



An ATLAS Navigators, LLC Firm

CMMS CPAs & Advisors PLLC - Amarillo
801 S Fillmore, Suite 600
Amarillo, TX 79105

It's about time.

March 27, 2024

Board of Directors
Amarillo Economic Development Corporation
Amarillo, Texas

We have audited the financial statements of Amarillo Economic Development Corporation (AEDC) for the years ended September 30, 2023 and 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 14, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by AEDC are described in Note 1 to the financial statements. As described in Note 19, AEDC adopted the provisions of the following:

- Governmental Accounting Standards Board Statement No. 94, *Public-Private and Private-Private Partnerships and Available Payment Arrangements*.
- Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology*.

We noted no transactions entered into by AEDC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting AEDC's financial statements was:

Management's estimate of the allowance for doubtful accounts is based on historical data. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:



- Management relies on information provided by Gallagher Benefit Services, Inc. and management's own experience in order to calculate other postemployment benefit costs. We evaluated the key factors and assumptions used to develop the estimates related to other postemployment benefits in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management relies on audited information provided by Texas Municipal Retirement System's agent, multiple-employer defined benefit pension plan to the net pension liability. We evaluate key factors and information provided to the Plan actuaries to determine if AEDC's net pension liability is reasonable in relation to the financial statements taken as a whole.

The financial statements disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Operating Fund

Increase (decrease) in net position attributed to adjusting journal entries:

General Sales Tax	\$ (25,680)
TPRDC Revenue	(224,415)
Prepaid	(23,988)
Fixed Asset	460
GASB 68 - Pension	(5,285)
GASB 75 - OPEB	1,252
GASB 87 - Leases	<u>4,828</u>
	<u>\$ (272,828)</u>

Project Fund

Increase (decrease) in net position attributed to adjusting journal entries:

General Sales Tax	\$ (188,319)
Interest Income	(919,006)
EDC Incentives	13,378,141
Bad Debt Expense	37,057
Interest Expense	(14,734)
Depreciation Expense	(56,845)

Gain on Property Disposal	(9,617,796)
Miscellaneous Revenue	(13,071)
GASB 87 - Leases	(14,179)
Contributed Capital	<u>762,796</u>
	<u>\$ 3,354,044</u>

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 27, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to AEDC's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as AEDC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and 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 RSI – Texas Municipal Retirement System, Schedule of Net OPEB Liabilities and Related Ratios, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of Contributions and Related Ratios and Notes to RSI – OPEB, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Board of Directors
Amarillo Economic Development Corporation
March 27, 2024
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We were not engaged to report on Other Supplemental Information, Tables 1-6, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of AEDC and is not intended to be, and should not be, used by anyone other than these specified parties.

Please contact Janie Arnold, if you have any questions regarding the matters included in this letter.

CNMS CPAs & Advisors PLLC



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Amarillo, TX 79105

It's about time.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Directors
Amarillo Economic Development Corporation
Amarillo, Texas

We have audited, 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, the financial statements of Amarillo Economic Development Corporation (AEDC), as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise AEDC's basic financial statements, and have issued our report thereon dated March 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered AEDC's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AEDC's internal control. Accordingly, we do not express an opinion on the effectiveness of AEDC's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether AEDC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of



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noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AEDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CUMMS CPAS & ADVISORS PLLC

Amarillo, Texas
March 27, 2024

**AMARILLO ECONOMIC
DEVELOPMENT CORPORATION**
(A Component Unit of the City of Amarillo)
Amarillo, Texas

FINANCIAL STATEMENTS
September 30, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors
Amarillo Economic Development Corporation
Amarillo, Texas

Opinions

We have audited the accompanying financial statements of Amarillo Economic Development Corporation (AEDC), a component unit of the City of Amarillo, as of and for the years ended September 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise AEDC'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 AEDC as of September 30, 2023 and 2022, and the respective changes in financial position and cash flows 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 AEDC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 AEDC'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 judgement 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 judgement 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 AEDC'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about AEDC'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 on pages 7-16 and the Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions and Related Ratios, Notes to Required Supplementary Information TMRS, the Schedule of Net OPEB Liability and Related Ratios, Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of Contributions and Related Ratios, Notes to Required Supplementary Information OPEB on pages 68-76, 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises Tables 1 to 6 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 March 27, 2024, on our consideration of AEDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AEDC'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 AEDC's internal control over financial reporting and compliance.

CMMS CPAs & Advisors PLLC

Amarillo, Texas
March 27, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Required Supplemental Information)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended September 30, 2023 and 2022

This section of Amarillo Economic Development Corporation (AEDC) Annual Financial Report presents discussion and analysis of important aspects of AEDC's financial results. Please read it in conjunction with the basic financial statements and accompanying notes that follow this discussion.

Introduction

The Amarillo Economic Development Corporation (Amarillo EDC) was created to foster economic development in the City of Amarillo and to manage the revenues from the 0.5% City sales tax increase that Amarillo voters approved in 1989. The mission of Amarillo EDC is to attract businesses to Amarillo which offer highly skilled, highly paid positions; to expand and retain existing local primary businesses in Amarillo; and to create a business environment conducive to entrepreneurship. The Amarillo EDC 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. Economic development strategies are met by implementing aggressive business recruitment programs, local business retention and expansion programs, and promoting the Amarillo EDC and Amarillo, Texas, brands worldwide. The corporation consists of a five-member board appointed by the City Council. Amarillo EDC Operating Fund expenses consist of all administrative, promotional, and marketing costs associated with operating the organization. The Amarillo EDC's Project Fund invests in capital projects, offers job creation incentives, loans, and other investments to local and outside industry to create primary jobs and capital investment in the Amarillo community. The Amarillo EDC has been instrumental in bringing new business and industry to Amarillo and assisting existing companies via a variety of programs that provide incentives and loans.

In FY2023, Amarillo EDC approved a location incentive agreement which includes land conveyance, a rail spur allowance of up to \$1,000,000, and a job creation incentive of up to \$720,000 with Coast Packing Company – South, LLC for the location of up to 60 full-time employees. Amarillo EDC also approved a location incentive agreement with Jax Transport, LLC to expand in Amarillo which includes construction reimbursement of up to \$300,000 and a job creation incentive of up to \$3 million on up to 200 additional full-time jobs. Jax Transport, LLC will have a minimum capital investment of \$2,000,000 under this agreement to build and equip the facility. Amarillo EDC approved the sale of a 23.388 acre site near CenterPort Blvd. in the amount of \$877,600 to Amazon.com Services LLC for the future site of a distribution project. Amarillo EDC approved a location incentive agreement with Plant-AS-DNPS-003-2 LLC to locate a controlled environment agriculture distributed network production site in Amarillo. This agreement includes land conveyance, a job creation incentive of up to \$3.75 million on up to 750 jobs, and a minimum client capital investment of \$250,000,000. Amarillo EDC also approved a location incentive agreement with Affiliated Foods, Inc. to expand in Amarillo which includes a job creation incentive of up to \$500,000 on up to 50 additional full-time jobs. Amarillo EDC approved the sale of a 20 acre site near Axiom Dr. and Folsom Rd. in the amount of \$1,100,000 to Johnson-Knight Development, LLC for the future site of a distribution project. Amarillo EDC also approved the sale of a 257.767 acre site near Folsom Road and Airport Blvd. in the amount of \$6,440,100 to International Paper Company for the future site of an industrial project.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended September 30, 2023 and 2022

The Amarillo EDC continued its partnership with West Texas A&M University through the EnterPrize Challenge, a local business plan competition funded by Amarillo EDC and facilitated by the WT Enterprise Center. The FY2023 Amarillo EnterPrize Challenge awarded five forgivable loans totaling \$500,000 to local primary businesses expected to create more than 38 new jobs and make substantial investments in the regional economy.

By contractual agreement, Texas Panhandle Regional Development Corporation (TPRDC) acts as the small business financing arm of Amarillo EDC. TPRDC provides small business financing for owner-occupied commercial real estate. This Certified Development Company approved three Small Business Administration 504 loans totaling over \$3.9 million, which leveraged \$1.9 million in bank financing and \$500 thousand in owner equity. For the year, this program was responsible for the creation of 25 new jobs. TPRDC also funded four loans in FY2023 totaling \$2.433 million.

Financial Highlights

- The assets of AEDC exceeded its liabilities (net position) at the close of the most recent fiscal year by \$92.17 million, which was an increase of \$12.21 million increase from the 2022 net position of \$79.96 million.
- The AEDC had \$25.2 million in sales tax revenue in 2023, compared to \$24.8 million in 2022, and \$22.5 million in 2021.
- The AEDC has a great deal of liquidity. In 2023, AEDC had \$58.1 million in unrestricted cash and investments and sales tax receivable of \$2.2 million from the State versus \$9.4 million in current liabilities. In 2022, AEDC had \$44.4 million in unrestricted cash and investments and sales tax receivable of \$2.1 million from the State versus \$9.4 million in current liabilities..

Overview of the Financial Statements

For financial reporting purposes, AEDC is a component unit of the City of Amarillo (City) and information concerning it is included in the City's government-wide financial statements because of the City's oversight responsibility in AEDC's affairs.

Effective October 1, 2001, the City adopted the provisions of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued by the Governmental Accounting Standards Board. Accordingly, its component units were required to simultaneously adopt this Statement with respect to their financial statements. This discussion is intended to serve as an explanation of the effect of accounting principles on the financial statements of AEDC.

Because it has been AEDC's intent to affect a substantial portion of its economic incentives by leasing and revolving loan activities, periodic determination of revenues, expenses, and net income has been deemed appropriate; consequently, AEDC has followed accounting policies

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended September 30, 2023 and 2022

similar to those applicable to proprietary funds of governmental entities. Because AEDC is a single-program entity (economic development) which uses proprietary fund accounting principles, it is required to present only "enterprise fund financial statements," as presented prior to the adoption of Statement No. 34, although the presentation of these fund financial statements is somewhat changed.

AEDC's funds are spent on business attraction, retention, expansion, and general and administrative expenses. Sales tax revenues are spent on economic development initiatives including economic development projects and expenses directly related to such projects. AEDC accounts for general and administrative expenses in the "Operating Fund" and economic development project activities in the "Project Fund".

Like private sector businesses, the governmental accounting principles applicable to proprietary funds require the presentation of three basic financial statements: Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows. However, unlike private sector businesses, governmental entities focus on limitations on the use of net position (net investment in capital assets, restricted, and unrestricted) rather than on the source of those assets. Additionally, the Statement of Cash Flows for a governmental entity is reported in four categories (operating, noncapital financing, capital, and related financing, and investing) as opposed to the three categories used in the private sector, and there are certain differences in how the various categories of cash flows are defined.

The Statement of Net Position presents information on all of AEDC's assets and liabilities, with the difference between the two reported as net position. As a general rule, increases or decreases in net position may serve as a useful indicator of whether the financial position of a governmental entity is improving or deteriorating. However, with AEDC, this may not be the case. AEDC's mission is to attract industry in an effort to increase employment in the City. The pursuit of new industry and job creation may actually cause net position to decrease over time.

The Statement of Revenue, Expenses and Changes in Net Position presents information showing how AEDC'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, irrespective of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items which will not result in cash flows until future fiscal periods (e.g., uncollected sales tax revenues). The Statement of Cash Flows presents information showing the changes in cash and cash equivalents of AEDC during the fiscal year including financing, investing, and operating activities irrespective of the timing of the related revenues and expenses applicable to the operating activities. The notes to the financial statements provide additional information essential to a full understanding of the data provided in the financial statements, including significant accounting policies, details regarding cash and investments, receivables, leasing activities, long-term debt, and transactions with the City.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2023 and 2022

Financial Analysis

The following table reflects a comparison of AEDC's net position as of September 30, 2023, 2022 and 2021:

Amarillo Economic Development Corporation - Net Position
(in thousands)

	September 30,		
	2023	2022 (restated)	2021
Current assets	\$ 69,357	\$ 54,563	\$ 54,879
Restricted assets	5,228	5,991	5,856
Capital assets, net	8,330	9,285	8,943
Other noncurrent assets	45,963	56,001	53,501
Total assets	\$ 128,878	\$ 125,840	\$ 123,179
Deferred outflows of resources	\$ 217	\$ 128	\$ 120
Current and restricted liabilities	\$ 9,499	\$ 9,518	\$ 9,726
Noncurrent liabilities	23,816	32,283	39,950
Total liabilities	\$ 33,315	\$ 41,801	\$ 49,676
Deferred inflows of resources	\$ 3,611	\$ 4,208	\$ 4,693
Net position			
Net investment in capital assets	\$ 8,695	\$ 8,440	\$ 8,943
Restricted for debt service	5,123	5,872	5,723
Unrestricted	78,350	65,648	54,263
Total net position	\$ 92,168	\$ 79,960	\$ 68,929

AEDC's total assets increased approximately \$3.1 million compared to the prior year. Total capital assets decreased by approximately \$889 thousand. AEDC purchased several parcels of land throughout the year to be held for future development. The amount in Land held for future development decreased by \$3.7 million during fiscal year 2023. There were normal lending activities, collections or redemptions of the Economic development loans and the total amount outstanding increased by \$197 thousand from fiscal year 2022 to 2023.

AEDC's total liabilities decreased \$8.4 million compared to the prior year. Revenue bonds outstanding decreased by \$4.5 million for the year based on scheduled debt service payments and grants payable remained the same at \$4.0 million based on scheduled grant payments for the fiscal year. Vouchers and accounts payable decreased by approximately \$83 thousand, which fluctuates at each year end based on outstanding invoices due at that time.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2023 and 2022

While AEDC has significant net position, most of the net position is already committed to current AEDC projects. At the end of 2023, the Project Fund had \$30.8 million in cash and cash equivalents, \$20.7 million in short-term investments and \$1.9 million in receivables from the State government for a total of \$53.5 million. There was \$9.0 million in current liabilities, leaving a balance of \$44.5 million to fund 2024 commitments. AEDC has approximately \$158.8 million in commitments as of September 30, 2023, which will be funded from the Project Fund. AEDC also anticipates potential debt issuances to meet certain commitments. New commitments funded in 2023 that were still outstanding at year-end include, \$8.6 million to Plant Agricultural Systems, \$2.9 million to Coast Packing Company, \$3.3 million to Jax Transport to assist with job creations, and \$1.2 million for other various commitments to local entities. Additional commitments due after the 2023/24 fiscal year total approximately \$108.7 million.

There was \$6.8 million in current assets in the Operating Fund at year-end. After subtracting \$1.5 million in liabilities and a target reserve of \$0.5 million, there is \$4.8 million of Operating Funds available.

