounts, if any, then on hand in the Interest and Redemption Fund and available for such purpose, to pay the principal scheduled to mature and come due on the Bonds and any Additional Obligations on the next succeeding principal payment date.

SECTION 17: Deficiencies; Excess Pledged Revenues.

(a) If on any occasion there shall not be sufficient Pledged Revenues to make the required deposits into the Interest and Redemption Fund, then such deficiency shall be made up as soon as possible from the next available Pledged Revenues, or from any other sources available for such purpose.

(b) Subject to making the required deposits to the credit of the Interest and Redemption Fund when and as required by this Ordinance, or any ordinance authorizing the issuance of Additional Obligations, the excess Pledged Revenues may be used by the City for any lawful purpose.

SECTION 18: Payment of Bonds and Additional Obligations. On or before February 15, 2024, and semiannually on or before each August 15 and February 15 thereafter while any of the Bonds Similarly Secured are outstanding and unpaid, the City shall make available to the paying agents therefor, out of the Interest and Redemption Fund, money sufficient to pay such interest on and such principal of the Bonds Similarly Secured as will occur or mature on such dates, respectively. The Paying Agent/Registrar shall destroy all paid Bonds Similarly Secured and furnish the City with an appropriate certificate of cancellation or destruction.

SECTION 19: Final Deposits, Governmental Obligations.

(a) Any Bonds Similarly Secured shall be deemed to be paid, retired, and no longer Outstanding within the meaning of this Ordinance when payment of the principal of, redemption premium, if any, on such Bond Similarly Secured, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption), or (ii) shall have been provided by irrevocably depositing with, or making available to, the Paying Agent/Registrar therefor, in trust and irrevocably set aside exclusively for such payment, (1) money sufficient to make such payment or (2) Governmental Obligations, as hereinafter defined in this Section, certified by an independent accounting or consulting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, or sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of such paying agent pertaining to the Bonds Similarly Secured with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of such Paying Agent/Registrar. At such time as a Bond Similarly Secured shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefit of this Ordinance or a lien on and pledge of the Pledged Revenues, and shall be entitled to payment solely from such money or Government Obligations.

(b) Any moneys so deposited with a paying agent may at the direction of the City also be invested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of the paying agent pursuant to this Section which is not required for the payment of the Bonds Similarly Secured, the redemption premium, if any, and interest thereon, with respect to which such money has been so deposited, shall be turned over to the City or deposited as directed by the City.

(c) The City hereby covenants that no deposit will be made or accepted under clause (a)(ii) of this Section and no use made of any such deposit which would cause the Bonds to be treated as arbitrage bonds within the meaning of the Internal Revenue Code of 1986, as amended.

(d) For the purpose of this Section, the term "Government Obligations" shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas.

(e) Notwithstanding any other provisions of this Ordinance, all money or Government Obligations set aside and held in trust pursuant to the provisions of this Section for the payment of the Bonds Similarly Secured, the redemption premium, if any, and interest thereon, shall be applied to and used for the payment of such Bonds Similarly Secured, the redemption premium, if any, and interest thereon.

SECTION 20: Additional Obligations.

(a) The City shall have the right and power at any time and from time to time and in one or more series or issues, to authorize, issue, and deliver Additional Obligations, in accordance with law, in any amounts, for any lawful purpose, including the refunding of any Bonds Similarly Secured. Such Additional Obligations, if and when authorized, issued, and delivered in accordance with this Ordinance, shall be secured by and made payable equally and ratably on a parity with the Bonds, and all other outstanding Previously Issued Bonds from an irrevocable lien on and pledge of the Pledged Revenues.

(b) The Interest and Redemption Fund mentioned in this Ordinance shall secure and be used to pay all Bonds Similarly Secured. However, each ordinance under which Additional Obligations are issued shall provide and require that, in addition to the amounts required by the provisions of this Ordinance and the provisions of any other ordinance or ordinances authorizing Additional Obligations to be deposited to the credit of the Interest and Redemption Fund, the City shall deposit to the credit of the Interest and Redemption Fund at least such amounts as are required for the payment of all principal of and interest on said Additional Obligations then being issued, as the same come due.

(c) That all calculations of average annual principal and interest requirements made pursuant to this Section shall be made as of and from the date of the Additional Obligations then proposed to be issued.

(d) That the principal of all Additional Obligations must be scheduled to be paid or mature on February 15 or August 15, or both, of the years in which such principal is scheduled to be paid or mature; and all interest thereon must be payable on February 15 and August 15.

SECTION 21: Further Requirements for Additional Obligations. Additional Obligations shall be issued only in accordance with this Ordinance, but notwithstanding any provisions of this Ordinance to the contrary, no installment, series, or issue of Additional Obligations shall be issued or delivered unless:

(a) An independent certified public accountant, or independent firm of certified public accountants, signs a written certificate to the effect that, during either the next preceding year, or any twelve consecutive calendar month period ending not more than ninety days prior to the passage of the ordinance authorizing the issuance of the then proposed Additional Obligations, the Pledged Revenues were, in his or its opinion, at least equal to 1.25 times the principal and interest requirements of all Bonds Similarly Secured to be Outstanding after the issuance of the then proposed Additional Obligations for the year during which such requirements are scheduled to be the greatest.

SECTION 22: General Covenants. The City further covenants and agrees that in accordance with and to the extent required or permitted by law:

(a) Performance. It will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance, and each ordinance authorizing the issuance of Additional Obligations, and in each and every Bond Similarly Secured; that it will promptly pay or cause to be paid the principal of and interest on every Bond Similarly Secured, on the dates and in the places and manner prescribed in such ordinances and Bonds Similarly Secured; and that it will, at the times and in the manner prescribed, deposit or cause to be deposited the amounts required to be deposited into the Interest and Redemption Fund; and any holder of the Bonds Similarly Secured may require the City, its officials, and employees, to carry out, respect, or enforce the covenants and obligations of this Ordinance, or any ordinance authorizing the issuance of Additional Obligations, by all legal and equitable means, including specifically, but without limitation, the use and filing of mandamus proceedings, in any court of competent jurisdiction, against the City, its officials, and employees.

(b) City's Legal Authority. It is a duly created and existing home rule city of the State of Texas, and is duly authorized under the laws of the State of Texas to create and issue the Bonds; that all action on its part for the creation and issuance of the Bonds has been duly and effectively taken, and that the Bonds registered in the names of the registered owners thereof are and will be valid and enforceable special obligations of the City in accordance with their terms.

(c) Title. It has or will obtain lawful title to the lands, buildings, structures, and facilities constituting the System, that it warrants that it will defend the title to all the aforesaid lands, building, structures, and facilities, and every part thereof, for the benefit of the holders and owners of the Bonds Similarly Secured, against the claims and demands of all persons whomsoever, that it is lawfully qualified to pledge the Pledged Revenues to the payment of the Bonds Similarly Secured in the manner prescribed herein, and has lawfully exercised such rights.

(d) Liens. It will from time to time and before the same become delinquent pay and discharge all taxes, assessments, and governmental charges, if any, which shall be lawfully imposed upon it, or the System, that it will pay all lawful claims for rents, royalties, labor, materials, and supplies which if unpaid might by law become a lien or charge thereon, the lien of which would be prior to or interfere with the liens hereof, so that the priority of the liens granted hereunder shall be fully preserved in the manner provided herein, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's, or other lien or charge which might or could be prior to the liens hereof, or do or suffer any matter or thing whereby the liens hereof might or could be impaired; provided, however, that no such tax, assessment, or charge, and that no such claims which might be used as the basis of a mechanic's, laborer's, materialman's, or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the City.

(e) Operation of System; No Free Service. While the Bonds Similarly Secured are Outstanding and unpaid the City shall continuously and efficiently operate the System, and shall maintain the System in good condition, repair, and working order, at all reasonable cost. No free service of the System shall be allowed, and should the City or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value shall be made by the City out of funds from sources other than the revenues of the System, unless made from surplus or excess Pledged Revenues as permitted in Section 17(b) hereof.

(f) Further Encumbrance. While the Bonds Similarly Secured are Outstanding and unpaid, the City shall not additionally encumber the Pledged Revenues in any manner, except as permitted in this Ordinance in connection with Additional Obligations, unless said encumbrance is made junior and subordinate in all respects to the liens, pledges, covenants, and agreements of this Ordinance or such pledge is equal to or less than $10,000; but the right of the City to issue revenue bonds payable from a subordinate lien on the Pledged Revenues is specifically recognized and retained.

(g) Sale or Disposal of Property. While the Bonds Similarly Secured are Outstanding and unpaid, the City shall not sell, convey, mortgage, encumber, lease, or in any manner transfer title to, or otherwise dispose of the System, or any significant or substantial part thereof; provided that whenever the City deems it necessary to dispose of any property, machinery, fixtures, or equipment, it may sell or otherwise dispose of such property, machinery, fixtures, or equipment when it has made arrangements to replace the same or provide substitutes therefor, unless it is determined by resolution of the City Council that no such replacement or substitute is necessary.

(h) Insurance.

(1) The City shall cause to be insured such parts of the System as would usually be insured by corporations operating like properties, with a responsible insurance company or companies or through self insurance, against risks, accidents, or casualties against which and to the extent insurance is usually carried by corporations operating like properties, including, to the extent reasonably obtainable, fire and extended coverage insurance, insurance against damage by floods, and use and occupancy insurance. Public liability and property damage insurance shall also be carried unless the City Attorney of the City gives a written opinion to the effect that the City is not liable for claims which would be protected by such insurance. At any time while any contractor engaged in construction work shall be fully responsible therefor, the City shall not be required to carry insurance on the work being constructed if the contractor is required to carry appropriate insurance. All such policies shall be open to the inspection of the owners of the Bonds and their representatives at all reasonable times. Upon the happening of any loss or damage covered by insurance from one or more of said causes, the City shall make due proof of loss and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the City. The proceeds of insurance covering such property, together with any other funds necessary and available for such purpose, shall be used forthwith by the City for repairing the property damaged or replacing the property destroyed; provided, however, that if said insurance proceeds and other funds are insufficient for such purpose, then said insurance proceeds pertaining to the System shall be used promptly as follows:

(i) for the redemption prior to maturity of the Bonds Similarly Secured, ratably in the proportion that the outstanding principal of each series or issue of Bonds Similarly Secured bears to the total outstanding principal of all Bonds Similarly Secured, provided that if on any such occasion the principal of any such series or issue is not subject to redemption, it shall not be regarded as Outstanding in making the foregoing computation; or

(ii) if none of the Bonds Similarly Secured is subject to redemption, then for the purchase on the open market and retirement of said Bonds Similarly Secured in the same proportion as prescribed in the foregoing clause (i), to the extent practicable; provided that the purchase price for any Bond Similarly Secured shall not exceed the redemption price of such Bond Similarly Secured on the first date upon which it becomes subject to redemption; or

(iii) to the extent that the foregoing clauses (i) and (ii) cannot be complied with at the time, the insurance proceeds, or the remainder thereof, shall be deposited in a special and separate trust fund, at an official depository of the City, to be designated the Insurance Account. The Insurance Account shall be held until such time as the foregoing clauses (i) and/or (ii) can be complied with, or until other funds become available which, together with the Insurance Account, will be sufficient to make the repairs or replacements originally required, whichever of said events occurs first.

(2) The annual audit hereinafter required shall contain a section commenting on whether or not the City has complied with the requirements of this Section with respect to the maintenance of insurance, and listing all policies carried, and whether or not all insurance premiums upon the insurance policies to which reference is hereinbefore made have been paid.

(i) Rate Covenant. The City Council of the City will fix, establish, maintain, and collect such rates, charges, and fees for the use and availability of the System at all times as are necessary to produce revenues of the System sufficient, together with any other Pledged Revenues, (1) to pay all current operation and maintenance expenses of the System, and (2) to produce Pledged Revenues for each year at least equal to 1.25 times the principal and interest requirements of all then Outstanding Bonds Similarly Secured for the year during which such requirements are scheduled to be the greatest.

(j) Records. It will keep proper books of record and account in which full, true, and correct entries will be made of all dealings, activities, and transactions relating to the System, the Pledged Revenues, and the Funds mentioned in this Ordinance, and all books, documents, and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any owner of a Bond.

(k) Audits. After the close of each year while any of the Bonds Similarly Secured are Outstanding, an audit will be made of the books and accounts relating to the System and the Pledged Revenues by an independent certified public accountant, or an independent firm of certified public accountants. As soon as practicable after the close of each such year, and when said audit has been completed and made available to the City, a copy of such audit for the preceding year shall be mailed to the Municipal Advisory Council of Texas and to any holder of 5% or more in aggregate principal amount of then Outstanding Bonds Similarly Secured who shall so request in writing. Such annual audit reports shall be open to the inspection of the owners of the Bonds Similarly Secured and their agents and representatives at all reasonable times.

(l) Governmental Agencies. It will comply with all of the terms and conditions of any and all franchises, permits, and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the City has or will obtain and keep in full force and effect all franchises, permits, authorization, and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation, and maintenance of the System.

(m) Competition. It will not grant any franchise or permit for the acquisition, construction, or operation of any competing facilities which might be used as a substitute for the System's facilities, and, to the extent that it legally may, the City will prohibit any such competing facilities.

SECTION 23: Ordinance to Constitute Contract - Amendment of Ordinance. This Ordinance shall constitute a contract with the Holder of any Bond from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section and in Section 34 hereof. The City, may, without the consent of or notice to any Holders of Bonds, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders of any Bond, including the curing of any ambiguity, inconsistency or formal defect or omission herein. In addition, the City may, with the written consent of the Holders of Bonds owning a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition or rescission shall (a) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor or the rate of interest thereon or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (b) give any preference to any Bond over any other Bond or (c) reduce the aggregate principal amount of Bonds required for consent to any such amendment, addition or rescission.

SECTION 24: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in payments to be made to the Interest and Redemption Fund as required by this Ordinance or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, the registered owner of any of the Bonds shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the City Council and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right or power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specifications of such remedies shall not be deemed to be exclusive.

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TAX MATTERS

TAX EXEMPTION . . . The delivery of the Bonds is subject to the opinion of Bond Counsel to the effect that interest on the Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. A form of Bond Counsel's opinion is reproduced as APPENDIX C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinion, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the City with the provisions of the Ordinance subsequent to the issuance of the Bonds. The Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of the proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the City may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust ("FASIT"), and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than $1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt obligations, such as the Bonds. Prospective purchasers that could be subject to this minimum tax should consult with their own tax advisors regarding the potential impact of owning the Bonds.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN BONDS . . . The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, corporations subject to the alternative minimum tax on adjusted financial statement income, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Bond, the yield based on a call date that results in the lowest yield on the Bond).

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA").

ANNUAL REPORTS . . . The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after 2024, financial information and operating data with respect to the City of the general type of information contained in Tables 1 through 6 hereof, and (2) within twelve months after the end of each fiscal year ending in or after 2024, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in described in APPENDIX B hereof, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. If audited financial statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial statements of the type described in the preceding paragraph by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in APPENDIX B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The City's current fiscal year end is September 30. Accordingly, it must provide updated financial and operating data by March 31 of each year and financial statements by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS . . . The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional Paying Agent/Registrar or the change of name of a Paying Agent/Registrar, if material; (15) incurrence of a debt obligation or derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the City, or a guarantee of any such debt obligation or derivative instrument, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of any such financial obligation of the City, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of any such financial obligation of the City, any of which reflect financial difficulties. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports".

For these purposes, (a) any event described in clause (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City and (b) the City intends the words used in clauses (15) and (16) in the immediately preceding paragraph to have the meanings ascribed to them in SEC Release No. 34-83885, dated August 20, 2018.

AVAILABILITY OF INFORMATION FROM MSRB . . . The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule, except for below.

As of August 11, 2020 the City issued Waterworks and Sewer System Revenue Bonds, Series 2020 in the amount of $28,500,000 to the Texas Water Development Board however, no event notice was filed in connection with that financial obligation. The notice along with the late notice has since been filed.

The Hotel Taxpayers (unaudited) table set forth in the City's official statements related to its hotel occupancy tax revenue bonds was not included in the ACFR for the fiscal year ended September 30, 2021. The City filed that table and a notice of late filing on EMMA on August 24, 2022.

In previous continuing disclosure undertakings, the City has agreed to supply financial information and operating data with respect to the City of the general type of information contained in specified tables of the applicable Official Statement. The annual financial information filings made by the City as a result of these undertakings for each of the last five years have consisted of the related City's Annual Comprehensive Financial Report (ACFR), which the City believes contains the information of the general type of information contained in the specified tables. Please note that certain information in the specified tables is not presented explicitly in the ACFRs but can be calculated from information in the ACFRs.

OTHER INFORMATION

RATINGS . . . The Bonds are rated "AA" by S&P. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating company, if in the judgment of the company, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

LITIGATION . . . It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the System or its operations. At the time of the initial delivery of the Bonds, the City will provide the Purchaser with a certificate to the effect that no litigation of any nature has been filed or is then pending challenging the issuance of the Bonds or that affects the payment and security of the Bonds or in any other manner questioning the issuance, sale or delivery of the Bonds.

REGISTRATION AND QUALIFICATION OF BONDS FOR SALE . . . The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Bonds have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS . . . Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Bonds are negotiable instruments governed by Chapter 8, Texas Business and Commerce Code, as amended and are legal and authorized investments for insurance companies, fiduciaries, trustees, or for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in obligations such as the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended, requires that the Bonds be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency, this requirement does not apply, however, to the purchase of obligations such as the Bonds for interest and sinking funds of such entities. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with at least $1 million of capital, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value.

The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to such institutions or entities or which might limit the suitability of the Bonds for any of the foregoing purposes or limit the authority of such institutions or entities to purchase or invest in the Bonds for such purposes. The City has made no review of laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

LEGAL OPINIONS . . . The City will furnish the Purchaser a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding special obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein. The customary closing papers, including a certificate of the City as described under "OTHER INFORMATION - Certification of the Official Statement" will also be furnished to the Purchaser. Though it represents the Financial Advisor and investment banking firms such as the Purchaser from time to time in matters unrelated to the issuance of the Bonds, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Bonds. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds in the Official Statement to verify that such description conforms to the provisions of the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds.

The legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR . . . Specialized Public Finance Inc. is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. Specialized Public Finance Inc., in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER . . . After requesting competitive bids for the Bonds, the City accepted the bid of __________________ (the Purchaser") to purchase the Bonds at the interest rates shown on the inside cover of the Official Statement at a price of _____% of par. The Purchaser can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Purchaser. The City has no control over the price at which the Bonds are subsequently sold and the initial yield at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT…At the time of payment for and delivery of the Bonds, the City will furnish the Purchaser a certificate, executed by an authorized representative of the City, acting in such person's representative capacity, to the effect that to the best of such person's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement or amendment thereto, on the date of the Official Statement, on the date of sale of the Bonds and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

FORWARD-LOOKING STATEMENTS DISCLAIMER . . . The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

MISCELLANEOUS . . . The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Reference is made to original documents in all respects. The Ordinance authorizing the issuance of the Bonds will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Purchaser.

____

Mayor
City of Amarillo, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

The City of Amarillo (the "City") is located in Potter and Randall Counties in the Northwest Texas Panhandle. It is located at the intersections of IH40 and IH27 and State Highways 60, 66, 87 and 287. The City was incorporated in 1899 and in 1913 wrote its own charter and was one of the first cities in the United States to adopt the commission-manager form of government.

EDUCATION . . . The Amarillo Junior College District operates from 52 buildings on five campuses encompassing approximately 1,600 acres. In 1995, the Texas Legislature transferred Texas State Technical College – Amarillo to the Amarillo Junior College District and it was renamed the East Campus. Amarillo College is a two-year fully accredited community college offering more than 160 programs of study to about 10,000 academic students. An additional 43,000 students attend workforce training for their continuing education and professional mandates.

West Texas A&M University ("WTAMU") is located 12 miles south of Amarillo in Canyon, Texas. Forty-two buildings are located on the 135-acre main campus. WTAMU is surrounded by 294 acres of land available for future expansion and owns an additional 2,500 acres of farm and ranch land. WTAMU offers 60 undergraduate degree programs 43 graduate degree programs, and one doctoral degree program. WTAMU's Alternative Energy Institute is recognized for its work in wind energy and wind turbines. In addition to those courses offered in Canyon, Texas, WTAMU also occupies 30,000 square feet in the Chase Tower located in downtown Amarillo. More than 55 upper level courses are offered at the Amarillo location.

Texas Tech University Health Sciences Center (TTUHSC) at Amarillo, a regional campus of TTUHSC in Lubbock, Texas, is spread over 25 acres in the Harrington Regional Medical Center on the west side of Amarillo. The Amarillo campus is comprised of the Schools of Allied Health Sciences, Medicine and Pharmacy, including seven out-patient clinics, laboratory and research facilities, a radiology department and a clinical simulation center which will soon be operational. The School of Allied Health Sciences offers a doctorate degree in physical therapy. A medical degree is offered at the School of Medicine. The School of Pharmacy confers a doctor of pharmacy degree. Both the Schools of Medicine and Pharmacy oversee numerous residency programs.

MAJOR EMPLOYERS IN AMARILLO METROPOLITAN STATISTICAL AREA (AS OF FEBRUARY, 2022)

Company	Product	Estimated Number of Employees
Amarillo ISD	School District	4,500
Tyson Foods, Inc.	Food Production	4,300
CNS Pantex	Manufacturing	3,844
BSA Health System/Don & Sybil Harrington Cancer Center	Hospital	3,100
Northwest Texas Healthcare System	Hospital	2,150
City of Amarillo	Government	1,953
Xcel Energy/Southwestern Public Service Co.	Telephone	1,431
Affiliated Foods/TriState Baking/Plains Dairy	Grocery	1,250
Canyon ISD	School District	1,168
Amarillo VA Health Care System	Hospital	984

Source: Amarillo Chamber of Commerce.

AMARILLO METROPOLITAN STATISTICAL AREA EMPLOYMENT STATISTICS

	December	Average Annual			
	2023	2022	2021	2020	2019
Total Civilian Labor Force	104,113	103,576	102,522	131,264	132,104
Total Employment	101,560	100,527	98,531	124,861	128,710
Total Unemployment	2,553	3,048	3,991	6,403	3,909
% Unemployed	2.5%	2.9%	3.9%	4.9%	2.9%
% Unemployed (Texas)	4.0%	3.9%	5.6%	7.6%	3.5%

Source: Texas Labor Market Information.

AMARILLO METROPOLITAN STATISTICAL AREA EMPLOYMENT BY INDUSTRY

	December 2023	Yearly Change
Total Non-Agricultural	129,000	0.5%
Mining, Logging and Construction	8,100	1.2%
Manufacturing	14,900	1.4%
Trade, Transportation and Utilities	27,700	0.4%
Information	1,200	0.0%
Financial Activities	7,100	1.4%
Professional and Business Services	10,000	-1.0%
Education and Health Services	17,300	1.2%
Leisure and Hospitality	14,800	2.1%
Other Services	5,400	1.9%
Government	22,500	-1.3%

Source: Texas Labor Market Information.

APPENDIX B

EXCERPTS FROM THE
CITY OF AMARILLO, TEXAS
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2023

The information contained in this Appendix consists of excerpts from the City of Amarillo, Texas Comprehensive Annual Financial Report for Fiscal Year Ended September 30, 2023, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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Amarillo, TX 79105

It's about time.

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, the City adopted new accounting guidance, GASB No. 96, Subscription-Based Information Technology Arrangement. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule - General Fund, the Schedule of Changes in Net Pension Liability and Related Ratios - Texas Municipal Retirement System, the Schedule of Contributions - Texas Municipal Retirement System, Notes to Required Supplementary Information - Texas Municipal Retirement System, the Schedule of Changes in Net Pension Liability and Related Ratios – Firemen's Relief and Retirement Fund, the Schedule of Contributions Firemen's Relief and Retirement Fund, Notes to Required Supplementary Information - Firemen's Relief and Retirement Fund, the Schedule of Net OPEB Liability and Related Ratios, Schedule of Changes to Net OPEB Liability and Related Ratios, Schedule of Contributions and Related Ratios OPEB, and Notes to Schedule of Required Supplemental Information OPEB on pages 5 through 21, and pages 126 through 137 be presented to supplement the basic financial statements. Such information, is the responsibility of management and 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, U*niform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* are presented for purposes of additional analysis and are not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2024 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 solely 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 the effectiveness of the City's 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.

CMMS CPAs & Advisors PLLC

Amarillo, Texas
February 27, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Amarillo's (City) Annual Comprehensive Financial Report (ACFR) 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, 2023. 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, 2023.

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 $1,252.2 million (net position). Of this amount, $1,030.6 million is invested in capital assets and infrastructure net of related debt and $54.0 million is restricted for debt service and other purposes. The remaining $167.6 million is unrestricted net position.

- The City's total net position increased by $71.9 million. Of this amount, a $41.4 million increase is attributable to governmental activities, and an increase of $30.5 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 $225.8 million. The General Fund's fund balance decreased by $5.3 million. This decrease was intentional as the excess reserves from prior years were budgeted to be spent down. The General Construction fund had a decrease in fund balance of $12.3 million. This decrease was a result of spending previously issued bonds for improvements to a new City Hall and for athletic field lighting along with funding transferred in previously from COVID-19 Relief funding for capital projects and from the General Fund, created from excess reserves. Changes in fund balance for the COVID-19 Relief fund and the other governmental funds, which include many grants, special revenue funds, and other capital project funds, were an increase of $0.4 thousand and an increase of $5.1 million, respectively.

- At the end of the current fiscal year, the fund balance for the General Fund was $73.4 million, or 31.0% of total general fund expenditures. Expenditures and transfers out of the General Fund were $237.6 million, which amounts included transfers of general revenues to capital outlay, internal service funds, grant funds, compensated absences fund, and other funds which carry out general governmental operations. The General Fund remains in good financial condition with unassigned fund balance of $69.6 million.

- Net position for the Water and Sewer Fund increased by $25.5 million. Fiscal year 2023 included a 10% rate increase in water and sewer rates, but experienced lower consumption in 2023 compared to 2022. Fiscal year 2023 was a near normal year for precipitation but the area experienced flooding during late May and early June, while most of the rest of the fiscal year was dry. On-going litigation was partially settled during fiscal year 2023 producing proceeds of $5.0 million.

- Net position for the Drainage Utility Fund increased by $4.5 million. Fiscal year 2023 included a 6% rate increase.

- Net position for the Airport Fund decreased by $1.1 million. Federal grant money continued to be received to help Airport capital projects on a matching basis.

- The City issued $5.8 million in new combination tax and revenue certificates of obligation for construction and improvements to the landfill. The debt service will be funded from a rate increase applied to all Solid Waste customers.

- The City issued another $4.0 million in new combination tax and revenue certificates of obligation debt. The certificates of obligation were issued to pay for local park amenities in the Greenways Public Improvement District (PID) and the Heritage Hills PID. Assessments in each PID will pay for the annual debt service.

- The City issued $42.9 million in new water and sewer revenue bonds. The bond proceeds will be used for improvements and expansion of the water and sewer system and the annual debt service will be funded by a 10% rate increase that went into effect on October 1, 2022.
- The City issued $4.7 million in new drainage revenue bonds. The bond proceeds will be used for improvements and expansion of the drainage utility system and the annual debt service will be funded by a 6% rate increase that went into effect October 1, 2022.
- The City issued $4.6 million in hotel occupancy tax revenue bonds. The bond proceeds will be used for renovations at the MPEV required by Major League Baseball and the annual debt service will be funded by a portion of the annual MPEV Capital Improvement and Maintenance Reserve Fund while the remaining will come from the City's hotel occupancy tax.

Overview of the Financial Statements:

Effective October 1, 2001, the City adopted the provisions of Statement No. 34 issued by 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 required supplementary information, other supplementary information, and statistical 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 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 Finance Corporation, Amarillo Health Facilities Corporation, Amarillo Convention and Visitors Bureau, Inc., 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 the funds of the City can be divided into three categories: government funds, proprietary funds, and fiduciary funds.

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

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

In addition to a general fund, the City maintains several 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, General Construction Fund, and COVID-19 Relief Fund met 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 in the Basic Financial Statement section 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 section also presents *required supplementary information* concerning the City's net pension liability and required contributions to its firefighters through the Firemen's Retirement and Relief Fund and its other employees through the Texas Municipal Retirement System. Information on the City's net other post-employment benefits (OPEB) liability, changes in the net OPEB liability and required contributions are also reported.

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, 2023, compared to the prior year (in thousands):

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

	Governmental Activities		Business-type Activities		Total		Percent
	2023	2022	2023	2022	2023	2022	2023
Current assets	$ 261,848	$ 259,764	$ 104,360	$ 113,800	$ 366,208	$ 373,564	18.10%
Noncurrent assets	103,490	143,448	192,028	154,868	295,518	298,316	14.61%
Capital assets	588,260	546,333	773,056	741,132	1,361,316	1,287,465	67.28%
Total assets	$ 953,598	$ 949,545	$ 1,069,444	$1,009,800	$ 2,023,042	$1,959,345	100.00%
Deferred outflows of resources	$ 70,205	$ 26,635	$ 11,854	$ 4,515	$ 82,059	$ 31,150	0.00%
Current liabilities	$ 59,661	$ 55,489	$ 55,051	$ 52,826	$ 114,712	$ 108,315	14.02%
Noncurrent liabilities	376,624	295,236	326,807	290,869	703,431	586,105	85.98%
Total liabilities	$ 436,285	$ 350,725	$ 381,858	$ 343,695	$ 818,143	$ 694,420	100.00%
Deferred inflows of resources	$ 14,156	$ 94,199	$ 20,595	$ 25,678	$ 34,751	$ 119,877	0.00%
Net position:							
Net investment in capital assets	$ 428,814	$ 394,218	$ 601,792	$ 571,863	$ 1,030,606	$ 966,081	82.30%
Reserved/restricted	40,097	45,124	13,930	14,270	54,027	59,394	4.31%
Unrestricted (deficit)	104,451	91,915	63,123	58,809	167,574	150,724	13.38%
Total net position	$ 573,362	$ 531,257	$ 678,845	$ 644,942	$ 1,252,207	$1,176,199	100.00%

The net position of the Governmental Activities was $573.4 million. Of this amount, approximately $428.9 million is net investment in capital assets. Restricted net position of approximately $20.0 million, $5.2 million, and $14.5 million is restricted for debt service, tax increment financing, and other purposes, respectively. This leaves an unrestricted net position for Governmental Activities of $104.5 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 $678.9 million. The unrestricted net position of the Business-type Activities was $63.1 million and is used to provide working capital and fund capital projects.

