

CITY OF AMARILLO, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



October 1, 2016 – September 30, 2017

CITY OF AMARILLO, TEXAS

Comprehensive Annual Financial Report

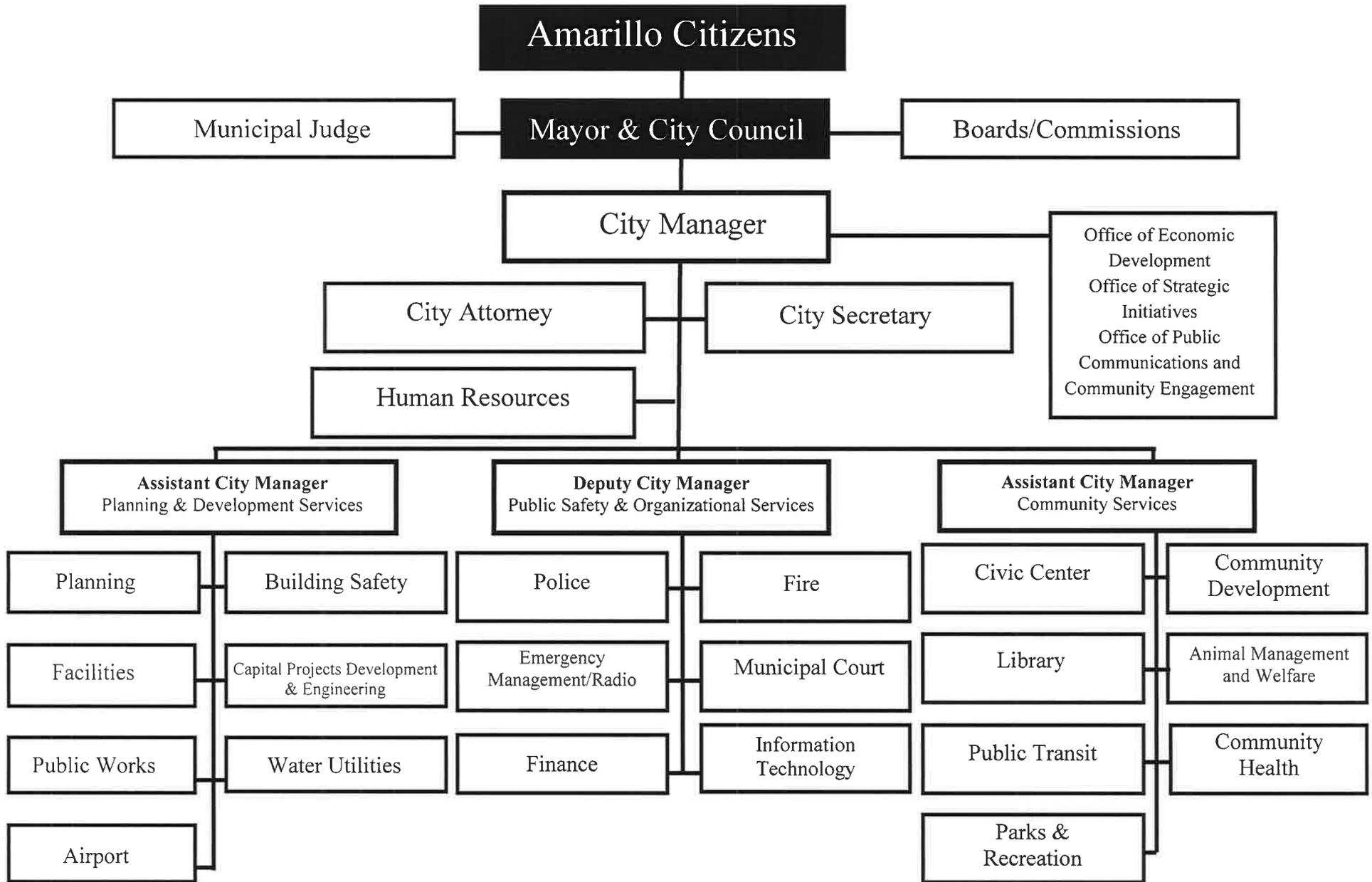
Fiscal Year Ended
September 30, 2017



Prepared by:
Finance Department

Michelle Bonner
Deputy City Manager

City of Amarillo, Texas Organization Chart



**CITY OF AMARILLO, TEXAS
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2017**

GOVERNING BODY:

Ginger Nelson
Elaine Hays
Freda Powell
Eddy Sauer
Howard Smith

Mayor
Councilmember Place 1
Councilmember Place 2
Councilmember Place 3
Councilmember Place 4

OTHER PRINCIPAL OFFICIALS:

Jared Miller
Michelle Bonner
Kevin Starbuck
Mick McKamie
Frances Hibbs
Laura Storrs
Raymond Lee
Russell Grubbs
Ed Drain
Rod Tweet
Jeff Greenlee
Rich Gagnon
Valerie Kuhnert

City Manager
Deputy City Manager
Assistant City Manager
City Attorney
City Secretary
Director of Finance
Director of Public Works
Director of Utilities
Police Chief
Director of Parks and Recreation
Fire Chief
Information Services Director
City Auditor



Government Finance Officers Association

**Certificate of
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**City of Amarillo
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morrill

Executive Director/CEO

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CITY OF AMARILLO

OFFICE OF THE
CITY MANAGER

February 27, 2018

To the Honorable Mayor and City Council,
City of Amarillo,
Amarillo, Texas

Ladies and Gentlemen:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the City of Amarillo (the City) for the year ended September 30, 2017, in compliance with Article III, Section 27 of the City Charter. The purpose of the report is to provide the Mayor, City Council, City Staff, citizens, bond holders, and other interested parties with useful information concerning the City's operations and financial position. The City is responsible for the accuracy, completeness, and fairness of the data presented in this report.

To the best of our knowledge, the following report is accurate in all material respects. It has been prepared in accordance with standards prescribed by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA) and other rule-making bodies. We believe the report contains all disclosures necessary for the reader to understand the City's financial affairs.

The City Manager, through his appointee, the Deputy City Manager for Public Safety and Organizational Services, is responsible for establishing and maintaining an internal control structure to ensure that the assets of the government are protected from loss, theft or misuse, as well as to ensure that adequate and reliable accounting data are compiled to allow for the preparation of accurate financial statements in conformity with accounting principles generally accepted in the United States of America. This internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met, and it is continually modified to accommodate new technology and other changing conditions. The concept of reasonable assurance recognizes that (1) the cost of the control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. In our opinion, the City employs sound accounting and control policies that fulfill these responsibilities.

As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. In our opinion, the City employs an appropriate level of control and review procedures to ensure compliance with all applicable requirements.

We believe that this report is accurately and fairly presented, and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Independent audits are an essential element of financial control and accountability. The City Charter requires an annual audit to be made of the financial records of the City by a Certified Public Accountant selected by the City Council. The City has complied with this requirement and the auditors' opinion has been included in this report. The auditors performed their examination in accordance with generally accepted auditing standards and stated that, in their opinion, the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Compliance Supplement and the State of Texas Uniform Grant Management Standards. Information related to the City's single audits, including the Schedule of Expenditures of Federal Awards and the auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in separate federal and state "single audit" reports.

Following the report of the independent auditors is Management's Discussion and Analysis (MD&A). Although the Securities and Exchange Commission has required public companies to present the MD&A for many years, this requirement is now promulgated by Governmental Accounting Standards Board (GASB) Statement No. 34. The objective of the MD&A is to provide an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions. The Statement specifies the topics that must be included in the MD&A, and we believe that our presentation is in conformity with this standard.

Profile of the City of Amarillo:

The City of Amarillo is geographically located within the boundaries of both Potter and Randall Counties in the center of the Panhandle of Texas and now contains an area of 103.14 square miles. Located on Interstate Highway 40 at the crossroads of a number of other highways and railroad lines, the City is the trade, banking, transportation, medical services, and marketing center of the entire Panhandle, as well as for portions of New Mexico, Oklahoma, Colorado, and Kansas. The estimated 2017 population is 202,800.

In accordance with its current Charter, adopted in 1913, the City of Amarillo operates under a council-manager form of government. As the legislative body, the City Council is responsible for enacting all ordinances, resolutions, and regulations governing the City, as well as for appointing the members of the various statutory and ordinance boards and for appointing the City Manager. As chief administrator, the City Manager is responsible for enforcement of the laws and ordinances, as well as for supervising all offices and departments created by the City Council.

The City provides the full range of municipal services normally associated with a municipality, including police and fire protection, street paving and maintenance, traffic engineering, enforcement of building and sanitary codes, a civic center complex, parks, golf courses, swimming pools and other recreational facilities, and five public libraries. The City provides solid waste collection and disposal services and operates a transit system, for which operations are accounted for as general governmental functions. The City maintains the water and sewer systems, an international airport, and effective October 1, 2012, the City established a drainage utility system, the operations of which are all accounted for as enterprise funds.

Overview of the Financial Reporting Entity:

In accordance with governmental accounting standards, various governmental entities with which we have relationships were evaluated to determine whether they should be reported in the City's combined financial statements as a part of its reporting entity. Based on standards established by the GASB, an entity should be considered to be part of the City's reporting entity if it is concluded that the nature and significance of the relationship between the City and the entity is such that exclusion would cause the City's financial statements to be misleading or incomplete.

Based on the accounting standards, the financial affairs of the Amarillo Hospital District, the Amarillo Economic Development Corporation, the Amarillo-Potter Events Venue District, the Amarillo Local Government Corporation, the Amarillo Housing Finance Corporation and the Amarillo Health Facility Corporation are reported as component units in the City's financial statements. The Amarillo Local Government Corporation was created in FY 2011/12. The Amarillo Local Government Corporation's mission is to oversee the construction and operation by contract of the downtown convention hotel,

parking garage, and multiple-purpose event venue on land leased by the Local Government Corporation from the City. The City appoints the Amarillo Local Government Corporation Board, but the Boards are not substantially the same. The Amarillo Hospital District is a separate political subdivision of the state of Texas, but is considered part of the City's financial reporting entity because the City Council appoints the District's Board of Managers and has final authority over its budget. Similarly, the Amarillo Economic Development Corporation is organized as a nonprofit corporation under the laws of the state of Texas, but is included in the financial statements because of the City Council's authority to select its Board of Directors and approve its budget. The Amarillo-Potter Events Venue District, approved by the voters on January 17, 1998, is considered part of the City's financial reporting entity because the City's Mayor appoints four of the seven members of the District's Board of Directors. Moreover, through a facility lease agreement, the City has financial responsibility with respect to the Venue District's debt service payment(s) if the related tax revenues were not sufficient to make the payment(s). However, only summarized information regarding these entities is presented in our financial statements. Complete financial statements are available in separately issued reports for each of these entities.

The affairs of the Amarillo Housing Finance Corporation are included in our financial reporting entity because of the City Council's appointment of its Board of Directors. The activities of this corporation are limited to issuance of housing bonds under provisions of the Texas Housing Finance Corporation Act, and its bonds are not general obligations of either the corporation or the City. It does not publish separate financial statements. The Amarillo Health Facility Corporation Board of Directors is appointed by the City Council. The purpose of the corporation is to authorize the issuance of bonds to providers of health care services in order to finance the acquisition, construction, and improvement of facilities. These bonds are not general obligations of either the corporation or the City. Since none of the component unit operations are integral to the operations of the City, their affairs are segregated from the financial presentation of the primary government. As provided by the new accounting model, the aggregate component unit information is reflected "discretely" in the city-wide financial statements.

The City reports TIRZ #1 and TIRZ #2 as blended Component Units. TIRZ #1 and #2 each have a ten-member board. The City of Amarillo appoints three board members, Potter County appoints three members and Amarillo College, Amarillo Independent School District, Amarillo Hospital District and the Panhandle Groundwater District each appoint one board member. While TIRZ #1 and #2 revenues can be pledged to support debt, only the City can issue the debt and pledge the TIRZ #1 and #2 revenue. Moreover, the City Council created TIRZ #1 and #2 and has final approval authority on the budget and all TIRZ #1 and #2 projects.

Operating and Capital Budgets:

Budgetary controls serve two main purposes. First, the annual appropriated budget approved by the City Council satisfies our legal obligation to review and adopt an annual budget. Second, budgetary controls provide management with an effective means of managing the financial activities of a particular function or department. Activities of the general fund, debt service funds, and major grants in existence at the beginning of the fiscal year, internal service funds, enterprise funds, and other special revenue funds are included in the annual budget. The General Fund, Debt Service Fund, Compensated Absences, Public Health Fund, Law Enforcement Officers Standards and Education Training (LEOSE), Local Seized Property Fund, Court Technology Fund, Court Security Fund, and the Public Improvement Districts budgets are legally adopted and represent appropriation of funds. The internal service fund budgets and enterprise fund budgets are for management purposes only and do not represent appropriations. Grants included in the budget are estimates included for presentation purposes only to give the budget reader a better understanding of the financial scope of the entire organization. Budgets are adopted for grant funds at the time formal acceptance of the grants is made by the City Council, such budgets generally being adopted for the time period covered by each grant.

The City prioritizes the funding of capital projects on the basis of five-year capital improvement plans. A capital improvement is any expenditure for the purchase, construction, replacement, expansion,

or major renovation of the physical assets of the City when the project is relatively expensive (more than \$25,000), long-term, and permanent. Some common examples are streets, libraries, traffic signal systems, fire stations, specialized equipment, and water and sewer lines. Capital needs of less than \$25,000 (minor replacement items) are provided for in the department's annual budget. The first year of the five-year plan is the City's annual capital budget, which is approved by the City Council, along with the annual operating budget. Capital Improvement expenditures are controlled by means of individual project appropriations, and all funds needed to complete a project are reserved no later than the inception of the project.

As an enhancement of budgetary controls over expenditures, the City also maintains an encumbrance accounting system, which assures that adequate funds are set aside as commitments are made in the form of purchase orders. Open encumbrances for both purchase orders and construction contracts are reported as reservations of fund balances at year-end.

Budget and Financial Reporting:

The City of Amarillo was awarded the Certificate of Achievement for Excellence in Financial Reporting for our 2015/16 Comprehensive Annual Financial Report (CAFR). In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. Moreover, the CAFR must satisfy generally accepted accounting principles, applicable legal requirements, and the Government Finance Officers Association's (GFOA) program standards.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to program requirements, and we are submitting it to the review process of GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. Our latest budget has been submitted for review, and we expect that our budget will earn the GFOA's Distinguished Budget Presentation Award.

Our most significant financial achievement this year is affirmation by Standard & Poor's of the City's General Obligation and the Water & Sewer Revenue Bond debt AAA rating. The City was rated a AAA debt rating from Standard & Poor's on the Drainage Utility System. The City enjoys a Moody's ratings of Aa1 on both the City's General Obligation debt and Water & Sewer Revenue bonds. The AAA rating is the Standard & Poor's highest rating debt rating. The Aa1 Moody's rating is one-third step below Standard and Poor's.

Cash Management and Investments:

State statutes govern the City's investment policies as well as the City's own written investment policy and strategy. In accordance with state law and the City Investment Policy, the City's investment objectives are to preserve capital, to provide liquidity, and to optimize earnings within the constraints of capital preservation and liquidity. City funds are deposited in an FDIC-insured bank located within the City. Permissible investments include the following:

1. Interest-bearing accounts and bank money market accounts at the City's authorized depository. Certificates of deposit including CDARS (Certificate of Deposit Accounts Registry Service).
2. Obligations of the United States or its agencies and instrumentalities. The investment in agencies and instrumentalities is limited to 75% of the portfolio.
3. No-load money market mutual funds that are continuously rated AAA or AAAM by at least one

nationally recognized rating agency have a dollar-weighted, average-stated maturity of 90 days or less and seek to maintain a stable net asset value of \$1 per share.

4. Taxable municipal securities rated not less than AA- or its equivalent by a nationally recognized rating agency. The total investment in taxable municipal securities is limited to 10% of the portfolio. To the extent that the investment in taxable municipal securities is not fully utilized in the portfolio, the unused portion can be invested in agencies' securities in addition to the 75% limit.

The City will not employ any investment strategy that is inherently risky and will not invest in any securities that are inherently risky. Prohibited securities include mortgage-backed securities that pay only interest, mortgage-backed securities that pay only principal, obligations where the interest rate is determined by an index that adjusts opposite to changes in a market index, obligations related to foreign currency or foreign market interest rates or indices, and obligations with maturities greater than five years.

The City's demand deposits, time deposits, and certificates of deposit balances that exceed FDIC insurance are collateralized by securities held by the Federal Reserve. The City uses third-party safekeeping for its investment securities.

Long-term Financial Planning:

As mentioned above, in conjunction with our annual operating budget, we develop a five-year capital improvements estimate. When feasible, the City uses pay-as-you-go financing for capital. When debt is needed to finance capital assets, the City strives to schedule bond issues so that level payments are made over no more than the useful life of the assets. Historically, the excess of revenues over expenditures are earmarked for future capital needs, and the available resources of the general fund are transferred to capital projects funds during the budgetary process.

Recent Debt Issuances:

While the City historically uses available funds from the excess of revenues over expenditures to provide for its major capital improvement needs, our capital needs exceeded our ability to generate internal funds for capital. Starting in 2007, we had several debt issuances.

Our new air terminal was funded with approximately \$23 million from grants, approximately \$8 million from Airport reserves, and \$16,140,000 in certificates of obligation (COs). While these certificates have an ad valorem tax pledge, it is the City's intention to repay the certificates from an Airport Passenger Facility Charge (PFC). The Federal Aviation Administration (FAA) approved the new \$4.50 PFC in 2008. The PFC, along with some future entitlement funds, should be sufficient to service the Airport COs, and the City should not have to levy a tax to support this debt in the future.

Our Potter County Well Field came into service in FY 2012/13. The well field is capable of producing up to 22 million gallons of water per day. Eventually, the well field can be expanded to produce up to 40 million gallons per day. The Potter County Well Field project is the largest single capital project in our history. The Potter County Well Field is a new water supply for the City of Amarillo. The new well field will be able to supply the City's current water needs without using our surface allocation from Lake Meredith and provide for future growth. The Water & Sewer System committed \$5.7 million to the well field. In 2009, we were successful in obtaining funds from the Texas Water Development Board (TWDB) in two issuances to complete the project through the Water Infrastructure Fund (WIF) program. In both issuances, the TWDB purchased the City's COs and is the only bondholder. The first issuance was for \$38,885,000 and the City received an overall interest rate of 2.10% on 20-year debt. The City increased its Water & Sewer Rates by 10% to service the debt. In the second issuance, the City received 1.97% on \$47,400,000 of 20-year debt.

We added a high service pump station to our water treatment plant. The project was shovel ready and qualified as a "green" project due to the projected energy savings. Using current pricing, the new pump station should save approximately \$200,000 in electricity. The City was also able to take advantage of the American Recovery and Reinvestment Act (ARRA) along with funding from Texas Water Development Board. The City issued \$18,075,000 in COs at zero percent interest. The project was substantially complete at the end of calendar year 2011. The City had to increase water and sewer rates by 10% in 2010/11 for the increased debt service on the Potter County Well Field project and the high service pump station.

2010 Certificates of Obligation:

The City also received funding from the Texas Department of Transportation (TXDOT) for a much-needed bridge over the BNSF railroad tracks at the intersection of S.E. Third Avenue and Grand Street. Grand Street is one of the main north-south arterial streets for the east side of Amarillo. When the Grand Street crossing is blocked due to rail traffic, the other main north-south arterial, Eastern Street, is often also blocked. The bridge remedies the problem on Grand Street and even helps relieve congestion on Eastern Street, as well. The project cost approximately \$5.67 million, with most of the funding coming from the Amarillo MPO and TXDOT Amarillo District ARRA funds (about \$4.2 million). The balance of the project cost was paid from City funds. Potter County contributed \$241,000 to the project. The City issued \$1,392,000 of Recovery Zone Build America Bonds, Series 2010 for its portion of the project cost. These bonds were issued with a true interest cost of 3.194%. The City's portion of the project was approximately \$1.2 million; the balance of the bond proceeds will be used for street improvement projects within the Recovery Zone.

With the Recovery Zone Build America Bonds, the City receives an interest credit of 45% of the interest paid for each interest payment made. This credit was used in calculating the above, 3.194% true interest cost. These credits are not exempt from the "fiscal cliff" legislation and were reduced slightly. However, the issue size is so small that it did not significantly impact the tax rate for debt service.

2011 Certificates of Obligation:

During January 2011, the City issued the 2011A COs in the amount of \$3,750,000 and the 2011B COs in the amount of \$2,210,000. The proceeds from the 2011A issue are for improvements to the Ross Rogers Golf Course. These certificates have a continuing tax pledge, but the City anticipates the issue will be repaid from golf course improvement and renovation fees. The proceeds from the 2011B issue are for improvements in the TIRZ #1. These issues have a continuing tax pledge, but the City anticipates the issue will be repaid from revenue generated from the TIRZ #1.

2011 Water & Sewer Revenue Bonds:

In August 2011, the City issued \$16,300,000 in Water & Sewer Revenue Bonds. The bonds were issued to purchase additional water rights adjacent to the City's existing water rights in Roberts County. The City purchased 32,350 acres of water rights in Ochiltree County, which is north of the City's existing water rights in Roberts County. When the City develops these rights, the City will have a very large contiguous area to develop.

2012 Debt Issuances:

On December 12, 2012, the City closed on two debt issues. The first debt issue is \$6,260,000 in Combination Tax and Drainage Utility Revenue COs. The 2012A issue is mainly for drainage improvements on Farmers Avenue. The City is leveraging state funds and the state will participate with approximately \$1.7 million for paving improvements on the Farmers project. There should still be some remaining funds for other drainage improvements. In addition to the tax pledge, the Drainage COs have an unlimited net pledge of the Drainage Utility System of 1.25 times net revenue. The City intends to fund the debt entirely from the Drainage Utility and not levy a property tax for the COs. Thus, the debt is

structured similar to the City's Water & Sewer revenue debt. The City needed the tax pledge because there had not been one full month of Drainage Utility revenue when the debt was issued. However, the City needed to fund the Farmer's project or risk losing state funding.

The second issue in 2012 is to purchase rolling stock for our fleet services. Rolling stock replacement was delayed during the recent economic downturn. The 2012B issue has a five-year maturity and the proceeds will be used to purchase rolling stock with at least a five-year life. The 2012B issue is for \$2,790,000 in Combination Tax and Sanitation Revenue COs. The COs have a \$1,000 limit pledge of Sanitation Revenues and a property tax pledge. The City intends to pay for the COs from Fleet Services rental revenues and not levy a tax for the debt.

Using the CO structure, the City got very attractive rates on the debt. The 2012A issuance has a 20-year maturity and has a true interest cost of 1.763%. The 2012B has a five-year maturity and has a true interest cost of 0.686%.

2013 Water and Sewer Revenue Bonds:

On July 10, 2013, the City issued the Waterworks and Sewer System New Series 2013 Revenue Bonds in the amount of \$1,310,000. The series has a ten-year maturity and a true interest cost of 0.39%. The proceeds will be used to fund the design of the Osage to Arden Road pipeline.

2014 Debt Issuances:

During 2014, the City had four debt issuances. The first was the issuance of the Waterworks and Sewer System Revenue bonds New Series 2014 CWSRF in the amount of \$8,495,000. These bonds were issued thru the Clean Water State Revolving Fund program of the TWDB. This series has a 20-year maturity with a true interest cost of 1.94%. These funds will be used for the design and construction of Georgia Street Interceptor project. This project will eliminate a lift station and ensure proper operation of the collection system in the area. This bond issue will also fund the planning and design for the replacement of Lift Station 32.

The second debt issue was \$6,080,000 of Drainage Utility Revenue Bonds with a true interest cost of 3.23%, including maturities through 2034. This issue is mainly for the T-Anchor Excavation project. The third issue was \$2,650,000 of Tax Note, Series 2014 bonds with a true interest cost of 0.916% and maturities through 2019 to purchase rolling stock for the City's Fleet Services. As mentioned previously, during the economic downturn the City delayed the replacement of rolling stock. This issue will allow the City to replace existing equipment. The funding for this issue will come from the Fleet Services fund. The final issue was the 2014 COs of \$2,260,000, with a 20-year maturity and 3.22% interest to pay for park improvements. This issue will be funded by assessments to the property owners of the Colonies Public Improvement District and the Greenways Public Improvement District.

2015 Debt Issuances:

On October 2, 2015 the City issued the City of Amarillo, Texas, Waterworks & Sewer System Revenue Bonds, Series 2015 in the amount of \$17,195,000 and the City of Amarillo, Texas, Waterworks & Sewer System Refunding Bonds, New Series 2015A in the amount of \$21,145,000. The 2015 series was issued through the TWDB at very favorable interest rates with a true interest cost at 1.17%. The proceeds will fund a water transfer supply pipeline from the Osage Water Treatment Plant to the connection for the Arden Road Pump Station, and the addition of a pump and ground storage tank for the Arden Road Pump Station. The 2015A series refunded the 2005, 2006 and 2006A bonds for a net present value benefit of \$2,623,562 with a true interest cost of 2.38%.

2016 Debt Issuances:

On April 13, 2016 the City issued the City of Amarillo, Texas, Hotel Occupancy Tax Revenue Bonds, Taxable Series 2016 in the amount of \$11,995,000 with maturities through 2043 and a true

interest cost of 4.1196%. The bonds will be used to construct and equip a downtown Amarillo parking garage located in the vicinity of the City's convention center facilities.

2017 Debt Issuances:

During 2017, the City had four debt issuances. On February 22, 2017 the City issued the City of Amarillo, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2017 in the amount of \$6,940,000. The bonds were issued for 20 years with a true interest cost of 2.736%. The bonds are being used to acquire a two-way radio communications system for public safety. Concurrently, the City issued \$15,110,000 of General Obligation Refunding Bonds, Series 2017 to refund the CO 2007 bonds, with a true interest cost of 2.219% and maturities thru 2027. The 2017 GO Refunding bonds refunded the CO 2007 bonds for a net present value benefit of \$2,422,114.

The third issuance was on May 11, 2017 for \$21,280,000 in General Obligation Bonds, Series 2017 with a true interest cost of 3.18% and maturities ranging through 2042. Proceeds from these bonds are being used to fund year one of a five-year capital improvement program that was approved by voters in the November 2016 bond election. The fourth and final issuance for 2017 was also on May 11, 2017, for \$31,005,000 in Waterworks and Sewer System Revenue Bonds, Series 2017, issued for 20 years with a true interest cost of 2.932%. These bonds are allowing the City to address much needed infrastructure projects for water and sewer.

Our Local Economy:

Historically, major industries of the area include grains, cattle, beef processing, natural gas, oil, helium and other petroleum by-products, refining operations, and nuclear weapons processing. These industries are still very important to Amarillo; however, Amarillo has a more diverse economy. Food processing, defense industry, manufacturing, distribution, traffic and transportation, general retail, banking, criminal justice, medical facilities, administrative and back-office operations, and higher education are all important industries in Amarillo.

Amarillo is also a regional trade center for a very large five-state region. Thus, retail sales, banking, and medical services are significant activities in Amarillo. Moreover, because of Amarillo's central location in the United States and being traversed by I-40, I-27, and State Highway 287, traffic and transportation and travel and tourism are important industries to Amarillo.

Natural gas and petroleum are major industries in the City of Amarillo and the Panhandle. There was an increase in the price of oil compared to last year. According to the Amarillo Economic Analysis, prepared by Amarillo National Bank, September 2017 oil was up 17% at \$44.63 per barrel compared to September 2016 at \$38.05 per barrel⁽¹⁾. Natural gas prices increased 6.3% compared to last year. Natural gas was at \$2.84 per mmbtu last year compared to \$3.02 per mmbtu at September 2017⁽¹⁾. Since we are both a producer and a consumer of natural gas, part of our economy benefits from lower gas prices while it is detrimental to another part of our economy. Increases in natural gas prices mean higher royalty payments to landowners, but it also means higher energy costs for our area farmers that use natural gas for irrigation and other industries.

While there is some benefit to lower oil and gas prices to the economy in general, changes in oil and gas prices have a direct impact on drilling activity in the Panhandle. In September 2017⁽¹⁾, there were 13 active drilling rigs compared to 80 in 2013⁽¹⁾, 67 in 2014⁽¹⁾, 22 in 2015⁽¹⁾, and 9 in 2016⁽¹⁾.

According to the Texas Cattle Feeders Association, our cattle feeding area produces about 6,000,000 fed cattle annually, which is about 30% of the nation's beef. Cattle prices dropped dramatically in 2016. Fed cattle prices are level with last year at \$104.97 per hundredweight compared to \$105.00 at September 2016⁽¹⁾.

Dairies have become major industries in the Panhandle. Dairies remain profitable as September

2017 milk prices are up to \$16.50 per hundredweight compared to \$16.00 at September 2016⁽¹⁾. The majority of principal area crops cannot be grown without irrigation and natural gas is the main fuel used for irrigation. The major crops grown in the Panhandle are wheat and corn. Corn prices are up to \$3.71⁽¹⁾ per bushel at September 2017 compared to \$3.15⁽¹⁾ last year.

Wheat prices are up 17% from prior year, at \$3.77 per bushel at September 2017. At September 2011, wheat had significantly increased to \$7.67⁽¹⁾ per bushel and continued to increase to \$8.48 per bushel at September 2012⁽¹⁾. Wheat was at \$6.85 per bushel at September 2013, compared to \$5.95 per bushel at September 2014⁽¹⁾, \$4.43 per bushel at September 2015⁽¹⁾, and \$3.23 per bushel at September 2016⁽¹⁾.

Cotton is up 16%. Cotton was at \$71.40⁽¹⁾ cents per pound at September 2017 compared to \$61.30 cents per pound at September 2016, \$66.10⁽¹⁾ cents per pound at September 2015, \$66.90⁽¹⁾ cents per pound at September 2014 and \$83.36 cents per pound in 2013⁽¹⁾. At September 2012, cotton was at \$70.40⁽¹⁾ cents per pound compared to \$94.00⁽¹⁾ cents per pound in 2011 and \$87.14⁽¹⁾ cents per pound in 2010. Historically, cotton has been grown south of Amarillo. However, new hybrids can be grown in our area.

Amarillo Economic Development Corporation:

The Amarillo Economic Development Corporation (AEDC) is the primary economic development engine of the Amarillo community, focused on industry growth and job creation through business attraction and retention initiatives. In 1989, the citizenry of Amarillo approved a measure to increase the sales tax rate by one-half cent to be dedicated to economic development programs. The vote proved to be a proactive one, as Amarillo was the second city in Texas to approve the sales tax for economic development in the first year the program was made available through the Texas Legislature.

The mission of AEDC is to attract businesses to Amarillo which offer highly-skilled, highly-paid positions; to expand and retain existing local businesses in Amarillo; and to create a business environment conducive to entrepreneurship. The AEDC targets companies whose primary function is to produce goods or services that are then sold outside of the immediate trade area, thereby introducing new monies into the local economy. This strategy is met by implementing aggressive business recruitment programs, local business retention and expansion programs, and promoting the Amarillo, Texas brand worldwide.

In 2017, AEDC approved three new projects aimed at providing job growth in two Amarillo headquarters operations and educational opportunities to Amarillo Independent School District (AISD) graduates. The AEDC will provide \$1.8 million to assist The Fairly Group in expanding its Amarillo headquarters where the company provides risk management consulting and medical cost containment services to its clients nationwide. The AEDC also approved up to \$13.0 million in assistance to Maxor National Pharmacy Services, an Amarillo-based pharmacy benefit management company. These funds will be awarded over multiple years as Maxor retains and expands its workforce to accommodate its growing business model. Lastly, AEDC approved \$3.6 million to the expansion of the Achievement through Commitment to Education (ACE) scholarship program. The ACE scholarship was founded 23-years ago and provides assistance to AISD graduates pursuing postsecondary credentials. The AEDC is one of five local partner organizations to fund the ACE scholarship expansion including Amarillo Area Foundation, AISD and Amarillo College.

The AEDC continued its partnership with West Texas A&M University through the EnterPrize Challenge, a local business plan competition funded by AEDC and facilitated by the WT Enterprise Center. The 22nd annual Amarillo EnterPrize Challenge awarded three grants totaling \$300,000 to new and emerging companies expected to create more than 29 new jobs and make substantial investments in the regional economy. To date, 86 businesses have received cash grants totaling more than \$5.9 million, resulting in 717 new jobs and \$125 million in new revenue to the Amarillo economy. By contractual agreement, Texas Panhandle Regional Development Corporation (TPRDC) acts as the small business financing arm of AEDC. TPRDC provides small business financing for owner-occupied commercial real estate. This Certified Development Company approved two Small Business Administration 504 loans

totaling over \$600,000, which leveraged \$800,000 in bank financing and \$215,000 in owner equity. For the year, this program was responsible for the creation of four new jobs. TPRDC also funded four loans in 2017 totaling just under \$2.2 million.

Major Industries and Employers:

The Amarillo Chamber of Commerce lists 26 employers with 400 or more employees in Amarillo. This is a very diverse group of employers consisting of governmental entities, manufacturing, defense, industry, food processing, healthcare, general retail, traffic and transportation, energy companies, public utilities, higher education, financial services, retirement services, the travel industry, and computer services⁽³⁾.

Two of our largest employers are in the defense industry: Bell Helicopter and CNS Pantex. The Pantex Plant, located 17 miles northeast of Amarillo, in Carson County, is charged with maintaining the safety, security and reliability of the nation's nuclear weapons stockpile. The Pantex Plant is managed and operated by CNS Pantex for the U.S. Department of Energy/National Nuclear Security Administration. The Pantex mission is Securing America as the NNSA's production integrator and provider of the nuclear deterrent to the Department of Defense; serving the Nuclear Security Enterprise through our highly reliable people, processes, infrastructure, and business systems. Pantex Engineering has provided technology solutions for the manufacturing, evaluation, and testing of nuclear explosives, joint test beds, and other special nuclear materials. As the nation's primary site for assembly and disassembly of nuclear weapons, Pantex also provides major support through the External Mission Center to the DoD and the United Kingdom (UK) Ministry of Defense⁽²⁾. Approximately 3,150 people are employed at Pantex⁽³⁾.

In 1998, Bell Helicopter announced its decision to locate its V-22 Tiltrotor Assembly Center in Amarillo, Texas. The initial capital investment by the AEDC was \$30,000,000 for the construction of a world-class facility. Over the past 18 years, the invested amount in the Bell Helicopter Amarillo Assembly Center by the AEDC on behalf of the Amarillo community has surpassed \$120,000,000, resulting in a campus of more than 1.5 million square feet under roof. The company has diversified its product offerings out of the Amarillo Assembly Center due to the significant level of support the community has provided. Bell Helicopter's Amarillo Assembly Center builds the revolutionary V-22 Osprey, the UH-1 Huey, and the formidable AH-1 Cobra. The AEDC has issued a series of bonds to finance the project. Under the terms of the lease, Bell's lease payment is abated so long as they meet local compensation and spending requirements. Amarillo is very proud of Bell Helicopter and the continued success their company has created for the region.

Bell continues to expand in Amarillo by offering new product lines for its customers around the world. In 2013, Bell constructed the first company-owned facility at the Amarillo Assembly Center. This 275,000-square foot, state-of-the-art building houses the 525 Relentless program. The 525 Relentless is a five-blade commercial helicopter primarily used for offshore oil and gas exploration, firefighting and emergency medical evacuations, paramilitary operations and VIP logistics. To assist Bell with the 525 Relentless project, City officials approved a \$4.2 million AEDC investment in the new facility. Textron, Bell's parent company, provided the remaining \$24.8 million for the facility.

ASARCO was organized in 1899 as American Smelting and Refining Company. Originally a consolidation of a number of lead-silver smelting companies, the Company has evolved over the years into an integrated producer of copper and other metals. The Amarillo Plant refines copper and precious metals. The plant consists of an anode department, tankhouse, refined casting departments, precious metals refinery, a copper scrap facility, a precious metals scrap handling facility, nickel plant, selenium/tellurium plant and support facilities. The Company's Amarillo Copper Refinery in Amarillo together with the SX/EW plants at the Ray and Silver Bell mines produce approximately 315,000,000 pounds of refined copper per year. ASARCO employs 350⁽³⁾ workers in Amarillo.

Other manufacturing operations in Amarillo include Owens Corning Fiberglass, which employs

about 586⁽³⁾ people. Owens Corning produces fiberglass for building products. Amarillo Gear has been in continual operation in Amarillo since 1917 and manufactures the largest range of spiral bevel right-angle gear drives in the world since 1934. Amarillo Gear is a Marmon Walter/Berkshire Hathaway Company⁽⁹⁾ and employs 175⁽³⁾.

International Paper Company produces containerboard packaging in Amarillo and employs 116⁽³⁾ people. Crouse-Hinds is a division of Copper Industries. Cooper Crouse-Hinds has grown into a diversified worldwide provider of electrical products that perform reliably and safely in harsh and hazardous environments.

Food distribution is also an important industry to Amarillo. Affiliated Foods employs 1,250⁽³⁾ workers in its facility. Ben E. Keith, a distributor of food service products, employs 250⁽³⁾ persons. One of our largest single employers is also in the food industry. Tyson Foods has 3,700⁽³⁾ employees operating its plant in northeast Amarillo.

Both ranching and cattle feeding are important to our area. There are several advantages to cattle feeding operations in our area. The area's central location reduces transportation costs. There are locally grown feed grains and volume shipments from the Midwest which ensure a plentiful supply of feed. Relatively mild winters and good summer weather have helped the three-state area earn its reputation as "Cattle Feeding Country." Local lenders in the area understand the industry and are willing partners. According to the Texas Cattle Feeders Association, 30% of the nation's beef is produced in the Texas Panhandle. Both Cactus Feeders and Friona Industries are headquartered in Amarillo. Cactus Feeders has ten large-scale cattle feedyards across the Texas high plains and southwest Kansas. Since its founding in 1975, Cactus Feeders has grown into a \$750 million company that employs approximately 800 people across six states. Cactus Feeders is the world's largest privately owned cattle feeding operation⁽⁴⁾. Founded in 1962, Friona Industries owns six state-of-the-art feedyards in northwestern Texas with a feeding capacity that ranks them in the top ten feedyards worldwide⁽⁵⁾.

Amarillo is a regional medical center for a five-state geographic region and the health care industry is one of the largest employers in Amarillo. The Harrington Regional Medical Center in Amarillo was the first specifically designated city hospital district in Texas. From the beginning, the Medical Center was planned to include health care, the training of doctors and nurses, and medical research programs. The Harrington Regional Medical Center had 410-acre campus and was supported by the Don and Sybil Harrington Regional Medical Center at Amarillo. The Medical Center's affiliated members include resident (on-campus) and non-resident (off-campus) patient care, patient service research, and education facilities. Each of these members provides vital services to our area⁽⁸⁾.

The Medical Center complex is home to several of our major employers: Baptist St. Anthony's Health Care System (BSA) with 2,700⁽³⁾ employees and Northwest Texas Healthcare System (NWTHS) with 1,950⁽³⁾ employees. Both BSA and NWTHS offer integrated acute care hospitals. BSA offers a full range of medical and surgical services at their acute care patient facility⁽¹¹⁾ located within the Harrington Regional Medical Center. BSA is also a partner in Physicians Surgical Hospitals, LLP, which offers two additional acute care hospital facilities near the Medical Center⁽¹¹⁾. For 2017, BSA is the largest taxpayer.

NWTHS is a designated tertiary care and teaching institution, academically affiliated with Texas Tech University, licensed for 495 acute beds, including 106 mental health beds, and 4 at the Northwest Texas Surgery Center. The emergency department is a certified as an Advanced (Level-III) Trauma Center, treating approximately 57,000 patients per year. Comprised of the main hospital, children's hospital, heart hospital, and an affiliated free-standing surgical hospital, NWTHS also serves as a regional treatment center, providing emergent life flight services to patients within the Texas Panhandle. NWTHS is one of our largest taxpayers⁽¹²⁾.

Our VA Medical Center employs approximately 1,000⁽³⁾ people. The Amarillo VA Health Care System, a division of the Southwest VA Health Care Network, provides primary specialty and extended

care of the highest quality to veterans throughout the Texas and Oklahoma panhandles, eastern New Mexico, and southern Kansas. Approximately 25,000 patients are treated annually. The health care system maintains 55 acute care inpatient beds for general medical, surgical, and intensive care. Geriatric and extended care is provided in the 120-bed skilled nursing home care unit. A modern ambulatory care center and medical arts building facilitates the delivery of primary care, specialty care, and preventive health services. The Amarillo VA Health Care System also ensures health care is accessible to those veterans residing in rural areas through three community-based outpatient clinics located in Lubbock, Childress, and Dalhart, Texas, as well as Clovis, New Mexico⁽⁶⁾. The VA offers a wide array of mental health services, including substance use treatment and programs for the homeless. The VA also boasts an intensive mental health case management program.

Other large medical employers include the Texas Panhandle Centers Behavioral & Developmental with 368⁽³⁾ employees, Panhandle Eye Group with 170⁽³⁾ employees, Family Medicine Centers with 204⁽³⁾ employees, Amarillo Heart Group with 155⁽³⁾ employees, the Don & Sybil Harrington Cancer Center with 165⁽³⁾ employees, Regence Health Network with 165⁽³⁾ employees and Physicians Surgical Hospitals with 123⁽³⁾ employees.

Mild weather, excellent medical facilities, and low living costs make Amarillo an excellent location for retirement living. There are several large retirement communities in Baptist Community Services with 400⁽³⁾ employees, Park Central with 300⁽³⁾ employees, Ussery-Roan Texas State Veterans Home with 100⁽³⁾ employees, the Craig Methodist Retirement Community with 120⁽³⁾ employees, Heritage A Skilled Nursing and Rehab Facility with 100⁽³⁾ employees, and Vibra Acute Medical Rehabilitation Hospitals with 200⁽³⁾.

For over 30 years, Insurance Management Services (IMS) has been a leader in Health Benefit Administration for employer groups of all sizes. IMS is locally owned and operated exclusively out of Amarillo⁽¹⁰⁾ and employs 101⁽³⁾. IMS started as a small business with manual claims administration and has evolved into a full-service, third-party administrator with 45,000 covered lives⁽¹⁰⁾.

Major retail stores draw customers from a wide region into our city. Amarillo is currently home to four Wal-Mart supercenters, two Wal-Mart Neighborhood Markets and two Sam's Club. Wal-Mart employs a total of 899⁽³⁾ people and Sam's Club employs 150⁽³⁾. United Supermarkets is a large employer and employs a total of 538⁽³⁾ in their seven stores in Amarillo. Toot'n Totum has several convenience stores in Amarillo and employs 800⁽³⁾.

Customer support and back office operations are also large employers. Maxor National Pharmacy Services Corporation is a pharmacy benefit management company headquartered in Amarillo and has 567⁽³⁾ employees. The American Quarter Horse Association is also headquartered in Amarillo and employs 302⁽³⁾. The Atmos Energy customer support center in Amarillo employs 333⁽³⁾.

Amarillo also serves as a regional banking center. Bank of America, Citibank, Chase, and Wells Fargo have branches in Amarillo, along with regional banks and local banks. The banking industry is very important to Amarillo and banks are some of our larger employers. Amarillo National Bank is on our list of top ten taxpayers and employs 564⁽³⁾. Happy State Bank employs 542⁽³⁾. Herring Bank employs 125⁽³⁾ and Bank of America employs 105⁽³⁾.

The Texas Department of Criminal Justice has two prison units in Amarillo and is a major employer. The two prisons provide 1,303⁽³⁾ jobs.

Higher education is a major employer in the Amarillo area. Our community college, Amarillo College, offers both vocational training and associate degree programs and has 645⁽³⁾ employees. Texas Tech University has a large presence in our community. The Texas Tech Health Science Center in Amarillo has both a medical school and pharmacy school in Amarillo and employs 879⁽³⁾. Texas Tech University provides training in our community for medical doctors earning specialty accreditation in

family medicine. West Texas A&M University in nearby Canyon, which is a part of the Texas A&M University System, employs 726 full-time employees⁽³⁾. West Texas A&M University also has a campus in Amarillo.

As mentioned earlier, the oil and gas industry is important in the Panhandle and energy companies are also major employers. Valero Energy Corp. employs 105⁽³⁾ and Davidson Oil Company employs 108⁽³⁾.

The traffic and transportation industry has been important to Amarillo from its beginning in 1887. Amarillo was founded near a bend in the Fort Worth and Denver (FW&D) Railroad tracks, which were under construction. The Burlington Northern Santa Fe Railroad is still one of our major employers with 805⁽³⁾ employees. Trucking is also important to Amarillo. Kimrad Transport, LP, employs 215⁽³⁾, Baldwin Express, Inc, and Plains Transportation, Inc. are also in the trucking industry. Support for the trucking industry is a larger employer in Amarillo and includes companies like Amarillo Truck Center, Summit Truck Group, and Bruckner's.

Today, Amarillo's airport has the third longest commercial runway in the world. There are numerous direct daily flights from Amarillo to major hub airports having direct flights to foreign countries. You can get to Dallas-Ft. Worth Regional Airport in one hour; Houston Intercontinental in about an hour and a half, Denver International in an hour, Las Vegas in two hours, and LAX in four hours. Amarillo is a hub for major highways that connect to the rest of the region: I-40 to Oklahoma City and Albuquerque, U.S. 287 to Dallas and Fort Worth, and U.S. 87 to Denver⁽⁷⁾. Because of Amarillo's location on Interstate 40, Interstate 27, and State Highway 287, along with attractions in and nearby Amarillo, hospitality and tourism are significant industries. Approximately eight million people travel through Amarillo annually, dining in almost 500 local restaurants. The Amarillo hotel industry has 95 hotels with approximately 6,700 rooms to rent.

Amarillo has an amusement park and an art museum. The American Quarter Horse Museum is located on Interstate 40. The Panhandle Plains State Historical Museum is in nearby Canyon, Texas. Palo Duro Canyon and the Alibates Flint Quarry are also nearby. Wonderland Amusement Park is located in north Amarillo.

Two of the larger employers are engineering firms. Talon/LPE is a full-service environmental consulting and engineering corporation and Zachry Engineering Inc. employs 185⁽³⁾. The construction industry is also a major employer. J. Lee Milligan, Inc. employs 225⁽³⁾ and L. A. Fuller & Sons Construction Inc. employs 150⁽³⁾ people.

In summary, Amarillo's local economy is broadly diversified. While Amarillo has several large industries and employers, no single industry or employer dominates the Amarillo economy.

Current Economic Climate and Trends:

Amarillo has fared much better than most cities during the recent recession. We had neither a reduction in service nor any reduction in available hours to our citizens. In 2011, the City's Water & Sewer revenue debt was upgraded to AAA by Standard & Poor's and in 2014 the City's Drainage Utility revenue debt was rated AAA by Standard & Poor's. Amarillo is one of the few cities that has AAA General Obligation debt, AAA Water & Sewer revenue debt AAA Drainage Utility revenue debt by Standard & Poor's.

Our sales tax for 2016/17 came in at \$55.5 million, which is approximately \$0.6 million, or 1.1% less than 2015/16 sales tax of \$56.1 million. Sales tax as for 2014-15 was \$55.5 million in 2014/15. Sales tax receipts remain very strong, with record receipts every year for six years straight through 2016. The City feels that the significant increases in the 2013 and 2014 years are related to the May 2013 hail storm. Due to the drop in sales tax for 2016/17, when preparing the 2017/18 budget, the sales tax estimates were kept flat based on 2016/17 collections. The City's sales tax collections have tracked very close to the

budgeted amounts for the first quarter of the 2017/18 fiscal year. Generally, sales tax is erratic on a month-to-month basis, with some months exceeding their corresponding previous year month and some months being down compared to their corresponding previous year month. Amarillo's hotel occupancy tax was down slightly for 2016/17, at \$6.6 million, as compared to last year's revenue of \$6.8 million.

Employment remains stable. Amarillo's unemployment rate is 3.1% compared to 3.2% last year and 3.1% the year before⁽¹⁾. However, Amarillo's unemployment was better than the state of Texas at 4.0%, and our national unemployment at 4.2%⁽¹³⁾.

Water metered sales for 2016/17 remained consistent with prior year, after an increase of \$7.48 million or 18.1% largely from 2014/15 to 2015/16 due to the City receiving record amounts of precipitation during 2015 while experiencing more "normal" years during 2016 and 2017. Calendar year 2015 was the 4th wettest year in recorded history. In contrast, the Texas Panhandle received much less precipitation during 2016 and 2017. Water revenues can be significantly affected by the amount and timing of local rainfall. Rates were increased for the fourth tier structure for 2014/15, by 3% overall for 2015/16 and by 3% overall for 2016/17. Rates were increased in the 2013/14 by 2%, in the prior two fiscal years by 11% with 6% in 2011/12 and 5% in 2012/13 which funded the debt service portion of the CRMWA water rights and the City of Amarillo water rights purchase. The Water and Sewer Fund netted \$15.0 million in 2014/2015, \$16.4 million in 2015/16 and \$17.8 million in 2016/17.

Our property tax base continues to grow. As of January 2017, we had \$12.1 billion in value compared to approximately \$11.5 billion the previous year. In 2016/17, the City had \$237 million in new property values compared to \$212 million in 2015/16.

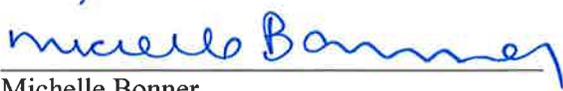
Building decreased for the 2016/17 fiscal year. The City had \$276.0 million in permits compared to \$353.9 million in 2015/16. Commercial permits decreased to \$138.6 million in 2016/17 compared to \$192.6 million in 2015/16. Residential permits also decreased to \$137.4 million in 2016/17 compared to \$161.3 million in 2015/16. The City experienced a significant hail storm event in May 2013, roofing permits increased significantly from \$5.3 million in 2011/12 to \$132.1 million in 2012/13 and \$112.5 million in 2013/14. For the 2014/2015 roofing permits decreased with \$25.5 million for the year, but were up again to \$33.6 million in 2015/16 and \$40.4 million in 2016/17.

For 2016/17, the property tax rate remained flat with prior year at \$0.35072 per \$100 of taxable values. The property tax rate increased by \$0.00563 to \$0.35072 in 2015/16, as compared to 2014/15 rate of \$0.34509. For the 2017/18 budget, the property tax rate will increase \$0.01292 to \$0.36364 per \$100 of taxable values.

Amarillo continues to enjoy strong sales tax receipts and increasing property values. Amarillo has a very good quality of life and a lot of opportunity. Amarillo has a strong diversified economy with plenty of jobs. We have major employers and industries for professionals, skilled craftsman, and laborers. Amarillo has the best-funded Economic Development Corporation in the state and Chamber of Commerce to help attract and retain industry and support tourism. Amarillo has great public education and higher education. Amarillo has excellent medical facilities and very nice retirement facilities. We are well represented by national, regional, and local banks. Retail availability is diverse and strong in Amarillo; anything you need and most everything you want can be found in Amarillo. We have amusement parks, regional parks, and neighborhood parks. We have sports teams, museums, area lakes, and other attractions. In short, Amarillo is a great place to live and work.

We wish to thank the Mayor and members of the City Council for their responsible manner of conducting the financial operations of the City.

Yours very truly,



Michelle Bonner
Deputy City Manager – Public Safety and Organizational
City of Amarillo, Texas



Jared Miller
City Manager
City of Amarillo, Texas

Sources:

- (1) Amarillo Economic Analysis, courtesy of Amarillo National Bank
- (2) CNS Pantex
- (3) Amarillo Chamber of Commerce includes only full-time employees
- (4) Cactus Feeders
- (5) Friona Industries
- (6) Amarillo VA Health Care System
- (7) Amarillo Economic Development Corporation
- (8) Harrington Regional Medical Center
- (9) Amarillo Gear
- (10) Insurance Management Services
- (11) Baptist St. Anthony's Hospital
- (12) Northwest Texas Hospital
- (13) U.S. Bureau of Labor Statistics

FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Amarillo, State of Texas (the City) as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate

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discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule - General Fund, the Schedule of Changes in Net Pension Liability and Related Ratios - Texas Municipal Retirement System, the Schedule of Contributions - Texas Municipal Retirement System, Notes to Required Supplementary Information - Texas Municipal Retirement System, the Schedule of Changes in Net Pension Liability and Related Ratios - Firemen's Relief and Retirement Fund, the Schedule of Contributions Firemen's Relief and Retirement Fund, Notes to Required Supplementary Information - Firemen's Relief and Retirement Fund, the Schedule of Funding Progress on Other Postemployment Benefits on pages 5 through 21, and pages 114 through 121 be presented to supplement the basic financial statements. Such information, 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements, schedules and other information, supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, schedules and other information, and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Connor McMellon Mitchell, Shennum PLLC

Amarillo, Texas
February 27, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Amarillo's (City) Comprehensive Annual Financial Report (CAFR) presents an overview, through Management's Discussion and Analysis (MD&A), of the City's financial activities and performance during the fiscal year ended September 30, 2017. As the management of the City of Amarillo, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2017.