The following table reflects a comparison of AEDC's net position as of September 30, 2023, 2022, and 2021:

Amarillo Economic Development Corporation - Changes in Net Position
(in thousands)

	September 30,			2023
	2023	2022 (restated)	2021	Percent
Operating revenues				
Sales taxes	\$ 25,150	\$ 24,830	\$ 22,502	82.76%
Earnings on investments	2,866	399	132	9.43%
Revenues from lending and leasing & other	2,374	3,260	3,523	7.81%
Total operating revenues	<u>30,390</u>	<u>28,489</u>	<u>26,157</u>	<u>100.00%</u>
Operating expenses:				
Direct development expenses:				
Grants for qualifying projects	3,433	5,414	4,780	12.52%
Loan incentives and allowances	19,465	6,935	6,739	70.98%
Bond interest and fiscal charges	923	1,032	1,134	3.37%
Lease property expenses	385	442	416	1.40%
Professional, contractual and other	860	996	559	3.14%
Supporting services:				
Personnel expenses	1,486	1,387	1,397	5.42%
Advertising and promotion	487	561	432	1.78%
Other contractual services	134	134	154	0.49%
Office expenses and other charges	240	246	121	0.88%
Interest expense	10	9	-	0.04%
Total operating expenses	<u>27,423</u>	<u>17,156</u>	<u>15,732</u>	<u>100.00%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2023 and 2022

Amarillo Economic Development Corporation - Changes in Net Position (Continued)
(in thousands)

	September 30,			2023
	2023	2022 (restated)	2021	Percent
Nonoperating Revenues (Expenses)				
Gain (loss) on disposal of property	9,124	3	29	98.72%
Contributed capital	(763)	-	(995)	-8.26%
Grant revenue	581	-	-	6.29%
Net decrease in fair value of investments	300	(306)	-	3.25%
Total nonoperating revenues (expenses)	9,242	(303)	(966)	100.00%
Increase (decrease) in net position	12,209	11,030	9,459	
Net position, beginning	79,959	68,929	59,470	
Net position, ending	\$ 92,168	\$ 79,959	\$ 68,929	

The AEDC's primary revenues are derived from half-cent sales tax receipts for economic development. In 2023 AEDC had \$25.2 million in sales tax revenue, compared to \$24.8 million in 2022 and \$22.5 million in 2021.

Investment income bounced back in 2023. The AEDC had \$2.9 million in investment income in 2022 compared to \$399 thousand in 2022 and \$132 thousand in 2021.

The AEDC accomplishes its economic development objectives through direct grants, loans, and financing leases. The loans and leases usually have favorable interest rates along with incentives for meeting performance requirements. In 2023, revenues from leasing and loans decreased to \$2.3 million from \$3.3 million in 2022 and \$3.5 million in 2021. AEDC recognizes the revenue from the loans and leases as income; however, if the companies meet their performance requirements, an amount is recorded as a grant expense as well.

In 2023, AEDC's largest expense was for loan incentives and allowances at \$19.5 million. In 2022, AEDC had \$6.9 million of expense in loan incentives and allowances, and \$6.7 million in 2021.

Direct grants and business retention service contracts decreased in 2023 to \$3.4 million from \$5.4 million in 2022. Historically, most of the direct grant expense was for the Amarillo EnterPrize Challenge program, which was approximately \$500 thousand in 2023, \$210 thousand in 2022, and \$200 thousand in 2021. The AEDC began the EnterPrize Challenge program in 1994. EnterPrize Challenge participants had to be for-profit businesses in basic industries which produced goods and services that were exported out of the Amarillo trade area. These businesses brought new money into our trade area. Participants must document, in a three-year business plan, that at least 75% of sales revenue will come from outside of the Amarillo area and jobs will be created in Potter and Randall Counties. Over the life the program, 100 businesses received cash grants of as much as \$100 thousand each, totaling more than approximately \$7.0 million in funding.

Overall, revenues and expenses increased in 2023 when compared to 2022, however there was still an increase in net position. In 2023, operating revenues were \$30.4 million, compared to \$28.5 million in 2022, and \$26.2 million in 2021. In 2023, operating expenses were \$27.4 million,

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2023 and 2022

compared to \$17.1 million in 2022, and \$15.7 million in 2021. Net position increased by \$12.2 million in 2023, compared to an increase of \$11.0 million in 2022 and an increase of \$9.5 million in 2021.

Operating Fund

The following table summarizes the changes in net position of the Operating Fund during the latest fiscal year compared to the last two preceding years:

Amarillo Economic Development Corporation - Operating Fund
(in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Change 2023-2022</u>	<u>Percent Change 2023-2022</u>
Beginning of year	\$ 5,194	\$ 4,309	\$ 3,503	\$ 885	20.54%
Sales taxes	3,018	2,980	2,700	38	1.28%
Earnings on investments and miscellaneous	216	15	7	201	1340.00%
Professional service agreement	224	223	206	1	0.45%
Supporting services	(2,357)	(2,327)	(2,104)	(30)	1.29%
Gain (loss) on disposal	(4)	(6)	(3)	2	-33.33%
End of year	<u>\$ 6,291</u>	<u>\$ 5,194</u>	<u>\$ 4,309</u>	<u>\$ 1,097</u>	

Sales tax revenue is the main revenue source in the Operating Fund and totaled \$3.0 million in 2023, \$3 million in 2022, and \$2.7 million in 2021. Other Operating Fund revenues totaled \$0.4 million in 2023, \$0.2 million in 2022, and \$0.2 million in 2021.

The Operating Fund pays for all non-project costs including personnel, advertising, promotion, routine supplies, and other contractual charges. Total support services costs were \$2.4 million in 2023, \$2.3 million in 2022, and \$2.1 million in 2021.

The Operating Fund net position at the end of fiscal year 2023 was \$6.3 million as compared to \$5.2 million at the end of 2022 and \$4.3 million and at the end of 2021. Accumulated funds carry forward for administrative and support-type expenses.

Project Fund

The following table summarizes the changes in net position of the Project Fund during the latest fiscal year compared to the preceding year:

Amarillo Economic Development Corporation - Project Fund
(in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Change 2023-2022</u>	<u>Percent Change 2023-2022</u>
Beginning of year	\$ 74,766	\$ 64,620	\$ 55,967	\$ 10,146	15.70%
Increases					
Sales taxes	22,132	21,850	19,802	282	1.29%
Earnings on investments and miscellaneous	2,699	1,033	708	1,666	161.28%
Incentive-related revenues	2,100	2,387	2,734	(287)	-12.02%
Gain on disposal of property	-	-	32	-	0.00%
Total increases	<u>26,931</u>	<u>25,270</u>	<u>23,276</u>	<u>1,661</u>	

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2023 and 2022

Amarillo Economic Development Corporation - Project Fund (Continued)
(in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Change 2023-2022</u>	<u>Percent Change 2023-2022</u>
Decreases					
Direct grants & busines retention	3,433	5,414	4,780	(1,981)	-36.59%
Other incentive costs	20,710	8,372	7,714	12,338	147.37%
Bond interest and fiscal charges	923	1,032	1,134	(109)	-10.56%
Capital contributed to the City	763	-	995	763	100.00%
Grant Revenue	(581)	-	-	(581)	100.00%
(Gain) loss on property and property incentives	(9,128)	-	-	(9,128)	100.00%
(Increase) decrease in fair value of assets	(299)	306	-	(605)	-197.71%
Total decreases	<u>15,821</u>	<u>15,124</u>	<u>14,623</u>	<u>697</u>	
End of year	<u>\$ 85,876</u>	<u>\$ 74,766</u>	<u>\$ 64,620</u>	<u>\$ 11,110</u>	

Overall, the Project Fund's revenue increased slightly to \$26.9 million in 2023 from \$25.3 million in 2022 and from \$23.3 million in 2021. The Project Fund had \$22.1 million in sales tax revenue in 2023 compared to \$21.9 million in 2022 and \$19.8 million in 2021. There was a slight decrease in incentive-related revenues. Incentive-related revenues include interest derived from loans and capital leases made to qualifying enterprises together with revenues from operating leases. Incentive-related revenues decreased to \$2.1 million in 2023 from \$2.4 million in 2022 and \$2.7 million in 2021. Earnings on investments and miscellaneous revenues increased to \$2.7 million in 2023 from \$1.0 million in 2022 and \$0.7 million in 2021.

The Project Fund provides for various economic development projects and pays the debt service cost on debt issued for economic development projects. AEDC assistance can take various forms, including direct grants and business retention service contracts, loans, and financing leases. The Project Fund operating expense and non-operating revenue and expense, net totaled \$15.8 million in 2023, \$15.1 million in 2022, and \$14.6 million in 2021. During 2023, in conjunction with the incentive agreements, AEDC conveyed land with a present value of \$11,658,700 to four entities which was reported as an economic development incentive expense. The cost related to these properties was \$3,301,708, which resulted in a gain on disposal of property incentives of \$8,356,992.

In 2023, \$3.4 million was expended on direct grants and business retention service contracts with Albers Aerospace receiving \$4.0 million in a location incentive agreement, Maxor National Pharmacy Services receiving \$0.2 million for the retention/expansion of its corporate headquarters in Amarillo, Golden Spread Electric Cooperative receiving \$0.15 million for lease reimbursement, American Quarter Horse Association receiving \$.3 million for employee retention, and SSI Foods, Inc. receiving \$.3 million in leasehold improvements as a location incentive agreement. In 2022, \$5.4 million was expended on direct grants and business retention service contracts with Albers Aerospace receiving \$4.0 million in a location incentive agreement, Maxor National Pharmacy Services receiving \$0.2 million for the retention/expansion of its corporate headquarters in Amarillo, Golden Spread Electric Cooperative receiving \$0.1 million for lease reimbursement, American Quarter Horse Association receiving \$.3 million for employee retention, and SSI Foods, Inc. receiving \$.3 million in leasehold improvements as a location incentive agreement.

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2023 and 2022

Other incentive costs include loan and lease incentives and allowances, professional services and other charges, and lease property depreciation. Loan and lease incentives and allowances expense was \$19.5 million in 2023, \$6.9 million in 2022, and \$6.7 million in 2021. Loans and leases and related allowances are offered as incentives with favorable interest rates along with incentives for meeting performance requirements for potential loan and lease forgiveness. AEDC recognizes the revenue from the loans and leases as income; however, if the companies meet their performance requirements, an amount is recorded as a grant expense, which is noted here.

The Project Fund ended with net position of \$85.9 million in 2023 compared to \$74.8 million in 2022 and \$64.6 million in 2021. The AEDC regularly makes commitments to qualifying enterprises to make grants or extend credit and these commitments, if exercised by the recipients, would be paid out of the available net position. Further information regarding commitments may be found in Note 16 of the accompanying financial statements.

Capital Asset Activity

The Project Fund has the majority of capital assets for the AEDC. In 2023, Project Fund net capital assets ended the year at \$7.9 million. Regular depreciation of existing assets was \$385 thousand. Net capital assets were \$8.4 million in 2022 and \$8.9 million in 2021.

Long-Term Debt Activity

In 2007, AEDC refunded its outstanding 1998 debt of \$16.3 million and issued \$32.6 million in new debt for a total issuance of \$48.9 million with 20-year taxable debt. The 1998 bonds were refunded at more favorable terms, and the new debt was for two projects: Pacific Cheese and Bell Helicopter. In 2009 the AEDC issued \$38.8 million in 20-year taxable bonds for an expansion of the Bell Helicopter facilities and other projects. In July of 2017, AEDC issued Taxable Sales Tax Revenue Refunding Bonds, Series 2017 for \$22.5 million to refund the outstanding 2007 bonds. The refunding lowered the annual debt service payments on the 2007 debt from \$3.5 million to under \$2.4 million beginning in 2019 through 2027 when the bonds will be paid in full. In June 2019, AEDC issued the Taxable Sales Tax Revenue Refunding Bonds, Series 2019 for \$27.7 million which refunded the outstanding 2009 bonds and lowered the annual debt service payments on this debt from \$3.4 million to \$2.9 million beginning in 2020 through 2030 when the bonds will be paid in full.

Changes during the 2023 fiscal year are as follows (in thousands):

Revenue bonds (principal) outstanding at beginning of year	\$ 31,615
Principal maturities	<u>(4,410)</u>
Revenue bonds (principal) outstanding at end of year	<u>\$ 27,205</u>
Current portion of outstanding revenue bonds	\$ 4,525
Long-term portion of outstanding revenue bonds	<u>22,680</u>
Total outstanding revenue bonds (principal)	<u>\$ 27,205</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended September 30, 2023 and 2022

Request for Information

This financial report is designed to provide a general overview of the finances of AEDC. As the City serves as fiscal agent for AEDC, questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Assistant City Manager/Chief Financial Officer, City of Amarillo, P.O. Box 1971, Amarillo, Texas 79105-1971.

BASIC FINANCIAL STATEMENTS

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF NET POSITION
September 30, 2023 and 2022

	2023		
	Operating fund	Project fund	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 6,035,595	\$ 30,842,146	\$ 36,877,741
Investments, at fair value	500,000	20,742,910	21,242,910
Receivables:			
Accounts receivable	537,714	-	537,714
Lease receivable - current		520,539	520,539
Direct financing leases - current maturities	-	449,603	449,603
Accrued interest receivable - incentives	-	766,250	766,250
Accrued interest receivable - investments	6,519	219,596	226,115
Due from State of Texas (sales taxes)	262,845	1,927,534	2,190,379
Due to/from other funds	(576,310)	576,310	-
Economic development loans - current portion	-	5,997,740	5,997,740
Prepays and other current assets	48,123	500,000	548,123
Total current assets	<u>6,814,486</u>	<u>62,542,628</u>	<u>69,357,114</u>
RESTRICTED ASSETS			
Cash and cash equivalents	-	5,227,557	5,227,557
Total restricted assets	<u>-</u>	<u>5,227,557</u>	<u>5,227,557</u>
CAPITAL ASSETS			
Buildings and improvements	-	11,257,819	11,257,819
Accumulated depreciation	-	(3,709,534)	(3,709,534)
Contributed right of way easements	-	17,947	17,947
Equipment	197,964	-	197,964
Accumulated depreciation	(80,395)	-	(80,395)
Right-to-use lease assets	789,384	-	789,384
Accumulated amortization	(142,960)	-	(142,960)
Total capital assets, net	<u>763,993</u>	<u>7,566,232</u>	<u>8,330,225</u>
OTHER ASSETS			
Lease receivable - less current	-	3,081,241	3,081,241
Economic development loans (net of allowances for development credits and uncollectibles) less current maturities	-	23,242,075	23,242,075
Direct financing leases less current maturities	-	2,759,681	2,759,681
Land held for future incentives	-	16,879,625	16,879,625
Total other assets	<u>-</u>	<u>45,962,622</u>	<u>45,962,622</u>
TOTAL ASSETS	<u>\$ 7,578,479</u>	<u>\$ 121,299,039</u>	<u>\$ 128,877,518</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB	\$ 37,061	\$ -	\$ 37,061
Deferred outflows related to TMRS	180,036	-	180,036
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 217,097</u>	<u>\$ -</u>	<u>\$ 217,097</u>

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF NET POSITION (CONTINUED)
September 30, 2023 and 2022

	2023		
	Operating fund	Project fund	Total
LIABILITIES			
CURRENT LIABILITIES			
Vouchers and accounts payable	\$ 85,568	\$ 520,716	\$ 606,284
Due to other governments	139,019	-	139,019
Accrued expenses	37,102	-	37,102
Right-to-use lease liability - current	71,961	-	71,961
Notes payable - current	15,797	-	15,797
Grants payable - current	-	4,000,000	4,000,000
Revenue bonds - current maturities	-	4,525,000	4,525,000
Total current liabilities	<u>349,447</u>	<u>9,045,716</u>	<u>9,395,163</u>
LIABILITIES PAYABLE FROM RESTRICTED ASSETS			
Accrued interest	-	104,183	104,183
Total liabilities payable from restricted assets	<u>-</u>	<u>104,183</u>	<u>104,183</u>
OTHER LIABILITIES			
Net OPEB liability	78,704	-	78,704
Net pension liability	131,379	-	131,379
Right-to-use lease liability - long-term	630,356	-	630,356
Notes payable - long-term	34,229	-	34,229
Revenue bonds less current maturities	-	22,680,000	22,680,000
Provision for compensated absences	260,958	-	260,958
Total other liabilities	<u>1,135,626</u>	<u>22,680,000</u>	<u>23,815,626</u>
Total liabilities	<u>1,485,073</u>	<u>31,829,899</u>	<u>33,314,972</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to the net OPEB	\$ 11,910	\$ -	\$ 11,910
Deferred inflows related to TMRS	5,791	-	5,791
Deferred inflows related to lease receivable	-	3,593,394	3,593,394
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 17,701</u>	<u>\$ 3,593,394</u>	<u>\$ 3,611,095</u>
NET POSITION			
Net investment in capital assets	\$ 713,968	\$ 7,980,987	\$ 8,694,955
Restricted for:			
Revenue bond debt service/capital projects	-	5,123,374	5,123,374
Unrestricted	5,578,834	72,771,385	78,350,219
TOTAL NET POSITION	<u>\$ 6,292,802</u>	<u>\$ 85,875,746</u>	<u>\$ 92,168,548</u>