The City's overall net position increased by $71.9 million during the current fiscal year. The following table reflects the elements of this change:

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

	Governmental Activities		Business-type Activities		Total		Percent
	2023	2022	2023	2022	2023	2022	2023
Revenues							
Program revenues							
Charges for services	$ 61,264	$ 59,738	$ 116,879	$ 113,213	$ 178,143	$ 172,951	39.45%
Operating grants and contributions	37,182	60,932	545	6,357	37,727	67,289	8.35%
Capital grants and contributions	21,491	15,987	8,819	10,314	30,310	26,301	6.71%
General revenues:							
Property taxes	69,754	66,701	-	-	69,754	66,701	15.45%
Other taxes	107,896	105,473	-	-	107,896	105,473	23.89%
Insurance recover/cost			5,000	11,725	5,000	11,725	1.11%
Investment earnings, etc.	13,421	445	9,377	393	22,798	838	5.05%
Total revenues	311,008	309,276	140,620	142,002	451,628	451,278	100.00%
Expenses:							
General/staff services	22,129	18,790	-	-	22,129	18,790	5.83%
Public safety	124,430	96,807	-	-	124,430	96,807	32.77%
Streets/traffic	28,782	24,903	-	-	28,782	24,903	7.58%
Culture and recreation	33,379	29,743	-	-	33,379	29,743	8.79%
Solid waste	21,775	18,035	-	-	21,775	18,035	5.73%
Transit	6,023	5,389	-	-	6,023	5,389	1.59%
Tourism/ economic/urban development	22,120	19,237	-	-	22,120	19,237	5.83%
Information technology	6,081	4,892	-	-	6,081	4,892	1.60%
Interest on long-term debt	8,261	8,018	-	-	8,261	8,018	2.18%
Water and sewer	-	-	82,764	79,053	82,764	79,053	21.80%
Drainage utility	-	-	5,218	4,909	5,218	4,909	1.37%
Airport		-	18,774	16,401	18,774	16,401	4.94%
Total expenses	272,980	225,814	106,756	100,363	379,736	326,177	100.00%
Excess (deficiency) before transfers	38,028	83,462	33,864	41,639	71,892	125,101	
Transfers	3,345	3,507	(3,345)	(3,507)	-	-	
Change in net position	41,373	86,969	30,519	38,132	71,892	125,101	
Net position, beginning	531,257	444,879	644,942	606,810	1,176,199	1,051,689	
Prior period adjustment	732	(591)	3,384		4,116	(591)	
Net position, ending	$ 573,362	$ 531,257	$ 678,845	$ 644,942	$ 1,252,207	$ 1,176,199	

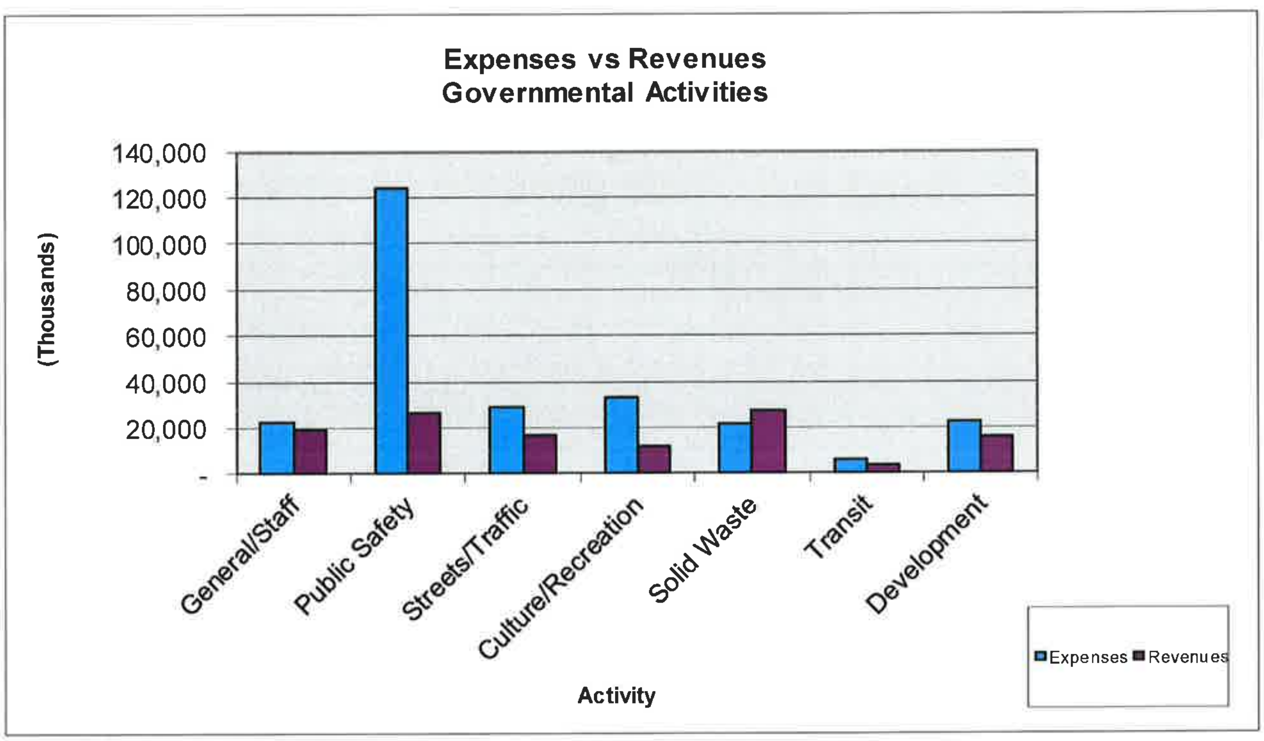
Governmental activities: At September 30, 2023, the net position for the Governmental Activities increased $41.4 million. Expenses increased over the prior year $47.1 million, program revenues decreased over the prior year $16.8 million and general revenues increased over the prior year $18.5 million. Throughout the fiscal year the City continued to see economic growth in sales tax while tapering off the amount of COVID-19 funding assistance received from grants.

The overall net increase in expenses over the prior year of $47.1 million are a result of many staffing vacancies being filled along with a 5% pay increase for personnel and rising fuel and inflationary costs.

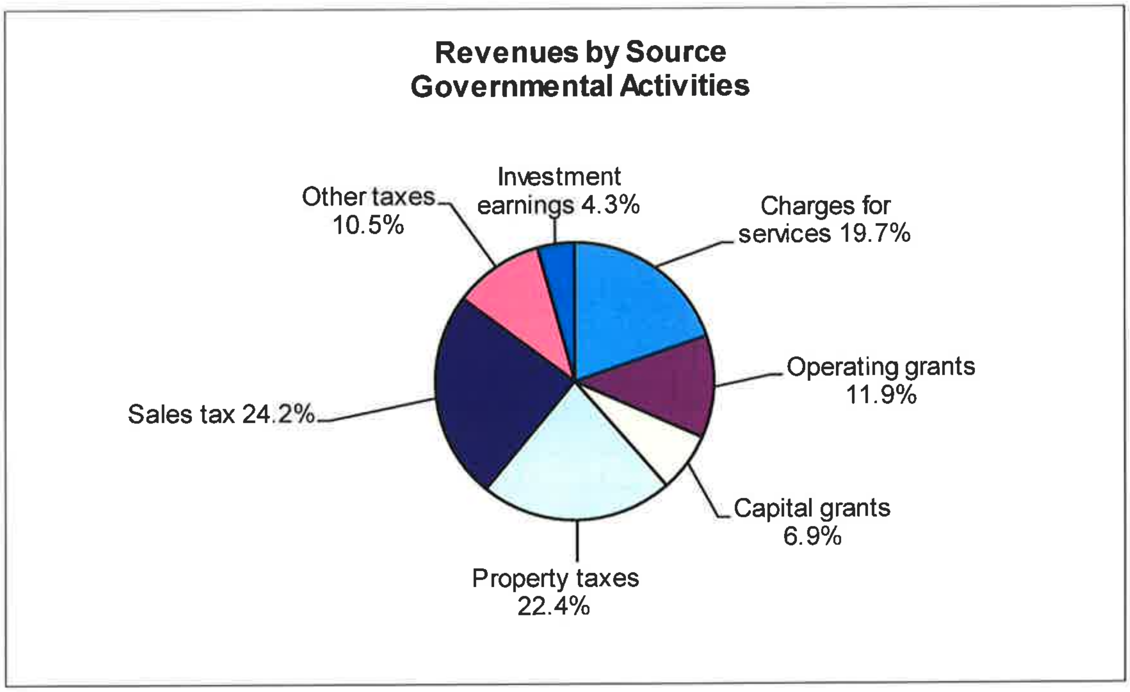
Program revenues decreased $16.8 million over the prior year. These revenues include charges for services, operating and capital grants, and various contributions. Charges for services include fees of the solid waste disposal utility and transit system, revenues of the auditorium-coliseum complex and parks department, along with permits, licenses, and fines. The main reason for the decrease was additional grant money received due to the COVID-19 pandemic during fiscal year 2022 that was received in fiscal year 2023.

General revenues increased $18.5 million over the prior year. Property tax revenues increased $3.1 million due to increases in taxable values while the overall property tax rate decreased by $0.03706. Sales tax increased $0.9 million and continues to see growth into the new fiscal year. Hotel Occupancy Taxes decreased $0.4 million and has begun to flatten mainly due to a decrease in the average daily rate. Gross receipts business taxes increased $1.9 million as fuel prices remained high and unrestricted investment earnings increased $13.0 million due to the rise in interest rates.

The chart below titled *Expenses vs. Revenues – Governmental Activities* – shows the expenses and revenues by activity. The chart reflects the extent to which each of the major governmental functions of the City is supported by revenues designated for that purpose. The 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 parks department, and permits, licenses, and fines. 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 revenues as described above of $311.0 million excluding transfers of $3.3 million.



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 $30.5 million.

Net position for the Water and Sewer Fund increased by $25.5 million. The increase was primarily due to water sales due to consumption remaining strong, a 10% rate increase, and litigation proceeds of $5 million.

Net position for the Drainage Utility Fund increased by $4.5 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 $3.2 million for 2022/23.

Net position for the Airport Fund decreased by $1.1 million. Airport operating revenues were impacted by the COVID-19 pandemic but have now fully recovered to pre-COVID-19 levels. Federal grant money continued to be received to help Airport with capital funding but was no longer received for operations from the loss of revenue. Grants-in-aid received for operations in 2021/2022 was $6.4 million as compared to $0.5 million in 2022/2023. Airport operating expenses were back to a more normal level as travel activity continued to rebound from the pandemic; however, the Airport did see some improvement in staffing shortages as well as the 5% increase for all personnel.

89% 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.

$13.9 million of the net position represents resources that are subject to external restrictions on how they may be used. These restrictions primarily represent accounts established in accordance with bond covenants. Other restrictions include amounts to be spent in accordance with grant agreements. The balance of net position, $63.1 million, is available to meet the City's ongoing obligations to citizens and creditors and to hold in reserves.

Water and Sewer System: Overall Utility sales and service revenues increased $0.4 million. Fiscal year 2023 included a 10% rate increase in water and sewer rates in order to issue debt for improvements and expansion of the water and sewer system and to fund increased operating and maintenance costs. Water metered sales were $0.8 million less than the prior year due to 2023 receiving larger amounts of rain compared to 2022. In total, fiscal year 2022/23 saw more normal amounts of rainfall except unprecedented flooding occurred during late May and early June, while the rest of the fiscal year experienced lower amounts of precipitation. Water revenues can be significantly affected by the amount and timing of local rainfall.

The chart below reflects the fluctuation in precipitation that the area has received over the past ten years:

Year	Precipitation**	Records*
2013/14	18.9"	55th driest
2014/15	30.4"	7th wettest on record
2015/16	21.5"	44th wettest on record (near normal**)
2016/17	25.8"	18th wettest on record
2017/18	10.9"	4th driest on record
2018/19	23.0"	32nd wettest on record
2019/20	18.2"	47th driest on record
2020/21	16.5"	33rd driest on record
2021/22	13.8"	15th driest on record
2022/23	18.5"	50th driest on record (near normal**)

* Records go back to 1900
** Normal precipitation is 20.0"

Drainage Utility: The Drainage Utility Fund completed the eleventh year of operation and recorded operating revenues of $7.6 million with $4.4 million in operating expenses resulting in net operating income of $3.2 million. Drainage utility assessment revenue was approximately $722 thousand more than the prior year due a to a 6% rate increase. The rate increase helped fund the Drainage Revenue Bonds Series 2023 for capital improvements to the drainage system along with increased costs associated with rising costs. Some projects are funded with cash, as available, and others have been funded by Drainage Revenue Bonds, which are paid back through debt service payments over the term of the bonds. Drainage Revenue Bonds were issued in 2012/13, 2013/14, 2019/20, 2020/21 and as mentioned in 2022/23. The total outstanding debt at year-end for the Drainage Utility Fund was $29.7 million.

Airport: The Airport has been in the process of improving facilities, and the Federal Aviation Administration (FAA) funds a significant part of the cost of these improvements. The Airport generally attempts to operate on a break-even basis. Fiscal year 2023 was a more normal year. Federal grant money received for loss in revenues due to the pandemic came to an end and the Airport ended the fiscal year with a decrease in net position of $1.1 million. As compared to the prior year, operating revenues were up by $1.8 million while non-operating revenues, which include grant funding, were down by $8.8 million. Operating revenues are derived from airlines, fees and commissions, and other building rentals.

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 $225.8 million, a decrease of approximately $12.0 million from the prior year. Of the total fund balances, over half is non-spendable, restricted as to use or committed/assigned by management for specific purposes, which are accounted for in governmental funds established to control the expenditure of the funds for the specific purpose. These funds consist primarily of the Capital Projects funds and the grant funds. The remaining unassigned fund balance is available to fund current expenditures or to fund future capital improvements or operating needs along with maintaining reserve requirements. All of the 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 $73.4 million, of which $69.6 million was unassigned.

The fund balance of the General Fund at year end was $73.4 million, a decrease of $5.3 million. As discussed above in the Government Wide Financial Analysis – Governmental Activities section, the decrease in fund balance was budgeted as the City spent down excess reserves from the prior year. These budgeted projects included one-time spending on a new fire station, street resurfacing, and many improvements to City facilities. The City has continued to see increases in property tax revenues due to increased values, sales tax revenues setting new records, but saw a decreased in hotel occupancy tax returning to a new normal level.

The fund balance of the General Construction Fund at year end was $65.6 million, a decrease of $12.3 million. This decrease includes the spending of bond proceeds on a new City Hall, lighting at local parks, and for ERP software. The General Construction Fund had assigned fund balance of $65.6 million at September 30, 2023. 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 COVID-19 Relief Fund was formed in fiscal year 2020 to account for spending in direct response to the pandemic and the grant money the City received from the American Rescue Plan Act (ARPA). The ARPA money is reported as an unearned revenue liability until actual spending takes place. The COVID-19 Relief Fund has a restricted fund balance at year-end of $654 thousand.

All Other Governmental Funds had as total fund balance at year-end of $86.1 million, an increase of $5.1 million from the prior year. The Other Governmental Funds include all other Capital Project funds, the Housing and Urban Development (HUD) Grants fund, Other Grants funds, Public Improvement Districts, Seizure Funds, Other funds, Bonded Debt Service Fund, Compensated Absence Fund, and a Permanent Fund. The HUD Grants 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 Business-type funds activities were discussed above in the Government Wide Financial Analysis section. The accounting principles applied to the Business-type funds are like 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 Business-type (Enterprise) Funds in these financial statements is identical with the net position and changes in net position in the Government-wide financial presentation.

The Internal Service Fund financial statements reflect a net position of $75.7 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 Fleet Services, Information Services, Risk Management and Employee Insurance. The net income or loss from these Internal Service Funds has been allocated back to the user departments or funds for the Government-wide financial statements. The unrestricted net position of the Internal Service Funds, $40.7 million at year end, is generally used to replace capital assets and maintain minimum operating reserves.

The net position of the Internal Service Funds increased in fiscal year 2023 by $13.5 million. The increase was largely due to investment earnings, favorable healthcare claims experience, and a transfer of bond proceeds to the fleet services fund for the construction of new fueling stations.

Capital Assets and Debt Administration:

Capital assets: The City's investment in capital assets as of September 30, 2023, was $1.4 billion, net of accumulated depreciation. The following tabulation summarizes the City's capital assets at September 30, 2023:

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

	Governmental Activities		*Business-type Activities*		*Total*	
	2023	***2022***	***2023***	***2022***	***2023***	***2022***
Land, easments and water rights	$ 57,930	$ 56,112	$ 110,247	$ 83,348	$ 168,177	$ 139,460
Infrastructure	168,955	162,528	-	-	168,955	162,528
Library resources	4,208	4,383	-	-	4,208	4,383
Water and sewer other	-	-	483,916	517,876	483,916	517,876
Airport facilities	-	-	56,600	60,018	56,600	60,018
Drainage improvements	-	-	16,992	16,115	16,992	16,115
Buildings and other improvements	229,505	233,168	-	-	229,505	233,168
Equipment and vehicles	42,693	41,569	3,391	3,608	46,084	45,177
Capital lease asset	4,395	4,924	-	-	4,395	4,924
Construction in progress	80,574	43,649	101,910	60,166	182,484	103,815
Total capital assets	$ 588,260	$ 546,333	$ 773,056	$ 741,131	$ 1,361,316	$ 1,287,464

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 7 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. However, the City has recently borrowed 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 13 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 ACFR. The City's total outstanding debt as of September 30, 2023 was $528.9 million. The following table shows the City's total principal amounts outstanding under bond agreements as of September 30, 2023:

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

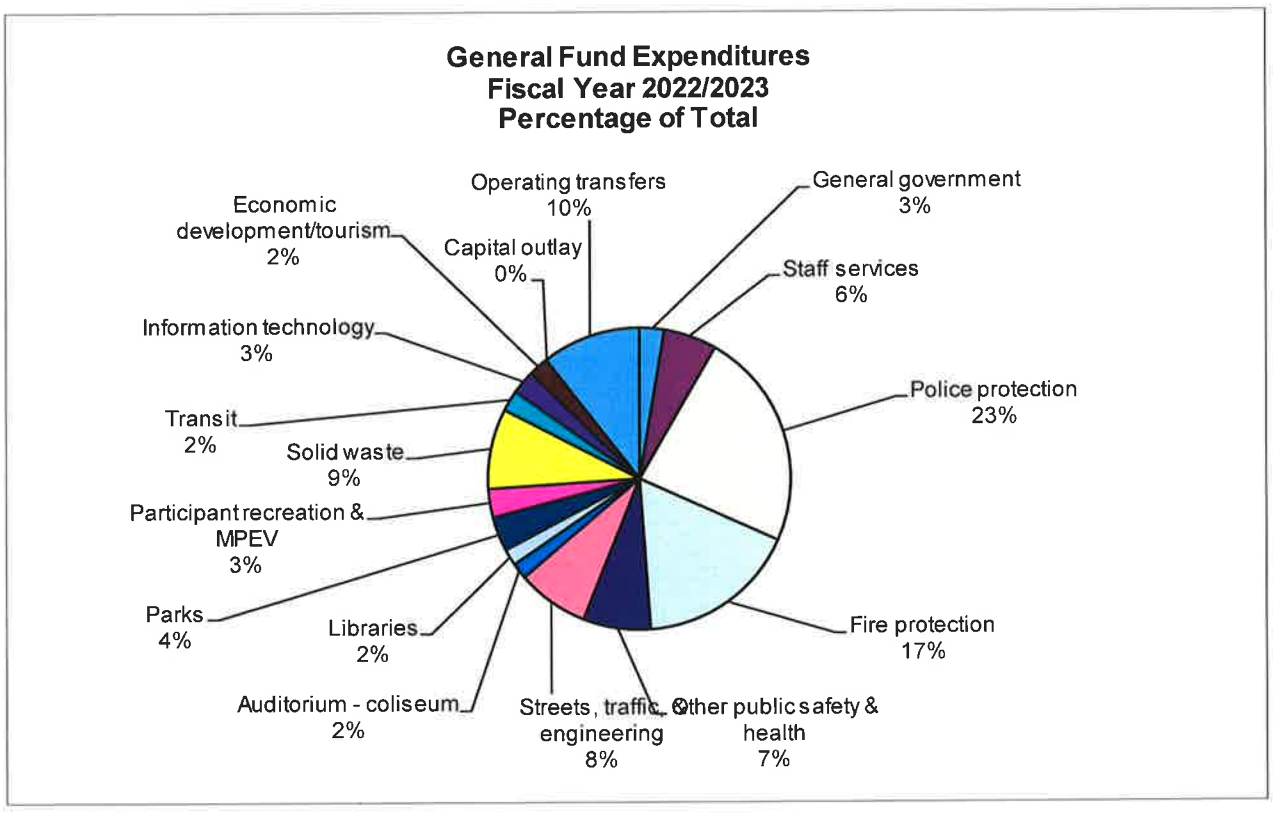
	Governmental Activities		*Business-type Activities*		*Total*	
	2023	***2022***	***2023***	***2022***	***2023***	***2022***
General obligation bonds	$ 103,193	$ 107,000	$ -	$ -	$ 103,193	$ 107,000
Certificates of obligation	18,450	19,776		-	18,450	19,776
Tax notes	28,335	30,130		-	28,335	30,130
Special assessment and other debt	18,930	13,535		-	18,930	13,535
Hotel occupancy tax debt	51,295	47,910		-	51,295	47,910
Water and sewer revenue bonds		-	256,085	229,180	256,085	229,180
Water authority debt		-	25,086	31,554	25,086	31,554
Drainage utility revenue bonds		-	27,555	24,365	27,555	24,365
Total outstanding debt	$ 220,203	$ 218,351	$ 308,726	$ 285,099	$ 528,929	$ 503,450

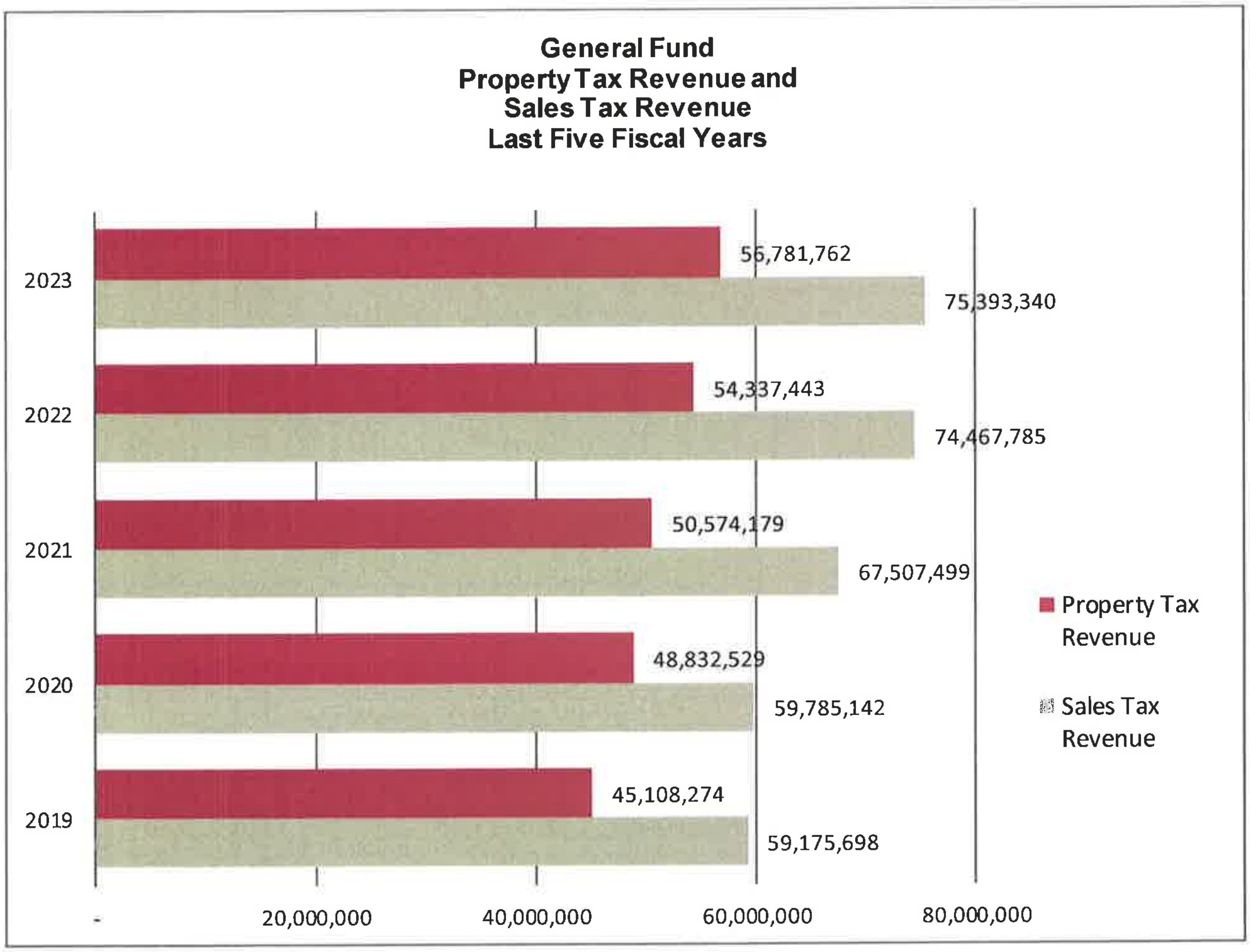
Refer to Notes 12 and 13 in the Notes to Basic Financial Statements for additional information related to long-term debt and other commitments.

General Fund Budgetary Highlights:

The primary purpose of the General Fund is to account for general revenues such as property taxes, sales taxes, and other taxes and expenditures related to essential City functions and programs. The General Fund is comprised of multiple departments that carry out many of the City's essential functions from street repair and maintenance, traffic, fire and police protection, sanitation collection and disposal, and other administrative functions just to name a few. Budget verses actual schedules for the General Fund are reported beginning on page 175.

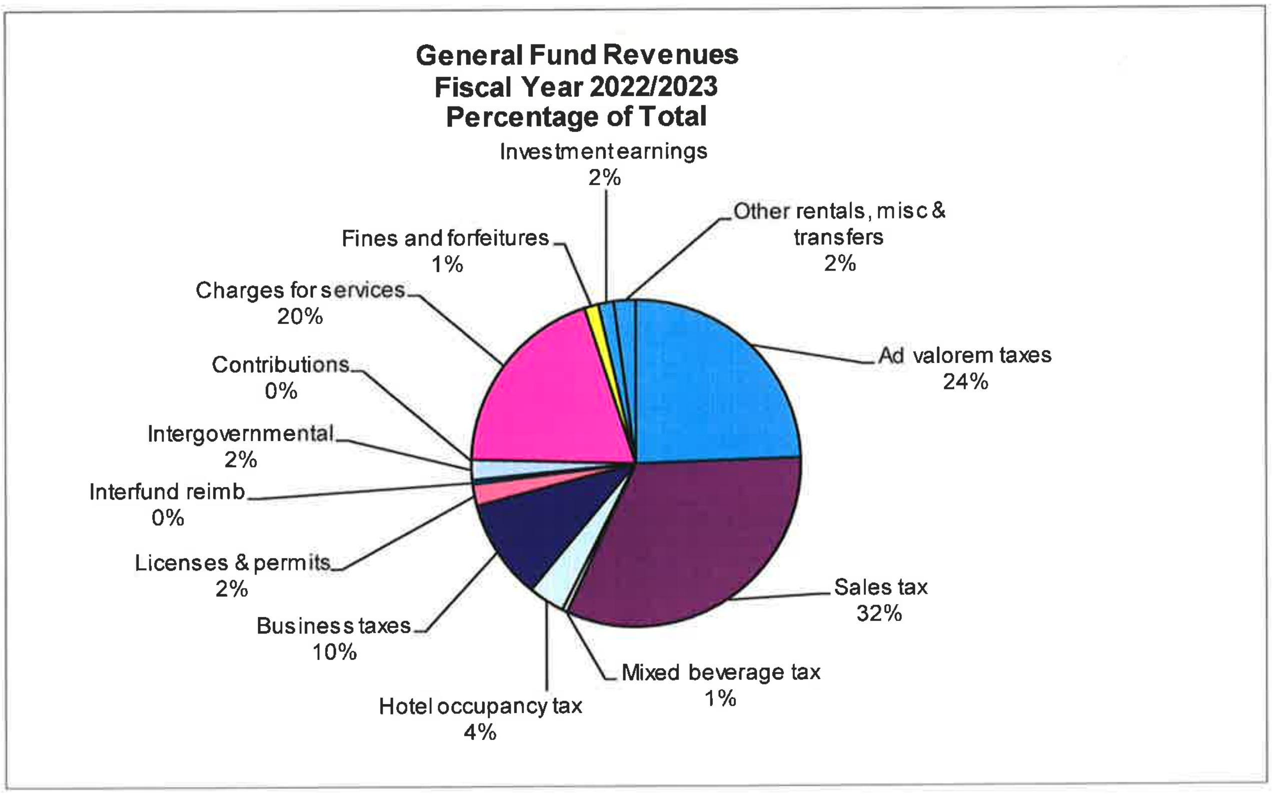
General Fund Revenues: The total General Fund revenues budgeted for fiscal year 2022/23 were $218.8 million and actual revenues came in at $228.8 million, $10.0 million more than budgeted. Actual sales tax revenue accounts for 33% of General Fund total revenue. Sales tax revenues were budgeted for $68.0 million. Actual sales tax revenues for 2022/23 were $75.4 million. Sales tax revenues were $7.4 million more than budgeted for the fiscal year. The City budgeted conservatively for sale tax not knowing the ongoing impact from the pandemic and inflation. Sales tax receipts recovered very well and continue to exceed budget and exceed record numbers into the first quarter of the new fiscal year. Another major component of General Fund revenue is ad valorem property taxes. General Fund ad valorem tax collections were budgeted at $55.8 million and actual ad valorem taxes were $56.8 million, $1.0 million more than budgeted. The ad valorem tax collection rate was slightly higher than anticipated. Charges for services is 20% of General Fund total revenue and continued to remain strong at $0.8 million under budget. The two areas impacted most in charges for services was Parks and Recreation and the Landfill. Hotel Occupancy Tax revenue was also budgeted conservatively and came in slightly lower than budget by 0.7 million. Other General Fund revenues are comprised of business taxes, fines and forfeitures, investment earnings, and miscellaneous revenues. The chart below shows the major sources of total General Fund revenues:





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 has faired 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, 2023, was \$0.40628 per \$100 of taxable value, which is less than the prior year's rate of \$0.44334. The decrease was \$0.03706 to accomodate the over 10% growth in values and the state law requirement that revenue cannot increase more than 3.5% over the prior year for operations and maintenance. The total value of properties on the tax roll for fiscal year 2023 was \$16.6 billion, an increase of \$2.0 billion over the prior year.

General Fund Expenditures: The total General Fund operating expenditure budget, excluding fund transfers, for fiscal year 2022/23 was $217.8 million. Total actual expenditures and appropriations against the operating budget for 2022/23 were $213.1 million. This resulted in underspending the budget by $4.7 million. Many staffing vacancies throughout the fiscal year account for the underspending. Police and Fire protection account for approximately 41% of the General Fund expenditure budget, excluding transfers. Operating transfers to Capital Projects Funds and other funds were budgeted for $23.7 million and actual General Fund transfers during the year were $24.9 million, a budget variance of $1.2 million more. The City had excess reserves during fiscal year 2022 related to sales tax collections coming in higher than anticipated; the excess was approved by City Council to be used for several major capital projects. This accounts for the budget variance in General Fund transfers to other funds. The following chart shows the breakdown by functional area of the General Fund actual expenditures for 2022/23:



Capital Improvement Program (CIP): The City's primary source of funding the annual General Fund CIP program has been through reallocation of excess revenues and unspent monies from the preceding fiscal year. The goal was 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. The City Council approved $5.9 million in debt for improvements at the landfill along with an associated 14% rate increase to Solid Waste customers to pay for the annual debt service and rising costs of the system. City Council also approved $42.9 million in debt for extensions and improvements to the water and sewer utility; a 10% rate increase was implemented to support the debt service associated with the revenue bonds along with increased operating and maintenance costs. A 6% rate increase in Drainage was also implemented during the year to support the issuance of $4.7 million in debt for extensions and improvements in the drainage utility along with increased operating and maintenance costs. The City Council approved combination tax and revenue certificates to purchase park amenities for the Colonies public improvement district (PID) and Heritage Hills PID; the debt service will be funded by assessments in each PID. City Council approved the issuance of $4.6 million in hotel occupancy tax bonds to pay for renovations at the MPEV to meet major league baseball requirements, and the debt service will be paid partially from the annual funding for the MPEV Capital Improvement and Maintenance Reserve fund and from the City's hotel occupancy taxes. All other CIP needs will be met through reallocation of excess revenues and unspent monies from the preceding fiscal year.

Economic Factors and Next Year's Budget and Rates

The fiscal year 2024 Budget totals approximately $531.0 million, with $336.4 million approved for operation and maintenance functions, $135.5 million in capital, and $59.2 million for required debt service payments. The annual Budget is the most important policy document for consideration by the Council. It identifies required funding to deliver more than 250 programs and services to the citizens of Amarillo.

The 2023/2024 Annual Operating Budget is presented to Council as a program-based budget, i.e., the various programs offered by City departments are presented with program descriptions and performance measures to define the level and quality of services delivered to Amarillo citizens. The Budget represents maintenance of current service levels for the more than 250 programs funded by the City. All programs have a demonstrated connection to the City Council pillars.

The City has continued to experience economic growth in most areas; however, rising costs in several vital areas including commodities, materials, supplies, construction, and attracting and retaining personnel have placed continued challenges on the budget process. Key areas of focus in the 2023/2024 Budget include addressing increased funding for public safety, aging infrastructure throughout City operations, attracting and retaining a skilled labor force, and rising costs in most operational areas.