Financial Highlights:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$846.95 million (net position). Of this amount, \$813.81 million is invested in capital assets and infrastructure net of related debt. Of this amount, \$22.15 million is restricted for debt service and other purposes. The remaining \$10.99 million is unrestricted net position.
- The City's total net position increased by \$11.30 million before the decrease in beginning net position for the prior period adjustment of \$3 million related to the landfill closure and post-closure care liability. Of this amount, a \$8.26 million decrease is attributable to governmental activities, and an increase of \$19.56 million is attributable to net operating revenues of the business-type activities, which revenues are attributable to rates/fees established to fund both current operating needs and future development.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$122.64 million. The General Fund's fund balance decreased by \$2.42 million. The increase in fund balance for capital projects funds was \$18.06 million. This increase was a result of construction that will not be completed until future years on general construction and civic improvement projects. Increases in other governmental funds, which include many grants and special revenue funds, were approximately \$212 thousand.
- At the end of the current fiscal year, the fund balance for the General Fund was \$45.66 million, or 26.2% of total general fund expenditures. Expenditures and transfers out of the General Fund were \$174.34 million, which amounts included transfers of general revenues to capital outlay, internal service funds, grant funds, and other funds which carry out general governmental operations. The General Fund remains in good financial condition with unassigned fund balance of \$43.66 million.
- General Fund revenues increased over the previous fiscal year. However, the City did see a decrease in sales tax collections for fiscal year 2017, which was the first time in over six years. Total sales tax collections came in at \$55.54 million. Sales tax receipts remain strong; however, fiscal year 2017 saw a decrease of approximately \$0.55 million from fiscal year 2016 collections. When preparing the 2017/18 budget, the sales tax estimates were reduced to stay consistent with the reduced fiscal year 2017 collections. The City's sales tax collections have tracked very close to the budgeted amounts for the first quarter of the 2017/18 fiscal year. Management keeps a close watch on sales tax collections to assist in making changes during the year, if needed. The City also saw a slight reduction in hotel occupancy tax revenue in 2016/17, recording approximately \$6.6 million, down from \$6.8 million. Electricity and gas franchise fees came in higher than expected, \$11.5 million or a \$1.2 million increase over 2015/16, due to higher fuel costs and a less mild winter during 2016/17. The City also saw increased property tax collections of \$42.0 million versus \$40.0 million during 2015/16 due to increased appraised values in the City limits. Sanitation fees and landfill charges came in approximately \$580 thousand higher than 2015/16 at \$19.6 million. The City saw increased use at the landfill and an increase in commercial customers that affected these revenues.

- On February 22, 2017, the City issued \$15,110,000 of General Obligation Refunding Bonds for the purpose of refunding the Combination Tax and Revenue Certificates of Obligation Bonds, Series 2007. The refunding was undertaken to reduce total debt service payments over the next ten years by \$2.7 million and resulted in a present value benefit of \$2.4 million. Interest is payable in semi-annual installments which began May 15, 2017 at a 4.00% interest rate and the term bonds mature annually to May 15, 2027 in amounts ranging from \$1,235,000 to \$1,760,000. The bonds are not subject to optional redemption.
- In conjunction with the General Obligation Refunding Bonds issued on February 22, 2017, the City issued \$6,940,000 of Combination Tax and Revenue Certificates of Obligation for the purpose of acquiring a two-way radio communications system for public safety department. Interest is payable in semi-annual installments which will begin February 15, 2018, at rates ranging from 3.00% to 3.50%, and the term bonds mature annually to February 15, 2037 in amounts ranging from \$140,000 to \$620,000. The City reserved the right to redeem the bonds with maturities on or after February 15, 2028, on February 15, 2027, or any date thereafter.
- The City issued \$21,280,000 of General Obligation Bonds on May 11, 2017 to address public safety and street capital improvement projects approved by voters during a November 2016 bond election. Interest is payable in semi-annual installments which will begin February 15, 2018, at rates ranging from 3.00% to 5.00%, and the serial bonds mature annually to February 15, 2028 in amounts ranging from \$300,000 to \$1,270,000. The City reserves the right to redeem the bonds with maturities on or after February 15, 2028, on February 15, 2027, or any date thereafter.
- On May 11, 2017 the City issued the City of Amarillo, Texas, Waterworks & Sewer System Revenue Bonds, New Series 2017 in the amount of \$31,005,000. The New Series 2017 bonds mature annually through 2037 in principal amounts ranging from \$1,130,000 to \$2,035,000 and provide for interest rates ranging from 3.00% to 5.00%. These funds will be used for the construction of the improvement and extension of the City's waterworks and sewer system as identified through a five year community improvement plan.

Overview of the Financial Statements:

Effective October 1, 2001, the City adopted the provisions of Statement No. 34 issued by GASB. The financial presentation promulgated by that statement is very different from the governmental financial presentation that was generally accepted before the issuance of Statement No. 34. This discussion is intended to serve as an introduction to the City's basic financial statements presented in conformity with this accounting standard.

The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information, other supplementary information, and statistical information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving

rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish *governmental activities* – functions of the City that are principally supported by taxes and intergovernmental revenues – from *business-type activities* – functions of the City that are intended to recover all or a significant portion of their costs through user fees and charges. The *governmental activities* of the City include public safety, streets and traffic, culture and recreation, solid waste, transit, urban redevelopment and tourism, as well as general government and staff services. The *business-type activities* of the City include a water and sewer system, drainage utility, and an international airport.

In addition to the financial statements of the City, the government-wide financial statements include information concerning six legally separate entities that are part of the City's financial reporting entity because of the City's oversight responsibility for their affairs. These entities include Amarillo Hospital District, Amarillo Economic Development Corporation, Amarillo-Potter Events Venue District, Amarillo Housing Financial Corporation, Amarillo Health Facilities Corporation, and Amarillo Local Government Corporation. This information is presented separately from that of the primary government (the City of Amarillo) because such component units are not legally or functionally an integral part of the City.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: government funds, proprietary funds, and fiduciary funds.

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

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

In addition to a general fund, the City maintains special revenue funds, two debt service funds, nine capital projects funds, and one permanent fund. These funds have been categorized as either *major or non-major* based on the significance of their financial position or operations. For the current fiscal year, management has determined that the General Fund and the Capital Projects Funds meet the criteria for major fund classification.

The City adopts annual appropriated budgets for most funds, other than funds controlled by the five-year capital improvement program or funds controlled by project-length grant budgets.

Proprietary funds: The City maintains three different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial

statements. The City uses enterprise funds to account for its water and sewer system, the drainage utility system, and for its international airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among a governmental entity's various functions. The City uses internal service funds to account for its fleet of vehicles, its management information systems, and its general and employee health self-insured programs. Because over 80% of these services benefit governmental functions as opposed to business-type functions, their net position and unallocated (investment) earnings have been included with governmental activities in the government-wide financial statements.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund statements can be found on pages 38 and 39 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information: As the budgetary comparison schedules of the major governmental funds are not a part of the basic financial statements, this information is presented after the footnotes as *required supplementary information*. This report also presents *required supplementary information* concerning the City's net pension liability and required contributions to its firefighters through the Firemen's Retirement and Relief Fund and its other employees through the Texas Municipal Retirement System and its progress in funding other postemployment benefits.

Government-Wide Financial Analysis:

Changes in assets over time may serve as a useful indicator of a government's financial position. Prior to the effective date of Statement No. 34 issued by the Governmental Accounting Standards Board, capital assets used in governmental fund activities were accounted for in a "general fixed assets group of accounts" and were not depreciated. Effective with its adoption of Statement No. 34 as of October 1, 2001, the City computed the accumulated depreciation on all governmental activity capital assets, including infrastructure. Therefore, changes in assets of both governmental and business-type activities, including capital assets as well as current assets, provide meaningful information to the reader. The table below reflects the City's net position as of September 30, 2017, compared to the prior year (in thousands):

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Percent</u>
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
Current assets	\$ 176,765	\$ 179,367	\$ 76,919	\$ 70,488	\$ 253,684	\$ 249,855	18.08%
Noncurrent assets	33,101	11,676	51,440	41,052	84,541	52,728	6.02%
Capital assets	414,903	402,785	650,058	632,759	1,064,961	1,035,544	75.89%
Total assets	\$ 624,769	\$ 593,828	\$ 778,417	\$ 744,299	\$ 1,403,186	\$ 1,338,127	100.00%
Deferred outflows of resources	\$ 44,158	\$ 57,149	\$ 5,252	\$ 6,109	\$ 49,410	\$ 63,258	0.00%
Current liabilities	\$ 28,292	\$ 31,617	\$ 30,549	\$ 30,596	\$ 58,841	\$ 62,213	9.74%
Noncurrent liabilities	301,481	269,939	243,899	230,314	545,380	500,253	90.26%
Total liabilities	\$ 329,773	\$ 301,556	\$ 274,448	\$ 260,910	\$ 604,221	\$ 562,466	100.00%
Deferred inflows of resources	\$ 1,229	\$ 194	\$ 194	\$ 31	\$ 1,423	\$ 225	0.00%
Net position:							
Net investment in capital assets	\$ 369,427	\$ 366,308	\$ 444,385	\$ 433,391	\$ 813,812	\$ 799,699	96.09%
Reserved/restricted	15,560	11,783	6,589	6,084	22,149	17,867	2.62%
Unrestricted (deficit)	(47,062)	(28,863)	58,054	49,992	10,992	21,129	1.30%
Total net position	\$ 337,925	\$ 349,228	\$ 509,028	\$ 489,467	\$ 846,953	\$ 838,695	100.00%

The City's net position increased by \$11.30 million during the current fiscal year. The following table reflects the elements of this change:

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

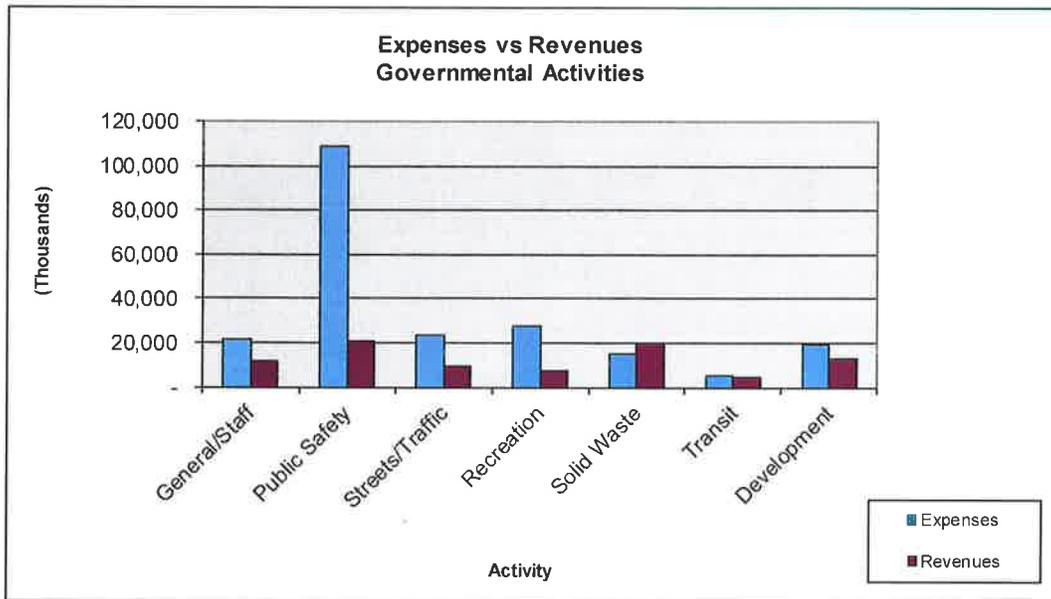
	Governmental Activities		Business-type Activities		Total		Percent 2017
	2017	2016	2017	2016	2017	2016	
Revenues							
Program revenues							
Charges for services	\$ 48,304	\$ 45,328	\$ 91,451	\$ 88,879	\$ 139,755	\$ 134,207	44.45%
Operating grants and contributions	26,128	20,393	26	-	26,154	20,393	8.32%
Capital grants and contributions	13,245	10,481	7,328	4,908	20,573	15,389	6.54%
General revenues:							
Property taxes	45,337	43,304	-	-	45,337	43,304	14.42%
Other taxes	80,915	80,460	-	-	80,915	80,460	25.73%
Insurance recover/cost	-	(1,378)	-	-	-	(1,378)	0.00%
Investment earnings, etc.	1,268	843	498	487	1,766	1,330	0.56%
Total revenues	215,197	199,431	99,303	94,274	314,500	293,705	100.00%
Expenses:							
General/staff services	17,153	17,075	-	-	17,153	17,075	5.66%
Public safety	109,099	104,181	-	-	109,099	104,181	35.98%
Streets/traffic	23,588	21,875	-	-	23,588	21,875	7.78%
Culture and recreation	27,388	26,368	-	-	27,388	26,368	9.03%
Solid waste	15,390	13,835	-	-	15,390	13,835	5.08%
Transit	5,446	5,567	-	-	5,446	5,567	1.80%
Tourism/ economic/urban development	19,529	23,381	-	-	19,529	23,381	6.44%
Information technology	3,911	3,776	-	-	3,911	3,776	1.29%
Interest on long-term debt	3,147	2,372	-	-	3,147	2,372	1.04%
Water and sewer	-	-	61,910	59,713	61,910	59,713	20.42%
Drainage utility	-	-	3,042	2,564	3,042	2,564	1.00%
Airport	-	-	13,593	12,825	13,593	12,825	4.48%
Total expenses	224,651	218,430	78,545	75,102	303,196	293,532	100.00%
Excess (deficiency) before transfers	(9,454)	(18,999)	20,758	19,172	11,304	173	
Transfers	1,197	1,420	(1,197)	(1,420)	-	-	
Change in net position	(8,257)	(17,579)	19,561	17,752	11,304	173	
Net position, beginning	349,228	366,807	489,467	471,715	838,695	838,522	
Prior period adjustment (see Note 1)	(3,046)	-	-	-	(3,046)	-	
Net position, beginning, as restated	346,182	366,807	489,467	471,715	835,649	838,522	
Net position, ending	\$ 337,925	\$ 349,228	\$ 509,028	\$ 489,467	\$ 846,953	\$ 838,695	

Governmental activities: The net position of the Governmental Activities was \$337.93 million. Of this amount, approximately \$369.43 million is net investment in capital assets. Restricted net position of approximately \$5.54 million, \$1.62 million, and \$8.40 million is restricted for debt service, tax increment financing, and other purposes, respectively. This leaves a deficit unrestricted net position for Governmental Activities of \$47.06 million. Net position of the Business-type Activities, which are comprised of the Water and Sewer Fund, Drainage Utility Fund, and the Airport Fund totaled \$509.03 million. The unrestricted net position of the Business-type Activities is used to provide working capital and fund capital projects.

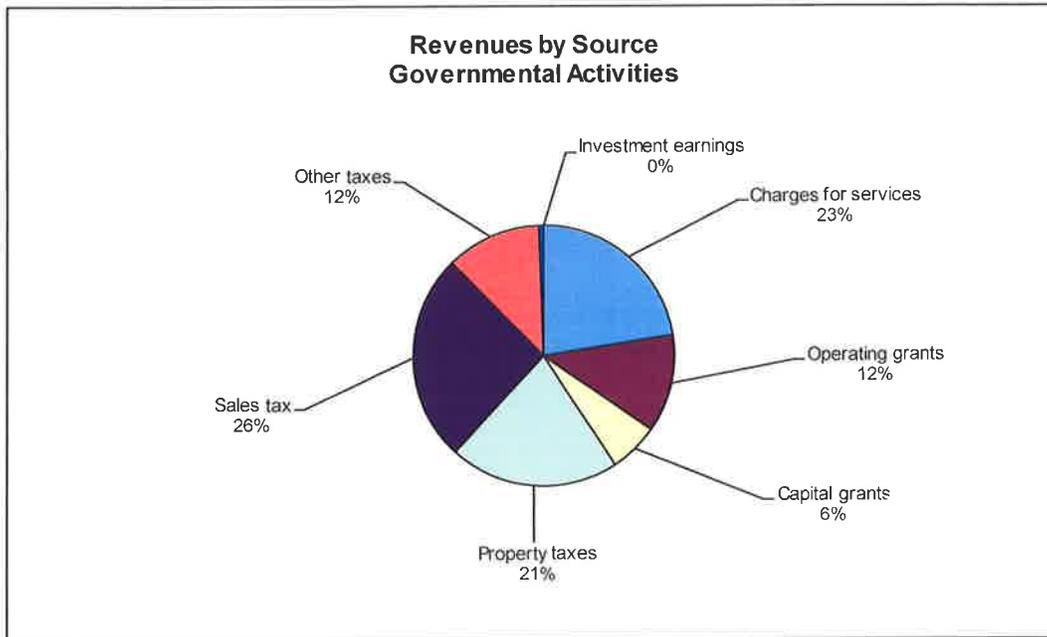
At September 30, 2017, the net position for the Governmental Activities decreased \$8.26 million. The largest increase in expenses from the prior year included \$4.92 million in Public Safety primarily related to the implementation of minimum staffing levels to address officers on the street as well as neighborhood policing efforts, both of which assisted in utilizing the entire Police budget allocated for 2016/17. In previous years, not all the Police budget was fully utilized due to turnover and vacancies in positions. In addition, four Police positions and four Fire positions were added to aide in managing the Amarillo Emergency Communications Center operations during 2016. Another increase in Public Safety expenses was related to the implementation of a compensation study during 2016/17 that affected several of the civilian positions in this area. The Governmental Activities saw decreased sales tax collections and hotel/motel tax collections, but did however continue to see a lower allocated cost of postemployment benefits required under GASB 45 due to changes made to the City's health plan during the 2013/14 and 2014/15 fiscal years.

The accompanying bar chart entitled *Expenses vs. Revenues – Governmental Activities* – reflects the extent to which each of the major governmental functions of the City is supported by revenues designated for that purpose. These revenues include charges for services, intergovernmental revenues, and citizen participations and contributions. Charges for services include fees of the solid waste disposal utility and transit system, revenues of the auditorium-coliseum complex and parks department, and permits, licenses, and fines. For the current year, expenses of the governmental functions were \$224.65 million. Program revenues consisting of charges for services, operating grants, and capital grants were in total amount of \$87.68 million, resulting in a net cost of governmental functions in the amount of \$136.97 million to be supported by general revenues of the City which include property taxes and sales tax revenue. General revenues and transfers totaled \$128.72 million. General revenues, program revenues, and transfers combined were \$216.40 million representing total revenues derived from governmental activities.

The chart below titled *Expenses vs. Revenues – Governmental Activities* – shows the expenses and revenues by activity. For most activities, expenses exceed revenues. General revenues such as sales tax and property taxes are used to fund most of the governmental activities.



The accompanying pie chart entitled *Revenues by Source – Governmental Activities* – reflects the major components of both revenues as described above of \$215.20 million excluding transfers of \$1.20 million.



Business-type activities: Business-type activities, which include the Water and Sewer Fund, Drainage Utility Fund and the Airport Fund, increased the City's net position by \$19.56 million. The increase in net position for the business-type activities is attributable to increased revenue in the Water and Sewer Fund, and the newly implemented drainage utility fees. Operating net income of the Water and Sewer Fund was \$16.83 million as compared to \$19.49 million in the previous fiscal year. The operating income remains strong. Net position for the Water and Sewer Fund increased by \$17.81 million. Airport net position decreased by \$692 thousand, which is mainly attributable to operating revenues not fully covering operating expenses and lower amounts of grant assistance received for capital projects in the current year and increased operating expenses in the current year. The Drainage Utility Fund net position increased by \$2.32 million. The Drainage Utility Fund was approved in late fiscal year 2011/12 and had assessment income starting October 1, 2012. The Drainage Utility Fund had net operating income of \$2.53 million for the fifth year of operation.

87.3% of the City's net position for the business-type activities is net investment in capital assets (land, buildings, pipelines, streets, and runways, etc.). Management reviews the use of these assets on an ongoing basis and determines whether any should be disposed of. All of these assets are either being used in current City operations or, as in the case of underground water rights, are being held for planned future use.

\$6.59 million of the assets represent resources that are subject to external restrictions on how they may be used. These restrictions primarily represent accounts established in accordance with bond covenants together with bond proceeds held pending construction expenditures. Other restrictions include amounts to be spent in accordance with grant agreements. The balance of net position is available to meet the City's ongoing obligations to citizens and creditors.

Water and Sewer System: Water metered sales stayed flat only decreasing by \$56 thousand or 0.12% largely due to the City receiving increased amounts of precipitation during 2017 while experiencing a more "normal" year during 2016. The below chart reflects 2017 as the 13th wettest year in recorded history. In contrast, the Texas Panhandle received much less precipitation during 2016. Water revenues can be significantly affected by the amount and timing of local rainfall. With the increase in water volume sold due to drought conditions combined with rate increases implemented for fiscal years 2012/13, 2013/14, and 2015/16, residential customers increased water sales in each of these years. A 3% rate increase was included in 2016/17, as well, which helped keep sales closer to 2015/16 amounts.

Changes in water usage have less effect on sewer revenues; however, this revenue source did increase by \$710 thousand due to a 3% rate increase implemented during 2016/17. The chart below reflects the fluctuation in precipitation that the area has received over the past five years:

<u>Year</u>	<u>Precipitation</u>	<u>Records*</u>
2013	15.20"	20 th driest on record
2014	19.40"	63 rd driest (near normal**)
2015	34.63"	4 th wettest on record
2016	17.20"	36 th driest on record
2017	26.48"	13 th wettest on record

* Records go back to 1892.

** Normal precipitation is 20.36".

Airport: The Airport has been in the process of improving facilities, and the Federal Aviation Administration funds a significant part of the cost of these improvements. While the Airport generally attempts to operate on a break-even basis, its net position decreased by \$692 thousand. The largest increase in Airport operating expenses was seen in salaries and benefits related to the implementation of a compensation plan study, restructuring of positions, and less vacant positions than 2015/16. The passenger facility charge is approved to collect up to \$19.2 million, which will be used to pay back certificate of obligation bonds issued on September 3, 2009 in the amount of \$16.14 million. During 2016/17, the Airport collected \$1.22 million in passenger facilities charges, which is \$92 thousand less than the previous year. Airport operating revenues increased from \$8.34 million to \$9.43 million; however, operating expenses increased from \$12.75 million to \$13.59 million. Operating revenues are derived from airlines, fees and commissions, and other building rentals

Drainage Utility: The Drainage Utility Fund completed the fifth year of operation and recorded operating revenues of \$5.54 million with \$3.01 million in operating expenses resulting in net operating income of \$2.53 million. Operating income will be used to service drainage debt that was issued during 2012/13 and 2013/14. The total outstanding debt at year-end for the Drainage Utility Fund was \$9.51 million. Operating income will also be used to fund drainage projects, many of which are in the design and engineering stages at the end of this fiscal year.

Financial Analysis of the City's Funds:

Government funds: The focus of the financial statements of *governmental* funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirement. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As management has long adhered to a policy of financing construction out of unreserved fund balances available after all current needs have been met, these balances also serve as an indication of the amounts available for expansion or replacement of infrastructure and other capital improvements.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$122.64 million, an increase of approximately \$15.86 million from the prior year. Beginning in fiscal year ending September 30, 2011, the City implemented and began reporting the fund balance structure under guidelines established by GASB 54. GASB 54 requires the fund balances of governmental funds be segregated into five major components. These are: Non-spendable, Restricted, Committed, Assigned and Unassigned. Of the total fund balances, approximately half has been designated by management for specific purposes and is being accounted for in governmental funds established to control the expenditure of the funds for designated purposes. These funds consist primarily of the Capital Projects Funds and the Compensated Absences Fund, which were established to currently fund the City's liability under its sick and annual leave policy. The balance is available to fund current expenditures or to fund future capital improvement or operating needs. All of this unassigned fund

balance is accounted for in the General Fund, which is the primary operating fund of the City. At the end of the current fiscal year, the total fund balance of the General Fund was \$45.66 million, of which \$43.66 million was unassigned.

The fund balance of the General Fund decreased by \$2.42 million during the current year. The fund balance of the Capital Projects Funds increased by \$18.06 million. This increase includes dollars allocated to uncompleted projects and includes the first year of funding for the approved projects from the November 2016 bond election. The capital projects funds had assigned fund balances of \$62.31 million at September 30, 2017. These funds are assigned for construction projects in progress and for projects currently in the planning stages and in the City's five-year capital plan.

The HUD Programs Fund accounts for funds administered by the City for the U.S. Department of Housing and Urban Development, including block grants, housing assistance, and various smaller low-income programs. Most of the grants awarded to the City are expenditure driven; thus, for most programs, revenues equal expenditures.

Proprietary funds: The financial statements of the Proprietary Funds provide information for the two types of funds – the Business-type (Enterprise) Funds and the Internal Service Funds. The Internal Service Fund financial statements reflect a net position deficit of \$49.46 million. The purpose of Internal Service Funds is to provide services within a government on a break-even basis. Funds classified as Internal Service are: Fleet Services, Information Services, Risk Management and Employee Insurance. The net income or loss from these Internal Service Funds has been allocated back to the using departments or funds for the city-wide financial statements. The unrestricted net position of the Internal Service Funds is generally used to replace capital assets. Net position of the Internal Service Funds increased in the 2016/17 fiscal year by \$2.58 million due in large part to reduced medical claims as a result of changing the administration of the City's health plan to a third party insurance company. The City's health plan had previously been self administered but rising health care costs prompted the City to seek outside administration to help secure better discounts through its network. The City is also seeing lower increases in recording the liability and related expense in compliance with GASB 45 for postemployment health benefits in the Employee Insurance Fund. The GASB 45 liability increased by \$2.02 million for the fiscal year ending September 30, 2016, and increased by \$1.57 million for the fiscal year ending September 30, 2017. The recording of this liability in the Employee Insurance Fund has created the overall deficit in net position for the Internal Service Funds as a whole. In January 2013, the City began prefunding a portion of its Other Postemployment Benefits (OPEB) liability via an irrevocable multi-employer OPEB trust (PEB Trust) in addition to pay as you go costs. During 2014 and 2015, the City has made significant plan design changes. Effective January 1, 2015, all Medicare eligible retirees will be transitioned to a private Medicare supplement plan and will no longer be covered on the City-sponsored plan. The City intends to provide a monthly stipend of \$150 to assist retirees in the payment of the supplement premium. These changes have reduced the unfunded actuarial accrued liability and, correspondingly, the Annual OPEB Cost from \$22.9 million at September 30, 2013 to \$1.57 million at September 30, 2017. Net position for the Fleet Service Fund, Information Services Fund, and Risk Management Fund remain positive and provide adequate resources for ongoing operations.

The accounting principles applied to these funds are similar to that of the private sector. Consequently, with the exception of the allocation of Internal Service Fund losses to business-type activities, the net position and changes in net position of the Enterprise Funds in these financial statements is identical with the net position and changes in net position in the city-wide financial presentation.

Capital Assets and Debt Administration:

Capital assets: The City's investment in capital assets as of September 30, 2017, was \$1.06 billion, net of accumulated depreciation. The following tabulation summarizes the City's capital assets at September 30, 2017:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land, easments and water rights	\$ 35,339	\$ 34,531	\$ 84,213	\$ 85,111	\$ 119,552	\$ 119,642
Infrastructure	161,275	149,544	-	-	161,275	149,544
Library resources	4,821	4,793	-	-	4,821	4,793
Water and sewer other	-	-	434,155	417,759	434,155	417,759
Airport facilities	-	-	66,389	70,768	66,389	70,768
Drainage improvements	-	-	6,123	4,888	6,123	4,888
Buildings and other improvements	138,773	144,674	-	-	138,773	144,674
Equipment and vehicles	33,466	32,883	4,454	3,391	37,920	36,274
Construction in progress	41,229	36,360	54,724	50,841	95,953	87,201
Total capital assets	<u>\$ 414,903</u>	<u>\$ 402,785</u>	<u>\$ 650,058</u>	<u>\$ 632,758</u>	<u>\$ 1,064,961</u>	<u>\$ 1,035,543</u>

For this purpose, the vehicles, management information systems, and other assets of the Internal Service Funds are classified as assets used in government activities. Refer to Note 7 in the Notes to Basic Financial Statements for additional information related to capital assets.

The City of Amarillo attempts to fund its capital needs on a pay-as-you-go basis to the extent possible. The City from time to time will borrow funds in order to complete significant infrastructure projects. The City attempts to take advantage of favorable interest rates and use debt only when conditions are favorable. Note 12 to the financial statements discloses in detail the debt activities of the City. In addition, a Combined Schedule of Outstanding Debt Issuances is provided in the supplemental section of the CAFR. The following table shows the City's total principal amounts outstanding under bond agreements as of September 30, 2017:

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

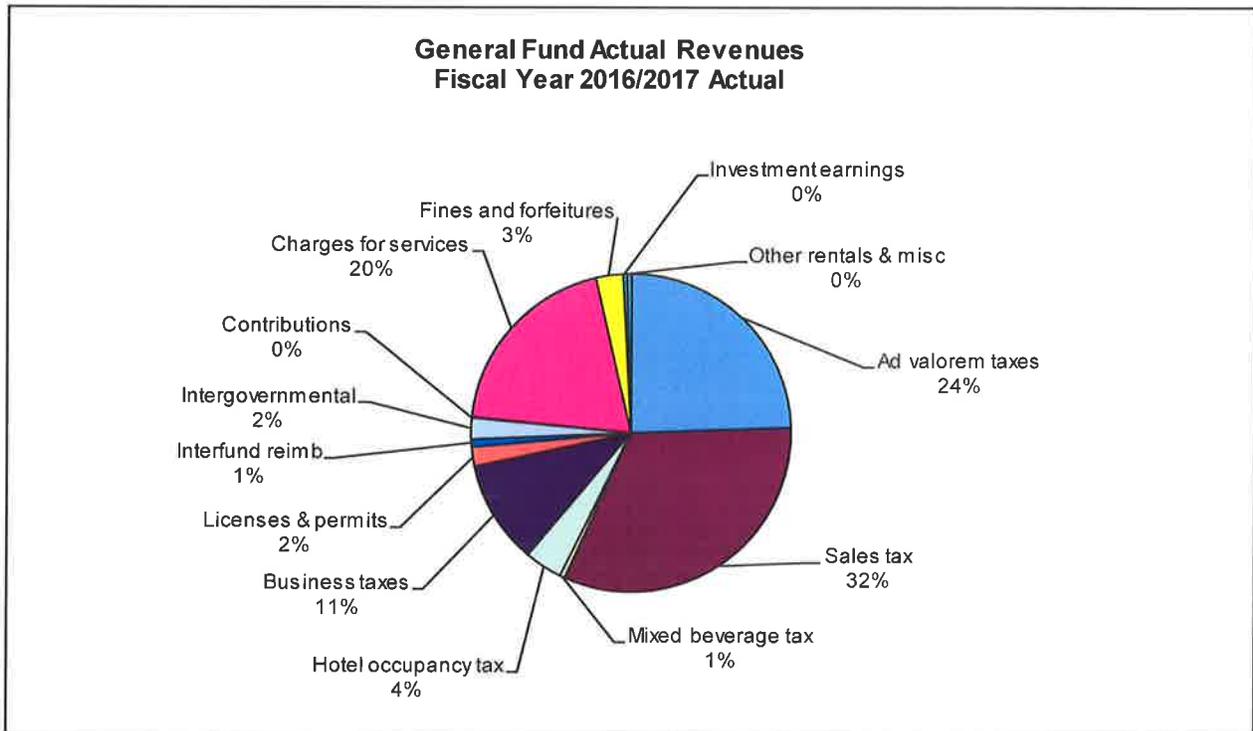
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
General obligation bonds	\$ 39,359	\$ 3,718	\$ -	\$ -	\$ 39,359	\$ 3,718
Certificates of obligation	6,940	17,265	-	76,080	6,940	93,345
Special assessment debt	8,908	9,343	-	-	8,908	9,343
Hotel occupancy tax debt	11,995	11,995	-	-	11,995	11,995
Fleet services revenue bonds	1,380	2,290	-	-	1,380	2,290
Water and sewer revenue bonds	-	-	158,780	60,795	158,780	60,795
Water authority debt	-	-	65,318	70,786	65,318	70,786
Drainage utility revenue bonds	-	-	9,505	10,190	9,505	10,190
Airport	-	-	5,225	6,805	5,225	6,805
Total outstanding debt	<u>\$ 68,582</u>	<u>\$ 44,611</u>	<u>\$ 238,828</u>	<u>\$ 224,656</u>	<u>\$ 307,410</u>	<u>\$ 269,267</u>

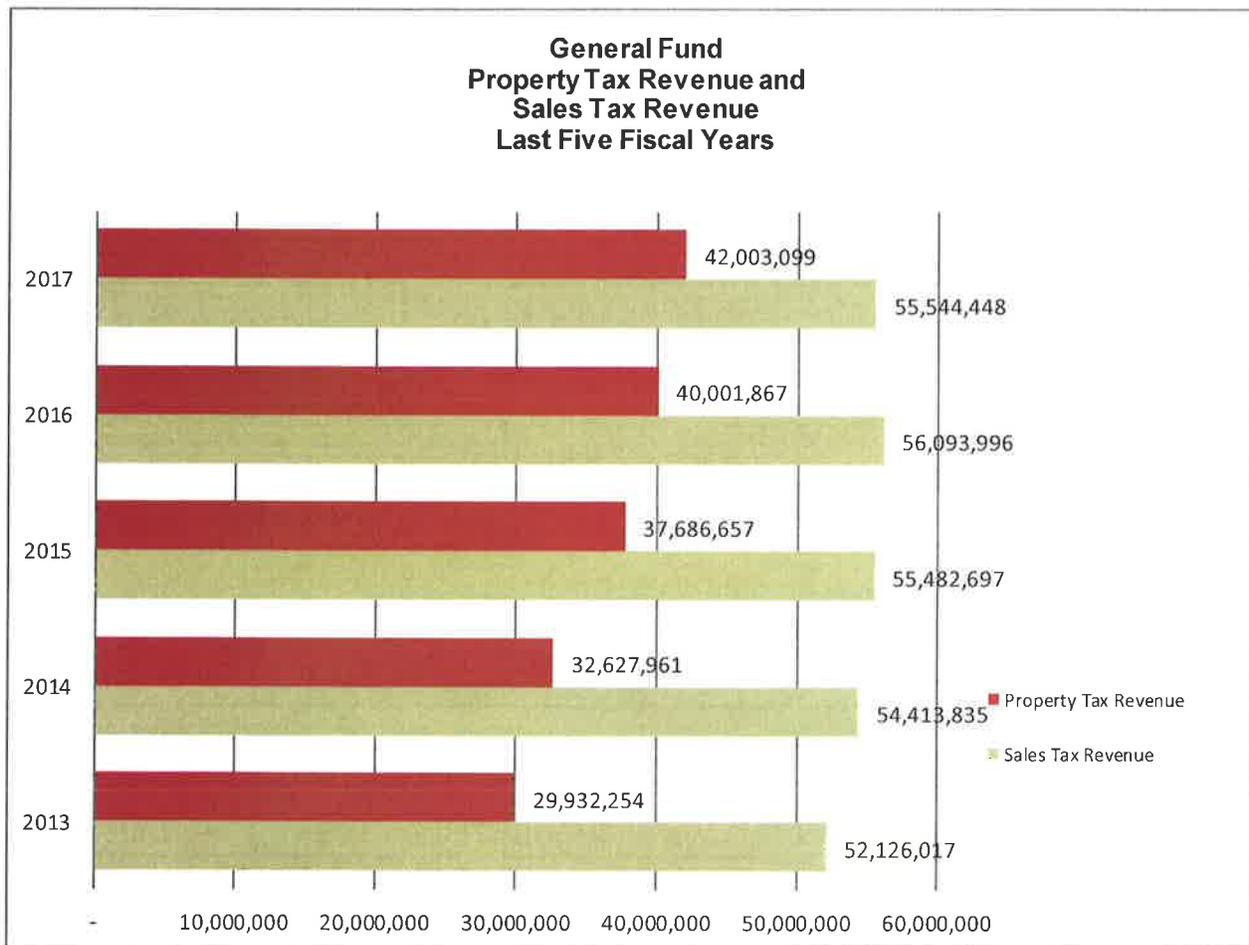
Refer to Notes 11 and 12 in the Notes to Basic Financial Statements for additional information related to long-term debt and other commitments.

General Fund Budgetary Highlights

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

General Fund Revenues: The total General Fund revenues budgeted for fiscal year 2016/17 were \$172.68 million. Certain reclassifications of interdepartmental reimbursements are made from the approved budget for financial reporting purposes. Actual sales tax revenue accounts for 32.34% of the General Fund total revenue excluding transfers. Sales tax revenues were budgeted for \$56.75 million. Actual sales tax revenues for 2016/17 were \$55.54 million. Sales tax revenues were lower than expected budgeted amounts by approximately \$1.20 million. Sales tax receipts have been very strong for several years; however, the 2016/17 receipts were slightly lower than the prior year. The City's 2017/18 budget estimate anticipates strong revenue levels; however, the budget has been adjusted in anticipation of slightly lower sales tax collections as experienced in 2016/17. Another major component of General Fund revenues is ad valorem property taxes. As detailed on page 159, General Fund ad valorem tax collections were budgeted at \$41.40 million. Actual ad valorem taxes were \$42.00 million. Other General Fund revenues are comprised of charges for services, business taxes, fines and forfeitures, investment earnings, and miscellaneous revenues. In total, the actual General Fund revenues were lower than budgeted revenues by \$936 thousand mainly due to lower sales tax collections. The attached chart shows the major sources of total General Fund revenues as summarized on page 114:

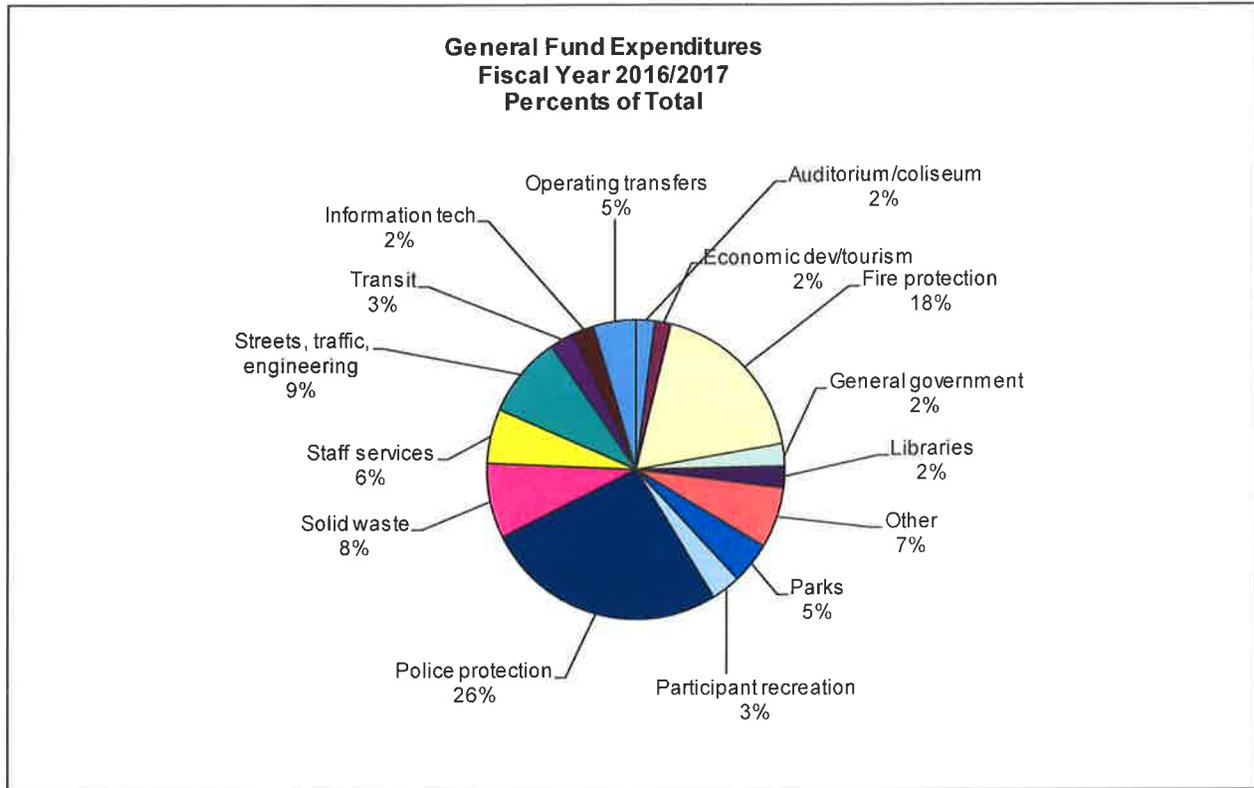




In the above graph you can see the growth rate of the General Fund property tax revenue (ad valorem tax collections) in contrast with the growth rate of sales tax revenue. The sales tax revenue, despite a nationwide slow economic recovery, has fared well and has a healthy, positive trend line. The City management keeps a watchful eye on the monthly sales tax to spot any flattening trends that might develop. Ad valorem tax revenues show an increase mainly due to increased property values. The tax rate in effect for the year ending September 30, 2017, was \$0.35072 which is equal to the prior year's rate of \$0.35072. The total value of properties on the tax roll is now approximately \$14.1 billion.

General Fund Expenditures: The total General Fund operating expenditure budget excluding fund transfers for fiscal year 2016/17 was \$168.99 million. Total actual expenditures and appropriations against the operating budget for 2016/17 were \$166.70 million. This resulted in underspending the budget by \$2.29 million. Police and Fire protection combined account for approximately 46.1% of the General Fund expenditure budget. Operating transfers to Capital Projects Funds and other funds were budgeted for \$8.46 million.

Actual General Fund transfers during the year were \$8.23 million. The following chart shows the breakdown by functional area of the General Fund actual expenditures for 2016/17:



The City's primary source of funding the annual General Fund CIP program has been through reallocation of excess revenues and unspent monies from the preceding fiscal year. The goal was to maintain an adequate level of fund balance or reserves within the General Fund for contingencies and operations and to allocate any excess funds to the capital improvement program. On November 8, 2016, the citizens of Amarillo voted in a bond election that included seven propositions totaling \$340 million which would allow the City to implement a five year general capital program. The anticipated tax increase for the bond election was \$0.20 with the issuance of the bonds over a five year period. Two of the seven propositions were approved by voters with a total capital funding of \$109.6 million to fund street improvements and public safety capital needs. The City Council has also approved year two of the Water and Sewer capital improvement plan and approved the first year funding of revenue bonds with a 3% water and sewer fee increase, the second of five planned similar increases. All other CIP needs will be met through reallocation of excess revenues and unspent monies from the preceding fiscal year.

Economic Factors and Next Year's Budget and Rates

The Budget is balanced in accordance with the Amarillo City Charter and laws of the State of Texas.

The Budget totals approximately \$359.7 million, with \$239.2 million approved for operation and maintenance functions, \$88.6 million in capital, and \$31.9 million required to support existing debt service payments. The annual Budget is the most important policy document for consideration by the Council. It identifies required funding to deliver more than 250 programs and services to the citizens of Amarillo.

The 2017/2018 Annual Operating Budget is presented to Council as a Program Based Budget, i.e. the various programs offered by City departments are presented with program descriptions and performance measures to define the level and quality of services delivered to Amarillo citizens. It is hoped the Council will find a programmatic presentation useful in facilitating policy discussions.

This Budget represents maintenance of current service levels for more than 250 programs funded by the City. All programs have a demonstrated connection to **BluePrint Amarillo** and supporting Council priorities. There are no new programs being introduced in the Budget.

Development of the Budget has been challenging. Our sales tax revenues are projected to remain flat with the 2016/2017 revised estimate. Taxable property values remain strong with a 5.5% increase for 2017. These sources of revenue make up the largest percentage of our funding for general government expenses. Every effort has been made to maintain current levels of service throughout the City with available revenues. The impact of increasing costs in several vital areas of commodities, materials, supplies, fuel, electricity and personnel have required we make some difficult choices to balance the Budget.

This Budget represents a \$31.6 million increase from the prior year. The Budget addresses the **BluePrint Amarillo** Council priority of Employee Compensation. The Budget includes dollars to fund year one of the Amarillo Police Officer Meet and Confer Agreement which includes a 2.8% average pay increase, 1.0% raises for the Fire Department and civilian employees, and continuation of longevity and discretionary retention pay. During 2016/2017, Council approved the implementation of the Pay and Compensation Study which allowed the City to adjust beginning pay for all our pay scales to reflect market rates. The 2017/2018 budget includes funding to support the Pay and Compensation Study implemented during the 2016/2017 fiscal year, as well as dollars to address compression between employees created with the implementation of the new pay schedules. The implementation of the Pay and Compensation Study during the 2016/2017 budget was accomplished through the reduction of 21 vacant positions and reductions in other maintenance and operating expenses. The current Budget includes the reduction of 14 positions and the reallocation of nine positions. Even with the reductions made during the last two budgets, the City will continue to provide our current basic programs. However, there is little, if any flexibility left in the Budget to address unanticipated needs. Our current financial constraints do not permit us to deliver new programs and services. This Budget allows us to take care of what we have at current service levels, with limited flexibility to address other needs.

CONSOLIDATED BUDGET

Our 2017/2018 budget is \$359,725,301; which is an increase of 9.6%, or \$31,611,392, as compared to our 2016/2017 budget of \$328,113,909.

The areas of specific increase/decrease in this budget are:

	<u>FY 2016/2017</u>	<u>FY 2017/2018</u>	<u>% Change</u>
General Fund Operating	\$ 175,350,282	\$175,047,602	-0.17%
Water & Sewer Operating	47,193,008	50,513,047	7.04%
Capital Improvement Projects	65,983,788	88,556,457	34.21%
Special Revenue Operating	22,166,285	22,819,677	2.95%
Fleet Services Operating	8,849,408	9,362,545	5.80%
Insurance Operating	28,809,109	29,237,400	1.49%
Debt Service	29,040,978	31,896,528	9.83%
Airport Operating	8,197,018	8,337,113	1.71%
Drainage Utility Operating	2,956,161	3,319,766	12.30%
Information Technology Operating	5,745,506	5,249,713	-8.63%

Capital Transfers	966,711	966,124	-0.06%
Less: Interfund Transfers	(67,144,345)	(65,580,671)	-2.33%
Total Budget	<u>\$ 328,113,909</u>	<u>\$ 359,725,301</u>	<u>9.63%</u>

Municipal government is a service business and the predominant expense category in our Budget is always personnel and the associated employee salary and benefit expenses. Personnel costs comprise 44%, or \$157.1 million, of our 2017/2018 net Budget. The second largest category is Capital Improvement Projects at \$88.6 million, or 25%, of our net Budget. Debt Service accounts for 9%, or \$31.9 million, of our net Budget. Debt service expenditures include all funds. The largest category increase in the FY 2017/2018 Budget is Capital Projects, which includes year two of the November 2016 voter authorized bond funded projects for public safety and streets.

Property and Sales Taxes

For the 2017/2018 fiscal year, the property tax rate remained the same except for the \$0.01292 increase for the voter approved debt service associated with the approval of Proposition 1 and 2 during the November 8, 2016 bond election. The 2017/2018 rate is \$0.36364 per \$100 taxable value versus the 2016/2017 rate of \$0.35072. A historical review of the rate reflects that the City Council increased the property tax rate by one cent to \$0.32009 for the 2011/2012 fiscal year after three years with the same property tax rate and by \$0.02 in the 2013/2014 fiscal year, by \$0.005 in the 2014/2015 fiscal year and by \$0.00563 to \$0.35072 for the 2015/2016 fiscal year. It is interesting to note that while the property tax rate and associated levy is often in the public eye, it raises less revenue than is required to operate only the Amarillo Police Department for the upcoming fiscal year.

The sales tax is the City’s largest revenue source. Amarillo has long enjoyed a history of steadily increasing sales tax, which has offset our low property tax rate. However, for the 2008, 2009 and 2010 fiscal years, the City had seen flat or declining sales tax receipts. We were very pleased to report that the \$56.0 million sales tax receipts received for the 2015/2016 fiscal year were the highest ever at that point. However, we estimated a 1% decrease for the 2016/2017 fiscal year at \$55.6 million. We have estimated flat sales tax receipts for the 2017/2018 fiscal year with a projection of \$55.6 million. The sales tax budget of \$55.6 million for the 2017/2018 fiscal year is not sufficient alone to fund the budgets for Public Safety. The City relies on multiple revenue sources to support General Fund operations.

Franchise Fees, User Fees and Charges

During this Budget, City staff analyzed and reviewed the funding levels. During the 2010/2011 fiscal year, the City issued water and sewer bonds to fund water rights purchases, as well as to participate in a CRMWA debt issue for the purchase of ground water rights. Funding of this debt service necessitated an 11% increase in the water and sewer rates. This rate increase was implemented over two budget cycles. Thus, rates were increased by 6% in the 2011/2012 budget, and we included a 5% increase to follow for the 2012/2013 fiscal year budget. In the 2013/2014 fiscal year, the City included a 2% rate increase. For the 2014/2015 fiscal year, the City included an increase in the fourth tier rates from \$4.65 to \$5.00 per 1,000 gallons. This rate increase only affected those customers that use over 50 thousand gallons a month. The City Council has approved a 3% water and sewer rate increase for both the 2015/2016 and 2016/2017 fiscal year to offset additional debt services anticipated with new bond issues. The 2016/2017 rate increase will fund year one of a \$140.0 million five-year Community Investment Program. The 2017/2018 budget includes an additional 3% water and sewer rate increase, as anticipated, to fund the second year of the five-year program. The City anticipates similar 3% rate increases over the next three years. The water rate structure is designed so that customers who only use water for domestic use still have very reasonable rates. A residential 10,000 gallon water user will have a monthly rate of \$31.28, which is very low compared to other Texas cities.

The 2017/2018 fiscal year budget includes a 4% Drainage fee increase to fund year two of the approved five-year Community Investment Program or \$2.4 million in capital projects. It is anticipated that this will be the first of five 4% Drainage fee increases to fund the Community Investment Program.

Employee Staffing

The 2017/2018 budget consists of 2,165 permanent and 329 part-time employee positions. Permanent positions have increased by one position over the current year and part-time positions have decreased by one. The priority for the 2016/2017 budget was the implementation of a market based pay and compensation schedule. With the significant budget constraints for the 2017/2018 fiscal year, the departments that added positions did so only if there was an outside funding source, reduction of budget dollars in other areas, or the transfer of positions between departments. The Police Department reduced sworn officer positions by eight. Each of these positions were performing duties that could be performed by civilians, allowing the department to add three supervisor positions in the communications center and five positions in Civilian Personal. The Information Technology department will undergo an internal reorganization and will reduce its overall personnel by nine full time positions, from 39 to 30. The associated budget savings will be reallocated to address aging information technology infrastructure. This will allow IT to maintain and address an aging infrastructure and adhere to industry best practices.

Below is a summary of the staffing changes for the 2017/2018 Budget:

<u>Personnel Changes</u>	<u>Department</u>	<u>Full Time</u>
Director of Community Safety and Regulatory	City Manager – Office of Strategic Initiatives	-1
Marketing Manager	City Manager – Office of Communications	1
Communication Technician Assistant I	Radio Communications	-2
Special Projects Manager	Facilities Maintenance	1
Communications Shift Supervisor	AECC	3 *
Administrative Assistant III	Solid Waste Collection	1
Disposal Equipment Operator	Solid Waste Disposal	2
Police Officer	Police Department	-4 *
Police Sergeant	Police Department	-4 *
Evidence Technician	Civilian Personnel	2 *
Crime Data Analyst	Civilian Personnel	2 *
Accreditation and Compliance Coordinator	Civilian Personnel	1 *
Fire Lieutenant (56-hour)	Fire Operations	1
Fire Inspector	Fire Marshal	1
Administrative Assistant II	Utility Billing	2
Meter Reader I	Utility Billing	1
Program Manager	Director of Utilities	1
Industrial Waste Inspector	Environmental Laboratory	2
Industrial Waste Supervisor	Environmental Laboratory	1
Utility Worker	Drainage Utility	2
IT Support Manager	IT Support	-1
IT Support Specialist IV	IT Support	-3
IT Infrastructure Manager	IT Infrastructure	-1
Infrastructure Engineer III	IT Infrastructure	-1
IT Telecom Manager	IT Telecom	-1
Telephone Systems Engineer II	IT Telecom	-1
IT Security Architect	IT Security	-1
Administrative Assistant II	CDBG	-1
OEM Project Coordinator	Metro Medical Response	-1
Park Technician I	Parks and Recreation	-1

Net Additions

(*) denotes Reallocation

Employee Compensation

- 1) Approval of year one of the Amarillo Police Officer Association Meet and Confer Agreement with average increase of 2.8%
- 2) 1.0% pay increase for Fire.
- 3) 1.0% pay increase for civilian employees as pay-for-performance, based on annual evaluations.
- 4) Continuation of the civilian Discretionary Retention Pay (DRP) program.
- 5) Continuation of funding for employee incentive pay programs.
- 6) Pay adjustments to address compression created with the 2016/2017 implementation of the Pay and Compensation Study.