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

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF NET POSITION
September 30, 2023 and 2022

	2022 (restated)		
	Operating fund	Project fund	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 4,492,159	\$ 14,031,192	\$ 18,523,351
Investments, at fair value	500,000	25,418,925	25,918,925
Receivables:			
Accounts receivable	223,120	-	223,120
Lease receivable - current	-	515,434	515,434
Direct financing leases - current maturities	-	425,022	425,022
Accrued interest receivable - incentives	-	930,719	930,719
Accrued interest receivable - investments	2,933	92,553	95,486
Due from State of Texas (sales taxes)	250,091	1,834,000	2,084,091
Due to/from other funds	245,506	(245,506)	-
Economic development loans - current portion	-	5,801,115	5,801,115
Prepays and other current assets	45,635	-	45,635
Total current assets	<u>5,759,444</u>	<u>48,803,454</u>	<u>54,562,898</u>
RESTRICTED ASSETS			
Cash and cash equivalents	-	5,990,920	5,990,920
Total restricted assets	<u>-</u>	<u>5,990,920</u>	<u>5,990,920</u>
CAPITAL ASSETS			
Buildings and improvements	-	12,963,526	12,963,526
Accumulated depreciation	-	(4,558,923)	(4,558,923)
Contributed right of way easements	-	17,947	17,947
Equipment	201,042	-	201,042
Accumulated depreciation	(66,314)	-	(66,314)
Right-to-use lease assets	789,384	-	789,384
Accumulated amortization	(68,372)	-	(68,372)
Construction in progress	-	7,364	7,364
Total capital assets, net	<u>855,740</u>	<u>8,429,914</u>	<u>9,285,654</u>
OTHER ASSETS			
Net pension asset	6,567	-	6,567
Lease receivable - less current	-	3,601,780	3,601,780
Economic development loans (net of allowances for development credits and uncollectibles) less current maturities	-	28,624,727	28,624,727
Direct financing leases less current maturities	-	3,221,575	3,221,575
Land held for future incentives	-	20,546,208	20,546,208
Total other assets	<u>6,567</u>	<u>55,994,290</u>	<u>56,000,857</u>
TOTAL ASSETS	<u>\$ 6,621,751</u>	<u>\$ 119,218,578</u>	<u>\$ 125,840,329</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to OPEB liability	\$ 31,586	-	\$ 31,586
Deferred outflows related to TMRS liability	96,215	-	96,215
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 127,801</u>	<u>\$ -</u>	<u>\$ 127,801</u>

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF NET POSITION (CONTINUED)
September 30, 2023 and 2022

	2022 (restated)		
	Operating fund	Project fund	Total
LIABILITIES			
CURRENT LIABILITIES			
Vouchers and accounts payable	\$ 93,425	\$ 596,192	\$ 689,617
Due to other funds	181,803	-	181,803
Accrued expenses	31,904	-	31,904
Right-to-use lease liability - current	69,760	-	69,760
Notes payable - current	15,797	-	15,797
Grants payable - current	-	4,000,000	4,000,000
Revenue bonds - current maturities	-	4,410,000	4,410,000
Total current liabilities	<u>392,689</u>	<u>9,006,192</u>	<u>9,398,881</u>
LIABILITIES PAYABLE FROM RESTRICTED ASSETS			
Accrued interest	-	118,917	118,917
Total liabilities payable from restricted assets	<u>-</u>	<u>118,917</u>	<u>118,917</u>
OTHER LIABILITIES			
Net OPEB liability	64,389	-	64,389
Right-to-use lease liability - long-term	702,317	-	702,317
Notes payable - long-term	50,026	-	50,026
Grants payable - long-term	-	4,000,000	4,000,000
Revenue bonds less current maturities	-	27,205,000	27,205,000
Provision for compensated absences	260,958	-	260,958
Total other liabilities	<u>1,077,690</u>	<u>31,205,000</u>	<u>32,282,690</u>
TOTAL LIABILITIES	<u>1,470,379</u>	<u>40,330,109</u>	<u>41,800,488</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to the net OPEB liability	\$ 19,498	\$ -	\$ 19,498
Deferred inflows related to TMRS liability	65,201	-	65,201
Deferred inflows related to lease receivable	-	4,123,007	4,123,007
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 84,699</u>	<u>\$ 4,123,007</u>	<u>\$ 4,207,706</u>
NET POSITION			
Net investment in capital assets	\$ 17,840	\$ 8,422,551	\$ 8,440,391
Restricted for:			
Revenue bond debt service/capital projects	-	5,872,003	5,872,003
Unrestricted	5,176,634	60,470,908	65,647,542
TOTAL NET POSITION	<u>\$ 5,194,474</u>	<u>\$ 74,765,462</u>	<u>\$ 79,959,936</u>

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

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
September 30, 2023 and 2022

	2023		
	Operating fund	Project fund	Total
OPERATING REVENUES			
Sales taxes	\$ 3,017,955	\$ 22,131,668	\$ 25,149,623
Earnings on investments	216,419	2,649,640	2,866,059
Incentive loan and lease interest and discounts	-	2,100,000	2,100,000
Rentals	-	1,706	1,706
Professional service agreement	224,415	-	224,415
Miscellaneous revenue	354	48,200	48,554
Total operating revenues	<u>3,459,143</u>	<u>26,931,214</u>	<u>30,390,357</u>
OPERATING EXPENSES			
Direct development expenses			
Business retention service contract	-	3,433,336	3,433,336
Loan and lease incentives and allowances	-	19,465,186	19,465,186
Professional services	-	517,973	517,973
Other charges	-	341,878	341,878
Bond interest and fiscal charges	-	923,358	923,358
Depreciation and amortization	-	384,719	384,719
Total direct development expenses	<u>-</u>	<u>25,066,450</u>	<u>25,066,450</u>
Supporting services			
Salaries, wages and fringe benefits	1,486,412	-	1,486,412
Advertising and promotion	486,793	-	486,793
Other contractual services	133,653	-	133,653
Supplies	23,246	-	23,246
Other charges	115,595	-	115,595
Interest expense	10,468	-	10,468
Depreciation and amortization	100,852	-	100,852
Total supporting services	<u>2,357,019</u>	<u>-</u>	<u>2,357,019</u>
Total operating expenses	<u>2,357,019</u>	<u>25,066,450</u>	<u>27,423,469</u>
Operating income	<u>1,102,124</u>	<u>1,864,764</u>	<u>2,966,888</u>
NONOPERATING REVENUES (EXPENSES)			
Capital assets contributed to the City	-	(762,796)	(762,796)
Grant revenue	-	581,102	581,102
Gain (loss) on property and property incentives	(3,796)	9,127,509	9,123,713
Net increase (decrease) in fair value of investments	-	299,705	299,705
Total nonoperating revenues (expenses)	<u>(3,796)</u>	<u>9,245,520</u>	<u>9,241,724</u>
Changes in net position	1,098,328	11,110,284	12,208,612
NET POSITION, BEGINNING OF YEAR	<u>5,194,474</u>	<u>74,765,462</u>	<u>79,959,936</u>
NET POSITION, END OF YEAR	<u>\$ 6,292,802</u>	<u>\$ 85,875,746</u>	<u>\$ 92,168,548</u>

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

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
September 30, 2023 and 2022

	2022 (restated)		
	Operating fund	Project fund	Total
OPERATING REVENUES			
Sales taxes	\$ 2,979,553	\$ 21,850,057	\$ 24,829,610
Earnings on investments	15,370	383,794	399,164
Incentive loan and lease interest and discounts	-	2,387,151	2,387,151
Rentals	-	549,559	549,559
Professional service agreement	223,120	-	223,120
Miscellaneous revenue	108	100,000	100,108
Total operating revenues	<u>3,218,151</u>	<u>25,270,561</u>	<u>28,488,712</u>
OPERATING EXPENSES			
Direct development expenses			
Business retention service contract	-	5,413,716	5,413,716
Loan and lease incentives and allowances	-	6,935,083	6,935,083
Professional services	-	784,899	784,899
Other charges	-	210,765	210,765
Bond interest and fiscal charges	-	1,032,411	1,032,411
Depreciation and amortization	-	441,633	441,633
Total direct development expenses	<u>-</u>	<u>14,818,507</u>	<u>14,818,507</u>
Supporting services			
Salaries, wages and fringe benefits	1,386,572	-	1,386,572
Advertising and promotion	561,220	-	561,220
Other contractual services	133,577	-	133,577
Supplies	31,581	-	31,581
Other charges	118,446	-	118,446
Interest expense	9,304	-	9,304
Depreciation and amortization	96,174	-	96,174
Total supporting services	<u>2,336,874</u>	<u>-</u>	<u>2,336,874</u>
Total operating expenses	<u>2,336,874</u>	<u>14,818,507</u>	<u>17,155,381</u>
Operating income	<u>881,277</u>	<u>10,452,054</u>	<u>11,333,331</u>
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on disposal of property	3,745	-	3,745
Net increase (decrease) in fair value of investments	-	(306,252)	(306,252)
Total nonoperating revenues (expenses)	<u>3,745</u>	<u>(306,252)</u>	<u>(302,507)</u>
Changes in net position	885,022	10,145,802	11,030,824
NET POSITION, BEGINNING OF YEAR	<u>4,309,452</u>	<u>64,619,660</u>	<u>68,929,112</u>
NET POSITION, END OF YEAR	<u>\$ 5,194,474</u>	<u>\$ 74,765,462</u>	<u>\$ 79,959,936</u>

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

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
September 30, 2023 and 2022

	2023		
	Operating fund	Project fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Sales taxes	\$ 3,005,201	\$ 22,038,134	\$ 25,043,335
Interest collections on development loans	-	167,912	167,912
Rentals and maintenance deposits collected	-	(12,473)	(12,473)
Interest received on investments	212,833	1,676,501	1,889,334
Other cash receipts	(89,825)	48,200	(41,625)
Cash paid on direct grants for qualifying projects	-	(7,430,362)	(7,430,362)
Interest expense and fiscal charges	(10,468)	(938,092)	(948,560)
Cash payments to suppliers for goods and services	166,859	(1,665,127)	(1,498,268)
Cash payments to employees for services	(1,642,706)	-	(1,642,706)
Net cash provided by operating activities	<u>1,641,894</u>	<u>13,884,693</u>	<u>15,526,587</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of property and equipment	(12,901)	(755,434)	(768,335)
Acquisition of leased property and equipment	(69,760)	-	(69,760)
Acquisition of land for future incentives	-	-	-
Receipts from nonoperating federal revenue	-	581,102	581,102
Direct financing loan originations	-	(270,201)	(270,201)
Principal collection on development loans	-	1,172,491	1,172,491
Principal paid on revenue maturities	-	(4,410,000)	(4,410,000)
Principal paid on notes payable	(15,797)	-	(15,797)
Proceeds on sale of assets	-	844,940	844,940
Net cash used by capital and related financing activities	<u>(98,458)</u>	<u>(2,837,102)</u>	<u>(2,935,560)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	1,000,000	44,750,000	45,750,000
Purchases of investment securities	(1,000,000)	(39,750,000)	(40,750,000)
Net cash provided by investing activities	<u>-</u>	<u>5,000,000</u>	<u>5,000,000</u>
Net increase in cash and cash equivalents	1,543,436	16,047,591	17,591,027
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>4,492,159</u>	<u>20,022,112</u>	<u>24,514,271</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 6,035,595</u>	<u>\$ 36,069,703</u>	<u>\$ 42,105,298</u>

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS (CONTINUED)
September 30, 2023 and 2022

	2023		
	Operating fund	Project fund	Total
RECONCILIATION OF NET REVENUES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net revenues and support over (under) expenses	\$ 1,102,124	\$ 1,864,764	\$ 2,966,888
Adjustments to reconcile net revenues to net cash provided (used) by operating activities:			
Depreciation	26,264	384,719	410,983
Amortization	74,588	-	74,588
Deferred outflows of financial resources related to OPEB	(5,475)	-	(5,475)
Deferred outflows of financial resources related to TMRS	(83,821)	-	(83,821)
Deferred inflows of financial resources related to OPEB	(7,588)	-	(7,588)
Deferred inflows of financial resources related to TMRS	(59,410)	-	(59,410)
Deferred inflows of financial resources related to leases	-	(529,613)	(529,613)
Amortization of premium/discount relating to investments	-	(24,280)	(24,280)
Loan and lease incentives and allowances	-	17,371,603	17,371,603
Change in:			
Accounts receivable	(314,594)	-	(314,594)
Right-to-use lease receivable	-	515,434	515,434
Accrued interest receivable - incentives	-	164,469	164,469
Accrued interest receivable - investments	(3,586)	(127,043)	(130,629)
Due from other governmental agencies	(12,754)	(93,535)	(106,289)
Prepays and other current assets	(2,488)	(500,000)	(502,488)
Vouchers and accounts payable and retainage payable	(7,857)	(305,275)	(313,132)
Grants payable	-	(4,000,000)	(4,000,000)
Due to other funds	779,032	-	779,032
Due from other funds	-	(821,816)	(821,816)
Accrued interest payable	-	(14,734)	(14,734)
Other accrued expenses	5,198	-	5,198
Pension liability	14,315	-	14,315
Accrued post retirement benefits	137,946	-	137,946
Provision for compensated absences	-	-	-
Net cash provided by operating activities	<u>\$ 1,641,894</u>	<u>\$ 13,884,693</u>	<u>\$ 15,526,587</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Capital Contributed to the City	\$ -	\$ 762,796	\$ 762,796
Unrealized gain (loss) on fair value of investments	\$ -	\$ 299,705	\$ 299,705
Gain on property incentives	\$ -	\$ 8,357,029	\$ 8,357,029

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

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
September 30, 2023 and 2022

	2022 (restated)		
	Operating fund	Project fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Sales taxes	\$ 2,953,873	\$ 21,661,738	\$ 24,615,611
Interest collections on development loans	-	199,360	199,360
Rentals and maintenance deposits collected	-	530,230	530,230
Interest received on investments	12,728	527,896	540,624
Other cash receipts	205,694	100,000	305,694
Cash paid on direct grants for qualifying projects	-	(10,413,715)	(10,413,715)
Interest expense and fiscal charges	(9,304)	(1,046,225)	(1,055,529)
Cash payments to suppliers for goods and services	(1,029,150)	(730,710)	(1,759,860)
Cash payments to employees for services	(1,298,701)	-	(1,298,701)
Net cash provided by operating activities	<u>835,140</u>	<u>10,828,574</u>	<u>11,663,714</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of property and equipment	(89,718)	(7,364)	(97,082)
Acquisition of leased property and equipment	(17,307)	-	(17,307)
Acquisition of land for future incentives	-	(8,629,876)	(8,629,876)
Direct financing loan originations, net	-	(218,846)	(218,846)
Principal collection on development loans	-	1,262,474	1,262,474
Principal collection on direct financing leases	-	-	-
Principal paid on revenue maturities	-	(4,300,000)	(4,300,000)
Bond proceeds on refunding	-	-	-
Principal payments	(13,164)	-	(13,164)
Proceeds on borrowing	78,987	-	78,987
Net cash used by capital and related financing activities	<u>(41,202)</u>	<u>(11,893,612)</u>	<u>(11,934,814)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	1,500,000	40,500,000	42,000,000
Purchases of investment securities	(1,500,000)	(50,454,140)	(51,954,140)
Net cash used by investing activities	<u>-</u>	<u>(9,954,140)</u>	<u>(9,954,140)</u>
Net increase (decrease) in cash and cash equivalents	793,938	(11,019,178)	(10,225,240)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>3,698,221</u>	<u>31,041,290</u>	<u>34,739,511</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 4,492,159</u>	<u>\$ 20,022,112</u>	<u>\$ 24,514,271</u>