The Budget reflects revenues in line with post-pandemic trends, with slight increases, and rate increases in certain areas to support the rising costs of doing business and aging infrastructure. On the expenditure side, the Budget includes enhancements that focus on funding for public safety, critical capital projects, pay enhancements for personnel to help in attracting and retaining employees, and amounts to cover increased costs of doing business. Details of the consolidated budget are as follows.

CONSOLIDATED BUDGET

Our 2023/2024 Budget is $531.0 million, which is an increase of 8.2%, or $40.2 million, as compared to our 2022/2023 Budget of $490.8 million.

The areas of specific increase/decrease in the Budget are:

	FY 2022/2023	FY 2023/2024	% Change
General Fund Operating	$239,300,951	$250,646,088	4.7%
Water & Sewer Operating	58,614,367	69,664,081	18.9%
Capital Improvement Projects	114,352,664	135,490,421	18.5%
Special Revenue Operating	39,875,546	35,972,058	(9.8%)
Fleet Services Operating	12,530,989	14,003,290	11.7%
Insurance Operating	39,801,333	39,440,725	(0.9%)
Debt Service	68,298,159	59,194,165	(13.3%)
Airport Operating	14,188,377	15,804,323	11.4%
Drainage Utility Operating	3,940,026	3,932,325	(0.2%)
Information Technology Operating	9,046,519	9,416,730	4.1%
Capital Transfers	3,216,767	3,724,936	15.8%
Less: Interfund Transfers	(112,335,250)	(106,245,847)	(5.4%)
Total Budget	$490,830,448	$531,043,295	8.2%

Municipal government is a service business and the predominant expense category in the Budget is always personnel and the associated salary and benefit expenses. Personnel costs comprise 40.4%, or $214.5 million, of the 2023/2024 net Budget. Personnel costs in the Budget are 8.0% more than the prior year budget due to salary increases and reclassifications described below. The increase in personnel costs accounts for most of the increase in each operating budget noted above.

The largest category in the Budget is Capital Improvement Projects at $135.5 million, or 25.5% of the Budget. Capital Improvement Projects reflect an 18.5% increase from the prior year and include public safety projects, major street and traffic administration projects, funding for matching amounts on projects with large Federal/State assistance, a dedicated dumpster replacement program, funding for Parks and Recreation assets and facilities, water and sewer system projects, drainage utility system projects, airport projects that are eligible for additional federal funding, and more. The Capital Improvement Program section provided in the budget document provides more details of the proposed projects.

Debt Service accounts for just over 11.1%, or $59.2 million, of the net Budget. Debt service expenditures include all funds with outstanding debt. The Debt Service category includes a (13.3%) decrease which is due to the debt rolling off.

Special Revenue operating costs have decreased (9.8%) due to additional grant/relief funding availability from the CARES Act and American Rescue Plan ending.

Property and Sales Taxes

Taxable property values remain strong with an estimated over 9% increase for the 2023 tax year, when comparing 2023 estimated values to the 2022 certified values. The total 2023/2024 proposed tax rate is $0.39867 per $100 taxable value versus the 2022/2023 rate of $0.40628. A historical review of the rate reflects that the City Council increased the property tax rate by $0.01 to $0.32009 for the 2011/2012 and 2012/2013 fiscal years after three years with the same property tax rate, by $0.02 in the 2013/2014 fiscal year, by $0.005 in the 2014/2015 fiscal year, and by $0.00563 to $0.35072 for the 2015/2016 and 2016/2017 fiscal years. The rate increases associated with 2017/2018 and 2018/2019 were directly related to the debt service portion of the tax rate. City Council increased the operations and maintenance portion of the tax rate in 2019/2020 by $0.01750 in addition to increasing the debt service portion of the tax rate. In 2020/2021, the debt service portion of the tax rate was the only portion of the tax rate increased. In 2021/2022, City Council increased the property tax rate by $0.047 to $0.44334 and then decreased it in 2022/2023 to $0.40628 due to increased taxable values.

Sales tax is the City's largest revenue source. Amarillo has long enjoyed a history of steadily increasing sales tax, which has offset the City's low property tax rate. The City's sales tax continues to remain strong. The Budget includes sales tax at an increase of $7.9 million over the current year original budget of $68.0 million. The sales tax revenue budget for next year has been normalized to sales tax collection experience for the past couple of years.

Sales tax and property tax revenues make up the largest percentage of funding for General Fund operations. However, each revenue source alone, property tax or sales tax, is not sufficient to fund the budgets for Public Safety. Therefore, the City must rely on multiple revenue sources to support General Fund operations.

Franchise Fees, User Fees and Charges

During 2016, the City initiated a $140 million five-year Community Investment Program with corresponding rate increases for water and sewer and drainage. For water and sewer rates, there was a 3% rate increase in 2016/2017, 2017/2018, and 2018/2019 to fund the first three years of the program. The

2019/2020 Budget included a 7% water and sewer rate increase, which funded the addition of automated metering infrastructure (4%) and provided for an increase in operating and maintenance (3%). The 2020/2021 Budget included the fourth year of the planned 3% rate increases. The 2021/2022 Budget included the final year of the original five-year Community Investment Program with a 3% rate increase for water and sewer infrastructure and a 2% rate increase for maintenance and operations to cover increases in operational costs. The 2022/2023 budget included a 10% water and sewer rate increase to cover inflation and additional debt issuances described above. The 2023/2024 budget included a 6% water and sewer rate increase to cover inflation and the rising cost of attracting and retaining personnel. The water rate structure is designed so that customers who only use water for domestic purposes still have very reasonable rates. A residential 10,000-gallon water user will have a monthly water and sewer bill of approximately $83.33, an increase of $4.32, which is low compared to other Texas cities. For drainage rates, there were 4% rate increases for the five years for the capital costs related to the five-year Community Investment Program. The 2022/2023 budget included as 6% drainage fee increase to cover inflation and an additional debt issuance, while the 2023/2024 budget includes a 47.1% drainage fee increase to cover continued inflation and increase operational costs. The drainage fee increase will increase the average monthly residential charge by $1.08.

The Budget also includes an increase in the Solid Waste rates of 8%. Residential customers will see a slight increase in their monthly bill, which for the average customer will be $1.07. The additional funding will be used to cover increased operational costs related to the solid waste program and a dedicated residential dumpster replacement program.

Other areas with fee increases include Civic Center, Building Safety, Environmental Health, City Marshal, Parks and Recreation, and Golf. The fee increases in each area are needed to adjust for increases in the Consumer Price Index (CPI) to cover the related cost of providing goods or services.

Employee Staffing

The 2023/2024 Budget consists of 2,326 permanent and 355 part-time employee positions. Permanent positions have increased by 23 positions over the current year and part-time positions have decreased by 1. Several of the changes are reclassifications of current positions to better meet departmental needs. New positions include 3 district fire chief positions, 4 police officer positions and 5 police civilian positions for additional operations support, 4 Amarillo Emergency Communications Center (AECC) positions to offer additional support for the department, 2 additional Emergency Management positions, and a few other positions in various departments to support operations. Below is a summary of the staffing changes for permanent positions for the 2023/2024 Budget:

Position Title	Department	Full Time
Senior Telecommunications Supervisor	AECC	1
Telecomms Shift Supervisor	AECC	2
IT CAD Specialist	AECC/IT	1
Airport Landside/Fleet Mechanic III	Airport	1
Airport Technology Specialist	Airport/IT	1
Deputy	City Marshal	1
Operations Manager	Emergency Management	1
Technical Hazards Coordinator	Emergency Management	1
Environmental Technician	Environmental Health	1
Fire District Chief	Fire Operations	3
Application Specialist III	IT Enterprise Applications	1
Infrastructure Engineer	IT Infrastructure	2

IT Support Specialist I	IT Support	1
311 Customer Service Supervisor	IT Telecom	-1
Administrative Assistant I	Library	-2
Librarian I	Library	1
Police Officer	Police	4
Assistant Property & Evidence Manager	Police Civilian	1
Building Mechanic	Police Civilian	1
Crime Scene Tech	Police Civilian	1
Evidence Technician	Police Civilian	1
Forensic Video Tech	Police Civilian	1
Deputy Registrar	Vital Statistics	1
		25

Employee Compensation

1) 4% pay increase for civilian employees as pay-for-performance
2) 4% pay increase for Police and Fire employees
3) an annual leave buy back option for eligible tenured employees

The total cost of the pay plan improvements noted above and related benefits, along with funding to address specific positions throughout the organization, is what makes up the 8.0% overall increase in the costs associated with personnel. The budget also includes funding for discretionary retention pay, given to employees based on longevity during the holiday season.

Capital Improvement Program

The 2023/2024 capital improvement program budget is $135.5 million - $39.6 million in general government capital projects, $32.5 million in water and sewer system projects, $11.9 million in airport projects, $46.0 million in drainage system projects, and $5.0 million in fleet services projects, and $0.5 million in IT projects. The general government projects are funded from excess operational funds, grant funds, and solid waste collection fees related to the dumpster replacement project. The water and sewer and drainage system projects are funded through the rate increases and excess operational funds planned for capital improvements. The airport projects are funded with excess operational funds planned for capital projects, grant money received from the FAA, and a proposed debt issuance. The fleet services and IT projects are funded with excess operational funds planned for capital.

Future Priorities

The 2023/2024 Budget has prioritized enhancements to public safety, compensation to employees, funding of capital projects including rising construction costs, and increased costs of commodities, materials, and supplies. Going forward, the City will need to identify additional budget dollars to address the maintenance of aging city facilities and aging infrastructure throughout the City, including streets.

Request for information:

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

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BASIC FINANCIAL STATEMENTS

These statements present an overview of the financial position and transactions of the entire reporting entity. The Statement of Net 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, 2023

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 139,171,976	$ 56,147,020	$ 195,318,996	$ 46,139,131
Investments	62,450,549	56,037,051	118,487,600	138,520,115
Receivables, net	26,441,595	18,170,016	44,611,611	31,225,798
Internal balances	26,080,842	(26,080,842)	-	-
Inventories and prepaid expenses	7,703,233	87,375	7,790,608	724,293
Other current assets	-	-	-	1,341,132
Total current assets	261,848,195	104,360,620	366,208,815	217,950,469
NONCURRENT ASSETS				
Restricted cash and cash equivalents	92,891,662	178,886,605	271,778,267	10,057,332
Restricted investments	500,000	-	500,000	-
Receivables, net	10,097,990	13,104,833	23,202,823	33,812,254
Other noncurrent assets	-	34,853	34,853	-
Land and building held for future incentives	-	-	-	16,896,425
Capital assets:				
Land	17,516,920	3,798,431	21,315,351	-
Contributed right of way easements	40,413,378	3,732,845	44,146,223	-
Water rights and contracts, net of amortization	-	102,715,511	102,715,511	-
Infrastructure, net of depreciation	168,955,185	16,992,668	185,947,853	-
Buildings and improvements, net of depreciation	229,504,692	540,516,598	770,021,290	62,475,786
Equipment and vehicles, net of depreciation	42,692,599	3,390,706	46,083,305	231,523
Right-to-use lease asset, net of amortization	3,145,918	-	3,145,918	675,880
Library resources, net of depreciation	4,207,621	-	4,207,621	-
Right-to-use software asset, net of amortization	1,249,397		1,249,397	-
Construction in progress	80,574,200	101,910,151	182,484,351	-
Total noncurrent assets	691,749,562	965,083,201	1,656,832,763	124,149,200
TOTAL ASSETS	$ 953,597,757	$ 1,069,443,821	$ 2,023,041,578	$ 342,099,669
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows	$ 70,205,232	$ 11,854,180	$ 82,059,412	$ 2,160,032
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 70,205,232	$ 11,854,180	$ 82,059,412	$ 2,160,032
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	$ 28,247,909	$ 30,271,997	$ 58,519,906	$ 2,189,728
Unearned revenue	9,339,202	1,263,641	10,602,843	-
Current portion of long-term obligations	13,755,000	6,563,747	20,318,747	9,193,217
Estimated liability for self-insured losses, current portion	4,829,575	-	4,829,575	-
Bonded debt current maturity	-	16,740,000	16,740,000	-
Current portion of right-to-use lease liability	1,172,489	-	1,172,489	-
Current portion of right-to-use software liability	255,806	-	255,806	-
Current portion of compensated absences	2,060,468	211,500	2,271,968	-
Total current liabilities	59,660,449	55,050,885	114,711,334	11,382,945
NONCURRENT LIABILITIES				
Liabilities payable from restricted assets	-	-	-	104,183
Noncurrent portion of long-term obligations	215,862,328	306,770,893	522,633,221	32,877,500
Other accrued expenses	-	2,503,071	2,503,071	-
Right-to-use lease liability	1,733,312	-	1,733,312	-
Right-to-use software liability	169,289	-	169,289	-
Estimated liabilities for:				
Compensated absences, net	21,638,069	1,325,118	22,963,187	260,958
Self-insured losses, net of current portion	13,632,041	-	13,632,041	-
Landfill closure and postclosure care	5,984,720	-	5,984,720	-
Net OPEB liability	39,102,670	7,315,504	46,418,174	78,704
Net pension liability	78,501,973	8,892,293	87,394,266	3,023,191
Total noncurrent liabilities	376,624,402	326,806,879	703,431,281	36,344,536
TOTAL LIABILITIES	$ 436,284,851	$ 381,857,764	$ 818,142,615	$ 47,727,481
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows	$ 14,155,885	$ 20,594,649	$ 34,750,534	$ 8,360,035
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 14,155,885	$ 20,594,649	$ 34,750,534	$ 8,360,035
NET POSITION				
Net investment in capital assets	$ 428,814,543	$ 601,792,401	$ 1,030,606,944	$ 54,067,328
Restricted for:				
Debt service	19,987,909	13,930,498	33,918,407	5,780,766
Tax increment financing	5,172,900	-	5,172,900	-
Other purposes	14,933,544	-	14,933,544	24,256,388
Unrestricted	104,453,356	63,122,689	167,576,045	204,067,703
TOTAL NET POSITION	$ 573,362,252	$ 678,845,588	$ 1,252,207,840	$ 288,172,185

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

CITY OF AMARILLO, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	$ 6,564,990	$ 4,838,446	$ 2,535,475	$ 6,363,275
Staff services	15,563,671	4,974,091	-	444,607
Public safety and health				
Police protection	57,098,375	1,949,057	479,090	-
Fire protection	36,930,186	2,378,538	147,979	-
Other	30,401,406	7,008,452	14,863,059	825,615
Streets, traffic and engineering	28,781,953	989,967	66,281	13,749,771
Culture and recreation				
Auditorium/coliseum	8,580,699	3,055,816	398,004	-
Libraries	4,410,409	113,778	35,217	-
Parks	11,434,870	2,452,514	45,158	-
Participant recreation	8,948,244	5,309,166	(43,589)	-
MPEV	4,936	-	-	-
Solid waste	21,775,831	27,267,118	-	-
Transit	6,023,480	696,338	3,023,790	7,472
Information technology	6,081,229	-	-	-
Economic development/Tourism	5,477,095	-	-	-
Urban redevelopment/housing	16,642,438	231,140	15,632,074	101,180
Interest on long-term debt	8,260,888	-	-	-
Total governmental activities	272,980,701	61,264,421	37,182,538	21,491,920
BUSINESS-TYPE ACTIVITIES				
Water and Sewer	82,765,301	94,674,544	-	6,485,285
Drainage Utility	5,217,461	7,624,310	-	947,000
Airport	18,773,183	14,580,451	545,351	1,386,933
Total business-type activities	106,755,945	116,879,305	545,351	8,819,218
TOTAL PRIMARY GOVERNMENT	$ 379,736,646	$ 178,143,726	$ 37,727,889	$ 30,311,138
COMPONENT UNITS				
Amarillo Hospital District	$ 50,489,783	$ 39,943,657	$ 375,238	$ -
Amarillo Economic Development Corporation	27,423,469	12,084,883	-	(762,796)
Amarillo-Potter Events District	2,994,273	45,227	-	-
Amarillo Convention & Visitors Bureau	2,303,019	-	67,210	-
Amarillo Housing Finance Corporation	-	-	-	-
Amarillo Health Facilities Corporation	-	-	-	-
Amarillo Local Government Corporation	1,916,744	-	393,311	-
TOTAL COMPONENT UNITS	$ 85,127,288	$ 52,073,767	$ 835,759	$ (762,796)

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
- Settlement proceeds

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

Primary Government

Governmental Activities	Business-type Activities	Total	Component Units
$ 7,172,206	$ -	$ 7,172,206	$ -
(10,144,973)	-	(10,144,973)	-
(54,670,228)	-	(54,670,228)	-
(34,403,669)	-	(34,403,669)	-
(7,704,280)	-	(7,704,280)	-
(13,975,934)	-	(13,975,934)	-
(5,126,879)	-	(5,126,879)	-
(4,261,414)	-	(4,261,414)	-
(8,937,198)	-	(8,937,198)	-
(3,682,667)	-	(3,682,667)	-
(4,936)		(4,936)	
5,491,287	-	5,491,287	-
(2,295,880)	-	(2,295,880)	-
(6,081,229)	-	(6,081,229)	-
(5,477,095)	-	(5,477,095)	-
(678,044)	-	(678,044)	-
(8,260,888)	-	(8,260,888)	-
(153,041,822)	-	(153,041,822)	-
-	18,394,528	18,394,528	-
-	3,353,849	3,353,849	-
-	(2,260,448)	(2,260,448)	-
-	19,487,929	19,487,929	-
(153,041,822)	19,487,929	(133,553,893)	-
-	-	-	(10,170,888)
-	-	-	(16,101,382)
-	-	-	(2,949,046)
-	-	-	(2,235,809)
-	-	-	-
-	-	-	-
-	-	-	(1,523,433)
-	-	-	(32,980,558)
57,970,644	-	57,970,644	-
11,783,154	-	11,783,154	-
75,393,340	-	75,393,340	28,953,017
1,157,840	-	1,157,840	-
8,386,003	-	8,386,003	-
22,959,078	-	22,959,078	4,187,333
13,421,365	9,376,600	22,797,965	3,819,303
-	5,000,000	5,000,000	-
3,344,554	(3,344,554)	-	-
194,415,978	11,032,046	205,448,024	36,959,653
41,374,155	30,519,975	71,894,130	3,979,095
531,255,692	644,941,877	1,176,197,569	284,193,090
732,405	3,383,736	4,116,141	-
531,988,097	648,325,613	1,180,313,710	284,193,090
$ 573,362,252	$ 678,845,588	$ 1,252,207,840	$ 288,172,185

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

CITY OF AMARILLO, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2023

	General Fund	General Construction Fund	COVID-19 Relief	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 23,438,435	$ 36,631,302	$ -	$ 31,955,388	$ 92,025,125
Restricted cash and cash equivalents	835,157	26,795,087	8,573,497	52,241,081	88,444,822
Investments, at fair values	40,450,549	6,000,000	-	4,750,000	51,200,549
Restricted investments	-	-	-	500,000	500,000
Receivables, net of allowances for uncollectibles					
Property taxes	319,535	-	-	57,342	376,877
Accounts	4,902,138	161,817	-	184,312	5,248,267
Accrued interest	243,882	48,219	-	28,035	320,136
Other accrued revenue	1,968,068	-	-	-	1,968,068
Due from other funds unrestricted	1,617,419	-	-	43,568	1,660,987
Due from other governments	10,158,805	-	1,498,958	6,015,596	17,673,359
Inventory of supplies	1,756,869	-	-	-	1,756,869
Prepaid items	38,526	-	-	18,838	57,364
Advances to other funds	522,343	-	-	-	522,343
TOTAL ASSETS	$ 86,251,726	$ 69,636,425	$ 10,072,455	$ 95,794,160	$ 261,754,766
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Vouchers payable	$ 2,326,832	$ 1,671,487	$ 6,114	$ 3,911,878	$ 7,916,311
Accounts payable	5,097,551	812,602	12,218	1,135,163	7,057,534
Accrued expenditures	4,067,298	1,516,346	-	160,119	5,743,763
Deposits	25,249	-	-	1,831,634	1,856,883
Due to other funds - unrestricted	17,733	-	350,000	1,344,458	1,712,191
Due to other governments	1,039,155	-	-	22,209	1,061,364
Unearned revenues - other	114,292	-	9,049,851	175,059	9,339,202
Advances from other funds	-	-	-	1,044,687	1,044,687
Total liabilities	12,688,110	4,000,435	9,418,183	9,625,207	35,731,935
Deferred inflows of resources					
Unavailable property taxes	203,828	-	-	33,498	237,326
Total deferred inflows of resources.	203,828	-	-	33,498	237,326
FUND BALANCES					
Nonspendable:					
Prepaid items	38,526	-	-	12,986	51,512
Inventory	1,756,869	-	-	-	1,756,869
Property taxes	115,707	-	-	23,844	139,551
Advances to other funds	522,343	-	-	-	522,343
Corpus or principal	-	-	-	17,693	17,693
Restricted for:					
Debt service	-	-	-	2,855,834	2,855,834
Capital projects	-	-	-	9,118,722	9,118,722
Special purposes	1,323,782	-	654,272	22,091,300	24,069,354
Committed for:			-		
Capital projects	-	-	-	-	-
Compensated absences	-	-	-	25,400	25,400
Encumbrances	-	-	-	-	-
Assigned for:					
Capital projects	-	65,635,990	-	51,989,676	117,625,666
Unassigned	69,602,561	-	-	-	69,602,561
Total fund balances	73,359,788	65,635,990	654,272	86,135,455	225,785,505
TOTAL LIABILITIES AND FUND BALANCES	$ 86,251,726	$ 69,636,425	$ 10,072,455	$ 95,794,160	$ 261,754,766

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, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$ 225,785,505
The City uses internal service funds to charge the costs of fleet services, 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.	45,090,829
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.	588,259,910

Capital assets, net October 1, 2022	$ 548,071,912
Net current year additions	66,323,678
Net current year deletions	(26,135,680)
Capital assets, net September 30, 2023	$ 588,259,910

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:	(261,943,696)

Long-term debt	$ 229,617,328
Compensated absence	23,010,752
Right-to-use lease libility	2,905,801
Right-to-use software libility	425,095
Landfill closure and postclosure	5,984,720
	$ 261,943,696

Included in the items related to debt is the recognition of the City's net pension liability required by GASB 68 in the amount of $75,046,609, a deferred resource outflow in the amount of $54,700,965, and a deferred resource inflow in the amount of $1,047,189.	(21,392,833)
Included in the items related to debt is the recognition of the City's net other postemployment benefits (OPEB) liabilty required by GASB 75 in the amount of $37,171,675, a deferred resource outflow in the amount of $11,236,115, and a deferred resource inflow in the amount of $4,008,394.	(29,943,954)
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.	27,506,491

Accrued interest payable	$ (979,970)
Claims and judgements	(1,335,595)
Internal balances	26,080,842
Intrafund transactions	34,990
Intra-entity receivables	2,322,667
Lease receivables	757,062
Prepaid insurance	626,495
	$ 27,506,491

NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 573,362,252

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, 2023

	General Fund	General Construction Fund	COVID-19 Relief	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes					
Ad valorem taxes	$ 56,781,762	$ -	$ -	$ 11,783,154	$ 68,564,916
Sales taxes	75,393,340	-	-	-	75,393,340
Mixed beverage taxes	1,157,840	-	-	-	1,157,840
Hotel occupancy taxes	8,386,003	-	-	-	8,386,003
Gross receipts business taxes	22,959,078	-	-	-	22,959,078
License and permits	4,972,928	-	-	-	4,972,928
Interfund revenues	961,684	-	-	-	961,684
Intergovernmental revenues	4,622,791	5,794,833	2.936.033	26,177,878	39,531,535
Citizen contributions	7,912	-	-	162,449	170,361
Construction participation	-	70,000	-	13,045,108	13,115,108
Revenue from participating taxing entities	-	-	-	1,858,030	1,858,030
Other entity participations	-	-	-	2,047,172	2,047,172
Charges for services	45,354,506	-	-	4,032,310	49,386,816
Fines and forfeitures	3,219,040	-	-	299,743	3,518,783
Investment earnings	3,535,110	3,270,050	449,657	3,854,681	11,109,498
Other rentals and commissions	790,065	24,065	-	-	814,130
Miscellaneous	707,075	1,276,000	-	135,250	2,118,325
Total revenues	228,849,134	10,434,948	3.385.690	63,395,775	306,065,547
EXPENDITURES					
Current					
General government	6,248,392	-	-	85,910	6,334,302
Staff services	13,498,432	-	-	377,165	13,875,597
Public safety and health			-		
Police protection	55,570,916	899,290	-	757,412	57,227,618
Fire protection	40,846,479	-	-	1,421	40,847,900
Other	17,018,420	-	260,475	12,116,831	29,395,726
Streets, traffic and engineering	18,334,833	-	-	-	18,334,833
Culture and recreation					
Auditorium - coliseum	4,069,997	-	-	462,446	4,532,443
Libraries	4,168,971	-	-	-	4,168,971
Parks	8,790,783	-	-	1,430,130	10,220,913
Participant recreation	7,268,169	-	-	120,046	7,388,215
MPEV	4,936	-	-	-	4,936
Solid waste	20,387,201	-	-	-	20,387,201
Transit system	5,383,797	-	-	-	5,383,797
Urban redevelopment and housing	-	-	-	16,223,694	16,223,694
Information technology	6,081,229	-	-	-	6,081,229
Economic development/tourism	4,932,973	16,944	-	648,832	5,598,749
Capital outlay	95,777	28,678,308	383,714	33,277,894	62,435,693
Debt service					
Principal retirement	-	-	-	12,548,000	12,548,000
Interest and fiscal charges	-	-	-	7,222,354	7,222,354
Termination vacation and sick leave pay	-	-	-	1,963,702	1,963,702
Total expenditures	212,701,305	29,594,542	644,189	87,235,837	330,175,873
Excess (deficiency) of revenues over (under) expenditures	16,147,829	(19,159,594)	2.741.501	(23,840,062)	(24,110,326)
OTHER FINANCING SOURCES (USES):					
Transfers from other funds	3,459,194	16,040,123	56,888	17,321,287	36,877,492
Transfers to other funds	(24,919,714)	(9,148,035)	(2,351,542)	(3,491,500)	(39,910,791)
Issuance of long-term debt	-	-	-	15,125,000	15,125,000
Total other financing sources (uses)	(21,460,520)	6,892,088	(2.294.654)	28,954,787	12,091,701
Net change in fund balances	(5,312,691)	(12,267,506)	446.847	5,114,725	(12,018,625)
FUND BALANCES, BEGINNING OF YEAR	78,672,479	77,903,496	207,425	81,020,730	237,804,130
FUND BALANCES, END OF YEAR	$ 73,359,788	$ 65,635,990	$ 654,272	$ 86,135,455	$ 225,785,505

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, 2023

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ (12,018,625)
The City uses an internal service fund to charge the costs of fleet services, 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 increase net position.	13,557,629
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 2023 capital outlays, issuance of long-term debt, and debt principal payments is to increase net position.	60,970,070

Capital outlay	$ 62,435,693
Library books additions	322,018
Contributed capital	1,486,458
Issuance of long-term debt	(15,125,000)
Premium on bonds	(697,099)
Long-term debt principal payments	12,548,000
	$ 60,970,070

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.	(26,939,354)
GASB 68 requires that certain expenditures be derecognized and recorded instead as deferred outflows of resources. Of these previously deferred outflows, ($9,341,259) were recognized in the current year as expenditures, decreasing the change in net position. Contributions made after the measurement date of December 31, 2022 caused the change in the ending net position to increase by $9,755,628. The City's differences in expected and actual experience and changes in assumptions were ($16,732,848), and the decrease in expense of $32,092,123 was recognized due to the current year changes in net pension liability. The impact of all these adjustments is to increase the change in net position by $5,666,916.	5,666,916
GASB 75 requires that certain expenditures be derecognized and recorded instead as deferred outflows of resources. Of these previously deferred outflows, ($1,517,645) were recognized in the current year as expenditures, decreasing the change in net position. Contributions made after the measurement date of December 31, 2022 caused the change in the ending net position to increase by $1,555,920. The City's changes in assumptions were $(6,561,911) and the decrease in expense of $8,789,094 was recognized due to the current year changes in net OPEB liability. The impact of all these adjustments is to increase the change in net position by $1,009,002.	1,009,002
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.	(871,482)

Compensated absences	$ 1,510,052
Unearned revenue	1,188,882
Claims and judgements	(1,335,595)
Net loss of internal service funds allocated to business-type activities	(1,525,247)
Landfill closure and post-closure care	(790,005)
Lease Activity	519,369
Accrued interest payable	(976,961)
Deferred amount for premium	538,023
	$ (871,482)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 41,374,155

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

CITY OF AMARILLO, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2023

	Business-Type Activities - Enterprise Funds				
	Water and Sewer	Drainage Utility	Airport	Total	Governmental Activities Internal Service Funds
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	$ 32,769,911	$ 10,512,211	$ 12,864,898	$ 56,147,020	$ 47,146,851
Investments, at fair values	46,832,911	1,000,000	8,204,140	56,037,051	11,250,000
Accounts receivable, net	8,377,327	1,180,227	3,816	9,561,370	1,335,174
Lease Receivable	110,241	-	1,778,556	1,888,797	55,316
Accrued interest receivable	246,833	-	98,203	345,036	18,613
Other accrued revenue	6,125,156	-	193,013	6,318,169	-
Due from other funds	34,990	-	-	34,990	188,665
Due from other governments	-	-	21,654	21,654	-
Inventory of supplies	-	-	-	-	390,882
Prepaid expenses	87,375	-	-	87,375	4,909,103
Total current assets	94,584,744	12,692,438	23,164,280	130,441,462	65,294,604
NONCURRENT ASSETS					
Restricted cash and cash equivalents	165,093,963	13,789,344	3,298	178,886,605	4,446,840
Other noncurrent assets	34,853	-	-	34,853	3,793
Lease Receivable non-current	2,435	-	13,102,398	13,104,833	-
Capital assets					
Land	2,040,262	87,744	1,670,425	3,798,431	-
Contributed right of way easements	2,215,645	1,517,200	-	3,732,845	-
Underground water rights	87,306,598	-	-	87,306,598	-
Accumulated depletion - underground water rights	(12,478,068)	-	-	(12,478,068)	-
Water supply contract	50,336,389	-	-	50,336,389	-
Accumulated amortization - water supply contract	(22,449,408)	-	-	(22,449,408)	-
Pipelines and plant	777,864,979	-	-	777,864,979	-
Accumulated depreciation - pipelines and plant	(293,948,556)	-	-	(293,948,556)	-
Runways, buildings and improvements	-	-	180,771,377	180,771,377	-
Accumulated depreciation - runways, buildings and improvements	-	-	(124,171,202)	(124,171,202)	-
Improvements	-	18,970,197	-	18,970,197	7,265,244
Accumulated depreciation - improvements	-	(1,977,529)	-	(1,977,529)	(5,770,937)
Equipment and vehicles	4,355,639	67,307	8,550,713	12,973,659	93,426,923
Accumulated depreciation - equipment and vehicles	(3,587,734)	(42,636)	(5,952,583)	(9,582,953)	(67,522,252)
Right-to-use lease asset	-	-	-	-	5,453,274
Accumulated amortization	-	-	-	-	(2,971,994)
Right-to-use software asset	-	-	-	-	1,496,178
Accumulated amortization	-	-	-	-	(720,418)
Construction in progress	66,159,735	18,755,422	16,994,994	101,910,151	2,166,562
Total capital assets, net of accumulated depreciation	657,815,481	37,377,705	77,863,724	773,056,910	32,822,580
Total noncurrent assets	822,946,732	51,167,049	90,969,420	965,083,201	37,273,213
TOTAL ASSETS	$ 917,531,476	$ 63,859,487	$ 114,133,700	$ 1,095,524,663	$ 102,567,817
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows	$ 9,208,093	$ 628,306	$ 2,017,781	$ 11,854,180	$ 4,268,151
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 9,208,093	$ 628,306	$ 2,017,781	$ 11,854,180	$ 4,268,151