The total cost of these pay plan improvements and benefits is \$3.3 million. Most of the cost (\$2.2 million) is in the General Fund.

Capital Improvement Program

The 2017/2018 capital budget is \$88,556,457. The voters approved, on the November 8, 2016 bond election, \$109 million for public safety and street improvements. The City will implement these bond funded improvements over a five year period, with the first issue during April 2017. During the 2016/2017 fiscal budget, the City Council approved year one of the Water and Sewer Community Improvement Program and approved the first year funding of revenue bonds with a 3% increase in water and sewer fees, the first of five similar planned increases. The 2017/2018 Budget includes the second bond issue with an associated 3% water and sewer rate increase.

Request for information:

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

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BASIC FINANCIAL STATEMENTS

These statements present an overview of the financial position and transactions of the entire reporting entity. The Statement of Net Position and Statement of Activities report information on all of the nonfiduciary resources and activities of the primary government and its component units. These statements, as well as the Statement of Net Position and Statement of Activities of the component units, are presented on a basis of accounting promulgated by the Governmental Accounting Standards Board, which is similar to the generally accepted accounting principles applicable to commercial enterprises. The financial statements of the governmental funds, proprietary funds, and the fiduciary funds are presented in accordance with generally accepted governmental accounting principles to the types of funds presented.

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CITY OF AMARILLO, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 33,228,958	\$ 19,690,747	\$ 52,919,705	\$ 17,003,240
Investments	103,013,148	71,753,803	174,766,951	183,804,008
Receivables, net	12,550,076	9,897,101	22,447,177	11,142,170
Internal balances	25,857,228	(25,857,228)	-	-
Inventories and prepaid expenses	2,115,810	1,434,753	3,550,563	5,480,541
Other current assets	-	-	-	17,135,448
Total current assets	<u>176,765,220</u>	<u>76,919,176</u>	<u>253,684,396</u>	<u>234,565,407</u>
NONCURRENT ASSETS				
Restricted cash and cash equivalents	30,614,709	50,642,309	81,257,018	5,229,623
Receivables, net	-	-	-	78,328,570
Intra-entity receivables	1,769,719	-	1,769,719	-
Advances to other funds	715,043	715,043	1,430,086	-
Other noncurrent assets	-	83,414	83,414	-
Land and building held for future incentives	-	-	-	3,724,506
Capital assets:				
Land	14,907,441	4,819,613	19,727,054	-
Contributed right of way easements	20,431,982	1,449,176	21,881,158	-
Water rights and contracts, net of amortization	-	77,944,412	77,944,412	-
Infrastructure, net of depreciation	161,275,388	6,122,517	167,397,905	-
Buildings and improvements, net of depreciation	138,772,939	500,544,131	639,317,070	79,232,989
Equipment and vehicles, net of depreciation	33,466,306	4,453,607	37,919,913	245,777
Library resources, net of depreciation	4,820,756	-	4,820,756	-
Construction in progress	41,229,367	54,724,225	95,953,592	-
Total noncurrent assets	<u>448,003,650</u>	<u>701,498,447</u>	<u>1,149,502,097</u>	<u>166,761,465</u>
TOTAL ASSETS	<u>\$ 624,768,870</u>	<u>\$ 778,417,623</u>	<u>\$ 1,403,186,493</u>	<u>\$ 401,326,872</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows	\$ 44,158,110	\$ 5,252,025	\$ 49,410,135	\$ 3,126,122
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 44,158,110</u>	<u>\$ 5,252,025</u>	<u>\$ 49,410,135</u>	<u>\$ 3,126,122</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 17,832,266	\$ 11,641,492	\$ 29,473,758	\$ 1,427,247
Deferred Revenue	-	-	-	16,139,447
Current portion of long-term obligations	3,766,509	6,062,540	9,829,049	5,840,000
Estimated liability for self-insured losses, current portion	4,853,722	-	4,853,722	20,000
Bonded debt current maturity	-	12,595,000	12,595,000	-
Current portion of compensated absences	1,839,247	250,274	2,089,521	-
Total current liabilities	<u>28,291,744</u>	<u>30,549,306</u>	<u>58,841,050</u>	<u>23,426,694</u>
NONCURRENT LIABILITIES				
Liabilities payable from restricted assets	-	-	-	299,908
Advances from other funds	1,430,086	-	1,430,086	-
Noncurrent portion of long-term obligations	67,883,724	231,068,829	298,952,553	58,991,124
Other accrued expenses	-	2,628,280	2,628,280	-
Estimated liabilities for:				
Compensated absences, net	18,140,660	1,012,713	19,153,373	112,146
Self-insured losses, net of current portion	13,187,650	-	13,187,650	96,305
Landfill closure and postclosure care	5,759,437	-	5,759,437	-
Postemployment benefits	99,757,579	-	99,757,579	56,288
Net pension liability	95,322,212	9,189,395	104,511,607	7,785,407
Total noncurrent liabilities	<u>301,481,348</u>	<u>243,899,217</u>	<u>545,380,565</u>	<u>67,341,178</u>
TOTAL LIABILITIES	<u>\$ 329,773,092</u>	<u>\$ 274,448,523</u>	<u>\$ 604,221,615</u>	<u>\$ 90,767,872</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows	\$ 1,228,914	\$ 193,889	\$ 1,422,803	\$ -
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 1,228,914</u>	<u>\$ 193,889</u>	<u>\$ 1,422,803</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 369,427,169	\$ 444,384,784	\$ 813,811,953	\$ 67,407,683
Restricted for:				
Debt service	5,538,062	6,588,837	12,126,899	979,053
Tax increment financing	1,623,164	-	1,623,164	-
Other purposes	8,398,866	-	8,398,866	3,950,662
Unrestricted (deficit)	(47,062,287)	58,053,615	10,991,328	241,347,724
TOTAL NET POSITION	<u>\$ 337,924,974</u>	<u>\$ 509,027,236</u>	<u>\$ 846,952,210</u>	<u>\$ 313,685,122</u>

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

**CITY OF AMARILLO, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 4,747,304	\$ 5,643,536	\$ -	\$ 640,129
Staff services	12,406,032	4,223,302	-	1,116,521
Public safety and health				
Police protection	50,214,050	1,596,325	337,935	-
Fire protection	38,793,810	1,950,993	-	-
Other	20,091,084	6,128,475	9,793,405	1,192,286
Streets, traffic and engineering	23,588,460	1,316,207	47,000	8,214,369
Culture and recreation				
Auditorium/coliseum	6,118,576	2,642,527	398,004	-
Libraries	4,562,031	163,314	46,221	-
Parks	9,721,929	1,723,344	150,000	3,799
Participant recreation	6,984,971	2,477,596	1,300	-
Solid waste	15,390,078	20,011,490	9,702	-
Transit	5,446,446	193,226	2,865,257	1,866,146
Information technology	3,911,465	-	-	-
Economic development/Tourism	6,558,819	-	-	-
Urban redevelopment/housing	12,969,762	233,577	12,479,130	211,830
Interest on long-term debt	3,146,654	-	-	-
Total governmental activities	<u>224,651,471</u>	<u>48,303,912</u>	<u>26,127,954</u>	<u>13,245,080</u>
BUSINESS-TYPE ACTIVITIES				
Water and Sewer	61,909,502	75,145,344	-	5,226,486
Drainage Utility	3,042,378	5,540,635	-	12,444
Airport	13,593,479	10,764,718	25,692	2,089,395
Total business-type activities	<u>78,545,359</u>	<u>91,450,697</u>	<u>25,692</u>	<u>7,328,325</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 303,196,830</u>	<u>\$ 139,754,609</u>	<u>\$ 26,153,646</u>	<u>\$ 20,573,405</u>
COMPONENT UNITS				
Amarillo Hospital District	\$ 10,991,668	\$ 33,311	\$ 277,338	\$ -
Amarillo Economic Development Corporation	30,773,567	5,547,126	-	-
Amarillo-Potter Events District	2,210,341	71,947	-	-
Amarillo Housing Finance Corporation	-	190	-	-
Amarillo Health Facilities Corporation	-	-	-	-
Amarillo Local Government Corporation	311,006	-	4,607,037	40,700,000
TOTAL COMPONENT UNITS	<u>\$ 44,286,582</u>	<u>\$ 5,652,574</u>	<u>\$ 4,884,375</u>	<u>\$ 40,700,000</u>
GENERAL REVENUES				
Property taxes, levied for general purposes				
Property taxes, levied for debt services				
Sales taxes				
Mixed beverage taxes				
Hotel occupancy taxes				
Gross receipts business taxes				
Unrestricted investment earnings				
TRANSFERS				
Total general revenues and transfers				
CHANGE IN NET POSITION				
NET POSITION, BEGINNING OF YEAR				
PRIOR PERIOD ADJUSTMENT (NOTE 1)				
NET POSITION, BEGINNING OF YEAR, RESTATED				
NET POSITION, END OF YEAR				

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ 1,536,361	\$ -	\$ 1,536,361	\$ -
(7,066,209)	-	(7,066,209)	-
(48,279,790)	-	(48,279,790)	-
(36,842,817)	-	(36,842,817)	-
(2,976,918)	-	(2,976,918)	-
(14,010,884)	-	(14,010,884)	-
(3,078,045)	-	(3,078,045)	-
(4,352,496)	-	(4,352,496)	-
(7,844,786)	-	(7,844,786)	-
(4,506,075)	-	(4,506,075)	-
4,631,114	-	4,631,114	-
(521,817)	-	(521,817)	-
(3,911,465)	-	(3,911,465)	-
(6,558,819)	-	(6,558,819)	-
(45,225)	-	(45,225)	-
(3,146,654)	-	(3,146,654)	-
<u>(136,974,525)</u>	<u>-</u>	<u>(136,974,525)</u>	<u>-</u>
-	18,462,328	18,462,328	-
-	2,510,701	2,510,701	-
-	(713,674)	(713,674)	-
<u>-</u>	<u>20,259,355</u>	<u>20,259,355</u>	<u>-</u>
<u>(136,974,525)</u>	<u>20,259,355</u>	<u>(116,715,170)</u>	<u>-</u>
-	-	-	(10,681,019)
-	-	-	(25,226,441)
-	-	-	(2,138,394)
-	-	-	190
-	-	-	-
-	-	-	44,996,031
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,950,367</u>
42,547,617	-	42,547,617	-
2,789,543	-	2,789,543	-
55,544,448	-	55,544,448	18,514,816
816,149	-	816,149	-
6,591,586	-	6,591,586	-
17,962,785	-	17,962,785	2,840,646
1,268,229	498,073	1,766,302	(340,235)
1,197,273	(1,197,273)	-	-
<u>128,717,630</u>	<u>(699,200)</u>	<u>128,018,430</u>	<u>21,015,227</u>
<u>(8,256,895)</u>	<u>19,560,155</u>	<u>11,303,260</u>	<u>27,965,594</u>
<u>349,227,560</u>	<u>489,467,081</u>	<u>838,694,641</u>	<u>286,243,001</u>
<u>(3,045,691)</u>	<u>-</u>	<u>(3,045,691)</u>	<u>(523,473)</u>
<u>346,181,869</u>	<u>489,467,081</u>	<u>835,648,950</u>	<u>285,719,528</u>
<u>\$ 337,924,974</u>	<u>\$ 509,027,236</u>	<u>\$ 846,952,210</u>	<u>\$ 313,685,122</u>

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

**CITY OF AMARILLO, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2017**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 205,356	\$ 12,151,645	\$ 13,222,294	\$ 25,579,295
Restricted cash and cash equivalents	791,652	29,686,720	781	30,479,153
Investments, at fair values	43,045,839	23,735,870	4,747,797	71,529,506
Receivables, net of allowances for uncollectibles				
Property taxes	239,578	-	21,118	260,696
Accounts	1,603,358	-	359,128	1,962,486
Accrued interest	136,448	85,308	11,708	233,464
Other accrued revenue	1,833,027	-	-	1,833,027
Due from other funds unrestricted	881,554	189,289	23,570	1,094,413
Due from other governments	5,349,720	-	944,974	6,294,694
Inventory of supplies	1,178,590	-	-	1,178,590
Prepaid items	31,933	1,000	6,805	39,738
Advances to other funds	715,043	-	-	715,043
TOTAL ASSETS	<u>\$ 56,012,098</u>	<u>\$ 65,849,832</u>	<u>\$ 19,338,175</u>	<u>\$ 141,200,105</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers payable	\$ 1,331,600	\$ 1,596,628	\$ 237,147	\$ 3,165,375
Accounts payable	2,251,739	626,692	667,004	3,545,435
Accrued expenditures	5,468,849	775,287	18,634	6,262,770
Deposits	12,964	541,650	1,268,954	1,823,568
Due to other funds - unrestricted	192,646	-	919,281	1,111,927
Due to other governments	830,790	-	22,131	852,921
Unearned revenues - property taxes	164,112	-	15,470	179,582
Unearned revenues - other	96,725	-	89,849	186,574
Advances from other funds	-	-	1,430,086	1,430,086
Total liabilities	<u>10,349,425</u>	<u>3,540,257</u>	<u>4,668,556</u>	<u>18,558,238</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	31,933	1,000	6,248	39,181
Inventory	1,178,590	-	-	1,178,590
Uncollected taxes	75,466	-	5,648	81,114
Advances to other funds	715,043	-	-	715,043
Restricted for:				
Debt service	-	-	1,090,928	1,090,928
Special purposes	-	-	10,016,563	10,016,563
Committed for:				
Compensated absences	-	-	3,550,232	3,550,232
Assigned for:				
Capital projects	-	62,308,575	-	62,308,575
Unassigned	43,661,641	-	-	43,661,641
Total fund balances	<u>45,662,673</u>	<u>62,309,575</u>	<u>14,669,619</u>	<u>122,641,867</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 56,012,098</u>	<u>\$ 65,849,832</u>	<u>\$ 19,338,175</u>	<u>\$ 141,200,105</u>

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

**CITY OF AMARILLO, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		<u>\$ 122,641,867</u>
The City uses internal service funds to charge the costs of fleet services, information services, risk management and employee health services to other departments of the City on a cost-reimbursement basis. The assets and liabilities, excluding capital assets, of the internal service funds are included in the governmental activities in the statement of net position.		(80,153,427)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the balances for capital assets (net of depreciation) in the governmental activities is to increase net position.		414,904,179
Capital assets, net October 1, 2016	\$ 402,785,451	
Net current year additions	36,723,166	
Net current year deletions	<u>(24,604,438)</u>	
Capital assets, net September 30, 2017	<u>\$ 414,904,179</u>	
		(96,591,494)
Long-term liabilities, including bonds payable and compensated absence liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. In addition, long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as reductions in long-term debt in the government-wide financial statements. The net effect of including the long-term liabilities and the debt principal payments is to decrease net position. Those liabilities consist of:		
Long-term debt	\$ 71,650,233	
Compensated absence	19,181,824	
Landfill closure and postclosure	<u>5,759,437</u>	
	<u>\$ 96,591,494</u>	
Included in the items related to debt is the recognition of the City's net pension liability required by GASB 68 in the amount of \$91,752,849, a deferred resource outflow in the amount of \$42,557,966, and a deferred resource inflow in the amount of \$1,154,376.		(50,349,259)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unearned revenue as revenue, eliminating interfund transactions, and recognizing the receivable from the business-type activities for services provided by the internal service funds. The net effect of these reclassifications and recognitions is to increase net position.		27,473,108
Unearned revenue	\$ 366,156	
Accrued interest payable	(583,385)	
Internal balances	25,857,228	
Intra-entity receivables	1,769,719	
Prepaid insurance	<u>63,390</u>	
	<u>\$ 27,473,108</u>	
NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 337,924,974</u>

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

CITY OF AMARILLO, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2017

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes				
Ad valorem taxes	\$ 42,003,099	\$ -	\$ 2,789,543	\$ 44,792,642
Sales taxes	55,544,448	-	-	55,544,448
Mixed beverage taxes	816,149	-	-	816,149
Hotel occupancy taxes	6,591,586	-	-	6,591,586
Gross receipts business taxes	17,962,785	-	-	17,962,785
License and permits	3,379,143	-	-	3,379,143
Interfund revenues	1,362,765	-	-	1,362,765
Intergovernmental revenues	3,686,195	3,123,037	22,307,351	29,116,583
Citizen contributions	185,550	-	1,947	187,497
Construction participation	-	8,724,347	19,532	8,743,879
Revenue from participating taxing entities	-	-	640,129	640,129
Other entity participations	-	-	-	-
Charges for services	34,016,832	185,355	2,072,272	36,274,459
Fines and forfeitures	4,787,634	-	1,699,785	6,487,419
Investment earnings	636,631	341,424	64,944	1,042,999
Other rentals and commissions	479,190	-	-	479,190
Miscellaneous	289,068	1,610	186,659	477,337
Total revenues	<u>171,741,075</u>	<u>12,375,773</u>	<u>29,782,162</u>	<u>213,899,010</u>
EXPENDITURES				
Current				
General government	4,228,149	-	-	4,228,149
Staff services	10,163,868	-	548,404	10,712,272
Public safety and health				
Police protection	45,941,747	-	321,263	46,263,010
Fire protection	32,099,153	-	-	32,099,153
Other	11,463,457	-	6,795,990	18,259,447
Streets, traffic and engineering	15,397,049	-	-	15,397,049
Culture and recreation				
Auditorium - coliseum	3,527,313	-	298,966	3,826,279
Libraries	4,002,524	-	342	4,002,866
Parks	7,794,888	-	747,201	8,542,089
Participant recreation	5,539,386	-	41,916	5,581,302
Solid waste	14,132,745	-	-	14,132,745
Transit system	4,716,811	-	-	4,716,811
Urban redevelopment and housing	-	-	13,078,306	13,078,306
Information technology	3,911,465	-	-	3,911,465
Economic development/tourism	3,055,383	2,128,734	1,374,702	6,558,819
Capital outlay	127,399	28,370,760	77,816	28,575,975
Debt service				
Principal retirement	-	-	2,399,051	2,399,051
Interest and fiscal charges	-	-	1,758,596	1,758,596
Termination vacation and sick leave pay	-	-	1,374,058	1,374,058
Total expenditures	<u>166,101,337</u>	<u>30,499,494</u>	<u>28,816,611</u>	<u>225,417,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,639,738</u>	<u>(18,123,721)</u>	<u>965,551</u>	<u>(11,518,432)</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	177,820	10,651,377	1,703,140	12,532,337
Transfers to other funds	(8,234,735)	(3,352,771)	(761,939)	(12,349,445)
Payment to refunded escrow agent	-	(17,265,000)	-	(17,265,000)
Loans to outside entities	-	(74,822)	(1,694,897)	(1,769,719)
Issuance of long-term debt	-	43,330,000	-	43,330,000
Bond premium	-	2,897,768	-	2,897,768
Total other financing sources (uses)	<u>(8,056,915)</u>	<u>36,186,552</u>	<u>(753,696)</u>	<u>27,375,941</u>
Net change in fund balances	<u>(2,417,177)</u>	<u>18,062,831</u>	<u>211,855</u>	<u>15,857,509</u>
FUND BALANCES, BEGINNING OF YEAR	<u>48,079,850</u>	<u>44,246,744</u>	<u>14,457,764</u>	<u>106,784,358</u>
FUND BALANCES, END OF YEAR	<u>\$ 45,662,673</u>	<u>\$ 62,309,575</u>	<u>\$ 14,669,619</u>	<u>\$ 122,641,867</u>

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

**CITY OF AMARILLO, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	<u>\$ 15,857,509</u>																						
The City uses an internal service fund to charge the costs of fleet services, information services, risk management and employee health services to other departments of the City. The net income (loss) of the internal service fund is included in the governmental activities in the Statement of Activities, except for net income (loss) allocated to the business-type activities for services provided by the internal service funds to those activities. The net effect of this consolidation is to decrease net position.	2,578,884																						
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. Issuance of long-term debt provides current financial resources to the governmental funds; however, it should be shown as an increase in long-term liabilities in the government-wide financial statements. The net effect of including the 2017 capital outlays, issuance of long-term debt, and debt principal payments is to increase net position.	3,375,489																						
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Capital outlay</td> <td style="width: 40%; text-align: right;">\$ 28,575,975</td> </tr> <tr> <td>Residual value of assets disposed of</td> <td style="text-align: right;">(27,673)</td> </tr> <tr> <td>Library books additions</td> <td style="text-align: right;">477,761</td> </tr> <tr> <td>Contributed capital</td> <td style="text-align: right;">720,845</td> </tr> <tr> <td>Assets contributed with grant funding</td> <td style="text-align: right;">192,298</td> </tr> <tr> <td>Issuance of long-term debt</td> <td style="text-align: right;">(43,330,000)</td> </tr> <tr> <td>Refunding of long-term debt</td> <td style="text-align: right;">17,265,000</td> </tr> <tr> <td>Premium on bonds and issuance costs</td> <td style="text-align: right;">(2,897,768)</td> </tr> <tr> <td>Long-term debt principal payments</td> <td style="text-align: right;"><u>2,399,051</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>\$ 3,375,489</u></td> </tr> </table>	Capital outlay	\$ 28,575,975	Residual value of assets disposed of	(27,673)	Library books additions	477,761	Contributed capital	720,845	Assets contributed with grant funding	192,298	Issuance of long-term debt	(43,330,000)	Refunding of long-term debt	17,265,000	Premium on bonds and issuance costs	(2,897,768)	Long-term debt principal payments	<u>2,399,051</u>		<u>\$ 3,375,489</u>			
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Premium on bonds and issuance costs	(2,897,768)																						
Long-term debt principal payments	<u>2,399,051</u>																						
	<u>\$ 3,375,489</u>																						
Depreciation is not recognized as an expense in the governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(17,529,639)																						
GASB 68 requires that certain expenditures be derecognized and recorded instead as deferred outflows of resources. Of these previously deferred outflows, (\$7,631,734) were recognized in the current year as expenditures, decreasing the change in net position. Contributions made after the measurement date of December 31, 2016 caused the change in the ending net position to increase by \$8,578,818. The City's investment gains (losses) over related pension expense were (\$10,502,695), differences in expected and actual experience and changes in assumptions were (\$4,002,964), and the decrease in expense of \$813,695 was recognized due to the current year changes in net pension liability. The impact of all these adjustments is to decrease the change in net position by (\$12,744,880).	(12,744,880)																						
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unearned revenue as revenue, eliminating interfund transactions and the net loss on services provided to the business-type activities by the internal service funds. The net effect of these reclassifications and recognitions is to increase (decrease) net position.	205,742																						
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Compensated absences</td> <td style="width: 40%; text-align: right;">\$ (287,014)</td> </tr> <tr> <td>Unearned revenue</td> <td style="text-align: right;">544,518</td> </tr> <tr> <td>Assets contributed with grant funding</td> <td style="text-align: right;">(192,298)</td> </tr> <tr> <td>Net loss of internal service funds</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">allocated to business-type activities</td> <td style="text-align: right;">(121,212)</td> </tr> <tr> <td>Landfill closure and post-closure care</td> <td style="text-align: right;">(157,130)</td> </tr> <tr> <td>Accrued interest payable</td> <td style="text-align: right;">(583,385)</td> </tr> <tr> <td>Deferred amount for issuance</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">premiums/costs</td> <td style="text-align: right;">(767,456)</td> </tr> <tr> <td>Loans to outside entities</td> <td style="text-align: right;"><u>1,769,719</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>\$ 205,742</u></td> </tr> </table>	Compensated absences	\$ (287,014)	Unearned revenue	544,518	Assets contributed with grant funding	(192,298)	Net loss of internal service funds		allocated to business-type activities	(121,212)	Landfill closure and post-closure care	(157,130)	Accrued interest payable	(583,385)	Deferred amount for issuance		premiums/costs	(767,456)	Loans to outside entities	<u>1,769,719</u>		<u>\$ 205,742</u>	
Compensated absences	\$ (287,014)																						
Unearned revenue	544,518																						
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premiums/costs	(767,456)																						
Loans to outside entities	<u>1,769,719</u>																						
	<u>\$ 205,742</u>																						
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (8,256,895)</u>																						

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

**CITY OF AMARILLO, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water and Sewer	Drainage Utility	Airport	Total	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 15,498,647	\$ 917,231	\$ 3,274,869	\$ 19,690,747	\$ 7,649,663
Investments, at fair values	57,098,741	7,654,010	7,001,052	71,753,803	31,483,642
Accounts receivable, net	5,638,133	287,632	55,273	5,981,038	1,879,481
Accrued interest receivable	174,472	-	20,024	194,496	86,228
Other accrued revenue	3,354,388	-	189,323	3,543,711	-
Due from other funds	34,957	-	-	34,957	178,169
Due from other governments	-	-	142,899	142,899	-
Inventory of supplies	-	-	-	-	200,845
Prepaid expenses	1,434,753	-	-	1,434,753	570,247
Total current assets	83,234,091	8,858,873	10,683,440	102,776,404	42,048,275
NONCURRENT ASSETS					
Restricted cash and cash equivalents	50,391,049	103,764	147,496	50,642,309	135,556
Other noncurrent receivable	-	-	-	-	-
Other noncurrent assets	83,414	-	-	83,414	-
Interfund advance receivable	715,043	-	-	715,043	-
Capital assets					
Land	2,040,262	2,010	2,777,341	4,819,613	-
Contributed right of way easements	1,212,885	236,291	-	1,449,176	-
Underground water rights	58,332,683	-	-	58,332,683	-
Accumulated depletion - underground water rights	(7,848,843)	-	-	(7,848,843)	-
Water supply contract	50,336,389	-	-	50,336,389	-
Accumulated amortization - water supply contract	(22,875,817)	-	-	(22,875,817)	-
Pipelines and plant	646,180,868	-	-	646,180,868	-
Accumulated depreciation - pipelines and plant	(212,025,705)	-	-	(212,025,705)	-
Runways, buildings and improvements	-	-	159,120,779	159,120,779	-
Accumulated depreciation - runways, buildings and improvements	-	-	(92,731,811)	(92,731,811)	-
Improvements	-	6,430,631	-	6,430,631	5,503,671
Accumulated depreciation - improvements	-	(308,114)	-	(308,114)	(4,223,675)
Equipment and vehicles	4,328,397	34,613	8,503,742	12,866,752	75,442,030
Accumulated depreciation - equipment and vehicles	(3,509,787)	(16,084)	(4,887,274)	(8,413,145)	(47,473,979)
Construction in progress	42,055,348	8,859,779	3,809,098	54,724,225	2,848,092
Total capital assets, net of accumulated depreciation	558,226,680	15,239,126	76,591,875	650,057,681	32,096,139
Total noncurrent assets	609,416,186	15,342,890	76,739,371	701,498,447	32,231,695
TOTAL ASSETS	\$ 692,650,277	\$ 24,201,763	\$ 87,422,811	\$ 804,274,851	\$ 74,279,970
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows	\$ 4,425,767	\$ 161,974	\$ 664,284	\$ 5,252,025	\$ 1,600,144
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 4,425,767	\$ 161,974	\$ 664,284	\$ 5,252,025	\$ 1,600,144

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

CITY OF AMARILLO, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION, CONTINUED
SEPTEMBER 30, 2017

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Drainage Utility</u>	<u>Airport</u>	<u>Total</u>	
LIABILITIES					
CURRENT LIABILITIES					
Vouchers payable	\$ 2,805,349	\$ 166,873	\$ 193,017	\$ 3,165,239	\$ 607,419
Accounts payable	1,651,160	13,302	4,225	1,668,687	405,988
Accrued expenses	2,507,563	84,360	304,178	2,896,101	550,448
Due to other governments	-	-	179	179	-
Deposits	42,014	-	90,806	132,820	-
Consumer security deposits	3,778,466	-	-	3,778,466	-
Share of Water Authority debt - current	6,062,540	-	-	6,062,540	-
Due to other funds - unrestricted	-	-	-	-	195,612
Estimated liability for incurred losses	-	-	-	-	4,853,722
Bonded debt current maturity	10,440,000	500,000	1,655,000	12,595,000	925,000
Current portion of compensated absences	213,205	10,172	26,897	250,274	107,392
Total current liabilities	<u>27,500,297</u>	<u>774,707</u>	<u>2,274,302</u>	<u>30,549,306</u>	<u>7,645,581</u>
NONCURRENT LIABILITIES					
Bonded debt, net of current	151,406,891	9,095,524	3,979,868	164,482,283	475,862
Water Authority debt, net of current	66,586,546	-	-	66,586,546	-
Provision for compensated absences, net	803,399	63,230	146,084	1,012,713	627,691
Other accrued expenses	2,628,280	-	-	2,628,280	-
Estimated liabilities for incurred loss, net	-	-	-	-	13,187,650
Postemployment benefits	-	-	-	-	99,757,579
Net pension liability	7,274,511	390,785	1,524,099	9,189,395	3,569,363
Total noncurrent liabilities	<u>228,699,627</u>	<u>9,549,539</u>	<u>5,650,051</u>	<u>243,899,217</u>	<u>117,618,145</u>
TOTAL LIABILITIES	<u>\$ 256,199,924</u>	<u>\$ 10,324,246</u>	<u>\$ 7,924,353</u>	<u>\$ 274,448,523</u>	<u>\$ 125,263,726</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows	\$ 148,800	\$ 10,255	\$ 34,834	\$ 193,889	\$ 74,538
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 148,800</u>	<u>\$ 10,255</u>	<u>\$ 34,834</u>	<u>\$ 193,889</u>	<u>\$ 74,538</u>
NET POSITION					
Net investment in capital assets	\$ 367,784,175	\$ 5,643,602	\$ 70,957,007	\$ 444,384,784	\$ 30,695,277
Restricted for debt service	6,337,577	103,764	147,496	6,588,837	135,556
Unrestricted (deficit)	66,605,568	8,281,870	9,023,405	83,910,843	(80,288,983)
TOTAL NET POSITION	<u>\$ 440,727,320</u>	<u>\$ 14,029,236</u>	<u>\$ 80,127,908</u>	<u>534,884,464</u>	<u>\$ (49,458,150)</u>
Amounts due governmental activities for allocable share of net expenses of certain internal service funds				<u>(25,857,228)</u>	
TOTAL NET POSITION OF BUSINESS- TYPE ACTIVITIES IN STATEMENT OF NET POSITION				<u>\$ 509,027,236</u>	

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

**CITY OF AMARILLO, TEXAS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
YEAR ENDED SEPTEMBER 30, 2017**

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water and Sewer	Drainage Utility	Airport	Total	
OPERATING REVENUES					
Airfield fees and commissions	\$ -	\$ -	\$ 628,243	\$ 628,243	\$ -
Charges for services	-	-	-	-	1,169,249
Employees' benefit plan contributions	-	-	-	-	5,709,196
Internal charges	-	-	-	-	45,825,130
Miscellaneous revenues	-	-	-	-	210
Other building and ground rentals	-	-	1,637,825	1,637,825	-
Rents and miscellaneous	82,405	-	-	82,405	-
Tap fees and frontage charges	310,453	-	-	310,453	-
Terminal building area rental	-	-	7,162,945	7,162,945	-
Utility sales and service	73,545,211	-	-	73,545,211	-
Drainage utility assessments	-	5,540,485	-	5,540,485	-
Total operating revenues	<u>73,938,069</u>	<u>5,540,485</u>	<u>9,429,013</u>	<u>88,907,567</u>	<u>52,703,785</u>
OPERATING EXPENSES					
Salaries, wages and fringe benefits	14,467,892	1,309,766	3,374,750	19,152,408	6,700,746
Supplies	1,350,992	185,836	458,604	1,995,432	3,528,446
Fuel and oil	-	-	-	-	2,215,174
Fuel and power	4,618,493	-	615,376	5,233,869	-
Contractual services	5,063,458	957,723	1,316,102	7,337,283	4,725,371
Water Authority charges	6,974,102	-	-	6,974,102	-
Other charges	10,086,833	436,002	2,374,843	12,897,678	4,226,585
Claim and loss adjustments	-	-	-	-	21,367,743
Postemployment expense	-	-	-	-	1,573,845
Depreciation	14,550,803	117,147	5,453,657	20,121,607	7,002,927
Total operating expenses	<u>57,112,573</u>	<u>3,006,474</u>	<u>13,593,332</u>	<u>73,712,379</u>	<u>51,340,837</u>
Operating income (loss)	<u>16,825,496</u>	<u>2,534,011</u>	<u>(4,164,319)</u>	<u>15,195,188</u>	<u>1,362,948</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) in disposal of property	24,654	4,336	-	28,990	(84,362)
Grants-in-aid	-	-	25,692	25,692	-
Interfund reimbursement	1,182,621	150	-	1,182,771	-
Passenger facility charge	-	-	1,223,894	1,223,894	-
Insurance recovery/cost	-	-	-	-	-
Interest earnings	394,951	51,432	73,570	519,953	293,379
Change in value of investments	-	-	(21,880)	(21,880)	(68,149)
Other miscellaneous revenues	-	-	111,811	111,811	80,995
Interest expense and fiscal charges	(4,918,141)	(40,240)	(147)	(4,958,528)	(20,306)
Total nonoperating revenues (expenses)	<u>(3,315,915)</u>	<u>15,678</u>	<u>1,412,940</u>	<u>(1,887,297)</u>	<u>201,557</u>
Income (loss) before contributions and transfers	13,509,581	2,549,689	(2,751,379)	13,307,891	1,564,505

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

**CITY OF AMARILLO, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN FUND NET POSITION, CONTINUED
 YEAR ENDED SEPTEMBER 30, 2017**

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Drainage Utility</u>	<u>Airport</u>	<u>Total</u>	
NONOPERATING REVENUES (EXPENSES), CONTINUED					
Capital contributions	\$ 5,226,486	\$ 12,444	\$ 2,089,395	\$ 7,328,325	\$ -
Transfers from other funds	-	-	1,167,175	1,167,175	1,014,379
Transfers to other funds	(922,560)	(244,958)	(1,196,930)	(2,364,448)	-
Change in net position	17,813,507	2,317,175	(691,739)	19,438,943	2,578,884
NET POSITION, BEGINNING OF YEAR	422,913,813	11,712,061	80,819,647	515,445,521	(52,037,034)
NET POSITION, END OF YEAR	<u>\$ 440,727,320</u>	<u>\$ 14,029,236</u>	<u>\$ 80,127,908</u>	<u>\$ 534,884,464</u>	<u>\$ (49,458,150)</u>
Allocation of net expenses of certain internal service funds to business-type activities				(25,857,228)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES IN STATEMENT OF NET POSITION				<u>\$ 509,027,236</u>	
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Net Position of Proprietary Funds to the Statement of Activities					
Total net change in fund balances - proprietary funds				\$ 19,438,943	
Internal service fund allocation for proprietary funds				121,212	
Change in net position for primary government business-type activities				<u>\$ 19,560,155</u>	

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

**CITY OF AMARILLO, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Drainage Utility</u>	<u>Airport</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from third parties	\$ 74,196,313	\$ 5,569,208	\$ 9,423,777	\$ 89,189,298	\$ -
Cash received from City departments	-	-	-	-	52,433,122
Cash payments to suppliers for goods and services	(28,308,127)	(1,682,295)	(4,740,292)	(34,730,714)	(15,039,473)
Cash payments to employees	(13,565,758)	(1,476,455)	(3,157,924)	(18,200,137)	(6,154,169)
Cash payments for claims and loss adjustments	-	-	-	-	(21,258,384)
Net cash provided (used) by operating activities	<u>32,322,428</u>	<u>2,410,458</u>	<u>1,525,561</u>	<u>36,258,447</u>	<u>9,981,096</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(922,560)	(244,958)	(1,196,930)	(2,364,448)	-
Transfers from other funds	-	-	1,167,175	1,167,175	1,014,379
Sales to other departments	-	150	-	150	-
Amounts borrowed/repaid from other funds	(1,150,000)	-	-	(1,150,000)	10,054
Interfund reimbursements	1,182,621	-	-	1,182,621	-
Amounts loaned to other funds	(750,000)	-	-	(750,000)	9,890
Cash payments received for passenger facility charge	-	-	1,223,894	1,223,894	-
Net cash provided (used) by noncapital financing activities	<u>(1,639,939)</u>	<u>(244,808)</u>	<u>1,194,139</u>	<u>(690,608)</u>	<u>1,034,323</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(31,888,954)	(1,507,650)	(2,716,019)	(36,112,623)	(7,007,463)
Capital grants received	5,226,486	-	2,281,181	7,507,667	-
Issuance of bonds	33,072,612	-	-	33,072,612	(910,000)
Principal paid on bond maturities	(9,100,000)	(685,000)	(1,580,000)	(11,365,000)	-
Principal paid on proportionate share of Water Authority debt	(5,467,743)	-	-	(5,467,743)	-
Noncurrent receivable	7,439	-	-	7,439	-
Interest expense	(6,950,575)	(266,739)	(290,775)	(7,508,089)	(34,538)
Proceeds from insurance	-	-	-	-	80,995
Proceeds from sale of capital assets	35,859	-	-	35,859	18,718
Net cash provided (used) by capital and related financing activities	<u>(15,064,876)</u>	<u>(2,459,389)</u>	<u>(2,305,613)</u>	<u>(19,829,878)</u>	<u>(7,852,288)</u>

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

**CITY OF AMARILLO, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS, CONTINUED
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Drainage Utility</u>	<u>Airport</u>	<u>Total</u>	
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investment securities	\$ 40,434,100	\$ 4,842,550	\$ 7,000,000	\$ 52,276,650	\$ 23,500,000
Purchase of investment securities	(47,026,399)	(5,005,813)	(5,274,096)	(57,306,308)	(25,523,178)
Interest and gains on investments	596,038	96,204	94,910	787,152	311,498
Net cash provided (used) by investing activities	<u>(5,996,261)</u>	<u>(67,059)</u>	<u>1,820,814</u>	<u>(4,242,506)</u>	<u>(1,711,680)</u>
Net increase (decrease) in cash and cash equivalents	9,621,352	(360,798)	2,234,901	11,495,455	1,451,451
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>56,268,344</u>	<u>1,381,793</u>	<u>1,187,464</u>	<u>58,837,601</u>	<u>6,333,768</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 65,889,696</u>	<u>\$ 1,020,995</u>	<u>\$ 3,422,365</u>	<u>\$ 70,333,056</u>	<u>\$ 7,785,219</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 16,825,496	\$ 2,534,011	\$ (4,164,319)	\$ 15,195,188	\$ 1,362,948
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	14,550,803	117,147	5,453,657	20,121,607	7,002,927
(Increase) decrease in accounts receivable	(139,391)	28,723	(27,891)	(138,559)	(270,663)
(Increase) decrease in deferred outflows	806,219	57,922	192,552	1,056,693	405,458
(Increase) decrease in other accrued revenue	288,257	-	17,838	306,095	-
(Increase) decrease in prepaid expenses	742,951	-	19,856	762,807	(33,563)
(Increase) decrease in inventories	-	-	-	-	(360)
Increase (decrease) in vouchers payable	(185,152)	138,262	(90,220)	(137,110)	(652,051)
Increase (decrease) in accounts payable	560,913	(240,996)	(2,978)	316,939	135,735
Increase (decrease) in accrued operating expenses	(1,254,953)	(263,323)	97,975	(1,420,301)	257,304
Increase (decrease) in deferred inflows	124,649	8,955	29,771	163,375	62,687
Increase (decrease) in customer deposits	109,378	-	4,817	114,195	-
Increase (decrease) in provision for compensated absences	(85,841)	32,180	2,557	(51,104)	44,430
Increase (decrease) in net pension liability	(33,722)	(2,423)	(8,054)	(44,199)	(16,960)
Increase (decrease) in IBNR accrual	-	-	-	-	31,247
Increase (decrease) in other accrued expenses	12,821	-	-	12,821	-
Increase (decrease) in estimated claims liabilities	-	-	-	-	1,651,957
Net cash provided (used) by operating activities	<u>\$ 32,322,428</u>	<u>\$ 2,410,458</u>	<u>\$ 1,525,561</u>	<u>\$ 36,258,447</u>	<u>\$ 9,981,096</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Amortization of bond premiums	\$ (626,871)	\$ (6,910)	\$ (123,940)	\$ (757,721)	\$ (13,069)
Decreases (increases) in fair values of investments	171,314	-	(21,880)	149,434	(68,149)
Interest expense capitalized	(885,177)	(218,386)	(158,126)	(1,261,689)	-
Capital contributions to/from other funds	-	12,444	2,089,395	2,101,839	-
Investment premium/discount amortization	72,197	21,216	17,016	110,429	-

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

**CITY OF AMARILLO, TEXAS
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 SEPTEMBER 30, 2017**

	Private- Purpose Trust Funds	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 30,920	\$ 784,786
TOTAL ASSETS	\$ 30,920	\$ 784,786
LIABILITIES		
Due to agencies	\$ -	\$ 784,786
TOTAL LIABILITIES	\$ -	\$ 784,786
NET POSITION		
Held for other governments, individuals, entities	\$ 30,920	\$ -
TOTAL NET POSITION	\$ 30,920	\$ -

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

**CITY OF AMARILLO, TEXAS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Private- Purpose Trust Funds</u>
ADDITIONS	
Investment earnings	\$ 128
Total additions	<u>128</u>
DEDUCTIONS	
Supplies	<u>-</u>
Total deductions	<u>-</u>
Change in net position	<u>128</u>
NET POSITION, BEGINNING OF YEAR	<u>30,792</u>
NET POSITION, END OF YEAR	<u><u>\$ 30,920</u></u>

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

CITY OF AMARILLO, TEXAS
STATEMENT OF NET POSITION - COMPONENT UNITS
SEPTEMBER 30, 2017

	<u>Amarillo Hospital District</u>	<u>Amarillo Economic Development Corporation</u>	<u>Amarillo- Potter Events Venue District</u>	<u>Amarillo Housing Finance Corporation</u>	<u>Amarillo Health Facilities Corporation</u>	<u>Amarillo Local Government Corporation</u>	<u>Total</u>
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 9,142,783	\$ 5,503,406	\$ 1,697,527	\$ 129,069	\$ 3,033	\$ 527,422	\$ 17,003,240
Investments	162,743,973	18,530,000	2,500,000	-	30,035	-	183,804,008
Receivables, net	-	10,549,974	243,726	-	-	348,470	11,142,170
Inventories and prepaid expenses	5,447,481	-	33,060	-	-	-	5,480,541
Other current assets	17,104,103	31,345	-	-	-	-	17,135,448
Total current assets	<u>194,438,340</u>	<u>34,614,725</u>	<u>4,474,313</u>	<u>129,069</u>	<u>33,068</u>	<u>875,892</u>	<u>234,565,407</u>
NONCURRENT ASSETS							
Restricted cash and cash equivalents	30,871	4,219,699	979,053	-	-	-	5,229,623
Receivables, net	7,332,803	70,995,767	-	-	-	-	78,328,570
Other noncurrent assets	-	-	-	-	-	-	-
Land and building held for future incentives	-	3,724,506	-	-	-	-	3,724,506
Capital assets:							
Buildings and improvements, net of depreciation	46,144	10,306,606	11,402,706	-	-	57,477,533	79,232,989
Equipment and vehicles, net of depreciation	-	47,385	16,709	-	-	181,683	245,777
Construction in process	-	-	-	-	-	-	-
Total noncurrent assets	<u>7,409,818</u>	<u>89,293,963</u>	<u>12,398,468</u>	<u>-</u>	<u>-</u>	<u>57,659,216</u>	<u>166,761,465</u>
TOTAL ASSETS	<u>\$ 201,848,158</u>	<u>\$ 123,908,688</u>	<u>\$ 16,872,781</u>	<u>\$ 129,069</u>	<u>\$ 33,068</u>	<u>\$ 58,535,108</u>	<u>\$ 401,326,872</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	\$ -	\$ 111,320	\$ 595,041	\$ -	\$ -	\$ -	\$ 706,361
Deferred outflows on net pension liability	2,419,761	-	-	-	-	-	2,419,761
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,419,761</u>	<u>\$ 111,320</u>	<u>\$ 595,041</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,126,122</u>

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

CITY OF AMARILLO, TEXAS
STATEMENT OF NET POSITION - COMPONENT UNITS, CONTINUED
SEPTEMBER 30, 2017

	<u>Amarillo Hospital District</u>	<u>Amarillo Economic Development Corporation</u>	<u>Amarillo- Potter Events Venue District</u>	<u>Amarillo Housing Finance Corporation</u>	<u>Amarillo Health Facilities Corporation</u>	<u>Amarillo Local Government Corporation</u>	<u>Total</u>
LIABILITIES AND NET POSITION							
CURRENT LIABILITIES							
Accounts payable and accrued expenses	\$ 130	\$ 305,070	\$ 339,910	\$ -	\$ -	\$ 782,137	\$ 1,427,247
Deferred revenue	16,139,447	-	-	-	-	-	16,139,447
Current portion of long-term obligations	-	5,350,000	490,000	-	-	-	5,840,000
Estimated liability for incurred losses - current portion	20,000	-	-	-	-	-	20,000
Total current liabilities	<u>16,159,577</u>	<u>5,655,070</u>	<u>829,910</u>	<u>-</u>	<u>-</u>	<u>782,137</u>	<u>23,426,694</u>
NONCURRENT LIABILITIES							
Liabilities payable from restricted assets - accrued interest	-	299,908	-	-	-	-	299,908
Noncurrent portion of long-term obligations	-	46,815,000	10,406,405	-	-	1,769,719	58,991,124
Net pension liability	7,785,407	-	-	-	-	-	7,785,407
Postemployment benefits	-	56,288	-	-	-	-	56,288
Estimated liabilities							
Compensated absences	-	112,146	-	-	-	-	112,146
Self-insured losses, net of current portion	96,305	-	-	-	-	-	96,305
Total noncurrent liabilities	<u>7,881,712</u>	<u>47,283,342</u>	<u>10,406,405</u>	<u>-</u>	<u>-</u>	<u>1,769,719</u>	<u>67,341,178</u>
TOTAL LIABILITIES	<u>24,041,289</u>	<u>52,938,412</u>	<u>11,236,315</u>	<u>-</u>	<u>-</u>	<u>2,551,856</u>	<u>90,767,872</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflow on net pension liability	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	46,144	10,353,991	1,118,051	-	-	55,889,497	67,407,683
Restricted for:							
Debt service	-	-	979,053	-	-	-	979,053
Other purposes	30,871	3,919,791	-	-	-	-	3,950,662
Unrestricted	180,149,615	56,807,814	4,134,403	129,069	33,068	93,755	241,347,724
TOTAL NET POSITION	<u>\$ 180,226,630</u>	<u>\$ 71,081,596</u>	<u>\$ 6,231,507</u>	<u>\$ 129,069</u>	<u>\$ 33,068</u>	<u>\$ 55,983,252</u>	<u>\$ 313,685,122</u>

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

CITY OF AMARILLO, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - COMPONENT UNITS
YEAR ENDED SEPTEMBER 30, 2017

	<u>Amarillo Hospital District</u>	<u>Amarillo Economic Development Corporation</u>	<u>Amarillo- Potter Events Venue District</u>	<u>Amarillo Housing Finance Corporation</u>	<u>Amarillo Health Facilities Corporation</u>	<u>Amarillo Local Government Corporation</u>	<u>Total</u>
EXPENSES							
Functions/Programs:							
Public health	\$ 10,991,668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,991,668
Economic development/industrial	-	26,795,776	-	-	-	311,006	27,106,782
Economic development/Tourism	-	-	2,210,341	-	-	-	2,210,341
Interest on long term debt	-	3,977,791	-	-	-	-	3,977,791
Total program expenses	<u>10,991,668</u>	<u>30,773,567</u>	<u>2,210,341</u>	<u>-</u>	<u>-</u>	<u>311,006</u>	<u>44,286,582</u>
PROGRAM REVENUES							
Intergovernmental revenues - operating	277,338	-	-	-	-	4,607,037	4,884,375
Charges for services	-	5,688,476	-	-	-	-	5,688,476
Gain (loss) on disposal of property	-	(152,149)	-	-	-	-	(152,149)
Miscellaneous	33,311	10,799	71,947	190	-	-	116,247
Total program revenues	<u>310,649</u>	<u>5,547,126</u>	<u>71,947</u>	<u>190</u>	<u>-</u>	<u>4,607,037</u>	<u>10,536,949</u>
Net (expense) revenue	<u>(10,681,019)</u>	<u>(25,226,441)</u>	<u>(2,138,394)</u>	<u>190</u>	<u>-</u>	<u>4,296,031</u>	<u>(33,749,633)</u>
GENERAL REVENUES							
Sales taxes	-	18,514,816	-	-	-	-	18,514,816
Gross receipts business taxes	-	-	2,840,646	-	-	-	2,840,646
Investment earnings (loss)	(550,689)	184,106	25,578	546	224	-	(340,235)
Total general revenues	<u>(550,689)</u>	<u>18,698,922</u>	<u>2,866,224</u>	<u>546</u>	<u>224</u>	<u>-</u>	<u>21,015,227</u>
CONTRIBUTED CAPITAL							
Change in net position	<u>(11,231,708)</u>	<u>(6,527,519)</u>	<u>727,830</u>	<u>736</u>	<u>224</u>	<u>40,700,000</u>	<u>27,965,594</u>
NET POSITION, BEGINNING OF YEAR	<u>191,458,338</u>	<u>78,132,588</u>	<u>5,503,677</u>	<u>128,333</u>	<u>32,844</u>	<u>10,987,221</u>	<u>286,243,001</u>
PRIOR PERIOD ADJUSTMENT (NOTE 1)	<u>-</u>	<u>(523,473)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(523,473)</u>
NET POSITION, BEGINNING OF YEAR, RESTATED	<u>191,458,338</u>	<u>77,609,115</u>	<u>5,503,677</u>	<u>128,333</u>	<u>32,844</u>	<u>10,987,221</u>	<u>285,719,528</u>
NET POSITION, END OF YEAR	<u>\$ 180,226,630</u>	<u>\$ 71,081,596</u>	<u>\$ 6,231,507</u>	<u>\$ 129,069</u>	<u>\$ 33,068</u>	<u>\$ 55,983,252</u>	<u>\$ 313,685,122</u>

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Definition and Scope of Reporting Entity

The City of Amarillo (the City) was chartered in 1913, as authorized by a statute enacted by the Texas Legislature that year, as the first city in Texas and fifth city in the United States to adopt the commission form of government. The principal services accounted for as general governmental functions include public safety and health, streets, solid waste, culture and recreation, planning and zoning, a transit system and general administrative service. In addition, the City maintains the water and sewer system, drainage utilities, and the airport, the operations of which are accounted for as enterprise funds.

The Governmental Accounting Standards Board (GASB) established standards for defining the financial reporting entity. Under such standards, the following entities have been determined to be component units of the City for financial reporting purposes because of their operational or financial benefit or burden relationships with the City. Based on these standards, the City has the following component units:

Discretely Presented Component Units

Amarillo Hospital District

The Amarillo Hospital District (the District), the first city hospital district in Texas, was established on March 24, 1959, by an amendment to the Constitution of the State of Texas. Its area is co-extensive with the incorporated limits of the City of Amarillo. The facilities built by the District constitute a regional center, serving the populace of an area that extends far beyond the boundaries of the City and county, across the entire Panhandle of the State of Texas and even surrounding states. Because of economic changes in the healthcare industry, in May 1996 the physical plant of the District was sold to a for-profit hospital entity, Northwest Texas Healthcare System, which, as one of the conditions of the sale, assumed responsibility for medical care of indigent citizens of the District to 2021 in exchange for inflation-adjusted, annual payments in the range of (in 1996 dollars) \$6 million to \$8 million. The inflation adjustment ceased in 2006 and the payment is fixed for the balance of the contract, which will be an additional 10 years unless the provider opts to extend the contract an additional 15 years. The quarterly payment to the provider is currently fixed at \$1,735,385 per quarter or \$6,941,540 annually. Certain public health services, which had been provided by the District, were assumed by the City. The District has no employees, but continues to exist as a governmental entity. Effective October 1, 1996, the City assumed responsibility for serving the District as its fiscal agent for purposes of maintaining its financial records. However, since the sale of the hospital, the District has not had to levy an ad valorem tax. The earnings from the sales proceeds together with the funds on hand at the time of the sale have been sufficient to fund indigent care payments and other expenses of the District.