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS (CONTINUED)
September 30, 2023 and 2022

	2022 (restated)		
	Operating fund	Project fund	Total
RECONCILIATION OF NET REVENUES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net revenues and support over (under) expenses	\$ 881,277	\$ 10,452,054	\$ 11,333,331
Adjustments to reconcile net revenues to net cash provided (used) by operating activities:			
Depreciation	27,802	441,633	469,435
Amortization	68,372	-	68,372
Deferred outflows of financial resources related to OPEB	(2,198)	-	(2,198)
Deferred outflows of financial resources related to TMRS	(5,351)	-	(5,351)
Deferred inflows of financial resources related to OPEB	(3,816)	-	(3,816)
Deferred inflows of financial resources related to TMRS	47,214	-	47,214
Deferred inflows of financial resources related to leases	-	(529,613)	(529,613)
Amortization of premium/discount relating to investments	-	(21,037)	(21,037)
Loan and lease incentives and allowances	-	4,600,868	4,600,868
Gain (loss) on sale of assets	10,000	-	10,000
Change in:			
Accounts receivable	(17,534)	-	(17,534)
Right-to-use lease receivable	-	510,284	510,284
Accrued interest receivable - incentives	-	146,425	146,425
Accrued interest receivable - investments	(2,642)	(80,367)	(83,009)
Due from other governmental agencies	(25,680)	(188,319)	(213,999)
Prepays and other current assets	(45,635)	-	(45,635)
Vouchers and accounts payable and retainage payable	21,737	264,954	286,691
Grants payable	-	(5,000,000)	(5,000,000)
Due to other funds	(63,709)	-	(63,709)
Due from other funds	-	245,506	245,506
Accrued interest payable	-	(13,814)	(13,814)
Other accrued expenses	(38,027)	-	(38,027)
Pension liability	8,857	-	8,857
Accrued post retirement benefits	(77,549)	-	(77,549)
Provision for compensated absences	52,022	-	52,022
Net cash provided by operating activities	<u>\$ 835,140</u>	<u>\$ 10,828,574</u>	<u>\$ 11,663,714</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Unrealized gain (loss) on fair value of investments	\$ -	\$ (306,252)	\$ (306,252)

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

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Amarillo Economic Development Corporation (AEDC) is a governmental organization created in 1990 under provisions of the Development Corporation Act of the State of Texas, funded by a 1/2-percent sales tax. In November 1989, Amarillo became the second city in Texas to approve the economic development sales tax, which was newly authorized by state statute.

AEDC is governed by a five-member Board of Directors appointed by the Amarillo City Council. AEDC's annual operating budget, as well as projects undertaken by it, is subject to approval by the Amarillo City Council. Because of this oversight responsibility, AEDC is considered to be a component unit of the City of Amarillo (City), and in accordance with Governmental Accounting Standards Board (GASB) Statement No 61, *The Financial Reporting Entity*, its financial affairs are included in the City's annual comprehensive financial report as a discretely-presented entity. Based on the nature of its major revenues, it is included in the City's governmental funds presentation.

AEDC carries out its development activities in a variety of ways, including leasing facilities and making loans or grants to qualifying enterprises, as well as supporting research and promotional activities in the Amarillo area.

Basis of Presentation

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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. AEDC has a deferred outflow related to both the Net Other Postretirement Liability (OPEB) and the Texas Municipal Retirement System Liability (TMRS). See Notes 13 and 14 for additional information.

In addition to liabilities, the statement of financial position will sometimes report 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. AEDC has a deferred inflow related to the Lease Receivable, the OPEB Liability, and the TMRS Liability. See Notes 8, 13, and 14 for additional information.

Net Position

AEDC follows the provisions of Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34 established a financial reporting model for state and local governments that included the addition of management's discussion and analysis, government-wide financial statements, required supplementary information and the elimination of the

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net Position (Continued)

effects of internal service activities and the use of account groups. It requires the classification of net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Net investment in capital assets* – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted net position* – This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (i.e., through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – This component of net position consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net related debt."

As a management control device, the Board has adopted a policy of dividing the accounts into two self-balancing funds, each of which is considered to be a separate accounting entity. The Operating Fund accounts for general and administrative expenses, and the Board has allocated 12% of the sales tax revenues to fund such expenses. The Project Fund accounts for direct funding of development projects, expenses directly related to specific development projects, and grants to selected governmental or nonprofit organizations in support of those entities' qualifying activities.

When restricted resources are available for use, it is AEDC's policy to use restricted resources first, followed by unrestricted amounts.

Basis of Accounting

Because it has been AEDC's intent to affect a substantial portion of its economic incentives by leasing and revolving loan activities, periodic determination of revenues, expenses, and net income has been deemed appropriate. Consequently, AEDC has adopted accounting policies similar to those of private business enterprises and proprietary funds of governmental entities. Revenues are recognized when earned, and expenses are recognized when incurred.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Depreciation is recorded as a charge against operations. Economic development grants and incentives are accounted for as expenses, and sales taxes used to fund such activities are accounted for as revenues for both its Operating Fund and Project Fund. The measurement focus applied is the flow of economic resources. AEDC applies all applicable GASB pronouncements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Holdings of money market funds and 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, are considered to be cash equivalents.

Investments and Investment Income

AEDC follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Under GASB Statement No. 31, investments generally are reported at fair value, and all investment income, including changes in the fair value of investments, is recognized as revenue in the statement of revenues, expenses and changes in net position.

Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair value. Investments, excluding assets whose use is limited, have been classified as current assets in the accompanying basic financial statements. The specific identification method of determining cost is used to calculate realized gain or loss. Donated investments are recorded at fair value at the date of receipt.

Receivables

Development loan receivables are reported at their stated principal amounts, reduced by the estimated effect of potential interest waivers to be granted for job creation accomplishments, as well as by an allowance for uncollectible amounts. Direct financing leases are reported at the lower of AEDC'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.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Effective October 1, 2021, AEDC implemented GASB No. 87, Leases. As the lessee, AEDC 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 AEDC 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 AEDC's right to use an underlying asset during the lease term and the lease liability represents AEDC'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. AEDC uses its incremental borrowing rate based on information available at lease commencement in determining the present value of unpaid lease payments. As the lessor, AEDC 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 AEDC's leases are provided at Note 8.

Prepaid Assets and Other Current Assets

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as a prepaid item. As of September 30, 2023 and 2022, prepaids and other current assets totaled \$548,123 and \$45,635, respectively. During 2023, AEDC paid \$750,000 to Amarillo Global Food Hub for membership dues for 2023, 2024 and 2025. At September 30, 2023, \$500,000 was reported as a prepaid in the Project Fund.

Restricted Assets and Liabilities

Assets legally restricted by bond covenants and liabilities payable from those assets are separated in the financial statements, and net balances, if any, are reported as reserved net position.

Capital Assets

All capital assets are stated at historical cost or at fair market value when received, if contributed.

Depreciation has been provided over the estimated useful lives using the straight-line method and is charged as an expense against operations. The estimated useful lives are as follows:

Hangars and other buildings	30 years
Office furnishings and equipment	10 to 30 years

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 Plan's fiduciary net position have been determined on the same basis as they are reported by the

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits (Continued)

Plan. For purpose, the Plan recognizes benefit payments when due and payable, in accordance with the benefit terms. Investments are reported at fair value and are held in a trust.

Operating and Nonoperating Revenues

AEDC distinguishes operating revenue and expense from nonoperating items. Sales tax revenue and earnings on investments are classified as operating revenue.

Sales Taxes

Sales taxes are recognized as revenues in the month in which sales tax returns are filed with the State Comptroller. Such returns generally report taxes that were collected by the remitter in the immediately preceding month.

Professional Service Agreement

AEDC entered into a Professional Service Agreement with a Texas Nonprofit Corporation in January 2011 in which AEDC will provide various administrative and office services for the nonprofit corporation. The nonprofit corporation will reimburse AEDC on an annual basis for all expenses paid, including employee salaries. The total amount paid to AEDC cannot exceed a budgeted amount of \$237,000 and \$223,120 for the years ended 2023 and 2022, respectively. The amount of professional service agreement revenue recognized by AEDC during 2023 and 2022 was \$224,415 and \$223,120, respectively.

Grants

Grants are recorded as expenses and liabilities at the time recipients are entitled to them, which normally occurs when the funds are approved by the Amarillo City Council. Grants subject to significant performance criteria are recorded when the funds are disbursed or the criteria satisfied, whichever is earlier. Because usually no objective basis would be available for valuation of refunds owed by grantees for failure to satisfy performance criteria, AEDC's policy is to defer recognition of grant forfeitures as income until refunds are collected in cash or by negotiable notes.

Advertising

AEDC expenses the production costs of advertising at the date at which it incurs a liability with respect to such costs. Similarly, the costs of communicating advertisements that have been produced are recognized as expenses in full when performance has occurred.

Income Taxes

Because AEDC is a component unit of the City and its revenues are related to its public purpose, any net revenues of AEDC are exempt from federal income tax under Section 115 of the Internal Revenue Code.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts have been reclassified in 2022 to agree to the current presentation.

NOTE 2 - DEPOSITS AND INVESTMENTS

The City serves as AEDC's fiscal agent. Under the arrangement, AEDC's deposits and investments are accounted for by the City as an agency fund, and its uninvested cash is held in the City's depository in the City's name as agent for AEDC. AEDC's cash in banks was \$1,774,940 and \$2,702,949 at September 30, 2023 and 2022, respectively. As provided for under the laws of the State of Texas, all of the City's deposits, including the deposits of its agency funds, to the extent not insured by Federal depository insurance, are secured by a bond.

Investments

All investments are administered by the City's management under terms of an investment policy and strategy that is updated to conform to the Texas Public Funds Investment Act as last amended. The preservation of capital is AEDC's most important investment objective. Other objectives include providing liquidity and maximizing earnings within the constraints of the other objectives.

Under AEDC'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 AEDC's investment securities was 0.27 years.

AEDC will only invest in the following types of securities:

- Bank money market funds and other interest-bearing accounts at AEDC's authorized depository.
- Direct obligations of the United States government.
- Obligations of agencies and instrumentalities of the United States, limited to 70% of the portfolio reduced by the percentage invested in commercial paper.
- Highly rated investment pools and no-load money market mutual funds.
- Taxable municipal bonds, limited to 10% of the portfolio.
- For bond proceeds only, fully collateralized, flexible, repurchase agreements.

Interest Rate Risk: In accordance with the Investment Policy, AEDC manages its exposure to declines in fair values by limiting the weighted average maturity of the investment portfolio to less than twelve months and that 80% of the portfolio must be in investments with maturities of two years or less. Also, as stated in the Investment Policy, AEDC will not borrow funds using investment securities as collateral; will not take a position in a security for speculation, and AEDC uses a buy-and-hold strategy for most investments.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Credit Risk: AEDC invests in direct obligations of the United States and obligations of agencies and instrumentalities of the United States. These investments are AAA-rated (or equivalent by a nationally recognized credit rating agency). The Policy also allows for the investment in taxable municipal securities rated not less than AA (or equivalent). AEDC does not have any taxable municipal security investments at this time. AEDC does invest in a treasury only 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, AEDC 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. AEDC has a tri-party agreement with the depository and a third-party financial institution (Federal Reserve Bank) that holds pledged collateral in a separate custody account for the benefit of AEDC. All AEDC deposits are fully collateralized by these pledged securities.

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

A summary of investment securities of AEDC at September 30, 2023 and the corresponding weighted average maturity is shown below.

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money market mutual funds	\$ 39,874,630	-
CDARS	16,250,000	.24
U.S. government and agency	<u>4,992,910</u>	<u>.03</u>
Total investments at fair value	61,117,540	.27
Classified as cash and cash equivalents for financial reporting	<u>(39,874,630)</u>	<u>-</u>
Net investments	<u>\$ 21,242,910</u>	<u>.27</u>

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

A summary of investment securities of AEDC at September 30, 2022 and the corresponding weighted average maturity is shown below.

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Money market mutual funds	\$ 21,575,647	-
CDARS	16,250,000	.24
U.S. government and agency	<u>9,668,925</u>	<u>.85</u>
Total investments at fair value	47,494,572	1.09
Classified as cash and cash equivalents for financial reporting	<u>(21,575,647)</u>	<u>-</u>
Net investments	<u>\$ 25,918,925</u>	<u>1.09</u>

NOTE 3 - FAIR VALUE MEASUREMENTS

AEDC follows GASB Statement No. 72, *Fair Value Measurements and Applications*, as guidance on fair value measurements. 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.

AEDC uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, AEDC 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.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
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NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)

Assets Measured at Fair Value on a Recurring Basis

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>September 30, 2023:</u>				
Money Market Mutual Funds	\$ 39,874,630	\$ —	\$ 39,874,630	\$ —
CDARS	16,250,000	—	16,250,000	—
U.S. government and agency	<u>4,992,910</u>	<u>4,992,910</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 61,117,540</u>	<u>\$ 4,992,910</u>	<u>\$ 56,124,630</u>	<u>\$ —</u>
<u>September 30, 2022:</u>				
Money Market Mutual Funds	\$ 21,575,647	\$ —	\$ 21,575,647	\$ —
CDARS	16,250,000	—	16,250,000	—
U.S. government and agency	<u>9,668,925</u>	<u>9,668,925</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 47,494,572</u>	<u>\$ 9,668,925</u>	<u>\$ 37,825,647</u>	<u>\$ —</u>

For the valuation of certain U.S. government and agency obligations at September 30, 2023 and 2022, AEDC used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

For the valuation of CDARS and money market mutual funds at September 30, 2023 and 2022, AEDC used significant other observable inputs as of the valuation date, particularly dealer market price for comparable investments as of the valuation date (Level 2).

A summary of investments classified according to any restrictions at September 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Unrestricted cash and cash equivalents and investments	<u>\$ 61,117,540</u>	<u>\$ 47,494,572</u>
Total investments	<u>\$ 61,117,540</u>	<u>\$ 47,494,572</u>

There were no fair values of assets and liabilities measured on a nonrecurring basis at September 30, 2023 and 2022.

NOTE 4 - ECONOMIC DEVELOPMENT LOANS

As one type of economic development program, AEDC has made a number of loans to industrial enterprises under arrangements that waive up to 100% of the stated principal and interest on such loans, if performance requirements are met. Because AEDC's expectation is that the job creation accomplishments will be at the maximum projected amounts, resulting in full waiver of the stated interest, the maximum potential allowances are recognized as development expenses in the periods in which the loans are made.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
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NOTE 4 - ECONOMIC DEVELOPMENT LOANS (CONTINUED)

In August 1998, Bell Helicopter, the world's leading producer of helicopters, announced its selection of Amarillo as the site for its new tiltrotor helicopter plant, based partly on incentives offered by AEDC. The incentive package included manufacturing facilities financed by sales-tax-backed bonds up to a total amount of \$34 million, industrial revenue bonds up to a total amount of \$8 million, cash of up to \$5 million for site acquisition and employee training and relocation. Bell's obligations were originally lease agreements which were sufficient to service the construction debt, but if job creation goals are met, the resulting incentive credits could fully discharge Bell's payment obligations.