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, 2023

	Business-Type Activities - Enterprise Funds				
	Water and Sewer	Drainage Utility	Airport	Total	Governmental Activities Internal Service Funds
LIABILITIES					
CURRENT LIABILITIES					
Vouchers payable	$ 3,846,574	$ 399,115	$ 418,030	$ 4,663,719	$ 1,267,284
Accounts payable	4,969,369	617,509	194,248	5,781,126	791,980
Accrued expenses	12,345,725	199,950	443,734	12,989,409	237,226
Due to other governments	-	-	-	-	-
Deferred revenue	-	-	1,263,641	1,263,641	-
Deposits	1,038,738	-	27,796	1,066,534	-
Consumer security deposits	5,771,209	-	-	5,771,209	-
Share of Water Authority debt - current	6,563,747	-	-	6,563,747	-
Due to other funds - unrestricted	-	-	-	-	172,450
Due to other governments	-	-	-	-	-
Estimated liability for incurred losses	-	-	-	-	4,829,575
Bonded debt current maturity	15,315,000	1,425,000	-	16,740,000	-
Current portion of right-to-use lease liability	-	-	-	-	947,354
Current portion of software liability	-	-	-	-	92,795
Current portion of compensated absences	180,446	5,933	25,121	211,500	79,418
Total current liabilities	50,030,808	2,647,507	2,372,570	55,050,885	8,418,082
NONCURRENT LIABILITIES					
Bonded debt, net of current	256,066,421	28,283,517	-	284,349,938	-
Water Authority debt, net of current	22,420,955	-	-	22,420,955	-
Provision for compensated absences, net	831,133	89,199	404,786	1,325,118	608,367
Other accrued expenses	2,503,071	-	-	2,503,071	-
Estimated liabilities for incurred loss, net	-	-	-	-	13,632,041
Right-to-use lease liability	-	-	-	-	1,297,579
Net OPEB liability	5,574,823	547,734	1,192,947	7,315,504	1,930,995
Net pension liability	7,047,834	374,499	1,469,960	8,892,293	3,459,157
Total noncurrent liabilities	294,444,237	29,294,949	3,067,693	326,806,879	20,928,139
TOTAL LIABILITIES	$ 344,475,045	$ 31,942,456	$ 5,440,263	$ 381,857,764	$ 29,346,221
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows	$ 4,809,639	$ 288,265	$ 15,496,745	$ 20,594,649	$ 1,821,271
TOTAL DEFERRED INFLOWS OF RESOURCES	$ 4,809,639	$ 288,265	$ 15,496,745	$ 20,594,649	$ 1,821,271
NET POSITION					
Net investment in capital assets	$ 504,366,426	$ 19,909,530	$ 77,516,445	$ 601,792,401	$ 30,484,855
Restricted for debt service	13,351,113	576,087	3,298	13,930,498	-
Restricted for other purposes	-	-	-	-	4,446,840
Unrestricted	59,737,346	11,771,455	17,694,730	89,203,531	40,736,781
TOTAL NET POSITION	$ 577,454,885	$ 32,257,072	$ 95,214,473	704,926,430	$ 75,668,476
Amounts due governmental activities for allocable share of net expenses of certain internal service funds				(26,080,842)	
TOTAL NET POSITION OF BUSINESS-TYPE ACTIVITIES IN STATEMENT OF NET POSITION				$ 678,845,588	

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, 2023

	Business-Type Activities - Enterprise Funds				
	Water and Sewer	Drainage Utility	Airport	Total	Governmental Activities Internal Service Funds
OPERATING REVENUES					
Airfield fees and commissions	$ -	$ -	$ 1,193,691	$ 1,193,691	$ -
Charges for services	-	-	-	-	2,268,781
Employees' benefit plan contributions	-	-	-	-	5,714,496
Internal charges	-	-	-	-	58,862,538
Miscellaneous revenues	-	-	-	-	75,013
Other building and ground rentals	-	-	2,105,853	2,105,853	-
Rents and miscellaneous	503,554	-	-	503,554	-
Tap fees and frontage charges	232,289	-	-	232,289	-
Terminal building area rental	-	-	9,772,296	9,772,296	-
Utility sales and service	93,225,821	-	-	93,225,821	-
Drainage utility assessments	-	7,624,310	-	7,624,310	-
Total operating revenues	93,961,664	7,624,310	13,071,840	114,657,814	66,920,828
OPERATING EXPENSES					
Salaries, wages and fringe benefits	16,656,970	1,407,778	4,965,676	23,030,424	6,213,702
Supplies	3,116,483	281,577	921,835	4,319,895	5,160,834
Fuel and oil	-	-	-	-	3,359,566
Fuel and power	6,791,582	-	771,453	7,563,035	-
Contractual services	11,360,971	1,099,122	2,626,188	15,086,281	6,710,192
Water Authority charges	7,216,296	-	-	7,216,296	-
Other charges	16,231,101	1,248,771	3,598,860	21,078,732	7,822,002
Claim and loss adjustments	-	-	-	-	24,375,077
Depreciation	16,123,392	384,897	5,889,171	22,397,460	9,109,835
Total operating expenses	77,496,795	4,422,145	18,773,183	100,692,123	62,751,208
Operating income (loss)	16,464,869	3,202,165	(5,701,343)	13,965,691	4,169,620
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) in disposal of property	61,258	-	-	61,258	534,655
Grants-in-aid	-	-	545,351	545,351	-
Intergovernmental revenue	651,622	-	-	651,622	-
Passenger facility charge	-	-	1,374,702	1,374,702	-
Settlement Proceeds	5,000,000	-	-	5,000,000	-
Interest earnings	6,922,797	1,198,980	1,254,823	9,376,600	2,487,298
Change in value of investments	-	-	-	-	26,359
Other miscellaneous revenues	-	-	133,909	133,909	14,562
Interest expense and fiscal charges	(6,793,753)	(795,316)	-	(7,589,069)	(52,724)
Total nonoperating revenues (expenses)	5,841,924	403,664	3,308,785	9,554,373	3,010,150
Income (loss) before contributions and transfers	22,306,793	3,605,829	(2,392,558)	23,520,064	7,179,770

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, 2023

	Business-Type Activities - Enterprise Funds				
	Water and Sewer	Drainage Utility	Airport	Total	Governmental Activities Internal Service Funds
AFTER NONOPERATING REVENUES (EXPENSES)					
Capital contributions	$ 6,485,285	$ 947,000	$ 1,386,933	$ 8,819,218	$ -
Transfers from other funds	-	-	-	-	6,998,887
Transfers to other funds	(3,242,554)	(54,000)	(48,000)	(3,344,554)	(621,035)
Change in net position	25,549,524	4,498,829	(1,053,625)	28,994,728	13,557,622
NET POSITION, BEGINNING OF YEAR	549,399,834	27,758,243	95,389,889	672,547,966	61,454,497
PRIOR PERIOD ADJUSTMENT	2,505,527	-	878,209	3,383,736	656,357
NET POSITION, BEGINNING OF YEAR, RESTATED	551,905,361	27,758,243	96,268,098	675,931,702	62,110,854
NET POSITION, END OF YEAR	$ 577,454,885	$ 32,257,072	$ 95,214,473	$ 704,926,430	$ 75,668,476
Allocation of net expenses of certain internal service funds to business-type activities				(26,080,842)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES IN STATEMENT OF NET POSITION				$ 678,845,588	

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

Total net change in fund balances - proprietary funds	$ 28,994,728
Internal service fund allocation for proprietary funds	1,525,247
Change in net position for primary government business-type activities	$ 30,519,975

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, 2023

	Business-Type Activities - Enterprise Funds				
	Water and Sewer	Drainage Utility	Airport	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from third parties	$ 92,892,176	$ 7,372,615	$ 12,987,965	$ 113,252,756	$ -
Cash received from City departments	-	-	-	-	66,974,820
Cash payments to suppliers for goods and services	(40,560,076)	(2,810,649)	(8,041,905)	(51,412,630)	(24,344,132)
Cash payments to employees	(16,708,293)	(1,357,858)	(4,999,903)	(23,066,054)	(6,206,165)
Cash payments for claims and loss adjustments	-	-	-	-	(27,303,484)
Net cash provided (used) by operating activities	35,623,807	3,204,108	(53,843)	38,774,072	9,121,039
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(3,242,554)	(54,000)	(48,000)	(3,344,554)	1,172,281
Transfers from other funds	-	-	-	-	5,809,637
Amounts borrowed/repaid from other funds	34,990	-	-	34,990	(47,497)
Settlement proceeds	5,000,000	-	-	5,000,000	-
Amounts loaned to other funds	650,421	-	-	650,421	(618,431)
Cash payments received for passenger facility charge	-	-	1,374,702	1,374,702	-
Net cash provided (used) by noncapital financing activities	2,442,857	(54,000)	1,326,702	3,715,559	6,315,990
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(37,756,248)	(7,621,759)	(6,750,646)	(52,128,653)	(12,291,509)
Capital grants received	6,485,285	-	3,417,498	9,902,783	-
Issuance of bonds	42,920,000	4,675,000	-	47,595,000	-
Bond premiun less issuance costs	3,476,236	329,540	-	3,805,776	-
Principal paid on bond maturities	(16,015,000)	(1,485,000)	-	(17,500,000)	-
Principal paid on proportionate share of Water Authority debt	(6,296,941)	-	-	(6,296,941)	-
Principal paid on right-to-use lease liability	-	-	-	-	(1,143,496)
Principal paid on right-to use software liability	-	-	-	-	(1,097,473)
Interest expense	(8,655,375)	(790,760)	-	(9,446,135)	(49,110)
Capital contributions	-	947,000	-	947,000	-
Proceeds from insurance	-	-	-	-	2,271
Proceeds from sale of capital assets	1,250,980	-	-	1,250,980	(1,202,124)
Net cash provided (used) by capital and related financing activities	(14,591,063)	(3,945,979)	(3,333,148)	(21,870,190)	(15,781,441)

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, 2023

	Business-Type Activities - Enterprise Funds				
	Water and Sewer	Drainage Utility	Airport	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investment securities	$ 31,870,000	$ 750,000	$ 4,750,000	$ 37,370,000	$ 30,500,000
Purchase of investment securities	(18,500,000)	(1,000,000)	(5,750,000)	(25,250,000)	(25,750,000)
Interest and gains on investments	6,816,512	1,197,722	1,187,009	9,201,243	2,514,919
Net cash provided (used) by investing activities	20,186,512	947,722	187,009	21,321,243	7,264,919
Net increase (decrease) in cash and cash equivalents	43,662,113	151,851	(1,873,280)	41,940,684	6,920,507
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	154,201,761	24,149,704	14,741,476	193,092,941	44,673,184
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	$ 197,863,874	$ 24,301,555	$ 12,868,196	$ 235,033,625	$ 51,593,691
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	$ 16,464,869	$ 3,202,165	$ (5,701,343)	$ 13,965,691	$ 4,169,620
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	16,123,392	384,897	5,889,171	22,397,460	9,109,835
(Increase) decrease in accounts receivable	283,031	(251,695)	1,820,967	1,852,303	66,283
(Increase) decrease in deferred outflows	(5,977,505)	(443,921)	(1,414,022)	(7,835,448)	(2,920,392)
(Increase) decrease in other accrued revenue	(1,357,222)	-	-	(1,357,222)	-
(Increase) decrease in prepaid expenses	(9,382)	-	-	(9,382)	(954,127)
(Increase) decrease in inventories	-	-	-	-	16,514
Increase (decrease) in vouchers payable	185,057	(315,727)	(5,095)	(135,765)	(844,760)
Increase (decrease) in accounts payable	3,476,084	134,548	(306,765)	3,303,867	495,835
Increase (decrease) in accrued operating expenses	(16,961)	65,446	188,291	236,776	106,289
Increase (decrease) in deferred inflows	(2,154,300)	(153,586)	(2,408,142)	(4,716,028)	(973,705)
Increase (decrease) in customer deposits	132,874	-	-	132,874	-
Increase (decrease) in provision for compensated absences	107,091	6,886	50,161	164,138	3,613
Increase (decrease) in net OPEB liability	700,255	68,800	149,846	918,901	242,552
Increase (decrease) in net pension liability	7,047,078	506,295	1,683,088	9,236,461	3,544,180
Increase (decrease) in IBNR accrual	-	-	-	-	(2,690,389)
Increase (decrease) in other accrued expenses	619,446	-	-	619,446	-
Increase (decrease) in estimated claims liabilities	-	-	-	-	(250,309)
Net cash provided (used) by operating activities	$ 35,623,807	$ 3,204,108	$ (53,843)	$ 38,774,072	$ 9,121,039
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Amortization of bond premiums	$ (1,492,762)	$ 97,753	$ -	$ (1,395,009)	$ -
Decreases (increases) in fair values of investments	(210,876)	-	-	(210,876)	(26,359)
Investment premium/discount amortization	131,526	-	-	131,526	-

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, 2023

	Private-Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Custodial Fund Civic Center Operations
ASSETS			
Cash and cash equivalents	$ 34,896	$ 9,920,933	$ 650,136
Accounts receivable	-	3,833,727	-
Accrued interest receivable	-	523,515	-
Investments, at fair values	-	239,470,454	-
TOTAL ASSETS	$ 34,896	$ 253,748,629	$ 650,136
LIABILITIES			
Accounts payable	$ -	$ 4,007,877	$ 12,189
Members payable	-	348,281	-
TOTAL LIABILITIES	$ -	$ 4,356,158	$ 12,189
NET POSITION			
Held for other governments, individuals, entities	$ 34,896	$ -	$ 637,947
Net position restricted for pension benefits	-	218,341,194	-
Net position restricted for OPEB	-	31,051,277	-
TOTAL NET POSITION	$ 34,896	$ 249,392,471	$ 637,947

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, 2023

	Private-Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Custodial Fund Civic Center Operations
ADDITIONS			
Contributions:			
Employer	$ -	$ 12,106,097	$ -
Plan members	-	3,269,398	-
Other	-	310,969	-
Total contributions	-	15,686,464	-
Investment income:			
Net appreciation (depreciation) in fair value of investments	-	(48,639,727)	-
Interest, dividends, and other investment income	2,783	5,414,584	-
Total investment income	2,783	(43,225,143)	-
Less investment expense	-	857,461	-
Net investment income	2,783	(44,082,604)	-
Event income	-	-	4,946,100
Total additions	2,783	(28,396,140)	4,946,100
DEDUCTIONS			
Benefits paid	-	18,194,592	-
Administrative	-	141,565	-
Other	-	3,042	-
Event Expense	-	-	5,538,520
Total deductions	-	18,339,199	5,538,520
Change in net position	2,783	(46,735,339)	(592,420)
NET POSITION, BEGINNING OF YEAR	32,113	296,127,810	1,230,367
NET POSITION, END OF YEAR	$ 34,896	$ 249,392,471	$ 637,947

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

CITY OF AMARILLO, TEXAS
STATEMENT OF NET POSITION - COMPONENT UNITS
SEPTEMBER 30, 2023

	Amarillo Hospital District	Amarillo Economic Development Corporation	Amarillo-Potter Events Venue District	Amarillo Convention & Visitors Bureau	Amarillo Housing Finance Corporation	Amarillo Health Facilities Corporation	Amarillo Local Government Corporation	Total
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	$ 1,259,396	$ 36,877,741	$ 5,227,601	$ 2,289,781	$ 144,627	$ 35,154	$ 304,831	$ 46,139,131
Investments	115,526,260	21,242,910	1,750,000	-	-	945	-	138,520,115
Receivables, net	20,101,501	10,688,340	320,271	-	-	-	115,686	31,225,798
Inventories and prepaid expenses	641,680	-	82,613	-	-	-	-	724,293
Other current assets	793,009	548,123	-	-	-	-	-	1,341,132
Total current assets	138,321,846	69,357,114	7,380,485	2,289,781	144,627	36,099	420,517	217,950,469
NONCURRENT ASSETS								
Restricted cash and cash equivalents	4,172,383	5,227,557	657,392	-	-	-	-	10,057,332
Receivables, net	136,160	29,085,940	-	-	-	-	4,590,154	33,812,254
Net Pension Asset	-	-	-	-	-	-	-	-
Land and building held for future incentives	16,800	16,879,625	-	-	-	-	-	16,896,425
Capital assets:								
Buildings and improvements, net of depreciation	103,271	7,566,232	7,548,600	-	-	-	47,257,683	62,475,786
Equipment and vehicles, net of depreciation	-	117,569	736	-	-	-	113,218	231,523
Right-to-use lease asset, net of amortization	-	646,424	-	29,456	-	-	-	675,880
Construction in process	-	-	-	-	-	-	-	-
Total noncurrent assets	4,428,614	59,523,347	8,206,728	29,456	-	-	51,961,055	124,149,200
TOTAL ASSETS	$ 142,750,460	$ 128,880,461	$ 15,587,213	$ 2,319,237	$ 144,627	$ 36,099	$ 52,381,572	$ 342,099,669
DEFERRED OUTFLOWS OF RESOURCES								
Deferred charge on refunding	$ -	$ -	$ 415,725	$ -	$ -	$ -	$ -	$ 415,725
Deferred outflows on net OPEB liability	-	36,279	-	-	-	-	-	36,279
Deferred outflows on net pension liability	1,487,624	220,404	-	-	-	-	-	1,708,028
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 1,487,624	$ 256,683	$ 415,725	$ -	$ -	$ -	$ -	$ 2,160,032

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, 2023

	Amarillo Hospital District	Amarillo Economic Development Corporation	Amarillo-Potter Events Venue District	Amarillo Convention & Visitors Bureau	Amarillo Housing Finance Corporation	Amarillo Health Facilities Corporation	Amarillo Local Government Corporation	Total
LIABILITIES AND NET POSITION								
CURRENT LIABILITIES								
Accounts payable and accrued expenses	$ 967,162	$ 782,405	$ 380,580	$ 52,197	$ -	$ -	$ 7,384	$ 2,189,728
Current portion of long-term obligations	-	8,612,758	565,000	15,459	-	-	-	9,193,217
Total current liabilities	967,162	9,395,163	945,580	67,656	-	-	7,384	11,382,945
NONCURRENT LIABILITIES								
Liabilities payable from restricted assets - accrued interest	-	104,183	-	-	-	-	-	104,183
Noncurrent portion of long-term obligations	-	23,344,585	7,195,993	14,255	-	-	2,322,667	32,877,500
Net pension liability	2,891,812	131,379	-	-	-	-	-	3,023,191
Net OPEB liability	-	78,704	-	-	-	-	-	78,704
Estimated liabilities								
Compensated absences	-	260,958	-	-	-	-	-	260,958
Total noncurrent liabilities	2,891,812	23,919,809	7,195,993	14,255	-	-	2,322,667	36,344,536
TOTAL LIABILITIES	3,858,974	33,314,972	8,141,573	81,911	-	-	2,330,051	47,727,481
DEFERRED INFLOWS OF RESOURCES								
Deferred inflow	155,717	3,650,681	-	-	-	-	4,553,637	8,360,035
Total deferred inflows of resources	155,717	3,650,681	-	-	-	-	4,553,637	8,360,035
NET POSITION								
Net investment in capital assets	120,071	8,694,955	204,068	-	-	-	45,048,234	54,067,328
Restricted for:								
Debt service	-	5,123,374	657,392	-	-	-	-	5,780,766
Other purposes	24,256,388	-	-	-	-	-	-	24,256,388
Unrestricted	115,846,934	78,353,162	6,999,905	2,237,326	144,627	36,099	449,650	204,067,703
TOTAL NET POSITION	$ 140,223,393	$ 92,171,491	$ 7,861,365	$ 2,237,326	$ 144,627	$ 36,099	$ 45,497,884	$ 288,172,185

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, 2023

	Amarillo Hospital District	Amarillo Economic Development Corporation	Amarillo-Potter Events Venue District	Amarillo Convention & Visitors Bureau	Amarillo Housing Finance Corporation	Amarillo Health Facilities Corporation	Amarillo Local Government Corporation	Total
EXPENSES								
Functions/Programs:								
Public health	$ 50,489,783	$ -	$ -	$ -	$ -	$ -	$ -	$ 50,489,783
Economic development/industrial	-	26,500,111	-	-	-	-	1,916,744	28,416,855
Economic development/Tourism	-	-	2,796,233	2,303,019	-	-	-	5,099,252
Interest on long-term debt	-	923,358	198,040	-	-	-	-	1,121,398
Issuance of long-term debt	-	-	-	-	-	-	-	-
Total program expenses	50,489,783	27,423,469	2,994,273	2,303,019	-	-	1,916,744	85,127,288
PROGRAM REVENUES								
Intergovernmental revenues - operating	375,238	-	-	-	-	-	393,311	768,549
Charges for services / Local Provider Participation	39,943,657	2,329,064	-	-	-	-	-	42,272,721
Gain (loss) on disposal of property	-	9,123,713	-	-	-	-	-	9,123,713
Miscellaneous	-	632,106	45,227	67,210	-	-	-	744,543
Total program revenues	40,318,895	12,084,883	45,227	67,210	-	-	393,311	52,909,526
Net (expense) revenue	(10,170,888)	(15,338,586)	(2,949,046)	(2,235,809)	-	-	(1,523,433)	(32,217,762)
GENERAL REVENUES								
Sales taxes	-	25,149,623	3,803,394	-	-	-	-	28,953,017
Gross receipts business taxes	-	-	-	4,187,333	-	-	-	4,187,333
Investment earnings (loss)	348,134	3,165,764	292,336	40,788	4,732	1,397	(33,848)	3,819,303
Total general revenues	348,134	28,315,387	4,095,730	4,228,121	4,732	1,397	(33,848)	36,959,653
CONTRIBUTED CAPITAL	-	(762,796)	-	-	-	-	-	(762,796)
Change in net position	(9,822,754)	12,214,005	1,146,684	1,992,312	4,732	1,397	(1,557,281)	3,979,095
NET POSITION, BEGINNING OF YEAR	150,046,147	79,957,486	6,714,681	245,014	139,895	34,702	47,055,165	284,193,090
NET POSITION, END OF YEAR	$ 140,223,393	$ 92,171,491	$ 7,861,365	$ 2,237,326	$ 144,627	$ 36,099	$ 45,497,884	$ 288,172,185

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Definition and Scope of Reporting Entity

The City of Amarillo (the City) was chartered in 1913, as authorized by a statute enacted by the Texas Legislature that year, as the first city in Texas and fifth city in the United States to adopt the commission form of government. The principal services accounted for as general governmental functions include public safety and health, streets, solid waste, culture and recreation, planning and zoning, a transit system and general administrative service. In addition, the City maintains the water and sewer system, 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 was fixed for the balance of the contract, which was for an additional 10 years unless the provider opted to extend the contract an additional 15 years. The quarterly payment to the provider was 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. The "Indigent Care Agreement" was amended to extend the suspension through May 8, 2021. The District is prepaid through May 8, 2020 and has provided $76.2 million in funding to the Medicaid program versus $93.7 million in indigent care payments that would have been due under the contract. On May 17, 2016, Northwest Texas Healthcare System exercised an option to extend the term of the "Indigent Care Agreement" until May 7, 2036. The "Indigent Care Agreement" indicated that if the extension occurred then the contractual consideration

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition and Scope of Reporting Entity (Continued)

would be periodically adjusted by a consumer price index (CPI) factor. On May 6, 2020, both parties agreed to an amount to satisfy all CPI adjustments prior to May 8, 2020 and the quarterly amount the District would begin paying on May 8, 2020. The CPI increases were in effect from May 8, 2020 through May 8, 2021. The payment is fixed at the May 8, 2021 rate through the end of the contract.

On August 8, 2017 the Amarillo Hospital District held a public hearing and created a Local Provider Participation Fund (LPPF). The District set the mandatory payment rate for the 2023 fiscal year at 4.17% of net patient revenue. The mandatory payments are deposited into the LPPF. The funds may be used to support the nonfederal share of payments described in Section 295A.103(c)(1) of the Health and Safety Code. The LPPF is broad based as it applies to all nonpublic hospitals located in Amarillo Hospital District that provide inpatient hospital services. The formula for calculating the mandatory payments is the same for each hospital. No hospitals are held harmless or exempt from paying the mandatory payments.

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.

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. Starting in December 1998, the District issued bonds to finance the first phase of this construction, consisting of the livestock arena, and in December 2000 bonds were issued to fund the Civic Center expansion. Subsequent to the initial debt issuances, the District has undertaken debt refundings to reduce debt service payments. 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 City serves as a fiscal agent for Venue District funds as well as the accounting records. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition and Scope of Reporting Entity (Continued)

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, AHFC 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. The City serves as fiscal agent for LGC funds as well as its accounting records. LGC is considered to be a part of the City's financial reporting entity, because the City Council appoints its Board of Directors, however the Boards are not substantially the same.

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, who are appointed by the City Council, 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 Corporation is considered to be a part of the City's financial reporting entity, because the City Council appoints the Board of Directors and has the authority to approve the budget.

Amarillo Convention And Visitors Bureau, Inc.

Amarillo Convention and Visitors Bureau (the Bureau) is a nonprofit corporation that was formed October 1, 2020 for the purpose of soliciting, acquiring, and staging conventions, the promotion of tourism and the hotel industries and the attraction and entertainment of visitors to and from the City and the surrounding area thereby promoting the economic development and social welfare of the City. The City serves as fiscal agent for the Bureau as well as its accounting records. The Bureau is considered to be a part of the City's financial reporting entity, because the City Council appoints its Board of Directors, however the Boards are not substantially the same.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Blended Component Units

Tax Increment Reinvestment Zone #1

The Tax Increment Reinvestment Zone Number One (TIRZ #1) was created by the City Council 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 benefit the City's redevelopment of downtown. The City Council has final approval authority on the budget and all TIRZ #1 projects and issues debt on behalf of TIRZ #1. TIRZ #1 revenues are pledged toward repayment of the debt. The operations of TIRZ #1 are included in the governmental activities of the government-wide financial statements as a separate special revenue fund.

Tax Increment Reinvestment Zone #2

The Tax Increment Reinvestment Zone Number Two (TIRZ #2) was created by the City Council in FY 2017 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 City Council has final approval authority on the budget and all TIRZ #2 projects. The operations of TIRZ #2 is included in the governmental activities of the government-wide financial statements as a separate special revenue fund.

Tax Increment Reinvestment Zone #3

The Tax Increment Reinvestment Zone Number Three (TIRZ #3) was created by the City Council in FY 2023 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 City Council has final approval authority on the budget and all TIRZ #3 projects. The operations of TIRZ #3 is included in the governmental activities of the government-wide financial statements as a separate special revenue fund.

The component units 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 a trust or custodial fund. These assets are excluded from the Statement of Net Position because they do not represent resources of the City.

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 *General Construction Fund* accounts for construction projects that are financed primarily by general revenues, as well as accounts for the resources designated for replacement of existing buildings, improvements and equipment and for similar projects.

The *COVID-19 Fund* accounts for the grant funding received on an advanced basis for future expenditures.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The City reports the following major proprietary funds:

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

The *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 of former U. S. Air Force facilities to commercial tenants.

Additionally, the City reports the following fund types:

Four *internal service funds* account for fleet services, 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 and custodial capacity on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement.

The trust funds manage the Amarillo Relief and Retirement trust fund (AFRRF), the Amarillo Post Employment Benefits trust fund and private purpose trust funds. The AFRRF was established for members of the City of Amarillo fire department and accounts for contributions to the plan by the City and Fire Fighters. See NOTE 10 for more information.

The Post Employment Benefits Trust Fund was established by the City effective January 2013 to account for funds to finance other post employment benefits paid by the City and the payment of these benefits as they come due. The fund presently is accounting for the payment of retiree's benefits on a "pay as you go basis. See Note 10 for more information.

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 custodial fund accounts for the Civic Center Operations fund is used to account for assets that the City holds for others in a custodial 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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, net pension liability and net OPEB liability 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 Receivable 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" and "advances 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" and "advances to/from other funds."

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)

Other Receivables

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

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

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

Inventories, Prepaid and Unearned Revenue

Inventories of supplies are reflected at cost, determined on an average-cost basis. Inventories of motor fuel and oil are maintained by Fleet Services (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. Unearned revenues reported in the statement of Net Position represent grant awards received for future grant expenditures.

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, GO Bond Construction Fund, Civic Center Improvement Fund, Fleet Services Fund, Water and Sewer Fund, Drainage Utility Fund and 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.

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 acquisition 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 7.

Leases

Effective October 1, 2021, the City implemented GASB No. 87, *Leases*. As the lessee, the City determines whether a contract is, or contains a lease at inception. Lease agreements with a maximum lease term of twelve months or less, including options to extend, are accounted for as a short-term lease. Lease agreements that transfer ownership of the underlying asset to the City at the end of the contract are recorded as a finance purchase with a related lease liability. Lease agreements not classified as a short-term lease, or a finance purchase are accounted for as an intangible right to use lease asset. An Intangible right to use lease asset represents the City's right to use an underlying asset during the lease term and the lease liability represents the City's obligation to make lease payments arising from the lease. Intangible right to use lease assets and lease liabilities are recognized at lease commencement based upon the estimate present value of unpaid lease payments over the lease term. The City uses its incremental borrowing rate based on information available at lease commencement in determining the present value of unpaid lease payments. As the lessor, the City applies the same criteria but recognizes a lease receivable and a deferred inflow of resources equal to the present value of the lease payments. Details relating to the City's leases are provided at Note 8.

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)

Subscription Based Information Technology Arrangement

Effective October 1, 2022, the City implemented GASB No. 96, *Subscription - Based Information Technology Arrangements (SBITAs)*. As the end user of technology arrangements, the City determines whether an arrangement contains a SBITA, which results in a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. SBITAs, that at the commencement of the subscription term, has a maximum possible term of 12 months (or less), including any options to extend are classified as short-term. Intangible right-to-use SBITA assets and liabilities are recognized at the commencement based upon the expected payments to be made during subscription term discounted using the interest rate the SBITA vendor charges which may be the interest rate implicit in the agreement. If the interest rate cannot be readily determined the City's estimated incremental borrowing rate is used. Details relating to the City's SBITAs all provided at Note 9.

Compensated Absence

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

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

Claims and Judgements

Claims and judgements are recorded as liabilities if all the conditions of GASB pronouncements are met. Claims and judgements that mature or become due are recorded during the year as expenditures in the governmental funds. If they have not matured, no liability is recognized in the governmental fund statements. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

Arbitrage Payable

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the United States Treasury for investment income received at yields that exceed the issuer's tax exempt borrowing rates. The Treasury requires payment for each issue every five years. The estimated liability is updated annually for all tax-exempt issuances or changes in yields until such time payment of the calculated liability is due. The City's governmental activities and business-type activities reported an arbitrage liability as of September 30, 2023 of $443,468 and $2,418,625, respectively.

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.

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)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Amarillo Firemen's Relief and Retirement Fund (FRRF) and additions to/deductions from FRRF's Fiduciary Net Position have been determined on the same basis as they are reported by FRRF. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Post Employment Health Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

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 assets 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, 2023, the City has three items that qualify for reporting in this category—a deferred charge on refunding of bonds, a deferred outflow related to the City's net pension liability and the net OPEB liability.

Deferred Outflows of Resources	
Deferred charge on refunding	$ 78,474
Deferred outflow related to the net pension liability	
TMRS	43,553,514
FRRF	25,912,800
Deferred outflow related to the OPEB liability	12,514,624
Total Deferred Outflows of Resources	$ 82,059,412

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 assets 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, 2023, the City had five items which qualify for reporting in this category—deferred inflow related to the City's deferred gain on refunding, net pension liability, the net OPEB liability, unavailable property taxes and right-to-use lease receivable.

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)

Deferred Outflows/Inflows of Resources (Continued)

Deferred Inflows of Resources	
Deferred gain on refunding	$ 935,352
Deferred inflow related to the net pension liability	
TMRS	2,755,804
FRRF	4,803,358
Deferred inflow related to the net OPEB liability	4,174,492
Deferred inflow related to the right-to-use lease receivable	21,844,202
Unavailable property taxes	237,326
Total Deferred Inflows of Resources	$ 34,750,534

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Change in Accounting Principles and Prior Period Adjustments

GASB No. 96, Subscription-Based Information Technology Arrangement (SBITAs), was effective for financial statements for periods beginning after June 15, 2021. The adoption of GASB 96 required a prior period adjustment of $732,405 to report the effect of GASB 96 retroactively. The City's fixed asset subledger over depreciated fixed assets in resulting a prior period adjustment of $3,383,736. The prior period adjustments to net position at September 30, 2022, is as follows:

	Governmental Activities	Business-type Activities
Net position at September 30, 2022 as previously reported	$ 531,255,692	$ 644,941,877
Change in reporting for (SBITAs)	732,405	-
Accumulated depreciation correction	-	3,383,736
Net position at September 30, 2022, as restated	$ 531,988,097	$ 648,325,613

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 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, 2023, were within the limits prescribed by such budgets.