The District currently collaborates with Northwest Texas Healthcare System to ensure both parties best allocate their resources for the provision of care to the low income and needy residents in their community. As part of this collaboration, Northwest has proposed that the District fund payments to Northwest under the Medicaid program ("Medicaid"). Accordingly, the District suspended the "Indigent Care Agreement," which was part of the sales agreement and replaced it with an almost identical agreement called the "Health Care Services Agreement." With the suspension of the "Indigent Care Agreement," the District was no longer obligated to make indigent care payments. However, the District funded Northwest Texas Hospital's Medicaid program. The "Indigent Care Agreement" was amended to extend the suspension through May 8, 2021. The District is prepaid through February 8, 2020 and has provided \$74.7 million in funding to the Medicaid program versus \$92.0 million in indigent care payments that would have been due under the contract.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition and Scope of Reporting Entity (Continued)

Amarillo Hospital District (Continued)

On August 8, 2017 the Amarillo Hospital District held a public hearing and created a Local Provider Participation Fund (LPPF). At the same meeting the District set the mandatory payment rate for the 2017 fiscal year 2% of net patient revenue as reported in the 2015 American Hospital Association Annual Survey of Hospitals. The mandatory payments will be deposited into the LPPF. The funds may be used to support the nonfederal share of payments described in Section 295A.103(c)(1) of the Health and Safety Code. The LPPF is broad based as it applies to all nonpublic hospitals located in Amarillo Hospital District that provide inpatient hospital services. The formula for calculating the mandatory payments is the same for each hospital (2% of net patient revenues). No hospitals are held harmless or exempt from paying the mandatory payments. At September 30, 2017 the District Financials reflects receivables of \$16.1 million with a corresponding amount recorded as deferred revenues. On November 17, 2017 the District paid \$4,479,217 from the LPPF to fund an inter governmental transfer for the Uniform Hospital Rate Increase Program (UHRIP).

The District is considered to be a part of the City's financial reporting entity because its Board of Managers is appointed by the City Council and, additionally, the City Council has final authority over any tax levy and the total amount of the annual budget. The Boards are not substantially the same, nor does the District provide services to the City.

Amarillo Economic Development Corporation

The Amarillo Economic Development Corporation (AEDC) is a nonprofit corporation that was formed in 1990 for the purpose of increasing employment opportunities, primarily through assisting qualifying enterprises with funds provided by a portion of the local sales tax. Assistance may be in the form of incentive grants, loans, or leases which call for either discounted rates or rebates based on job development and or local spending. The City serves as fiscal agent for AEDC's funds as well as its accounting records. AEDC is considered to be a part of the City's financial reporting entity, because the City Council appoints its Board of Directors and approves its budgets. The Boards are not substantially the same, nor does AEDC provide services to the City.

Amarillo-Potter Events Venue District

The Amarillo-Potter Events Venue District (Venue District) was established in January 1998, upon the approval of the voters of the City of Amarillo and Potter County to create a vehicle for financing a livestock arena and expansion of the Civic Center. In December 1998, the District issued \$10 million in bonds to finance the first phase of this construction, consisting of the livestock arena, and in December 2000 the final \$6.75 million of bonds were issued to fund the Civic Center expansion. In November 2005, the District refunded the 2000 bond issue, and in 2016 the District refunded the 2005 bonds. The 1998 Bonds were refunded in 2009. Debt service is provided by a 2% hotel occupancy tax and a 5% short-term motor vehicle rental tax, which became effective April 1, 1998. Should such tax revenues be insufficient, a rental payment from the City for use of the expanded Civic Center facilities is required. The City's rental obligation is the greater of any \$10 per month or any shortfall in the debt service fund due to insufficient Venue District tax receipts. The Venue District is considered to be a part of the City's financial reporting entity, because the City's mayor appoints four of the seven members of the Venue District's Board of Directors. However, the Boards are not substantially the same.

Amarillo Housing Finance Corporation

Amarillo Housing Finance Corporation (AHFC) was established to provide funding for home purchases by low- to moderate-income persons and families. Under the current program, mortgage loans are restricted to first-time homebuyers in targeted areas of the City. Beginning in April 1996, it has issued

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition and Scope of Reporting Entity (Continued)

single-family mortgage revenue bonds in the principal amounts of \$15,700,000, and \$10,000,000 in 2003. The bonds are purchased by Freddie Mac, loans are made by local lending institutions, and the funding of the mortgages with the bond proceeds is handled by the trust department of a financial institution. The City serves as fiscal agent for AHFC. AHFC is considered to be a part of the City's financial reporting entity, because the City Council appoints its Board of Directors and has discretion over their terms of office as well as the programs and activities of the Corporation. The Boards are not substantially the same, nor does AHFC provide services to the City.

Amarillo Local Government Corporation

Amarillo Local Government Corporation (LGC) is a nonprofit corporation that was formed March 2011 for the purpose of aiding and assisting the City to promote the development of the geographical area of the City. LGC is considered to be a part of the City's financial reporting entity, because the City Council appoints its Board of Directors, however the Boards are not substantially the same.

Amarillo Health Facilities Corporation

The Amarillo Health Facility Corporation (the Corporation) was established to assist the public health function. This Corporation can provide for the acquisition, improvement, renovation, furnishing or equipment of a project that is determined by the Board of Directors, who are appointed by the City Council, to be required, necessary or convenient for health care, research, and education within the State of Texas to assist the maintenance of public health. Assistance may be in the form of the issuance of bonds and loaning money to these providers of health care services. The City serves as fiscal agent for the Corporation funds as well as its accounting records. The Corporation is considered to be a part of the City's financial reporting entity, because the City Council appoints the Board of Directors and has the authority to approve the budget.

While the above-named entities are considered part of the City's overall reporting entity, they are discretely presented in a separate column of the City's combined financial statements to emphasize that they are legally separate from the City.

Blended Component Units

Tax Increment Reinvestment Zone #1

The Tax Increment Reinvestment Zone Number One (TIRZ #1) was created by the City Council in FY 2007 pursuant to the Texas Tax Increment Financing Act, Tax Code, Chapter 311. The purpose of the zone is to promote the development of or redevelopment of certain contiguous geographic areas in the City. The operations of TIRZ #1 benefit the City's redevelopment of downtown. The City Council has final approval authority on the budget and all TIRZ #1 projects and issues debt on behalf of TIRZ #1. TIRZ #1 revenues are pledged toward repayment of the debt. The operations of TIRZ #1 are included in the governmental activities of the government-wide financial statements as a separate special revenue fund.

The component unit separately issued financial statements may be obtained by contacting the Director of Finance, City of Amarillo, P.O. Box 1971, Amarillo, Texas 79105.

Tax Increment Reinvestment Zone #2

The Tax Increment Reinvestment Zone Number Two (TIRZ #2) was created by the City Council in FY 2017 pursuant to the Texas Tax Increment Financing Act, Tax Code, Chapter 311. The purpose of the

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

zone is to promote the development of or redevelopment of certain contiguous geographic areas in the City. The City Council has final approval authority on the budget and all TIRZ #2 projects. At September 30, 2017, there was no activity or operations of TIRZ #2. TIRZ #2 will be included in the governmental activities of the government-wide financial statements as a separate special revenue fund.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds on the basis of accounting applicable to funds-based financial statements. A separate financial statement is also provided for fiduciary funds, which with respect to the City comprise only cash and investments which are handled by the City in the capacity of an agent. These assets are excluded from the Statement of Net Position because they do not represent resources of the City.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. This means that only current assets and current liabilities are generally included on the balance sheets. The reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financial sources) and decreases (expenditures and other financing uses) in net current assets. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including employee termination payments made by the Compensated Absences Fund, are recorded only when payments are due.

Sales taxes are considered "measurable" when in the hands of the State Comptroller and are recognized as revenue at that time. Other major revenues that are determined to be susceptible to accrual include

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

property taxes, utility franchise taxes, interest, rentals, charges for services, and intercity charges. Waste collection fees are recorded as revenue when billed, which is on a cycle billing basis. Intergovernmental grants or revenues based on the "reimbursements of expenditures" concept are recorded as revenues when the related expenditures are made. Other intergovernmental revenues are reflected as revenues at the time of receipt or earlier if the availability criterion is met.

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

The *Capital Projects Fund* is a combination of all capital outlay funds, which accounts for construction projects that are financed primarily by general revenues, as well as accounts for the resources set aside to fund the City's capital plans with respect to projects including streets.

All proprietary funds are accounted for on a cost of services or "flow of economic resources" measurement focus. This means that all assets and all liabilities (including capital assets and long-term debt) associated with their activities are included on their balance sheets. Costs of providing goods and services during the period include depreciation on capital assets. All proprietary funds follow generally accepted accounting principles prescribed by GASB.

Consequently, their affairs are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

The City reports the following major proprietary funds:

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

The *Drainage Utility Fund* provides for a dedicated funding source for the operations and maintenance of the existing storm-water system.

The *Airport Fund* accounts for the operation of the City's international airport, which provides runway and passenger services as well as leases former U. S. Air Force facilities to commercial tenants.

Additionally, the City reports the following fund types:

Four *internal service funds* account for fleet services, information services, risk management, and employee health services provided to the other departments of the City on a cost-reimbursement basis.

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement.

The private purpose trust funds account for activities that are not City programs, but are programs sponsored by individuals, private organizations, or other governments. Although the City serves as fiscal agent, the funds received and held under the Centennial Parkway fund, the Indigent Dog Bite Victim fund and the Amarillo Industrial Development Corporation are not available to support the City activities and programs, but are received and held for individuals, private organizations or other governments.

The agency fund is custodial in nature and does not present results of operations or have a measurement focus. The Civic Center Operations fund is used to account for assets that the City holds for others in an agency capacity.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are administrative service charges and payments in lieu of taxes between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes and investment revenues.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the *Water and Sewer Fund*, the *Drainage Utility Fund* and the *Airport Fund* are charges to customers for sales and services, including tap fees intended to recover the cost of connecting new customers to the water and sewer system. The principal operating revenues of the *internal service funds* are charges to other funds for services and allocations of self-insurance costs. Operating expenses for these funds include the direct costs of personnel, supplies, and similar items needed to render the sales and services, including depreciation on capital assets, as well as administrative expenses. All revenues and expenses not meeting this definition, such as investment earnings and passenger facility charges, are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

Estimates Inherent in Financial Statements

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

The estimated liabilities related to self-insurance costs and other postemployment benefit costs are material estimates that are particularly susceptible to significant changes in the near term.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity

Deposits and Investments

With the exception of certain restricted and special funds, the City pools the resources of the various funds in order to facilitate the management of cash. Records are maintained that reflect each fund's equity in the pooled account.

For financial reporting purposes a portion of the investment portfolio is classified as equivalent to cash. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less, which present an insignificant risk of changes in value because of changes in interest rates.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

Debt securities held by the City's various operating and reserve funds are valued at fair value.

Interfund Receivables, Payables and Advances

Activities between funds generally represent payment of charges to various departments for services rendered by other departments, reimbursements for allocated shares of expenditures, transfers of the City's unrestricted resources to supplement the inter-governmental grants and similar restricted resources of special revenue funds, and transfers of resources set aside to fund the long-term capital plan. Outstanding balances of these activities are reported as "due to/from other funds" and "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances" and "advances to/from other funds."

Other Receivables

Receivables of both governmental and proprietary funds are reported in the government-wide financial statements on the accrual basis of accounting.

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

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

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

Inventories, Prepaid and Unearned Revenue

Inventories of supplies are reflected at cost, determined on an average-cost basis. Inventories of motor fuel and oil are maintained by Fleet Services (an *internal service fund*), while all other inventories of materials and supplies, including water and sewer pipeline and related stores and automotive parts, are maintained by the General Fund, being recorded under the "consumption method" as inventory acquisition (current assets) at the time the inventory items are purchased, and charged to the various funds and departments of the City on the basis of requisitions.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Such items include payments of the housing assistance program which must be disbursed before fiscal year-end in order to be received by the vendors on October 1, but are obligations of the fiscal year beginning on that date.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

Unearned revenues reported in the governmental fund financial statements generally represent delinquent taxes in excess of amounts currently available and advance rentals collected by the City's auditorium-coliseum complex.

Provision is made in the Risk Management and Employee Insurance funds (*internal service funds*) for the estimated amounts of liabilities related to incurred claims, including provisions for future settlement payments of both known and unknown loss events.

Restricted Assets

Certain resources of the TIRZ #1 Fund, Fleet Services Fund, Water and Sewer Fund, the Drainage Utility Fund and the Airport Fund are set aside for the construction and purchase of capital assets as well as repayment of its revenue bonds under applicable bond covenants. Such resources and the related liabilities payable out of those resources are reported in the financial statements as noncurrent assets and liabilities.

Capital Assets

Capital assets consist of property, plant, equipment, and infrastructure assets (streets, alleys, overpasses, curbs and gutters and drainage systems), as well as the cost of construction projects in process. Items having a value of more than \$5,000 are capitalized. The costs of normal maintenance and repairs that do not add to the value of assets or materially extend their lives are not capitalized.

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets of the proprietary funds are also reported in the applicable financial statements, but capital assets are not included in the governmental fund financial statements.

Capital assets are stated at historical cost or at estimated fair value at date received, if donated, net of applicable depreciation. Material interest costs incurred during capital construction performed by proprietary type funds are capitalized. Interest expense incurred by the governmental funds is not capitalized.

Depreciation of all exhaustible capital assets used by proprietary funds is charged as an expense against their operations. Depreciation of capital assets used in governmental fund activities is reported only in the government-wide financial statements.

Property, plant, equipment and infrastructure are depreciated or depleted over the estimated useful lives using the straight-line method. The estimated useful lives are generally within the following ranges:

Buildings and improvements	30-40 years	Sewer pipelines	75 years
Streets and related infrastructure	50 years	Runways and related improvements	10-30 years
Traffic signals	30 years	Motor buses	7 years
Landfill improvements	40 years	Automobiles, vans	3-7 years
Water supply contract	85 years	Data processing equipment	5 years
Water rights	20-100 years	Machinery and other equipment	7-30 years
Water pipelines	50 years	Office equipment	5-10 years
		Library books	15 years

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

Intangible Assets

Intangible assets consist of right-of-way easements. The right-of-way easements have an indefinite life and, accordingly, are not subject to amortization. Details relating to the City's intangible assets are provided at Note 7.

Compensated Absence

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

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

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide and proprietary fund financial statements. Bonds payable are reported net of related discounts which are amortized over the terms of the related debts.

In the fund financial statements, governmental fund types report the proceeds of debt issuances, net of discounts, during the current period as other financing sources.

Pensions

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At September 30, 2017, the City has two items that qualify for reporting in this category—a deferred charge on refunding of bonds and a deferred outflow related to the City's net pension liability.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

Deferred Outflows/Inflows of Resources (Continued)

Deferred Outflows of Resources

Deferred charge on refunding	\$ 1,144,955
Deferred outflow related to the net pension liability	
TMRS	30,074,302
FRRF	<u>18,190,878</u>
Total Deferred Outflows of Resources	<u>\$ 49,410,135</u>

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At September 30, 2017, the City had one item which qualifies for reporting in this category—deferred inflow related to the City's net pension liability.

Deferred Inflows of Resources

Deferred inflow related to the net pension liability	
TMRS	<u>\$ 1,422,803</u>
Total Deferred Inflows of Resources	<u>\$ 1,422,803</u>

Net Position

In the government-wide financial statements, the difference between the City's total assets, deferred outflows of resources and liabilities and deferred inflows of resources represents net position. Net position displays the following three components:

Net investment in capital assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted net position – This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position – This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position." It represents the amount available for future operations.

Fund Balances

In the governmental funds financial statements, fund balances are classified as follows:

Nonspendable fund balance – Includes amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted fund balance – Includes amounts that are restricted to specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Equity (Continued)

Fund Balances (Continued)

Committed fund balance – Includes amounts that can only be used for specific purposes as pursuant to official action by the City Council prior to the end of the reporting period. Commitments are made and can be rescinded only via resolution by the City Council.

Assigned fund balance – Comprises amounts the City intends to use for a specific purpose but is neither restricted nor committed. The formal budget as approved by the City Council authorizes the City Manager to assign fund balance.

Unassigned fund balance – Represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

When restricted and other fund balance resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned and unassigned amounts, respectively.

Prior Period Adjustments

The City restated the landfill closure and post-closure care liability based on the Municipal Solid Waste (MSW) Annual Report. The landfill closure and post-closure care liability was increased by \$3,045,691 from \$2,556,616 to \$5,602,307. The Beginning Net Position for Governmental Activities was decreased by \$3,045,691 from \$349,227,560 to \$346,181,869.

AEDC restated the beginning net position for disposition of land and correction of other post retirement liability. The beginning net position was decreased by \$523,473 from \$78,132,588 to \$77,609,115.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

As provided by state law, the City follows these procedures in establishing the annual budgetary data reflected in the financial statements.

At least 30 days prior to the time when the City Council makes its tax levy for the commencing fiscal year beginning October 1, the City Manager, as budget officer, files a proposed operating budget, including proposed expenditures and the means of financing them. Such budget is available for the inspection of any taxpayer, and public hearings are conducted subsequent to the time of filing. Prior to October 1, the budget is legally enacted through passage of an ordinance. Under the City's budget ordinance, the City Council has authority to make such changes in the budget as it deems warranted. Additionally, the City Manager is authorized to transfer budgeted amounts among departments and among expenditure codes within any department or fund. The legal level of control (the level at which expenditures may not legally exceed appropriations) for each fund is the fund's total expenditure budget. Accordingly, revisions that increase the total expenditures of a fund must be approved by the City Council. Except for the employment of encumbrance accounting, budgets are adopted consistent with generally accepted accounting principles. Unencumbered appropriations lapse at year-end.

The annual formal appropriated budget as described above is employed as a management-control device during the year for the General Fund, the debt service funds, and special revenue funds and those grant funds which are necessarily budgeted on a contract-period basis differing from the City's fiscal year.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

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

Budgetary Information (Continued)

Expenditures for the public improvement districts are being controlled by long-term service plans allocated in relation to available, property-owner assessments. The service plan is the approved budget for the individual Public Improvement District. The following funds with legally adopted budgets have a budgetary comparison presented: the General Fund, Debt Service Fund, Compensated Absence Fund and certain non-major special revenue funds. The non-major special revenue funds with legally adopted budgets are as follows: Court Technology and Court Security Fund, Public Health Fund, LEOSE Training Fund, Local Seized Property Fund and the Public Improvement Districts. Budgeted amounts reflected therein are as originally adopted or, if applicable, as last amended by the City Council.

Grant funds not included in the annual appropriated budget are subject to management control by means of project-length budgets authorized by the City Council in the grant application processes. Cumulative expenditures through September 30, 2017, were within the limits prescribed by such budgets.

Capital outlay is controlled through formal, job cost accounting, in which available monies are allotted among the planned construction and capital acquisition undertakings, and costs are accumulated subject to such allotments. Unencumbered appropriations do not lapse at year-end for Capital Projects Funds. The City adopts five-year, capital outlay plans to budget such projects.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities. Total encumbrances outstanding as of September 30, 2017, for General Fund are \$1,086,783, for Water and Sewer Fund are \$340,269, for Airport Fund are \$107,223, for Fleet Services Fund are \$1,266,664, for Information Services Fund are \$75, for Risk Management Fund are \$8,854 and for Employee Insurance Fund are \$4,230.

Deficit Fund Equity

Beginning with the fiscal year ended September 30, 2008, the City adjusted for postemployment health benefits as required by GASB Statement No. 45. This adjustment is \$14,682,580 for 2008, \$15,248,490 in 2009, \$13,463,957 in 2010, \$13,558,656 in 2011, \$17,615,147 in 2012, \$17,873,257 in 2013, \$1,617,827 in 2014, \$2,104,351 in 2015, \$2,019,469 in 2016 and \$1,573,845 in 2017, resulting in a deficit of \$95,682,306 in the Employee Insurance Fund. During the fiscal year ended September 30, 2017, the Tax Increment Reinvestment Zone #1 fund issued a loan to an outside entity in the amount of \$1,694,897. In accordance with GASB, this amount was fully expensed during the fiscal year and resulted in a deficit of \$71,733 in the Tax Increment Reinvestment Zone #1 fund.

NOTE 3 - DEPOSITS AND INVESTMENTS

All of the City's demand deposit and time accounts are held in a local banking institution under terms of a written depository contract. All of the City's demand and time accounts are insured or registered or held by the City or its agent in the City's name.

Under the Revised Statutes of the State of Texas, all deposits, to the extent not insured by the Federal Deposit Insurance Corporation (FDIC), must be collateralized by securities or insured by a bond. At September 30, 2017, demand deposit and time deposits held by the depository institution, before reduction for checks issued and not presented, were in the total amount of \$34,579,277. The accounts are collateralized by pledged securities of \$40,800,000. The City has a secondary depository institution with demand deposits of \$153,779. These amounts are secured by FDIC insurance.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Time certificates of deposit with original maturities of more than three months are classified as investments for financial reporting purposes.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the area of investment practices, management reports and establishment of appropriate policies. With the exception of the assets of the deferred compensation plan and pension assets, all investments are administered by City management under terms of an investment policy and strategy that is updated to conform to the Texas Public Funds Investment Act (the Act) as last amended. The preservation of capital is the City's most important investment objective. Other objectives include providing liquidity and maximizing earnings within the constraints of the other objectives. The City is in substantial compliance with the requirements of the Act and with local policies.

Under the City's policies, the maximum dollar weighted-average maturity of the investment portfolio may not exceed one year, and 80% of the portfolio must be in investments with maturities of two years or less. At September 30, 2017, the weighted-average maturity of the City's total investment securities was .91 years.

The City will only invest in the following types of securities:

- Bank money market funds and other interest-bearing accounts at the City's authorized depository.
- Direct obligations of the United States government.
- Obligations of agencies and instrumentalities of the United States, limited to 75% of the portfolio.
- Highly rated investment pools and no-load money market mutual funds (AAA or AAAM).
- Taxable municipal bonds, limited to 10% of the portfolio.
- Certificates of deposit including CDARS (Certificate of Deposit Accounts Registry Service).
- For bond proceeds only, fully collateralized, flexible, repurchase agreements.

Investments are separately owned by the various funds. Under applicable bond ordinances, funds of the Waterworks and Sewer Revenue bond redemption and reserve accounts may be invested only in U.S. Government or agency obligations or in obligations guaranteed by the U.S. Government or by its agencies. Funds not so invested are to be maintained in the City's depository and secured as provided by law. The City's investment policy also sets forth specific, investment requirements and strategies for its various fund types. The City does not enter into reverse repurchase agreements. All securities are held by the City's agent in the City's name.

Interest Rate Risk: In accordance with the Investment Policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of the investment portfolio to less than twelve months and requiring that 80% of the portfolio must be in investments with maturities of two years or less.

Credit Risk: The City invests in direct obligations of the United States and obligations of agencies and instrumentalities of the United States. The Policy also allows for the investment in taxable municipal securities rated not less than AA- (or equivalent). The City does not have any commercial paper or taxable municipal security investments at this time. The City does invest in a treasury only and a government agency no-load money market mutual fund that is continuously rated AAA or AAAM (or equivalent).

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk: As stated in the Investment Policy the City will diversify investments when purchasing agency securities or commercial paper to avoid a concentration in one agency or company.

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City has tri-party agreements with both depositories and a third-party financial institution (Federal Reserve Bank) that holds pledged collateral in a separate custody account for the benefit of the City. All City deposits are fully collateralized by these pledged securities.

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

A summary of investment securities of the City at September 30, 2017, and the corresponding weighted average maturity is shown in Table 1 below:

	Fair Value			Weighted Average Maturity (Years)
	Unrestricted Assets	Restricted Assets	Total	
Investment Securities				
U.S. Treasury Obligations	\$ 3,993,920	\$ -	\$ 3,993,920	1.08
U.S. Government Sponsored Agencies	141,922,106	-	141,922,106	1.00
Total investment securities	145,916,026	-	145,916,026	1.00
No-load U.S. Treasury-only mutual funds	19,806,665	88,585,356	108,392,021	
Total investments	165,722,691	88,585,356	254,308,047	0.57
Add: Time deposits with original maturities over three months	28,850,925	-	28,850,925	0.45
Total investments	194,573,616	88,585,356	283,158,972	0.56
Deduct: Cash equivalents	(19,806,665)	(88,585,356)	(108,392,021)	
Net investments for financial reporting	\$ 174,766,951	\$ -	\$ 174,766,951	0.91

Table 1 – Investment Securities and Corresponding Weighted Average Maturity

NOTE 4 - FAIR VALUE MEASUREMENTS

The City adopted Governmental Accounting Standards Board's (GASB) Statement No. 72, *Fair Value Measurement and Application*, during 2016. 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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

- 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.

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

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>
September 30, 2017:				
Certificates of Deposit	\$ 28,850,925	\$ -	\$ 28,850,925	\$ -
U.S. government and agency obligations	145,916,026	145,916,026	-	-
Mutual funds - money market	<u>108,392,021</u>	<u>-</u>	<u>108,392,021</u>	<u>-</u>
Total	<u>\$ 283,158,972</u>	<u>\$ 145,916,026</u>	<u>\$ 137,242,946</u>	<u>\$ -</u>

For the valuation of certain U.S. government and agency obligations at September 30, 2017, the City used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

For the valuation of CDARS, certificates of deposit, and money market mutual funds at September 30, 2017, the City used significant other observable inputs as of the valuation date, particularly dealer market price for comparable investments as of the valuation date (Level 2).

Assets Measured at Fair Value on a Nonrecurring Basis

There were no fair values of assets and liabilities measured on a nonrecurring basis at September 30, 2017.

NOTE 5 - TAXES

Property taxes attach as an enforceable lien on property as of January 1, are levied on October 1 of the same year, and unpaid taxes become delinquent after the following January 31.

The City Charter provides for a maximum tax levy of \$1.80 per \$100 of assessed valuation, of which any in excess of \$1.30 is limited to debt service for waterworks bonds, and of which up to \$0.05 is pledged for Airport Maintenance to the extent Airport revenues may not be available.

The combined tax rate of the 2016 tax roll for the 2016/17 fiscal year was \$0.35072 per \$100 of assessed valuation, resulting in a tax levy in the amount of \$40,948,124 on taxable value of \$12,065,465,099.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 5 - TAXES (CONTINUED)

Property taxes receivable at September 30, 2017, are reflected in Table 2 below:

<u>Year of Levy</u>	
2017	\$ 356,277
2016	170,262
2015	113,543
2014	91,137
2013	71,533
2012	61,477
2011	64,657
2010	58,841
2009	48,920
2008	37,830
2007	30,274
2006	28,883
2005	20,541
Prior	<u>57,295</u>
Total taxes receivable	1,211,470
Less: Allowance for estimated uncollectible portion	<u>950,774</u>
Net taxes receivable	260,626
Less: Provisions for collections deferred over 60 days	<u>179,582</u>
Amount available (reserved in accordance with City ordinances)	<u>\$ 81,114</u>

Table 2 – Taxes Receivable at September 30, 2017

Beginning July 1, 1996, Potter and Randall Counties assumed responsibility of tax collections for various taxing entities within their borders, including the City of Amarillo. The cost of this service is included in the General Fund. The Potter-Randall Appraisal District performs the appraisal function.

The total City sales tax rate is 2%, which includes a 1/2-cent sales tax collected by the AEDC limited to development purposes.

NOTE 6 - RESTRICTED ASSETS, LIABILITIES AND RESERVES

As required by bond indentures, the Water Sewer System, Drainage Utility, Airport, and Fleet Services maintain separate accounts for revenue bond debt service/retirement which are reported as noncurrent assets and related liabilities, and restricted net position, as reflected in Table 3:

	<u>Restricted Assets</u>	<u>Related Liabilities</u>	<u>Restricted Net Position</u>
<u>TIRZ #1</u>			
Bond proceed account	\$ 781	\$ 781	\$ -
Total bond debt service/retirement	<u>\$ 781</u>	<u>\$ 781</u>	<u>\$ -</u>
<u>General Construction Fund</u>			
Bond proceed account	\$ 3,933,832	\$ 3,933,832	\$ -
Total bond debt service/retirement	<u>\$ 3,933,832</u>	<u>\$ 3,933,832</u>	<u>\$ -</u>

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 6 - RESTRICTED ASSETS, LIABILITIES AND RESERVES (CONTINUED)

	<u>Restricted Assets</u>	<u>Related Liabilities</u>	<u>Restricted Net Position</u>
<u>Hotel Occupancy Tax</u>			
Bond proceed account	\$ 1,239,779	\$ 1,239,779	\$ -
Total bond debt service/retirement	\$ 1,239,779	\$ 1,239,779	\$ -
<u>GO Bond Construction 16/17 Fund</u>			
Bond proceed account	\$ 20,998,831	\$ 20,998,831	\$ -
Total bond debt service/retirement	\$ 20,998,831	\$ 20,998,831	\$ -
<u>Water Sewer System</u>			
Bond escrow and proceed accounts	\$ 44,053,472	\$ 44,053,472	\$ -
Revenue bond interest and redemption	4,704,566	-	4,704,566
Revenue bond reserve	1,633,011	-	1,633,011
Total bond debt service/retirement	\$ 50,391,049	\$ 44,053,472	\$ 6,337,577
<u>Airport</u>			
PFC funds	\$ 147,496	\$ -	\$ 147,496
Total bond debt service/retirement	\$ 147,496	\$ -	\$ 147,496
<u>Drainage Utility</u>			
Bond interest and redemption	\$ 103,764	\$ -	\$ 103,764
Total bond debt service/retirement	\$ 103,764	\$ -	\$ 103,764
<u>Fleet</u>			
Bond interest and redemption	\$ 135,556	\$ -	\$ 135,556
Total bond debt service/retirement	\$ 135,556	\$ -	\$ 135,556

Table 3 – Restricted Funds/Reserved Retained Earnings

The Revenue bond reserve account reflects the amount required in the revenue bond covenants.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balances October 1, 2016	Additions	Deletions	Balances September 30, 2017
Capital assets used by governmental activities, at cost				
Capital assets, not being depreciated				
Land	\$ 14,820,416	\$ 87,025	\$ -	\$ 14,907,441
Contributed ROW easements	19,711,137	720,845	-	20,431,982
Capital projects in process	<u>36,360,017</u>	29,343,034	24,473,684	41,229,367
Total capital assets, not being depreciated	70,891,570	30,150,904	24,473,684	76,568,790
Capital assets, being depreciated				
Infrastructure	270,910,648	17,375,841	-	288,286,489
Building and other improvements	280,432,516	4,365,282	-	284,797,798
Equipment and vehicles	97,062,883	8,885,944	2,397,003	103,551,824
Library collections	8,083,539	477,761	454,922	8,106,378
Total capital assets, being depreciated	<u>656,489,586</u>	31,104,828	2,851,925	684,742,489

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balances October 1, 2016	Additions	Deletions	Balances September 30, 2017
Less accumulated depreciation for:				
Infrastructure	121,366,916	5,644,185	-	127,011,101
Buildings and other improvements	135,757,949	10,266,910	-	146,024,859
Equipment and vehicles	64,179,870	8,171,897	2,266,249	70,085,518
Library collections	<u>3,290,970</u>	<u>449,574</u>	<u>454,922</u>	<u>3,285,622</u>
Total accumulated depreciation	<u>324,595,705</u>	<u>24,532,566</u>	<u>2,721,171</u>	<u>346,407,100</u>
Total capital assets, being depreciated, net	<u>331,893,881</u>	<u>6,572,262</u>	<u>130,754</u>	<u>338,335,389</u>
Net capital assets used by governmental activities	<u>402,785,451</u>	<u>36,723,166</u>	<u>24,604,438</u>	<u>414,904,179</u>
Capital assets used by business-type activities, at cost:				
Enterprise funds				
Water and sewer utility plant	771,775,722	62,257,367	29,546,258	804,486,831
Drainage utility assets	13,815,102	3,291,691	1,550,001	15,556,792
Airport assets	<u>171,336,906</u>	<u>4,710,218</u>	<u>1,836,166</u>	<u>174,210,958</u>
Total cost	<u>956,927,730</u>	<u>70,259,276</u>	<u>32,932,425</u>	<u>994,254,581</u>
Less accumulated depreciation for:				
Water and sewer utility plant	231,801,728	14,550,803	92,380	246,260,151
Drainage utility assets	201,644	117,147	1,125	317,666
Airport assets	<u>92,165,426</u>	<u>5,453,657</u>	<u>-</u>	<u>97,619,083</u>
Total accumulated depreciation	<u>324,168,798</u>	<u>20,121,607</u>	<u>93,505</u>	<u>344,196,900</u>
Net capital assets used by business-type activities	<u>632,758,932</u>	<u>50,137,669</u>	<u>32,838,920</u>	<u>650,057,681</u>
Government-wide net capital assets	<u>\$ 1,035,544,383</u>	<u>\$ 86,860,835</u>	<u>\$ 57,443,358</u>	<u>\$ 1,064,961,860</u>

Table 4 - Capital Asset Activity

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

Governmental activities	
General government	\$ 68,804
Staff services	1,021,198
Police protection	610,076
Fire protection	914,062
Other public safety and health	753,495
Streets, traffic and engineering	7,633,379
Culture and recreation	5,190,085
Solid waste services	858,071
Transit services	<u>480,469</u>
Total governmental fund departments	17,529,639
Internal service fund depreciation allocable to governmental activities based on predominant usage	<u>7,002,927</u>
Total governmental activities	<u>\$ 24,532,566</u>
Business-type activities	
Water and sewer system	\$ 14,550,803
Drainage utility	117,147
Airport	<u>5,453,657</u>
Total business-type activities	<u>\$ 20,121,607</u>

Water and Sewer System Capital Assets

The City of Amarillo is one of 11 cities that can receive surface water from a reservoir created by a dam on the Canadian River, which river arises from the headwaters of the Sangre de Cristo Mountains in New Mexico and crosses the Panhandle of Texas before merging into the Red River in eastern Oklahoma. The reservoir and related aqueduct system are operated by the Canadian River Water Municipal Water

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Water and Sewer System Capital Assets (Continued)

Authority (CRMWA), a subdivision of the State of Texas. The reservoir has experienced a serious decline in available water due to the drought conditions in the Texas Panhandle. Currently, the City of Amarillo is not allocating water from this source. The related infrastructure recorded on the City's books for CRMWA assets at September 30, 2017, is \$50.3 million. The related amortized cost of these assets is \$22.9 million.

The City owns \$58,332,683 of underground water rights in Roberts, Ochiltree, Hutchison, Potter, Randall, Carson, Hartley and Dallam counties with the majority in Roberts and Hutchison counties. Much of the water rights held in Potter, Randall and Carson counties have been developed and are currently being utilized. The City owns undeveloped water rights in Hartley and Dallam counties in the northwestern portion of the Texas Panhandle. Proceeds from the sale of past water rights are held in a separate interest-bearing account for future water right purchases.

In accordance with financial accounting standards, the City capitalized interest costs applicable to its outstanding water and sewer bonds as construction in progress in its Water and Sewer System Fund, as follows:

Interest expense before capitalization	\$ 5,803,318
Interest expenses capitalized	\$ 885,177

The interest expense not meeting the capitalization criteria represents the \$2,497,027 of CRMWA charges associated with that entity's bonded indebtedness and \$2,421,114 of Water and Sewer Revenue Bond interest not subject to the capitalization requirements.

Airport Capital Assets

Airport capital assets include runways, buildings, and related improvements constructed by the Federal government for use as an Air Force Base on land contributed by the City, which was returned to the City in 1967 and 1970 upon closing of the Base. Upon return of such assets to the City, the land was recorded on the books of the Airport at \$1,521,510, its original cost to the City, and improvements were recorded at \$14,356,430, representing construction cost less a provision for depreciation to date returned.

Certain lands and improvements not utilized by the City for airport purposes are leased to various commercial enterprises. A new terminal facility was completed prior to September 30, 2014 and total cost of \$52,499,341 was capitalized by the Airport. The Airport had various construction projects in process at September 30, 2017.

The City capitalized interest costs in the amount of \$158,126 applicable to its outstanding airport bonds as construction in progress in the Airport Fund. Interest and amortization expense before capitalization was \$158,273.

Drainage Capital Assets

The Drainage Utility Fund currently has \$8,859,779 in construction in progress as of September 30, 2017. It also had right of way easements of \$236,291, equipment and vehicles of \$34,613, infrastructural of \$6,430,631, and land of \$2,010. The City capitalized interest costs in the amount of \$218,386 applicable to its outstanding drainage bonds as construction in progress in the Drainage Utility Fund. Interest and amortization expense before capitalization was \$258,626.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 8 - LEASES

The City leases digital video red light camera equipment from American Traffic Solutions, Inc. under a cancelable operating lease. Total costs for the lease were \$513,000 for the year ended September 30, 2017. The City entered into a five year lease purchase agreement with Caterpillar Financial Services Corporation for a landfill compactor. With monthly lease expense of \$14,186 and a total cost of \$851,160. Annual lease payments are \$170,232 for FY 2018, 2019, 2020, 2021 and \$42,558 for 2022. Total costs for the lease were \$127,674 for the year ended September 30, 2017. The City leases land to LGC for downtown development. See Note 24 for details regarding the lease.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

The City participates in funding two retirement plans. TRMS is an agent, multiple-employer, public-employee retirement system which is a nontraditional, joint-contributory, hybrid defined benefit plan. The FRRF Plan is a single-employer, contributory defined benefit plan. Substantially all employees of the City are eligible to participate in one of these two plans. The components of the net pension liability of the City at September 30, 2017, were as follows:

	<u>TMRS</u>	<u>FRRF</u>	<u>Total</u>
Total pension liability	\$ 451,928,006	\$ 190,041,338	\$ 641,969,344
Fiduciary net position	<u>384,461,035</u>	<u>152,996,702</u>	<u>537,457,737</u>
City's net pension liability	<u>\$ 67,466,971</u>	<u>\$ 37,044,636</u>	<u>\$ 104,511,607</u>
City's net pension liability as a percentage of total pension liability	<u>14.93%</u>	<u>19.49%</u>	<u>16.28%</u>

The City's total payroll for the fiscal year ended September 30, 2017, was \$107,269,726 and the portion covered by the two plans was as follows:

TMRS	\$ 84,792,191
FRRF	<u>19,892,208</u>
Total covered payroll	<u>\$ 104,684,399</u>

Including current employees, annuitants and terminated employees entitled to future benefits, the City had 3,910 members of TMRS and 486 members of FRRF as of the dates of the latest actuarial valuations.

In addition to the two retirement plans funded by the City, employees may participate in a deferred compensation plan. Details of the various plans are as follows:

Texas Municipal Retirement System (TMRS)

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the City. TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS' defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

Benefits Provided

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

Plan provisions for the City are as follows:

	<u>Plan Year 2017</u>	<u>Plan Year 2016</u>
Employee deposit rate	7%	7%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% repeating	100% repeating
Annuity increase (to retirees)	0% of CPI	0% of CPI

Upon joining the Plan, the City granted its employees monetary credits of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (currently 200% for City of Amarillo employees) of the employee's accumulated contributions. In addition, the City can grant as often as annually another type of monetary credit referred to as an updated service credit. The updated service credit is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest, if the current employee contribution rate and the City's matching percent had always been in existence, and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Employees Covered by Benefit Terms

At the December 31, 2016, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,062
Inactive employees entitled to but not yet receiving benefits	1,039
Active employees	<u>1,809</u>
Total employees	<u><u>3,910</u></u>

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Texas Municipal Retirement System (TMRS)(Continued)

Contributions

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

Employees for the City were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 10.96% and 11.70% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were \$9,659,665.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a mortality experience investigation study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013, valuation along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 and 2016 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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

Actuarial Assumptions (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic equity	17.5%	4.55%
International equity	17.5%	6.35%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	4.15%
Real estate	10.0%	4.15%
Real return	10.0%	4.75%
Absolute return	10.0%	4.00%
Private equity	5.0%	7.75%
Total	<u>100.0%</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)
Balance at December 31, 2015	\$ 438,798,598	\$ 371,004,227	\$ 67,794,371
Changes for the year:			
Service cost	11,329,118	-	11,329,118
Interest	29,137,163	-	29,137,163
Change of benefit terms	-	-	-
Difference between expected and actual experience	(1,733,915)	-	(1,733,915)
Changes of assumptions	-	-	-
Contributions - employer	-	8,727,306	(8,727,306)
Contributions - employee	-	5,573,830	(5,573,830)
Net investment income	-	25,057,057	(25,057,057)
Benefit payments, including refunds of employee contributions	(25,602,958)	(25,602,958)	-

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

Changes in Net Pension Liability (Continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
(Continued)			
Administrative expense	-	(283,170)	283,170
Other changes	-	(15,257)	15,257
Net changes	13,129,408	13,456,808	(327,400)
Balance at December 31, 2016	\$ 451,928,006	\$ 384,461,035	\$ 67,466,971

Table 5 – TMRS Net Pension Liability

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

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

	1% Decrease in Discount Rate <u>5.75%</u>	Discount Rate <u>6.75%</u>	1% Increase in Discount Rate <u>7.75%</u>
City's net pension liability	\$ 123,493,001	\$ 67,466,971	\$ 20,741,647

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, 2017, the City recognized pension expense of \$8,710,157.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,476,572	\$ 1,422,803
Changes in actuarial assumptions	3,893,841	-
Difference between projected and actual investment earnings	17,582,524	-
Contributions subsequent to the measurement date	7,121,365	-
Total	\$ 30,074,302	\$ 1,422,803

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017**

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$7,121,365 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,

2018	\$ 8,223,315
2019	8,301,024
2020	5,008,649
2021	<u>(2,854)</u>
Total	<u>\$ 21,530,134</u>

Firemen's Relief and Retirement Fund (FRRF)

Plan Description

The City contributes to the FRRF, which is a single-employer, contributory defined benefit plan maintained for members of the City of Amarillo Fire Department. The benefit and contribution provisions of this plan are established under the authority of the Texas Local Fire Fighters Retirement Act (TLFFRA). The Board of Trustees of the Fund consists of three firefighters and two citizens elected by the members, together with the Mayor or the Mayor's designated representative and the Director of Finance of the City. Within parameters established by TLFFRA, the plan may be amended upon approval by the Board and a vote of the membership.

Benefits Provided

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

Under the Plan, firefighters can retire at age 50 with 20 years of service at 69% of their highest three-year average pay. The benefit increases by 3.45% with every additional year of service. In all retirement options, the Plan provides the firefighters with an annuity for life and can also provide a life annuity for their spouses. Firefighters who retire after completing 20 years of service, but who have not attained the age of 50, may elect to begin receiving benefits at age 45 or more in accordance with a lower scale of factors applied to the highest three-year average salary. Firefighters age 53, with 23 years or more of service, may elect to participate in the Deferred Retirement Option Plan (DROP), under which a participant may convert his benefits accruing after the date of the election to a deferred retirement option payment (a form of lump sum distribution) to be paid in full within 36 months of retirement.

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

A firefighter who becomes disabled as a result of his duties as a firefighter is eligible for the normal monthly retirement benefits if he has 20 or more years of service. A firefighter with less than 20 years of

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017**

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Benefits Provided (Continued)

service is entitled to a benefit equal to 69% of his highest three-year average salary. Off-duty disability retirement benefits are provided for as a percentage of the on-duty disability benefits, with the percentage being on a graduated scale based on years of service.

The standard death benefit available to the spouse of a deceased firefighter who has met the eligibility requirements for DROP is two-thirds of the benefits the firefighter would have received had he retired on his date of death, plus any DROP payment to which the firefighter would have been entitled. Lesser monthly benefits are provided for a spouse of a firefighter who dies before meeting the qualifying criteria. If a firefighter has attained age 50 and has completed at least 20 years of service, he can elect to have his spouse receive a larger benefit in the event he dies prior to retiring from the fire department. An active firefighter must elect the optional death benefit on or before the date he attains age 60. If a firefighter dies while he is an active firefighter and after electing the optional joint and 100% survivor pre-retirement death benefit, the firefighter's spouse will receive a survivor's benefit equal to 100% of the amount the firefighter would have received if the firefighter had retired on his date of death. If this election is made, the firefighter who elects the higher pre-retirement death benefit will receive a slightly lower pension upon actual retirement. Each child of a deceased firefighter is entitled to a monthly benefit of \$335 (\$670 if there is no spouse receiving benefits) until age 18, or until age 25 while a full-time student.

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

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

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

Employees Covered by Benefit Terms

As provided under TLFFRA, all firefighters must be less than 36 years of age upon entering service for the City as a firefighter and must become members of the Plan, which provides them with pension, death, and disability benefits. The Plan covers current and former firefighters as well as beneficiaries of current and former firefighters. The types of employees covered, as well as Plan membership as of December 31, 2016, the measurement date, are as follows:

Active:	
Vested	42
Nonvested	229
	271
Retired:	
Vested	-
Pensioners:	
Service retirement	165
Disability retirement	17
Spouses/children	33
	215
Total participants	486

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017**

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Contributions

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

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

Net Pension Liability

The City's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial report as of January 1, 2016, with the total pension liability rolled forward to December 31, 2016.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement:

Inflation	3.00%
Salary increases	4.00%
Investment rate	8.00%, net of pension plan investment expense

Mortality rates were based on the RP-2000 combined employee and healthy annuitant, projected to 2024 using Scale AA with separate rates for males and females.

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 allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Cash and short-term fixed income	0.00%
Fixed income	3.00%
Equities	
Large-cap growth	6.40%
Large-cap value	7.30%
Mid-cap growth	6.70%
Mid-cap value	8.65%
Small-cap growth	5.10%
Small-cap value	7.70%

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Change in Assumptions

The rate of return on the actuarial value of assets was lowered from 8.25% to 8.00%. The rate at which the City was assumed to contribute to the Plan was increased from 18.83% of pay to 19.57% of pay. The mortality tables were changed from RP-2000 combined employee and healthy annuitant, projected to 2015 using scale AA with separate rates for males and females to RP-2000 combined employee and healthy annuitant, projected to 2024 using scale AA with separate rates for males and females. The valuation date was changed from January 1, 2016 to December 31, 2015.

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from the City will be made at contractually required rates determined by the City or management. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2015	\$ 182,249,969	\$ 144,657,881	\$ 37,592,088
Changes for the year:			
Service cost	4,755,411	-	4,755,411
Interest	14,501,797	-	14,501,797
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer	-	3,635,605	(3,635,605)
Contributions - employee	-	2,509,970	(2,509,970)
Net investment income	-	13,708,943	(13,708,943)
Gain or (Loss) due to difference in projected vs. actual earnings	-	-	-
Benefit payments, including refunds of employee contributions	(11,465,839)	(11,465,839)	-
Administrative expense	-	(80,849)	80,849
Other changes	-	30,991	(30,991)
Net changes	7,791,369	8,338,821	(547,452)
Balance at December 31, 2016	\$ 190,041,338	\$ 152,996,702	\$ 37,044,636

Table 6 – FRRF Net Pension Liability

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

The following presents the net pension liability of the City calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

Changes in Net Pension Liability

	<u>1% Decrease (7.00%)</u>	<u>Current discount rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
City's net pension liability	<u>\$ 59,343,586</u>	<u>\$ 37,044,636</u>	<u>\$18,297,796</u>

Pension Plan Fiduciary Net Position

The pension plan's Fiduciary Net Position has been determined on the same basis used by the pension plan, which is generally accepted accounting principles prescribed by GASB. Detailed information about the pension plan's basis of accounting and policies is available in a separately issued FRRF financial report. This report, and further details concerning the plan, is available by contacting the Board of Trustees, Firemen's Relief and Retirement Fund, City of Amarillo, P.O. Box 1971, Amarillo, Texas 79105.

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

For the year ended September 30, 2017, the City recognized pension expense of \$5,661,782.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 3,814,932	\$ -
Changes in actuarial assumptions	3,839,343	-
Difference between projected and actual investment earnings	7,748,879	-
Contributions subsequent to the measurement date	<u>2,787,724</u>	<u>-</u>
Total	<u>\$ 18,190,878</u>	<u>\$ -</u>

The \$2,787,724 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,

2018	\$ 4,045,714
2019	4,045,713
2020	2,913,173
2021	458,278
2022	928,500
Thereafter	<u>3,011,776</u>
Total	<u>\$ 15,403,154</u>

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017**

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Deferred Compensation Plan

In addition to the TMRS and FRRF plans, the City offers its full-time employees a choice of deferred compensation plans created in accordance with Internal Revenue Code (IRC) Section 457. The plans, available to all City employees, permit them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination of employment, retirement, death or unforeseeable emergency. The employee liability for the related Federal income taxes is deferred until the funds are paid to the participating employee or beneficiary under the terms of the agreement.

The laws governing deferred compensation plans require plan assets to be held by a trust for the exclusive benefit of plan participants and their beneficiaries. Because the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

NOTE 10 - POSTEMPLOYMENT BENEFITS

The City implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year ending September 30, 2008. The City provides postemployment health benefits to retirees within a single-employer plan. In January 2013, the City began prefunding a portion of its Other Postemployment Benefits (OPEB) liability via an irrevocable multi-employer OPEB trust (PEB Trust) in addition to pay-as-you-go costs. Assets in the PEB Trust can only be used to fund other postemployment benefits, such as medical costs for eligible retirees, and any eligible spouse or children. During calendar year 2014, the City made contributions of 2.43% of payroll into the PEB Trust. The City increased prefunding contributions to 2.43% commencing January 1, 2014. The City Council has the authority to increase or decrease prefunding contribution rates.

As shown below, for FYE 2017 the City's total contributions (prefunding + pay-as-you-go) were less than the actuarial calculation of annual required contribution for FYE 2017. Prior to 2013, there was no prefunding, and each respective fund liquidated their respective liability on a pay-as-you-go basis. From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future years when benefits will be paid.

Annual Other Postemployment Benefits Cost

For the fiscal year ended September 30, 2017, the City's annual OPEB cost (expense) is \$8,652,856. Considering the annual expense less pay-as-you-go cost for retirees and trust contributions of \$7,079,011 the result was an increase in the net OPEB obligation of \$1,573,845 for the year ended September 30, 2017.

Benefit Obligation and Normal Cost Fiscal Year Ended September 30, 2017

Actuarial present value of benefits	<u>\$ 102,972,454</u>
Unfunded actuarial accrued liability	
Actuarial accrued liability	\$ 75,552,589
Actuarial value of assets	<u>(12,442,172)</u>
Unfunded actuarial accrued liability	<u>\$ 63,110,417</u>
Present value of future normal costs	<u>\$ 39,862,037</u>
Annual required contribution	
Normal cost	\$ 2,413,039
Amortization of UAAL	5,529,543

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 10 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Interest on above amounts to end of year	496,412
Annual required contribution	\$ 8,438,994

Net OPEB Obligation

Annual required contribution	\$ 8,438,994
Interest on net OPEB obligation	6,133,601
Adjustment to annual required contribution	(5,919,739)
Annual OPEB cost	8,652,856
Employer contributions with interest	(7,079,011)
Increase in net OPEB obligation	1,573,845
Net OPEB obligation, beginning of year	98,183,734
Net OPEB obligation, end of year	\$ 99,757,579

Schedule of Employer Contributions

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Employer</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
9/30/17	\$ 8,652,586	\$ 7,079,011	81%	\$ 99,757,579
9/30/16	8,587,744	6,568,275	76%	98,183,734
9/30/15	8,353,692	6,249,341	75%	96,164,265

Funding Status

Effective January 1, 2013, the City began funding the PEB Trust. Actuarial values of the program involve estimates of the value of reported amounts and assumptions of the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the program and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value</u> <u>of Assets</u> <u>(a)</u>	<u>Actuarial Accrued</u> <u>Liability</u> <u>(AAL)</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>[(b-a)/c]</u>
10/1/17	\$ 12,442,172	\$ 75,552,589	\$ 63,110,417	16.5%	\$ 102,666,000	61.5%
10/1/16	8,511,012	73,131,575	64,620,563	11.6%	100,443,000	64.3%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The current plan requires that when a retiree becomes Medicare eligible, the City-sponsored group healthcare plan becomes a supplement to Medicare. Effective January 1, 2015, all retirees, who are enrolled in Medicare, will be transitioned to a private Medicare supplement plan and will

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 10 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

no longer be covered on the City-sponsored plan. The City intends to provide a monthly stipend of \$150 to assist retirees in the payment of the supplement premium. The unfunded actuarial accrued liability is being amortized over 30 years. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City hired an actuary to estimate the liability of the City's retiree health program. The amounts recorded as liabilities for the fiscal year ending September 30, 2017, are based on the October 1, 2015, actuarial study. The actuarial liability was based on: 1) a 6.25% discount rate, 2) partial pre-funding and pay-as-you-go funding, 3) projected Unit Credit level percent of pay actuarial cost method, 4) 30-year closed amortization of the UAAL, and 5) payroll growth rate of 3.00% per year for Texas Municipal Retirement Fund and 4.00% per year for Amarillo Firemen's Relief and Retirement Fund participants (payroll growth rate). The healthcare cost trend rates are assumed to decrease in future years ranging from a high of 9.00% for 2016 to 5.00% for 2024 and later. General inflation is assumed to be 3.00% per year.