In 1999 and 2000 the first phase of this project, a hangar and an aircraft assembly building, were completed with a lease term of 20 years. Bell met all job credit requirements and invoked their purchase option in fiscal year ended September 30, 2019.

During 2019, all other Bell leases were converted to notes receivable. As with the leases, all payments can be waived if job credit requirements are met. Bell has consistently met all job credit requirements since the leases, and now notes receivable began. As of September 30, 2023, the notes receivable consist 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, with a stated interest of 0% and a discount rate of 6%. The annual note payment is \$528,500 through 2025. As of September 30, 2023 and 2022, the balance outstanding was \$968,948 and \$1,412,687, respectively.
- 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, with a stated interest of 0% and a discount rate of 6%. The annual note payment is \$711,718 through 2026. As of September 30, 2023 and 2022 there was a balance outstanding of \$1,902,432 and \$2,466,180, respectively.
- 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, with a stated interest of 0% and a discount rate of 6%. The annual note payment is \$751,446 through 2026. As of September 30, 2023 and 2022 there was a balance outstanding of \$2,008,624 and \$2,603,840, respectively.
- 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, with a stated interest of 0% and a discount rate of 6%. The annual note payment is \$1,366,249 through 2030. As of September 30, 2023 and 2022 there was a balance outstanding of \$7,626,925 and \$8,484,126, respectively.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
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September 30, 2023 and 2022

NOTE 4 - ECONOMIC DEVELOPMENT LOANS (CONTINUED)

- 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, with a stated interest of 0% and a discount rate of 6%. The annual note payment is \$1,912,360 through 2031. As of September 30, 2023 and 2022 there was a balance outstanding of \$11,875,363 and \$13,007,287, respectively.
- 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 and 2022, there were two loans outstanding to other enterprises of \$1,182,045 and \$2,332,133, respectively, both of these loans have a stated interest rate of 0% and one loan has a discount rate of 5.25% while the other loan has a discount rate of 5.75%. Additionally, at September 30, 2023 and 2022, there were Enterprize program loans of \$857,116 and \$670,173, respectively, all Enterprize loans have stated interest rates of 0% and discount rates of 5.25%. There is also a note receivable of \$189,380 and \$243,056, respectively, for the repayment of a prior loan, that has an interest rate of 3.50% and no discount rate.

In fiscal year 2015, approximately 48 acres of land in AEDC's Centerport complex was deeded to a wind tower manufacturer. The note receivable for this portion of the project commenced on February 15, 2021, with a term of seven years and an annual note payment of \$274,286. In fiscal year 2017, AEDC released construction assets to the wind tower manufacturer. The note receivable for this portion of the project commenced on February 15, 2021, with a term of seven years and an annual note payment of \$471,429. Per the terms of the location incentive and loan agreement, annual payments due may be fully or partially waived if job creation goals are met. In fiscal year 2021, AEDC determined the first-year performance measures were met and therefore fully waived the first annual note payment due on February 15, 2021, for both portions of the project. At September 30, 2023 and 2022, the note receivable principal balance outstanding was \$966,979 and \$1,179,348, respectively, for the land portion and \$1,662,002 and \$2,027,012, respectively, for the construction assets for a total note receivable balance of \$2,628,981 and \$3,206,360, respectively.

No provision has been made at September 30, 2023 and 2022, respectively, for uncollectible loans as management deems all loans as collectible or fully collateralized.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 4 - ECONOMIC DEVELOPMENT LOANS (CONTINUED)

An analysis of loans and the related valuation allowances is as follows:

	<u>2023</u>	<u>2022</u>
Principal balances	\$29,239,815	\$ 34,425,842
Allowance for uncollectible loans	<u>-</u>	<u>-</u>
Loans, net of allowances	<u>\$29,239,815</u>	<u>\$ 34,425,842</u>

Loans are further analyzed as follows:

	<u>2023</u>	<u>2022</u>
Current maturities	\$ 5,997,740	\$ 5,801,115
Noncurrent maturities	<u>23,242,075</u>	<u>28,624,727</u>
Loans, net of allowances	<u>\$29,239,815</u>	<u>\$ 34,425,842</u>

Loan activity during the period is summarized as follows:

	<u>2023</u>	<u>2022</u>
Principal balances at beginning of year	\$34,425,842	\$ 39,476,781
Increase for new loans	500,000	399,000
Modifications to loans	-	-
Adjustment for cash payments and credits	<u>(5,686,027)</u>	<u>(5,449,939)</u>
Principal balances at end of year	<u>\$29,239,815</u>	<u>\$ 34,425,842</u>

Accrued interest receivable on the loans is \$766,250 and \$930,719 at September 30, 2023 and 2022, respectively.

AEDC's notes receivable consist of twenty-nine and twenty-five instruments at September 30, 2023 and 2022, respectively:

<u>September, 30 2023</u>	<u>Principal</u>	<u>Discount</u>	<u>Unamortized Net</u>	<u>Interest Rate</u>
Loan incentive notes receivable	\$ 34,541,977	\$ (6,348,659)	\$ 28,193,318	5.25% - 6.00%
Enterprize notes receivable	978,258	(121,141)	857,117	5.25%
Other notes receivable	189,380	-	189,380	3.50%
Total	<u>\$ 35,709,615</u>	<u>\$ (6,469,800)</u>	<u>\$ 29,239,815</u>	

<u>September, 30 2022</u>	<u>Principal</u>	<u>Discount</u>	<u>Unamortized Net</u>	<u>Interest Rate</u>
Loan incentive notes receivable	\$ 41,841,965	\$ (8,329,352)	\$ 33,512,613	5.25% - 6.00%
Enterprize notes receivable	763,030	(92,857)	670,173	5.25%
Other notes receivable	243,056	-	243,056	3.50%
Total	<u>\$ 42,848,051</u>	<u>\$ (8,422,209)</u>	<u>\$ 34,425,842</u>	

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 5 - 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 can be fully waived if job creation goals are met. At September 30, 2023 and 2022, AEDC's net investment in this lease, less discount for jobs credits, was \$3,209,284 and \$3,646,597, respectively.

Future noncancelable commitments of the tenants under these arrangements are as follows:

<u>Year ending</u> <u>September 30,</u>	
2024	\$ 630,000
2025	630,000
2026	630,000
2027	630,000
2028	630,000
Thereafter	<u>630,000</u>
Totals	<u>\$ 3,780,000</u>

As described above, the lease is subject to job creation credits that may result in a full waiver of the lease payments.

Direct financing leases are further analyzed as follows:

	<u>2023</u>	<u>2022</u>
Current maturities	\$ 449,603	\$ 425,022
Noncurrent maturities	<u>2,759,681</u>	<u>3,221,575</u>
Total investment in direct financing leases	<u>\$ 3,209,284</u>	<u>\$ 3,646,597</u>

NOTE 6 - LOAN AND LEASE INCENTIVES AND ALLOWANCES

Loan incentives and allowances for the year ended September 30, 2023 and 2022, were in the amount of \$19,428,129 and \$6,935,083, respectively. Loan incentives consist of 1) interest on loans and direct financing leases, which had been waived during the first year of the project, and 2) principal and interest on direct financing leases waived during the lease term. These waivers are dependent upon reaching job creation targets. Allowances are made for potential losses on loans based on analyses of the individual credits as well as on AEDC's historical loss experience from inception of AEDC's incentive loan activities. During 2023 in conjunction with the incentive agreements, AEDC conveyed land with a present value of \$11,658,700 to four entities which was reported as an economic development incentive expense. The cost related to these properties was \$3,301,708, which resulted in a gain on disposal of property incentives of \$8,356,992.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 7 - CAPITAL ASSETS

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

	Balance October 1, 2022	Additions	Deductions	Balance September 30, 2023
Operating Fund:				
Buildings and improvements	\$ 119,759	\$ 12,900	\$ (15,978)	\$ 116,681
Equipment	81,283	-	-	81,283
Right-to-use lease asset	789,384	-	-	789,384
Total cost	<u>990,426</u>	<u>12,900</u>	<u>(15,978)</u>	<u>987,348</u>
Less: Accumulated depreciation				
Buildings and improvements	(51,412)	(10,007)	12,183	(49,236)
Equipment	(14,902)	(16,257)	-	(31,159)
Right-to-use lease asset	(68,372)	(74,588)	-	(142,960)
Total accumulated depreciation	<u>(134,686)</u>	<u>(100,852)</u>	<u>12,183</u>	<u>(223,355)</u>
Net capital assets for Operating Fund	<u>\$ 855,740</u>	<u>\$ (87,952)</u>	<u>\$ (3,795)</u>	<u>\$ 763,993</u>
Project Fund:				
Building and equipment	\$ 12,963,526	\$ -	\$ (1,705,707)	\$ 11,257,819
Construction in process	7,364	755,432	(762,796)	-
Right of way easements	17,947	-	-	17,947
Total cost	<u>12,988,837</u>	<u>755,432</u>	<u>(2,468,503)</u>	<u>11,275,766</u>
Less: Accumulated depreciation				
Building and equipment	(4,558,923)	(384,719)	1,234,108	(3,709,534)
Net capital assets for Project Fund	<u>\$ 8,429,914</u>	<u>\$ 370,713</u>	<u>\$ (1,234,395)</u>	<u>\$ 7,566,232</u>
Total net capital assets	<u>\$ 9,285,654</u>	<u>\$ 282,761</u>	<u>\$ (1,238,190)</u>	<u>\$ 8,330,225</u>

Capital asset activity for the year ended September 30, 2022 is as follows:

	Balance October 1, 2021 (restated)	Additions	Deductions	Balance September 30, 2022
Operating Fund:				
Buildings and equipment	\$ 140,122	\$ 8,435	\$ (28,798)	\$ 119,759
Vehicles	27,889	81,283	(27,889)	81,283
Right-to-use lease asset	-	789,384	-	789,384
Total cost	<u>168,011</u>	<u>879,102</u>	<u>(56,687)</u>	<u>990,426</u>
Less: Accumulated depreciation				
Buildings and improvements	(61,054)	(12,900)	22,542	(51,412)
Equipment	(27,890)	(14,902)	27,890	(14,902)
Right-to-use lease asset	-	(68,372)	-	(68,372)
Total accumulated depreciation	<u>(88,944)</u>	<u>(96,174)</u>	<u>50,432</u>	<u>(134,686)</u>
Net capital assets for Operating Fund	<u>\$ 79,067</u>	<u>\$ 782,928</u>	<u>\$ (6,255)</u>	<u>\$ 855,740</u>
Project Fund:				
Building and equipment	\$ 12,963,526	\$ -	\$ -	\$ 12,963,526
Construction in process	-	7,364	-	7,364
Right of way easements	17,947	-	-	17,947
Total cost	<u>12,981,473</u>	<u>7,364</u>	<u>-</u>	<u>12,988,837</u>
Less: Accumulated depreciation				
Building and equipment	(4,117,290)	(441,633)	-	(4,558,923)
Net capital assets for Project Fund	<u>\$ 8,864,183</u>	<u>\$ (434,269)</u>	<u>-</u>	<u>\$ 8,429,914</u>
Total net capital assets	<u>\$ 8,943,250</u>	<u>\$ 348,659</u>	<u>\$ (6,255)</u>	<u>\$ 9,285,654</u>

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NOTE 7 - CAPITAL ASSETS (CONTINUED)

Depreciation and amortization expense for the years ended September 30, 2023 and 2022 was \$485,571 and \$522,905, respectively. AEDC has remaining construction commitments of approximately \$-0- and \$736,000 at September 30, 2023 and 2022, respectively.

During 2023, AEDC sold land for \$844,940 resulting in a gain on disposal of \$809,972. See Note 6 for disposals of properties related to incentive agreements.

NOTE 8 - LEASES

Leases Receivable

On October 1, 2020, AEDC entered into a 51-month lease as lessor for the use of Bell Helicopter Building 4. An initial lease receivable was recorded in the amount of \$174,460. As of September 30, 2023 and 2022, the value of the lease receivable is \$51,593 and \$92,689, respectively. The lessee is required to make monthly fixed payments of \$3,448.77. The lease has an interest rate of 0.3860%. The building's estimated useful life was zero months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2023 and 2022 was \$92,361 and \$133,411, and AEDC recognized lease revenue of \$41,095 and \$41,049 for the years then ended, respectively.

On January 1, 2021, AEDC entered into a 120-month lease as lessor. An initial lease receivable was recorded in the amount of \$4,885,632. As of September 30, 2023 and 2022, the value of the lease receivable is \$3,550,187 and \$4,024,526, respectively. The lessee is required to make monthly fixed payments of \$42,887. The lease has an interest rate of 1.0580%. The land estimated useful life was zero months as of the contract commencement. The value of the deferred inflow of resources as of September 30, 2023 and 2022 was \$3,542,083 and \$4,030,646, and AEDC recognized lease revenue of \$474,339 and \$488,563 for the years then ended, respectively. The lessee has 2 extension options, each for 60-months.

Lease receivable activity for the year ended September 30, 2023 is as follows:

	Balance			Balance
	October 1, 2022	Additions	Deductions	September 30, 2023
Buildings				
Bell Helicopter - Building 4	\$ 92,688	\$ -	\$ (41,095)	\$ 51,593
Building lease receivable	\$ 92,688	\$ -	\$ (41,095)	\$ 51,593
Land				
MWI Lease	\$ 4,024,526	\$ -	\$ (474,339)	\$ 3,550,187
Land lease receivable	\$ 4,024,526	\$ -	\$ (474,339)	\$ 3,550,187
Total lease receivable	\$ 4,117,214	\$ -	\$ (515,434)	\$ 3,601,780

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 8 - LEASES (CONTINUED)

Leases Receivable (Continued)

Lease receivable activity for the year ended September 30, 2022 is as follows:

	Balance			Balance
	October 1, 2021	Additions	Deductions	September 30, 2022
Buildings				
Bell Helicopter - Building 4	\$ 133,625	\$ -	\$ (40,937)	\$ 92,688
Building lease receivable	<u>\$ 133,625</u>	<u>\$ -</u>	<u>\$ (40,937)</u>	<u>\$ 92,688</u>
Land				
MWI Lease	\$ 4,493,873	\$ -	\$ (469,347)	\$ 4,024,526
Land lease receivable	<u>\$ 4,493,873</u>	<u>\$ -</u>	<u>\$ (469,347)</u>	<u>\$ 4,024,526</u>
Total lease receivable	<u>\$ 4,627,498</u>	<u>\$ -</u>	<u>\$ (510,284)</u>	<u>\$ 4,117,214</u>

The following is a schedule by years of minimum future lease receipts form all leases as of September 30, 2023:

Fiscal Year	Principal	Interest	Total
2024	\$ 520,539	\$ 35,481	\$ 556,020
2025	494,820	30,164	524,984
2026	489,634	25,005	514,639
2027	494,842	19,797	514,639
2028	500,063	14,576	514,639
2029 - 2033	<u>1,101,882</u>	<u>3,954</u>	<u>1,105,836</u>
Total	<u>\$ 3,601,780</u>	<u>\$ 128,977</u>	<u>\$ 3,730,757</u>

Leases Payable

On November 1, 2021, AEDC entered into a 127-month lease as lessee for the use of office space. An initial lease liability was recorded in the amount of \$789,384. As of September 30, 2023, the value of the lease liability is \$718,114. AEDC is required to make monthly fixed payments starting at \$6,653 with annual increases and lease payments in the final year of \$7,607. The lease has an interest rate of 1.4140%. The building's estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of September 30, 2023 and 2022 of \$789,384 with accumulated amortization of \$142,960 and \$68,372, respectively, included with the Building and Equipment on the Lease Class activities table below.