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

Budgetary Information (Continued)

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, 2023, for General Fund are $2,363,717, for Special Revenue Funds are $504,222, for Capital Project Funds are $2,962,016 for Water and Sewer Fund are $1,711,553, for Airport Fund are $3,943,677, for Drainage Fund are $355,909, for Fleet Services Fund are $11,356,105, for Information Services Fund are $702,653, for Risk Management Fund are $3,660.

Deficit Fund Equity

During the fiscal year ended September 30, 2023, the Urban Transportation Planning Fund had a fund deficit of $46,892.

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, 2023, demand deposits and time deposits held by one depository institution, before reduction for checks issued and not presented, were in the total amount of $1,974,669 and collateralized by pledged securities of $25,500,034. Demand deposits and time deposits held by a second depository institution, before reduction for checks issued and not presented, were in the total amounts of $24,273,330 and collateralized by pledged securities of $29,297,603. The City has a third depository institution with demand deposits of $1,836,937 collateralized by pledged securities of $2,797,274.

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.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2023, the weighted-average maturity of the City's total investment securities was .98 years.

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.

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.

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.

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

A summary of investment securities of the City at September 30, 2023, and the corresponding weighted average maturity is shown in Table 1 below:

	Fair Value			Weighted
	Unrestricted Assets	Restricted Assets	Total	Average Maturity (Years)
Investment Securities				
U.S. Treasury Obligations	$ 8,712,423	$ -	$ 8,712,423	1.92
U.S. Government Sponsored Agencies	67,741,361	-	67,741,361	1.20
Total investment securities	76,453,784	-	76,453,784	1.28
No-load U.S. Treasury-only mutual funds	157,986,620	291,535,829	449,522,449	-
Total investments	234,440,404	291,535,829	525,976,233	0.19
Add: Time deposits with original maturities over three months	42,033,816	500,000	42,533,816	0.43
Total investments	276,474,220	292,035,829	568,510,049	0.21
Deduct: Cash equivalents	(157,986,620)	(291,535,829)	(449,522,449)	-
Net investments for financial reporting	$ 118,487,600	$ 500,000	$ 118,987,600	0.98

Table 1 – Investment Securities and Corresponding Weighted Average Maturity

NOTE 4 - FAIR VALUE MEASUREMENTS

The City follows Governmental Accounting Standards Board's (GASB) Statement No. 72, *Fair Value Measurement and Application*. The standard established a three-level valuation hierarchy for disclosure based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). An asset's fair value measurement level within the hierarchy is based on the lowest level of input that is significant to the valuation.

The three levels are defined as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

The City uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the City measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

		Fair Value Measurements Using:		
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2023:				
Certificates of Deposit	$ 42,533,816	$ -	$ 42,533,816	$ -
U.S. government and agency obligations	76,453,784	76,453,784	-	-
Mutual funds - money market	449,522,449	-	449,522,449	-
Total	$ 568,510,049	$ 76,453,784	$ 492,056,265	$ -

For the valuation of certain U.S. government and agency obligations and taxable municipal bonds at September 30, 2023, the City used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

For the valuation of CDARS, certificates of deposit, and money market mutual funds at September 30, 2023, the City used significant other observable inputs as of the valuation date, particularly dealer market price for comparable investments as of the valuation date (Level 2).

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented in the following table:

	Fair Value	Redemption Frequency	Redemption Notice Period
OPEB Trust	$ 30,862,161	Daily	None

The Trust OPEB Funding Program investment utilizes a growth strategy seeking both a reasonable level of income and long-term growth capital and income. The Program invests in eight index and mutual funds. The fair values of the underlying investments are used to determine NAV per share (or its equivalent) of the Trust OPEB Funding Program investment.

Assets Measured at Fair Value on a Nonrecurring Basis

There were no fair values of assets and liabilities measured on a nonrecurring basis at September 30, 2023.

NOTE 5 - 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.

NOTE 5 - TAXES (CONTINUED)

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 2022 tax roll for the 2022/23 fiscal year was $0.40628 per $100 of assessed valuation, resulting in a tax levy in the amount of $63,372,302 on taxable value of $15,130,197,759.

Property taxes receivable at September 30, 2023, are reflected in Table 2 below:

Year of Levy	
2023	$ 619,732
2022	209,630
2021	112,759
2020	85,150
2019	78,735
2018	67,043
2017	49,392
2016	49,598
2015	44,353
2014	43,462
2013	31,151
2012	29,692
2011	30,235
2010	26,203
2009 & Prior	73,115
Total taxes receivable	1,550,249
Less: Allowance for estimated uncollectible portion	1,173,372
Net taxes receivable	376,877
Less: Provisions for collections deferred over 60 days	237,326
Amount available (reserved in accordance with City ordinances)	**$ 139,551**

Table 2 – Taxes Receivable at September 30, 2023

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 6 - RESTRICTED ASSETS, LIABILITIES AND RESERVES

As required by bond indentures, the Water Sewer System, Drainage Utility, Airport, and Fleet Services 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:

	Restricted Assets	Related Liabilities	Restricted Net Position
General Fund			
Hotel occupancy tax account	$ 835,157	$ -	$ 835,157
Total bond debt service/retirement	$ 835,157	$ -	$ 835,157
Bonded Debt Service Fund			
Bond interest and redemption	$ 2,858,576	$ 2,742	$ 2,855,834
Total bond debt service/retirement	$ 2,858,576	$ 2,742	$ 2,855,834
General Construction Fund			
Bond proceed account	$ 26,795,087	$ 26,795,087	$ -
Total bond debt service/retirement	$ 26,795,087	$ 26,795,087	$ -
COVID-19 Fund			
ARPA funds	$ 8,573,497	$ 7,919,225	$ 654,272
Total bond debt service/retirement	$ 8,573,497	$ 7,919,225	$ 654,272
Solid Waste Disposal Improvement Fund			
Bond proceed account	$ 5,919,268	$ 5,919,268	$ -
Total bond debt service/retirement	$ 5,919,268	$ 5,919,268	$ -
Civic Center Improvement Fund			
Hotel occupancy tax account	$ 5,196,692	$ 165,863	$ 5,030,829
Bond proceed account	4,087,893	-	4,087,893
Total bond debt service/retirement	$ 9,284,585	$ 165,863	$ 9,118,722
GO Bond Construction 16/17 Fund			
Bond proceed account	$ 34,120,072	$ 34,120,072	$ -
Total bond debt service/retirement	$ 34,120,072	$ 34,120,072	$ -
Water Sewer System			
Bond escrow and proceed accounts	$ 151,742,850	$ 151,742,850	$ -
Revenue bond interest and redemption	9,978,050	-	9,978,050
Revenue bond reserve	3,373,063	-	3,373,063
Total bond debt service/retirement	$ 165,093,963	$ 151,742,850	$ 13,351,113
Airport			
PFC funds	$ 2,741	$ -	$ 2,741
Revenue bond interest and redemption	557	-	557
Total bond debt service/retirement	$ 3,298	$ -	$ 3,298
Drainage Utility			
Bond interest and redemption	$ 576,087	$ -	$ 576,087
Bond proceed account	13,213,256	13,213,256	-
Total bond debt service/retirement	$ 13,789,344	$ 13,213,256	$ 576,087
Fleet Services			
Bond interest and redemption	$ 487,350	$ -	$ 487,350
Bond proceed account	3,959,490	3,959,490	-
Total bond debt service/retirement	$ 4,446,840	$ 3,959,490	$ 487,350
Greenways PID Fund			
Bond interest and redemption	$ 6,770	$ 6,770	$ -
Total bond debt service/retirement	$ 6,770	$ 6,770	$ -
Colonies PID Fund			
Bond interest and redemption	$ 44	$ 44	$ -
Total bond debt service/retirement	$ 44	$ 44	$ -
Heritage Hills PID Fund			
Bond proceed account	$ 551,766	$ 551,766	$ -
Total bond debt service/retirement	$ 551,766	$ 551,766	$ -

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, 2023

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023, was as follows:

	Balances October 1, 2022 (restated)	Additions	Deletions	Balances September 30, 2023
Capital assets used by governmental activities, at cost				
Capital assets, not being depreciated				
Land	$ 17,300,387	$ 216,533	$ -	$ 17,516,920
Contributed ROW easments	38,811,907	1,601,471	-	40,413,378
Capital projects in process	43,649,100	61,117,148	24,192,048	80,574,200
Total capital assets, not being depreciated	99,761,394	62,935,152	24,192,048	138,504,498
Capital assets, being depreciated				
Infrastructure	319,933,830	12,944,379	-	332,878,209
Building and other improvements	444,770,292	12,961,806	5,000	457,727,098
Equipment and vehicles	130,135,637	12,777,670	8,701,627	134,211,680
Right-to-use lease asset	6,695,558	-	217,494	6,478,064
Subscription Based Information Technology Arrangements	1,738,853	431,842	-	2,170,695
Library collections	7,635,126	322,018	488,254	7,468,890
Total capital assets, being depreciated	910,909,296	39,437,715	9,412,375	940,934,636
Less accumulated depreciation for:				
Infrastructure	157,406,212	6,516,812	-	163,923,024
Buildings and other improvements	211,601,931	16,625,085	4,610	228,222,406
Equipment and vehicles	88,567,033	9,761,727	6,809,679	91,519,081
Right-to-use lease asset	1,771,963	1,777,677	217,494	3,332,146
Subscription Based Information Technology Arrangements	-	921,298	-	921,298
Library collections	3,251,639	446,590	436,960	3,261,269
Total accumulated depreciation	462,598,778	36,049,189	7,468,743	491,179,224
Total capital assets, being depreciated, net	448,310,518	3,388,526	1,943,632	449,755,412
Net capital assets used by governmental activities	548,071,912	66,323,678	26,135,680	588,259,910
Capital assets used by business-type activities, at cost:				
Enterprise funds				
Water and sewer				
Land	2,040,262	-	-	2,040,262
Construction in progress	36,090,686	37,882,970	7,813,921	66,159,735
Contributed ROW Easements	2,073,851	141,794	-	2,215,645
Total capital assets, not being depreciated	40,204,799	38,024,764	7,813,921	70,415,642
Capital assets, being depreciated				
Water rights and contracts	137,642,987	-	-	137,642,987
Buildings and improvements	771,636,071	7,436,849	1,207,941	777,864,979
Equipment and vehicles	4,467,724	108,556	220,641	4,355,639
Total capital assets, being depreciated	913,746,782	7,545,405	1,428,582	919,863,605
Less accumulated depreciation for:				
Water rights and contracts	32,849,638	2,077,838	-	34,927,476
Buildings and improvements	280,073,797	13,898,912	24,153	293,948,556
Equipment and vehicles	3,655,801	146,642	214,709	3,587,734
Total accumulated depreciation	316,579,236	16,123,392	238,862	332,463,766
Total capital assets, being depreciated net	597,167,546	(8,577,987)	1,189,720	587,399,839
Net capital assets used by Water and Sewer	637,372,345	29,446,777	9,003,641	657,815,481
Drainage utility				
Land	87,744	-	-	87,744
Contributed ROW easements	1,501,878	15,322	-	1,517,200
Contruction in progress	12,405,162	7,699,375	1,349,115	18,755,422
Total capital assets, not being depreciated	13,994,784	7,714,697	1,349,115	20,360,366
Capital assets, being depreciated				
Building and improvements	17,714,020	1,256,177	-	18,970,197
Equipment and vehicles	67,307	-	-	67,307
Total capital assets, being depreciated	17,781,327	1,256,177	-	19,037,504
Less accumulated depreciation for:				
Building and improvements	1,599,280	378,249	-	1,977,529
Equipment and vehicles	36,918	6,648	930	42,636
Total accumulated depreciation	1,636,198	384,897	930	2,020,165
Total capital assets, being depreciated net	16,145,129	871,280	(930)	17,017,339
Net capital assets used by Drainage utility	30,139,913	8,585,977	1,348,185	37,377,705

NOTE 7 - CAPITAL ASSETS (CONTINUED)

	Balances October 1, 2022	Additions	Deletions	Balances September 30, 2023
Airport	(restated)			
Land	1,670,425	-	-	1,670,425
Construction in progress	11,670,081	5,543,699	218,786	16,994,994
Total capital assets, not being depreciated	13,340,506	5,543,699	218,786	18,665,419
Capital assets, being depreciated				
Building and improvements	179,563,436	1,207,941	-	180,771,377
Equipment and vehicles	8,422,076	217,792	89,155	8,550,713
Total capital assets, being depreciated	187,985,512	1,425,733	89,155	189,322,090
Less accumulated depreciation for:				
Building and improvements	118,666,894	5,504,308	-	124,171,202
Equipment and vehicles	5,655,945	384,863	88,225	5,952,583
Total accumulated depreciation	124,322,839	5,889,171	88,225	130,123,785
Total capital assets, being depreciated net	63,662,673	(4,463,438)	930	59,198,305
Net capital assets used by Airport	77,003,179	1,080,261	219,716	77,863,724
Net capital assets used by business type activities	744,515,437	39,113,015	10,571,542	773,056,910
Government-wide net capital assets	$ 1,292,587,349	$ 105,436,693	$ 36,707,222	$ 1,361,316,820

Table 4 – Capital Asset Activity

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

Governmental activities	
General government	$ 40,995
Staff services	2,242,321
Police protection	990,901
Fire protection	1,508,782
Other public safety and health	1,227,466
Streets, traffic and engineering	10,974,313
Culture and recreation	7,987,503
Solid waste services	1,017,566
Transit services	949,507
Total governmental fund departments	26,939,354
Internal service fund depreciation allocable to governmental activities based on predominant usage	9,109,835
Total governmental activities	$ 36,049,189
Business-type activities	
Water and sewer system	$ 16,123,392
Drainage utility	384,897
Airport	5,889,171
Total business-type activities	$ 22,397,460

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 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

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Water and Sewer System Capital Assets (Continued)

is not allocating water from this source. The related infrastructure recorded on the City's books for CRMWA assets at September 30, 2023, is $50 million. The related amortized cost of these assets is $22 million.

The City owns $87 million 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. Proceeds from the sale of past water rights are held in a separate interest-bearing account for future water right purchases. The related amortized cost of these assets is $12 million.

Airport Capital Assets

Airport capital assets include runways, buildings, and related improvements constructed by the Federal government for use as an Air Force Base on land contributed by the City, which was returned to the City in 1967 and 1970 upon closing of the Base. Upon return of such assets to the City, the land was recorded on the books of the Airport at $1,521,510, its original cost to the City, and improvements were recorded at $14,356,480 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, 2023.

Drainage Capital Assets

The Drainage Utility Fund currently has $18,755,422 in construction in progress as of September 30, 2023. It also had right of way easements of $1,517,200, equipment and vehicles of $67,307, infrastructural of $18,970,197, and land of $87,744.

NOTE 8 - LEASES

General Description of Leasing Arrangements

The City enters into a variety of lessor arrangements in both its governmental and proprietary funds. Governmental fund lessor transactions are for the lease of real property with lease terms ranging from 1 to 28 years, with discount rates ranging from 0.258% to 2.260%. At September 30, 2023, the City's governmental activities had a lease receivable of $7,762,806 and a deferred inflow of resources of $7,096,768. Proprietary fund lessor transactions are for the lease of real property with lease terms ranging from 1 to 31 years, with discount rates ranging from 0.258% to 2.278%. At September 30, 2023, the City's business-type activities has a lease receivable of $14,993,629 and a corresponding deferred inflow of resources of $14,747,434.

During 2023, the City recognized amortization of deferred outflows as follows:

Inflow of Resources form Leases

Governmental Funds	$ 345,928
Business - Type Funds	$ 2,029,642
Discretely Presented Component Units	$ 652,341

NOTE 8 - LEASES (CONTINUED)

General Description of Leasing Arrangements (Continued)

Inflow of Resources Not Previously Recognized in Lease Receivable

During 2023, the City recognized inflows of resources of variable and other payments not previously included in the measurement of lease receivable as shown below:

Governmental Funds	$ 95,564
Business - Type Funds	$ 4,078,787

Included in the receivables reported in the financial statements are the following amounts of rental income received under noncancelable leases of land and buildings leased to outside parties.

Future Lease Income as of September 30:

	Primary Government						Discretely Presented Component Units		
	Governmental Activities			Proprietary Activities					
Year	Principal	Interest	Total Future Min. Lease Payments	Principal	Interest	Total Future Min. Lease Payments	Principal	Interest	Total Future Min. Lease Payments
2024	$ 285,625	$ 171,886	$ 457,511	$ 1,888,797	$ 282,261	$ 2,171,058	$ 625,843	$ 137,047	$ 762,890
2025	288,831	166,377	455,208	1,177,087	267,234	1,444,321	602,601	129,253	731,854
2026	249,975	160,854	410,829	968,760	254,288	1,223,048	589,959	121,848	711,807
2027	247,587	155,413	403,000	400,468	242,924	643,392	548,338	114,959	663,297
2028	253,133	149,867	403,000	395,832	234,366	630,198	555,553	108,659	664,212
2029-2033	1,353,297	661,703	2,015,000	1,917,619	1,044,292	2,961,911	1,333,412	465,183	1,798,595
2034-2038	1,511,802	503,198	2,015,000	2,138,831	816,089	2,954,920	172,020	433,273	605,293
2039-2043	1,688,873	326,127	2,015,000	2,394,274	560,646	2,954,920	191,192	414,101	605,293
2044-2048	1,883,683	128,317	2,012,000	2,680,226	274,694	2,954,920	212,288	393,005	605,293
2049-2053	-	-	-	1,031,735	30,936	1,062,671	236,192	369,101	605,293
2054-2058	-	-	-	-	-	-	262,518	342,775	605,293
2059-2063	-	-	-	-	-	-	291,780	313,513	605,293
2064-2068	-	-	-	-	-	-	324,155	281,138	605,293
2069-2073	-	-	-	-	-	-	360,467	244,826	605,293
2074-2078	-	-	-	-	-	-	400,650	204,643	605,293
2079-2083	-	-	-	-	-	-	445,312	159,981	605,293
2084-2088	-	-	-	-	-	-	494,904	110,389	605,293
2089-2093	-	-	-	-	-	-	550,155	55,138	605,293
2094-2098	-	-	-	-	-	-	236,867	5,246	242,113
	$7,762,806	$2,423,742	$10,186,548	$14,993,629	$4,007,730	$19,001,359	$8,434,206	$4,404,078	$12,838,284

The City enters into a variety of lessee arrangements in its governmental funds. Governmental fund lessee transactions are for the lease of equipment with lease terms ranging from 2 to 15 years, with discount rates ranging from 0.3900% to 5.495%.

Included in the expenditures report in the financial statements are the following amounts of rent paid or due under lease liability:

Fund Type

General Fund	$ 233,861
Internal Service Fund	1,696,145
Discretely Presented Component Units	103,560
Lease Expense (Including Interest)	$ 2,033,566

NOTE 8 - LEASES (CONTINUED)

Future Lease Payments as of September 30:

	Primary Government					
	Governmental Activities			Discretely Presented Component Units		
Year	Principal	Interest	Total Future Min. Lease Payments	Principal	Interest	Total Future Min. Lease Payments
2024	$ 1,172,489	$ 20,887	$ 1,193,376	$ 87,129	$ 10,209	$ 97,338
2025	792,043	12,137	804,180	88,293	8,981	97,274
2026	764,445	6,120	770,565	76,441	7,770	84,211
2027	31,586	2,841	34,427	78,914	6,564	85,478
2028	15,449	2,551	18,000	379,408	13,560	392,968
2029-2033	81,620	8,380	90,000	-	-	-
2034-2038	48,169	1,331	49,500	-	-	-
	$ 2,905,801	$ 54,247	$ 2,960,048	$ 710,185	$ 47,084	$ 757,269

NOTE 9 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

General Description

The City has several existing arrangements and some new arrangements subject to the requirements of GASB 96. These agreements can be described in groups based on the business unit of the user. The City makes annual payments and the agreements are for varying terms. The SBITA liability is the present value of these payments using the City's incremental borrowing rate. The liability is amortized providing the principal and interest components of the payments over the SBITA term. The SBITA Asset is measured as the SBITA Liability plus any capitalized expenditures/expenses incurred in the initial implementation stage. The SBITA asset is depreciated (amortized) using a straight-line depreciation method over the term of the SBITA arrangement. The City Council set a materiality threshold on SBITA arrangements at $5,000. There was one arrangement below this level with an aggregate annual expenditure of $40.

The Total Amount of the Subscription Assets and Accumulated Amortization:

	Term in Months	Total Asset Amounts	Total Accumulated Amortization
Governmental Funds:			
General government	13-24	$ 674,517	$ 200,880
Internal Service Funds:			
Information Technology	19-24	1,312,715	656,357
Risk Management	34	183,463	64,061
Total Government Activities:		$ 2,170,695	$ 921,298

NOTE 9 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (CONTINUED)

Outflows of Resources:

There was an additional payment for one contract that crossed multiple funds; the General Fund, an Internal Service Fund - Information Technology, a special revenue fund and the Water Sewer Fund for an increase in the number of users and the business unit of the users during this reporting period. The additional expenditures were in approximately $30,000. This was unknown when the arrangements were made but were known to occur with additional users. These payments were not included in calculating the SBITA liability.

There were no other outflows of resources paid for these SBITA arrangements.

The SBITA Liabilities and associated Principal and Interest Requirements:

	Interest Rate	Beginning Liability	Term in Months	Ending Balance
Governmental Funds:				
General government	2.310% - 3.305%	$ 166,627	12-60	$ 332,300
Internal Service Funds:				
Information Technology	3.207% - 3.207%	656,357	19-24	-
Risk Management	3.238%	183,463	34	92,795
Total Government Activities:				$ 425,095

The future principal and interest SBITA arrangement payments as of fiscal year-end are as follows:

	Principal	Interest	Total
Governmental Funds:			
Year Ended September 30			
2024	$ 255,806	$ 11,498	$ 267,304
2025	53,785	3,911	57,696
2026	56,387	2,668	59,055
2027	59,117	1,365	60,482
Total Governmental Funds	$ 425,095	$ 19,442	$ 444,537
Governmental Funds:			
Year Ended September 30			
2024	$ 255,806	$ 11,498	$ 267,304

Commitments and Impairments:

There were no additional commitments made before the commencement of the SBITA term(s). There were also no impairments or modifications to be reported during this fiscal year.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

The City participates in funding two retirement plans. TRMS is an agent, multiple-employer, public-employee retirement system which is a nontraditional, joint-contributory, hybrid defined benefit plan. The FRRF 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 components of the net pension liability of the City at September 30, 2023, were as follows:

	TMRS	FRRF	Total
Total pension liability	$ 536,400,760	$ 240,469,242	$ 776,870,002
Fiduciary net position	471,134,542	218,341,194	689,475,736
City's net pension liability (asset)	$ 65,266,218	$ 22,128,048	$ 87,394,266
City's net pension liability (asset) as a percentage of total pension liability	12.17%	90.8%	11.25%
City's deferred outflows of resources	$ 43,553,514	$ 25,912,800	$ 69,466,314
City's deferred inflow of resources	$ 2,755,804	$ 4,803,358	$ 7,559,162
City's pension expense	$ (1,019,177)	$ (4,838,120)	$ (5,857,297)

The City's total payroll for the fiscal year ended September 30, 2023, was $129,161,817. Covered for the two plans was as follows:

TMRS	$ 96,396,887
FRRF	23,352,843
Total covered payroll	$ 119,749,730

Including current employees, annuitants and terminated employees entitled to future benefits, the City had 4,480 members of TMRS and 509 members of FRRF as of the dates of the latest actuarial valuations.

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:

Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 909 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the City. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at *www.tmrs.com.*

All eligible employees of the City are required to participate in TMRS.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Plan provisions for the City are as follows:

	Plan Year 2023	Plan Year 2022
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

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.

Employees Covered by Benefit Terms

At the December 31, 2022, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,358
Inactive employees entitled to but not yet receiving benefits	1,381
Active employees	1,741
Total employees	4,480

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City-matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Texas Municipal Retirement System (TMRS)(Continued)

Contributions (Continued)

Employees for the City were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.85% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were $12,478,297.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation
Investment rate of return	6.75%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. Mortality rates for disabled annuitants use the same mortality table and rates above with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2022, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2014 through December 31, 2018, first used in the December 31, 2019 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a mortality experience investigation study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013, valuation along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2021 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Texas Municipal Retirement System (TMRS)(Continued)

Contributions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global equity	35%	7.7%
Core fixed income	6%	4.9%
Non-core fixed income	20%	8.7%
Real estate	12%	8.1%
Other public & private markets	12%	5.8%
Hedge funds	5%	6.9%
Private equity	10%	11.8%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

The changes in net pension liability are summarized in the following table:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2021	$ 520,182,536	$ 523,334,547	$ (3,152,011)
Changes for the year:			
Service cost	13,767,430	-	13,767,430
Interest	34,433,404	-	34,433,404
Change of benefit terms	-	-	-
Difference between expected and actual experience	208,076	-	208,076
Changes of assumptions	-	-	-
Contributions - employer	-	11,298,569	(11,298,569)
Contributions - employee	-	6,676,964	(6,676,964)
Net investment income	-	(38,048,640)	38,048,640
Benefit payments, including refunds of employee contributions	(32,190,686)	(32,190,686)	-
Administrative expense	-	(329,993)	329,993
Other changes	-	393,781	(393,781)
Net changes	16,218,224	(52,200,005)	68,418,229
Balance at December 31, 2022	$ 536,400,760	$ 471,134,542	$ 65,266,218

Table 5 – TMRS Net Pension Liability

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate 5.75%	Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
City's net pension liability	$ 131,605,993	$ 65,266,218	$ 10,058,326

Pension Plan Fiduciary Net Position

The pension plan's Fiduciary Net Position has been determined on the same basis used by the pension plan, which is generally accepted accounting principles prescribed by GASB. Detailed information about the pension plan's basis of accounting and policies is available in a separately issued TMRS financial report. That report may be obtained on the Internet at *www.tmrs.com.*

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of $(1,019,177).

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 147,177	$ 2,755,804
Changes in actuarial assumptions	-	-
Net difference between projected and actual investment earnings	32,411,382	-
Contributions subsequent to the measurement date	10,994,955	-
Total	$ 43,553,514	$ 2,755,804

The $10,994,955 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	
2024	$ (1,030,681)
2025	7,371,134
2026	8,770,011
2027	14,692,291
Total	$ 29,802,756

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Firemen's Relief and Retirement Fund (FRRF)

Plan Description

The City contributes to the 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 Assistant City Manager/Chief Financial Officer. Within parameters established by TLFFRA, the plan may be amended upon approval by the Board and a vote of the membership.

Benefits Provided

The Plan's benefit provisions are established under the authority of the TLFFRA. Specific plan provisions are governed by a plan document and a trust agreement executed by the Board of Trustees. The following is a brief summary of the benefit provisions of the Plan.

Under the Plan, firefighters can retire at age 50 with 20 years of service and receive either (1) a monthly retirement benefit equal to 3.45% of the firefighter's highest average salary multiplied by the firefighter's total years of service, if hired prior to January 1, 2018 or (2) a monthly retirement benefit equal to the sum of (a) 3.25% of the firefighter's highest average salary multiplied by the firefighter's years of service up to a maximum of 20 years and (b) 2.50% of the firefighter's years of service in excess of 20 years, if hired on or after January 1, 2018. A firefighter's highest average salary is the greater of (1) the firefighter's highest five-year average salary for any period prior to retirement or (2) the firefighter's highest three-year average salary prior to January 1, 2018. In all retirement options, the Plan provides the firefighters with an annuity for life and can also provide a life annuity for their spouses. Firefighters who retire after completing 20 years of service, but who have not attained the age of 50, may elect to begin receiving benefits at age 45 or more in accordance with a lower scale of factors applied to the highest average salary. Firefighters age 53, with 23 years or more of service, may elect to participate in the Deferred Retirement Option Plan (DROP), under which a participant may convert his benefits accruing after the date of the election to a deferred retirement option payment (a form of lump sum distribution) to be paid in full within 36 months of retirement.

The standard benefit is payable in the form of a joint and 66-2/3% spouse annuity, but a firefighter may elect a joint and 100% spouse annuity, a 15-year certain and life thereafter annuity, a straight life annuity, or a pop-up option. Additionally, an option that provides an annually increasing retirement benefit in connection with any of the above annuity forms is available.

A firefighter who becomes disabled as a result of his duties as a firefighter is eligible for the normal monthly retirement benefits if he has 20 or more years of service. A firefighter with less than 20 years of service is entitled to a benefit equal to either (1) 69% of his highest average salary, if hired prior to January 1, 2018 or (2) 65% of his highest average salary, if hired on or after January 1, 2018. Off-duty disability retirement benefits are provided for as a percentage of the on-duty disability benefits, with the percentage being on a graduated scale based on years of service.

The standard death benefit available to the spouse of a deceased firefighter who has met the eligibility requirements for DROP is two-thirds of the benefits the firefighter would have received had he retired on his date of death, plus any DROP payment to which the firefighter would have been entitled. Lesser monthly benefits are provided for a spouse of a firefighter who dies before meeting the qualifying criteria. If a firefighter has attained age 50 and has completed at least 20 years of service, he can elect to have his spouse receive a larger benefit in the event he dies prior to retiring from the fire department. An active firefighter must elect the optional death benefit on or before the date he attains age 60. If a firefighter dies while he is an active firefighter and after electing the optional joint and 100% survivor pre-retirement death benefit, the firefighter's spouse will receive a survivor's benefit equal to 100% of the amount the

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Benefits Provided (Continued)

firefighter would have received if the firefighter had retired on his date of death. If this election is made, the firefighter who elects the higher pre-retirement death benefit will receive a slightly lower pension upon actual retirement. Each child of a deceased firefighter is entitled to a monthly benefit of $335 ($670 if there is no spouse receiving benefits) until age 18, or until age 25 while a full-time student.

The Plan has a $7,500 lump sum death benefit provision.

A firefighter who terminates after completing at least 10 years of service, but who has not attained the age of 50, is entitled to receive a deferred vested retirement income commencing at the end of the month in which the firefighter would have both attained age 50 and completed 20 years of service.

Firefighters' salaries are not subject to the Federal Insurance Contributions Act and, consequently, Plan benefits are not integrated with Social Security benefits.

Employees Covered by Benefit Terms

As provided under TLFFRA, all firefighters must be less than 36 years of age upon entering service for the City as a firefighter and must become members of the Plan, which provides them with pension, death, and disability benefits. The Plan covers current and former firefighters as well as beneficiaries of current and former firefighters. The types of employees covered, as well as Plan membership as of December 31, 2022, the measurement date, are as follows:

Active:	
Vested	50
Nonvested	223
	273
Terminated:	
Nonvested	-
Retired:	
Vested	4
Pensioners:	
Service retirement	195
Disability retirement	6
Spouses/children	31
	232
Total participants	509

Contributions

The Plan's minimum required contribution provisions are established under the authority of TLFFRA. There are no contracts governing contributions to the Plan. Specific plan contribution rates are governed by a plan document. Changes in the members' contribution rate require a plan amendment. An actuarial valuation is performed every two years to be certain the plan benefits and plan contributions are in balance. There are no statutory reserve requirements for the Plan.

The City employer contribution rate was 18.83% of the firefighters' gross pay starting January 2014 and was increased to 19.57% starting January 2017, and was increased to 19.82%, 20.32%, and 20.82% starting January 1, 2020, 2021 and 2022 respectively. The Plan is funded by a contribution by each firefighter. The firefighters' contribution rate is 13.00% of gross pay and was increased to 13.50% as of

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Contributions (Continued)

January 1, 2021 and 14% as of January 1, 2022. If a firefighter terminates service with the Fire Department of the City and he is not entitled to any of the benefits as described above, he will receive a lump sum payment of the contributions he made without accumulated interest. A firefighter who has become eligible for benefits may also elect to receive a refund of his contributions, but will forfeit his right to any benefits which he might otherwise have been entitled to receive.