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 11 - COMMITMENTS

The City has several ongoing commitments. One of the more significant commitments is the City's commitment to the Canadian River Municipal Water Authority (CRMWA). The City is obligated to pay its pro rata share of operating costs of the Canadian River Municipal Dam and Aqueduct System along with the City's portion of the CRMWA debt. These costs are included in the Water and Sewer system. In the event of the acquisition and financing of additional water rights, the City would be responsible for contract payments to CRMWA for its proportionate share of the debt service on the bonds issued.

Due to the increasing decline of Lake Meredith, CRMWA began acquiring additional water rights in Gray, Hutchinson, Roberts, and Wheeler Counties beginning in 2004. In the process of acquiring water rights, CRMWA is now one of the largest water rights owners in Texas.

The City leases facilities adjoining to the City's Civic Center from the Amarillo-Potter Events Venue District (the Venue District). Under the terms of the lease the City is obligated to pay the greater of \$10 per month or any shortfall in the District's required monthly deposit to the debt service account. The City has not had to pay more than \$120 in lease payments since the inception of the District in 1998.

Moreover, the Venue District's tax revenues currently can cover debt service payments approximately two times. Therefore, the City does not anticipate paying more than \$120 in lease payments in 2017-18.

However, the City has appropriated \$1,110,841 of its available Fund Balance in the City's 2017-18 budget for its potential commitment to the Venue District although City Management does not believe that any payment beyond \$120 will be necessary.

Most of the City's commitments are in capital projects. Many of these projects take more than a year to design, bid, and construct; therefore, the appropriation and commitment do not end at year-end. At September 30, 2017, the City had commitments with respect to completion of various capital projects, as reflected in Table 7. For this purpose, commitments are defined as the difference between the

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 11 - COMMITMENTS (CONTINUED)

appropriation for the project and amounts paid or recognized as liabilities at year-end; additional funding from outside sources are shown as a reduction to the amounts reported as committed. Sufficient resources were either on hand in the City's accounts or authorized and available to complete all committed projects.

	Project Authorizations	Expected Outside Funding Sources	Outside Funding Received	Complete at September 30, 2017	City's Remaining Committed
Governmental activities					
Street improvements	\$ 14,612,436	\$ 25,608,504	\$ 15,932,254	\$ 4,245,639	\$ 690,547
General construction	46,372,145	58,759,471	50,818,003	27,644,703	10,785,974
Solid waste improvements	10,939,852	-	-	3,418,517	7,521,335
Civic Center improvements	12,516,013	606,535	515,250	3,443,227	8,981,501
GO 2017 Bond Construction	13,444,597	866,680	866,680	1,347,343	12,097,254
Total - governmental fund activities	<u>97,885,043</u>	<u>85,841,190</u>	<u>68,132,187</u>	<u>40,099,429</u>	<u>40,076,611</u>
Internal service fund projects					
Information services	4,184,394	1,208,377	1,184,599	2,775,059	1,385,557
Fleet Services	320,000	-	-	73,032	246,968
Total - all governmental-type activities	<u>102,389,437</u>	<u>87,049,567</u>	<u>69,316,786</u>	<u>42,947,520</u>	<u>41,709,136</u>
Business-type activities					
Water and sewer system improvements	146,737,283	9,426,657	4,449,841	71,455,686	70,304,781
Airport	13,347,315	8,013,418	2,463,643	5,645,172	2,152,368
Drainage utility	15,976,739	1,657,883	500,000	10,402,123	4,416,733
Total - all business-type activities	<u>176,061,337</u>	<u>19,097,958</u>	<u>7,413,484</u>	<u>87,502,981</u>	<u>76,873,882</u>
Total - all city project	<u>\$ 278,450,774</u>	<u>\$ 106,147,525</u>	<u>\$ 76,730,270</u>	<u>\$ 130,450,501</u>	<u>\$ 118,583,018</u>

Table 7 – Unfinished Construction Projects

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

The PIDs are responsible for the maintenance and ongoing upkeep of these enhanced facilities along with the original cost of the improvements. The City has issued Certificates of Obligations to pay for improvements at the Greenways Public Improvement District. The first issue was for \$600,000 in 2001; the second issue was for \$620,000 in 2003, a third issue was for \$600,000 in 2008, and a fourth issue of \$725,000 in 2014. The special assessments paid by the residents are used to pay for the maintenance and upkeep of the special amenities and to service the debt on the Certificates of Obligation. At the end of fiscal year 2017, there was approximately \$310,190 due the developer of the Greenways for unreimbursed improvements.

The City is obligated to issue additional debt and pay the developer when there are sufficient property owners to support the debt service payments. All of the enhanced amenities at the Greenways were originally estimated to be approximately \$2.5 million and estimated expenditures for the 2017/2018 fiscal year are \$166,250.

The Colonies Public Improvement District also has \$5.3 million of unreimbursed costs to the developer for enhanced amenities. The City issued Certificates of Obligations to reimburse the developer for these enhancements.

The bonds were issued during 2006 in the amount of \$585,000, \$1,500,000 during 2008, and \$1,535,000 in 2014. The special assessments paid by the residents will be used to pay the debt service associated with this issue. Through September 30, 2016, there was approximately \$3.5 million in unreimbursed cost

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 11 - COMMITMENTS (CONTINUED)

to the developer. The City is obligated to issue debt when there are sufficient property owners to support the debt to pay the developer along with the ongoing maintenance and upkeep of the amenities. All of the enhanced amenities at the Colonies were originally estimated to be approximately \$4.6 million and estimated expenditures for the 2017/2018 fiscal year are approximately \$117 thousand. The other PIDs are fully developed and there is not an amount to be paid to the developer.

The City has committed \$160,000 to Center City for downtown redevelopment. Center City works closely with the City, citizens, and the downtown developer to promote and improve the downtown area.

The City previously entered into a development agreement, which was assigned to the Amarillo Local Government Corporation (LGC) in 2011. The Corporation's charge is to work with a developer(s) on the following three downtown initiatives: a convention hotel, a parking garage, and a multi-purpose event venue (MPEV) that will also serve as a minor league ball park. On November 12, 2014, the LGC approved a Convention Center Hotel Agreement and a separate Convention Center Parking Garage Agreement. The developer of the convention hotel will operate the hotel and the LGC will operate the parking facility. The parking garage developer will operate the retail portion of the garage. The hotel agreement includes rebates of State sales and hotel occupancy taxes, rebate of local hotel occupancy taxes and a performance assurance of up to \$2 million to assure a minimum performance of the hotel. On December 22, 2014, the City Council approved Addendum #1 to the Interlocal Local Agreement between the City and LGC confirming that the City will provide public revenue, as necessary, to fund the downtown projects and to fund the hotel performance assurance.

The Convention Center Hotel opened on September 8, 2017. The performance assurance period begins July 1, 2018 and will run for 42 months ending on December 31, 2021. During this period the City will assure a minimum performance of the hotel up to \$2 million, with no more than \$1 million drawn in any 12 month period. The performance assurance criteria are 65% occupancy rate and an average daily room rate (ADR) of \$130, prior to the opening of the MPEV. After the opening of the MPEV, the criteria changes to 63% occupancy and \$125 average daily rate.

On August 11, 2015, the Amarillo City Council approved Resolution 08-11-15-3 regarding the implementation of the proposed Convention Hotel and Parking Garage projects as Downtown Catalyst projects. The proposed resolution: 1) amends and restates Resolution 08-23-11 as amended by Resolution 11-11-14-1 approved by the Amarillo City Council on August 23, 2011, and November 11, 2014, respectively, 2) provides for the updated financial, contractual, and business structure of the Convention Hotel and Parking Garage projects, and 3) accepts the general terms of the financing plan for the hotel (\$45.5 million), parking garage (\$22.3 million), and MPEV (\$32.2 million) for a total of \$100 million.

On February 17, 2016, the LGC approved the parking garage construction project in the amount of \$15.65 million. The City anticipated the use of capital funds for these two projects, including Civic Center Improvement Fund, General Construction Fund, relocation and expansion of utilities associated with these projects, TIRZ #1, and an additional funding from Center City. On February 2, 2016, the City Council amended the loan agreement between the City and TIRZ #1 authorizing a loan of \$1.85 million. During April 2016, the City issued approximately \$12 million in hotel occupancy tax revenue bonds to fund the parking garage. The parking garage was opened on July 1, 2017. The City anticipates the issuance of approximately \$38.2 million in bonds to finance the MPEV during the 2017/2018 fiscal year.

Currently, 3.5% of the 7% hotel tax revenues are used to offset the operating loss at the Civic Center Complex, which includes the Globe News Center. Also, approximately 3% of the hotel tax is allocated to the Chamber of Commerce's Convention and Visitor's Counsel to promote tourism and conventions in the City. The remaining half percent is used to subsidize events at the Civic Center Complex. Generally, the 3.5% for the Civic Center Complex is more than enough to offset the loss, and the balance is transferred to the Civic Center Improvement Fund for future capital needs. Likewise, the City generally does not use all of the funds allocated to subsidize events at the Civic Center Complex, and those excess funds are also transferred to the Civic Center Improvement Fund.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 11 - COMMITMENTS (CONTINUED)

To generate additional revenues, the City increased Civic Center Complex rental rates by 20% in 2011/12 and 2012/13 fiscal years to offset the reduction in available hotel taxes described above. The City has also added a 10% add-on fee to ticketed events at the Civic Center Complex. Effective with the 2011/12 budget, the Amarillo-Potter Events Venue District approved a \$100,000 increase in the operating agreement for their portion of the Civic Center, which also offsets the reduction in hotel tax for the Civic Center and reallocation to the MPEV and the parking garage.

For the Civic Center, the net result of issuing the hotel tax revenue bonds will be fewer funds for future capital for a period of time. The hotel tax revenue will ultimately need to grow to make up for the projected reductions to the Chamber and Civic Center. Fortunately, the City is already experiencing significant strength in growth of hotel tax revenues; 2013/14, 2014/15 and 2015/16 were the City's best years yet for hotel tax, and the increased collections are beginning to offset project reductions. However, the 2016/2017 collections decreased from the prior year by 2.9%.

NOTE 12 - LONG-TERM OBLIGATIONS

Tax Supported Debt

On February 3, 2011, the City issued the 2011A and 2011B Certificates of Obligation series. The 2011A series was issued in the amount of \$3,750,000 to fund the reconstruction of one of the City's municipal golf courses. The debt service for this issue will be funded by revenue generated from the City golf courses. The maturities range thru 2037 with annual principal payments from \$105,000 to \$245,000 and provide for interest rates ranging from 3.50% to 5.25%. The 2011B series was issued in the amount of \$2,210,000 to fund streetscape improvements in the City's downtown central business district. The streetscape project is part of our "Downtown Strategic Action Plan" for TIRZ #1. Accordingly, the debt service for this issue will be funded by the TIRZ #1 revenue. The maturities range thru 2032 with annual principal payments from \$85,000 to \$170,000 and provide for interest rates ranging from 3.50% to 6.00%.

On April 15, 2010, the City issued \$1,392,000 Recovery Zone Build America Bonds, Series 2010. These bonds were issued at 5.81% with a 45% interest subsidy from the United States Treasury. The maturities range thru 2030 with an average interest coupon of 3.196% (net of the subsidy). The proceeds are to fund the City's portion of the construction of a bridge at Grand and 3rd Street, as well as street and drainage improvements. The annual principal maturities range from \$65,000 to \$88,000.

On September 3, 2009, the City issued the Series 2009 General Obligation Refunding Bonds in the amount of \$4,825,000. These bonds refunded the 2001 General Obligation Bonds, with the exception of the August 15, 2010 principal payment of \$285,000, which was paid by the City. The refunding met the requirements of an in-substance defeasance and the applicable bonds were removed from the City's books of account. The refunding was undertaken to reduce total debt service payments over the next 13 years by approximately \$287,000, and resulted in an economic gain of approximately \$231,000. Interest on the 2009 bonds is payable in semi-annual installments at rates ranging from 3.50% to 5.00%, and the serial bonds mature annually to August 15, 2022, in amounts ranging from \$420,000 to \$485,000. The City has reserved the right to redeem the bonds with maturities on or after August 15, 2019, on August 15, 2018, or any date thereafter.

On February 22, 2017, the City issued \$15,110,000 of General Obligation Refunding Bonds for the purpose of the refunding the Combination Tax and Revenue Certificates of Obligation Bonds, Series 2007. The refunding was undertaken to reduce total debt service payments over the next ten years by \$2.7 million and resulted in a present value benefit of \$2.4 million. Interest is payable in semi-annual installments which began May 15, 2017 at a 4.00% interest rate and the term bonds mature annually to May 15, 2027 in amounts ranging from \$1,235,000 to \$1,760,000. The bonds are not subject to optional redemption.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Tax Supported Debt (Continued)

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

The City issued \$21,280,000 of General Obligation Bonds on May 11, 2017 to address public safety and street capital improvement projects approved by voters during a November 2016 bond election. Interest is payable in semi-annual installments which will begin February 15, 2018, at rates ranging from 3.00% to 5.00%, and the serial bonds mature annually to February 15, 2042 in amounts ranging from \$300,000 to \$1,270,000. The City reserved the right to redeem the bonds with maturities on or after February 15, 2028, on February 15, 2027, or any date thereafter.

The City's General Obligation debt is rated AAA by Standards and Poor's and Aa1 by Moody's.

Special Assessment Debt

On November 26, 2003, the City issued \$620,000 of Combination Tax and Revenue Certificates of Obligation for the purpose of financing the construction of additional park facilities in the Greenways Public Improvement District of the City. Debt service is to be funded out of special assessments on properties within the District. Interest is payable in semi-annual installments at 3.70%, and the certificates are subject to mandatory redemption in annual amounts ranging from \$35,000 to \$45,000. Final maturity is August 15, 2023.

On May 24, 2006, the City issued \$585,000 of Combination Tax and Revenue Certificates of Obligation for the purpose of financing enhancements of the park facilities in the Colonies Public Improvement District. Debt Service is to be funded out of special assessments on properties within the District. Principal and interest are payable monthly at a rate of 4.75%, and the certificates are subject to mandatory redemption in annual amounts ranging from \$18,920 to \$43,909. The final maturity is February 15, 2026.

On July 17, 2008, the City issued \$600,000 (2008A) and \$1,500,000 (2008B) of Combination Tax and Revenue Certificates of Obligation for the purpose of financing enhancements of the park facilities in the Greenways Public Improvement District and the Colonies Public Improvement District, respectively. Debt Service is to be funded out of special assessments on properties within each District. For the 2008A issue principal and interest are payable semi-annually at a rate of 4.28%, and the certificates are subject to mandatory redemption in annual amounts ranging from \$30,000 to \$45,000. The final maturity is February 15, 2028. For the 2008B issue principal and interest are payable semi-annually at a rate of 4.08%, and the certificates are subject to mandatory redemption in annual amounts ranging from \$70,000 to \$110,000. The final maturity is February 15, 2028.

On April 1, 2014, the City issued \$2,260,000 of Combination Tax and Revenue Certificates of Obligation, Series 2014 for the purpose of financing enhancements of the park facilities in the Greenways Public Improvement District (\$725,000) and the Colonies Public Improvement District (\$1,535,000), respectively. Debt Service is to be funded out of special assessments on properties within each District. The principal and interest are payable in semi-annual installments at rates ranging from 2.000% to 3.625%, and the certificates are subject to mandatory redemption in annual amounts ranging from \$95,000 to \$155,000. The final maturity is August 15, 2034.

On April 13, 2016, the City issued the Hotel Occupancy Tax Revenue Bonds, Taxable Series 2016 (Series 2016) in the amount of \$11,995,000 to construct and equip the downtown Amarillo parking garage located in the vicinity of the City's convention center facilities. Debt service is to be funded by the Hotel

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Special Assessment Debt (Continued)

Occupancy Tax. Principal and interest are payable annually at rates ranging from 1.85% to 4.25% and are subject to mandatory redemption in annual amounts ranging from \$315,000 to \$740,000. Final maturity is August 15, 2043.

Fleet Services Bonds

On December 12, 2012, the City issued the 2012B bond issue for \$2,790,000 in Combination Tax and Sanitation Revenue Certificates of Obligations to purchase rolling stock for the City's Fleet Services Department. Rolling stock replacement was delayed during the recent economic downturn. The 2012B issue has a five-year maturity and the proceeds will be used to purchase rolling stock with at least a five-year life. The COs have a \$1,000 limit pledge of Sanitation Revenues and a property tax pledge. The City intends to pay the COs from Fleet Services Rental Revenues and not levy a tax for the debt. The final maturity is August 19, 2018. The COs are subject to mandatory redemption in an annual amount of \$475,000 and provide for an interest rate of 1.25%. On February 25, 2014, the City issued Tax Notes, Series 2014 in the amount of \$2,650,000. The Notes have a five-year life and are payable in semi-annual installments with interest rates ranging from 1.00% to 2.00%. This issue will be used to fund roll stock in the Fleet Services fleet. The Notes are subject to mandatory redemption in annual amounts ranging from \$450,000 to \$455,000.

Summary of changes in the governmental activities debt for the year ended September 30, 2017, is as follows:

	Tax Supported Debt	Special Assessment Debt and Other Revenue Sources	Fleet Services Debt	Total Government Activities Debt
Principal balances outstanding, October 1, 2016	\$ 20,983,000	\$ 21,338,293	\$ 2,290,000	\$ 44,611,293
New bond issue	43,330,000	-	-	43,330,000
Refunded bonds	(16,050,000)	-	-	(16,050,000)
Principal maturities	(1,964,000)	(435,051)	(910,000)	(3,309,051)
Balances September 30, 2017	46,299,000	20,903,242	1,380,000	68,582,242
Balance of unamortized discount/premium	2,913,399	133,730	20,862	3,067,991
Net balances, September 30, 2017	<u>\$ 49,212,399</u>	<u>\$ 21,036,972</u>	<u>\$ 1,400,862</u>	<u>\$ 71,650,233</u>

Water and Sewer Bonds

On April 1, 2009, the City issued \$38,885,000 Combination Tax and Revenue Certificates of Obligation bonds, Series 2009 to help fund the Potter County well field project. The outstanding bonds mature annually through 2028 in principal amounts ranging from \$2,045,000 to \$2,555,000 and provide for interest rates ranging from .338% to 3.018%.

On December 29, 2009, the City issued the Combination Tax and Revenue Certificates of Obligation Series 2009B in the amount of \$47,400,000. The Series 2009B bonds mature annually through 2029 in principal amounts ranging from \$1,995,000 to \$3,400,000 and provide for interest rates ranging from 1.151% to 2.587%. The City also issued Combination Tax and Revenue Certificates of Obligation Series 2009C in the amount of \$18,075,000. The Series 2009C bonds mature annually through 2031 with annual principal payment of \$905,000 and provide for a 0% interest rate.

On August 1, 2011, the City issued General Obligation Refunding Bonds, Series 2011 of \$5,605,000 par value to refund \$5,680,000 of the 2003 Waterworks and Sewer System Revenue Bonds. The advance refunding met the requirement of an in-substance defeasance and the applicable bonds were removed from the City's books of account. The refunding was undertaken to reduce the total debt service

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Bonds (Continued)

payments over the next twelve years by \$840,080 and resulted in an economic gain of \$716,618 with a net present value benefit of \$337,772. \$410,000 of the outstanding remaining principal of the 2003 issue was paid off in 2012. The outstanding Series 2011 bonds mature annually thru 2023 with principal amounts ranging from \$495,000 to \$575,000 and provide for interest rates ranging from 2.00% to 3.125%.

On August 1, 2011, the City issued the Waterworks and Sewer System New Series Revenue Bonds, New Series 2011 in the amount of \$16,300,000. The Series bonds mature annually through 2031 in principal amounts ranging from \$675,000 to \$1,150,000 and provide for interest rates ranging from 2.00% to 4.125%. The proceeds were used to fund the purchase of Ochiltree County water rights.

On July 10, 2013, the City issued the Waterworks and Sewer System New Series Revenue Bonds, Series 2013 in the amount of \$1,310,000. The Series bonds mature annually through 2023 in principal amounts ranging from \$130,000 to \$135,000 and provide for interest rates ranging from 0.01% to 0.85%. The proceeds will be used to fund the design of the Osage to Arden Road pipeline.

On January 22, 2014, the City issued the Waterworks and Sewer System New Series Revenue Bonds, Series 2014 in the amount of \$8,495,000. The Series 2014 bonds mature annually through 2033 in principal amounts ranging from \$375,000 to \$495,000 and provide for interest rates ranging from 0.36% to 2.62%. These funds will be used for the design and construction of Georgia Street Interceptor project. This project will eliminate a lift station and ensure proper operation of the collection system in the area. This bond issue will also fund the planning and design for the replacement of Lift Station 32. Included in this financing is an additional amount of \$441,131 of loan forgiveness for a total project of \$8.9 million.

On October 2, 2015, the City issued the City of Amarillo, Texas, Waterworks & Sewer System Refunding Bonds, New Series 2015A (Series 2015A Bonds) in the amount of \$21,145,000. The Series 2015A Bonds refunded the Series 2005, 2006 and 2006A Bonds. The refunded bonds are considered defeased and have been removed from the City's books. The refunding was undertaken to reduce total debt service payments over the next sixteen years by \$4,259,179 and resulted in an economic gain of \$3,494,212 and the present value benefit of \$2,623,562. The outstanding Series 2015A Bonds mature annually thru 2032 with principal payments ranging from \$375,000 to \$1,815,000 and provide for interest rates ranging from 2.00% to 4.00%.

On October 2, 2015, the City issued the City of Amarillo, Texas, Waterworks & Sewer System Revenue Bonds, Series 2015 in the amount of \$17,195,000. The Series 2015 bonds mature annually through 2035 in principal amounts ranging from \$815,000 to \$950,000 and provide for interest rates ranging from 0.50% to 1.59%. These funds will be used for the construction of the Arden Road transmission pipeline project from the Osage water treatment plant to the connection for the Arden Road pump station. This allows the City to move an additional 20 million gallons per day which allows the City to deliver the new water supply from the Potter County well field to the west side of town.

On May 11, 2017 the City issued the City of Amarillo, Texas, Waterworks & Sewer System Revenue Bonds, New Series 2017 in the amount of \$31,005,000. The New Series 2017 bonds mature annually through 2037 in principal amounts ranging from \$1,130,000 to \$2,035,000 and provide for interest rates ranging from 3.00% to 5.00%. These funds will be used for the construction of the improvement and extension of the City's waterworks and sewer system as identified through a five year community improvement plan.

A summary of changes in Water and Sewer System bonded debt for the year ended September 30, 2017, is as follows:

Principal outstanding, October 1, 2016	\$ 136,875,000
New Issues	31,005,000
Principal maturities	<u>(9,100,000)</u>

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017**

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Bonds (Continued)

Principal outstanding, September 30, 2017	158,780,000
Unamortized redemption premium	<u>3,066,891</u>
Net balances, September 30, 2017	<u>\$ 161,846,891</u>

The net revenues of the Water and Sewer System are pledged to secure this debt. In accordance with bond covenants, the following special funds or accounts must be maintained:

- A revenue fund, to which all gross revenues are to be credited immediately upon receipt.
- An interest and redemption fund, to be funded by transfers from pledged revenues in approximately equal monthly installments, sufficient to pay the next succeeding interest and principal payments. The 2017/2018 obligation is \$14,167,268. At September 30, 2017, the amount available in this account was \$4,704,566.
- A reserve fund, to be funded monthly by transfers from pledged revenues in the amount equal to 1/60th of the average annual principal and interest requirements of the bonds until the fair value of the reserve fund is equal to the average annual debt service requirements of the then outstanding bonds. At September 30, 2017, the combined requirement amounted to \$1,633,011, and the amount available in this account was \$1,633,011.

The interest/redemption and reserve funds required by the bond covenants are reported in the financial statements as noncurrent assets and liabilities. The various revenue bond covenants require that the City carry insurance against risks, accidents or casualties to the extent usually carried by corporations operating like properties.

The City is subject to arbitrage provisions under the Internal Revenue Code, which requires that excess earnings on invested proceeds from tax-exempt bond sales over interest expense paid to bond holders be remitted to the Internal Revenue Service. The City did not have an arbitrage liability at September 30, 2017. The City has maintained its tax-exempt status during 2017.

The City has the right to issue additional Waterworks and Sewer Revenue Bonds, subordinate to these issues. Moreover, the City can issue additional parity debt so long as the net Water and Sewer System revenues exceed the debt service on the prior bonds together with any additional borrowings by 1.25 times.

On August 26, 2017, Standard & Poor's Rating Services affirmed its AAA rating, with a stable outlook, on the City of Amarillo, Texas Waterworks and Sewer System Revenue Bonds.

Water Authority Obligations

In 1968 the City, together with 10 other cities, entered into a contract with the Canadian River Municipal Water Authority (CRMWA) to reimburse it for the cost of constructing a dam and aqueduct system in exchange for the water to be provided from the reservoir. The dam is located approximately 35 miles northeast of the City.

In 1998 a portion of CRMWA's remaining obligation to the U.S. Bureau of Reclamation in connection with the construction indebtedness was retired in exchange for a transfer of CRMWA's surface lands to the National Park Service. In 1999 CRMWA issued revenue bonds maturing in the years 2000 to 2018 in order to retire the balance of the U.S. obligation. In 2010 CRMWA issued refunding bonds maturing in 2018 in order to retire the 1999 issue. The City's share of the principal amount was \$941,547 and

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Water Authority Obligations (Continued)

provided for an interest rate of 3.50%. The bonds are secured by a lien on contract revenues, consisting of the member cities' project agreement payments. At September 30, 2017, the City's proportionate share of this indebtedness was \$941,547.

During April 2005, the member cities of CRMWA agreed to participate in two CRMWA debt issues. The first issue was the 2005 Contract Revenue Refund Series and was used to refund a portion of the Series 1999 issue. During 2015, the 2005 Series was refunded with the 2014 refunding issue. During 2010, the 1999 issue was refunded with bonds maturing in 2020. At September 30, 2017, the City's proportionate share of the 2010 issue is \$1,015,912. The City's share of the annual principal amount range from \$213,418 to \$521,567 providing for interest rates of 3.00% to 3.50%. At September 30, 2017, the City's portion of the 2014 refunding bonds is \$3,718,480 with principal amounts ranging from \$549,878 to \$1,623,500 providing for interest rates of 2.00% to 5.00%.

On January 22, 2013, CRMWA issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2012 in the amount of \$39,505,000 for the advance refunding of the 2005 CRMWA Contract Revenue Series. The 2012 Refunding Bonds will reduce total debt service payments over the next thirteen years by \$5,063,754 with Amarillo's share at \$2,443,576. The refunding resulted in an economic gain of \$4,259,006 with Amarillo's share at \$2,044,083. The City's outstanding portion of this bond issue is \$16,657,049 at September 30, 2017, with principal maturing annually through February 15, 2025, and interest ranging from 2.00% to 5.00%. In total, the payments to CRMWA will remain constant throughout the term of the various bond issues. The City's portion of the principal payments range from \$508,768 to \$3,348,405.

During 2006, the member cities of CRMWA agreed to participate in the 2006 CRMWA debt issue. The Contract Revenue Bonds, Series 2006 were issued in the amount of \$49,075,000. During 2015, the 2006 CRMWA issue was partially refunded with the 2014 refunding issue. At September 30, 2017, the City's proportionate share of the 2014 issue is \$10,681,969. The City's portion of the principal payments for the 2014 issue range from \$463,079 to \$1,368,251 with interest rates ranging from 2.00% to 5.00%.

During November 2009, CRMWA issued debt in the amount \$21,105,000. The City participated in this issue and the City's proportionate share of this indebtedness was \$8,573,062. The City's portion of the annual principal payments range from \$268,606 to \$951,547 with interest rates of 3.00% to 5.00%. The City's proportionate share of this indebtedness is \$6,002,768 at September 30, 2017. Bonds are secured by a lien on the participating member cities' project payments.

During December 2011, CRMWA issued debt in the amount \$81,630,000 to fund the purchase of additional water rights in the Ogallala Aquifer. The City participated in this issue and the City's proportionate share of the bond issue was \$33,536,053. The bonds were issued at a premium and the City's proportionate share was \$3,091,199 with bond issuance cost of \$473,755. The City's portion of the annual principal payments range from \$649,625 to \$2,567,688 with interest rates of 4.00% to 5.00%. At September 30, 2017, the City's proportionate share of the outstanding indebtedness was \$26,300,310. Bonds are secured by a lien on the participating member cities' project payments.

As mentioned above, on November 4, 2014, CRMWA issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2014 in the amount of \$42,165,000 to refund a portion of CRMWA's outstanding Contract Revenue Refunding Bonds, Series 2005 and a portion of the CRMWA's outstanding Contract Revenue Bonds, Series 2006. The 2014 Refunding Bonds will reduce total debt service payments over the next 13 years by \$5,157,098 with Amarillo's share at \$2,437,634. The refunding resulted in an economic gain of \$4,468,378 with Amarillo's share at \$2,139,336. The City's portion of this bond issue was \$20,294,781 with principal maturing annually through February 15, 2027, and interest rates ranging from 2.00% to 5.00%. In total, the payments to CRMWA will remain constant throughout the term of the various bond issues. As noted above, the City's proportionate share of this indebtedness is \$3,718,480 at September 30, 2017.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Water Authority Obligations (Continued)

The City increased Water and Sewer rates by 6% beginning October 1, 2011, and by 5% effective October 1, 2012, to help pay for the purchase of the Ochiltree County water rights and the City's portion of the CRMWA debt. The City increased rates effective October 1, 2013, by 2% to help pay for the 2013 and 2014 Water and Sewer Revenue bonds.

Summary Information - Long-Term Bonds and Contracts

A summary of changes in the City's CRMWA debt for the year ended September 30, 2017, is reflected in the following table:

Principal outstanding, October 1, 2016	\$ 70,785,778
Principal maturities	<u>(5,467,743)</u>
Principal outstanding, September 30, 2017	65,318,035
Unamortized redemption discount/premium	<u>7,331,051</u>
Net balances, September 30, 2017	<u>\$ 72,649,086</u>

Airport Bonds

On September 3, 2009, the City issued \$16,140,000 Combination Tax and Revenue Certificates of Obligation Series 2009A bonds to help fund the terminal building project. The outstanding bonds mature annually through 2020 in principal amounts ranging from \$1,655,000 to \$1,830,000 and provide for interest rates ranging from 4.70% to 5.00%.

Principal outstanding, October 1, 2016	\$ 6,805,000
Principal maturities	<u>(1,580,000)</u>
Principal outstanding, September 30, 2017	5,225,000
Unamortized redemption premium	<u>409,868</u>
Net balances, September 30, 2017	<u>\$ 5,634,868</u>

Drainage Utility Bonds

On December 12, 2012, the City issued \$6,260,000 in Combination Tax and Drainage Utility Revenue Certificates of Obligations (COs). The 2012A issue is mainly for drainage improvements on Farmers Avenue. The 2012A bonds have a final maturity of August 15, 2032. The COs are subject to mandatory redemption in annual amounts ranging from \$245,000 to \$320,000 and provide for interest rates ranging from 1.00% to 2.00%. In addition to the tax pledge, the Drainage Utility COs have an unlimited net pledge of the Drainage Utility System of 1.25 times net revenue. The City intends to fund the debt entirely from the Drainage Utility and not levy a property tax for the COs. Thus, the debt is structured similar to the Water & Sewer revenue debt.

On April 1, 2014, the City issued \$6,080,000 in Drainage Utility Revenue Bonds. The 2014 issue is mainly for drainage improvements on Martin Road. The 2014 bonds have a final maturity of 2034. The bonds are subject to mandatory redemption in annual amounts ranging from \$255,000 to \$410,000 and provide for interest rates ranging from 2.00% to 3.75%. The bonds have an unlimited net pledge of the Drainage Utility System of 1.25 times net revenue.

Principal outstanding, October 1, 2016	\$ 10,190,000
Principal maturities	<u>(685,000)</u>
Principal outstanding, September 30, 2017	9,505,000
Unamortized redemption premium	<u>90,524</u>
Net balances, September 30, 2017	<u>\$ 9,595,524</u>

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Summary Information - Long-Term Bonds and Contracts (Continued)

Bond issues outstanding at September 30, 2017, are summarized in Table 8 below.

	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>	<u>Annual Principal Installments</u>	
City of Amarillo indebtedness					
General Obligation debt					
Payable from tax revenues					
General Obligation Bonds, Series 2009	3.50 - 5.00%	2022	2,265,000	420,000	= 485,000
Recovery Zone Build America Bonds, Series 2010	5.81%	2030	984,000	65,000	= 88,000
General Obligation Refunding Bonds, Series 2017	4.00%	2027	14,830,000	1,235,000	= 1,760,000
Certificates of Obligation, Series 2017	3.00 - 3.50%	2037	6,940,000	140,000	= 620,000
General Obligation Bonds, Series 2017	3.00 - 5.00%	2042	21,280,000	300,000	= 1,270,000
Payable from special assessments					
Combination tax/revenue certificates of obligation, Series 2003	3.70%	2023	245,000	35,000	= 45,000
Combination tax/revenue certificates of obligation, Series 2006	4.75%	2026	318,242	18,920	= 43,909
Combination tax/revenue certificates of obligation, Series 2008A	4.28%	2028	395,000	30,000	= 45,000
Combination tax/revenue certificates of obligation, Series 2008B	4.08%	2028	975,000	70,000	= 110,000
Combination tax/revenue certificates of obligation, Series 2014	2.00 - 3.625%	2034	2,010,000	95,000	= 155,000
Payable from other sources					
Combination tax/revenue certificates of obligation, Series 2011A	3.50 - 5.25%	2037	3,205,000	105,000	= 245,000
Combination tax/revenue certificates of obligation, Series 2011B	3.50 - 6.00%	2032	1,760,000	85,000	= 170,000
Hotel occupancy tax revenue bonds, Series 2016	1.85 - 4.25%	2043	11,995,000	315,000	= 740,000
Waterworks and Sewer Bonds					
2011 revenue issuance	2.00 - 4.125%	2031	12,320,000	675,000	= 1,150,000
2013 revenue issuance	0.01 - 0.85%	2023	795,000	130,000	= 135,000
2014 revenue issuance	0.36 - 2.62%	2033	6,930,000	375,000	= 495,000
2015 revenue issuance	0.50 - 1.59%	2035	15,490,000	815,000	= 950,000
2015A revenue refunding issuance	2.00 - 4.00%	2032	17,875,000	375,000	= 1,815,000
2017 revenue issuance	3.00 - 5.00%	2037	31,005,000	1,130,000	= 2,035,000
Combination tax/revenue certificates of obligation, Series 2009	3.38 - 3.018%	2028	24,815,000	2,045,000	= 2,555,000
Combination tax/revenue certificates of obligation, Series 2009B	1.151 - 2.587%	2029	33,690,000	1,995,000	= 3,400,000
Combination tax/revenue certificates of obligation, Series 2009C	0.00%	2031	12,670,000	905,000	= 905,000
General Obligation bonds, Series 2011	2.00 - 3.125%	2023	3,190,000	495,000	= 575,000
Airport Bonds					
Combination tax/revenue certificates of obligation, Series 2009A	4.70 - 5.00%	2020	5,225,000	1,655,000	= 1,830,000
Drainage Bonds					
2014 revenue issuance	2.00 - 3.75%	2034	5,375,000	255,000	= 410,000
Combination tax/revenue certificates of obligation, Series 2012A	1.00 - 2.00%	2032	4,130,000	245,000	= 320,000
Fleet Service Bonds					
Combination tax/revenue certificates of obligation, Series 2012B	1.25%	2018	475,000	475,000	= 475,000
Tax Notes, 2014	1.00 - 2.00%	2019	905,000	450,000	= 455,000
Total City of Amarillo issuances			242,092,242		
Canadian River Water Authority indebtedness					
2009 revenue issuance	3.00 - 5.00%	2029	6,002,768	268,606	= 951,547
2010 refunding issuance (Conjunctive Use Groundwater)	3.00 - 3.50%	2020	1,015,912	213,418	= 521,567
2010 refunding issuance (BUREC)	3.50%	2018	941,547	941,547	= 941,547
2011 revenue issuance	4.00 - 5.00%	2031	26,300,310	649,625	= 2,567,688
2012 refunding issuance	2.00 - 5.00%	2025	16,657,049	508,768	= 3,348,405
2014 refunding issuance	2.00 - 5.00%	2020	3,718,480	549,878	= 1,623,500
2014 refunding issuance	2.00 - 5.00%	2027	10,681,969	463,079	= 1,368,251
Total City share of Water Authority indebtedness			65,318,035		
Total bond issues outstanding			\$ 307,410,277		

Table 8 Description of Individual Bond Issues Outstanding

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Summary Information - Long-Term Bonds and Contracts (Continued)

The annual requirements to amortize all bonds outstanding, including interest, are shown in Table 9 below.

For the Year Ended September 30,	Tax-Supported Debt		Special Assessment and Other Supported Debt		Water & Sewer Debt		Water Authority Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 2,390,000	\$ 2,005,133	\$ 451,509	\$ 381,636	\$ 10,440,000	\$ 3,727,268	\$ 6,062,540	\$ 3,125,230
2019	2,792,000	1,604,473	463,037	365,070	10,460,000	3,715,023	5,596,264	2,849,548
2020	2,904,000	1,499,682	474,643	347,967	10,675,000	3,542,045	5,855,555	2,590,223
2021	3,015,000	1,387,726	501,325	329,964	10,895,000	3,338,207	6,084,387	2,304,539
2022	3,127,000	1,267,580	523,088	310,619	11,140,000	3,106,036	6,383,919	2,005,626
2023-2027	14,919,000	4,545,877	2,654,640	1,231,614	58,195,000	11,034,246	26,091,710	5,402,694
2028-2032	5,307,000	2,371,106	2,430,000	651,471	34,115,000	3,945,927	9,243,660	859,533
2033-2037	5,910,000	1,489,078	1,410,000	168,218	12,860,000	1,046,173	-	-
2038-2042	5,935,000	513,571	-	-	-	-	-	-
	<u>\$ 46,299,000</u>	<u>\$ 16,684,226</u>	<u>\$ 8,908,242</u>	<u>\$ 3,786,559</u>	<u>\$ 158,780,000</u>	<u>\$ 33,454,925</u>	<u>\$ 65,318,035</u>	<u>\$ 19,137,393</u>

For the Year Ended September 30,	Airport Debt		Drainage Debt		Fleet Services Debt		Hotel Occupancy Tax Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 1,655,000	\$ 215,900	\$ 500,000	\$ 253,144	\$ 925,000	\$ 24,038	\$ -	\$ 457,664	\$ 22,424,049	\$ 10,190,013
2019	1,740,000	131,025	510,000	243,144	455,000	9,100	315,000	457,664	22,331,301	9,375,047
2020	1,830,000	43,762	515,000	230,344	-	-	320,000	451,836	22,574,198	8,705,859
2021	-	-	520,000	217,394	-	-	330,000	444,956	21,345,712	8,022,786
2022	-	-	535,000	204,344	-	-	335,000	437,201	22,044,007	7,331,406
2023-2027	-	-	2,840,000	814,920	-	-	1,830,000	2,032,733	106,530,350	25,062,084
2028-2032	-	-	3,280,000	426,319	-	-	2,185,000	1,678,140	56,560,660	9,932,496
2033-2037	-	-	805,000	45,066	-	-	2,665,000	1,199,820	23,650,000	3,948,355
2038-2042	-	-	-	-	-	-	3,275,000	586,285	9,210,000	1,099,856
2042-2046	-	-	-	-	-	-	740,000	31,450	740,000	31,450
	<u>\$ 5,225,000</u>	<u>\$ 390,687</u>	<u>\$ 9,505,000</u>	<u>\$ 2,434,675</u>	<u>\$ 1,380,000</u>	<u>\$ 33,138</u>	<u>\$ 11,995,000</u>	<u>\$ 7,777,749</u>	<u>\$ 307,410,277</u>	<u>\$ 83,699,352</u>

Table 9 – Annual Debt Service Requirements, Including Interest

Provision for Compensated Absences

The City provides for its full-time employees annual leave of two, three, four or five weeks, depending upon years of service with the City. Up to 65 days of annual leave may be carried over to future years.

Uniformed police officers and firefighters are allowed 15 days of sick leave per year. Civilian, full-time employees are also allowed 12 days' sick leave per year. Employees whose date of hire is before December 29, 1988, may accumulate up to 90 days of sick leave to be paid in a lump sum upon termination of employment. Employees hired after December 29, 1988, must have ten years or more of service before benefits vest. Employees who are eligible to retire may convert accumulated sick leave benefits in excess of the eligible lump-sum termination amounts into an Individual Health Retirement account. Employees hired after September 30, 2007 may accumulate up to 60 days of sick leave and 30 days of annual leave, which will be eligible to be paid in a lump sum upon termination.

The obligation of the City with respect to vested benefits at September 30, 2017, under the annual leave policy was \$10,274,475, compensated time policy was \$1,254,639, and under the sick leave policy was \$6,452,808, and under the individual health retirement account policy was \$3,260,972.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Provision for Compensated Absences (Continued)

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

	Governmental Funds	Proprietary Funds
Balances at October 1, 2016	\$ 19,648,463	\$ 1,314,091
Terminations paid	(1,420,375)	(259,370)
Leave accrued	<u>1,751,819</u>	<u>208,266</u>
Balances at September 30, 2017	<u>\$ 19,979,907</u>	<u>\$ 1,262,987</u>

Of the above obligations, \$1,839,247 in the Government Funds and \$250,274 in the Proprietary Funds are estimated to be current. In prior years, the General Fund has liquidated the compensated absences liability related to governmental funds.

In 1997 the City established a debt service fund to provide for the portion of the liability applicable to the General Fund and certain special revenue funds. The net position in the fund at September 30, 2017, was \$3,501,017; \$735,083 of the obligation is funded in separate internal service funds and is accrued as a liability of these funds.

Provision for Landfill Closure and Post-Closure Care Costs

The City owns a 662-acre rural site, which it operates for solid waste disposal purposes. Based on an amended permit issued by the Texas Commission on Environmental Quality dated August 22, 2007, the site has an estimated total capacity of 43,098,100 tons. It is estimated that 40.4% of the revised capacity was filled at September 30, 2017, and that the landfill has a projected remaining life of approximately 108 years at the current rate of usage. State and federal laws and regulations require the City to place a final cover on the site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The construction as well as the cost of wells, which have been installed for monitoring the underlying water table for any impact on it of ongoing landfill activities, were funded by waste collection and disposal revenues of the City's General Fund, and are included in capital assets of the governmental activities.

Governmental accounting standards require that, for periods beginning after June 15, 1993, governmental entities recognize an accrued liability for the estimated cost of equipment, facilities, and services for closure, and post-closure care expected to result in disbursements near or after the date that the facility stops accepting solid waste. The amount of the liability is based on what it would cost to have all such closure and post-closure care performed in the current year, and is assigned to periods based on cumulative landfill use. The City engaged an independent engineer who estimated the cost of final cover at \$8,145,871 for a 100-acre, two-cell segment. The estimated cost of monitoring the entire 662 acres during the statutory 30-year period is an additional \$1,780,200. Both computations were made in accordance with regulations of the Environmental Protection Agency, which require that the estimates be based on the current cost of hiring third parties to perform the services. The actual cost of these functions, when performed in future years, may differ because of inflation, changes in technology, changes in environmental regulations, or performance of certain of the functions by City personnel and equipment. Considering the change in the Consumer Price Index (CPI) and the addition of the Transfer

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

station, closure costs would be about \$11 million and post-closure costs would be about \$3 million for a total of \$14 million in today's dollars. Based on the cumulative usage of 17,431,754 tons at September 30, 2017, together with the estimated 43,098,100-ton capacity of the landfill, the accrued liability consists of the following elements:

Provision for final cover costs	\$ 4,429,679
Cost of post-closure care and monitoring	<u>1,329,758</u>
Total estimated accrued liability	<u>\$ 5,759,437</u>

Under laws and regulations administered by the Texas Natural Resource Conservation Commission, owners and operators are required to provide financial assurances that the funds needed for the closure of landfills will be available when needed. The City has elected to meet this responsibility by demonstrating its compliance with the "local government financial test," which promulgates criteria regarding financial strength, public notice, and record-keeping and reporting. The City fulfilled the financial strength test by demonstrating a current Standard & Poor's rating of AAA, together with a ratio of total annual revenues to the gross estimated cost of environmental obligations in excess of 100/43, together with meeting certain general conditions. It fulfills the public notice component by disclosure in this footnote, and fulfills the record-keeping and reporting component by submission of reports to the Texas Commission on Environmental Quality.

Long-term liabilities activity for the year ended September 30, 2017, was as follows:

	Balance Sept. 30, 2016 (restated)	Amortization/ Accretion	Additions	Reductions	Balance Sept. 30, 2017	Due Within One Year
Bonds payable:						
Governmental activities						
General obligation bonds	\$ 2,670,000	\$ -	\$ 36,390,000	\$ (685,000)	\$ 38,375,000	\$ 1,955,000
Recovery Zone Build America bonds	1,048,000	-	-	(64,000)	984,000	65,000
Tax-supported certificates of obligation	17,265,000	-	6,940,000	(17,265,000)	6,940,000	370,000
Unamortized offering premium	634,209	(37,216)	2,957,965	(507,829)	3,047,129	-
Special assessment and other debt	21,338,293	-	-	(435,051)	20,903,242	451,509
Fleet Services bonds	2,290,000	-	-	(910,000)	1,380,000	925,000
Premium on Municipal Garage bonds	33,931	(13,069)	-	-	20,862	-
Total governmental activities	<u>45,279,433</u>	<u>(50,285)</u>	<u>46,287,965</u>	<u>(19,866,880)</u>	<u>71,650,233</u>	<u>3,766,509</u>
Business-type activities						
Water & sewer bonds	136,875,000	-	31,005,000	(9,100,000)	158,780,000	10,440,000
Premium on Water & sewer bonds	1,097,057	(97,778)	2,067,612	-	3,066,891	-
Water authority obligations	70,785,778	-	-	(5,467,743)	65,318,035	6,062,540
Premium on Water authority obligations	7,860,144	(529,093)	-	-	7,331,051	-
Airport bonds	6,805,000	-	-	(1,580,000)	5,225,000	1,655,000
Premium on Airport bonds	533,808	(123,940)	-	-	409,868	-
Drainage Utility bonds	10,190,000	-	-	(685,000)	9,505,000	500,000
Premium on Drainage Utility bonds	97,434	(6,910)	-	-	90,524	-
Total business-type activities	<u>234,244,221</u>	<u>(757,721)</u>	<u>33,072,612</u>	<u>(16,832,743)</u>	<u>249,726,369</u>	<u>18,657,540</u>
Total	<u>279,523,654</u>	<u>(808,006)</u>	<u>79,360,577</u>	<u>(36,699,623)</u>	<u>321,376,602</u>	<u>22,424,049</u>
Other liabilities:						
Governmental activities						
Compensated absences	19,648,463	-	1,751,819	(1,420,375)	19,979,907	1,839,247
Self-insurance liability	17,932,013	-	774,482	(665,123)	18,041,372	4,853,722
Provision for landfill and postclosure care costs	5,602,307	-	157,130	-	5,759,437	-
Postemployment benefits	98,183,734	-	8,652,856	(7,079,011)	99,757,579	-
Net pension liability	96,152,865	-	39,359,759	(40,190,412)	95,322,212	-
Total governmental activities	<u>237,519,382</u>	<u>-</u>	<u>50,696,046</u>	<u>(49,354,921)</u>	<u>238,860,507</u>	<u>6,692,969</u>
Business-type activities						
Compensated absences	1,314,091	-	208,266	(259,370)	1,262,987	250,274
Other accrued expenses	2,615,459	-	12,821	-	2,628,280	-
Net pension liability	9,233,594	-	5,269,157	(5,313,356)	9,189,395	-
Total business-type activities	<u>13,163,144</u>	<u>-</u>	<u>5,490,244</u>	<u>(5,572,726)</u>	<u>13,080,662</u>	<u>250,274</u>
Total	<u>250,682,526</u>	<u>-</u>	<u>56,186,290</u>	<u>(54,927,647)</u>	<u>251,941,169</u>	<u>6,943,243</u>
Total long-term liabilities	<u>\$ 530,206,180</u>	<u>\$ (808,006)</u>	<u>\$ 135,546,867</u>	<u>\$ (91,627,270)</u>	<u>\$ 573,317,771</u>	<u>\$ 29,367,292</u>

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 13 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following tabulation reflects the composition of interfund balances at September 30, 2017.

Receivable Fund		Payable Funds	
General Fund	\$ 881,554	Nonmajor Govt. Funds	\$ 879,222
		Internal Service	2,332
	<u>\$ 881,554</u>		<u>\$ 881,554</u>
Capital Projects	\$ 189,289	General Fund	\$ 189,289
	<u>\$ 189,289</u>		<u>\$ 189,289</u>
Nonmajor Govt. Funds	\$ 23,570	Nonmajor Govt. Funds	\$ 5,073
		Internal Service	15,140
	<u>\$ 23,570</u>	General Fund	3,357
			<u>\$ 23,570</u>
Internal Service Funds	\$ 178,169	Internal Service	\$ 178,140
		Nonmajor Govt. Funds	29
	<u>\$ 178,169</u>		<u>\$ 178,169</u>
Proprietary Funds	\$ 34,957	Nonmajor Govt. Funds	\$ 34,957
	<u>\$ 34,957</u>		<u>\$ 34,957</u>

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

Advances To Other Funds		Advances From Other Funds	
General Fund	\$ 715,043	Nonmajor Govt. Funds	\$ 1,430,086
Proprietary Funds	715,043		
	<u>\$ 1,430,086</u>		<u>\$ 1,430,086</u>

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

Transfers Out Fund		Transfers In Fund	
General Fund	\$ 8,234,735	Capital Projects	\$ 8,045,344
		Nonmajor Govt. Funds	135,783
		Internal Service	53,608
	<u>\$ 8,234,735</u>		<u>\$ 8,234,735</u>
Capital Projects	\$ 3,352,771	General Fund	\$ 177,820
		Nonmajor Govt. Funds	976,050
		Capital Projects	1,603,083
	<u>\$ 3,352,771</u>	Internal Service	595,818
			<u>\$ 3,352,771</u>
Nonmajor Govt. Funds	\$ 761,939	Nonmajor Govt. Funds	\$ 591,308
		Capital Projects	1,950
		Internal Service	168,681
	<u>\$ 761,939</u>		<u>\$ 761,939</u>
Proprietary Funds	\$ 2,364,448	Internal Service	\$ 196,273
		Capital Projects	1,001,000
		Proprietary Funds	1,167,175
	<u>\$ 2,364,448</u>		<u>\$ 2,364,448</u>

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 13 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

In general, transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money, (2) move receipts restricted or earmarked for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in a fund to provide operating advances to other funds in accordance with budgetary authorizations. The due to/from balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

NOTE 14 - WATER SUPPLY CONTRACT

The City's water is supplied by a series of underground wells, together with water that is purchased from CRMWA.

CRMWA is a water district that was created in 1953 by the Texas legislature for the purpose of supplying water from the Canadian River to eleven cities that wished to participate in its activities. A board of nineteen individual board members, two of whom are selected by the City, governs the affairs of the District.

CRMWA was originally created for the purpose of operating a dam, which had been constructed on the Canadian River approximately 35 miles northeast of Amarillo, the related water reservoir known as Lake Meredith, and an aqueduct system for the purpose of transporting the surface water to the member cities. The construction was performed under the direction of the U.S. Bureau of Reclamation. Prior to construction, each of the member cities was allotted a portion of the water rights together with a proportionate share of the cost of the dam based on its contractual share of the water and a share of the aqueduct costs based on its water allocation and distance from the reservoir.

In 1996 CRMWA initiated a project to purchase and develop underground water rights in the northeastern portion of the Texas Panhandle to supplement CRMWA's available surface water. Water is transported from the well fields to be mixed with the lake water before entering the aqueduct system. Water deliveries of the well water to the member cities began in December 2001.

Each city is assessed for operating costs, which are accounted for by the City as an operating expense. Each member may sell part or all of its rights under the contract to other members of the aqueduct system.

The last audited financial statements of CRMWA, as of September 30, 2017, and for its fiscal year then ended, reflect the following:

Assets	
Cash and cash equivalents	\$ 12,561,490
Due from member cities and other receivable	13,885,074
Inventory	1,055,605
Debt Service Funds	
Restricted cash and cash equivalents	17,818,371
Investments	4,459,959
Due from cities	136,511,497
Land	4,647,827
Property, plant and equipment, net of accumulated depreciation	326,604,732
Liabilities and Deferred Revenues	
Current liabilities	17,000,830
Noncurrent liabilities	157,904,217
Net Position	<u>\$ 342,639,508</u>

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017**

NOTE 14 - WATER SUPPLY CONTRACT (CONTINUED)

Operating Revenues		
User assessments for operations		\$ 17,310,749
Operating Expenses		17,731,592
Nonoperating Revenue (Expense)		
Net contributions from member cities		7,636,056
Nonoperating revenues (expenses)		<u>(5,290,695)</u>
		<u>2,345,361</u>
Net Increase (Decrease) in Net Position		<u>\$ 1,924,518</u>

CRMWA's debt consists of the approximately \$2.3 million related to bonds issued to refund the construction obligation to the Bureau of Reclamation and \$168.6 million related to the underground water project. The CRMWA's annual debt services requirements, including interest, range from \$6.5 million to \$20.4 million with final repayment in 2031. Because certain member cities elected to fund their proportionate shares of these costs on a separate basis, and the City's contractual share of the available lake water is 37.058% and 40.621% of well water. The City's share of this debt is approximately \$65 million. The City's contractual water rights and its proportionate shares of CRMWA's various debt obligations are accounted for as assets and liabilities of its Water and Sewer System.