Other Contractual Services on the Statement of Revenues, Expenses, and Changes in Net Position includes \$11,038 and \$6,321 in variable lease payments that were not included in lease liability as of September 30, 2023 and 2022, respectively.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 8 - LEASES (CONTINUED)

Leases Payable (Continued)

Amount of Lease Assets by Major Classes of Underlying Asset

Asset Class	Lease Asset Value	Accumulated Amortization
Building and Equipment	\$ 789,384	\$ 142,960
Total Leases	<u>\$ 789,384</u>	<u>\$ 142,960</u>

The following is the roll forward of the right-to-use lease liability:

	Balance October 1, 2022	Additions	Deductions	Balance September 30, 2023
Buildings and equipment				
AEDC Office Space Lease	\$ 772,077	\$ -	\$ (69,760)	\$ 702,317
Total liability	<u>\$ 772,077</u>	<u>\$ -</u>	<u>\$ (69,760)</u>	<u>\$ 702,317</u>

The following is a summary of the principal and interest requirements related to the right to use lease liability:

Fiscal Year	Principal	Interest	Total
2024	\$ 71,961	\$ 9,467	\$ 81,428
2025	74,230	8,435	82,665
2026	76,530	7,371	83,901
2027	78,882	6,274	85,156
2028	81,304	5,143	86,447
2029 - 2033	319,410	8,615	328,025
Total	<u>\$ 702,317</u>	<u>\$ 45,305</u>	<u>\$ 747,622</u>

NOTE 9 - GRANTS FOR QUALIFYING PROJECTS AND GRANTS PAYABLE

Grants for qualifying projects and business retention service contracts for the fiscal year ended September 30, 2023, in the amount of \$3,433,336, includes several expansion grants in the amount of \$1,121,932 to commercial entities, \$75,000 to nonprofits for marketing grants, \$1,350,000 paid for workforce development and \$886,404 to institutions of higher learning for local expansion and program development. Grants for qualifying projects and business retention service contracts for the fiscal year ended September 30, 2022, in the amount of \$5,413,716,

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 9 - GRANTS FOR QUALIFYING PROJECTS AND GRANTS PAYABLE (CONTINUED)

includes several expansion grants in the amount of \$4,990,227 to commercial entities, \$75,000 to nonprofits for marketing grants, \$100,000 paid for workforce development and \$248,489 to institutions of higher learning for local expansion and program development.

In 2022, a prior commitment of \$30,000,000 to the Texas Tech University became payable. AEDC has paid \$26,000,000 of this payable with a remaining payment due of \$4,000,000 in 2024. See Note 17 for additional information on commitments.

During the year ended September 30, 2007, AEDC granted a manufacturing company \$2,000,000 as part of a location incentive agreement. The terms of the agreement state that, if certain criteria are not met by the manufacturing company during the period of May 21, 2012 to May 21, 2016, the manufacturing company may be subject to reimburse AEDC all or a portion of the original grant amount. Any amounts payable by the manufacturing company to AEDC under the agreement can take the form of a loan bearing a floating interest rate adjusted annually to the current Wall Street Journal prime rate. As of September 30, 2016, AEDC recorded a receivable in the amount of \$1,706,200 from the Company. In December 2019, the loan agreement was modified to extend the maturity date to April 13, 2022 and delay payments of principal and interest until September 13, 2020, during which time interest would not accrue on the outstanding balance. As of September 30, 2023, the Company owes \$189,380 and is in arrears on its payments under the modified agreement.

NOTE 10 - RESTRICTED ASSETS AND LIABILITIES

In accordance with covenants related to AEDC's Taxable Sales Tax Revenue Refunding Bonds, Series 2017 and Series 2019, the following special funds must be maintained:

- (a) A debt service fund, which must include the following accounts:
 - (i) An interest account, to which sales tax revenues are to be deposited in amounts sufficient to accumulate, on a ratable basis, the amounts required for the next installments due.
 - (ii) A principal installment account, to which sales tax revenues are to be deposited in amounts sufficient to accumulate, on a ratable basis, the amounts required for the next installments due.
- (b) An economic development fund and a general operating fund, to which the balance of sales tax revenues may be deposited after satisfying the above requirements.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 10 - RESTRICTED ASSETS AND LIABILITIES (CONTINUED)

The status of the debt service fund at September 30, 2023 and 2022 is as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net Position</u>
<u>September 30, 2023:</u>			
Interest and principal installment account	\$5,227,557	\$ -	\$ 5,227,557
Current bond maturities and accrued interest	<u>-</u>	<u>(104,183)</u>	<u>(104,183)</u>
Net position restricted for debt service	<u>\$5,227,557</u>	<u>\$ (104,183)</u>	<u>\$ 5,123,374</u>
	<u>Assets</u>	<u>Liabilities</u>	<u>Net Position</u>
<u>September 30, 2022:</u>			
Interest and principal installment account	\$5,990,920	\$ -	\$ 5,990,920
Current bond maturities and accrued interest	<u>-</u>	<u>(118,917)</u>	<u>(118,917)</u>
Net position restricted for debt service	<u>\$5,990,920</u>	<u>\$ (118,917)</u>	<u>\$ 5,872,003</u>

The net position of these funds is reported in the restricted net position of \$5,123,374 as of September 30, 2023 and restricted net position of \$5,872,003 as of September 30, 2022.

NOTE 11 - REVENUE BONDS AND NOTES PAYABLE

In June 2017, AEDC issued its Taxable Sales Tax Revenue Refunding Bonds, Series 2017, dated June 20, 2017, in the face amount of \$22,480,000. The 2017 issue refunded the Taxable Sales Tax Revenue Refunding and Improvement Bonds, Series 2007 (Series 2007). The 2017 Series has annual principal amounts ranging from \$2,115,000 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 2.787% to 3.183%. Principal outstanding at September 30, 2023 and 2022 was \$8,830,000 and \$10,890,000, respectively.

At the time of refunding there was \$23,345,000 of outstanding on the Series 2007 bonds. 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.

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 Taxable Sales Tax Revenue Bonds, Series 2009 (Series 2009). 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 2.660% to 3.240%. Principal outstanding at September 30, 2023 and 2022 was \$18,375,000 and \$20,725,000, respectively.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 11 - REVENUE BONDS AND NOTES PAYABLE (CONTINUED)

At the time of refunding there was \$28,130,000 of outstanding Series 2009 bonds. 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.

The annual requirements to amortize the 2017 and 2019 bond issues outstanding as of September 30, 2023, are as follows:

Fiscal Year Ended September 30,	Principal	Interest	Total
2024	\$ 4,525,000	\$ 815,732	\$ 5,340,732
2025	4,640,000	692,680	5,332,680
2026	4,780,000	559,223	5,339,223
2027	4,920,000	415,996	5,335,996
2028	2,695,000	263,394	2,958,394
2029-2033	<u>5,645,000</u>	<u>272,944</u>	<u>5,917,944</u>
	<u>\$ 27,205,000</u>	<u>\$ 3,019,969</u>	<u>\$ 30,224,969</u>

The following is a summary of changes in general long-term debt for the years ended September 30:

	2023	2022
Principal outstanding, beginning of year	\$ 31,615,000	\$ 35,915,000
Principal maturities	<u>(4,410,000)</u>	<u>(4,300,000)</u>
Principal outstanding, end of year	<u>\$ 27,205,000</u>	<u>\$ 31,615,000</u>
Current portion	\$ 4,525,000	\$ 4,410,000
Long-term portion	<u>22,680,000</u>	<u>27,205,000</u>
Total principal outstanding, end of year	<u>\$ 27,205,000</u>	<u>\$ 31,615,000</u>

A note payable to Ford Credit was issued on November 8, 2021, at zero percent interest, with monthly payments of \$1,316, and a maturity date of November 2026. The note is secured by a vehicle. The balance outstanding at September 31, 2023 and 2022 is \$50,026 and \$65,822, respectively.

NOTE 12 - COMPENSATED ABSENCES

All employees are entitled to annual leave of two to five weeks, depending on years of service and twelve days of sick leave per year. There is no limit on accumulation of annual leave, however, the payout of accumulated annual leave upon termination is limited to 520 hours with any overages being used to extend the termination date upon leaving AEDC. Sick leave is not paid out upon termination if there is five years or less of continuous service. If the employee has over five years of continuous service then the payment of sick leave is up to 720 hours upon termination with any overage converted by formula and transferred into a Health Reimbursement Account (HRA).

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 12 - COMPENSATED ABSENCES (CONTINUED)

Prior to November, 2015 AEDC followed the City’s vacation and sick leave policy, which specified that all employees are entitled to annual leave of two to five weeks, depending on years of service, and 12 days sick leave per year. Employees may carry over up to 65 days of annual leave to future years. For employees hired prior to October 1, 2007, the policy was the same as was implemented on November, 2015. For employees hired after October 1, 2007, sick leave was capped at 480 hours and annual leave was capped at 240 hours.

AEDC’s accumulated liability for benefits vested is considered a long-term liability. Under these plans the liability was \$260,958 and \$260,958 at September 30, 2023 and 2022, respectively.

NOTE 13 - DEFINED BENEFIT PENSION PLAN

Texas Municipal Retirement System (TMRS)

Effective October 1, 2019 AEDC began participating in the City of Amarillo’s retirement plan in Texas Municipal Retirement System (TMRS). TMRS is an agent, multi-employer, public-employee retirement system, which is a nontraditional, joint-contributory, hybrid defined benefit plan. The components of the net pension liability of the City and its discretely presented component unit AEDC at September 30, 2023 were as follows:

	<u>City</u>	<u>AEDC</u>	<u>Total</u>
Total Pension Liability	\$536,400,762	\$ 1,392,736	\$537,793,498
Fiduciary Net Position	<u>471,134,542</u>	<u>1,261,357</u>	<u>472,395,899</u>
	<u>\$ 65,266,220</u>	<u>\$ 131,379</u>	<u>\$ 65,397,599</u>
Deferred outflows of resources		<u>\$ 180,036</u>	
Deferred inflows of resources		<u>\$ 5,791</u>	
Pension expense		<u>\$ 5,285</u>	

AEDC’s total payroll for the fiscal year ended September 30, 2023, was \$1,484,108 and the portion covered by the plan was \$1,128,523.

Including current employees, annuitants and terminated employees entitled to future benefits, AEDC had 9 members of TMRS as of the date of the latest actuarial valuation.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

Plan Description

The City participates as one of 909 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the City. AEDC is a component unit of the City and participates in TMRS. 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 multi-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.tmr.com.

All eligible employees of AEDC are required to participate in TMRS.

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 payment options. Member may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Plan provisions for AEDC are as follows:

	<u>Plan Year 2022</u>	<u>Plan Year 2021</u>
Employee deposit rate	7%	7%
Matching ratio (AEDC 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 the 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

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

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	-
Inactive employees entitled to but not yet receiving benefits	-
Active employees	9
Total employees	9

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City's-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.

Employees for AEDC were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for AEDC were 11.85% and 11.85% in calendar years 2022 and 2023, respectively. AEDC's contributions to TMRS for the year ended September 30, 2023 were \$133,730.

Net Pension Liability (Asset)

AEDC's net pension liability (asset) 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.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

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	3.50% to 11.50%, 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. No additional changes have been made for the 2022 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.

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:

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NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

Actuarial Assumptions (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global equities	35.00%	7.70%
Core fixed income	6.00%	4.90%
Non-core fixed income	20.00%	8.70%
Real estate	12.00%	8.10%
Other public & private markets	12.00%	5.80%
Hedge funds	5.00%	6.90%
Private equity	<u>10.00%</u>	11.80%
Total	<u><u>100.00%</u></u>	

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)
Balances as of December 31, 2021	\$ 1,196,244	\$ 1,202,811	\$ (6,567)
Changes for the year:			-
Service cost	55,882	-	55,882
Interest	139,765	-	139,765
Changes of benefit terms	-	-	-
Difference between expected and actual experience	845	-	845
Changes of assumptions	-	-	-
Contributions - employer	-	133,730	(133,730)
Contributions - employee	-	78,997	(78,997)
Net investment income	-	(154,440)	154,440
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	(1,339)	1,339
Other changes	-	1,598	(1,598)
Net changes	<u>196,492</u>	<u>58,546</u>	<u>137,946</u>
Balances as of December 31, 2022	<u>\$ 1,392,736</u>	<u>\$ 1,261,357</u>	<u>\$ 131,379</u>

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

Sensitivity of the Net Pension Liability to Changes in Discount Rate

The following presents the net pension liability of AEDC, calculated using the discount rate of 6.75%, as well as what AEDC'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%
AEDC's net pension liability	\$ 264,919	\$ 131,379	\$ 20,265

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.tmr.com.

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

For the year ended September 30, 2023, AEDC recognized pension expense of \$5,285.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 296	\$ (5,791)
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	77,933	-
Contributions subsequent to the measurement date	101,807	-
Total	\$ 180,036	\$ (5,791)

The \$101,807 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:

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 13 - DEFINED BENEFIT PENSION PLAN (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

<u>Year ended September 30,</u>	
2024	\$ 11,350
2025	14,279
2026	17,233
2027	<u>29,576</u>
Total	<u>\$ 72,438</u>

NOTE 14 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Administration

The City administers a multi-employer agent, defined benefit post-employment health plan (Plan) that AEDC participates in. The Plan does not include the pension benefits discussed in Note 13. The City 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 measurement date of the Plan, AEDC plan membership data is as follows:

Active employees	9
Retirees	<u>-</u>
Total	<u><u>9</u></u>

Eligibility Requirements

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

To be eligible to retire under TMRS, AEDC participants must attain either 20 years of AEDC service, or ten years of AEDC service and age 65.

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

Employees may obtain dependent coverage at retirement, regardless of whether or not the employee was receiving dependent coverage immediately prior to retirement. The applicable contribution rate is based on the employee's service at retirement.

**AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022**

NOTE 14 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Eligibility Requirements (Continued)

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

A divorced spouse of an employee must be dropped within 31 calendar days of divorce.

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.

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, AEDC began prefunding a portion of its Other Postemployment Benefits (OPEB) liability via an irrevocable multi-employer agent OPEB trust (PEB Trust) administered by the City 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. As of September 30, 2023 and 2022, the City/AEDC had prefunding contributions of 2.80%, respectively, of payroll. AEDC made contributions to the OPEB Trust of \$4,262 and \$4,724, respectively. 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 toward their cost of medical coverage. The \$150 stipend is not expected by the City/AEDC 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 – \$ 1,067.42
Plan 2 retiree	\$ 201.06 – \$ 587.10
Plan 2 retiree and spouse	\$ 438.66 – \$ 1,280.90

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 14 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

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.