Net Pension Liability

The City's net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial report as of December 31, 2022.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following actuarial assumptions applied to all prior periods included in the measurement:

Inflation	2.50%
Salary increases	2.75%, plus promotion, step and longevity increases that vary by service
Investment rate	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (public safety) total dataset mortality tables for employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighing the expected future net real rates of return by the target asset allocation percentage (currently resulting in 5.13%) and by adding expected inflation (2.50%). In addition, the final 7.5% assumption was selected by rounding down. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return
Equities		
Large/mid cap domestic	63.6%	6.2%
Small cap domestic	9.9%	6.5%
International cap	4.6%	7.0%
Fixed income and cash	21.9%	1.0%
Total	100.0%	
Weighted Average		5.13%

Changes in Assumptions

There were no changes in Actuarial Assumptions.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. No projection of cash flows used to determine the discount rate because the December 31, 2022 actuarial valuation showed that expected contributions would pay the normal cost amortize the unfunded actuarial liability (UAAL) in 6 years.

Because of the 6-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 7.50% was applied to all periods of projected benefit payments as the discount rate to determine total pension liability.

Changes in Net Pension Liability

The changes in net pension liability (asset) are summarized in the following table:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at December 31, 2021	$ 231,961,233	$ 262,228,770	$ (30,267,537)
Changes for the year:			
Service cost	5,252,913	-	5,252,913
Interest	17,265,665	-	17,265,665
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	4,862,719	(4,862,719)
Contributions - employee	-	3,269,398	(3,269,398)
Net investment income	-	(38,175,486)	38,175,486
Gain or (Loss) due to difference in projected vs. actual earnings	-	-	-
Benefit payments, including refunds of employee contributions	(14,010,569)	(14,010,569)	-
Administrative expense	-	(144,607)	144,607
Other changes	-	310,969	(310,969)
Net changes	8,508,009	(43,887,576)	52,395,585
Balance at December 31, 2022	$ 240,469,242	$ 218,341,194	$ 22,128,048

Table 6 – FRRF Net Pension Liability

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate.

Changes in Net Pension Liability

	1% Decrease (6.50%)	**Current discount rate (7.50%)**	**1% Increase (8.50%)**
City's net pension liability (asset)	$ 51,461,334	$ 22,128,048	$(2,348,679)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Pension Plan Fiduciary Net Position

The pension plan's Fiduciary Net Position has been determined on the same basis used by the pension plan, which is generally accepted accounting principles prescribed by GASB. Detailed information about the pension plan's basis of accounting and policies is available in a separately issued FRRF 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.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2023, the City recognized pension expense of $(4,838,120).

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 1,038,312	$ 4,570,949
Changes in actuarial assumptions	5,497,548	232,409
Net difference between projected and actual investment earnings	15,389,138	-
Contributions subsequent to the measurement date	3,987,802	-
Total	$ 25,912,800	$ 4,803,358

The $3,987,802 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,	
2024	$ (2,750,295)
2025	2,282,190
2026	6,372,898
2027	11,425,676
2028	(155,864)
Thereafter	(52,965)
Total	$ 17,121,640

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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Deferred Compensation Plan (Continued)

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 are reported as a fiduciary pension benefit trust fund in the Fiduciary Fund Statements.

NOTE 11 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Administration

The City administers a multi-employer agent, defined benefit post-employment heath plan (Plan). The Plan does not include the pension benefits discussed in Note 10. The Finance Director is responsible for administration of the plan with Council oversight. The plan is reported as a Trust Fund in the City's financial statements. The plan does not issue a publicly available financial report.

Plan Membership

As of December 31, 2022, the valuation date of the Plan, the plan membership data is as follows:

Active employees	1,458
Retirees	703
Total	2,161

Eligibility Requirements

Employees of the City who have 10 years of full-time service with the City or the AEDC who are eligible to retire under the TMRS or the FRRF may continue coverage in the City-sponsored group healthcare plan as a retiree.

To be eligible to retire under TMRS, participants must attain either 20 years of TMRS service, or five years of TMRS service and age 60. To be eligible to retire under the FRRF, participants must attain 20 years of FRRF service and age 45.

Employees who become disabled after attaining 10 years of full-time service with the City or the AEDC are also eligible to continue coverage in the City-sponsored group healthcare plan.

Employees may only obtain dependent coverage at retirement, only if the employee was receiving dependent coverage immediately prior to retirement. The applicable contribution rate is based on the employee's service at retirement.

A widow/widower of an employee who 1) met the requirements above to continue coverage in the City-sponsored group healthcare plan at the time of death, and 2) had spouse coverage at the time of death, is eligible to continue coverage in the City-sponsored group healthcare plan, at the applicable retiree rate, based on the employee's service at the time of death.

Prior to January 1, 2015, retirees and spouses who were eligible to continue coverage in the City-sponsored group healthcare plan at retirement may remain in the plan until age 65. Retirees who are Medicare eligible must apply for Medicare.

NOTE 11 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Eligibility Requirements (Continued)

On or after January 1, 2015, retirees and their legal spouse who are eligible to continue coverage in the City-sponsored group healthcare plan at retirement may remain in the plan until age 65.

Benefits Provided

The Plan provides for medical insurance of eligible retirees and their dependents through the City's group health insurance plan, which covers both active and retired members. Benefit provisions are established and amended by the City Council.

Contributions

In January 2013, the City began prefunding a portion of its Other Postemployment Benefits (OPEB) liability via an irrevocable multi-employer agent 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. The increased prefunding contributions to 2.8% of payroll into the OPEB Trust (approximately $2.7 million) and pay-as-you-go cost of approximately $4.3 million for a total contribution at December 31, 2021 of approximately $7 million. The City Council has the authority to increase or decrease prefunding contribution rates.

Effective January 1, 2015, all inactive participants age 65 or older must drop medical coverage and receive a stipend of $150 per month to be used toward their cost of medical coverage. The $150 stipend is not expected by the City to increase.

The following table summarizes the range of monthly retirees' health and basic life premiums based on years of service and date of retirement.

Range of Monthly Retiree Health Premiums
Retiree Health Premium
Fiscal Year 2022

Retiree Range of Monthly Health Premium Rates	
Plan 1 retiree	$ 182.78 –$ 533.73
Plan 1 retiree and spouse	$ 365.55 –$ 1,607.42
Plan 2 retiree	$ 201.06 –$ 587.10
Plan 2 retiree and spouse	$ 438.66 –$ 1,280.90

Summary of Significant Accounting Policies

Basis of Accounting

The Post Employment Benefit Trust Fund's financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments

Investments are reported at fair value. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates.

NOTE 11 -DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Investments

Investment Policy

The Trustees may invest funds held in the OPEB Trust Fund at their discretion in including, certificates of deposit; mutual funds, and other forms of security investments.

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (16.27)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Net OPEB Liability of the City

The components of the net OPEB liability of the City at September 30, 2023, were as follows:

Total OPEB Liability	$ 77,423,809
OPEB Plan Fiduciary Net Position	31,005,635
Net OPEB Liability	$ 46,418,174
Plan Fiduciary Net Position as a percentage of The Total OPEB Liability	40.05%

Asset Class	Target Asset Allocation
Bank Insured Deposit/Cash	0.61%
Equities	48.97%
Mutual Funds	50.42%
	100.00%

Actuarial Assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Additional Actuarial Methods and Assumptions:

Valuation date	December 31, 2021
Measurement date	December 31, 2022
Fiscal year end	September 30, 2023
Benefits valued	Medical and prescription drug benefits, and HRA benefits
Long-term rate of return	6.50%
Muni-Bond (unfunded) rate	4.05%
Payroll growth rate	2.75%
Discount rate	6.50%
Discount rate method	The method determines an ultimate discount rate based on a blend of a) the unfunded municipal bond index rate and b) the trust's assumed long-term rate of return. We have assumed the City continues making future Trust contributions equal to 2.8% of payroll (the estimated average contribution rate over the past 4

NOTE 11 -DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

	years) and it continues paying retiree medical benefits from its general assets. Under these assumptions, we've projected the trust will remain sufficient to cover all future costs and thus the City's discount rate is equal to the trust's long-term rate of return.
General inflation rate	2.50%
Healthcare cost trend rate	6.20%
Actuarial cost method	Entry Age Normal level percent of pay. Investment gains/losses are amortized over 5 years, liability gains/losses are amortized over Average Working Lifetime, and Plan changes are recognized immediately.
Actuarial value of assets	Fair Value
City contributions	2.80% of total payroll
Dental benefits	Premiums contributed by retirees, disabled participants and Dependents for dental coverage are assumed to equal or exceed their expected dental per capita claims costs. Therefore, dental coverage was not valued in their valuation.
Withdrawal, Retirement, Disability, Mortality Rates and Salary Scale	Rates from the December 31, 2021 TMRS and FRRF actuarial reports
Medical Plan Blending	Future retirees are assumed to elect medical coverage on each plan according to the following assumptions:

Medical Plan	Percent Assumed to Elect
Plan 1	100%
Plan 2	0%

Dependent Status

- Spouse Age Differential — Husbands are assumed to be two years older than wives.
- Children — Assume current and future retirees have no covered children.

Per Capita Claims and Administrative Costs

Per capita medical and prescription drug claims and administration costs (PCCC) were developed based on the following:
- Claims experience, stop loss fees and administration costs for actives and retirees from January 1, 2019 to December 31, 2021.
- Claims experience was adjusted for plan values, healthcare cost trend, and age-sex differences between active employees and retirees.

Healthcare Cost Trend Rates

Trend rates are used to project health insurance claims and administration costs and retiree premiums into the future. If healthcare inflation were to continue as its current rate, eventually 100% of the Gross National Product (GNP) would be allocated for healthcare services. Since this is unrealistic, healthcare cost trend rates are assumed to decrease in future years.

Changes in Assumptions and Methods since Prior Valuation

The following changes were made since the prior valuation:

- The Muni-Bond (unfunded rate changed from 2.06% to 4.05).

NOTE 11 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Changes in Assumptions and Methods since Prior Valuation (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of September 30, 2022	$ 74,441,419	$ 33,853,842	$ 40,587,577
Changes for the year:			
Service cost	2,313,335	-	2,313,335
Interest on the total OPEB liability	4,853,078	-	4,853,078
Changes of benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Empoyer contributions	-	7,078,945	(7,078,945)
Plan member contributions	-	-	-
Net investment income	-	(5,738,496)	5,738,496
Benefit payments, including employee refunds	(4,184,023)	(4,184,023)	-
Administrative expense	-	-	-
Other changes	-	(4,633)	4,633
Net changes	2,982,390	(2,848,207)	5,830,597
Balances as of September 30, 2023	$ 77,423,809	$ 31,005,635	$ 46,418,174

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower and 1-percentage-point higher than the current discount rate of 7.50%.

	1% Increase	Current Discount Rate	1% Decrease
Net OPEB Liability	$ 39,275,862	$ 46,418,173	$ 54,592,358

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower and 1-percentage-point higher than the current healthcare cost trend rates of 7.50%

	1% Increase	Current Healthcare Discount Rate	1% Decrease
Net OPEB Liability	$ 54,431,097	$ 46,418,173	$ 39,695,071

The net OPEB liability was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021.

For the year ended September 30, 2023, the City recognized total OPEB expense of $(1,260,990).

At September 30, 2023, the City reported its collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 11 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences	$ 1,137,330	$ 248,464
Changes in actuarial assumptions	4,545,373	3,926,028
Net differences between projected and actual investment earnings	4,407,569	-
Total as of measurement date	$ 10,090,272	$ 4,174,492
Contributions paid to subsequent to the measurement date	2,424,352	-
Total as of fiscal year end	$ 12,514,624	$ 4,174,492

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2024	$ 772,046
2025	1,236,020
2026	960,919
2027	2,266,850
2028	679,945
Total	$ 5,915,780

Payable to OPEB Plan

At September 30, 2023, the City reported no payable for the outstanding amount of contributions to the Plan required for the year ended September 30, 2023.

Financial Statements

The Plan does not publish separate financial statements. Below are the September 30, 2023 PEB Trust's condensed financial statements. Further information regarding the Plan, including the most recent actuarial study, may be obtained from the Finance Director, City of Amarillo.

Assets	
Cash and cash equivalents	$ 189,116
Investments, at fair value	30,862,161
Total Assets	$ 31,051,277
Net Position	
Net position restricted for OPEB	$ 31,051,277
Total Net Position	$ 31,051,277
Additions	
Employer - Contributions	$ 7,243,378
Total Contributions	7,243,378
Investment Income:	
Net Appreciation (Depreciation) in Fair Value of Investments	(6,680,564)
Interest , Dividends, and Other Investment Income	933,619
Total Investment Income	(5,746,945)
Less Investment Expenses	160,173
Net Investment Income	(5,907,118)
Total additions	1,336,260
Deductions	
Benefits paid	4,184,023
Total deductions	4,184,023
Change in net position	(2,847,763)
Net Position, Beginning of Year	33,899,040
Net Position, End of Year	$ 31,051,277

NOTE 12 – 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 2022-23.

However, the City has appropriated $780,775 of its available Fund Balance in the City's 2023-24 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, 2023, the City had commitments with respect to completion of various capital projects, as reflected in Table 7. For this purpose, commitments are defined as the difference between the appropriation for the project and amounts paid or recognized as liabilities at year-end; additional funding from outside sources are shown as a reduction to the amounts reported as committed. Sufficient resources were either on hand in the City's accounts or authorized and available to complete all committed projects.

	Project Authorizations	Expected Outside Funding Sources	Outside Funding Received	Complete at September 30, 2023	City's Remaining Committed
Governmental activities					
Street improvements	$ 27,650,488	$ 30,667,651	$ 3,651,578	$ 616,627	$ 17,788
General construction	103,660,308	113,916,720	102,503,062	33,516,412	58,730,238
Solid waste improvements	10,951,727	-	-	3,625,857	7,325,870
Civic Center improvements	15,424,253	4,598,994	1,972,919	5,198,545	7,599,633
GO Bond Construction	52,364,313	5,945,941	4,445,941	34,202,985	16,661,328
Total - governmental fund activities	210,051,089	155,129,306	112,573,500	77,160,426	90,334,857
Internal service fund projects					
Information services	7,925,468	10,508,184	8,084,968	1,034,709	4,467,543
Fleet services	5,026,288	4,000,000	4,004,990	225,000	4,806,278
Total - all governmental-type activities	223,002,845	169,637,490	124,663,458	78,420,135	99,608,678
Business-type activities					
Water and sewer system improvements	244,447,141	33,603,554	21,634,289	73,973,653	158,504,223
Airport	29,689,500	19,703,470	12,280,058	17,101,013	5,165,075
Drainage utility	41,524,408	8,878,576	1,142,341	18,751,046	15,037,127
Total - all business-type activities	315,661,049	62,185,600	35,056,688	109,825,712	178,706,425
Total - all city project	$ 538,663,894	$ 231,823,090	$ 159,720,146	$ 188,245,847	$ 278,315,103

Table 7 – Unfinished Construction Projects

NOTE 12 - COMMITMENTS (CONTINUED)

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

The PIDs are responsible for the maintenance and ongoing upkeep of these enhanced 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 which have since been refunded, a third issue was for $600,000 in 2008 which have since been refunded, and a fourth issue of $725,000 in 2014, and fifth issue of $975,000 in 2021. 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 2023, there was approximately $105,000 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. The Colonies Public Improvement District has approximately $28,000 of unreimbursed costs to the developer for enhanced amenities. The City issued Certificates of Obligations during 2023 to reimburse the developer for enhancements.

The bonds were issued during 2006 in the amount of $585,000, which have since been refunded, $1,500,000 during 2008, which have since been refunded $1,535,000 in 2014, and $3,000,000 in 2018. The special assessments paid by the residents will be used to pay the debt service associated with this issue. 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. The Pinnacle PID has approximately $2.5 million of unreimbursed costs to the developer for enhancements. The other PIDs are fully developed and there is not an amount to be paid to the developer or are in process of being developed and no amounts are to be paid to the developer as of September 30, 2023.

The City has committed $247,600 to Center City for downtown redevelopment. Center City works 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 was 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 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 rebates of State sales and hotel occupancy taxes, rebate of local hotel occupancy taxes and a performance assurance of up to $2 million to assure a minimum performance of the hotel. The assurance for minimum performance ended 12/31/2021 and the City did not pay any of the $2 million. 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.

In 2012, the City approved to refund Local HOT revenues not to exceed 20 years or $15,251,258. The Embassy Suites became eligible for the refunds in 2017. Refund payments for September 30, 2023 and 2022, were $794,828 and $753,112, respectively. Refunds to date total $4,133,276. The original developer of the Embassy Suites sold their investment to a new group and all existing incentives have been reassigned to the new group during fiscal year ending September 30, 2020.

NOTE 12 - COMMITMENTS (CONTINUED)

The Convention Center Hotel opened on September 8, 2017. The performance assurance period began July 1, 2018 and will run for 42 months ending on December 31, 2021. During this period the City will assure a minimum performance of the hotel up to $2 million, with no more than $1 million drawn in any 12 month period. The performance assurance criteria were 65% occupancy rate and an average daily room rate (ADR) of $130, prior to the opening of the MPEV. After the opening of the MPEV, the criteria changed to 63% occupancy and $125 average daily rate. The City did not have to pay anything related to this assurance.

On August 11, 2015, the Amarillo City Council approved Resolution 08-11-15-3 regarding the implementation of the proposed Convention Hotel and Parking Garage projects as Downtown Catalyst projects. The proposed resolution: 1) amends and restates Resolution 08-23-11 as amended by Resolution 11-11-14-1 approved by the Amarillo City Council on August 23, 2011, and November 11, 2014, respectively, 2) provides for the updated financial, contractual, and business structure of the Convention Hotel and Parking Garage projects, and 3) accepts the general terms of the financing plan for the hotel, parking garage, and MPEV.

On February 17, 2016, the LGC approved the parking garage construction project in the amount of $15.65 million. Funding for this project included bond proceeds, reserves from the Civic Center Improvement Fund, General Construction Fund, TIRZ #1, and an additional funding from Center City. On February 2, 2016, the City Council amended the loan agreement between the City and TIRZ #1 authorizing a loan of $1.85 million. During April 2016, the City issued approximately $12 million in hotel occupancy tax revenue bonds to fund the parking garage. The parking garage was opened on July 1, 2017.

The City entered into a rental lease agreement in September of 2017 as the lessor with Panhandle Baseball Club, Inc as the lessee of the multi-purpose event venue (MPEV). The agreement includes a $45.54 million construction budget. The initial term runs through 2048 with the annual rent payments of $400,000 beginning April 1, 2019 through 2038. The lessee, beginning April 1, 2019, shall pay annual rent of $400,000. A portion of the annual rent ($225,000) will be allocated into an MPEV Capital Improvements and Maintenance Reserve. On April 8, 2020, an amendment was signed for the lease to defer the installment payment of annual rent due on April 15, 2020 to be paid no later than May 15, 2020 and to defer the installment payment of annual rent due July 15, 2020 to be paid no later than December 31, 2020. On December 30, 2020, a second amendment was signed for the lease to allow half of the annual rent due on December 31, 2020 to be paid on July 15, 2021 and the other half to be paid on July 15, 2022. Prior to January 15, 2035 the City and the lessee will have the ability to negotiate a plan for renovation to the MPEV, the agreement anticipates renovation costs of $15 million. Upon successful negotiation of the renovation milestones which includes the renovation plan, amendment and completion of the renovation improvements the City and the lessee will have the ability to negotiate a series of renovation term extension options totaling 15 years. The agreement identifies surface parking area as 1,000 parking spaces which are owned or controlled by the City and located no more than 1,600 feet from the MPEV. As detailed in the agreement the lessee shall have the exclusive use of the surface parking area for all events at the MPEV. During January 2018 the City entered into a Construction Manager at Risk agreement for the construction of the MPEV. The maximum guaranteed price of the MPEV was $45.54 million. On March 20, 2018, the City issued the Hotel Occupancy Tax Revenue Bonds, Taxable Series 2018 in the amount of $38.8 million to construct and equip the MPEV. The additional funding for this project was from the Civic Center Improvement Fund reserves. The MPEV opened in April 2019.

In March 2023, the City issued $4.6 million in additional Hotel Occupancy Tax Revenue Bonds to complete renovations at the MPEV to meet Major League Baseball requirements. A third amendment to the MPEV lease agreement was approved in January 2024 allowing the City to pay $175,000 of this annual debt service from a portion of the annual MPEV capital improvement and Maintenance Reserve Fund. The remaining debt service will be paid from the City's HOT allocation and CVB's HOT allocation.

NOTE 12 - COMMITMENTS (CONTINUED)

The City anticipates the use of hotel occupancy taxes to fund the two bond issues associated with the downtown parking garage and MPEV, specifically the Hotel Occupancy Tax Revenue Bonds Series 2016 and Series 2018. Currently, 3.5% of the 7% hotel tax revenues are used to pay outstanding debt and to offset the operating loss at the Civic Center Complex. Also 3% of the hotel tax is normally allocated to the Convention and Visitor's Bureau (CVB) to also pay outstanding debt and to promote tourism and conventions in the City. The remaining half percent is used to subsidize events. Generally, the 3.5% for the Civic Center Complex is enough to offset the loss, and the balance is transferred to the Civic Center Improvement Fund for future capital needs.

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 hotel occupancy tax revenue will ultimately need to grow to make up for the projected reductions to the CVB. Fortunately, the City has started to see recovery from the decreased hotel occupancy tax (HOT) revenues during 2020/2021 and 2021/2022. HOT revenues were down 25% in 2019/2020 versus 2018/2019, but up 54% in 2020/2021 and up another 14% in 2021/2022. HOT revenues were down 4% in 2022/2023. Average increases over the previous ten years have been over 5% even with the 4% decrease in 2022/2023, 25% decrease in 2019/2020 and a 3% decrease in 2016/2017. These are the only three years in this period that reflect a decrease.

NOTE 13 - LONG-TERM OBLIGATIONS

Tax Supported Debt

Recovery Zone Build America Bonds, Series 2010

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 $75,000 to $88,000.

General Obligation Refunding Bonds, Series 2017

On February 22, 2017, the City issued $15,110,000 of General Obligation Refunding Bonds for the purpose of the refunding the Combination Tax and Revenue Certificates of Obligation Bonds, Series 2007. The refunding was undertaken to reduce total debt service payments over the next ten years by $2.7 million and resulted in a present value benefit of $2.4 million. Interest is payable in semi-annual installments which began May 15, 2017 at a 4.00% interest rate and the term bonds mature annually to May 15, 2027 in amounts ranging from $1,565,000 to $1,760,000. The bonds are not subject to optional redemption.

Certificates of Obligation, Series 2017

In conjunction with the General Obligation Refunding Bonds issued on February 22, 2017, the City issued $6,940,000 of Combination Tax and Revenue Certificates of Obligation for the purpose of acquiring a two-way radio communications system for the public safety department. Interest is payable in semi-annual installments which will begin February 15, 2018, at rates ranging from 3.00% to 3.50%, and the term bonds mature annually to February 15, 2037 in amounts ranging from $140,000 to $620,000. The City reserved the right to redeem the bonds with maturities on or after February 15, 2028, on February 15, 2027, or any date thereafter.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Tax Supported Debt (Continued)

General Obligation Bonds, Series 2017

The City issued $21,280,000 of General Obligation Bonds on May 11, 2017 to address public safety and street capital improvement projects approved by voters during a November 2016 bond election. Interest is payable in semi-annual installments which will begin February 15, 2018, at rates ranging from 3.00% to 5.00%, and the serial bonds mature annually to February 15, 2042 in amounts ranging from $660,000 to $1,270,000. The City reserved the right to redeem the bonds with maturities on or after February 15, 2028, on February 15, 2027, or any date thereafter.

General Obligation Bonds, Series 2018

On July 18, 2018, the City issued $22,145,000 of General Obligation Bonds for the purpose of public safety and street capital improvement projects approved by voters during a November 2016 bond election. Interest is payable in semi-annual installments which will begin February 15, 2019, at rates ranging from 3.125% to 5.00%, and the serial bonds mature annually to February 15, 2028 in amounts ranging from $650,000 to $1,325,000. The City reserved the right to redeem the bonds with maturities on or after February 15, 2029, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

General Obligation Refunding Bonds, Series 2020

On May 1, 2020, the City issued the City of Amarillo, Texas General Obligation Refunding Bonds, Series 2020 (Refunding Series 2020 Bonds) in the total amount of $50,450,000. The amount of the Refunding Series 2020 Bonds supported by tax revenue is $960,000. The Bonds refunded $52,080,783 of the City's existing debt. The refunding consisted of $950,000 of tax supported debt, $5,845,783 of special assessment and other revenue sources debt, and $45,285,000 of water and sewer debt. The Refunding Series 2020 Bonds refunded $950,000 of the 2009 General Obligation Refunding Bonds. The refunded bonds are considered defeased and have been removed from the City's books. The refunding was undertaken to reduce total debt service payments over the next three years by $45,680 and resulted in an economic gain of $38,348. The outstanding Refunding Series 2020 Bonds matured in 2022.

General Obligation Bonds, Series 2020

On May 1, 2020, the City issued the City of Amarillo, Texas General Obligation Bonds, Series 2020 (GO Series 2020) in the total amount of $8,100,000 for the purpose of constructing and improving public safety facilities. Interest is payable in semi-annual installments which will begin February 15, 2021, at rates ranging from 2.00% to 5.00%. The serial bonds mature annually through 2045 in amounts ranging from $140,000 to $485,000. The City reserved the right to redeem the bonds with maturities on or after February 15, 2028, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2027, or any date thereafter, at par value thereof plus accrued interest to the date of redemption.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Tax Supported Debt (Continued)

Certificates of Obligation, Series 2020

On May 1, 2020, the City issued the City of Amarillo, Texas Combination Tax and Revenue Certificates of Obligation, Series 2020 (CO Series 2020) in the total amount of $8,000,000 for the purpose of constructing and improving park and recreation facilities. Interest is payable in semi-annual installments which will begin February 15, 2021, at rates ranging from 2.00% to 5.00%. The serial bonds mature annually through 2050 in amounts ranging from $140,000 to $400,000. The City reserved the right to redeem the bonds with maturities on or after February 15, 2028, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2027, or any date thereafter, at par value thereof plus accrued interest to the date of redemption.

Tax Notes, Series 2020

On May 1, 2020, the City issued the City of Amarillo, Texas Tax Notes, Series 2020 (Notes Series 2020) in the total amount of $3,520,000 for the purpose of acquiring land for municipal facilities. Interest is payable in semi-annual installments which will begin February 15, 2021, at rates ranging from 2.00% to 3.00% ranging in amounts from $500,000 to $545,000. The notes mature annually through 2027. The notes will not be subject to optional redemption.

General Obligation Bonds, Series 2021

The City issued $52,985,000 of General Obligation Bonds on January 15, 2021 to address street capital improvement projects approved by voters during a November 2016 bond election. Interest is payable in semi-annual installments which will begin February 15, 2022, at rates ranging from 2.00% to 4.00%, and the serial bonds mature annually to February 15, 2046 in amounts ranging from $1,555,000 to $2,775,000. The City reserved the right to redeem the bonds with maturities on or after February 15, 2031, on February 15, 2030, or any date thereafter.

On January 21, 2021, the City's General Obligation debt is rated AAA negative by Standards and Poor's.

Certificates of Obligation, Series 2022

On March 15, 2022, the City of Amarillo, Texas issued Combination Tax and Revenue Certificates of Obligation, Series 2022 (CO Series 2022) in the total amount of $6,815,000 for the purpose of acquiring, constructing, improving and installing lighting for park and recreational facilities and for professional services rendered in connection therewith. Interest is payable in semi-annual installments which begin February 15, 2023, at rates ranging from 3.00% to 4.00%. The serial bonds mature annually through 2043 in amounts ranging from $100,000 to $505,000. The City reserved the right to redeem the bonds with maturities on or after February 15, 2033, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2032 or any date thereafter, at par value thereof plus accrued interest to the date of redemption.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Tax Notes, Series 2022

On January 1, 2022, the City issued the City of Amarillo, Texas Combination Tax and Revenue Notes, Series 2022 (Notes Series 2022) in the total amount of $23,900,000 for the purpose of renovating, improving and equipping an existing City-owned building and for professional services rendered in connection therewith. Interest is payable and semi-annual installments which will begin January 10, 2023 at an interest rate of 2.00%, ranging in amounts from $4,700,000 to $4,990,000. The notes mature annually through 2027. The notes are subject to redemption prior to maturity at the option of the City, in whole or in part, in principal amounts of $1,000 or any integral multiple thereof, on any date at the redemption price of par plus accrued interest to the date of the redemption.

Tax Notes, Series 2022B

On August 15, 2022 the City of Amarillo, Texas issued Tax Notes, Series 2022B (Notes 2022B) in the total amount of $7,345,000 for the purpose of acquiring enterprise resource planning software and the construction and improvement of fuel islands for the fleet services department, as well as to pay the costs of issuing the Notes. Interest is payable in semi-annual instalments which begin February 15, 2023, at rates ranging from 4.00% to 5.00% and in amounts ranging from $1,015,000 to $1,290,000. The notes mature annually through 2029. The Notes will not be subject to optional redemption.

Special Assessment Debt

Certificates of Obligation, Series 2014

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 3.00% to 3.625%, and the certificates are subject to mandatory redemption in annual amounts ranging from $110,000 to $155,000. The final maturity is August 15, 2034.

Certificates of Obligation, Series 2018

In conjunction with the General Obligation Bonds issued on July 18, 2018, the City issued $3,000,000 of Combination Tax and Revenue Certification of Obligation for the purpose of improving park facilities in the Colonies PID. Interest is payable in semi-annual installments which will begin February 15, 2019, at rates ranging from 3.00% to 4.00%, and the serial bonds mature annually to February 15, 2038 in amounts ranging from $125,000 to $205,000. The City reserved the right to redeem the bonds with maturities on or after February 15, 2029, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

Certificates of Obligation, Series 2021

On January 15, 2021, the City issued $975,000 of Combination Tax and Revenue Certification of Obligation for the purpose of improving park facilities in the Greenways PID. Interest is payable in semi-annual installments which will begin February 15, 2022, at rates ranging from 1.00% to 3.00%, and the serial bonds mature annually to February 15, 2041 in amounts ranging from $40,000 to $60,000. The City reserved the right to redeem the bonds with maturities on or after February 15, 2031, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Special Assessment Debt (Continued)

General Obligation Refunding Bonds, Series 2020

As discussed above, the City issued the Refunding Series 2020 Bonds in the total amount of $50,450,000. The amount of the Refunding Series 2020 Bonds supported by special assessment and other sources revenue is $5,700,000. The Refunding Series 2020 Bonds refunded $170,000 of the Series 2003 Certificates of Obligation, $230,738 of the Series 2006 Certificates of Obligation, $305,000 of the Series 2008A Certificates of Obligation, $755,000 of the Series 2008B Certificates of Obligation, $2,885,000 of the Series 2011A Certificates of Obligation, and $1,500,000 of the Series 2011B Certificates of Obligation Bonds. The refunded bonds are considered defeased and have been removed from the City's books. The refunding was undertaken to reduce total debt service payments over the next eighteen years by $1,497,571 and resulted in an economic gain of $1,346,586. The outstanding Refunding Series 2020 Bonds mature annually thru 2037 with principal payments ranging from $15,000 to $200,000 and provide an interest rate ranging from 2.00% to 3.00%. The City reserved the right to redeem the bonds with maturities on or after February 15, 2029, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2028, or any date thereafter, at par value thereof plus accrued interest to the date of redemption.