Because the cities that are members of the aqueduct system have the right to elect members of the governing Board, this arrangement has one of the attributes of a joint venture. However, the City has not reported this contract as a joint venture for the following reasons:

- CRMWA was created by the State of Texas and is a subdivision thereof, as opposed to having been created by the members of CRMWA.
- The City has no vested rights in the assets of CRMWA, nor responsibility for its liabilities other than its proportionate share of the contractual construction obligations.
- The affairs of CRMWA are accounted for on a "financial flow" measurement focus, which is not consistent with the measurement focus required for the water and sewer enterprise fund.

NOTE 15 - HARRINGTON LIBRARY CONSORTIUM

The City is a member, as well as the fiscal agent, of a library consortium comprised of itself together with the Amarillo Junior College District and Amarillo Independent School District. The Consortium's purpose is to maintain a computer-based, online automated system to enhance the delivery of library information services to the citizens of the Panhandle of Texas. It provides a bibliographic database, an online catalog system, intralibrary and interlibrary circulation systems, and similar services to citizens through their local libraries. The Consortium is governed by a six-member council comprised of the chief administrator of the library services for each member, the chairmen of two of its committees and a representative of the Harrington User Group.

The original funding for the Consortium was a grant from a local charitable organization, the Harrington Foundation. Continuing operations are financed through user fees from the members and from subscribing libraries in the region. During the year ended September 30, 2017, the Consortium served over 100 libraries. The condensed financial statements of the Consortium at September 30, 2017, and for the year then ended are summarized in the table below.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 15 - HARRINGTON LIBRARY CONSORTIUM (CONTINUED)

Balance Sheet	
Capital assets, net of depreciation	\$ 4,257
Cash and other assets, net	643,089
Current liabilities	<u>(46,502)</u>
Net position	<u>\$ 600,844</u>
Revenues	
Operating revenues	\$ 379,082
Nonoperating revenues	<u>3,781</u>
Total revenues	382,863
Expenses	
Operating expenses	<u>(433,867)</u>
Change in net position	<u>\$ (51,004)</u>

NOTE 16 - CONTINGENCIES AND RISK MANAGEMENT

Self-Insurance and Risk Management

The City's insurance coverage consists of self-insured programs supplemented by certain commercial insurance policies maintained with various carriers. The City's insurance and self-insurance programs are administered by a risk-management committee comprised of selected City management personnel. Each type of potential claim is discussed below.

The City of Amarillo has a blanket all risk property insurance policy. While the sum of the scheduled values is the policy limit, the blanket feature allows this limit to be used for one occurrence. Thus, if a property's scheduled value was not sufficient to cover a loss, the entire blanket would be used to cover the loss. The policy also treats rolling stock and vehicles as contents when on premises. The schedule of values and the coverage have been increasing over the last three years as property is added to the schedule, and replacement values have increased with increases in construction costs. Settlements of insurance have not exceeded coverage in the past three years.

Health and Accident: The City self-insures medical benefits for employees, retirees, and their covered dependents. The City purchases stop-loss coverage for specific claims over \$750,000. There is no limit on this coverage.

Property: Property insurance is maintained with commercial carriers, with a self-insured retention per occurrence of \$250,000. Total blanket coverage for all buildings and contents including terrorism coverage is \$600 million. The property insurance policy also includes \$100 million in flood and earthquake coverage and has a Terrorism endorsement. On June 8, 2017 a wind and hail storm passed through damaging several City buildings, including Commanche Trail Golf Course, Animal Welfare and Management, Osage and Hollywood waste water treatment plants. The City's insurance covered with the \$250,000 deductible. The City has received \$82,261 from the insurance carrier.

The City has an endorsement to its property insurance coverage for Boiler and Machinery (explosion and damage). Insurance is maintained with commercial carriers to the extent of \$50,000,000 potential liability. The City has incurred no losses with respect to this risk.

Automobile Liability and Physical Damage: The City has elected to fully self-insure these risks.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 16 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

Self-Insurance and Risk Management (Continued)

Workers' Compensation: City employees are entitled to statutory workers' compensation benefits. The City has a per accident self-insurance retention of \$1 million per occurrence with statutory limits. The Excess Workers' Compensation and Employers' Liability Indemnity Policy was purchased to cover a major accident. Historically, the City has had one claim that exceeded \$1 million self-insurance retention.

General Liability: The City has elected to self-insure public official, professional, and general liability contingencies to the full extent of its statutory limits. Additionally, no insurance is carried for crime or burglary losses or employee dishonesty, except for the minimal bonds required by law.

Police Officer Liability: The City has purchased Police Officer Liability Insurance with a \$100,000 deductible per occurrence and annual aggregate coverage of \$16 million. The City's largest claim has been a \$5 million Police Liability Claim which was settled in FY 2004.

Unemployment Benefits: The City fully self-insures unemployment benefits, reimbursing the Texas Workforce Commission for claims on the basis of quarterly reports. Two internal service funds are used to account for the transactions associated with the various risks.

Employee Insurance Fund: All full-time employees are provided with health insurance and \$10,000 life insurance in the City's basic benefit package. Full-time employees can add dependents for health and life coverage. Retirees are also allowed to retain their health insurance, including dependent coverage after retirement along with the basic \$10,000 life insurance benefit. While the City pays for the majority of the health insurance benefit, the employee is also required to participate in the cost of the program.

Additional group life insurance is also available, but solely at the employee's expense. The City has a third-party carrier for the life insurance benefit. The City currently has specific stop loss coverage with a \$750,000 annual deductible, but is essentially self-insured for employee and retiree health coverage.

The Employee Insurance Fund is used to account for the collection of employer and employee contributions, and for payments of claims and insurance premiums. The City covers most of the cost of employee only coverage and contributes to spouse and family coverage. Retirees contribute based on their service with the City and retiree rates are also subsidized by the City. Liabilities are presented at the estimated amounts of incurred losses outstanding, without discounting. The Health Plan continues to see a significant increase in claims. During July 2015, the City issued a request for proposals (RFP) for the third-party administration of the medical, dental, and flex plans. The City anticipates that a national carrier will have more favorable discounts with network providers. Effective January 1, 2016, Aetna Life Insurance Company began providing the plan administration for the medical and dental programs. Employees have up to one year after services are rendered in which to present their claims for reimbursement. The estimated current liability at September 30, 2017, related to incurred but not reported (IBNR) claims was \$1,878,000. The IBNR estimate was computed by management based on historical patterns and reference to previous actuarial estimates. An actuarial study of the IBNR claims of the employee insurance fund was done as of September 30, 2017. Management's estimate of the liability by the City was within recommended liability and funding ranges of that study. A provision is also made for estimated future costs of known loss events. This provision at September 30, 2017, was \$2,627,113 and was calculated by management based on historical costs associated with similar health conditions. The postemployment liability at September 30, 2017, was \$99,757,579. The postemployment health benefit adjustment was \$1,573,845, which includes the annual required contribution of \$8,438,994 plus interest of \$6,133,601, less an adjustment to the annual required contribution of \$5,919,739 less the pay-as-you-go cost for retirees and trust contributions of \$7,079,011.

After providing for incurred losses, the Employee Insurance Fund had a deficit net position of \$95,682,306 at September 30, 2017. Included in the net asset calculation is the adjustment discussed in the previous paragraph for postemployment health benefits as required by Governmental Accounting Standards No. 45. This adjustment is \$1,573,845 for the 2016/17 fiscal year.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 16 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

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

	<u>2017</u>	<u>2016</u>
Estimated liabilities at beginning of year	\$ 102,610,735	\$ 102,022,988
Postemployment health benefits annual required contribution	8,652,856	8,587,744
Postemployment health benefits pay-as-you-go cost and trust contributions	(7,079,011)	(6,568,275)
Claims during year and changes in estimates	17,792,674	17,962,513
Payments during year	<u>(17,714,562)</u>	<u>(19,394,235)</u>
Estimated liabilities at end of year	<u>\$ 104,262,692</u>	<u>\$ 102,610,735</u>

Risk Management Fund

The transactions related to risk areas other than employee health are accounted for in the Risk Management Fund, which is funded through assessments to City departments at rates developed by reference to the actuarial studies of the self-insurance fund together with estimates of the charges by private insurers for similar coverages. Risks considered included general and airport liability, boiler and machinery, police, auto, and excess liability; workers' compensation; unemployment; crime/fidelity/burglary; property insurance deductibles and various other risk groups.

Actuarial studies of the Fund are made at least biennially. The actuary's methodology includes review of the City's historical experience with respect to each type of risk, together with insurance industry patterns and any amendments to the state workers' compensation laws.

An actuarial study of the self-insurance liability was done as of September 30, 2017. Management's estimate of the liability by the City was within recommended funding ranges of that study. Management estimated the liability for incurred losses at September 30, 2017, to be \$13,536,259.

The City is self-insured for most exposures. The most significant risk assigned to third-party carriers is the property insurance coverage in excess of the \$250,000 retention. The City also carries Excess Workers' Compensation and Employers' Liability Indemnity insurance with self-insurance retention of \$1 million.

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

	<u>2017</u>	<u>2016</u>
Estimated liability at beginning of year	\$ 13,505,012	\$ 12,503,514
Claims during year and changes in estimates	3,575,069	3,830,532
Payments during year	<u>(3,543,822)</u>	<u>(2,829,034)</u>
Estimated liability at end of year	<u>\$ 13,536,259</u>	<u>\$ 13,505,012</u>

Litigation

The City has been named as defendant in a number of other lawsuits or complaints arising out of the ordinary course of conducting its operations. While several of these claims ask for the full amount allowed by state statute, it has been the City's experience that such actions, if pursued, result in losses of amounts substantially less than the claimed amounts. These complaints are similar to complaints resolved in prior years, which settlements comprise the City's historical experience that formed the basis for the actuarial determination of the estimated liability for presented and unrepresented claims payable at September 30, 2017.

**CITY OF AMARILLO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ended September 30, 2017**

NOTE 16 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

Pollution Remediation Obligation

Upon completion of the Hollywood Road Wastewater Treatment in the 1960s, the City of Amarillo began to discharge treated effluent into an on-site playa lake. This practice was in full conformance with all environmental regulations, was conducted under a lawfully issued State of Texas environmental discharge permit, and was subject to regular monitoring and reporting standards. Over time, a sub-surface plume of water developed under the playa lake and has since slowly migrated outward. This plume is comprised of water that contains a chloride level that is higher than the native groundwater in the area.

The City ceased pumping treated effluent into the playa and the chloride content of the plume, both originally and currently, is below the federal and state limits for potable water. In fact, the water in the plume is of equal or better quality than that in the City's potable water system, which is rated "Superior" by the Texas Commission on Environmental Quality.

As the plume migrated outward, it has seeped into some domestic water wells near the facility. Due to this, the City has historically conducted a voluntary monitoring program of the nearby domestic wells and continues to do so at this time. If this monitoring detects chloride content in a well that is higher than the native groundwater, the City then either re-works the existing well, replaces it with a new well constructed to current standards, or provides a reverse osmosis treatment system based on the homeowner's preference.

Management believes that GASB 49 does not apply in this instance since there has been no actual pollution by any legal definition of the term. However, the City intends to continue the practice of monitoring the plume, providing replacement wells and treatment systems and pursuing options for remediation in the future. The City has recorded a liability of \$2.7 million to continue the voluntary monitoring and well replacement program throughout this fiscal year. The estimated amount could change in the future as the City evaluates various alternatives.

Federal and State Grant Programs

The City participates in numerous federal and state grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required.

NOTE 17 - CONDUIT DEBT OBLIGATIONS

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

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

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 18 - TAX ABATEMENTS AND ECONOMIC INCENTIVES

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

The City has three categories of economic development agreements:

- Tax Abatements – Tax Abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. These abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. Property taxes abated under this program were \$437,342 in fiscal year 2017.
- General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property, sales, or hotel tax received by the City, may result in fee reductions such as utility charges or building inspection fees, or make lump sum payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure reimbursements, redevelopment costs or other expenses. For fiscal year 2017, the City rebated \$18,837 in hotel taxes.
- Tax Increment Financing – The City has adopted two Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payment to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. These obligations are more fully described in Note 22. Additionally, the City enters into general economic development agreements under Chapter 380 of the Texas Local Government Code which are funded with TIF resources. For fiscal year 2018, the City made \$182,363 in payments for TIF obligations, \$0 in incentive payments and \$63,010 in property tax rebates from general TIF resources.

NOTE 19 - AMARILLO HOSPITAL DISTRICT

Significant Accounting Policies

Financial Reporting Entity

The financial reporting entity represents a political subdivision of the State of Texas and a component unit of the City. Its fiscal year coincides with that of the City.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 19 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Significant Accounting Policies (Continued)

Financial Reporting Entity (Continued)

On May 7, 1996, the Amarillo Hospital District (District) sold its hospital facilities to a private hospital management company for approximately \$121,000,000 and discontinued assessing ad valorem taxes for hospital purposes. With the exception of continuing the operations of a pediatric-specialty, nonprofit entity until 2000, the functions of the District since the sale of the hospital facilities have consisted primarily of investing the sales proceeds for future hospital purposes and funding indigent care costs. The employee pension plan is held for payment of future benefits as former employees meet applicable retirement requirements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District follows the provision of Governmental Accounting Standards Board Statement No. 34. While it is no longer engaged in hospital operations, it continues to use the accounting principles applicable to enterprise funds.

The District follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investment Pools*, which provides that investments generally are reported at fair value, and changes in fair value are recognized as revenue.

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

The District has self-insured claims arising from professional malpractice.

Agreements with Respect to Hospital Sale

On May 7, 1996, the District sold its physical plant, patient receivables, and other operating assets to a for-profit, hospital-management company which assumed all of its hospital operations, as well as responsibility for healthcare services to indigent and needy persons within the District. The total sales proceeds were approximately \$121 million.

In return, the District will make indigent care payments to the buyer, payable in quarterly installments, for the next 25 years. The payments were \$8,000,000 per year through May 1999. Thereafter, through May 2006, payments varied between \$6,000,000 to \$8,000,000 per year, adjusted for inflation. Subsequent to May 2006, the payments per year will generally be equal to the lesser of the payments per year made in 2005 or 2006. For the years ended September 30, 2017, and 2016, the District recognized approximately \$5,444,000 and \$5,444,000, respectively, in indigent care expenses relating to the agreement.

The District currently collaborates with Northwest Texas Healthcare System to ensure both parties best allocate their resources for the provision of care to the low income and needy residents in their community. As part of this collaboration, Northwest has proposed that the District fund payments to Northwest under the Medicaid upper payment limit program ("Medicaid UPL"). On November 9, 2006, the District temporarily suspended the "Indigent Care Agreement," dated May 7, 1996, for the period

From November 9, 2006 through November 8, 2008, and replaced it with an almost identical agreement called the Health Care Services Agreement (HCA). The District remitted approximately \$12,712,000 on November 20, 2006 to fund the Medicaid UPL program. The original agreement has been extended twenty-five times and as of September 30, 2017, is prepaid through February 8, 2020. The District has

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 19 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Agreements with Respect to Hospital Sale (Continued)

provided \$66.6 million in funding to the Medicaid program versus \$81.6 million in indigent care payments that would have been due under the contract.

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

Waiver under Section 1115 of the Social Security Act

The District agreed to participate in a waiver under Section 1115 of the Social Security Act that is designed to build on existing Texas health care reforms and to redesign health care delivery in the state administered through the Amarillo Department of Public Health. The waiver consists of two components: the Uncompensated Care (UC) program and the Delivery System Reform Incentive Payments (DSRIP) program, which is a five-year program and is currently in its sixth year. The only requirement in year one was to submit a plan, while years two through five required process and outcome metrics. Public Health received \$423,000 for year one, \$129,213 for year two, \$670,883 for year three, and \$860,000 for year four and \$1,575,000 for year five. On October 31, 2017, the District approved a transfer of \$123,000 for year six.

Deposits and Investments

The District's funds are required to be invested in accordance with the Public Funds Investment Act. Bank deposits are collateralized by FDIC insurance or by pledged collateral. Governmental accounting standards require the categorization of investments to give an indication of the level of risk assumed. Based on the applicable criteria, a summary of the District's investment securities at September 30, 2017, are as follows:

	Fair Value			Weighted Average Maturity (Years) <small>(excluding securities lending)</small>
	Unrestricted Assets	Restricted Assets	Total	
Investment Securities				
U.S. Treasury obligations	\$ 50,570,926	\$ -	\$ 50,570,926	0.91
U.S. Government and government-sponsored agencies	97,375,863	-	97,375,863	4.55
Municipal bonds	14,797,184	-	14,797,184	0.46
Total investment securities	162,743,973	-	162,743,973	5.92
No-load U.S. Treasury-only mutual funds	8,838,970	-	8,838,970	-
Total investments	171,582,943	-	171,582,943	5.92
Deduct: Cash equivalents	(8,838,970)	-	(8,838,970)	-
Net investments for financial reporting	<u>\$ 162,743,973</u>	<u>\$ -</u>	<u>\$ 162,743,973</u>	<u>5.92</u>

Tobacco Settlement

During 1998 the State of Texas settled litigation against certain tobacco manufacturers, which entitles political subdivisions with legal responsibility for providing indigent healthcare services to a portion of the settlement proceeds. As a result of the settlement, in 1998 the District received a distribution of approximately \$2.9 million based on a per capita calculation (1990 federal census). Subsequent distributions have been made based on each subdivision's total unreimbursed indigent healthcare

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 19 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Tobacco Settlement

expenditures for the calendar year immediately preceding the year of distribution. As the various calculations are not determinable by the District, these revenues are not accrued. In 2017 and 2016, the District received approximately \$277,000 and \$193,000, respectively, in tobacco settlement funds.

Employee Retirement Benefits

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

The District recorded a net pension liability of approximately \$7,785,407. Significant actuarial assumptions used in the valuations include a rate of return on investments of 7.5%. GASB 68 also requires the District to disclose the sensitivity of the net pension liability to changes in the discount rate by disclosing what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%), approximately \$10,183,436, or one percentage point higher (8.5%), approximately \$5,725,362. Compensation increases do not apply due to the plan being frozen. For the year ended September 30, 2017, the District made a contribution of \$2,000,000 to the AHD Plan.

Participants vested 100% upon completion of five years of service and vested participants are entitled to benefits upon retirement or upon termination of employment after 20 years of service. Upon sale of the Hospital, as described above, substantially all employees of the District were offered employment with the buyer or, with respect to certain public health functions, the Health Department of the City, both of which alternatives are considered to be a continuation of employment for purposes of defining retirement or termination. At October 1, 2015, the plan had 128 participants classified as "active" under this provision, although the plan was "frozen" as it relates to District participants, as well as 383 retirees and 228 terminated employees entitled to, but not receiving benefits.

It is anticipated that the plan's assets will be held intact to fund retirement benefits as determined under this plan when the vested participants separate from service with the successor employers. The District is responsible for the pension plan and intends to make annual contributions at least equal to the actuarially determined contribution requirements to the plan.

Commitments and Contingencies

Although the District sold the Hospital on May 7, 1996, it retained the responsibility for certain claims as of the date of sale. The District self-insures substantially all of the important risks.

In accordance with the limited liability provisions of the Texas Tort Claims Act, the District may be liable for settlement of malpractice claims up to a limit of \$100,000 per person. Claims have been made alleging malpractice arising out of the ordinary course of business, and such litigation is in various stages of progress. The District self-insures for claims arising from professional malpractice.

It is the opinion of management that estimated self-insurance costs, including known claims and reserves for incurred but not reported claims, are adequate to provide for potential claims.

Northwest Texas Healthcare System (Northwest) and Northwest's affiliate, Amarillo Clinical Services, Inc. (ACS), provide the tobacco prevention services and the pediatric sub-specialty care services in the community. ACS provides pediatric sub-specialty care through an arrangement with Texas Tech. Northwest provides tobacco prevention and control services through a contract with the America Cancer Society. The District has approved a resolution to make monthly payments on behalf of NWTX to the Medicaid program of \$123,000 through September 30, 2017.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 19 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Financial Statements

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

NOTE 20 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION

Significant Accounting Policies

Operations

Amarillo Economic Development Corporation (AEDC) was created by the City in 1990 under provisions of the Development Corporation Act of the State of Texas. Its operations are financed by the proceeds of a 1/2-percent economic-development, sales tax. It is governed by a five-member Board of Directors appointed by the City Council. The City serves as fiscal agent for AEDC, providing such services as accounting, investment, and management information services.

The mission of AEDC is to attract businesses to Amarillo which offer highly skilled, highly paid positions, to expand and retain existing local businesses in Amarillo, and to create a business environment conducive to entrepreneurship. The AEDC targets companies whose primary function is to produce goods or services that are then sold outside of the immediate trade area, thereby introducing new monies into the local economy. This strategy is met by implementing aggressive business recruitment programs, local business retention and expansion programs, and promoting AEDC and Amarillo, Texas, brands worldwide.

Projects involve construction of facilities which involve direct financing leases. Other projects have taken the form of grants or interest waivers on loans to industrial enterprises based on meeting targeted, job-creation levels, as well as grants and contracts supporting research and promotional activities.

Measurement Focus, Basis of Accounting, and Financial Statement Preparation

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

Investments are valued at fair market value. Grants are generally recorded as expenses and liabilities at the time of the awards. Grants subject to significant performance criteria are recorded when the funds are disbursed or the criteria satisfied, whichever is earlier.

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 20 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Property and equipment are recorded at cost, and donated property is recorded at fair value at date of receipt. Property and equipment consists primarily of hangars and related improvements located at the City's airport, as to which the estimated useful lives are 30 years. Depreciation is provided on the straight-line method. Assets restricted by interest and sinking fund indenture agreements are segregated, and are presented as restricted assets.

Deposits and Investments

The AEDC's cash and investments are managed by the City, which accounts for its liquid assets and its receipts and disbursements as one of its agency funds. The AEDC's uninvested cash is held in the City's depository in the City's name as agent for AEDC. All such cash is insured by the Federal Deposit Insurance Corporation and other insurers.

The AEDC's investments are administered by City management under terms of an investment policy and strategy that has been updated to conform to the latest amendments to the Texas Public Funds Investment Act.

A summary of the AEDC's investment securities at September 30, 2017, is as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Investments		
CDARs	\$ 18,530,000	.32
Money market mutual funds	<u>6,728,057</u>	<u>-</u>
Total investments at fair value	25,258,057	.32
Deduct: Classified as cash equivalents for financial reporting	<u>(6,728,057)</u>	<u>-</u>
Net investments	<u>\$ 18,530,000</u>	<u>.32</u>

Economic Development Loans

As one type of economic development project, the AEDC has made a number of loans to industrial enterprises under arrangements that waive up to 100% of the stated interest on such loans if job creation targets are met. These maximum allowances are recognized as development expenses in the period in which the loans are made. In addition to interest waivers, a provision has been made for uncollectible loans, including amounts related to the individual credits based on managements' analysis, as well as a provision for unidentified risks.

An analysis of loans and the related valuations allowances at September 30, 2017, are as follows:

Principal balances	\$ 8,964,023
Allowance for uncollectible accounts	<u>-</u>
Loans, net of allowances	<u>\$ 8,964,023</u>

Interest accrued and receivable on loans is \$444,178 at September 30, 2017.

Direct Financing Leases

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 includes manufacturing facilities financed by AEDC sales-tax-backed bonds up to a total amount of \$34 million, as well as industrial revenue bonds up to a total amount of \$8 million, plus

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 20 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Direct Financing Leases (Continued)

cash of up to \$5 million for site acquisition and employee training and relocation. Bell's obligations under a lease agreement are sufficient to service the construction debt, but if job creation goals are met, the resulting incentive credits could fully discharge Bell's payment obligations. As of September 30, 2017, the total funding capacity under the location incentive agreement is approximately \$120 million.

In the 1999 fiscal year, approximately 65 acres of land adjacent to the City's airport were acquired for Phase I of this project, and construction of a hangar and an aircraft assembly building was begun. The first building was completed in May 1999, and the second building was completed in March 2000. The rental term for this phase of the project is 20 years, coinciding with the term of sales tax revenue bonds in face amount of \$23,430,000 sold in order to fund the construction. The rental amount is to be the levelized debt service on the bonds. The resulting annual rentals, in the amount of \$2,163,503, were waived during the first year and, as noted above, subsequent annual rentals could be fully waived if job creation goals are met. At the end of the 20-year lease term, Bell Helicopter has the option to purchase the buildings and underlying land for \$1. At September 30, 2017, AEDC's net investment in this lease was \$2,598,966.

In fiscal year 2005, an expansion to the aircraft assembly building was completed for a total cost of \$10,570,000. The rental term for this project is 20 years, beginning on the date the lease commenced. The resulting annual rentals, in the amount of \$528,500 could be fully waived if job creation goals are met. At September 30, 2017, AEDC's net investment, less discount for jobs credits, in this lease was \$3,043,609.

The expansion to the Hanger was completed for a total cost of \$14,234,368. The lease for this project commenced on January 1, 2006. The rental for this project is 20 years, beginning on the date the lease commenced. The resulting annual rentals, in the amount of \$711,718, could be fully waived if job creation goals are met. At September 30, 2017, AEDC's net investment in this lease, less discount for jobs credits, was \$4,618,507.

Phase IV of the project was completed for a total cost of \$15,028,921. The lease for this project commenced on January 1, 2006. The rental term for this project is 20 years, beginning on the date the lease commenced. The resulting annual rentals, in the amount of \$751,446, could be fully waived if job creator goals are met. At September 30, 2017, AEDC's net investment in this lease, less discount for jobs credits, was \$4,849,926.

In fiscal year 2009, Phase VI was completed for a total cost of \$22,242,454. The lease for this project commences on January 1, 2010. The rental term for this project is 20 years, beginning on the date the lease commences. The resulting annual rentals in the amount of \$1,884,509 could be waived if job creation goals are met. At September 30, 2017, AEDC's net investment in this lease, less discount for job credits, was \$17,628,742.

In fiscal year 2011, a project was completed for a total cost of \$31,749,325. The lease for this project commences on June 14, 2011. The rental term for this project is 20 years, beginning on the date the lease commenced. The resulting annual rentals in the amount of \$2,811,214 could be fully waived if job creation goals are met. At September 30, 2017, AEDC's net investment in this lease, less discount for job credits, was \$25,835,241.

Additionally, in fiscal year 2006, AEDC acquired another 98.6 acres of adjacent land for future expansion, at a total cost of \$782,540. 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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 20 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Direct Financing Leases (Continued)

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. At September 30, 2017, AEDC's net investment in this lease, less discount for jobs credits, was \$5,499,609.

In 1997, AEDC completed acquisition and renovation of a property for an industrial tenant in which, subject to job creation targets, the tenant has the option to acquire the property in 2006, and every third year thereafter, for an amount equal to AEDC's initial investment reduced by subsequent rentals. During 2011, AEDC amended the agreement with this tenant and advanced additional funds to the company for improvements. The additional amount advanced was approximately \$166,000. The terms of the loan were changed to extend payments on the loan through August 2020 and allow for three additional three-year successive terms to acquire the property as previously described. At September 30, 2017, AEDC's net investment in this lease was \$88,905.

In fiscal year 2015, a project was completed for a tenant in which a building and surrounding improvements in the Centerport complex were constructed for a total cost of \$9,607,823 with related land valued at \$390,240. As part of a location incentive agreement between the tenant and AEDC, the tenant was given a \$4,500,000 loan incentive credit, making the total lease amount \$5,498,063. Also as part this transaction, the tenant transferred ownership of a building and land property in downtown Amarillo to the City of Amarillo, and the City of Amarillo subsequently obtained an appraisal that valued the downtown property at \$5,020,000. The lease for this project commenced on March 31, 2015. The term for this project is four years, beginning on the date the lease commenced. The resulting annual rentals in the amount of \$1,374,516 could be full waived if job creation goals are met and if the tenant does not cease operations in the facility during the four-year contract term. At September 30, 2017, AEDC's net investment in this lease, less discount for job credits, was \$2,663,181.

In fiscal year 2015, approximately 48 acres of land in AEDC's Centerport complex was deeded to a wind tower manufacturer. The lease for this project commences on November 15, 2021. The rental term for this project is seven years, beginning on the date that the lease commences. The resulting annual rental of \$274,286 could be fully or partially waived if job creation goals are met. At September 30, 2017, AEDC's net investment in this lease, less discount for job credits, is \$1,209,790.

In 2017, AEDC released constructed assets to the wind tower manufacturer. The lease for this portion of the project also commences on November 15, 2021 with a rental term of seven years. The annual rent of \$471,429 could be fully or partially waived if job creation goals are met. At September 30, 2017, AEDC's net investment in this portion of the lease, less discount for job credits, is \$2,303,387.

<u>Year ending September 30</u>	<u>Bell Helicopter</u>	<u>Other</u>
2018	\$ 8,850,890	\$ 2,034,516
2019	7,267,728	2,034,516
2020	6,700,603	658,905
2021	6,687,387	630,000
2022	6,687,387	1,375,715
Future years	<u>45,867,535</u>	<u>8,884,285</u>
	<u>\$ 82,061,530</u>	<u>\$ 15,617,937</u>

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 20 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Operating Lease Activities

The AEDC entered into a lease agreement with the City to lease warehouse property on the northwest side of Amarillo. They sublease the property to a manufacturing company at scheduled amounts sufficient to amortize AEDC's costs over the lease term. During the year ended September 30, 2017, AEDC received rentals in the amount of \$141,913 and paid \$97,617 to the City for lease of this property.

The AEDC has other operating leases for office and warehouse space to unrelated third parties. During 2017, they received \$543,612 on those leases.

Capital Assets

As part of its economic development program, the AEDC has constructed a number of improvements on property leased from the City's airport for the purpose of subleasing to qualifying enterprises.

Additionally, it holds equipment needed for administrative purposes. At September 30, 2017, the AEDC's property, plant, and equipment were as follows:

Buildings and improvements	\$ 18,832,329
Vehicles and equipment	27,889
Construction in progress	-
Accumulated depreciation	<u>(8,506,227)</u>
Total capital assets	<u>\$ 10,353,991</u>

Employee Retirement Benefits

The AEDC maintains a money purchase pension plan for its employees, which is designed to meet the requirements of Internal Revenue Code Section 401(a), and has adopted a current contribution rate of 10% of salaries. As the AEDC's policy is to fund credits as they accrue, there is no unfunded pension obligation. A local banking institution serves as trustee. The cost of this plan for the year ended September 30, 2017, was \$71,066.

Long-Term Debt

In June 2017, AEDC issued its Taxable Sales Tax Revenue Refunding Bonds, Series 2017, dated June 20, 2017, in the face amount of \$22,480,000. The 2017 issue refunded the 2007 bond issue. The 2017 Series has annual principal amounts ranging from \$1,895,000 to \$3,795,000. Annual debt requirements range from approximately \$2,377,000 to \$4,340,000 through August 15, 2027. Interest rates on the outstanding bonds range from 1.486% to 3.183%. Scheduled principal payments are as follows: 2018, \$3,795,000; 2019, \$1,895,000; 2020, \$1,925,000; 2021, \$1,965,000; 2022, \$2,010,000 and thereafter \$10,890,000. The principal outstanding at September 30, 2017 was \$22,480,000.

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

In December 2009, the AEDC issued its taxable sales tax revenue bonds in the amount of \$38,830,000 for purposes of financing facilities being constructed for Bell Helicopter Textron and another corporation. After issuance costs and funding a reserve fund, approximately \$31 million of the bond proceeds were used for Bell and approximately \$5 million were used for the other corporation's project.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 20 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Long-Term Debt (Continued)

The 2009 bonds mature serially through 2030 and call for interest rates on the bonds currently outstanding ranging from 5.143% through 6.529%. Scheduled principal payments are as follows: 2018, \$1,555,000; 2019, \$1,635,000; 2020, \$1,720,000; 2021, \$1,835,000; 2022, \$1,955,000 and thereafter \$20,985,000. The principal outstanding at September 30, 2017, was \$29,685,000.

AEDC's bonds are rated "A1" by Moody's Investors Service, Inc. and "AA-" by Standard & Poor's Ratings Services.

Commitments

At September 30, 2017, AEDC had outstanding commitments to make grants or extend credit to qualifying enterprises, generally effective for a five-year period, in the amount of approximately \$39,000,000.

AEDC is obligated to the City for leases of warehouse property being subleased to various development and manufacturing enterprises.

During 2016, AEDC committed approximately \$15.0 million to a university. An additional \$6.0 million has been committed to Bell Helicopter for a delivery center. Additionally, they have committed to a local pharmaceutical group \$13 million to assist with job retention and creation. AEDC paid \$2.5 million in the current year leaving a commitment of \$10.5 million. Another \$3.5 million has been committed to the expansion of the ACE scholarship program and \$1.8 million is committed to a corporation for job creation. Other various commitments outstanding are approximately \$2.4 million.

In April 2014, AEDC purchased a building for \$3,100,000. After the purchase, and as part of the purchase agreement, AEDC received approximately \$170,000 in insurance proceeds from the seller for an insurance claim on damage to the roof. The insurance proceeds of \$170,000 and the land value of the transaction of \$460,000 result in net property, plant and equipment of \$2,500,000. This building was gifted to West Texas A&M University for an Amarillo Campus in 2017.

Postemployment Benefits

For the fiscal year ended September 30, 2017, AEDC's annual OPEB cost (expense) is \$15,181. Considering the annual expense less pay-as-you-go cost for retirees and trust contributions of \$5,002 the result was an increase in the net OPEB obligation of \$10,179 for the year ended September 30, 2017.

Financial Statements

Separately issued financial statements for this entity may be obtained by contacting the AEDC at its offices, which are located at 801 South Fillmore, Suite 205, Amarillo, Texas 79101.

NOTE 21 - AMARILLO-POTTER EVENTS VENUE DISTRICT

Significant Accounting Policies

The Venue District is a governmental entity created by enabling resolutions of the City and Potter County (the County) in September 1997. In January 1998, the voters of the City and the County approved the proposed project, which consists of constructing a livestock arena at the county fair grounds to be used for livestock shows, sporting events, agricultural expositions and other civic or charitable events, together with expansion of the City's Civic Center to provide additional exhibit hall space and meeting rooms.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 21 - AMARILLO-POTTER EVENTS VENUE DISTRICT (CONTINUED)

Significant Accounting Policies (Continued)

The construction of the livestock arena has been financed by citizen contributions, together with bonds serviced by a 2% hotel occupancy tax and a 5% tax on short-term auto rentals, both of which taxes were approved by the voters on January 17, 1998. The City has agreed to pay lease rentals, if necessary, to cover any shortfall in the tax revenues available for the debt service.

The Venue District is governed by a seven-member Board of Directors, four of whom are appointed by the Mayor of the City and three of whom are appointed by the County Judge of the County. The budget is subject to approval by both the City Council and the County Commissioner's Court. The City serves as fiscal agent for the Venue District, performing various administrative services under a contract providing that it will be reimbursed for its cost of providing the services.

The Venue District is considered to be a component unit of the City's financial reporting entity because of its oversight responsibility with respect to management, as well as its financial accountability with respect to debt service.

Measurement Focus, Basis of Accounting, and Financial Statement Preparation

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

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

Depreciation is provided for on the straight-line method over the estimated useful lives of the facilities. The primary depreciable asset of the Venue District at September 30, 2017, was a livestock arena, and its estimated useful life is 40 years.

Physical Facilities

A livestock arena and special events center (the Center) has been constructed on fairground property owned by the County and has a total capacity of 10,000 persons. The total construction cost of the facility was approximately \$12.8 million. When completed as of June 1, 2000, the Center was leased on a rent-free basis to the local nonprofit fair association.

In January 2002 construction began on a 65,000 square foot addition to the City's Civic Center, together with additional paved parking. The total construction cost of this facility was \$9.6 million. Cost in excess of the funds provided by the Venue District's bonds and available revenues are to be paid by the City with proceeds of its hotel-motel taxes earmarked for this expansion.

Financing

In December 1998, the Venue District issued sales tax and lease revenue bonds in the face amount of \$10 million, secured by a pledge of the Venue District's tax revenues, as well as by a lease agreement from the City secured by its hotel occupancy taxes, to be applicable if there is a shortfall in the Venue District's revenues available for debt service. In November 2000, the Venue District issued additional bonds in the face amount of \$6,750,000. On November 10, 2005, the Venue District issued \$6,425,000 in Special Tax and Lease Revenue Refunding Bonds (Series 2005) for a refunding of \$6,340,000 of outstanding Special Tax and Lease Revenue Bonds, Series 2000. On September 20, 2016, the Venue District issued \$5,085,000 in Special Tax and Lease Revenue Refunding Bonds for a refunding of \$5,105,000 of the Series 2005 outstanding bonds. The refunding was undertaken to reduce debt service payments by

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 21 - AMARILLO-POTTER EVENTS VENUE DISTRICT (CONTINUED)

Financing (Continued)

approximately \$327,000 over the next 30 years. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Venue District's financial statements. The principal amount outstanding at September 30, 2017, on the 2016 bond issue was \$4,925,000 and the unamortized bond premium was \$251,405.

In August 2009, the Venue District issued \$8,130,000 in Special Tax and Lease Revenue Refunding Bonds for a refunding of outstanding Special Tax and Lease Revenue Bonds, Series 1998. The refunding was undertaken to reduce total debt service payments over the next 20 years by approximately \$652,000 and resulted in an economic gain of approximately \$435,000. The debt has been considered defeased and, therefore, removed as a liability from the Venue District's financial statements for reporting purposes. The principal amount outstanding at September 30, 2017, on the bond issues was \$5,720,000.

Commitments

The District added an addendum to its agreement with Amarillo Tri-State Exposition, which provides that a monthly sum will be paid in consideration of management and operation of the Events Center. The monthly sum paid is subject to annual appropriation. On September 7, 2017, the District's Board approved an annual appropriation in the amount of \$368,248 for the year ending September 30, 2018, to Amarillo Tri-State Exposition. Additionally, the District's Board approved \$675,000 for the Amarillo Tri-State participation and \$356,517 for event development in its normal budgetary process.

The District has made a similar commitment to the City. In the lease addendum with the City, the District agreed to a monthly sum in consideration of management and operation of the District's addition to the Civic Center. The payment to the City is also subject to annual appropriation. On September 7, 2017, the District's Board approved an appropriation in the amount of \$398,004 through the year ending September 30, 2018, to the City in its normal budgetary process. Additionally, the District's Board approved \$250,000 for Civic Center improvements in its normal budgetary process.

Financial Statements

Separately issued financial statements for this entity may be obtained by contacting the Director of Finance, City of Amarillo, P.O. Box 1971, Amarillo, Texas 79105.

NOTE 22 - AMARILLO HOUSING FINANCE CORPORATION

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

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 22 - AMARILLO HOUSING FINANCE CORPORATION (CONTINUED)

In December 2007, the Housing Finance Corporation converted its \$5.6 million mortgage bond allocation to \$4 million in Mortgage Credit Certificates (MCC). MCCs allow first-time homebuyers to take a tax credit of up to \$2,000 a year on their income tax return for a portion of the mortgage interest paid during the year and the taxpayer is still allowed to deduct the balance of the mortgage interest as an itemized deduction. Also, MCCs work in any interest-rate environment. The program ended in December 2009. In total, the City utilized \$2,730,817 of the \$4 million in MCCs available.

Financial Statements

This organization does not publish separate financial statements, but its non-trusted cash balance, used for miscellaneous operating expenses. Further information regarding this entity may be obtained from the Director of Finance, City of Amarillo.

NOTE 23 - TAX INCREMENT REINVESTMENT ZONE #1

The Tax Increment Reinvestment Zone Number One (TIRZ #1) was created in FY 2007 pursuant to the Texas Tax Increment Financing Act, Tax Code, Chapter 311. The purpose of the zone is to promote the development of or redevelopment of certain contiguous geographic areas in the City.

The TIRZ #1 agreed to support the Potter County Courthouse renovation project with a debt issuance of \$1,234,605. The TIRZ #1 participation agreement with Potter County was amended November 16, 2010 and the funding obligation for the Courthouse was \$745,426. On June 16, 2011, the TIRZ #1 Board amended the agreement to add \$198,000 to the agreement. The TIRZ #1 has agreed to do landscaping and streetscaping around the new Courthouse. The City of Amarillo issued approximately \$2.2 million in Certificates of Obligation in February 2011 using an unlimited pledge of TIRZ #1 revenue for the Courthouse project and other streetscape improvements in downtown Amarillo.

The TIRZ #1 has agreed to rebate 90% of the taxes of the participating taxing entities paid by the owners for 20 years on the value of the improvements of the Fisk Building not to exceed 20 years or \$1,657,716. The Fisk Building opened as a new Courtyard by Marriott hotel in December 2010.

The TIRZ #1 Board approved approximately \$2.7 million for the streetscape improvements for the Amarillo Convention Hotel, parking structure, and multi-purpose event venue. On January 14, 2016, the TIRZ #1 Board voted to increase the participation in the downtown projects from \$2.7 million to \$4.387 million. The increase of \$1.687 million is in the form of a loan to the Amarillo Local Government Corporation with the original commitment of \$2.7 million remaining as a grant. On the same date, the Board agreed to fund the retail portion of the parking garage construction and a portion of the streetscape and amended the TIRZ #1 Project and Financing Plan accordingly. As of September 30, 2017, TIRZ #1 has advanced \$1,687,000 to LGC. As of September 30, 2017, the City has loaned TIRZ #1 \$1,500,000. This loan will assist TIRZ #1 with its obligation to fund \$3.45 million for the retail space associated with the parking garage project and approximately \$930,000 of streetscape.

The TIRZ #1 approved a \$385,000 local match of TXDOT funding for streetscape improvements at Buchanan Street and 6th Avenue.

TIRZ #1 and Center City provide a grant program which provides up to \$50,000 per qualifying applicant for streetscape elements. On August 13, 2015, Herring Bank was awarded up to a \$50,000 grant for streetscape improvements, as of September 30, 2017, TIRZ #1 had paid out \$0. During 2017, the grant program provided \$50,000 each to three applicants of which TIRZ #1 has paid out \$0.

The TIRZ #1 has agreed to rebate 90% of the taxes of the participating taxing entities paid by the owners for 20 years on the downtown Toot 'n Totum not to exceed \$494,195.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 23 - TAX INCREMENT REINVESTMENT ZONE #1 (CONTINUED)

On February 12, 2015, TIRZ #1 agreed to provide annual reimbursement to SPS Amarillo TX Landlord, LLC of 90% of the annual ad valorem tax increment from participating taxing entities that is generated by the Property's ad valorem tax revenue until the expiration of TIRZ #1 (2036). The term "tax increment" means the difference in tax revenue generated by the increase in the Property's taxable value between the year in which the City approved this Agreement and January 1 of each subsequent tax year during the term of this Agreement.

During 2016, the TIRZ #1 Board approved: for Mays, Inc. (Lofts on 10th) a 90% rebate of real property tax excluding School for 10 years pending completion of project; and a \$50,000 streetscape grant for the Vineyard Manor Townhomes. During 2017, the TIRZ #1 Board approved: 1.) a streetscape grant of \$50,000 and a 90% tax rebate for the Firestone Building (1004 S. Tyler Street) and 2.) a \$50,000 grant for the Levine Building (800 S. Polk).

Financial Statements

Separately issued financial statements may be obtained by contacting the Director of Finance, City of Amarillo, P.O. Box 1971, Amarillo, Texas 79105.

NOTE 24 - AMARILLO LOCAL GOVERNMENT CORPORATION

In March 2011, the Corporation was organized as a public nonprofit corporation for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental functions to promote the development of the geographic area of the City, including the vicinity of the downtown area, in furtherance of the promotions, development, encouragement and maintenance of employment, commerce, convention and meeting activity, tourism and economic development in the City. The Corporation was created under the provisions of Subchapter D of Chapter 431, Texas Transportation Code and the Texas Nonprofit Corporation Law, Chapter 22, Business Organizations Code.

LGC is governed by a seven-member Board of Directors appointed by the City Council. LGC's annual operating budget, as well as projects undertaken by it, is subject to approval by the City Council.

The City leased land to the LGC to build a convention hotel and parking garage. The term of the ground lease is for eighty (80) years. The LGC entered into a lease and development agreement with Supreme Bright Amarillo II, LLC to construct a full-service convention center hotel with 225 rooms and approximately 17,000 square feet of configurable meeting space. Construction of the hotel by the developer was substantially completed and commencement of operations occurred on September 8, 2017. Pursuant to the lease and development agreement, LGC owns the hotel during the lease term and leases the hotel to the developer for eighty (80) years. Upon expiration or termination of the lease, ownership of the hotel transfers from LGC to the City. At September 30, 2017, LGC recorded \$40,700,000 in contributed capital and capital assets for the hotel. During the lease term, the developer will receive all revenue from the hotel and will be responsible for all operating and maintenance costs. The agreement includes a performance assurance clause of up to \$2 million, to be funded, if necessary, to assure a minimum performance of the hotel for a limited time surrounding the opening of it. The LGC, the City, and TIRZ #1 have agreed not to incentivize another comparable hotel in the downtown area for five years.

July 1, 2017, LGC completed construction of a 750-space parking garage adjacent to the hotel. The cost of the parking garage was \$16,947,568. LGC owns the parking garage and will operate the parking facility and retain all parking fee revenue. At the end of the eighty year ground lease, ownership of the parking garage will transfer from LGC to the City. The hotel developer will have 150 reserved spaces in the garage and has agreed to pay \$120,000 a year in parking rent and an annual base rent of \$1,000, adjusted annually by CPI. LGC will operate the retail portion of the parking garage and will retain the revenue therefrom.

As of September 30, 2017, LGC has recorded retainage payable of \$318,290 and has an outstanding commitment of approximately \$125,000.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 24 - AMARILLO LOCAL GOVERNMENT CORPORATION (CONTINUED)

Financial Statements

Separately issued financial statements may be obtained by contacting the Director of Finance, City of Amarillo, P.O. Box 1971, Amarillo, Texas 79105.

NOTE 25 - NEW GASB PRONOUNCEMENTS

GASB has issued several new pronouncements that the City has reviewed for application .

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016. This statement did not have a significant impact on the City's financial statements.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Among other things, Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2017.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires state and local governments, for the first time, to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2015. This statement did not have a significant impact on the City's financial statements.

GASB Statement No. 78, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers; and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). GASB 78 is effective for financial statements for reporting periods beginning after December 15, 2015. This statement did not have a significant impact on the City's financial statements.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes and provides guidance that will allow many pools to continue to qualify for amortized cost accounting. Existing standards provide that external investment pools may measure their investments at amortized cost for financial reporting purposes, if they follow substantially all of the provisions of the SEC's Rule 2a-7. Likewise, participants in those pools are able to report their investments in the pool at amortized

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 25 - NEW GASB PRONOUNCEMENTS (CONTINUED)

cost per share. GASB 79 replaces the reference in existing GASB literature to Rule 2a-7 with criteria that are similar in many respects to those in Rule 2a-7. GASB 79 is effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged. This statement did not have a significant impact on the City's financial statements.

GASB Statement No. 80, *Blending Requirement for Certain Component Units*, clarifies the display requirements in GASB Statement No. 14, *The Financial Reporting Entity*, by requiring these component units to be blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member. Although GASB 80 applies to a limited number of governmental units, such as, for example, public hospitals, the GASB intends for it to enhance the comparability of financial statements among those units and improve the value of this information for users of state and local government financial statements. GASB 80 is effective for financial statements for reporting periods beginning after June 15, 2016. This statement did not have a significant impact on the City's financial statements.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. GASB 81 requires that a government recognize revenue when the resources become applicable to the reporting period. GASB 81 is effective for financial statements for reporting periods beginning after June 15, 2016. This statement did not have a significant impact on the City's financial statements.

GASB Statement No. 82, *Pension Issues*, is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance. Specifically, the practice issues raised by stakeholders during implementation relate to GASB 67, 68, and 73. GASB 82 is effective for financial statements for reporting periods beginning after June 15, 2016. This statement did not have a significant impact on the City's financial statements.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). It requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and requires that a deferred outflow of resources associated with an ARO to be measured at the amount of the corresponding liability upon initial measurement. GASB 83 is effective for financial statements for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The City is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 84, *Fiduciary Activities*, the objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 25 - NEW GASB PRONOUNCEMENTS (CONTINUED)

also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. GASB No. 84 is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The City is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 85, *Omnibus 2017*, the objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). GASB 85 is effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The City is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, the primary objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance debt that is extinguished and notes to financial statements for debt that is defeased in substance. GASB 86 is effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. The City is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 87, *Leases*, the objective of this statement is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The City is currently evaluating the effect of this statement on their financial statements.

NOTE 26 - SUBSEQUENT EVENTS

The City evaluated for inclusion as a subsequent event disclosure those events that occurred prior to February 27, 2018, the date the financial statements were issued.

The Amarillo Firefighter's Relief and Retirement Fund adopted Plan amendments during December 2017 that will take effect January 1, 2018.

On January 9, 2018, the City entered into a lease agreement with Dell EMC for hardware and software licensing for approximately \$2,737,000.

The City approved the Construction Manager at Risk (CMAR) agreement for the construction of the multi-purpose event venue during January 2018.

On February 20, 2018, the City Council approved the issuance of \$38,835,000 of Hotel Occupancy Tax Bonds, Series 2018 (Taxable) to fund a multi-purpose event venue.

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

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REQUIRED SUPPLEMENTARY INFORMATION

Certain information that is not a part of the basic financial statements but, nevertheless, is considered to be an important part of a governmental entity's financial report, must be presented immediately after the notes to the basic financial statements. This information includes the following:

Budgetary comparison schedules for the General Fund and each major special revenue fund that has a legally adopted annual budget: Under these criteria, the budgetary comparison schedule of the General Fund is presented in this section.

Pension trend data: The City's Net Pension Liability and Required Contributions for the Texas Municipal Retirement System, as well as the Firemen's Relief and Retirement Fund for City of Amarillo firefighters, is included in this section.

Postemployment trend data: The funding progress of the City's portion of the postemployment benefit plan is included in this section.