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 AEDC

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

	<u>City</u>	<u>AEDC</u>	<u>Total</u>
Total OPEB liability	\$ 77,423,808	\$ 124,347	\$ 77,548,155
Less: OPEB plan fiduciary net position	<u>31,005,635</u>	<u>45,643</u>	<u>31,051,278</u>
Net OPEB liability	<u>\$ 46,418,173</u>	<u>\$ 78,704</u>	<u>\$ 46,496,877</u>
Plan fiduciary net position as a percentage of the total OPEB liability	40.05%	36.71%	40.04%

The components of the net OPEB liability of AEDC and the City at September 30, 2022, were as follows:

	<u>City</u>	<u>AEDC</u>	<u>Total</u>
Total OPEB liability	\$ 74,441,419	\$ 109,585	\$ 74,551,004
Less: OPEB plan fiduciary net position	<u>33,853,842</u>	<u>45,196</u>	<u>33,899,038</u>
Net OPEB liability	<u>\$ 40,587,577</u>	<u>\$ 64,389</u>	<u>\$ 40,651,966</u>
Plan fiduciary net position as a percentage of the total OPEB liability	45.48%	41.24%	45.47%

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 14 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

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

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 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%
Payroll growth rate	2.75%
Discount rate	6.50%
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	Market Value
AEDC (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

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 14 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Changes in Assumptions and Methods since Prior Valuation

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of September 30, 2022	\$ 109,585	\$ 45,196	\$ 64,389
Changes for the year:			
Service cost	7,173	-	7,173
Interest on the total OPEB liability	7,589	-	7,589
Changes of benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	4,262	(4,262)
Plan member contributions	-	-	-
Net investment income	-	(8,448)	8,448
Benefit payments, including employee refunds	-	-	-
Administrative expense	-	-	-
Other changes	-	4,633	(4,633)
Net changes	<u>14,762</u>	<u>447</u>	<u>14,315</u>
Balances as of September 30, 2023	<u>\$ 124,347</u>	<u>\$ 45,643</u>	<u>\$ 78,704</u>

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of September 30, 2021	\$ 89,095	\$ 33,563	\$ 55,532
Changes for the year:			
Service cost	4,752	-	4,752
Interest on the total OPEB liability	7,038	-	7,038
Changes of benefits	-	-	-
Difference between expected and actual experience	1,486	-	1,486
Changes in assumptions	7,214	-	7,214
Employer contributions	-	3,644	(3,644)
Plan member contributions	-	-	-
Net investment income	-	4,724	(4,724)
Benefit payments, including employee refunds	-	-	-
Administrative expense	-	-	-
Other changes	-	3,265	(3,265)
Net changes	<u>20,490</u>	<u>11,633</u>	<u>8,857</u>
Balances as of September 30, 2022	<u>\$ 109,585</u>	<u>\$ 45,196</u>	<u>\$ 64,389</u>

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

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

	<u>1% Increase</u>	<u>Current Discount Rate</u>	<u>1% Decrease</u>
Net OPEB Liability	\$ 64,004	\$ 78,704	\$ 96,071

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 14 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

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

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

	Current Healthcare		
	<u>1% Increase</u>	<u>Discount Rate</u>	<u>1% Decrease</u>
Net OPEB Liability	\$ 95,847	\$ 78,704	\$ 65,002

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs

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, 2022.

For the years ended September 30, 2023 and 2022, AEDC recognized total OPEB expense of \$1,252 and \$(628), respectively.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 1,054	\$ (4,771)
Changes in actuarial assumptions	8,280	(7,139)
Differences between projected and actual investment earnings	<u>6,850</u>	<u>-</u>
Total as of measurement date	\$ 16,184	\$ (11,910)
Contributions paid to subsequent to the measurement date	<u>20,877</u>	<u>-</u>
Total as of fiscal year end	<u>\$ 37,061</u>	<u>\$ (11,910)</u>

At September 30, 2022, AEDC reported its collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ 1,270	\$ (7,057)
Changes in actuarial assumptions	10,602	(9,269)
Differences between projected and actual investment earnings	<u>-</u>	<u>(3,172)</u>
Total as of measurement date	\$ 11,872	\$ (19,498)
Contributions paid to subsequent to the measurement date	<u>19,714</u>	<u>-</u>
Total as of fiscal year end	<u>\$ 31,586</u>	<u>\$ (19,498)</u>

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 14 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)

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		\$	(662)
2025			(449)
2026			903
2027			3,379
2028			<u>1,103</u>
Total		\$	<u>4,274</u>

Financial Statements

The Plan does not publish separate financial statements. Further information regarding the Plan, including the most recent actuarial study, may be obtained from the Finance Director, City of Amarillo.

NOTE 15 - TRANSACTIONS WITH MUNICIPALITY

The City serves as fiscal agent for AEDC, furnishing accounting, investment management, and data processing services under a contract which provides that the City will be reimbursed for its cost of providing the services. Fees charged under this agreement were \$32,720 and \$29,993 for the years ended September 30, 2023 and 2022, respectively.

At September 30, 2023 and 2022, AEDC owed the City approximately \$139,019 and \$181,803, respectively, for payroll expenses.

NOTE 16 - COMMITMENTS

At September 30, 2023, AEDC had outstanding commitments to make grants or extend credit to qualifying enterprises in the amount of approximately \$159,000,000.

In 2016, an additional \$6,000,000 was committed to Bell Helicopter for a delivery center building that will become a note receivable if completed within seven years. This commitment expired during FY 2023.

During 2018, a commitment of \$69,000,000 was made to the Texas Tech University System (University) to assist with construction costs for a veterinary school. During the year, the

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 16 - COMMITMENTS (CONTINUED)

University notified AEDC that they have met all required provisions and \$30,000,000 has been recognized and either paid or accrued. In 2023, the agreement was amended to a total of \$64,000,000. The final \$34,000,000 can be reduced by Other Pledged amounts and will be paid out in four installments after meeting additional requirements.

In 2017, AEDC approved a grant of \$13,000,000 to Maxor National Pharmacy Services Corp. to assist with job retention and creation. AEDC has paid \$3,880,000 on the commitment since inception, leaving a remaining commitment of \$9,120,000.

In 2017, AEDC approved a grant of approximately \$3,076,000 for the expansion of the THRIVE Scholarship Program. AEDC has paid approximately \$1,121,000 on this commitment since inception, leaving a remaining commitment of approximately, \$1,955,000.

In 2019, a commitment of \$1,250,000 was made to Asset Protection Unit, Inc to assist with job creation and retention. AEDC has paid \$220,000 on the commitment since inception, leaving a remaining commitment of \$1,030,000.

In 2020, a commitment of \$1,500,000 was made to SSI Foods, LLC (SSI) to assist with job creation and retention. Additionally, as part of the agreement with SSI, land in the amount of \$600,000 was conveyed to them during 2020. AEDC has paid \$560,000 on the commitment, leaving a remaining commitment of \$940,000.

In 2020, a commitment of \$1,200,000 was made for targeted infrastructure improvements for North Central Amarillo. In 2023, AEDC has paid \$1,200,000 on the commitments, leaving a remaining commitment of \$-0-, at September 30, 2023.

In 2020, a commitment of \$1,000,000 was made to Sharpened Iron Studios for job creation and retention. As of September 30, 2023 \$500,000 of funds have been expended on this commitment, leaving a remaining commitment of \$500,000.

In 2021, a commitment of \$8,775,000 was made to Cacique Foods, LLC to assist with job creation and relocation, as well as conveyance of property for production facilities. In 2023 land in the amount of \$3,025,000 was conveyed Cacique Foods, LLC, leaving a remaining commitment of \$5,750,000 as of September 30, 2023.

In 2021, a commitment of \$3,000,000 was made to American Quarter Horse Association to assist with job retention. AEDC has paid \$600,000 on the commitment, leaving a remaining commitment of \$2,400,000 as of September 30, 2023.

In 2021, a commitment of \$1,022,500 was made to Skymast Energy (formerly Torkworx, LP) to assist with job creation and job relocation. As of September 30, 2023 \$14,500 of funds have been expended on this commitment, leaving a remaining commitment of \$1,008,000.

In 2022, a commitment of \$1,000,000 was made to Caviness Beef Packers, LP to assist with job creation and retention. As of September 30, 2023 \$30,000 of funds have been expended on this commitment, leaving a remaining commitment of \$970,000.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 16 - COMMITMENTS (CONTINUED)

In 2022, a commitment of \$3,000,000 was made to Amarillo College to assist with a primary job training facility. As of September 30, 2023 \$600,000 of funds have been expended on this commitment, leaving a remaining commitment of \$2,400,000.

In 2022, a commitment of \$58,000,000 was made to Unmanned Systems, Inc. to assist with job creation and job relocation. AEDC has paid \$4,000,000 on the commitment since inception, leaving a remaining commitment of \$54,000,000.

In 2022, a commitment of \$24,800,000 was made to CVMR, Inc. to assist with job creation and job relocation. In 2023 land in the amount of \$4,800,000 was conveyed CVMR, Inc., leaving a remaining commitment of \$20,000,000 as of September 30, 2023.

In 2022, a commitment of \$11,109,200 was made to Producer Owned Beef, LLC to assist with job creation and job relocation. In 2023 land in the amount of \$3,109,200 was conveyed Produce Owned Beef, LLC, leaving a remaining commitment of \$8,000,000 as of September 30, 2023.

In 2022, a commitment of \$1,374,500 was made to A-7 Austin, LLC and A-5 Realty, LLC to assist with job creation and retention. In 2023 land in the amount of \$724,500 was conveyed to them, leaving a remaining commitment of \$650,000 as of September 30, 2023.

In 2023, a commitment of \$8,550,000 was made to Plant Agricultural Systems to assist with job creation incentives of up to \$3,750,000 and land to be conveyed for construction of facilities of \$4,800,000. No funds have been expended on this commitment as of September 30, 2023.

In 2023, a commitment of \$2,921,200 was made to Coast Packing Company to assist with job creation incentives of up to \$720,000, \$1,000,000 in railway improvements, and land to be conveyed of \$1,201,200. No funds have been expended on this commitment as of September 30, 2023.

In 2023, a commitment of \$3,300,000 was made to Jax Transport to assist with job creation incentives and facilities improvements. As of September 30, 2023 \$75,000 of funds have been expended on this commitment, leaving a remaining commitment of \$3,225,000.

Other various commitments to local entities amount to approximately \$1,200,000.

NOTE 17 - CONCENTRATIONS OF RISK

As described in Note 1, AEDC's funding is dependent upon a 1/2-percent sales tax assessed on retail sales within the city limits of the City. This revenue source is subject to the normal economic fluctuations experienced by the City and the surrounding region.

All of AEDC's loans have been granted to entities either newly locating or expanding operations within the local community. AEDC's liens, if any, are often secondary to those of other lenders.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 18 - RESTATEMENT OF PRIOR YEAR FINANCIALS

AEDC restated prior year financial statements for the purchase of a vehicle and related note payable and depreciation as follows:

Capital Assets at September 30, 2022, as previously reported	\$ 9,219,273
Restated for purchase of vehicle, net of accumulated depreciation	<u>66,381</u>
Capital Assets at September 30, 2022, restated	<u>\$ 9,285,654</u>
Liabilities - current at September 30, 2022, as previously reported	\$ 9,383,084
Restated for notes payable current	<u>15,797</u>
Liabilities - current at September 30, 2022, restated	<u>\$ 9,398,881</u>
Total other liabilities at September 30, 2022, as previously reported	\$ 32,232,664
Notes payable less current	<u>50,026</u>
Total other liabilities at September 30, 2022, restated	<u>\$ 32,282,690</u>
Net position, at September 30, 2022, as previously reported	\$ 79,959,378
Restated for recognition of capitalization of vehicle	<u>558</u>
Net position, at September 30, 2022, restated	<u>\$ 79,959,936</u>
Total change in net position at September 30, 2022, as previously reported	\$ 11,030,266
Restated for recognition of capitalization of vehicle, depreciation expense	<u>(14,902)</u>
Restated for recognition of capitalization of vehicle, auto repair, and maintenance expense	<u>15,460</u>
Total change in net position at September 30, 2022, restated	<u>\$ 11,030,824</u>

NOTE 19 - NEW GASB PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued several new pronouncements that AEDC has reviewed for application to their accounting and reporting.

Recently Issued Accounting Pronouncements

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 statement was implemented in the current year but did not have a material impact on the financial statements.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 19 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

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 statement was implemented in the current year but did not have a material impact on the financial statements.

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

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 19 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

Program (SNAP) (7) Disclosures related to nonmonetary transactions. (8) Pledges of future revenues when resources are not received by the pledging 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 20 - SUBSEQUENT EVENTS

AEDC has evaluated for inclusion as a subsequent event disclosure only those events that occurred prior to March 27, 2024, the date that the financial statements were issued. There were no events that require disclosure except as noted below.

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE 20 - SUBSEQUENT EVENTS (CONTINUED)

On October 6, 2023, the Location and Incentives Agreement with Plant AS was amended. The revised value of the property to be conveyed was increased from \$4,800,000 to \$4,961,160.

In November 2023, AEDC sold 257.77 acres to International Paper for approximately \$6.4 million.

In November 2023, AEDC conveyed land valued at \$1,201,200 to Coast Packing Company-South, LLC in accordance with the incentive agreement established in October 2022.

In December 2023, AEDC agreed to participate in the City of Amarillo's Northeast Interceptor project in the amount of \$10 million to be paid out in a term not to exceed 30 years and not more than 50% of the City's debt service payment as it relates to the bond indebtedness.

In February 2024, AEDC conveyed 413 acres of land valued at \$4,961,160 to Plant AS, in accordance with the incentive agreement.

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

REQUIRED SUPPLEMENTARY INFORMATION

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS⁽¹⁾
For the Years Ended September 30, 2023 and 2022

	<u>2022⁽²⁾</u>	<u>2021⁽²⁾</u>	<u>2020⁽²⁾</u>	<u>2019⁽²⁾</u>
Total Pension Liability				
Service cost	\$ 55,882	\$ (74,768)	\$ 440,159	\$ -
Interest (on the total pension liability)	139,765	(193,521)	1,138,227	-
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	845	23,646	(161,758)	-
Change of assumptions	-	-	-	24,259
Benefit payments, including refunds of employee contributions	-	-	-	-
Net change in Total Pension Liability	<u>196,492</u>	<u>(244,643)</u>	<u>1,416,628</u>	<u>24,259</u>
Total Pension Liability - Beginning	<u>1,196,244</u>	<u>1,440,887</u>	<u>24,259</u>	<u>-</u>
Total Pension Liability - Ending (a)	<u>\$ 1,392,736</u>	<u>\$ 1,196,244</u>	<u>\$ 1,440,887</u>	<u>\$ 24,259</u>
Plan Fiduciary Net Position:				
Contributions-employer	\$ 133,730	\$ 118,591	\$ 107,077	\$ 24,259
Contributions-employee	78,997	67,381	61,387	-
Net investment income	(154,440)	(354,699)	1,185,163	-
Benefit payments, including refunds of employee contributions	-	-	-	-
Administrative expense	(1,339)	1,644	(7,681)	-
Other	1,598	(11)	(300)	-
Net Change in Plan Fiduciary Net Position	<u>58,546</u>	<u>(167,094)</u>	<u>1,345,646</u>	<u>24,259</u>
Plan Fiduciary Net Position - Beginning	<u>1,202,811</u>	<u>1,369,905</u>	<u>24,259</u>	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,261,357</u>	<u>\$ 1,202,811</u>	<u>\$ 1,369,905</u>	<u>\$ 24,259</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 131,379</u>	<u>\$ (6,567)</u>	<u>\$ 70,982</u>	<u>\$ -</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	90.57%	100.55%	95.07%	0.00%
Covered Payroll	\$ 1,128,523	\$ 955,511	\$ 858,860	\$ 206,063
Net Position Liability (Asset) as a Percentage of Covered Payroll	11.64%	-0.69%	8.26%	0.00%

⁽¹⁾ Information to present a ten-year history is not readily available.