Certificates of Obligation, Series 2023

On January 1, 2023, the City issued $9,825,000 of Combination Tax and Revenue Certification of Obligation for the purpose of acquiring, constructing, and improving landfill and park facilities. Interest is payable in semi-annual installments which will begin February 15, 2024, at rates ranging from 4.00% to 5.00%, and the serial bonds mature annually to February 15, 2043 in amounts ranging from $90,000 to $740,000. The City reserved the right to redeem the bonds with maturities on or after February 15, 2033, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

Hotel Occupancy Tax Revenue Bonds, Taxable Series 2016

On April 13, 2016, the City issued the Hotel Occupancy Tax Revenue Bonds, Taxable Series 2016 (Series 2016) in the amount of $11,995,000 to construct and equip the downtown Amarillo parking garage located in the vicinity of the City's convention center facilities. Debt service is to be funded by the Hotel Occupancy Tax. Principal and interest are payable annually at rates ranging from 3.07% to 4.25% and are subject to mandatory redemption in annual amounts ranging from $355,000 to $740,000. Final maturity is August 15, 2043.

Hotel Occupancy Tax Revenue Bonds, Taxable Series 2018

On March 20, 2018, the City issued the Hotel Occupancy Tax Revenue Bonds, Taxable Series 2018 (Series 2018) in the amount of $38,835,000 to construct and equip a multiuse facility. Debt service is to be funded by the Hotel Occupancy Tax. Principal and interest are payable annually at rates ranging from 3.40% to 4.40% and are subject to mandatory redemption in annual amounts ranging from $870,000 to $2,305,000. Final maturity is August 15, 2033 with additional maturities of $6,915,000 4.20% term bonds due August 15, 2038 and $19,120,000 4.40% term bonds due August 15, 2048. The City reserved the right to redeem the bonds with maturities on or after August 15, 2027, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Special Assessment Debt (Continued)

Hotel Occupancy Tax Revenue Bonds, Taxable Series 2023

On March 15, 2023, the City issued the Hotel Occupancy Tax Revenue Bonds, Taxable Series 2023 (Series 2023) in the amount of $4,575,000 to construct, improve, enlarge, and equip municipal buildings. Debt service is to be funded by the Hotel Occupancy Tax. Principal and interest are payable annually at rates ranging from 5.00% to 5.406% and are subject to mandatory redemption in annual amounts ranging from $70,000 to $365,000. Final maturity is August 15, 2043.

Summary of changes in the governmental activities debt for the year ended September 30, 2023, is as follows:

	Tax Supported Debt	Special Assessment Debt and Other Revenue Sources	Total Government Activities Debt
Principal balances outstanding, October 1, 2022	$ 156,906,000	$ 61,445,000	$ 218,351,000
New bond issue	-	14,400,000	14,400,000
Principal maturities	(10,153,000)	(2,395,000)	(12,548,000)
Balances September 30, 2023	146,753,000	73,450,000	220,203,000
Balance of unamortized discount/premium	7,913,249	1,501,079	9,414,328
Net balances, September 30, 2023	$ 154,666,249	$ 74,951,079	$ 229,617,328

At September 30, 2023, the required debt service reserved fund was $384,732. The amount available in this account was $835,157.

Water and Sewer Bonds

Certificates of Obligation, Series 2009

On December 29, 2009, the City 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 0% interest rate.

Water and Sewer Revenue Bonds, Series 2013

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 of $135,000 and provide for an interest rate of 0.85%. The proceeds will be used to fund the design of the Osage to Arden Road pipeline.

Water and Sewer Revenue Bonds, Series 2014

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 $420,000 to $495,000 and provide for interest rates ranging from 1.68% 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.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Revenue Bonds, Series 2015

On October 2, 2015, the City issued the City of Amarillo, Texas, Waterworks & Sewer System Revenue Bonds, Series 2015 in the amount of $17,195,000. The Series 2015 bonds mature annually through 2035 in principal amounts ranging from $830,000 to $950,000 and provide for interest rates ranging from 0.77% to 1.59%. These funds will be used for the construction of the Arden Road transmission pipeline project from the Osage water treatment plant to the connection for the Arden Road pump station. This allows the City to move an additional 20 million gallons per day which allows the City to deliver the new water supply from the Potter County well field to the west side of town.

Water and Sewer Revenue Refunding Bonds, Series 2015A

On October 2, 2015, the City issued the City of Amarillo, Texas, Waterworks & Sewer System Refunding Bonds, New Series 2015A (Series 2015A Bonds) in the amount of $21,145,000. The Series 2015A Bonds refunded the Series 2005, 2006 and 2006A Bonds. The refunded bonds are considered defeased and have been removed from the City's books. The refunding was undertaken to reduce total debt service payments over the next sixteen years by $4,259,179 and resulted in an economic gain of $3,494,212 and the present value benefit of $2,623,562. The outstanding Series 2015A Bonds mature annually thru 2032 with principal payments ranging from $375,000 to $1,730,000 and provide for interest rates ranging from 2.25% to 4.00%.

Water and Sewer Revenue Bonds, Series 2017

On May 11, 2017 the City issued the City of Amarillo, Texas, Waterworks & Sewer System Revenue Bonds, New Series 2017 in the amount of $31,005,000. The New Series 2017 bonds mature annually through 2037 in principal amounts ranging from $1,425,000 to $2,035,000 and provide for interest rates ranging from 3.00% to 5.00%. These funds will be used for the construction of the improvement and extension of the City's waterworks and sewer system as identified through a five-year community improvement plan.

Water and Sewer Revenue Bonds, Series 2018A

On July 19, 2018, the City issued the City of Amarillo, Texas, Waterworks & Sewer System Revenue Bonds, New Series 2018A in the amount of $12,500,000. The New Series 2018A bonds mature annually through 2038 in principal amounts ranging from $585,000 to $705,000 and provide for interest rates ranging from 0.83% to 1.60%. These funds will be used for the construction of Lift Station 32. The City reserved the right to redeem the bonds with maturities on or after April 1, 2029, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on October 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

Water and Sewer Revenue Bonds, Series 2018B

On July 19, 2018, the City issued the City of Amarillo, Texas, Waterworks & Sewer System Revenue Bonds, New Series 2018B in the amount of $14,610,000. The New Series 2018B bonds mature annually through 2034 in principal amounts ranging from $600,000 to $845,000 and provide for interest rates ranging from 4.00% to 5.00% with additional maturities of $1,790,000 3.50% term bonds due April 1, 2036 and $1,915,000 3.50% term bonds due April 1, 2038. These funds will be used for the improvement and extension of the City's waterworks and sewer system as identified through a five-year community improvement plan. The City reserved the right to redeem the bonds with maturities on or after April 1, 2029, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on April 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Revenue Bonds, Series 2020

On July 14, 2020, the City issued the City of Amarillo, Texas, Waterworks and Sewer System Revenue Bonds, Series 2020 (Series 2020 Bonds) in the amount of $28,500,000. The Series 2020 bonds mature annually through 2040 with principal payments of $1,425,000 and bear no interest. The City reserved the right to redeem the bonds with maturities on or after April 1, 2031, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on October 1, 2030, or any date thereafter, at par value thereof plus accrued interest to the date of redemption.

Water and Sewer Revenue Refunding Bonds, Series 2020A

On May 1, 2020, the City issued the City of Amarillo, Texas, Waterworks and Sewer System Revenue Refunding Bonds, Series 2020A (Series 2020A Bonds) in the amount of $9,775,000 with a premium of $642,656. The Series 2020A Bonds refunded $10,230,000 of the Water and Sewer Revenue Bonds, Series 2011. The refunded bonds are considered defeased and have been removed from the City's books. The refunding was undertaken to reduce total debt service payments over the next eleven years by $1,485,127 and resulted in an economic gain of $1,351,098. The outstanding Refunding Series 2020 Bonds mature annually thru 2031 with principal payments ranging from $820,000 to $1,040,000 and provide for interest rates ranging from 2.00% to 3.00%. The City reserved the right to redeem the bonds with maturities on or after April 1, 2029, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on April 1, 2028, or any date thereafter, at par value thereof plus accrued interest to the date of redemption.

General Obligation Refunding Bonds, Series 2020

As discussed above, the City issued the Refunding Series 2020 Bonds in the total amount of $50,450,000. The amount of the Refunding Series 2020 Bonds supported by water and sewer revenue is $43,880,000. The Refunding Series 2020 Bonds refunded $16,480,000 of the Series 2009 Certificates of Obligation, $27,140,000 of the Series 2009B Certificates of Obligation, and $1,665,000 of the Series 2011 General Obligation Bonds. The refunded bonds are considered defeased and have been removed from the City's books. The refunding was undertaken to reduce total debt service payments over the next ten years by $2,807,342 and resulted in an economic gain of $2,492,547. The outstanding Refunding Series 2020 Bonds mature annually thru 2029 with principal payments ranging from $2,245,000 to $3,275,000 and provide for interest rates ranging from 2.00% to 3.00%. The City reserved the right to redeem the bonds with maturities on or after February 15, 2029, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on February 15, 2028, or any date thereafter, at par value thereof plus accrued interest to the date of redemption.

Water and Sewer Revenue Bonds, Series 2021

On February 1, 2021, the City issued the City of Amarillo, Texas, Waterworks and Sewer System Revenue Bonds, Series 2021 (Series 2021 Bonds) in the amount of $25,900,000. The Series 2021 bonds mature annually through 2041 with principal payments of $1,125,000 to $1,565,000 and provide for interest rates ranging from 2.00% to 4.00%. These funds will be used for the improvement and extension of the City's waterworks and sewer system and to pay issuance costs on the Bonds. The City reserved the right to redeem the bonds with maturities on or after April 1, 2031, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on April 1, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Revenue Bonds, Series 2022

On August 1, 2022, the City of Amarillo, Texas issued the Waterworks and Sewer System New Series Revenue Bonds, Series 2022 in the amount of $52,590,000 for the purpose of the improvement and extension of the City's waterworks and sewer system and to pay issuance costs on the Bonds. Interest is payable in semi-annual installments which begin April 1, 2023, at rates ranging from 4.00% to 5.00%. The serial bonds mature annually through 2042 in amounts ranging from $450,000 to $3,990,000. The City reserved the right to redeem the bonds with maturities on or after April 1, 2032, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on April 1, 2031 or any date thereafter, at par value thereof plus accrued interest to the date of redemption.

Water and Sewer Revenue Bonds, Series 2023

On January 1, 2023, the City of Amarillo, Texas issued the Waterworks and Sewer System New Series Revenue Bonds, Series 2023 in the amount of $42,920,000 for the purpose of the improvement and extension of the City's waterworks and sewer system and to pay issuance costs on the Bonds. Interest is payable in semi-annual installments which begin October 1, 2023, at rates ranging from 4.00% to 5.00%. The serial bonds mature annually through 2043 in amounts ranging from $1,250,000 to $3,255,000. The City reserved the right to redeem the bonds with maturities on or after April 1, 2033, in whole or from time to time in part in principal amounts of $5,000 or any integral multiple thereof, on April 1, 2032 or any date thereafter, at par value thereof plus accrued interest to the date of redemption.

A summary of changes in Water and Sewer System bonded debt for the year ended September 30, 2023, is as follows:

Principal outstanding, October 1, 2022	$ 229,180,000
New Issues	42,920,000
Principal maturities	(16,015,000)
Principal outstanding, September 30, 2023	256,085,000
Unamortized redemption premium	15,296,420
Net balances, September 30, 2023	$ 271,381,420

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 2023/2024 obligation is $8,403,664. At September 30, 2023, the amount available in this account was $9,978,050.
- 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, 2023, the combined requirement amounted to $3,081,439, and the amount available in this account was $3,373,063.

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.

NOTE 13 - LONG-TERM OBLIGATIONS (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, 2023. The City has maintained its tax-exempt status during 2023.

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 20, 2022, Standard & Poor's Rating Services assigned a rating of AA+ and an outlook of stable on the City of Amarillo, Texas Waterworks and Sewer System Revenue Bonds Series 2023.

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.

CRMWA, 2017 Revenue Refunding Issuance

CRMWA issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 in the amount of $11,465,000 with interest rates ranging from 3.00% - 5.00%. The proceeds were used to advance refund $13,575,000 of outstanding Contract Revenue Bonds, Series 2009 which had interest rates ranging from 3.00% - 5.00%. The net proceeds of $14,228,820 (including a $1,317,090 premium, a debt service reserve contribution of $1,684,400, less $237,670 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. The refunded portion of the Contract Revenue Bonds, Series 2009 is considered defeased and the liability for those bonds has been removed from the statement of net position. The City's proportionate share of Series 2017 bonds is $3,015,601 at September 30, 2023. The City's portion of the principal payments for the 2017 issue range from $341,216 to $558,539.

CRMWA, 2020 Revenue Refunding Issuance

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. During 2021, the 2011 CRMWA issue was refunded with the 2020 refunding issue. At September 30, 2023, the City's proportionate share of the 2020 issue is $15,533,482. The City's portion of the principal payments for the 2020 issue range from $742,233 to $2,193,147 with an interest rate ranging from 4.00% to 5.00%.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

CRMWA, 2020 Revenue Refunding Issuance (Continued)

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.

CRMWA, 2021 Revenue Refunding Issuance

On January 22, 2013, CRMWA issued a 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. During 2022, the 2012 CRMWA issue was refunded with the 2021 refunding issue. At September 30, 2023, the City's proportionate share of the 2021 issue is $7,444,371. The City's portion of the principal payments for the 2021 issue range from $1,364,693 to $3,229,549 with an interest rate ranging from 1.75% to 5.00%.

CRMWA, 2023 Revenue Refunding Issuance

During 2015, CRMWA issued a Subordinate Lien Contract Revenue Refunding Bonds, Series 2014 with the City's proportionate share of $5,560,338 for the partial refunding of the 2006 CRMWA Contract Revenue Series. During 2023, the 2014 CRMWA issue was refunded with the 2023 refunding issue. The refunding resulted in an economic gain of $430,579 with Amarillo's share at $174,905. At September 30, 2023, the City's proportionate share of the 2023 issue is $5,008,569. The City's portion of the principal payments for the 2023 issue range from $1,161,761 to $1,281,593 with an interest rate ranging of 5.00%.

A summary of changes in the City's CRMWA debt for the year ended September 30, 2023, is reflected in the following table:

Principal outstanding, October 1, 2022	$ 31,553,792
New issues	4,208,336
Debt refunded	(4,378,944)
Principal maturities	(6,296,941)
Principal outstanding, September 30, 2023	25,086,243
Unamortized redemption discount/premium	3,898,459
Net balances, September 30, 2023	$ 28,984,702

Drainage Utility Bonds

Certificates of Obligation, Series 2012A

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 $265,000 to $320,000 and provide for an interest rate of 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.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Drainage Utility Bonds (Continued)

Drainage Revenue Bonds, Series 2014

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 $290,000 to $410,000 and provide for interest rates ranging from 3.00% to 3.75%. The bonds have an unlimited net pledge of the Drainage Utility System of 1.25 times net revenue.

Drainage Revenue Bonds, Series 2020

On July 1, 2020, the City issued the City of Amarillo, Texas, Drainage Utility System Revenue Bonds, Series 2020 (Series 2020 Bonds) in the amount of $9,240,000. The Series 2020 Bonds mature annually thru 2040 with principal payments ranging from $380,000 to $550,000 and provide for interest rates ranging from 2.00% to 5.00%. The City reserved the right to redeem the bonds with maturities on or after August 15, 2029, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

Drainage Revenue Bonds, Series 2021

On February 1, 2021, the City issued the City of Amarillo, Texas, Drainage Utility System Revenue Bonds, Series 2021 (Series 2021 Bonds) in the amount of $9,160,000. The Series 2021 Bonds mature annually thru 2041 with principal payments ranging from $390,000 to $540,000 and provide for interest rates ranging from 2.00% to 4.00%. The City reserved the right to redeem the bonds with maturities on or after August 15, 2031, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2030, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

Drainage Revenue Bonds, Series 2023

On January 1, 2023, the City issued the City of Amarillo, Texas, Drainage Utility System Revenue Bonds, Series 2023 (Series 2023 Bonds) in the amount of $4,675,000. The Series 2023 Bonds mature annually thru 2042 with principal payments ranging from $100,000 to $400,000 and provide for interest rates ranging from 4.00% to 5.00%. The City reserved the right to redeem the bonds with maturities on or after August 15, 2033, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2032, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

A summary of changes in Drainage Utility bonded debt for the year ended September 30, 2023, is as follows:

Principal outstanding, October 1, 2022	$ 24,365,000
New issue	4,675,000
Principal maturities	(1,485,000)
Principal outstanding, September 30, 2023	27,555,000
Unamortized redemption premium	2,153,518
Net balances, September 30, 2023	$ 29,708,518

On December 20, 2022, Standard & Poor's Rating Services assigned a rating of AA+ and an outlook of stable on the City of Amarillo, Texas Drainage Utility Revenue Bonds.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Summary Information - Long-Term Bonds and Contracts

Bond issues outstanding at September 30, 2023, are summarized in Table 8 below.

	Interest Rates	Final Maturity Date	Principal Amount Outstanding	Annual Principal Installments
City of Amarillo indebtness				
General Obligation debt				
Payable from tax revenues				
Recovery Zone Build America Bonds, Series 2010	5.81%	2030	$ 568,000	$ 75,000 - $ 88,000
General Obligation Refunding Bonds, Series 2017	4.00%	2027	6,640,000	1,565,000 - 1,760,000
Certificates of Obligation, Series 2017	3.00 - 3.50%	2037	3,980,000	140,000 - 620,000
General Obligation Bonds, Series 2017	3.00 - 5.00%	2042	18,130,000	660,000 - 1,270,000
General Obligation Bonds, Series 2018	3.00 - 5.00%	2043	19,395,000	650,000 - 1,325,000
General Obligation Bonds, Series 2020	2.00 - 5.00%	2045	7,770,000	140,000 - 485,000
Certificates of Obligation, Series 2020	2.00 - 5.00%	2050	7,655,000	140,000 - 400,000
Tax Notes, Series 2020	2.00 - 3.00%	2027	2,090,000	500,000 - 545,000
General Obligation Bonds, Series 2021	2.00 - 4.00%	2046	50,690,000	1,555,000 - 2,775,000
Certificates of Obligation, Series 2022	3.00 - 4.00%	2043	6,815,000	100,000 - 505,000
Tax Notes, Series 2022	2.00%	2027	19,370,000	4,700,000 - 4,990,000
Tax Notes, Series 2022B - Purpose 2	3.00 - 5.00%	2029	3,650,000	540,000 - 685,000
Payable from special assesments				
Combination tax/revenue certificates of obligation, Series 2014	3.00 - 3.625%	2034	1,415,000	55,000 - 155,000
Combination tax/revenue certificates of obligation, Series 2018	3.00 - 4.00%	2038	2,450,000	125,000 - 205,000
General Obligation Refunding Bonds, Series 2020	2.00%	2028	765,000	135,000 - 170,000
Combination tax/revenue certificates of obligation, Series 2021	1.00 - 3.00%	2041	905,000	40,000 - 60,000
Combination tax/revenue certificates of obligation, Series 2023	4.00 - 5.00%	2043	3,960,000	-
Payable from other sources				
General Obligation Refunding Bonds, Series 2020	2.00 - 3.00%	2037	2,435,000	150,000 - 200,000
General Obligation Refunding Bonds, Series 2020	2.00 - 3.00%	2032	1,135,000	115,000 - 140,000
Tax Notes, Series 2022B - Purpose 1	3.00 - 5.00%	2029	3,225,000	475,000 - 605,000
Combination tax/revenue certificates of obligation, Series 2023	4.00 - 5.00%	2043	5,865,000	-
Hotel occupancy tax revenue bonds, Series 2016	2.93 - 4.25%	2043	10,350,000	355,000 - 740,000
Hotel occupancy tax revenue bonds, Series 2018	3.20 - 4.40%	2048	36,370,000	870,000 - 2,305,000
Hotel occupancy tax revenue bonds, Series 2023	4.696 - 5.406%	2043	4,575,000	70,000 - 365,000
Waterworks and Sewer Bonds				
2014 revenue issuance	1.68 - 2.62%	2033	4,565,000	420,000 - 495,000
2015 revenue issuance	0.77 - 1.59%	2035	10,580,000	830,000 - 950,000
2015A revenue refunding issuance	3.00 - 4.00%	2032	8,570,000	375,000 - 1,730,000
2017 revenue issuance	3.00 - 5.00%	2037	23,585,000	1,425,000 - 2,035,000
2018A revenue issuance	0.83 - 1.60%	2038	9,570,000	585,000 - 705,000
2018B revenue issuance	4.00 - 5.00%	2038	11,745,000	600,000 - 975,000
2020 revenue issuance	0.00%	2040	24,225,000	1,425,000 - 1,425,000
2020A revenue issuance	2.00 - 3.00%	2031	7,375,000	820,000 - 1,040,000
2021 revenue issuance	2.00 - 4.00%	2041	23,845,000	1,105,000 - 1,565,000
2022 revenue issuance	4.00 - 5.00%	2042	51,540,000	450,000 - 3,990,000
2023 revenue issuance	4.00 - 5.00%	2043	42,920,000	1,250,000 - 3,255,000
Combination tax/revenue certificates of obligation, Series 2009C	0.00%	2031	7,240,000	905,000 - 905,000
General Obligation Refunding Bonds, Series 2020	2.00 - 3.00%	2029	30,325,000	3,275,000 - 5,630,000
Drainage Bonds				
2014 revenue issuance	3.00 - 3.75%	2034	3,775,000	290,000 - 410,000
2020 revenue issuance	2.00 - 5.00%	2040	8,190,000	380,000 - 550,000
Combination tax/revenue certificates of obligation, Series 2012A	2.00%	2032	2,610,000	265,000 - 320,000
2021 revenue issuance	2.00 - 4.00%	2041	8,500,000	390,000 - 540,000
2023 revenue issuance	4.00 - 5.00%	2042	4,480,000	100,000 - 400,000
Total City of Amarillo issuances			**503,843,000**	
Canadian River Water Authority indebtedness				
2017 refunding issuance	3.00 - 5.00%	2029	2,555,569	341,216 - 558,538
2020 refunding issuance	4.00 - 5.00%	2031	13,966,166	742,233 - 2,193,147
2021 refunding issuance	1.75 - 5.00%	2025	4,330,446	1,364,693 - 3,229,549
2023 refunding issuance	5.00%	2027	4,234,062	1,161,761 - 1,342,524
Total City share of Water Authority indebtness			**25,086,243**	
Total bond issues outstanding			**$ 528,929,243**	

Table 8 – Description of Individual Bond Issues Outstanding

NOTE 13 - 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 9 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
2024	$ 11,190,000	$ 4,179,078	$ 1,270,000	$ 1,047,545	$ 15,315,000	$ 7,936,766	$ 6,563,746	$ 1,123,441
2025	11,542,000	3,815,355	1,535,000	775,732	18,285,000	7,341,150	4,590,804	856,462
2026	11,923,000	3,432,996	1,580,000	715,332	18,905,000	6,828,764	3,659,947	658,085
2027	12,316,000	3,036,478	1,635,000	652,407	19,325,000	6,294,674	2,890,321	479,124
2028	5,148,000	2,689,513	1,700,000	586,807	18,475,000	5,743,565	2,396,974	343,795
2029-2033	25,334,000	10,761,569	5,920,000	2,150,401	68,460,000	21,894,991	4,984,451	386,048
2034-2038	27,870,000	7,170,249	4,930,000	1,148,823	59,750,000	11,938,827	-	-
2039-2043	29,720,000	3,253,117	3,585,000	357,600	37,570,000	3,576,100	-	-
2044-2048	10,920,000	496,769	-	-	-	-	-	-
2049-2053	790,000	20,869	-	-	-	-	-	-
	$ 146,753,000	$ 38,855,993	$ 22,155,000	$ 7,434,647	$ 256,085,000	$ 71,554,837	$ 25,086,243	$ 3,846,955

For the Year Ended September 30,	Drainage Debt		Hotel Occupancy Tax Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 1,425,000	$ 845,944	$ 1,295,000	$ 2,262,193	$ 37,058,746	$ 17,394,967
2025	1,470,000	800,144	1,410,000	2,146,155	38,832,804	15,734,998
2026	1,515,000	752,644	1,465,000	2,095,275	39,047,947	14,483,096
2027	1,570,000	699,444	1,520,000	2,040,835	39,256,321	13,202,962
2028	1,625,000	644,194	1,580,000	1,981,484	30,924,974	11,989,358
2029-2033	8,725,000	2,310,019	8,900,000	8,895,391	122,323,451	46,398,419
2034-2038	7,020,000	1,104,925	10,950,000	6,842,619	110,520,000	28,205,443
2039-2043	4,205,000	251,200	13,590,000	4,209,974	88,670,000	11,647,991
2044-2048	-	-	10,585,000	1,437,260	21,505,000	1,934,029
2049-2053	-	-	-	-	790,000	20,869
	$ 27,555,000	$ 7,408,514	$ 51,295,000	$ 31,911,186	$ 528,929,243	$ 161,012,132

Table 9 -- Annual Debt Service Requirements, Including Interest

Provision for Compensated Absences

The City provides for its full-time employees annual leave of two to five weeks, depending upon years of service with the City. Civilian, full-time employees hired prior to October 1, 2007 and Fire Fighters and Police Officers may accumulate up to 65 days of annual leave to be paid in a lump sum upon termination of employment. Civilian, full-time employees hired after October 1, 2007 may accumulate 30 days of annual leave to be paid in a lump sum upon termination of employment.

The City also provides its full-time employees sick leave of twelve working days each year for Civilian employees and fifteen working days each year for Fire Fighters and Police Officers.

For full-time Civilian employees hired prior to October 1, 2007 sick leave may be accumulated without limit. Upon termination, if the employee has over ten years of continuous service, they will receive a lump sum payment of their sick leave not to exceed 90 days. Fire Fighters and Police Officers, regardless of years of service, shall be paid a lump sum payment not to exceed 90 days upon their termination of employment.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Provision for Compensated Absences (Continued)

Full-time Civilian employees hired prior to October 1, 2007 and Fire Fighters and Police Officers who are eligible to retire will be allowed to convert any available sick leave, above the 90 days sick leave paid at retirement, and annual leave, above the 65 days annual leave paid at retirement, into a Health Reimbursement Account (HRA). For this purpose, each 30 hours, for Civilian employees and Police Officers, or each 42 hours, for 12-hour Fire Fighters of accrued leave above the max paid out will be converted to the equivalent of one month of retiree-only health benefit coverage. The resulting dollar value will be deposited into the retiree's HRA.

Full-time Civilian employees hired after October 1, 2007 may accumulate 60 days of sick leave. This will be paid in a lump-sum upon termination if the employee has ten continuous years of service.

In certain cases, compensatory time, in lieu of cash payments for overtime, may be granted to non-exempt employees at the rate of 1.0 hours or 1.5 hours for each hour worked for which overtime is required. Civilian employees are limited to 80 hours of compensatory time while Fire Fighters and Police Officers may accrue up to 120 hours. Upon termination all non-exempt employees will be eligible to receive a lump sum payment for any accrued compensatory time which has not already been taken off as time off with pay.

The obligation of the City with respect to vested benefits at September 30, 2023, under the annual leave policy was $11,652,897, compensated time policy was $1,741,868, and under the sick leave policy was $9,159,734, and under the individual health retirement account policy was $2,680,629.

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

	Governmental Funds	Proprietary Funds
Balances at October 1, 2022	$ 25,204,976	$ 1,372,480
Terminations paid	(2,010,658)	(245,006)
Leave accrued	504,219	409,144
Balances at September 30, 2023	$ 23,698,537	$ 1,536,618

Of the above obligations, $2,060,468 in the Government Funds and $211,500 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, 2023, was $-0-; $687,785 of the obligation is funded in separate internal service funds and is accrued as a liability of these funds.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Provision for Landfill Closure and Post-Closure 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 or 89,787,477 cubic yards. It is estimated that 32.9% of the revised capacity was filled at September 30, 2023, and that the landfill has a projected remaining life of approximately 109 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 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 post-closure 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 post-closure 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 station, closure costs would be about $11.8 million and post-closure costs would be about $3.5 million for a total of $15.4 million in today's dollars. During fiscal year 2019/2020, the City determined a change in accounting estimate needed to occur on the calculation of estimated accrued liability. Previously tonnage was used for the total capacity, the capacity used, and the remaining capacity. It was determined that cubic yards were a more accurate way to measure capacity for estimated liability purposes due to the compaction rate, which varies from year to year, being a factor in when tonnage is used Based on the cumulative usage of 29,511,586 cubic yards at September 30, 2023, together with the estimated 89,787,477-cubic yard capacity of the landfill, the accrued liability consists of the following elements:

Provision for final cover costs	$ 4,602,948
Cost of post-closure care and monitoring	1,381,772
Total estimated accrued liability	$ 5,984,720

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 & Poor's 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.

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Long-term liabilities activity for the year ended September 30, 2023, was as follows:

	Balance Sept. 30, 2022 (restated)	Amortization/ Accretion	Additions	Reductions	Balance Sept. 30, 2023	Due Within One Year
Bonds payable:						
Governmental activities						
General obligation bonds	$ 151,735,000	$ -	$ -	$ (9,530,000)	$ 142,205,000	$ 10,550,000
Recovery Zone Build America bonds	641,000	-	-	(73,000)	568,000	75,000
Tax-supported certificates of obligation	4,530,000	-	-	(550,000)	3,980,000	565,000
Unamortized offering premium	9,080,003	(486,582)	820,907	-	9,414,328	-
Special assessment and other debt	61,445,000	-	14,400,000	(2,395,000)	73,450,000	2,565,000
Total governmental activities	227,431,003	(486,582)	15,220,907	(12,548,000)	229,617,328	13,755,000
Business-type activities						
Water & sewer bonds	229,180,000	-	42,920,000	(16,015,000)	256,085,000	15,315,000
Premium on Water & sewer bonds	12,241,974	(701,989)	3,756,435	-	15,296,420	-
Water authority obligations	31,553,792	-	4,208,336	(10,675,885)	25,086,243	6,563,747
Premium on Water authority obligations	5,174,469	-	239,136	(1,515,146)	3,898,459	-
Drainage Utility bonds	24,365,000	-	4,675,000	(1,485,000)	27,555,000	1,425,000
Premium on Drainage Utility bonds	1,839,731	(97,753)	411,540	-	2,153,518	-
Total business-type activities	304,354,966	(799,742)	56,210,447	(29,691,031)	330,074,640	23,303,747
Total	531,785,969	(1,286,324)	71,431,354	(42,239,031)	559,691,968	37,058,747
Other liabilities:						
Governmental activities						
Compensated absences	25,204,976	-	504,219	(2,010,658)	23,698,537	2,060,468
Self-insurance liability	21,402,314	-	-	(2,940,698)	18,461,616	4,829,575
Right-to-use lease liability	4,785,503	(2,671,745)	792,043	-	2,905,801	1,172,489
Right-to-use SBITA liability	1,006,448	-	404,427	(985,780)	425,095	255,806
Provision for landfill and postclosure care costs	5,194,715	-	790,005	-	5,984,720	-
Net OPEB liability	34,190,974	-	6,040,888	(1,129,192)	39,102,670	-
Net pension liability (asset)	(33,075,380)	-	111,577,353	-	78,501,973	-
Total governmental activities	58,709,550	(2,671,745)	120,108,935	(7,066,328)	169,080,412	8,318,338
Business-type activities						
Compensated absences	1,372,480	-	409,144	(245,006)	1,536,618	211,500
Other accrued expenses	2,520,032	-	-	(16,961)	2,503,071	-
Net OPEB liability	6,396,603	-	1,130,157	(211,256)	7,315,504	-
Net pension liability (asset)	(344,168)	-	9,236,461	-	8,892,293	-
Total business-type activities	9,944,947	-	10,775,762	(473,223)	20,247,486	211,500
Total	68,654,497	(2,671,745)	130,884,697	(7,539,551)	189,327,898	8,529,838
Total long-term liabilities	$ 600,440,466	$ (3,958,069)	$ 202,316,051	$ (49,778,582)	$ 749,019,866	$ 45,588,585

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

NOTE 14 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following tabulation reflects the composition of interfund balances at September 30, 2023.