CITY OF AMARILLO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	Adjustments to Budgetary Basis	Actual on Budgetary Basis	
REVENUES						
Ad valorem taxes	\$ 41,402,132	\$ 41,402,132	\$ 42,003,099	\$ -	\$ 42,003,099	\$ 600,967
Sales taxes	56,746,822	56,746,822	55,544,448	-	55,544,448	(1,202,374)
Mixed beverage taxes	831,600	831,600	816,149	-	816,149	(15,451)
Hotel occupancy taxes	7,066,324	7,066,324	6,591,586	-	6,591,586	(474,738)
Gross receipts bus. taxes	17,159,636	17,159,636	17,962,785	-	17,962,785	803,149
Licenses and permits	3,848,307	3,848,307	3,379,143	-	3,379,143	(469,164)
Interfund reimbursement	1,083,512	1,083,512	1,362,765	-	1,362,765	279,253
Intergovernmental revenue	3,529,763	3,529,763	3,686,195	-	3,686,195	156,432
Contributions from citizens	14,500	189,500	185,550	-	185,550	(3,950)
Charges for services	34,342,266	34,342,266	34,016,832	-	34,016,832	(325,434)
Fines and forfeitures	4,773,248	4,773,248	4,787,634	-	4,787,634	14,386
Investment earnings	482,300	482,300	636,631	-	636,631	154,331
Other rentals and commissions	434,860	436,360	479,190	-	479,190	42,830
Miscellaneous revenues	785,413	785,413	289,068	-	289,068	(496,345)
Total revenues	172,500,683	172,677,183	171,741,075	-	171,741,075	(936,108)
EXPENDITURES						
Auditorium/coliseum	3,522,727	3,700,636	3,527,313	6,128	3,533,441	167,195
Tourism	3,088,444	3,180,444	3,055,383	52,000	3,107,383	73,061
Fire protection	31,526,630	32,211,931	32,104,098	85,585	32,189,683	22,248
General government	4,405,100	4,555,300	4,228,149	(9,315)	4,218,834	336,466
Libraries	3,831,445	4,061,888	4,002,524	(624)	4,001,900	59,988
Public safety and health	11,672,356	11,899,356	11,463,457	6,988	11,470,445	428,911
Parks	7,364,574	7,850,627	7,854,060	(4,460)	7,849,600	1,027
Participant recreation	6,031,308	5,909,024	5,539,386	(14,105)	5,525,281	383,743
Police protection	45,022,969	45,764,753	46,005,029	(81,102)	45,923,927	(159,174)
Solid waste	13,481,825	14,001,197	14,132,745	(1,449)	14,131,296	(130,099)
Staff services	9,949,394	10,386,056	10,163,868	17,963	10,181,831	204,225
Information technology	3,911,465	3,911,465	3,911,465	-	3,911,465	-
Streets traffic and engineering	15,914,000	16,548,779	15,397,049	528,963	15,926,012	622,767
Transit	4,868,795	5,010,872	4,716,811	11,772	4,728,583	282,289
Total expenditures	164,591,032	168,992,328	166,101,337	598,344	166,699,681	2,292,647
Excess (deficiency) of revenues over (under) expenditures	7,909,651	3,684,855	5,639,738	(598,344)	5,041,394	1,356,539
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	108,515	128,515	177,820	-	177,820	49,305
Transfers to other funds	(12,020,763)	(8,464,966)	(8,234,735)	-	(8,234,735)	230,231
Total other financing sources (uses)	(11,912,248)	(8,336,451)	(8,056,915)	-	(8,056,915)	279,536
Net change in fund balances	(4,002,597)	(4,651,596)	(2,417,177)	(598,344)	(3,015,521)	1,636,075
FUND BALANCE, BEGINNING OF YEAR	48,640,577	48,640,577	48,079,850	560,727	48,640,577	-
FUND BALANCE, END OF YEAR	\$ 44,637,980	\$ 43,988,981	\$ 45,662,673	\$ (37,617)	\$ 45,625,056	\$ 1,636,075

Note 1 - The City prepares its annual budget on a basis (budget basis) which differs from a GAAP basis. The differences between budget and GAAP basis in the General Fund are that encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP), unrealized investment gain (loss) is recognized for GAAP basis only and interfund loan transactions treated as transfers for budget basis.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2017**

	<u>2016⁽¹⁾</u>	<u>2015⁽¹⁾</u>	<u>2014⁽¹⁾</u>
Total Pension Liability			
Service cost	\$ 11,329,118	\$ 10,715,246	\$ 9,500,808
Interest (on the total pension liability)	29,137,163	28,509,723	27,566,183
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(1,733,915)	2,896,352	(425,198)
Change of assumptions	-	7,637,919	-
Benefit payments, including refunds of employee contributions	(25,602,958)	(25,769,544)	(21,770,206)
Net change in Total Pension Liability	<u>13,129,408</u>	<u>23,989,696</u>	<u>14,871,587</u>
Total Pension Liability - Beginning	<u>438,798,598</u>	<u>414,808,902</u>	<u>399,937,315</u>
Total Pension Liability - Ending (a)	<u>\$ 451,928,006</u>	<u>\$ 438,798,598</u>	<u>\$ 414,808,902</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 8,727,306	\$ 8,989,606	\$ 8,771,979
Contributions - employee	5,573,830	5,589,314	5,307,168
Net investment income	25,057,057	563,574	21,096,607
Benefit payments, including refunds of employee contributions	(25,602,958)	(25,769,544)	(21,770,206)
Administrative expense	(283,170)	(343,321)	(220,283)
Other	(15,257)	(16,957)	(18,110)
Net Change in Plan Fiduciary Net Position	<u>13,456,808</u>	<u>(10,987,328)</u>	<u>13,167,155</u>
Plan Fiduciary Net Position - Beginning	<u>371,004,227</u>	<u>381,991,555</u>	<u>368,824,400</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 384,461,035</u>	<u>\$ 371,004,227</u>	<u>\$ 381,991,555</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 67,466,971</u>	<u>\$ 67,794,371</u>	<u>\$ 32,817,347</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.07%	84.55%	92.09%
Covered Employee Payroll	\$ 79,614,328	\$ 79,785,899	\$ 75,816,680
Net Position Liability as a Percentage of Covered Employee Payroll	84.74%	84.97%	43.29%

⁽¹⁾ Amounts are based on the Texas Municipal Retirement System Plan year end December 31

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

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 SCHEDULE OF CONTRIBUTIONS
 SEPTEMBER 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 8,973,486	\$ 8,571,738	\$ 8,723,824
Contributions in relation to the actuarially determined contribution	<u>8,888,138</u>	<u>8,545,939</u>	<u>8,723,824</u>
Contribution deficiency (excess)	<u>\$ 85,348</u>	<u>\$ 25,799</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 84,792,191</u>	<u>\$ 77,629,583</u>	<u>\$ 76,977,081</u>
Contributions as a percentage of covered employee payroll	10.48%	11.01%	11.33%

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

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2017**

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	29 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Individual salary increases	3.50% to 10.5%, including inflation
Investment rate of return	6.75%, net of pension plan investment expense including inflation
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experienced study of the period 2010-2014
Mortality	RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

NOTE 3 - OTHER INFORMATION

There were no benefit changes during the year.

**CITY OF AMARILLO, TEXAS
FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
SEPTEMBER 30, 2017**

	<u>2016 ⁽¹⁾</u>	<u>2015 ⁽¹⁾</u>	<u>2014 ⁽¹⁾</u>
Total Pension Liability			
Service cost	\$ 4,755,411	\$ 3,983,821	\$ 3,830,597
Interest (on the total pension liability)	14,501,797	13,596,993	13,071,902
Changes of benefit terms	-	-	-
Difference between expected and actual experience	-	4,740,472	-
Change of assumptions	-	4,770,803	-
Benefit payments, including refunds of employee contributions	<u>(11,465,839)</u>	<u>(11,340,691)</u>	<u>(10,131,932)</u>
Net change in Total Pension Liability	7,791,369	15,751,398	6,770,567
Total Pension Liability - Beginning	<u>182,249,969</u>	<u>166,498,571</u>	<u>159,728,004</u>
Total Pension Liability - Ending (a)	<u>\$ 190,041,338</u>	<u>\$ 182,249,969</u>	<u>\$ 166,498,571</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 3,635,605	\$ 3,559,287	\$ 3,311,865
Contributions - employee	2,509,970	2,456,814	2,286,471
Net investment income	13,708,943	12,177,834	6,499,411
Gain (loss) due to difference in projected vs. actual earnings	-	(12,274,477)	-
Benefit payments, including refunds of employee contributions	<u>(11,465,839)</u>	<u>(11,340,691)</u>	<u>(10,131,932)</u>
Administrative expense	(80,849)	(436,742)	(90,633)
Other	<u>30,991</u>	<u>50,173</u>	<u>5,165</u>
Net Change in Plan Fiduciary Net Position	8,338,821	(5,807,802)	1,880,347
Plan Fiduciary Net Position - Beginning	<u>144,657,881</u>	<u>150,465,683</u>	<u>148,585,336</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 152,996,702</u>	<u>\$ 144,657,881</u>	<u>\$ 150,465,683</u>
City's Net Pension Liability - Ending (a) - (b)	\$ 37,044,636	\$ 37,592,088	\$ 16,032,888
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	80.51%	79.37%	90.37%
Covered Employee Payroll	\$ 19,307,515	\$ 18,902,215	\$ 17,588,238
Net Position Liability as a Percentage of Covered Employee Payroll	191.87%	198.88%	91.16%

⁽¹⁾ Amounts are based on the Firemen's Relief and Retirement Plan year end December 31

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

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
 FIREMEN'S RELIEF AND RETIREMENT FUND
 SCHEDULE OF CONTRIBUTIONS
 SEPTEMBER 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,827,547	\$ 3,576,216	\$ 3,432,058
Contributions in relation to the actuarially determined contribution	<u>3,827,547</u>	<u>3,576,216</u>	<u>3,432,058</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 19,892,208</u>	<u>\$ 18,890,426</u>	<u>\$ 18,288,556</u>
Contributions as a percentage of covered employee payroll	19.24%	18.91%	18.77%

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

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2017**

NOTE 1 - ACTUARIAL METHODS AND ASSUMPTIONS

The information presented in the required supplementary schedules was determined as part of the biennial actuarial valuations. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2015
Actuarial cost method	Individual entry age normal actuarial cost method
Amortization method	Level percentage of pay, open
Remaining amortization period	34.5 years
Asset calculation method	Smoothed market value method

Actuarial assumptions:

Investment rate of return	8.00%, net of pension plan investment expense
Inflation	3.00%
Projected salary increases	4.00%
Contribution rate:	
City of Amarillo	19.57%
Employees	13.00%
Mortality rate	RP-2000 mortality table projected to 2024 using scale AA, male and female rates

NOTE 2 - EMPLOYER CONTRIBUTIONS

Employer fiscal year contributions are actuarially determined in the preceding valuation. The range of recommended contributions was based on amortization of the actuarial accrued liability over a period ranging from 10 to 30 years. The amortization period as of December 31, 2016, was approximately 34.5 years, taking into account the contributions made between January 1, 2016, and December 31, 2016. The amortization method was the level dollar method and the amortization period is an open amortization period. The annual contributions for the Plan years ending December 31, 2016 and 2015 were approximately \$3,600,000 and \$3,600,000, respectively.

NOTE 3 – CHANGE IN ASSUMPTIONS

The rate of return on the actuarial value of assets was lowered from 8.25% to 8.00%. The rate at which the City was assumed to contribute to the Plan was increased from 18.83% of pay to 19.57% of pay. The mortality tables were changed from RP-2000 combined employee and healthy annuitant, projected to 2015 using scale AA with separate rates for males and females to RP-2000 combined employee and healthy annuitant, projected to 2024 using scale AA with separate rates for males and females. The valuation date was changed from January 1, 2016 to December 31, 2015.

NOTE 4 - OTHER INFORMATION

There were no benefit changes during the year. Covered compensation was approximately \$19,000,000 and \$18,900,000 for calendar years 2016 and 2015, respectively. For 2016, the member contribution rate was 13% of pay, and the City's contribution rate was 19.57% of pay.

See Independent Auditor's Report

**CITY OF AMARILLO, TEXAS –
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/1/17 ⁽¹⁾	\$ 12,442,172 ⁽²⁾	\$ 75,552,589	\$ 63,110,417	16.5%	\$ 102,666,000	61.6%
10/1/16 ⁽¹⁾	8,511,012	73,131,575	64,620,563	11.6%	100,443,000	64.3%
10/1/15	5,759,819	70,340,783	64,580,964	8.2%	97,385,000	66.3%
10/1/14	3,657,652	69,780,405	66,122,753	5.2%	90,872,000	72.8%
10/1/13	1,341,136	67,640,329	66,299,193	2.0%	87,952,000	75.4%
10/1/12	-	267,069,036	267,069,036	0.0%	94,400,488	282.9%
10/1/11	-	250,000,875	250,000,875	0.0%	91,473,341	273.3%
10/1/10	-	203,259,604	203,259,604	0.0%	82,978,108	245.0%
10/1/09	-	190,216,284	190,216,284	0.0%	80,561,270	236.1%
10/1/08	-	203,630,675	203,630,675	0.0%	80,412,465	253.2%

⁽¹⁾ The liabilities and annual costs and covered payroll are based on the 10/01/2015 GASB 45 valuation.

⁽²⁾ The Actuarial Value of Assets at 10/1/17 are based on the 10/1/2015 Actuarial Valuation Report. The fair value of the assets at September 30, 2017 was \$12,450,889 and consist of \$2,205 cash and \$12,448,684 of equity and fixed income securities.

See Independent Auditor's Report.

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. This category includes the following funds:

Grant funds: These funds are used to account for the receipt and expenditure of funds received under various federal and state assistance programs.

Public improvement districts: These funds are used to account for assessments levied against residential lots in various public improvement districts, the use of which is restricted for maintenance of beautification and recreational facilities.

Seizures funds: These funds are used, to account for crime seizure proceeds awarded to the City, the use of which is restricted to law enforcement purposes.

Other: These funds include:

Court Technology Fund: Fees collected by the Municipal Court under state laws which restrict the use of the proceeds to technological enhancements for the Court.

Court Security Fund: Fees collected by the Municipal Court under state laws which restrict the use of the proceeds to court security activities and cost for the Court.

LEOSE Training Program: Fees collected by the Municipal Court under state laws for the purpose of providing continuing education for law enforcement and fire officers.

Homeland Security Program: The homeland security programs provide the Emergency Management Department with professional services and equipment, which allows the City to be operationally equipped and trained to respond to emergencies through the purchase of equipment, training, and exercises with the goal of improving the preparedness of local responders.

Cable Capital Facilities Fund: Funds received and restricted for specific cable connectivity with Amarillo Independent School District.

Photo Enforcement: Fees collected from red-light traffic violations that are restricted by State law to be used only for traffic intersection improvements.

Public Library Bush Collection: Funds received and restricted for the purchase and maintenance of items in the William Henry Bush Collection.

Library Trust: Various funds received for the sole benefit of the Amarillo Public Library.

Flood Hazard: Fees collected for playa lake development.

Centennial Plaza Trust: Funds received for improvements at the Amarillo City Hall/Civic Center Complex.

Civic Amarillo: Funds accumulated and used by the Amarillo Civic Center for the in-house promotion of events.

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Other (Continued):

Zoo Trust: Funds received and restricted for operations and improvements at the Amarillo Zoo.

Centennial Celebration: Funds received and restricted for the City's centennial celebration.

Keep Amarillo Beautiful: Funds received for improvements to the Amarillo area.

Tax Increment Reinvestment Zone #1: Blended component unit created to promote the development of or redevelopment of certain contiguous geographic areas in the City.

Bonded Debt Service Fund

This fund currently accounts for ad valorem taxes assessed for purposes of servicing the serial debt obligations of the 2001 general obligation bonds issued for library purposes, as well as special assessments made for servicing certificates of obligation issued for the Public Improvement District.

Compensated Absences Fund

This fund accounts for the ultimate payment of termination obligations to the employees of the City.

Permanent Fund

Pavillard Endowment: This fund accounts for a contribution to the City's Library, which was to be held to provide a lifetime income to the grantor and, thereafter, to use the income therefrom for purchases of children's books.

**CITY OF AMARILLO, TEXAS
COMBINING BALANCE SHEET OF
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017**

	Special Revenue Funds				
	Housing and Urban Development Grants	Other Grant Funds	Public Improvement Districts	Seizures Funds	Other
ASSETS					
Cash and cash equivalents	\$ 754,219	\$ 5,379,878	\$ 796,541	\$ 583,764	\$ 4,354,849
Investments, at fair values	-	-	-	-	1,498,732
Receivables, net of allowances for uncollectibles					
Property taxes	-	-	-	-	-
Accounts	100,582	257,445	1,101	-	-
Accrued Interest	-	-	-	-	557
Other accrued revenue	-	-	-	-	-
Due from other funds unrestricted	8,430	15,140	-	-	-
Due from other governments	102,332	842,561	-	-	81
Prepaid items	423	5,777	-	605	-
Restricted cash and cash equivalents	-	-	-	-	781
Restricted investments	-	-	-	-	-
TOTAL ASSETS	\$ 965,986	\$ 6,500,801	\$ 797,642	\$ 584,369	\$ 5,855,000
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Vouchers payable	\$ 15,686	\$ 139,149	\$ 23,141	\$ -	\$ 59,171
Accounts payable	117,127	189,677	-	-	356,579
Accrued expenditures	12,585	312	-	-	5,737
Deposits	-	-	-	-	1,268,954
Due to other funds - unrestricted	154,367	695,000	-	-	69,914
Due to other governments	21	-	-	22,110	-
Unearned revenues - other	72,156	17,693	-	-	-
Unearned revenues - property taxes	-	-	-	-	-
Advance from other funds	-	-	-	-	1,430,086
Total liabilities	371,942	1,041,831	23,141	22,110	3,190,441
FUND BALANCES					
Nonspendable					
Prepaid items	423	5,220	-	605	-
Uncollected taxes	-	-	-	-	-
Restricted for:					
Debt Service	-	-	-	-	-
Special purposes	544,406	5,453,750	774,501	561,654	2,664,559
Committed for:					
Compensated Absences	49,215	-	-	-	-
Total fund balances	594,044	5,458,970	774,501	562,259	2,664,559
TOTAL LIABILITIES AND FUND BALANCES	\$ 965,986	\$ 6,500,801	\$ 797,642	\$ 584,369	\$ 5,855,000

See Independent Auditor's Report.

<u>Bonded Debt Service Fund</u>	<u>Compensated Absences Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,094,548	\$ 240,801	\$ 17,694	\$ 13,222,294
-	3,249,065	-	4,747,797
21,118	-	-	21,118
-	-	-	359,128
-	11,151	-	11,708
-	-	-	-
-	-	-	23,570
-	-	-	944,974
-	-	-	6,805
-	-	-	781
-	-	-	-
<u>\$ 1,115,666</u>	<u>\$ 3,501,017</u>	<u>\$ 17,694</u>	<u>\$ 19,338,175</u>
\$ -	\$ -	\$ -	\$ 237,147
3,620	-	1	667,004
-	-	-	18,634
-	-	-	1,268,954
-	-	-	919,281
-	-	-	22,131
-	-	-	89,849
15,470	-	-	15,470
-	-	-	1,430,086
<u>19,090</u>	<u>-</u>	<u>1</u>	<u>4,668,556</u>
-	-	-	6,248
5,648	-	-	5,648
1,090,928	-	-	1,090,928
-	-	17,693	10,016,563
-	3,501,017	-	3,550,232
<u>1,096,576</u>	<u>3,501,017</u>	<u>17,693</u>	<u>14,669,619</u>
<u>\$ 1,115,666</u>	<u>\$ 3,501,017</u>	<u>\$ 17,694</u>	<u>\$ 19,338,175</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2017**

	Special Revenue Funds				
	Housing and Urban Development Grants	Other Grant Funds	Public Improvement Districts	Seizures Funds	Other
REVENUES					
Ad valorem taxes - for debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	12,671,429	9,582,380	-	-	53,542
Citizen contributions	-	-	-	-	1,947
Construction participation	19,532	-	-	-	-
Revenue from participating taxing entities	-	-	-	-	640,129
Other entity participations	-	-	-	-	-
Charges for services	25,627	48,303	1,409,531	-	588,811
Fines and forfeitures	-	-	-	241,795	1,457,990
Investment earnings	1,825	-	159	1,385	27,413
Miscellaneous	207,949	5,541	-	-	(26,831)
Total revenues	<u>12,926,362</u>	<u>9,636,224</u>	<u>1,409,690</u>	<u>243,180</u>	<u>2,743,001</u>
EXPENDITURES					
General government	-	-	-	-	-
Police protection	-	279,932	-	41,331	-
Other public safety and health	-	5,460,277	-	-	1,335,713
Staff services	-	540,864	-	-	-
Auditorium - coliseum	-	-	-	-	298,966
Library	-	-	-	-	342
Parks	-	-	747,201	-	-
Participation recreation	-	-	-	-	41,916
Urban redevelopment and housing	13,078,306	-	-	-	-
Capital outlay	-	-	-	43,931	33,885
Debt service principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Economic Development & Tourism	-	-	-	-	1,374,702
Termination vacation and sick leave pay	-	-	-	-	-
Total expenditures	<u>13,078,306</u>	<u>6,281,073</u>	<u>747,201</u>	<u>85,262</u>	<u>3,085,524</u>
Excess (deficiency) of revenues over (under) expenditures	(151,944)	3,355,151	662,489	157,918	(342,523)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	26,903	74,792	-	-	47,000
Loans to outside entities	-	-	-	-	(1,694,897)
Transfers to other funds	(6,762)	(38,798)	(405,772)	-	(302,507)
Net change in fund balances	(131,803)	3,391,145	256,717	157,918	(2,292,927)
FUND BALANCES, BEGINNING OF YEAR	<u>725,847</u>	<u>2,067,825</u>	<u>517,784</u>	<u>404,341</u>	<u>4,957,486</u>
FUND BALANCES, END OF YEAR	<u>\$ 594,044</u>	<u>\$ 5,458,970</u>	<u>\$ 774,501</u>	<u>\$ 562,259</u>	<u>\$ 2,664,559</u>

See Independent Auditor's Report.

<u>Bonded Debt Service Fund</u>	<u>Compensated Absences Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 2,789,543	\$ -	\$ -	\$ 2,789,543
-	-	-	22,307,351
-	-	-	1,947
-	-	-	19,532
-	-	-	640,129
-	-	-	-
-	-	-	2,072,272
-	-	-	1,699,785
9,753	24,409	-	64,944
-	-	-	186,659
<u>2,799,296</u>	<u>24,409</u>	<u>-</u>	<u>29,782,162</u>
-	-	-	-
-	-	-	321,263
-	-	-	6,795,990
7,540	-	-	548,404
-	-	-	298,966
-	-	-	342
-	-	-	747,201
-	-	-	41,916
-	-	-	13,078,306
-	-	-	77,816
2,399,051	-	-	2,399,051
1,758,596	-	-	1,758,596
-	-	-	1,374,702
-	1,374,058	-	1,374,058
<u>4,165,187</u>	<u>1,374,058</u>	<u>-</u>	<u>28,816,611</u>
(1,365,891)	(1,349,649)	-	965,551
1,554,445	-	-	1,703,140
-	-	-	(1,694,897)
-	(8,100)	-	(761,939)
<u>188,554</u>	<u>(1,357,749)</u>	<u>-</u>	<u>211,855</u>
908,022	4,858,766	17,693	14,457,764
<u>\$ 1,096,576</u>	<u>\$ 3,501,017</u>	<u>\$ 17,693</u>	<u>\$ 14,669,619</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
OTHER GRANT FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017**

	Special Revenue Funds			Total Other Grant Funds
	Public Health Grants	Justice Grants	Miscellaneous Grants	
ASSETS				
Cash and cash equivalents	\$ 5,302,257	\$ 57,366	\$ 20,255	\$ 5,379,878
Receivables, net of allowances for uncollectibles				
Accounts	725	-	256,720	257,445
Other accrued revenue	-	-	-	-
Due from other funds unrestricted	15,140	-	-	15,140
Due from other governments	668,664	30,243	143,654	842,561
Prepaid items	5,220	-	557	5,777
TOTAL ASSETS	\$ 5,992,006	\$ 87,609	\$ 421,186	\$ 6,500,801
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers payable	\$ 138,425	\$ -	\$ 724	\$ 139,149
Accounts payable	160,560	-	29,117	189,677
Accrued expenditures	-	-	312	312
Deferred revenue	17,693	-	-	17,693
Due to other funds - unrestricted	310,000	35,000	350,000	695,000
Total liabilities	<u>626,678</u>	<u>35,000</u>	<u>380,153</u>	<u>1,041,831</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	5,220	-	-	5,220
Restricted:				
Special purposes	5,360,108	52,609	41,033	5,453,750
Total fund balances	<u>5,365,328</u>	<u>52,609</u>	<u>41,033</u>	<u>5,458,970</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,992,006	\$ 87,609	\$ 421,186	\$ 6,500,801

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
OTHER GRANT FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Special Revenue Funds</u>			<u>Total Other Grants Funds</u>
	<u>Public Health Grants</u>	<u>Justice Grants</u>	<u>Miscellaneous Grants</u>	
REVENUES				
Intergovernmental revenues	\$ 8,205,920	\$ 265,854	\$ 1,110,606	\$ 9,582,380
Charges for services	48,303	-	-	48,303
Miscellaneous	5,541	-	-	5,541
Total revenues	<u>8,259,764</u>	<u>265,854</u>	<u>1,110,606</u>	<u>9,636,224</u>
EXPENDITURES				
Other public safety and health	4,785,682	-	674,595	5,460,277
Staff services	-	-	540,864	540,864
Police protection	-	279,932	-	279,932
Total expenditures	<u>4,785,682</u>	<u>279,932</u>	<u>1,215,459</u>	<u>6,281,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,474,082</u>	<u>(14,078)</u>	<u>(104,853)</u>	<u>3,355,151</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	66,687	8,105	74,792
Operating transfers to other funds	<u>(38,798)</u>	<u>-</u>	<u>-</u>	<u>(38,798)</u>
Net change in fund balances	3,435,284	52,609	(96,748)	3,391,145
FUND BALANCES, BEGINNING OF YEAR	<u>1,930,044</u>	<u>-</u>	<u>137,781</u>	<u>2,067,825</u>
FUND BALANCES, END OF YEAR	<u>\$ 5,365,328</u>	<u>\$ 52,609</u>	<u>\$ 41,033</u>	<u>\$ 5,458,970</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PUBLIC IMPROVEMENT DISTRICTS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017**

	<u>Greenways at Hillside</u>	<u>Brennan Boulevard</u>	<u>The Colonies</u>	<u>Tutbury</u>
ASSETS				
Cash and cash equivalents	\$ 250,120	\$ 8,952	\$ 260,732	\$ 23,111
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 250,120</u>	<u>\$ 8,952</u>	<u>\$ 260,732</u>	<u>\$ 23,111</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers payable	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 21,111</u>	<u>\$ 1,469</u>
Total liabilities	<u>1</u>	<u>-</u>	<u>21,111</u>	<u>1,469</u>
FUND BALANCES				
Restricted for:				
Special purposes	<u>250,119</u>	<u>8,952</u>	<u>239,621</u>	<u>21,642</u>
Total fund balances	<u>250,119</u>	<u>8,952</u>	<u>239,621</u>	<u>21,642</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 250,120</u>	<u>\$ 8,952</u>	<u>\$ 260,732</u>	<u>\$ 23,111</u>

See Independent Auditor's Report.

<u>Point West</u>	<u>Quail Creek</u>	<u>Vineyards</u>	<u>Redstone</u>	<u>Townsquare</u>	<u>Total</u>
\$ 170,581	\$ 6,599	\$ 5,591	\$ 874	\$ 69,981	\$ 796,541
-	701	400	-	-	1,101
<u>\$ 170,581</u>	<u>\$ 7,300</u>	<u>\$ 5,991</u>	<u>\$ 874</u>	<u>\$ 69,981</u>	<u>\$ 797,642</u>
\$ 1	\$ 559	\$ -	\$ -	\$ -	\$ 23,141
1	559	-	-	-	23,141
170,580	6,741	5,991	874	69,981	774,501
170,580	6,741	5,991	874	69,981	774,501
<u>\$ 170,581</u>	<u>\$ 7,300</u>	<u>\$ 5,991</u>	<u>\$ 874</u>	<u>\$ 69,981</u>	<u>\$ 797,642</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PUBLIC IMPROVEMENT DISTRICTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Greenways at Hillside</u>	<u>Brennan Boulevard</u>	<u>The Colonies</u>	<u>Tutbury</u>
REVENUES				
Charges for services	\$ 556,891	\$ -	\$ 695,134	\$ 16,296
Investment earnings	154	-	5	-
Total revenues	<u>557,045</u>	<u>-</u>	<u>695,139</u>	<u>16,296</u>
EXPENDITURES				
Parks	331,116	-	377,679	10,075
Total expenditures	<u>331,116</u>	<u>-</u>	<u>377,679</u>	<u>10,075</u>
Excess (deficiency) of revenues over (under) expenditures	<u>225,929</u>	<u>-</u>	<u>317,460</u>	<u>6,221</u>
OTHER FINANCING SOURCES				
Transfer to other funds	(138,886)	-	(266,886)	-
Net change in fund balances	87,043	-	50,574	6,221
FUND BALANCES, BEGINNING OF YEAR	<u>163,076</u>	<u>8,952</u>	<u>189,047</u>	<u>15,421</u>
FUND BALANCES, END OF YEAR	<u>\$ 250,119</u>	<u>\$ 8,952</u>	<u>\$ 239,621</u>	<u>\$ 21,642</u>

See Independent Auditor's Report.

<u>Point West</u>	<u>Quail Creek</u>	<u>Vineyards</u>	<u>Redstone</u>	<u>Townsquare</u>	<u>Total</u>
\$ 52,000	\$ 10,150	\$ 4,350	\$ 2,000	\$ 72,710	\$ 1,409,531
-	-	-	-	-	159
<u>52,000</u>	<u>10,150</u>	<u>4,350</u>	<u>2,000</u>	<u>72,710</u>	<u>1,409,690</u>
<u>18,066</u>	<u>7,146</u>	<u>2,119</u>	<u>283</u>	<u>717</u>	<u>747,201</u>
<u>18,066</u>	<u>7,146</u>	<u>2,119</u>	<u>283</u>	<u>717</u>	<u>747,201</u>
<u>33,934</u>	<u>3,004</u>	<u>2,231</u>	<u>1,717</u>	<u>71,993</u>	<u>662,489</u>
-	-	-	-	-	(405,772)
<u>33,934</u>	<u>3,004</u>	<u>2,231</u>	<u>1,717</u>	<u>71,993</u>	<u>256,717</u>
<u>136,646</u>	<u>3,737</u>	<u>3,760</u>	<u>(843)</u>	<u>(2,012)</u>	<u>517,784</u>
<u>\$ 170,580</u>	<u>\$ 6,741</u>	<u>\$ 5,991</u>	<u>\$ 874</u>	<u>\$ 69,981</u>	<u>\$ 774,501</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
SEIZURE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017**

	<u>Federal APD Seized Property</u>	<u>Local Seized Property</u>	<u>Texas Narcotics Seized Property</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 302,240	\$ 261,707	\$ 19,817	\$ 583,764
Prepaid items	-	-	605	605
TOTAL ASSETS	<u>\$ 302,240</u>	<u>\$ 261,707</u>	<u>\$ 20,422</u>	<u>\$ 584,369</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other governments	\$ -	\$ 1,891	\$ 20,219	\$ 22,110
Total liabilities	-	1,891	20,219	22,110
FUND BALANCES				
Nonspendable				
Prepaid items	-	-	605	605
Restricted for:				
Special purposes	302,240	259,816	(402)	561,654
Total fund balances	302,240	259,816	203	562,259
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 302,240</u>	<u>\$ 261,707</u>	<u>\$ 20,422</u>	<u>\$ 584,369</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
SEIZURE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Federal APD Seized Property</u>	<u>Local Seized Property</u>	<u>Texas Narcotics Seized Property</u>	<u>Total</u>
REVENUES				
Investment earnings	\$ 738	\$ 523	\$ 124	\$ 1,385
Seized property revenue	<u>61,013</u>	<u>180,782</u>	<u>-</u>	<u>241,795</u>
Total revenues	<u>61,751</u>	<u>181,305</u>	<u>124</u>	<u>243,180</u>
EXPENDITURES				
Police protection	-	41,331	-	41,331
Capital outlay	<u>43,931</u>	<u>-</u>	<u>-</u>	<u>43,931</u>
Total expenditures	<u>43,931</u>	<u>41,331</u>	<u>-</u>	<u>85,262</u>
Excess (deficiency) of revenues over (under) expenditures	17,820	139,974	124	157,918
FUND BALANCES, BEGINNING OF YEAR				
	<u>284,420</u>	<u>119,842</u>	<u>79</u>	<u>404,341</u>
FUND BALANCES, END OF YEAR				
	<u>\$ 302,240</u>	<u>\$ 259,816</u>	<u>\$ 203</u>	<u>\$ 562,259</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
MISCELLANEOUS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2017**

	<u>Court Technology</u>	<u>Court Security</u>	<u>LEOSE Training Program</u>	<u>Homeland Security</u>	<u>Cable Capital Facilities</u>	<u>Photo Enforcement</u>
ASSETS						
Cash and cash equivalents	\$ 241,396	\$ 6,774	\$ 33,820	\$ 13,282	\$ 19,673	\$ 1,015,240
Accrued interest receivable	-	-	-	-	-	-
Investments, at fair values	-	-	-	-	-	-
Due from other governments	-	-	-	81	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 241,396</u>	<u>\$ 6,774</u>	<u>\$ 33,820</u>	<u>\$ 13,363</u>	<u>\$ 19,673</u>	<u>\$ 1,015,240</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Vouchers payable	\$ 7,799	\$ -	\$ -	\$ -	\$ -	\$ 44,762
Accounts payable	-	6,723	(2)	12,479	-	337,364
Accrued expenditures	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Due to other funds - unrestricted	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-
Total liabilities	<u>7,799</u>	<u>6,723</u>	<u>(2)</u>	<u>12,479</u>	<u>-</u>	<u>382,126</u>
FUND BALANCES						
Restricted:						
Special purposes	<u>233,597</u>	<u>51</u>	<u>33,822</u>	<u>884</u>	<u>19,673</u>	<u>633,114</u>
Total fund balances	<u>233,597</u>	<u>51</u>	<u>33,822</u>	<u>884</u>	<u>19,673</u>	<u>633,114</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 241,396</u>	<u>\$ 6,774</u>	<u>\$ 33,820</u>	<u>\$ 13,363</u>	<u>\$ 19,673</u>	<u>\$ 1,015,240</u>

See Independent Auditor's Report.

Public Library Bush Collection	Library Trust	Flood Hazard	Civic Amarillo	Zoo Trust	Centennial Celebration	Tax Increment Reinvestment Zone #1	Total
\$ 49,066	\$ 73,156	\$ 759,422	\$ 604,363	\$ 83,886	\$ 20,674	\$ 1,434,097	\$ 4,354,849
-	-	557	-	-	-	-	557
-	-	1,498,732	-	-	-	-	1,498,732
-	-	-	-	-	-	-	81
-	-	-	-	-	-	781	781
<u>\$ 49,066</u>	<u>\$ 73,156</u>	<u>\$ 2,258,711</u>	<u>\$ 604,363</u>	<u>\$ 83,886</u>	<u>\$ 20,674</u>	<u>\$ 1,434,878</u>	<u>\$ 5,855,000</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,610	\$ 59,171
-	13	-	-	1	-	1	356,579
-	-	-	5,737	-	-	-	5,737
-	-	1,268,954	-	-	-	-	1,268,954
-	-	-	-	-	-	69,914	69,914
-	-	-	-	-	-	1,430,086	1,430,086
-	13	1,268,954	5,737	1	-	1,506,611	3,190,441
<u>49,066</u>	<u>73,143</u>	<u>989,757</u>	<u>598,626</u>	<u>83,885</u>	<u>20,674</u>	<u>(71,733)</u>	<u>2,664,559</u>
<u>49,066</u>	<u>73,143</u>	<u>989,757</u>	<u>598,626</u>	<u>83,885</u>	<u>20,674</u>	<u>(71,733)</u>	<u>2,664,559</u>
<u>\$ 49,066</u>	<u>\$ 73,156</u>	<u>\$ 2,258,711</u>	<u>\$ 604,363</u>	<u>\$ 83,886</u>	<u>\$ 20,674</u>	<u>\$ 1,434,878</u>	<u>\$ 5,855,000</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
MISCELLANEOUS SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Court Technology</u>	<u>Court Security</u>	<u>LEOSE Training Program</u>	<u>Homeland Security</u>	<u>Cable Capital Facilities</u>	<u>Photo Enforcement</u>
REVENUES						
Intergovernmental revenues - operating	\$ -	\$ -	\$ 22,440	\$ 31,102	\$ -	\$ -
Citizen contributions	-	-	-	-	-	-
Revenue from participating taxing entities	-	-	-	-	-	-
Charges for services	136,493	-	2,363	-	-	-
Fines and forfeitures	-	102,371	-	-	-	1,355,619
Investment earnings	-	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-	(26,831)
Total revenues	<u>136,493</u>	<u>102,371</u>	<u>24,803</u>	<u>31,102</u>	<u>-</u>	<u>1,328,788</u>
EXPENDITURES						
Other public safety and health	94,386	154,527	25,413	15,667	-	1,045,720
Auditorium - Coliseum	-	-	-	-	-	-
Library	-	-	-	-	-	-
Participant recreation	-	-	-	-	-	-
Economic development/tourism	-	-	-	-	-	-
Capital outlay	-	-	-	15,435	-	-
Total expenditures	<u>94,386</u>	<u>154,527</u>	<u>25,413</u>	<u>31,102</u>	<u>-</u>	<u>1,045,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>42,107</u>	<u>(52,156)</u>	<u>(610)</u>	<u>-</u>	<u>-</u>	<u>283,068</u>
OTHER FINANCING SOURCES (USES)						
Transfers to other funds	-	-	-	-	-	(129,882)
Loans to outside entities	-	-	-	-	-	-
Transfers from other funds	-	47,000	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>47,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(129,882)</u>
Net change in fund balances	<u>42,107</u>	<u>(5,156)</u>	<u>(610)</u>	<u>-</u>	<u>-</u>	<u>153,186</u>
FUND BALANCES, BEGINNING OF YEAR	<u>191,490</u>	<u>5,207</u>	<u>34,432</u>	<u>884</u>	<u>19,673</u>	<u>479,928</u>
FUND BALANCES, END OF YEAR	<u>\$ 233,597</u>	<u>\$ 51</u>	<u>\$ 33,822</u>	<u>\$ 884</u>	<u>\$ 19,673</u>	<u>\$ 633,114</u>

See Independent Auditor's Report.

Public Library Bush Collection	Library Trust	Flood Hazard	Civic Amarillo	Zoo Trust	Centennial Celebration	Tax Increment Reinvestment Zone #1	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,542
-	647	-	-	1,300	-	-	1,947
-	-	-	-	-	-	640,129	640,129
-	-	-	382,786	67,169	-	-	588,811
-	-	-	-	-	-	-	1,457,990
265	-	12,722	-	-	-	14,426	27,413
-	-	-	-	-	-	-	(26,831)
<u>265</u>	<u>647</u>	<u>12,722</u>	<u>382,786</u>	<u>68,469</u>	<u>-</u>	<u>654,555</u>	<u>2,743,001</u>
-	-	-	-	-	-	-	1,335,713
-	-	-	298,966	-	-	-	298,966
-	342	-	-	-	-	-	342
-	-	-	-	41,916	-	-	41,916
-	-	-	-	-	-	1,374,702	1,374,702
-	-	-	-	18,450	-	-	33,885
-	<u>342</u>	<u>-</u>	<u>298,966</u>	<u>60,366</u>	<u>-</u>	<u>1,374,702</u>	<u>3,085,524</u>
<u>265</u>	<u>305</u>	<u>12,722</u>	<u>83,820</u>	<u>8,103</u>	<u>-</u>	<u>(720,147)</u>	<u>(342,523)</u>
-	-	-	-	-	-	(172,625)	(302,507)
-	-	-	-	-	-	(1,694,897)	(1,694,897)
-	-	-	-	-	-	-	47,000
-	-	-	-	-	-	(1,867,522)	(1,950,404)
<u>265</u>	<u>305</u>	<u>12,722</u>	<u>83,820</u>	<u>8,103</u>	<u>-</u>	<u>(2,587,669)</u>	<u>(2,292,927)</u>
<u>48,801</u>	<u>72,838</u>	<u>977,035</u>	<u>514,806</u>	<u>75,782</u>	<u>20,674</u>	<u>2,515,936</u>	<u>4,957,486</u>
<u>\$ 49,066</u>	<u>\$ 73,143</u>	<u>\$ 989,757</u>	<u>\$ 598,626</u>	<u>\$ 83,885</u>	<u>\$ 20,674</u>	<u>\$ (71,733)</u>	<u>\$ 2,664,559</u>

See Independent Auditor's Report.

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CAPITAL PROJECTS FUND

General Construction – To account for traffic engineering and other miscellaneous construction funded primarily by the general revenues of the City. This fund also accounts for costs of construction of various improvements to the City's parks, which in recent years have been financed primarily by general revenues, and in some instances by intergovernmental grants. The General Construction Fund is also used to account for general revenues designated for replacement of existing buildings, improvements and equipment, and for similar projects.

Street Assessments – To account for the construction of streets and alleys which are financed primarily by property owner participation.

Street Improvement Fund – To account for improvements being made to major thoroughfares and the storm sewer system of the City financed by general revenues, augmented in some instances by property owner participation.

Golf Course Improvement Fund – To account for the portion of green fees designated for improvements to the public golf courses.

Solid Waste Disposal Improvement Fund – To account for costs of improvements to the City's solid waste disposal facilities, which in recent years have been financed primarily by general revenues.

T-Anchor-Bivins Improvement Fund – To account for sales of City land, the proceeds of which are designated for future betterments to the historic Bivins home, which is owned and rented by the City to the Amarillo Chamber of Commerce and other community service organizations.

Civic Center Improvement Fund – To account for improvements to Civic Center Convention Annex facilities, financed by motel tax receipts.

Animal Shelter Improvement Fund - To account for improvements to the Animal Shelter facilities.

Park Improvement Fund – To account for various Parks projects funded by the General Fund and other contributions and revenues.

GO Bond Construction Fund – To account for the construction of street and public safety improvement projects as approved by voters in the November 2016 bond election.

**CITY OF AMARILLO, TEXAS
CAPITAL PROJECTS FUND
SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES
SEPTEMBER 30, 2017**

	<u>General Construction Fund</u>	<u>Street Assessments Fund</u>	<u>Street Improvement Fund</u>	<u>Golf Course Improvement Fund</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 6,175,524	\$ 1,040,217	\$ 1,490,559	\$ -
Restricted cash and cash equivalents	3,933,832	-	-	-
Investments, at fair values	8,489,830	-	-	-
Due from other funds	-	-	-	-
Accrued interest receivable	33,165	-	-	-
Prepaid items	1,000	-	-	-
TOTAL ASSETS	<u>\$ 18,633,351</u>	<u>\$ 1,040,217</u>	<u>\$ 1,490,559</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Vouchers payable	\$ 213,364	\$ -	\$ 422,155	\$ -
Accounts payable	83,816	-	48,411	-
Accrued expenditures	754,585	-	-	-
Refundable security deposit	-	541,650	-	-
Total liabilities	<u>1,051,765</u>	<u>541,650</u>	<u>470,566</u>	<u>-</u>
FUND BALANCES				
Nonspendable				
Prepaid items	1,000	-	-	-
Assigned for:				
Capital projects	<u>17,580,586</u>	<u>498,567</u>	<u>1,019,993</u>	<u>-</u>
Total fund balances	<u>17,581,586</u>	<u>498,567</u>	<u>1,019,993</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 18,633,351</u>	<u>\$ 1,040,217</u>	<u>\$ 1,490,559</u>	<u>\$ -</u>

See Independent Auditor's Report.

<u>Solid Waste Disposal Improvement Fund</u>	<u>T-Anchor Bivins Improvement Fund</u>	<u>Civic Center Improvement Fund</u>	<u>Animal Shelter Improvement Fund</u>	<u>Park Improvement Fund</u>	<u>GO Bond Const 16/17 Fund</u>	<u>Total</u>
\$ 1,962,027	\$ 227,982	\$ -	\$ 3,207	\$ 708,844	\$ 543,285	\$ 12,151,645
-	-	4,754,057	-	-	20,998,831	29,686,720
6,748,188	-	8,497,852	-	-	-	23,735,870
-	-	189,289	-	-	-	189,289
20,885	-	31,258	-	-	-	85,308
-	-	-	-	-	-	1,000
<u>\$ 8,731,100</u>	<u>\$ 227,982</u>	<u>\$ 13,472,456</u>	<u>\$ 3,207</u>	<u>\$ 708,844</u>	<u>\$ 21,542,116</u>	<u>\$ 65,849,832</u>
\$ 690,505	\$ -	\$ 66,205	\$ -	\$ (1)	\$ 204,400	\$ 1,596,628
107,282	-	340,739	-	-	46,444	626,692
12,521	-	8,181	-	-	-	775,287
-	-	-	-	-	-	541,650
<u>810,308</u>	<u>-</u>	<u>415,125</u>	<u>-</u>	<u>(1)</u>	<u>250,844</u>	<u>3,540,257</u>
-	-	-	-	-	-	1,000
<u>7,920,792</u>	<u>227,982</u>	<u>13,057,331</u>	<u>3,207</u>	<u>708,845</u>	<u>21,291,272</u>	<u>62,308,575</u>
<u>7,920,792</u>	<u>227,982</u>	<u>13,057,331</u>	<u>3,207</u>	<u>708,845</u>	<u>21,291,272</u>	<u>62,309,575</u>
<u>\$ 8,731,100</u>	<u>\$ 227,982</u>	<u>\$ 13,472,456</u>	<u>\$ 3,207</u>	<u>\$ 708,844</u>	<u>\$ 21,542,116</u>	<u>\$ 65,849,832</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
CAPITAL PROJECTS FUND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2017**

	General Construction Fund	Street Assessments Fund	Street Improvement Fund	Golf Course Improvement Fund
REVENUES				
Intergovernmental revenues	\$ 3,123,037	\$ -	\$ -	\$ -
Charges for services	-	-	-	185,355
Construction participations	1,089,574	7,634,773	-	-
Miscellaneous	-	-	-	-
Investment earnings	121,762	1,516	4,150	112
Total revenues	<u>4,334,373</u>	<u>7,636,289</u>	<u>4,150</u>	<u>185,467</u>
EXPENDITURES				
Economic development/tourism	-	-	-	-
Capital outlay	14,032,605	7,650,921	1,622,476	-
Total expenditures	<u>14,032,605</u>	<u>7,650,921</u>	<u>1,622,476</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,698,232)</u>	<u>(14,632)</u>	<u>(1,618,326)</u>	<u>185,467</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(2,147,588)	-	(4,535)	(253,450)
Transfers from other funds	4,651,819	-	1,769,673	2,561
Payment to refunded escrow agent	-	-	-	-
Loans to outside entities	(74,822)	-	-	-
Proceeds from issuance of long-term debt	6,940,000	-	-	-
Bond premium	99,768	-	-	-
Total other financing sources and uses	<u>9,469,177</u>	<u>-</u>	<u>1,765,138</u>	<u>(250,889)</u>
Net change in fund balances	(229,055)	(14,632)	146,812	(65,422)
FUND BALANCES, BEGINNING OF YEAR	<u>17,810,641</u>	<u>513,199</u>	<u>873,181</u>	<u>65,422</u>
FUND BALANCES, END OF YEAR	<u>\$ 17,581,586</u>	<u>\$ 498,567</u>	<u>\$ 1,019,993</u>	<u>\$ -</u>

See Independent Auditor's Report.

<u>Solid Waste Disposal Improvement Fund</u>	<u>T-Anchor Bivins Improvement Fund</u>	<u>Civic Center Improvement Fund</u>	<u>Animal Shelter Improvement Fund</u>	<u>Park Improvement Fund</u>	<u>GO Bond Const 16/17 Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,123,037
-	-	-	-	-	-	185,355
-	-	-	-	-	-	8,724,347
-	-	1,610	-	-	-	1,610
<u>60,613</u>	<u>844</u>	<u>78,893</u>	<u>-</u>	<u>3,038</u>	<u>70,496</u>	<u>341,424</u>
<u>60,613</u>	<u>844</u>	<u>80,503</u>	<u>-</u>	<u>3,038</u>	<u>70,496</u>	<u>12,375,773</u>
-	-	2,128,734	-	-	-	2,128,734
<u>2,534,608</u>	<u>-</u>	<u>1,182,806</u>	<u>-</u>	<u>-</u>	<u>1,347,344</u>	<u>28,370,760</u>
<u>2,534,608</u>	<u>-</u>	<u>3,311,540</u>	<u>-</u>	<u>-</u>	<u>1,347,344</u>	<u>30,499,494</u>
<u>(2,473,995)</u>	<u>844</u>	<u>(3,231,037)</u>	<u>-</u>	<u>3,038</u>	<u>(1,276,848)</u>	<u>(18,123,721)</u>
-	-	(722,600)	-	(3,038)	(221,560)	(3,352,771)
600,000	-	2,760,644	-	-	866,680	10,651,377
-	-	-	-	-	(17,265,000)	(17,265,000)
-	-	-	-	-	-	(74,822)
-	-	-	-	-	36,390,000	43,330,000
-	-	-	-	-	2,798,000	2,897,768
<u>600,000</u>	<u>-</u>	<u>2,038,044</u>	<u>-</u>	<u>(3,038)</u>	<u>22,568,120</u>	<u>36,186,552</u>
(1,873,995)	844	(1,192,993)	-	-	21,291,272	18,062,831
<u>9,794,787</u>	<u>227,138</u>	<u>14,250,324</u>	<u>3,207</u>	<u>708,845</u>	<u>-</u>	<u>44,246,744</u>
<u>\$ 7,920,792</u>	<u>\$ 227,982</u>	<u>\$ 13,057,331</u>	<u>\$ 3,207</u>	<u>\$ 708,845</u>	<u>\$ 21,291,272</u>	<u>\$ 62,309,575</u>

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INTERNAL SERVICE FUNDS

Fleet Services Fund – To account for the revenues and cost of operations of a central motor pool which includes all City-owned vehicles except fire trucks and buses. Vehicles are rented to using departments at estimated cost of usage. The original equipment was contributed to Fleet Services upon its organization on October 1, 1973. Effective with the 1994/95 year, the City adopted a policy of financing additions, as well as replacements, out of Fleet Services' net earnings from user charges.

Information Services Fund – To account for the revenues and costs of operations of the City's data processing system. Charges to using departments are based on estimated cost of providing the service, including depreciation on equipment. This fund was established October 1, 1979, upon transfer of the necessary equipment from the general fixed assets of the City.

Risk Management Fund – To account for funds accumulated from operating transfers and from assessments of the various City departments for the purpose of self-insuring liability, workmen's compensation, unemployment claims, and miscellaneous other risks.

Employee Insurance Funds – To account for self-insured medical and dental benefits together with life insurance for employees, retirees and covered dependents. Additionally, employee contributions to the flexible benefits plan and related expenditures are accounted for within these funds.