⁽²⁾ Amounts are based on the Texas Municipal Retirement System Plan year end December 31

See Independent Auditor's Report

**AMARILLO ECONOMIC DEVELOPMENT CORPORATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS⁽¹⁾
For the Years Ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially determined contribution	\$ 133,730	\$ 123,941	\$ 118,591	\$ 107,077
Contributions in relation to the actuarially determined contribution	133,730	123,941	118,591	107,077
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 1,128,523</u>	<u>\$ 1,036,997</u>	<u>\$ 955,511</u>	<u>\$ 858,860</u>
Contributions as a percentage of covered payroll	11.95%	11.95%	12.41%	12.45%

⁽¹⁾ Information to present a ten-year history is not readily available.

See Independent Auditor's Report

**AMARILLO ECONOMIC DEVELOPMENT CORPORATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Years Ended September 30, 2023 and 2022**

NOTE 1 - VALUATION DATE

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

NOTE 2 - METHODS AND ASSUMPTIONS USED TO DETERMINE CONTRIBUTION RATES

The following methods and assumptions are used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	10 year smoothed market, 12% soft corridor
Inflation	2.5%
Individual salary increases	3.50% to 11.50%, including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experienced study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables based on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables with Public Safety table used for males and the General Employee Tables used for females. The rates are projected on a fully generational basis with scale UMP.

NOTE 3 - OTHER INFORMATION

There were no benefit changes during the year.

See Independent Auditor's Report

**AMARILLO ECONOMIC DEVELOPMENT CORPORATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN
SCHEDULE OF NET OPEB LIABILITY AND RELATED RATIOS ⁽¹⁾
For the Years Ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability	\$ 124,347	\$ 109,585	\$ 89,095	\$ 90,601	\$ 84,104	\$ 75,608
Less: Plan fiduciary net position	45,643	45,196	33,563	23,972	18,588	15,348
Net OPEB liability (asset)	<u>\$ 78,704</u>	<u>\$ 64,389</u>	<u>\$ 55,532</u>	<u>\$ 66,629</u>	<u>\$ 65,516</u>	<u>\$ 60,260</u>
Plan fiduciary net position as a percentage of the total OPEB liability	36.71%	41.24%	37.67%	26.46%	22.10%	20.30%
Covered-employee Payroll	\$ 840,000	\$ 820,000	\$ 800,000	\$ 800,000	\$ 700,000	\$ 700,000
Net OPEB liability (asset) as a percentage of covered-employee payroll	9.37%	7.85%	6.94%	8.33%	9.36%	8.61%

⁽¹⁾ This schedule is intended to show 10 years-additional information will be presented as it becomes available.

See Independent Auditor's Report

**AMARILLO ECONOMIC DEVELOPMENT CORPORATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS ⁽¹⁾
For the Years Ended September 30, 2023 and 2022**

	Measurement Years Ended December 31,					
	2022	2021	2020	2019	2018	2017
Total OPEB liability:						
Service cost	\$ 7,173	\$ 4,752	\$ 5,601	\$ 5,438	\$ 4,579	\$ 4,291
Interest	7,589	7,038	6,186	5,758	5,316	4,701
Changes of benefit terms	-	-	-	-	-	-
Difference between expected and actual experience	-	1,486	-	(13,915)	-	-
Changes of assumptions	-	7,214	(13,293)	9,216	(1,399)	-
Benefits payments	-	-	-	-	-	-
Net change in total OPEB liability	14,762	20,490	(1,506)	6,497	8,496	8,992
Total OPEB liability-beginning	109,585	89,095	90,601	84,104	75,608	66,616
Total OPEB liability-ending (a)	\$ 124,347	\$ 109,585	\$ 89,095	\$ 90,601	\$ 84,104	\$ 75,608
Plan fiduciary net position:						
Contributions-employer	\$ 4,262	\$ 3,644	\$ 3,226	\$ 2,957	\$ 3,295	\$ 2,983
Net investment income	(8,448)	4,724	4,347	2,427	(55)	1,685
Other	4,633	3,265	2,018	-	-	-
Net change in plan fiduciary net position	447	11,633	9,591	5,384	3,240	4,668
Plan fiduciary net position-beginning	45,196	33,563	23,972	18,588	15,348	10,680
Plan fiduciary net position-ending (b)	\$ 45,643	\$ 45,196	\$ 33,563	\$ 23,972	\$ 18,588	\$ 15,348
AEDC's net OPEB liability-ending (a)-(b)	\$ 78,704	\$ 64,389	\$ 55,532	\$ 66,629	\$ 65,516	\$ 60,260
Plan fiduciary net position as a percentage of the total OPEB liability	36.71%	41.24%	37.67%	26.46%	22.10%	20.30%
Covered payroll	\$ 840,000	\$ 820,000	\$ 800,000	\$ 800,000	\$ 700,000	\$ 700,000
Net OPEB liability as a percentage of covered payroll	9.37%	7.85%	6.94%	8.33%	9.36%	8.61%

⁽¹⁾ This schedule is intended to show 10 years-additional information will be presented as it becomes available.

See Independent Auditor's Report

**AMARILLO ECONOMIC DEVELOPMENT CORPORATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS ⁽¹⁾
For the Years Ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarial determined contribution	\$ 4,262	\$ 3,644	\$ 3,226	\$ 2,957	\$ 3,295	\$ 2,983
Contributions in relation to the actuarially determined contribution	<u>4,262</u>	<u>3,644</u>	<u>3,226</u>	<u>2,957</u>	<u>3,295</u>	<u>2,983</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 840,000	 820,000	 800,000	 800,000	 700,000	 700,000
 Contributions as a percentage of covered payroll	 0.51%	 0.44%	 0.40%	 0.37%	 0.47%	 0.43%
 Annual money weighted rate of return, net of investment expenses	 -16.27%	 12.23%	 15.75%	 12.09%	 -0.32%	 13.84%
Allocation						
Bank Insured Deposit	0.61%	0.97%	0.97%	1.22%	0.66%	2.50%
Equities	48.97%	49.89%	50.52%	50.21%	51.36%	50.37%
Mutual Funds	50.42%	49.58%	48.51%	48.57%	47.98%	47.13%
Peb Trust of Texas	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

⁽¹⁾ This schedule is intended to show 10 years-additional information will be presented as it becomes available.

See Independent Auditor's Report

**AMARILLO ECONOMIC DEVELOPMENT CORPORATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS ⁽¹⁾
For the Years Ended September 30, 2023 and 2022**

NOTE 1 - METHODS AND ASSUMPTIONS

The following methods and assumptions are used to determine contribution rates:

Valuation Date	December 31, 2021
Measurement Date	December 31, 2022
Benefits Valued	Medical and prescription drug benefits, and HRA benefits
Long-Term Rate of Return	6.50%
Muni-Bond (unfunded) rate	4.05%
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 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 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%
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:

<u>Medical Plan</u>	<u>Percent Assumed to Elect</u>
Plan 1	100%
Plan 2	0%

**AMARILLO ECONOMIC DEVELOPMENT CORPORATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS ⁽¹⁾
For the Years Ended September 30, 2023 and 2022**

NOTE 1 - METHODS AND ASSUMPTIONS (CONTINUED)

Post-Retirement Medical Plan Change	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, and is a fixed variable in our model.
Dependent Status	
<ul style="list-style-type: none"> • Spouse Age Differential • Children 	<p>Husbands are assumed to be three years older than wives.</p> <p>Assume current and future retirees have no covered children.</p>
Per Capita Claims and Administrative Costs	<p>Per capita medical and prescription drug claims and administration costs (PCCC) were developed based on the following:</p> <ul style="list-style-type: none"> - 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.
Actuarial Cost Methods	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 covered payroll

**AMARILLO ECONOMIC DEVELOPMENT CORPORATION
OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN
SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS ⁽¹⁾
For the Years Ended September 30, 2023 and 2022**

NOTE 1 - METHODS AND ASSUMPTIONS (CONTINUED)

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 this valuation.

NOTE 2 - OTHER INFORMATION

There were no benefit changes during the year.

The following changes in assumptions and methods were made since the prior valuation:

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

See Independent Auditors Report

**OTHER SUPPLEMENTAL INFORMATION
(UNAUDITED)**

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
DEBT SERVICE REQUIREMENTS
(Unaudited)

Year Ending 9/30	Taxable Sales Tax Revenue Refunding Bonds, Series 2019			Taxable Sales Tax Revenue Refunding Bonds, Series 2017			Grand Total Requirements
	Principal	Interest	Total	Principal	Interest	Total	
2024	\$ 2,410,000	\$ 550,062	\$ 2,960,062	\$ 2,115,000	\$ 265,669	\$ 2,380,669	\$ 5,340,731
2025	2,470,000	485,956	2,955,956	2,170,000	206,724	2,376,724	5,332,680
2026	2,540,000	416,796	2,956,796	2,240,000	142,427	2,382,427	5,339,223
2027	2,615,000	342,628	2,957,628	2,305,000	73,369	2,378,369	5,335,997
2028	2,695,000	263,394	2,958,394	-	-	-	2,958,394
2029	2,780,000	180,118	2,960,118	-	-	-	2,960,118
2030	2,865,000	92,825	2,957,825	-	-	-	2,957,825
	<u>\$ 18,375,000</u>	<u>\$ 2,331,779</u>	<u>\$ 20,706,779</u>	<u>\$ 8,830,000</u>	<u>\$ 688,189</u>	<u>\$ 9,518,189</u>	<u>\$ 30,224,968</u>

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
HISTORICAL CITY RECEIPTS OF 1 1/2% SALES TAX
(Unaudited)

<u>Month of Receipt</u>	<u>2023 Actual</u>	<u>2022 Actual</u>	<u>2021 Actual</u>	<u>2020 Actual</u>	<u>2019 Actual</u>
October	\$ 6,252,273	\$ 5,610,276	\$ 4,905,798	\$ 4,881,367	\$ 4,726,918
November	6,784,004	6,464,661	5,938,166	5,264,160	5,312,173
December	5,948,003	5,770,568	4,860,338	4,544,770	4,471,437
January	6,112,105	6,011,918	4,719,527	4,617,856	4,545,884
February	8,002,354	7,313,441	6,741,098	6,563,922	5,717,875
March	5,556,167	5,232,696	4,795,004	4,408,937	4,231,659
April	5,437,216	5,140,820	4,367,181	4,130,759	4,209,006
May	7,381,500	7,173,868	6,900,331	5,291,069	5,671,439
June	5,792,853	5,884,095	5,520,198	4,295,237	4,717,573
July	6,061,218	5,965,563	5,494,377	4,736,037	4,758,291
August	5,593,675	7,220,309	6,824,089	6,007,340	5,621,045
September	6,208,635	6,058,619	5,736,913	5,065,115	5,037,950
Total Collections	<u>\$ 75,130,003</u>	<u>\$ 73,846,834</u>	<u>\$ 66,803,020</u>	<u>\$ 59,806,568</u>	<u>\$ 59,021,250</u>

**AMARILLO ECONOMIC DEVELOPMENT CORPORATION
HISTORICAL CORPORATION RECEIPTS OF 1/2% SALES TAX
(Unaudited)**

<u>Month of Receipt</u>	<u>2023 Actual</u>	<u>2022 Actual</u>	<u>2021 Actual</u>	<u>2020 Actual</u>	<u>2019 Actual</u>
October	\$ 2,084,091	\$ 1,870,092	\$ 1,635,266	\$ 1,627,122	\$ 1,515,639
November	2,261,335	2,154,887	1,979,389	1,754,720	1,770,724
December	1,982,668	1,923,522	1,620,113	1,514,923	1,490,479
January	2,037,368	2,003,972	1,573,176	1,539,285	1,515,295
February	2,667,451	2,437,814	2,247,033	2,187,974	1,905,958
March	1,852,056	1,744,232	1,598,335	1,469,646	1,410,553
April	1,812,405	1,713,607	1,455,727	1,376,920	1,403,002
May	2,460,500	2,391,289	2,300,110	1,763,690	1,890,480
June	1,930,951	1,961,365	1,840,066	1,431,746	1,572,524
July	2,020,406	1,988,521	1,831,458	1,578,679	1,586,097
August	1,864,558	2,406,770	2,274,696	2,002,447	1,873,682
September	2,069,545	2,019,540	1,912,304	1,688,372	1,679,317
Total Collections	<u>\$25,043,334</u>	<u>\$24,615,611</u>	<u>\$22,267,673</u>	<u>\$19,935,523</u>	<u>\$19,613,750</u>

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
CALCULATION OF COVERAGE FOR THE ISSUANCE OF ADDITIONAL OBLIGATIONS
SEPTEMBER 30, 2023
(Unaudited)

Sales Tax Collection for Fiscal Year 2023 (includes year-end accrual entries).....	\$ 25,149,623	
Maximum Annual Debt Service (2024)	\$ 5,340,732	
Coverage of Maximum Requirements by 2023 Sales Tax Collections	4.71	times
Average Annual Debt Service	\$ 4,317,853	
Coverage of Average Requirements by 2023 Sales Tax Collections	5.82	times

**AMARILLO ECONOMIC DEVELOPMENT CORPORATION
HISTORICAL CORPORATION REVENUE AND EXPENSES
(Unaudited)**

	Fiscal Years Ended September 30,				
	2023	2022 (Restated)	2021	2020	2019
Revenues and Support:					
Sales taxes	\$ 25,149,623	\$ 24,829,610	\$ 22,502,499	\$ 19,943,667	\$ 19,725,232
Earnings on investments	2,866,059	399,164	132,481	555,989	1,147,155
Miscellaneous	2,374,675	3,259,938	3,522,938	3,731,157	3,485,919
Non operating revenues	10,004,520	3,745	29,267	556,339	349,002
Total revenues	<u>40,394,877</u>	<u>28,492,457</u>	<u>26,187,185</u>	<u>24,787,152</u>	<u>24,707,308</u>
Expenses:					
Direct development expenses	24,143,092	13,786,096	12,494,630	38,955,374	19,492,548
Operating expense	2,346,551	2,327,570	2,103,796	2,858,092	2,061,299
Interest and fiscal charges	933,826	1,041,715	1,134,298	1,223,910	2,619,956
Nonoperating expenses	762,796	306,252	995,232	117,626	-
Total expenses	<u>28,186,265</u>	<u>17,461,633</u>	<u>16,727,956</u>	<u>43,155,002</u>	<u>24,173,803</u>
Increase (Decrease) in Net Position	12,208,612	11,030,824	9,459,229	(18,367,850)	533,505
Net Position, Beginning	79,959,936	68,929,112	59,469,883	79,432,367	78,898,862
Prior Period Adjustment	-	-	-	(1,594,634)	-
Net Position, Ending	<u>\$ 92,168,548</u>	<u>\$ 79,959,936</u>	<u>\$ 68,929,112</u>	<u>\$ 59,469,883</u>	<u>\$ 79,432,367</u>

AMARILLO ECONOMIC DEVELOPMENT CORPORATION
CURRENT INVESTMENTS AND CASH
SEPTEMBER 30, 2023
(Unaudited)

	<u>Fair Market Value</u>	<u>% of Total Based on Market Value</u>
Cash on hand	\$ 100	0.00%
Cash in bank	2,230,568	3.52%
Money market mutual funds	<u>39,874,630</u>	<u>62.95%</u>
Total cash and cash equivalents	42,105,298	66.47%
CDARS	16,250,000	
U.S. Government and Agency Obligations	<u>4,992,910</u>	
Total investments and cash	<u><u>\$ 63,348,208</u></u>	