Receivable Fund		Payable Funds	
General Fund	$ 1,617,419	Nonmajor Govt. Funds	$ 1,267,419
		COVID-19 Relief	350,000
	$ 1,617,419		$ 1,617,419
Nonmajor Govt. Funds	$ 43,568	Nonmajor Govt. Funds	$ 42,050
		General Fund	1,518
	$ 43,568		$ 43,568
Internal Service Funds	$ 188,665	Internal Service	$ 172,450
		General Fund	16,215
	$ 188,665		$ 188,665
Proprietary Fund	$ 34,990	Nonmajor Govt. Funds	$ 34,990
	$ 34,990		$ 34,990

NOTE 14 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

All transactions between funds represent "due to/from other funds" caused by cash from one fund paying for expenditures or expenses of another.

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

Transfers To Fund		Transfers From Fund	
General Fund	$ 24,919,714	General Construction Fund	$ 16,040,123
		Internal Service	194,996
		Nonmajor Govt. Funds	8,684,595
	$ 24,919,714		$ 24,919,714
General Construction Fund	$ 9,148,035	Nonmajor Govt. Funds	$ 3,476,220
		COVID-19 Relief Fund	56,888
		General Fund	3,449,920
		Internal Service	2,165,007
	$ 9,148,035		$ 9,148,035
COVID-19 Relief Fund	$ 2,351,542	Internal Service Fund	$ 2,351,542
	$ 2,351,542		$ 2,351,542
Nonmajor Govt. Funds	$ 3,491,500	General Fund	$ 8,521
		Nonmajor Govt. Funds	1,507,213
		Internal Service	1,975,766
	$ 3,491,500		$ 3,491,500
Proprietary Funds	$ 3,344,554	Nonmajor Govt. Funds	$ 3,032,978
		Internal Service	311,576
	$ 3,344,554		$ 3,344,554
Internal Service	$ 621,035	Nonmajor Govt. Funds	$ 620,282
		General Fund	753
	$ 621,035		$ 621,035

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 15 - 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.

NOTE 15 - WATER SUPPLY CONTRACT (CONTINUED)

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, 2023, and for its fiscal year then ended, reflect the following:

Assets	
Cash and cash equivalents	$ 22,831,692
Due from member cities and other receivable	14,546,083
Inventory	2,003,505
Debt Service Funds	
Restricted cash and cash equivalents	11,370,801
Due from cities	47,219,011
Land	5,931,961
Property, plant and equipment, net of accumulated depreciation	313,286,823
Liabilities and Deferred Revenues	
Current liabilities	17,500,054
Noncurrent liabilities	63,649,789
Deferred Inflows of Resources	
Deferred revenue from refunding	5,173,135
Net Position	$ 330,866,898
Operating Revenues	
User assessments for operations	$ 18,509,960
Operating Expenses	(20,332,786)
Nonoperating Revenue (Expense)	
Net contributions from member cities	365,939
Nonoperating revenues (expenses)	3,924,758
	4,290,697
Net Increase (Decrease) in Net Position	$ 2,467,871

CRMWA's debt service consists of approximately $79 million related to the underground water project. The CRMWA's annual debt services requirements, including interest, range from $5.5 million to $16.8 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 36.57% and 63.43% of well water. The City's share of this debt is approximately $25 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:

NOTE 15 - WATER SUPPLY CONTRACT (CONTINUED)

- 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 16 - 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 chair 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, 2023, the Consortium served over 100 libraries. The condensed financial statements of the Consortium at September 30, 2023, and for the year then ended are summarized in the table below.

Balance Sheet	
Cash and other assets, net	$ 583,037
Current liabilities	(30,693)
Net position	$ 552,344
Revenues	
Operating revenues	$ 407,943
Nonoperating revenues (expense)	38,279
Total revenues	446,222
Expenses	
Operating expenses	(429,015)
Change in net position	$ (17,207)

NOTE 17 - 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 with a $100,000,000 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 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. There is no limit on this coverage.

NOTE 17 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

Property: Property insurance is maintained with commercial carriers, with a self-insured retention per occurrence of $250,000 and wind/hail is 5% total value per occurrence minimum $1,000,000. Total blanket coverage for all buildings and contents including terrorism coverage is $100 million. The property insurance policy also includes $50 million in flood and earth-quake coverage and has a Terrorism endorsement. The City has received $-0- from the insurance carrier in the prior years. We received $6.6 million for a 2017 claim on June 4, 2019.

The City has an endorsement to its property insurance coverage for Fire and Extended Coverage (explosion and damage). Insurance is maintained with commercial carriers to the extent of $100,000,000 potential liability. The City has incurred no losses with respect to this risk.

Automobile Liability and Physical Damage: The City has elected to fully self-insure these risks. As of November 12, 2021, the City insures large value fire apparatus against physical damage with a $10k deductible and a $16,396,456 total limit.

Workers' Compensation: City employees are entitled to statutory workers' compensation benefits. The City has a self-insurance retention of $2 million per occurrence for any employee classified under code 7704 described as Firefighters and Drivers or code 7720 described as Police Officers and Drivers, and a self-insurance retention of $1.5 million per occurrence for all others. The Excess Workers' Compensation and Employers' Liability Indemnity Policy was purchased to cover a major accident. Historically, the City has had one claim from 2003 that exceeded $1 million self-insurance retention. The City had 1 claim from 2005 that exceeded $1.5 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. The City carries medical professional insurance on the City Care and Public Health clinics for $2 million each, $5 million aggregate with a $25,000 deductible. Additionally, no insurance is carried for crime or burglary losses or employee dishonesty, except for the minimal bonds required by law.

Law Enforcement Liability: The City has purchased Law Enforcement Liability Insurance with a $100,000 deductible per occurrence and annual aggregate coverage of $6 million. The City's largest claim has been a $5 million Law Enforcement 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: Full-time employees are eligible to enroll in health and additional life insurance coverage for themselves and eligible dependents. A $10,000 Basic Life Insurance policy is provided at no cost to full-time employees. Additional life insurance is purchased by the employee. Pre-65 retiree medical and dental benefits are available to eligible retirees and their dependents if they are enrolled in these benefit plans at time of retirement. Retirees can purchase a Basic Life Insurance policy of either $5k or $10k at time of retirement and if enrolled in the $10k policy, the Spouse can be enrolled in a $5k policy. While the City pays for the majority of the health insurance benefit, the employee and retiree do pay a portion of the overall healthcare premium. Health and life insurance plans are managed by third-party vendors for the City of Amarillo.

The City currently has specific stop loss coverage with a $750,000 annual individual deductible but is 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. Effective January 1, 2016, Aetna

NOTE 17 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

Life Insurance Company began providing the plan administration for the medical and dental programs. This change has allowed the City to obtain more favorable discounts with medical providers. 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, 2023, related to incurred but not reported (IBNR) claims was $1,774,751. The IBNR estimate was computed by management based on historical patterns and reference to previous actuarial estimates.

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

	2023	2022
Estimated liabilities at beginning of year	$ 2,025,060	$ 1,947,441
Claims during year and changes in estimates	23,256,068	25,584,530
Payments during year	(23,506,377)	(25,506,911)
Estimated liabilities at end of year	$ 1,774,751	$ 2,025,060

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, 2023. 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, 2023, to be $16,686,865.

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 $1.5 million.

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

	2023	2022
Estimated liability at beginning of year	$ 19,377,254	$ 19,046,728
Claims during year and changes in estimates	1,119,099	3,895,204
Payments during year	(3,809,488)	(3,564,678)
Estimated liability at end of year	$ 16,686,865	$ 19,377,254

Litigation

The City has been named as defendant in a number of other lawsuits or complaints arising out of the ordinary course of conducting its operations. While several of these claims ask for the full amount allowed by state statute, it has been the City's experience that such actions, if pursued, result in losses of amounts substantially less than the claimed amounts. These complaints are similar to complaints resolved in prior years, which settlements comprise the City's historical experience that formed the basis for the actuarial determination of the estimated liability for presented and unpresented claims payable at September 30, 2023.

NOTE 17 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

Pollution Remediation Obligation

Environmental Liabilities

The Hillside Terrace Estates Subdivision vitrified clay pipe ("VCP") sewer main experienced collapse/breakage in several areas due to apparent deterioration and defects in the VCP and/or its design and installation.

In July 2018 the City notified the Texas Commission on Environmental Quality ("TCEQ") of its intent to conduct an environmental health and safety compliance audit on a portion of the wastewater collection system located in Hillside Terrace Estates Subdivision, in accordance with the Texas Environmental, Health and Safety Audit Privilege Act, Texas Health and Safety Code (Chapter 1101) ("Audit Act"). The scope of the audit was to evaluate compliance with all applicable environmental, health, and safety regulations as well as other associated environmental permits, licenses, certificates, submissions, or registrations. The scope of the Audit was to investigate a limited portion of the pipe. Other potential environmental liability may exist with other areas of the pipe, and the City is still investigating to determine the scope and remediation necessary for such areas.

Environmental and engineering consultants retained by the City, in conducting the Audit discovered several violations which were reported to the TCEQ along with recommendations for corrective action. Specifically, at one or more locations the consultants identified subsurface soil/wastewater contamination which had escaped from the collapsed/broken VCP. Pursuant to the consultants' recommendations, the City intends to undertake corrective action to remediate the contamination at one or more locations. Although the extent of remediation cannot be fully identified pending further investigation and obtaining bids from qualified contractors to accomplish the work, a preliminary estimate of remediation costs is in range of $11 million. Final remediation costs are subject to vary depending upon a number of factors including conditions encountered by the contractor and further investigations.

As a result of the apparent defects in the manufacture of the VCP and the design and installation of the sewer main, the City filed a lawsuit against several parties to recover its monetary damages. During 2022 the City recovered $11,725,000 in monetary damages and in during 2023 the City recovered $5,000,000. In January 2024, the City purchased property to facilitate all the necessary remediation and abandonment for this stage of the project. The remediation plan is anticipated to be approved by the TCEQ later in 2024. The abandonment project will occur after the TCEQ approval and is anticipated to be completed in 2025.

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.

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 $2.6 million to continue the voluntary monitoring and well replacement program throughout this fiscal year. The estimated amount could change in the future as the City evaluates various alternatives.

NOTE 17 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

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. The City has an ongoing agency audit and investigation in which they have accrued an estimated agency refund of approximately $465,000. As of February 27, 2024, the agency audit and investigation has not been completed, nor has an amount been requested for refund. The amount accrued is based on the City's most conservative estimate of potential loss.

NOTE 18 - CONDUIT DEBT OBLIGATIONS

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

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

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

NOTE 19 - TAX ABATEMENTS AND ECONOMIC INCENTIVES

The City enters into economic development agreements designed to promote development and redevelopment within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and hotel tax and enhance the property tax base and economic vitality of the City. These programs abate or rebate property taxes, sales tax, and hotel tax, and also include incentive payments and reductions in fees that are not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) and 312 (Property Redevelopment and Tax Abatement Act) and 351 (Municipal Hotel Occupancy Taxes) of the Texas Tax Code. Recipients may be eligible to receive economic assistance based on the employment impact, economic impact or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, demolishing and redeveloping outdated properties, expanding operations, renewing facility leases, or bringing targeted businesses to the City. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has three categories of economic development agreements:

- Tax Abatements – Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were $679,849 in fiscal year 2023.
- General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property, sales, or hotel tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to

NOTE 19 - TAX ABATEMENTS AND ECONOMIC INCENTIVES (CONTINUED)

offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2023, the City rebated $794,828 in hotel taxes and $55,528 in sales tax.

- Tax Increment Financing – The City has adopted three Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payment to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. These obligations are more fully described in Note 22. Additionally, the City enters into general economic development agreements under Chapter 380 of the Texas Local Government Code which are funded with TIF resources. For fiscal year 2023, the City made $654,154 in payments for TIF obligations, $50,000 in incentive payments and $630,958 in property tax rebates from general TIF resources.

NOTE 20 - 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.

The District follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27.*

The District follows GASB Statement No. 87, *Leases.*

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

NOTE 20 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Agreements with Respect to Hospital Sale (Continued)

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 year ended September 30, 2023, the District recognized approximately $7,700,000 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 program ("Medicaid"). On November 9, 2006, the District temporarily suspended the "Indigent Care Agreement," dated May 7, 1996, for the period from November 9, 2006 through November 8, 2008, and replaced it with 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 thirty-six times. The District has provided $76.2 million in funding to the Medicaid program versus $93.7 million in indigent care payments that would have been due under the contract.

On May 3, 2016, the District received written notice from UHS dated April 28, 2016, pursuant to Section 7(b) of the Indigent Care Agreement (the Agreement) between UHS and the District, UHS elected to exercise its Extension Option (as defined in the Agreement) extending the term of the Agreement until May 7, 2036.

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. The only requirement in year one was to submit a plan, while subsequent years required process and outcome metrics. The District has made intergovernmental transfers on behalf of this program of $11.9 million.

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, 2023, are as follows:

	Fair Value			Weighted Average Maturity (Years)
	Unrestricted Assets	Restricted Assets	Total	(excluding securities lending)
Investment Securities				
U.S. Treasury obligations	$ 25,101,636	$ -	$ 25,101,636	1.66
U.S. Government and government-sponsored agencies	80,810,191	-	80,810,191	4.90
Municipal bonds	9,614,433	-	9,614,433	0.58
Total investment securities	115,526,260	-	115,526,260	7.14
No-load U.S. Treasury-only mutual funds	944,408	4,138,244	5,082,652	-
Total investments	116,470,668	4,138,244	120,608,912	7.14
Deduct: Cash equivalents	(944,408)	(4,138,244)	(5,082,652)	-
Net investments for financial reporting	$ 115,526,260	$ -	$ 115,526,260	7.14

NOTE 20 - 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 2023, the District received approximately $375,000, in tobacco settlement funds.

Employee Retirement Benefits

Substantially all full-time employees of the District were eligible for participation in the Retirement Plan for Employees of Northwest Texas Healthcare System (AHD Plan), a single-employer, noncontributory plan. Upon the sale of the Hospital in 1996, the AHD Plan was "frozen."

The District recorded a net pension liability of $2,891,812. Significant actuarial assumptions used in the valuations include a rate of return on investments of 6.0%. GASB 68 also requires the District to disclose the sensitivity of the net pension liability to changes in the discount rate by disclosing what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.0%), $5,068,159, or one percentage point higher (7.0%), $(1,005,185). Compensation increases do not apply due to the plan being frozen.

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.

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.

Northwest Texas Healthcare System (Northwest) provides the tobacco prevention services and the pediatric sub-specialty care services in the community. Pediatric sub-specialty care is provided through Texas Tech. Northwest provides tobacco prevention and control services through a contract with the Harrington Cancer and Health Foundation. The District has approved a resolution to make monthly payments on behalf of NWTH to the Medicaid program of $123,000 through September 30, 2023.

NOTE 20 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Financial Statements

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

NOTE 21 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION

Significant Accounting Policies

Operations

The 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.

The mission of 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 AEDC and Amarillo, Texas, brands worldwide.

Projects involve construction of facilities which involve direct financing leases. 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 value. Grants are generally recorded as expenses and liabilities at the time of the awards. Grants subject to significant performance criteria are recorded when the funds are disbursed or the criteria satisfied, whichever is earlier.

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

NOTE 21 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

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

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, 2023, is as follows:

	Fair Value	Weighted Average Maturity (Years)
Investments		
CDARs	$ 16,250,000	.24
Money market mutual funds	39,874,630	-
U.S. Government and Agency	4,992,910	.03
Total investments at fair value	61,117,540	.27
Deduct: Classified as cash equivalents for financial reporting	(39,874,630)	-
Net investments	$ 21,242,910	.27

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.

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 original incentive package included 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 the agreements 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.

During 2019, all of the remaining Bell leases were converted to notes receivable. As with the leases, all payments can be waived if job credit requirements are met. As of September 30, 2023, the notes receivable consists of five notes for different projects:

- Phase 2 was for an expansion of the aircraft assembly building at an original cost of $10,570,000. The original net investment of the note receivable on September 30, 2019 was $2,548,944. The annual note payment is $528,500 through 2025 and on September 30, 2023 the balance outstanding was $968,948.

NOTE 21 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Economic Development Loans (Continued)

- Phase 3 was an expansion to Bell's facilities at a cost of $14,234,368. The original net investment of the note receivable on September 30, 2019 was $3,896,855. The annual note payment is $711,718 through 2026 and on September 30, 2023 the balance outstanding was $1,902,433.
- Phase 4 was an expansion to Bell's facilities at a cost of $15,028,921. The original net investment of the note receivable on September 30, 2019 was $4,114,374. The annual note payment is $751,446 through 2026 and on September 30, 2023 the balance outstanding was $2,008,624.
- Phase 6 was an expansion to Bell's facilities at a cost of $22,242,454. The original net investment of the note receivable on September 30, 2019 was $10,568,696. The annual note payment is $1,366,249 through 2030 and on September 30, 2023 the balance outstanding was $7,626,925.
- Phase 7 was an expansion to Bell's facilities at a cost of $31,749,325. The original net investment of the note receivable on September 30, 2019 was $15,725,318. The annual note payment is $1,912,360 through 2031 and on September 30, 2023 the balance outstanding was $11,875,364.
- AEDC acquired another 48.7 acres of adjacent land for future expansion, at a total cost of $273,779. 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 other loans receivable in addition to the Bell loans receivable. At September 30, 2023, there was one loan outstanding to another enterprise of $1,182,045, there were Enterprize program loans of $857,116 and another note receivable of $189,380 for the repayment of a prior incentive.

In fiscal year 2015, approximately 48 acres of land in AEDC's Centerport complex was deeded to a wind tower manufacturer. The receivable for this project commences on November 15, 2021. The term for this project is seven years, beginning on the date that the receivable commences. The resulting annual note payment of $274,286 could be fully or partially waived if job creation goals are met. At September 30, 2023, AEDC's balance outstanding was $966,979.

In 2017, AEDC released constructed assets to the wind tower manufacturer. The lease for this portion of the project commences on November 15, 2021 with a term of seven years. The annual note payment of $471,429 could be fully or partially waived if job creation goals are met. At September 30, 2023, AEDC's balance outstanding was $1,662,002.

An analysis of loans and the related valuations allowances at September 30, 2023, are as follows:

Principal balances	$ 29,239,814
Allowance for uncollectible accounts	-
Loans, net of allowances	$ 29,239,814

Direct Financing Leases

In fiscal year 2009, a project was completed for a tenant in which, subject to job creation targets, the tenant has the option to acquire the property in 2029, for $1. The rental term for this project is 20 years beginning on the date the lease commenced. The resulting annual rentals in the amount of $630,000 could be fully waived if job creation goals are met. At September 30, 2023, AEDC's net investment in this lease, less discount for jobs credits, was $3,209,285.

NOTE 21 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Direct Financing Leases (Continued)

Year ending September 30	
2024	$ 630,000
2025	630,000
2026	630,000
2027	630,000
2028	630,000
Future years	630,000
	$ 3,780,000

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, 2023, the AEDC's property, plant, and equipment were as follows:

Buildings and improvements	$ 13,770,857
Equipment	116,680
Construction in progress	762,796
Accumulated depreciation and amortization	(5,192,680)
Total capital assets	$ 9,457,653

Grants Payable

During 2020, Texas Tech University System (the University) met the requirements for payment of the first stages of a $69 million commitment, making $30 million of the commitment payable. As of September 30, 2023, AEDC has paid $26 million of the commitment and has accrued $4 million to be paid in 2024.

Net Pension Liability

As of October 1, 2019, the AEDC discontinued their money purchase pension plan and began participating in the City's TMRS plan. AEDC has a net pension liability as of September 30, 2023 of $131,379.

Long-Term Debt

In June 2017, AEDC issued its Taxable Sales Tax Revenue Refunding Bonds, Series 2017, dated June 20, 2017, in the face amount of $2,010,000. The 2017 issue refunded the 2007 bond issue. The 2017 Series has annual principal amounts ranging from $1,965,000 to $2,305,000. Annual debt requirements range from approximately $2,377,000 to $2,382,000 through August 15, 2027. Interest rates on the outstanding bonds range from 2.453% to 3.183%. Scheduled principal payments are as follows: 2024, $2,115,000; 2025, $2,170,000; 2026, $2,240,000 and 2027, $2,305,000. The principal outstanding at September 30, 2023 was $8,830,000.

At the time of refunding there was $23,345,000 of outstanding Taxable Sales Tax Revenue Refunding and Improvement Bonds, Series 2007. The refunding was undertaken to reduce total debt service payments over the next ten years by approximately $4,141,000 and resulted in an economic benefit of approximately $3,557,000. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from AEDC's financial statements.

NOTE 21 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Long-Term Debt (Continued)

In June 2019, AEDC issued its Taxable Sales Tax Revenue Refunding Bonds, Series 2019, dated June 18, 2019, in the face amount of $27,680,000. The 2019 issue refunded the 2009 bond issue. The 2019 Series has annual principal amounts ranging from $2,410,000 to $2,865,000. Annual debt requirements range from approximately $2,956,000 to $2,961,000 through August 15, 2030. Interest rates on the outstanding bonds range from 2.57% to 3.24%. Scheduled principal payments are as follows: 2024, $2,410,000; 2025, $2,470,000; 2026, $2,540,000; 2027, $2,615,000; and thereafter $8,340,000. The principal outstanding at September 30, 2023 was $18,375,000.

At the time of the refunding there was $28,130,000 of outstanding Taxable Sales Tax Revenue Bonds, Series 2009. The refunding was undertaken to reduce total debt service payments over the next 12 years by approximately $6,004,000 and resulted in an economic benefit of approximately $5,114,000. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from AEDC's financial statements.

AEDC's bonds are rated "AA-" by Standard & Poor's Ratings Services.

Commitments

At September 30, 2023, AEDC had outstanding commitments to make grants or extend credit to qualifying enterprises, in the amount of approximately $159 million.

Net OPEB Liability

For the fiscal year ended September 30, 2023, AEDC's net OPEB liability is $78,704.

Financial Statements

Separately issued financial statements for this entity may be obtained by contacting the AEDC at its offices, which are located at 600 S. Tyler Street, Suite 1600, Amarillo, Texas 79101.

NOTE 22 - 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.

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.

NOTE 22 - AMARILLO-POTTER EVENTS VENUE DISTRICT (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Preparation

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

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

Depreciation is provided for on the straight-line method over the estimated useful lives of the facilities. The primary depreciable asset of the Venue District at September 30, 2023, 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 (Series 2005) for a refunding of $6,340,000 of outstanding Special Tax and Lease Revenue Bonds, Series 2000. On September 20, 2016, the Venue District issued $5,085,000 in Special Tax and Lease Revenue Refunding Bonds for a refunding of $5,105,000 of the Series 2005 outstanding bonds. The refunding was undertaken to reduce debt service payments by approximately $327,000 over the next 30 years. 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, 2023, on the 2016 bond issue was $4,240,000 and the unamortized bond premium was $215,118.

In May 2021, the Venue District issued $3,945,000 in Special Tax and Lease Revenue Refunding Bonds for a refunding of outstanding Special Tax and Lease Revenue Refunding Bonds, Series 2009. The refunding was undertaken to reduce total debt service payments over the next 31 years by approximately $317,000 and resulted in an economic gain of approximately $357,000. 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, 2023 bond issue was $3,095,000 and the unamortized bond premium was $210,875.

Commitments

The District added an addendum to its agreement with Amarillo Tri-State Exposition, which provides that a monthly sum will be paid in consideration of management and operation of the Events Center. The monthly sum paid is subject to annual appropriation. On August 16, 2021, the District's Board approved an annual appropriation in the amount of $560,000 for the year ending September 30, 2023, to Amarillo Tri-State Exposition. Additionally, the District's Board approved $998,500 for the Amarillo Tri-State participation and $355,000 for event development in its normal budgetary process.

NOTE 22 - AMARILLO-POTTER EVENTS VENUE DISTRICT (CONTINUED)

Commitments (Continued)

The District has made a similar commitment to the City. In the lease addendum with the City, the District agreed to a monthly sum in consideration of management and operation of the District's addition to the Civic Center. The payment to the City is also subject to annual appropriation. On August 16, 2021, the District's Board approved an appropriation in the amount of $398,004 through the year ending September 30, 2023, to the City in its normal budgetary process. Additionally, the District's Board approved $1,900,000 for Civic Center improvements in its normal budgetary process.

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 23 - AMARILLO HOUSING FINANCE CORPORATION

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

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

In 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, the City 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 24 - 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.

TIRZ #1 enters into economic development agreements designed to promote development and redevelopment within TIRZ #1, spur economic improvement, stimulate commercial activity, generate additional sales tax and hotel tax and enhance the property tax base and economic vitality of TIRZ #1. These programs abate or rebate property taxes, sales tax, and hotel tax, and also include incentive payments and reductions in fees that are not tied to taxes. TIRZ #1's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code.

NOTE 24 - TAX INCREMENT REINVESTMENT ZONE #1 (CONTINUED)

TIRZ #1 has one category of economic development agreement. For 2023, TIRZ #1 made $574,947 in property tax rebates from general TIF resources.

At September 30, 2023, TIRZ #1 has outstanding commitments for community projects and Center City projects of $1,490,100.

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. On January 14, 2016, the TIRZ #1 Board voted to increase the participation in the downtown projects from $2.7 million to $4.387 million. The increase of $1.687 million is in the form of a loan to the Amarillo Local Government Corporation (LGC) with the original commitment of $2.7 million remaining as a grant. On the same date, the Board agreed to fund the retail portion of the parking garage construction and a portion of the streetscape and amended the TIRZ #1 Project and Financing Plan accordingly. During 2023, the Board approved a loan forgiveness plan. As of September 30, 2023, TIRZ #1 has advanced $1,687,000 to LGC and $425,408 of accrued interest has been added to the outstanding principal balance and $209,112 has been forgiven, for a total outstanding balance of $1,903,296. During FY 2017, the City loaned TIRZ #1 $1,500,000 to assist TIRZ #1 with its obligation to fund $3.45 million for the retail space associated with the parking garage project and approximately $930,000 of streetscape improvements. As of September 30, 2023, the outstanding balance on this loan is $1,114,667.

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 25 - 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 leased land to the LCG to build a convention hotel and parking garage. The term of the ground lease is for eighty (80) years. The LGC entered into a lease and development agreement with Supreme Bright Amarillo II, LLC to construct a full-service convention center hotel with 225 rooms and approximately 17,000 square feet of configurable meeting space. Construction of the hotel by the developer was substantially completed and commencement of operations occurred on September 8, 2017.

Pursuant to the lease and development agreement, LGC owns the hotel during the lease term and leases the hotel to the developer for eighty (80) years. Upon expiration or termination of the lease, ownership of the hotel transfers from LGC to the City. At September 30, 2017, LGC recorded $40,700,000 in contributed capital and capital assets for the hotel. During the lease term, the developer will receive all revenue from the hotel and will be responsible for all operating and maintenance costs. The agreement included 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. The assurance for minimum performance ended December 31, 2021, the City did not have to fund any amount of the $2 million performance assurance clause. The LGC, the City, and TIRZ #1 have agreed not to incentivize another comparable hotel in the downtown area for five years.

NOTE 25 - AMARILLO LOCAL GOVERNMENT CORPORATION (CONTINUED)

July 1, 2017, LGC completed construction of a 750-space parking garage adjacent to the hotel. The cost of the parking garage was $16,947,568. LGC owns the parking garage and will operate the parking facility and retain all parking fee revenue. At the end of the eighty year ground lease, ownership of the parking garage will transfer from LGC to the City. The hotel developer will have 150 reserved spaces in the garage and has agreed to pay $120,000 a year in parking rent and an annual base rent of $1,000, adjusted annually by CPI. LGC will operate the retail portion of the parking garage and will 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 26 - TAX INCREMENT REINVESTMENT ZONE #2

The Tax Increment Reinvestment Zone Number Two (TIRZ #2) was created November 8, 2016, through an Ordinance of the City of Amarillo in accordance with the Tax Incentive Financing Act, codified at Chapter 311 of the Texas Tax Code. TIRZ #2 will terminate no later than November 8, 2046. The purpose of the zone is to promote the development of or redevelopment of certain contiguous geographic areas in the City. On November 17, 2020, through an Ordinance of the City of Amarillo, the contiguous geographic areas were expanded.

TIRZ #2 enters into economic development agreements designed to promote development and redevelopment within TIRZ #2, spur economic improvement, stimulate commercial activity, generate additional sales tax and hotel tax and enhance the property tax base and economic vitality of TIRZ #2. These programs abate or rebate property taxes, sales tax, and hotel tax, and also include incentive payments and reductions in fees that are not tied to taxes. TIRZ #2's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code.

TIRZ #2 has one category of economic development agreements. For 2023, TIRZ #2 made $56,010 in property tax rebates from general TIF resources.

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 27 - AMARILLO CONVENTION AND VISITORS BUREAU

On October 1, 2020, the Amarillo Convention and Visitors Bureau (the Bureau) was organized as a nonprofit corporation for the purpose of soliciting, acquiring, and staging of conventions, the promotion of tourism and the hotel industry and the attraction and entertaining of visitors to and for the City of Amarillo, Texas and the surrounding area thereby promoting the economic development and social welfare of the City. The Bureau was created under the provisions of Texas Nonprofit Corporation Law, Chapter 22, Business Organizations Code.

The Bureau is governed by a nine-member Board of Directors appointed by the City Council. The Bureau's annual operating budget is subject to approval by the City Council.

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 28 - NEW GASB PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued several new pronouncements that the City has reviewed for application to their accounting and reporting.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This statement achieves that objective by (1) establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions (2) requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The City implemented this statement in the current year.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements.* This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months, including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources. This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The City implemented this statement in the current year.

GASB Statement No. 99, *OMNIBUS 2022.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows: (1) Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting Financial Reporting for Derivative Instruments,* that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument (2) Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives (3) Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset (4) Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements,* related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability. (5) Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt. (6) Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP) (7) Disclosures related to nonmonetary transactions. (8) Pledges of future revenues when resources are not received by the pledging

NOTE 28 - NEW GASB PRONOUNCEMENTS (CONTINUED)

government. (9) Clarification of provisions in Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis – for State and Local Governments,* as amended, related to the focus of the government-wide financial statements (10) Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position (11) Terminology used in Statement No. 53 to refer to resource flows statements. The requirements of this Statement that are effective as follows: (1) The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. (2) The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. (3) The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections-An Amendment of GASB Statement No. 62.* The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of the Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences.* The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

NOTE 29 - SUBSEQUENT EVENTS

The City evaluated for inclusion as a subsequent event disclosure those events that occurred prior to February 27, 2024, the date the financial statements were issued. There were no events that require disclosure except as noted below.

On September 12, 2023, the City approved a commercial contract to sell the commercial square footage portion of the Amarillo Local Government Corporation parking garage for $1,900,000. As of the issuance of these financial statements, the City has not closed on the sale of the commercial property.

On December 12, 2023, the City issued $19,300,000 of City of Amarillo, Texas, Waterworks and Sewer System Revenue Bonds, New Series 2024, for the purpose of improvement and extension of the City's water and sewer system. The City also approved a cost-sharing agreement with the Amarillo Economic Development Corporation (AEDC) on January 13, 2024 for AEDC's participation in the funding of the annual debt service for this debt issuance.

On January 23, 2024, the City approved a resolution approving and authorizing publication of notice of intention to issue Series 2024 Certificates of Obligation in an amount not to exceed $13,500,000 for the purpose of constructing and improving streets.

On January 23, 2024, the City approved a resolution approving and authorizing publication of notice of intention to issue Taxable Series 2024 Certificates of Obligation in an amount not to exceed $3,250,000 for the purpose of constructing, improving and equipping municipal airport hangers.

APPENDIX C

FORM OF BOND COUNSEL’S OPINION

NORTON ROSE FULBRIGHT

[Closing Date]

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IN REGARD to the authorization and issuance of the "City of Amarillo, Texas, Drainage Utility System Revenue Bonds, Series 2024," dated March 15, 2024, in the principal amount of $______ (the "Bonds"), we have examined into their issuance by the City of Amarillo, Texas (the "City"), solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of $5,000 or any integral multiple thereof (within a maturity). The Bonds mature on August 15 in each of the years specified in an ordinance adopted by the City Council of the City authorizing the issuance of the Bonds (the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City and, together with the outstanding and unpaid "Previously Issued Bonds" (identified and defined in the Ordinance), are payable solely from and equally and ratably secured by a lien on and pledge of the Pledged Revenues (as defined in the Ordinance) of the City's drainage utility system, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, corporations subject to the alternative minimum tax on adjusted financial statement income, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.