**CITY OF AMARILLO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

	Fleet Services	Information Services	Risk Management	Employee Insurance	Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 2,948,801	\$ 1,178,122	\$ 2,210,650	\$ 1,312,090	\$ 7,649,663
Investments at fair value	8,749,855	2,500,053	13,236,502	6,997,232	31,483,642
Receivables (net of allowances for uncollectibles)					
Accounts	28	794	895,356	983,303	1,879,481
Accrued interest	24,306	5,751	38,109	18,062	86,228
Other accrued revenue					
Due from other funds	-	5,719	-	172,450	178,169
Inventory of supplies at cost	193,841	7,004	-	-	200,845
Prepaid expenses	-	-	570,247	-	570,247
Total current assets	<u>11,916,831</u>	<u>3,697,443</u>	<u>16,950,864</u>	<u>9,483,137</u>	<u>42,048,275</u>
NONCURRENT ASSETS					
Restricted cash and cash equivalents	135,556	-	-	-	135,556
Capital assets					
Improvements	768,005	4,735,666	-	-	5,503,671
Accumulated depreciation	(225,655)	(3,998,020)	-	-	(4,223,675)
Equipment	471,236	3,603,541	62,819	4,975	4,142,571
Accumulated depreciation	(290,176)	(3,536,126)	(59,075)	(3,388)	(3,888,765)
Vehicles	71,299,459	-	-	-	71,299,459
Accumulated depreciation	(43,585,214)	-	-	-	(43,585,214)
Construction in progress	73,032	2,775,060	-	-	2,848,092
Total capital assets, net of accumulated depreciation	<u>28,510,687</u>	<u>3,580,121</u>	<u>3,744</u>	<u>1,587</u>	<u>32,096,139</u>
Total noncurrent assets	<u>28,646,243</u>	<u>3,580,121</u>	<u>3,744</u>	<u>1,587</u>	<u>32,231,695</u>
TOTAL ASSETS	<u>\$ 40,563,074</u>	<u>\$ 7,277,564</u>	<u>\$ 16,954,608</u>	<u>\$ 9,484,724</u>	<u>\$ 74,279,970</u>
DEFERRED OUTFLOWS	<u>\$ 665,874</u>	<u>\$ 799,130</u>	<u>\$ (11,741)</u>	<u>\$ 146,881</u>	<u>\$ 1,600,144</u>
LIABILITIES					
CURRENT LIABILITIES					
Vouchers payable	\$ 242,019	\$ 117,703	\$ 99,086	\$ 148,611	\$ 607,419
Accounts payable	-	-	96,065	309,923	405,988
Accrued expenses	123,844	165,469	211,905	49,230	550,448
Due to other funds	-	-	-	195,612	195,612
Bonded debt current maturity	925,000	-	-	-	925,000
Estimated liability for incurred losses	-	-	2,975,722	1,878,000	4,853,722
Current portion of compensated absences	32,400	66,238	2,829	5,925	107,392
Total current liabilities	<u>1,323,263</u>	<u>349,410</u>	<u>3,385,607</u>	<u>2,587,301</u>	<u>7,645,581</u>
NONCURRENT LIABILITIES					
Provision for compensated absences, net	283,241	300,477	25,272	18,701	627,691
Estimated liability for incurred losses, net of current portion	-	-	10,560,537	2,627,113	13,187,650
Bonded debt, net of current	475,862	-	-	-	475,862
Postemployment benefit	-	-	-	99,757,579	99,757,579
Net pension liability	1,438,094	1,814,436	(491)	317,324	3,569,363
Total noncurrent liabilities	<u>2,197,197</u>	<u>2,114,913</u>	<u>10,585,318</u>	<u>102,720,717</u>	<u>117,618,145</u>
TOTAL LIABILITIES	<u>\$ 3,520,460</u>	<u>\$ 2,464,323</u>	<u>\$ 13,970,925</u>	<u>\$ 105,308,018</u>	<u>\$ 125,263,726</u>
DEFERRED INFLOWS	<u>\$ 26,677</u>	<u>\$ 40,153</u>	<u>\$ 1,815</u>	<u>\$ 5,893</u>	<u>\$ 74,538</u>
NET POSITION					
Net investment in capital assets	\$ 27,109,825	\$ 3,580,121	\$ 3,744	\$ 1,587	\$ 30,695,277
Restricted for debt service	135,556	-	-	-	135,556
Unrestricted	10,436,430	1,992,097	2,966,383	(95,683,893)	(80,288,983)
TOTAL NET POSITION	<u>\$ 37,681,811</u>	<u>\$ 5,572,218</u>	<u>\$ 2,970,127</u>	<u>\$ (95,682,306)</u>	<u>\$ (49,458,150)</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Fleet Services</u>	<u>Information Services</u>	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$ -	\$ -	\$ 40	\$ 1,169,209	\$ 1,169,249
Internal charges	16,472,756	5,792,183	5,784,223	17,775,968	45,825,130
Employee contributions	-	-	-	5,709,196	5,709,196
Miscellaneous	-	-	-	210	210
Total operating revenues	<u>16,472,756</u>	<u>5,792,183</u>	<u>5,784,263</u>	<u>24,654,583</u>	<u>52,703,785</u>
OPERATING EXPENSES					
Salaries, wages, fringes	2,669,768	3,518,592	124,898	387,488	6,700,746
Supplies	2,634,997	93,884	701,107	98,458	3,528,446
Fuel and oil	2,215,174	-	-	-	2,215,174
Contractual services	245,877	2,172,765	152,149	2,154,580	4,725,371
Claims, net of settlements	-	-	3,575,069	17,792,674	21,367,743
Postemployment expense	-	-	-	1,573,845	1,573,845
Other charges	1,189,891	250,106	1,346,526	1,440,062	4,226,585
Depreciation	6,725,205	275,400	2,256	66	7,002,927
Total operating expenses	<u>15,680,912</u>	<u>6,310,747</u>	<u>5,902,005</u>	<u>23,447,173</u>	<u>51,340,837</u>
Operating income (loss)	<u>791,844</u>	<u>(518,564)</u>	<u>(117,742)</u>	<u>1,207,410</u>	<u>1,362,948</u>
NONOPERATING REVENUES (EXPENSES)					
Interest earnings	98,206	24,989	124,297	45,887	293,379
Changes in value of investments	(24,006)	(7,606)	(27,040)	(9,497)	(68,149)
Interest and fiscal charges	(20,306)	-	-	-	(20,306)
Gain (loss) on property sales	(76,086)	(8,276)	-	-	(84,362)
Miscellaneous revenues	80,995	-	-	-	80,995
Total nonoperating revenues (expenses)	<u>58,803</u>	<u>9,107</u>	<u>97,257</u>	<u>36,390</u>	<u>201,557</u>
Income (loss) before contributions and transfers	850,647	(509,457)	(20,485)	1,243,800	1,564,505
TRANSFERS FROM MUNICIPALITY - CASH					
Change in net position	<u>386,226</u>	<u>628,153</u>	<u>-</u>	<u>-</u>	<u>1,014,379</u>
Change in net position	<u>1,236,873</u>	<u>118,696</u>	<u>(20,485)</u>	<u>1,243,800</u>	<u>2,578,884</u>
NET POSITION AT BEGINNING OF YEAR					
	<u>36,444,938</u>	<u>5,453,522</u>	<u>2,990,612</u>	<u>(96,926,106)</u>	<u>(52,037,034)</u>
NET POSITION AT END OF YEAR					
	<u>\$ 37,681,811</u>	<u>\$ 5,572,218</u>	<u>\$ 2,970,127</u>	<u>\$ (95,682,306)</u>	<u>\$ (49,458,150)</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Fleet Services</u>	<u>Information Services</u>	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from City departments	\$ 16,472,756	\$ 5,793,383	\$ 5,630,130	\$ 24,536,853	\$ 52,433,122
Cash payments to suppliers for goods and services	(6,460,411)	(2,672,494)	(2,150,300)	(3,756,268)	(15,039,473)
Cash payments to employees	(2,464,801)	(3,231,324)	(101,965)	(356,079)	(6,154,169)
Cash payments for claims and loss adjustments	-	-	(3,543,822)	(17,714,562)	(21,258,384)
Net cash provided (used) by operating activities	<u>7,547,544</u>	<u>(110,435)</u>	<u>(165,957)</u>	<u>2,709,944</u>	<u>9,981,096</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	386,226	628,153	-	-	1,014,379
Transfers to other funds	-	-	-	-	-
Amounts borrowed/repaid from other funds	-	-	-	10,054	10,054
Amounts loaned to other funds	2,832	(1,998)	272	8,784	9,890
Net cash provided (used) by noncapital financing activities	<u>389,058</u>	<u>626,155</u>	<u>272</u>	<u>18,838</u>	<u>1,034,323</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(6,230,149)	(777,314)	-	-	(7,007,463)
Principal paid on bond maturities	(910,000)	-	-	-	(910,000)
Interest expense	(34,538)	-	-	-	(34,538)
Insurance proceeds	80,995	-	-	-	80,995
Proceeds from sale of equipment	18,718	-	-	-	18,718
Net cash provided (used) by capital financing activities	<u>(7,074,974)</u>	<u>(777,314)</u>	<u>-</u>	<u>-</u>	<u>(7,852,288)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investment securities	6,250,000	1,000,000	10,250,000	6,000,000	23,500,000
Purchase of investment securities	(5,510,365)	(755,185)	(9,253,575)	(10,004,053)	(25,523,178)
Interest and gains (losses) on investments	115,872	23,760	134,314	37,552	311,498
Net cash provided (used) by investing activities	<u>855,507</u>	<u>268,575</u>	<u>1,130,739</u>	<u>(3,966,501)</u>	<u>(1,711,680)</u>
Net increase (decrease) in cash and cash equivalents	1,717,135	6,981	965,054	(1,237,719)	1,451,451
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>1,367,222</u>	<u>1,171,141</u>	<u>1,245,596</u>	<u>2,549,809</u>	<u>6,333,768</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 3,084,357</u>	<u>\$ 1,178,122</u>	<u>\$ 2,210,650</u>	<u>\$ 1,312,090</u>	<u>\$ 7,785,219</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS, CONTINUED
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Fleet Services</u>	<u>Information Services</u>	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 791,844	\$ (518,564)	\$ (117,742)	\$ 1,207,410	\$ 1,362,948
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	6,725,205	275,400	2,256	66	7,002,927
(Increase) decrease in accounts receivable	-	1,200	(154,133)	(117,730)	(270,663)
(Increase) decrease in deferred outflows	141,675	220,732	11,741	31,310	405,458
(Increase) decrease in inventories	(102)	(258)	-	-	(360)
(Increase) decrease in prepaid expenses	-	-	(33,563)	-	(33,563)
Increase (decrease) in vouchers payable	(174,370)	(155,481)	(85,168)	(237,032)	(652,051)
Increase (decrease) in accounts payable	-	-	(38,129)	173,864	135,735
Increase (decrease) in accrued expenses	21,019	34,177	207,547	(5,439)	257,304
Increase (decrease) in deferred inflows	21,905	34,127	1,815	4,840	62,687
Increase (decrease) in provision for compensated absences	26,294	7,465	8,663	2,008	44,430
Increase (decrease) in estimated claims liabilities	-	-	-	1,651,957	1,651,957
Increase (decrease) in net pension liability	(5,926)	(9,233)	(491)	(1,310)	(16,960)
Increase (decrease) in IBNR accrual	-	-	31,247	-	31,247
Net cash provided (used) by operating activities	<u>\$ 7,547,544</u>	<u>\$ (110,435)</u>	<u>\$ (165,957)</u>	<u>\$ 2,709,944</u>	<u>\$ 9,981,096</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Decreases (increases) in fair values of investments	\$ (24,006)	\$ (7,606)	\$ (27,040)	\$ (9,497)	\$ (68,149)
Amortization of bond premium	(13,069)	-	-	-	(13,069)

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GENERAL FUND

The General Fund accounts for all unrestricted resources except those required to be accounted for in another fund. The revenues and expenditures of the Transit System, Solid Waste Department and the Auditorium-Coliseum are accounted for in this fund.

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**CITY OF AMARILLO, TEXAS
GENERAL FUND
BALANCE SHEET
SEPTEMBER 30, 2017**

ASSETS

Cash and cash equivalents	\$ 205,356
Restricted cash and cash equivalents	791,652
Investments at fair value	43,045,839
Receivables (net of allowances for uncollectibles)	
Property taxes	239,578
Solid waste and other	1,603,358
Accrued interest	136,448
Other accrued revenue	1,833,027
Due from other funds	881,554
Due from other governments	5,349,720
Inventory of supplies	1,178,590
Prepaid items	31,933
Advances to other funds	715,043
TOTAL ASSETS	\$ 56,012,098

LIABILITIES AND FUND BALANCE

LIABILITIES

Vouchers payable	\$ 1,331,600
Accounts payable	2,251,739
Accrued expenditures	5,468,849
Deposits	12,964
Due to other funds - unrestricted	192,646
Due to other governments	830,790
Unearned revenue - property taxes	164,112
Unearned revenues - other	96,725
Total liabilities	<u>10,349,425</u>

FUND BALANCE

Nonspendable:	
Inventory	1,178,590
Prepaid items	31,933
Uncollected taxes	75,466
Advances to other funds	715,043
Unassigned	43,661,641
Total fund balance	<u>45,662,673</u>

TOTAL LIABILITIES AND FUND BALANCE	\$ 56,012,098
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See Independent Auditor's Report.

**CITY OF AMARILLO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SEPTEMBER 30, 2017**

REVENUES

Taxes	\$ 122,918,067
License and permits	3,379,143
Interfund revenues	1,362,765
Intergovernmental revenues	3,686,195
Contributions - citizens	185,550
Charges for services	34,016,832
Fines and forfeitures	4,787,634
Investment earnings	636,631
Other rentals and commissions	479,190
Miscellaneous	289,068
	171,741,075
Total revenues	171,741,075

EXPENDITURES

Current	
General government	4,228,149
Staff services	10,163,868
Public safety and health	
Police protection	45,941,747
Fire protection	32,099,153
Other	11,463,457
Streets, traffic and engineering	15,397,049
Culture and recreation	
Auditorium-coliseum	3,527,313
Libraries	4,002,524
Parks	7,794,888
Participant recreation	5,539,386
Solid waste	14,132,745
Transit system	4,716,811
Information technology	3,911,465
Economic development/tourism	3,055,383
Capital outlay	127,399
	166,101,337
Total expenditures	166,101,337

**EXCESS OF REVENUES OVER
EXPENDITURES**

5,639,738

OTHER FINANCING SOURCES (USES)

Transfers from other funds	177,820
Transfers to other funds	(8,234,735)
	(8,056,915)
Net change in fund balance	(7,879,095)

FUND BALANCE, BEGINNING OF YEAR

48,079,850

FUND BALANCE, END OF YEAR

\$ 40,200,755

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES
YEAR ENDED SEPTEMBER 30, 2017**

	Actual revenue	Budget	Variance with final budget positive (negative)
TAXES			
General property taxes			
Ad valorem tax collections	\$ 38,014,882	\$ 37,495,123	\$ 519,759
Penalty and interest on delinquent taxes	286,085	204,877	81,208
Water & sewer utility	3,702,132	3,702,132	-
General sales tax	55,544,448	56,746,822	(1,202,374)
Mixed beverage tax	816,149	831,600	(15,451)
Hotel occupancy tax	6,610,423	7,066,324	(455,901)
Hotel occupancy tax rebate	(18,837)	-	(18,837)
Gross receipts business taxes:			
Electric utility	8,483,308	7,784,335	698,973
Telephone utility	1,026,621	1,272,000	(245,379)
Gas utility	2,998,058	2,612,258	385,800
Cable television	2,133,117	2,185,000	(51,883)
Water & Sewer utility	3,321,681	3,306,043	15,638
Total taxes	<u>122,918,067</u>	<u>123,206,514</u>	<u>(288,447)</u>
LICENSES AND PERMITS			
Food and beverage establishments			
Liquor, beer and wine licenses	97,588	93,500	4,088
Restaurant permits	688,073	771,380	(83,307)
Food handler permits	75,633	57,340	18,293
Miscellaneous occupational			
Occupational and business	94,906	81,760	13,146
Transient bus licenses	475	1,200	(725)
Solicitation permits	2,940	7,200	(4,260)
Building and structures			
Building permits	1,607,934	1,927,800	(319,866)
Electrical permits	106,878	138,006	(31,128)
Plumbing and gas permits	422,549	444,171	(21,622)
Heating and air permits	142,310	175,805	(33,495)
Sewage disposal permits	129,317	120,325	8,992
Mobile home parks	10,540	29,820	(19,280)
Total licenses and permits	<u>3,379,143</u>	<u>3,848,307</u>	<u>(469,164)</u>
INTERFUND REVENUES			
Airport animal control	18,000	18,000	-
Communication services	1,431	10,000	(8,569)
Sales to other funds	1,051,721	700,000	351,721
Other interfund reimbursements	291,613	355,512	(63,899)
Total interfund revenue	<u>1,362,765</u>	<u>1,083,512</u>	<u>279,253</u>
INTERGOVERNMENTAL REVENUES			
General government			
Auditorium operating assistance	398,004	398,004	-
Public safety and health			
Emergency management participations	268,875	273,000	(4,125)
Other	93,049	20,000	73,049
Solid waste	9,702	-	9,702
State shared revenues	51,308	53,900	(2,592)
Transit			
Federal/state operating assistance	2,865,257	2,784,859	80,398
Total intergovernmental revenues	<u>3,686,195</u>	<u>3,529,763</u>	<u>156,432</u>
CONTRIBUTIONS FROM CITIZENS			
Donations unrestricted	185,550	189,500	(3,950)

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES, CONTINUED
YEAR ENDED SEPTEMBER 30, 2017**

	Actual revenue	Budget	Variance with final budget positive (negative)
CHARGES FOR SERVICES			
General government			
Zoning, planning application fees	77,868	70,200	7,668
Sale of city publications	-	130	(130)
Construction and development fees	43,991	183,150	(139,159)
Staff services			
Indirect cost reimbursement	2,160,629	2,129,865	30,764
Business type fund administrative fees			
Water & sewer administrative	1,328,073	1,328,072	1
Airport	176,569	176,569	-
Other administrative fees			
Weed mowing contract	447,025	358,000	89,025
Weed bad debt adjustment	(404,440)	(338,870)	(65,570)
Wrecker service contract	56,693	53,000	3,693
Fiscal agent fees	141,477	138,006	3,471
Technology fees	44,670	-	44,670
Public safety and health			
Police liaison officer	1,030,219	991,070	39,149
AECC participations	924,950	1,150,488	(225,538)
EMS support	154,200	154,200	-
Warrant fees	565,616	561,627	3,989
Traffic accident reports	30,416	43,000	(12,584)
Airport fire service fee	1,783,577	1,783,577	-
Fire inspections	41,280	53,600	(12,320)
Animal shelter fees	87,517	97,250	(9,733)
Vital statistics fee	239,317	286,000	(46,683)
Miscellaneous health department fees	2,440	3,500	(1,060)
Culture & recreation			
Auditorium rentals	1,525,508	1,388,097	137,411
Auditorium concessions	381,619	335,675	45,944
Auditorium box office	341,994	333,000	8,994
Library late fees	94,350	105,000	(10,650)
Library copy charges	33,451	28,000	5,451
Nonresident library fees	13,658	12,000	1,658
Baseball field rentals	57,422	69,810	(12,388)
Golf green fees	880,639	1,005,801	(125,162)
Golf membership fees	228,945	248,424	(19,479)
Golf other	442,544	496,272	(53,728)
Swimming pool fees	152,468	175,108	(22,640)
Tennis center fees	6,871	9,540	(2,669)
Zoo admission fees	225,537	252,000	(26,463)
Rifle range fees	107,948	123,500	(15,552)
Entry and tournament fees	318,125	414,060	(95,935)
Admission fees	1,225	-	1,225
Solid waste			
Collection & disposal fees	17,331,921	17,415,550	(83,629)
Landfill charges	2,268,780	2,040,000	228,780
Recyclable materials	70,671	25,500	45,171
Forfeited discounts	412,515	458,000	(45,485)
Transit			
Passenger revenue	127,026	131,267	(4,241)
Demand response	35,082	29,000	6,082
Miscellaneous transit revenue	26,446	24,228	2,218
Total charges for services	<u>34,016,832</u>	<u>34,342,266</u>	<u>(325,434)</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES, CONTINUED
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Actual revenue</u>	<u>Budget</u>	<u>Variance with final budget positive (negative)</u>
FINES AND FORFEITURES			
Traffic fines	3,461,467	3,438,270	23,197
Misdemeanor fees	422,216	518,760	(96,544)
Parking fines	147,118	155,925	(8,807)
Court Fees	8,520	10,148	(1,628)
Other court revenue	78,849	81,477	(2,628)
Miscellaneous fines	156,881	101,289	55,592
State court costs	512,583	467,379	45,204
Total fines and forfeitures	<u>4,787,634</u>	<u>4,773,248</u>	<u>14,386</u>
INVESTMENT EARNINGS			
Interest earnings	636,631	482,300	154,331
Total investment earnings	<u>636,631</u>	<u>482,300</u>	<u>154,331</u>
OTHER RENTALS AND COMMISSIONS			
Amusement park commissions	94,861	109,000	(14,139)
Municipal building rents	240,346	238,880	1,466
Surface land rents	76,799	19,720	57,079
Miscellaneous concessions	67,184	68,760	(1,576)
Total rental/commissions	<u>479,190</u>	<u>436,360</u>	<u>42,830</u>
MISCELLANEOUS			
Use of money and property:			
Miscellaneous revenues	251,700	686,113	(434,413)
Sales to outside utilities	42,563	65,000	(22,437)
Appraisal district refunds	-	17,300	(17,300)
Discounts earned	5,269	3,000	2,269
Sale of property and gains	49,646	14,000	35,646
Bad debt/exp recovery	(60,110)	-	(60,110)
Total miscellaneous	<u>289,068</u>	<u>785,413</u>	<u>(496,345)</u>
TOTAL REVENUES	<u>\$ 171,741,075</u>	<u>\$ 172,677,183</u>	<u>\$ (936,108)</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT (GAAP BASIS)
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Salaries, wages and fringe benefits</u>	<u>Supplies</u>	<u>Contractual services</u>
GENERAL GOVERNMENT			
Mayor and council	\$ 4,868	\$ 8,233	\$ 18,653
City manager	1,082,638	24,984	262,710
Office of public communication	16,127	148	-
City secretary	244,165	156,089	4,724
Municipal court	1,180,885	48,481	56,232
Judicial	520,730	2,746	2,505
Planning and zoning	405,490	11,860	38,600
Total general government	<u>3,454,903</u>	<u>252,541</u>	<u>383,424</u>
STAFF SERVICES			
Financial administration			
Director of finance	458,867	20,796	530,638
Accounting	983,170	34,114	163,849
Benefits	246,640	101	60
Purchasing	519,404	7,612	36,774
Central stores	349,843	3,346	18,178
Information technology	-	-	-
Legal	674,188	48,197	480,195
Personnel			
Human resources	494,621	190,544	212,734
Safety and training	270,514	9,980	11,649
Radio communications	364,645	11,508	45,839
Occupancy			
Custodial operations	1,105,306	484,314	21,266
Building maintenance	1,674,162	48,566	448,705
Total staff services	<u>7,141,360</u>	<u>859,078</u>	<u>1,969,887</u>
PUBLIC SAFETY AND HEALTH			
Police			
Police	35,965,520	1,403,612	3,257,740
Civilian personnel	2,781,980	-	1,945,600
Miscellaneous police programs	16,669	-	-
Total police protection	<u>38,764,169</u>	<u>1,403,612</u>	<u>5,203,340</u>
Fire protection			
Fire operations	27,863,858	1,322,531	1,220,934
Civilian personnel	1,404,132	20,876	36,295
Total fire protection	<u>29,267,990</u>	<u>1,343,407</u>	<u>1,257,229</u>
Other			
Building safety	1,987,519	49,109	619,847
Animal management and welfare	2,138,720	364,255	235,364
Emergency services	221,613	34,843	20,952
AECC	3,780,319	56,597	263,635
Environmental health	909,559	46,843	127,735
Vital statistics	45,939	8,436	791
Total other	<u>9,083,669</u>	<u>560,083</u>	<u>1,268,324</u>
Total public safety and health	<u>77,115,828</u>	<u>3,307,102</u>	<u>7,728,893</u>

See Independent Auditor's Report.

Other charges	Total	Capital outlay	Total (GAAP) basis
\$ 37,832	\$ 69,586	\$ -	\$ 69,586
28,633	1,398,965	-	1,398,965
-	16,275	-	16,275
18,353	423,331	-	423,331
27,497	1,313,095	-	1,313,095
6,159	532,140	-	532,140
18,807	474,757	-	474,757
<u>137,281</u>	<u>4,228,149</u>	<u>-</u>	<u>4,228,149</u>
5,638	1,015,939	-	1,015,939
9,863	1,190,996	-	1,190,996
2,500	249,301	-	249,301
5,266	569,056	-	569,056
(3,760)	367,607	-	367,607
3,911,465	3,911,465	-	3,911,465
26,856	1,229,436	-	1,229,436
15,102	913,001	-	913,001
8,058	300,201	-	300,201
38,993	460,985	-	460,985
12,226	1,623,112	-	1,623,112
72,801	2,244,234	-	2,244,234
<u>4,105,008</u>	<u>14,075,333</u>	<u>-</u>	<u>14,075,333</u>
539,799	41,166,671	63,282	41,229,953
29,677	4,757,257	-	4,757,257
1,150	17,819	-	17,819
<u>570,626</u>	<u>45,941,747</u>	<u>63,282</u>	<u>46,005,029</u>
212,717	30,620,040	4,945	30,624,985
17,810	1,479,113	-	1,479,113
<u>230,527</u>	<u>32,099,153</u>	<u>4,945</u>	<u>32,104,098</u>
112,126	2,768,601	-	2,768,601
31,453	2,769,792	-	2,769,792
146,406	423,814	-	423,814
244,156	4,344,707	-	4,344,707
15,380	1,099,517	-	1,099,517
1,860	57,026	-	57,026
<u>551,381</u>	<u>11,463,457</u>	<u>-</u>	<u>11,463,457</u>
<u>1,352,534</u>	<u>89,504,357</u>	<u>68,227</u>	<u>89,572,584</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT (GAAP BASIS), CONTINUED
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Salaries, wages and fringe benefits</u>	<u>Supplies</u>	<u>Contractual services</u>
STREETS, TRAFFIC & ENGINEERING			
Street maintenance	4,336,794	219,397	4,548,414
Traffic engineering	394,128	14,263	25,310
Traffic field operations	1,004,637	2,286,219	588,077
Public works	287,759	8,170	43,883
Capital projects and development	1,217,033	81,291	219,123
Total streets, traffic, engineering	<u>7,240,351</u>	<u>2,609,340</u>	<u>5,424,807</u>
CULTURE & RECREATION			
Auditorium - coliseum			
Civic Center operations	1,076,816	498,338	148,293
Civic Center administration	408,317	19,058	44,576
Box office operations	250,030	2,000	39,926
Civic Center sports	86,113	300,773	68,531
Globe News Center	98,319	136,898	29,741
Library operations	3,030,937	700,126	142,592
Parks			
Parks administration	447,406	22,714	5,655
Park maintenance	4,058,106	1,689,043	1,364,108
Senior services	93,909	3,245	25,814
Participant recreation			
Ross Rogers Golf Course	881,781	549,457	582,146
Comanche Trail Golf Course	828,874	274,429	383,742
Zoo	409,277	98,147	38,893
Swimming pools	192,142	138,274	52,400
Tennis center	21,991	27,820	51,586
Parks and recreation programs	727,349	79,282	80,724
Total culture and recreation	<u>12,611,367</u>	<u>4,539,604</u>	<u>3,058,727</u>
SOLID WASTE			
Solid waste collection	5,150,707	233,885	4,425,291
Solid waste disposal	1,850,410	128,325	2,059,542
Total solid waste	<u>7,001,117</u>	<u>362,210</u>	<u>6,484,833</u>
TRANSIT			
Fixed route	1,666,102	519,285	61,965
Demand response	1,193,250	241,602	52,969
Transit maintenance	536,972	-	-
Total transit	<u>3,396,324</u>	<u>760,887</u>	<u>114,934</u>
ECONOMIC DEVELOPMENT			
Tourism support	-	-	2,964,077
Economic development	71,451	1,291	17,020
Total economic development	<u>71,451</u>	<u>1,291</u>	<u>2,981,097</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 118,032,701</u>	<u>\$ 12,692,053</u>	<u>\$ 28,146,602</u>

See Independent Auditor's Report.

<u>Other charges</u>	<u>Total</u>	<u>Capital outlay</u>	<u>Total (GAAP) basis</u>
41,717	9,146,322	-	9,146,322
27,174	460,875	-	460,875
9,633	3,888,566	-	3,888,566
16,551	356,363	-	356,363
27,476	1,544,923	-	1,544,923
122,551	15,397,049	-	15,397,049
192,045	1,915,492	-	1,915,492
36,681	508,632	-	508,632
42,757	334,713	-	334,713
942	456,359	-	456,359
47,159	312,117	-	312,117
128,869	4,002,524	-	4,002,524
6,536	482,311	-	482,311
75,472	7,186,729	59,172	7,245,901
2,880	125,848	-	125,848
21,712	2,035,096	-	2,035,096
13,300	1,500,345	-	1,500,345
7,449	553,766	-	553,766
20,114	402,930	-	402,930
3,254	104,651	-	104,651
55,243	942,598	-	942,598
654,413	20,864,111	59,172	20,923,283
60,435	9,870,318	-	9,870,318
224,150	4,262,427	-	4,262,427
284,585	14,132,745	-	14,132,745
305,282	2,552,634	-	2,552,634
104,805	1,592,626	-	1,592,626
34,579	571,551	-	571,551
444,666	4,716,811	-	4,716,811
-	2,964,077	-	2,964,077
1,544	91,306	-	91,306
1,544	3,055,383	-	3,055,383
\$ 7,102,582	\$ 165,973,938	\$ 127,399	\$ 166,101,337

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>
GENERAL GOVERNMENT				
Mayor and council	\$ 69,586	\$ -	\$ 69,586	\$ -
City manager	1,398,965	-	1,398,965	-
Office of public communication	16,275	-	16,275	-
City secretary	423,331	-	423,331	-
Municipal court	1,313,095	-	1,313,095	7,340
Judicial	532,140	-	532,140	-
Teen court	-	-	-	-
Planning and zoning	474,757	-	474,757	1,975
Total general government	<u>4,228,149</u>	<u>-</u>	<u>4,228,149</u>	<u>9,315</u>
STAFF SERVICES				
Financial administration				
Director of finance	1,015,939	-	1,015,939	-
Accounting	1,190,996	-	1,190,996	-
Benefits	249,301	-	249,301	-
Purchasing	569,056	-	569,056	-
Central stores	367,607	-	367,607	-
Information technology	3,911,465	-	3,911,465	-
Legal	1,229,436	-	1,229,436	-
Personnel				
Human resources	913,001	-	913,001	-
Safety and training	300,201	-	300,201	-
Radio communications	460,985	-	460,985	-
Occupancy				
Custodial operations	1,623,112	-	1,623,112	-
Building maintenance	2,244,234	-	2,244,234	-
Total staff services	<u>14,075,333</u>	<u>-</u>	<u>14,075,333</u>	<u>-</u>
PUBLIC SAFETY AND HEALTH				
Police				
Police	41,166,671	63,282	41,229,953	145,328
Civilian personnel	4,757,257	-	4,757,257	-
Miscellaneous police programs	17,819	-	17,819	-
Total police protection	<u>45,941,747</u>	<u>63,282</u>	<u>46,005,029</u>	<u>145,328</u>
Fire Protection				
Fire operations	30,620,040	4,945	30,624,985	84,370
Civilian personnel	1,479,113	-	1,479,113	-
Total fire protection	<u>32,099,153</u>	<u>4,945</u>	<u>32,104,098</u>	<u>84,370</u>
Other				
Building safety	2,768,601	-	2,768,601	-
Animal management and welfare	2,769,792	-	2,769,792	2,755
Emergency services	423,814	-	423,814	-
AECC	4,344,707	-	4,344,707	481
Environmental health	1,099,517	-	1,099,517	-
Vital statistics	57,026	-	57,026	2,195
Total other	<u>11,463,457</u>	<u>-</u>	<u>11,463,457</u>	<u>5,431</u>
Total public safety and health	<u>89,504,357</u>	<u>68,227</u>	<u>89,572,584</u>	<u>235,129</u>

See Independent Auditor's Report.

Encumbrances at End of Year	Total Actual Budgetary Basis	Original Budget	Final Budget	Variance with Final Budget
\$ -	\$ 69,586	\$ 86,625	\$ 86,625	\$ 17,039
-	1,398,965	1,397,410	1,445,996	47,031
-	16,275	-	17,000	725
-	423,331	497,628	489,471	66,140
-	1,305,755	1,228,736	1,385,223	79,468
-	532,140	524,812	525,937	(6,203)
-	-	61,938	-	-
-	472,782	607,951	605,048	132,266
-	4,218,834	4,405,100	4,555,300	336,466
-	1,015,939	937,830	1,020,147	4,208
-	1,190,996	1,233,943	1,229,328	38,332
349	249,650	250,438	253,145	3,495
-	569,056	581,719	600,864	31,808
-	367,607	370,379	377,952	10,345
-	3,911,465	3,911,465	3,911,465	-
-	1,229,436	1,131,733	1,135,487	(93,949)
9,314	922,315	987,766	993,786	71,471
-	300,201	306,233	313,697	13,496
8,300	469,285	408,626	431,526	(37,759)
-	1,623,112	1,460,776	1,611,429	(11,683)
-	2,244,234	2,279,951	2,418,695	174,461
17,963	14,093,296	13,860,859	14,297,521	204,225
64,226	41,148,851	40,680,262	41,085,216	(63,635)
-	4,757,257	4,330,587	4,667,417	(89,840)
-	17,819	12,120	12,120	(5,699)
64,226	45,923,927	45,022,969	45,764,753	(159,174)
169,955	30,710,570	30,061,663	30,733,721	23,151
-	1,479,113	1,464,967	1,478,210	(903)
169,955	32,189,683	31,526,630	32,211,931	22,248
360	2,768,961	3,076,296	3,011,659	242,698
3,196	2,770,233	2,500,255	2,725,160	(45,073)
3,200	427,014	519,467	520,346	93,332
5,010	4,349,236	4,337,850	4,372,233	22,997
653	1,100,170	1,178,929	1,212,919	112,749
-	54,831	59,559	57,039	2,208
12,419	11,470,445	11,672,356	11,899,356	428,911
246,600	89,584,055	88,221,955	89,876,040	291,985

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS, CONTINUED
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>
STREETS, TRAFFIC & ENGINEERING				
Street maintenance	9,146,322	-	9,146,322	702
Traffic engineering	460,875	-	460,875	-
Traffic field operations	3,888,566	-	3,888,566	115,524
Public works	356,363	-	356,363	-
Capital projects and development	<u>1,544,923</u>	-	<u>1,544,923</u>	<u>28,340</u>
Total streets, traffic, engineering	<u>15,397,049</u>	-	<u>15,397,049</u>	<u>144,566</u>
CULTURE & RECREATION				
Auditorium - coliseum				
Civic Center operations	1,915,492	-	1,915,492	-
Civic Center administration	508,632	-	508,632	-
Box office operations	334,713	-	334,713	-
Civic Center sports	456,359	-	456,359	-
Globe News Center	312,117	-	312,117	-
Library operations	4,002,524	-	4,002,524	624
Parks				
Parks administration	482,311	-	482,311	-
Park maintenance	7,186,729	59,172	7,245,901	5,530
Senior services	125,848	-	125,848	-
Participant Recreation				
Ross Rogers Golf Course	2,035,096	-	2,035,096	2,320
Comanche Trail Golf Course	1,500,345	-	1,500,345	2,445
Zoo	553,766	-	553,766	-
Swimming pools	402,930	-	402,930	-
Tennis center	104,651	-	104,651	7,100
Parks and recreation programs	942,598	-	942,598	2,240
Total culture and recreation	<u>20,864,111</u>	<u>59,172</u>	<u>20,923,283</u>	<u>20,259</u>
SOLID WASTE				
Solid waste collection	9,870,318	-	9,870,318	41,800
Solid waste disposal	4,262,427	-	4,262,427	5,200
Total solid waste	<u>14,132,745</u>	-	<u>14,132,745</u>	<u>47,000</u>
TRANSIT				
Fixed route	2,552,634	-	2,552,634	-
Demand response	1,592,626	-	1,592,626	-
Transit maintenance	571,551	-	571,551	-
Total transit	<u>4,716,811</u>	-	<u>4,716,811</u>	-
ECONOMIC DEVELOPMENT				
Tourism support	2,964,077	-	2,964,077	32,170
Economic development	91,306	-	91,306	-
Total economic development	<u>3,055,383</u>	-	<u>3,055,383</u>	<u>32,170</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 165,973,938</u>	<u>\$ 127,399</u>	<u>\$ 166,101,337</u>	<u>\$ 488,439</u>
OPERATING TRANSFERS:				
Operating Transfers to Other Funds	\$ 8,234,735	\$ -	\$ 8,234,735	\$ -
Operating Transfers from Other Funds	<u>(177,820)</u>	<u>-</u>	<u>(177,820)</u>	<u>-</u>
TOTALS INCLUDING TRANSFERS	<u>\$ 174,030,853</u>	<u>\$ 127,399</u>	<u>\$ 174,158,252</u>	<u>\$ 488,439</u>

See Independent Auditor's Report.

<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
646,478	9,792,098	9,929,696	10,357,450	565,352
-	460,875	613,854	630,216	169,341
26,969	3,800,011	3,541,224	3,622,766	(177,245)
82	356,445	457,793	459,551	103,106
-	1,516,583	1,371,433	1,478,796	(37,787)
<u>673,529</u>	<u>15,926,012</u>	<u>15,914,000</u>	<u>16,548,779</u>	<u>622,767</u>
6,128	1,921,620	1,911,927	2,016,934	95,314
-	508,632	519,074	555,419	46,787
-	334,713	347,288	350,568	15,855
-	456,359	428,932	441,906	(14,453)
-	312,117	315,506	335,809	23,692
-	4,001,900	3,831,445	4,061,888	59,988
-	482,311	615,325	533,957	51,646
1,070	7,241,441	6,749,249	7,075,172	(166,269)
-	125,848	-	241,498	115,650
-	2,032,776	2,160,615	2,241,518	208,742
-	1,497,900	1,413,713	1,474,321	(23,579)
-	553,766	478,547	527,553	(26,213)
-	402,930	465,349	463,358	60,428
-	97,551	98,991	99,077	1,526
-	940,358	1,414,093	1,103,197	162,839
<u>7,198</u>	<u>20,910,222</u>	<u>20,750,054</u>	<u>21,522,175</u>	<u>611,953</u>
-	9,828,518	9,453,726	9,859,994	31,476
45,551	4,302,778	4,028,099	4,141,203	(161,575)
<u>45,551</u>	<u>14,131,296</u>	<u>13,481,825</u>	<u>14,001,197</u>	<u>(130,099)</u>
11,772	2,564,406	2,885,420	2,908,237	343,831
-	1,592,626	1,450,761	1,546,455	(46,171)
-	571,551	532,614	556,180	(15,371)
<u>11,772</u>	<u>4,728,583</u>	<u>4,868,795</u>	<u>5,010,872</u>	<u>282,289</u>
84,170	3,016,077	3,088,444	3,088,444	72,367
-	91,306	-	92,000	694
<u>84,170</u>	<u>3,107,383</u>	<u>3,088,444</u>	<u>3,180,444</u>	<u>73,061</u>
<u>\$ 1,086,783</u>	<u>\$ 166,699,681</u>	<u>\$ 164,591,032</u>	<u>\$ 168,992,328</u>	<u>\$ 2,292,647</u>
\$ -	\$ 8,234,735	\$ 12,020,763	\$ 8,464,966	\$ 230,231
-	(177,820)	(108,515)	(128,515)	49,305
<u>\$ 1,086,783</u>	<u>\$ 174,756,596</u>	<u>\$ 176,503,280</u>	<u>\$ 177,328,779</u>	<u>\$ 2,572,183</u>

See Independent Auditor's Report.

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STATEMENTS OF WATER AND SEWER FUND

This fund accounts for the provision of water and sewer services to residents and commercial enterprises of the City and proximate area. Water is obtained from a number of city-owned well fields, as well as from an allocation of surface water from the Canadian River and underground water from the northeast sector of the Panhandle, both provided by the Canadian River Municipal Water Authority.

**CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 15,498,647
Investments, at fair values	57,098,741
Accounts receivable, net of allowances	5,638,133
Accrued interest receivable	174,472
Other accrued revenue	3,354,388
Due from other funds	34,957
Prepaid expenses	1,434,753
Total current assets	<u>83,234,091</u>
NONCURRENT ASSETS	
Restricted cash and cash equivalents	50,391,049
Other noncurrent asset	83,414
Interfund advance receivable	715,043
Capital assets	
Land	2,040,262
Contributed right of way easements	1,212,885
Underground water rights	58,332,683
Accumulated depletion - underground water rights	(7,848,843)
Water supply contract	50,336,389
Accumulated amortization - water supply contract	(22,875,817)
Pipelines and plant	646,180,868
Accumulated depreciation - pipelines and plant	(212,025,705)
Equipment and vehicles	4,328,397
Accumulated depreciation - equipment and vehicles	(3,509,787)
Construction in progress	42,055,348
Total capital assets net of accumulated depreciation	<u>558,226,680</u>
Total noncurrent assets	<u>609,416,186</u>
TOTAL ASSETS	<u>\$ 692,650,277</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows	\$ 4,425,767
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 4,425,767</u>
LIABILITIES	
CURRENT LIABILITIES	
Vouchers payable	\$ 2,805,349
Accounts payable	1,651,160
Accrued expenses	2,507,563
Deposits	42,014
Consumer security deposits	3,778,466
Share of water authority debt, current	6,062,540
Bonded debt current maturity	10,440,000
Current portion of provision for compensated absences	213,205
Total current liabilities	<u>27,500,297</u>
NONCURRENT LIABILITIES	
Bonded debt, net of current	151,406,891
Water authority debt, net of current	66,586,546
Other accrued expenses	2,628,280
Provision for compensated absences, net	803,399
Net pension obligation	7,274,511
Total noncurrent liabilities	<u>228,699,627</u>
TOTAL LIABILITIES	<u>\$ 256,199,924</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows	\$ 148,800
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 148,800</u>
NET POSITION	
Net investment in capital assets	\$ 367,784,175
Restricted for debt service	6,337,577
Unrestricted	66,605,568
TOTAL NET POSITION	<u>\$ 440,727,320</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2017**

OPERATING REVENUES	
Utility sales and service	\$ 73,545,211
Tap fees and frontage charges	310,453
Rents and miscellaneous	82,405
	<u>73,938,069</u>
Total operating revenues	<u>73,938,069</u>
OPERATING EXPENSES	
Salaries, wages and fringe benefits	14,467,892
Supplies	1,350,992
Fuel and power	4,618,493
Contractual services	5,063,458
Water authority charges	6,974,102
Other charges	10,086,833
Depreciation	14,550,803
	<u>57,112,573</u>
Total operating expenses	<u>57,112,573</u>
Operating income	<u>16,825,496</u>
NONOPERATING REVENUES (EXPENSES)	
Gain on disposal of property	24,654
Interfund reimbursement	1,182,621
Interest earnings	394,951
Interest and fiscal charges	(4,918,141)
	<u>(3,315,915)</u>
Total nonoperating revenue (expenses)	<u>(3,315,915)</u>
Income before contributions and transfers	13,509,581
Capital contributions	5,226,486
Transfers to other funds	(922,560)
	<u>17,813,507</u>
Change in net position	<u>17,813,507</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<u>422,913,813</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 440,727,320</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from third parties	\$ 74,196,313
Cash payments to suppliers for goods and services	(28,308,127)
Cash payments to employees	(13,565,758)
Net cash provided (used) by operating activities	<u>32,322,428</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	-
Amounts borrowed from / repaid to other funds	(1,150,000)
Interfund reimbursements	1,182,621
Amounts loaned to other funds	(750,000)
Transfers to other funds	(922,560)
Net cash provided (used) by noncapital financing activities	<u>(1,639,939)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(31,888,954)
Capital grants received	5,226,486
Principal paid on bond maturities	(9,100,000)
Principal paid on proportionate share of Water Authority debt	(5,467,743)
Noncurrent receivable	7,439
Proceeds from issuance of bonds	33,072,612
Interest expense	(6,950,575)
Proceeds from sale of capital assets	35,859
Net cash provided (used) by capital and related financing activities	<u>(15,064,876)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investment securities	40,434,100
Purchase of investment securities	(47,026,399)
Interest and gains on investments	596,038
Net cash provided (used) by investing activities	<u>(5,996,261)</u>
Net increase in cash and cash equivalents	9,621,352
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>56,268,344</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 65,889,696</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 16,825,496
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	14,550,803
(Increase) decrease in accounts receivable	(139,391)
(Increase) decrease in deferred outflows	806,219
(Increase) decrease in other accrued revenue	288,257
(Increase) decrease in prepaid expenses	742,951
Increase (decrease) in vouchers payable	(185,152)
Increase (decrease) in accounts payable	560,913
Increase (decrease) in accrued operating expenses	(1,254,953)
Increase (decrease) in deferred inflows	124,649
Increase (decrease) in customer deposits	109,378
Increase (decrease) in provision for compensated absences	(85,841)
Increase (decrease) in net pension liability	(33,722)
Increase (decrease) in other accrued expenses	12,821
Net cash provided (used) by operating activities	<u>\$ 32,322,428</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Amortization of bond premiums	\$ (626,871)
Increases in fair values of investments	171,314
Interest expense capitalized	(885,177)
Capital contributions	-
Investment premium/discount amortization	72,197

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
SCHEDULE OF OPERATING REVENUES
YEAR ENDED SEPTEMBER 30, 2017**

UTILITY SALES AND SERVICE	
Water metered sales	\$ 48,620,594
Sewer charges	21,570,449
Industrial waste charges	218,437
Forfeited discounts	1,241,421
Sale of reclaimed water	512,347
Water service charges	1,373,862
Net loss on bad debts	(203,659)
Lab fees	149,495
Liquid waste disposal	<u>62,265</u>
Total utility sales and service	<u>73,545,211</u>
TAP FEES AND FRONTAGE CHARGES	
Water tap fees	218,965
Sewer tap fees	88,051
Water frontage charges	-
Sewer frontage charges	<u>3,437</u>
Total tap fees and frontage charges	<u>310,453</u>
RENTS AND MISCELLANEOUS	
Rents and miscellaneous	<u>82,405</u>
Total rents and miscellaneous	<u>82,405</u>
TOTAL OPERATING REVENUE	<u><u>\$ 73,938,069</u></u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
YEAR ENDED SEPTEMBER 30, 2017**

WATER AND SEWER SYSTEM FUND DEPARTMENT	Salaries, Wages & Fringe Benefits	Supplies	Fuel and Power
Water production	\$ 434,538	\$ 36,357	\$ 1,688,304
Water transmission	426,289	41,983	1,416,249
Surface water treatment	1,544,761	372,723	98,709
Water distribution	3,119,973	62,332	1,063
Water - general	-	-	-
Wastewater collection	1,797,029	189,807	201,017
Wastewater treatment	2,664,795	394,963	1,189,939
Environmental laboratory	1,180,776	139,408	23,212
Sewer - general	-	-	-
Utility billing	1,708,054	83,922	-
Director of utilities - administration	278,282	24,682	-
Capital projects development and engineering	1,313,395	4,815	-
 Total operating expenses	 <u>\$ 14,467,892</u>	 <u>\$ 1,350,992</u>	 <u>\$ 4,618,493</u>

See Independent Auditor's Report.

<u>Water Authority Charges</u>	<u>Contractual Services</u>	<u>Other Charges</u>	<u>Depreciation/ Amortization</u>	<u>Total Current Year</u>
\$ -	\$ 471,859	\$ 92,834	\$ 3,873,938	\$ 6,597,830
-	166,394	63,957	2,829,273	4,944,145
6,974,102	495,785	237,539	994,064	10,717,683
-	1,345,144	74,422	2,670,767	7,273,701
-	124,942	6,286,840	-	6,411,782
-	876,848	40,477	1,888,660	4,993,838
-	701,885	383,143	2,126,260	7,460,985
-	137,206	8,828	93,033	1,582,463
-	-	2,861,915	-	2,861,915
-	666,670	15,180	53,028	2,526,854
-	25,245	21,219	21,780	371,208
-	51,480	479	-	1,370,169
<u>\$ 6,974,102</u>	<u>\$ 5,063,458</u>	<u>\$ 10,086,833</u>	<u>\$ 14,550,803</u>	<u>\$ 57,112,573</u>

See Independent Auditor's Report.

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STATEMENTS OF DRAINAGE UTILITY FUND

The Drainage Utility Fund provides for a dedicated funding source for the operations and maintenance of the existing storm-water system.

**CITY OF AMARILLO, TEXAS
DRAINAGE UTILITY FUND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 917,231
Investments, at fair values	7,654,010
Accounts receivable	287,632
Total current assets	8,858,873
NONCURRENT ASSETS	
Restricted cash and cash equivalents	103,764
Capital assets	
Land	2,010
Contributed right of way easements	236,291
Infrastructure	6,430,631
Accumulated depreciation - infrastructure	(308,114)
Equipment and vehicles	34,613
Accumulated depreciation - equipment and vehicles	(16,084)
Construction in progress	8,859,779
Total capital assets net of accumulated depreciation	15,239,126
Total noncurrent assets	15,342,890
TOTAL ASSETS	\$ 24,201,763
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows	\$ 161,974
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 161,974
LIABILITIES	
CURRENT LIABILITIES	
Vouchers payable	166,873
Accounts payable	13,302
Accrued expenses	52,014
Accrued interest	32,346
Bonded debt current maturity	500,000
Current portion of provision for compensated absences	10,172
Total current liabilities	774,707
NONCURRENT LIABILITIES	
Bonded debt net of current	9,095,524
Provision for compensated absences, net	63,230
Net pension liability	390,785
Total noncurrent liabilities	9,549,539
TOTAL LIABILITIES	\$ 10,324,246
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows	10,255
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 10,255
NET POSITION	
Net investment in capital assets	\$ 5,643,602
Restricted for debt service	103,764
Unrestricted	8,281,870
TOTAL NET POSITION	\$ 14,029,236

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
DRAINAGE UTILITY FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2017**

OPERATING REVENUES	
Drainage utility assessments	\$ 5,452,126
Forfeited discounts	<u>88,359</u>
Total operating revenues	<u>5,540,485</u>
OPERATING EXPENSES	
Salaries, wages and fringe benefits	1,309,766
Supplies	185,836
Contractual services	957,723
Other charges	436,002
Depreciation	<u>117,147</u>
Total operating expenses	<u>3,006,474</u>
Operating income (loss)	<u>2,534,011</u>
NONOPERATING REVENUES (EXPENSES)	
Gain on property	4,336
Interest earnings	51,432
Sales to other departments	150
Interest and fiscal charges	<u>(40,240)</u>
Total nonoperating revenue (expenses)	<u>15,678</u>
Income before contributions and transfers	2,549,689
Capital contributions	12,444
Transfers to other funds	<u>(244,958)</u>
Change in net position	2,317,175
TOTAL NET POSITION, BEGINNING OF YEAR	<u>11,712,061</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 14,029,236</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
DRAINAGE UTILITY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from third parties	\$ 5,569,208
Cash payments to suppliers for goods and services	(1,682,295)
Cash payments to employees	<u>(1,476,455)</u>
Net cash provided (used) by operating activities	<u>2,410,458</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Sales to other departments	150
Transfers to other funds	<u>(244,958)</u>
Net cash provided (used) by noncapital financing activities	<u>(244,808)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,507,650)
Principal paid on bond maturities	(685,000)
Interest expense	<u>(266,739)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,459,389)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investment securities	4,842,550
Purchase of investment securities	(5,005,813)
Interest and gains on investments	<u>96,204</u>
Net cash provided (used) by investing activities	<u>(67,059)</u>
Net increase (decrease) in cash and cash equivalents	(360,798)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>1,381,793</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR	
(RESTRICTED AND UNRESTRICTED)	<u>\$ 1,020,995</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 2,534,011
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	117,147
(Increase) decrease in accounts receivable	28,723
(Increase) decrease in deferred outflows	57,922
Increase (decrease) in vouchers payable	138,262
Increase (decrease) in accounts payable	(240,996)
Increase (decrease) in accrued operating expenses	(263,323)
Increase (decrease) in deferred inflows	8,955
Increase (decrease) in provision for compensated absences	32,180
Increase (decrease) in net pension liability	<u>(2,423)</u>
Net cash provided (used) by operating activities	<u>\$ 2,410,458</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Amortization of bond premiums	\$ (6,910)
Capital contributions	12,444
Interest expense capitalized	(218,386)
Investment premium/discount amortization	21,216

See Independent Auditor's Report.

AIRPORT FUND

This fund accounts for the operation of the Amarillo International Airport. In addition to providing runways, a passenger terminal and related facilities, the Airport includes improvements built by the federal government for an air force base on land which was returned to the City in 1967 and 1970. These facilities, together with later additions, are leased to commercial tenants for warehousing, manufacturing, and aircraft-related activities.

**CITY OF AMARILLO, TEXAS
AIRPORT FUND
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017**

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 3,274,869
Investments at fair value	7,001,052
Receivables (net of allowances for uncollectibles)	
Accounts	55,273
Accrued interest	20,024
Other accrued revenue	189,323
Due from other governments	142,899
Total current assets	<u>10,683,440</u>
NONCURRENT ASSETS	
Restricted cash and cash equivalents	147,496
Capital assets	
Land	2,777,341
Runways, buildings and improvements	159,120,779
Accumulated depreciation - runways, buildings and improvements	(92,731,811)
Equipment and vehicles	8,503,742
Accumulated depreciation - equipment and vehicles	(4,887,274)
Construction in progress	3,809,098
Total capital assets, net of accumulated depreciation	<u>76,591,875</u>
Total noncurrent assets	<u>76,739,371</u>
TOTAL ASSETS	<u>\$ 87,422,811</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows	\$ 664,284
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 664,284</u>
LIABILITIES	
CURRENT LIABILITIES	
Vouchers payable	\$ 193,017
Accounts payable	4,225
Accrued expenses	304,178
Due to other governments	179
Deposits	90,806
Bonded debt current maturity	1,655,000
Current portion of provision for compensated absences	26,897
Total current liabilities	<u>2,274,302</u>
NONCURRENT LIABILITIES	
Bonded debt, net of current portion	3,979,868
Provision for compensated absences, net	146,084
Net pension obligation	1,524,099
Total noncurrent liabilities	<u>5,650,051</u>
TOTAL LIABILITIES	<u>\$ 7,924,353</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows	\$ 34,834
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 34,834</u>
NET POSITION	
Net investment in capital assets	\$ 70,957,007
Restricted for debt service	147,496
Unrestricted	9,023,405
TOTAL NET POSITION	<u>\$ 80,127,908</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
AIRPORT FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2017**

OPERATING REVENUES	
Airfield fees and commissions	\$ 628,243
Terminal building revenue	7,162,945
Other building revenue	1,637,825
	<hr/>
Total operating revenues	9,429,013
	<hr/>
OPERATING EXPENSES	
Salaries, wages and fringes	3,374,750
Supplies	458,604
Fuel and power	615,376
Contractual services	1,316,102
Other charges	2,374,843
Depreciation	5,453,657
	<hr/>
Total operating expenses	13,593,332
	<hr/>
Operating loss	(4,164,319)
	<hr/>
NONOPERATING REVENUES (EXPENSES)	
Passenger facility charge	1,223,894
Interest earnings	73,570
State grants	25,692
Change in value of investments	(21,880)
Interest expense	(147)
Other miscellaneous revenue	111,811
	<hr/>
Net nonoperating revenues (expenses)	1,412,940
	<hr/>
Net loss before contributions	(2,751,379)
	<hr/>
CAPITAL CONTRIBUTIONS	2,089,395
TRANSFERS TO OTHER FUNDS	(1,196,930)
TRANSFERS FROM OTHER FUNDS	1,167,175
	<hr/>
Change in net position	(691,739)
	<hr/>
NET POSITION AT BEGINNING OF YEAR	80,819,647
	<hr/>
NET POSITION AT END OF YEAR	<u>\$ 80,127,908</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
AIRPORT FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from third parties	\$ 9,423,777
Cash payments to suppliers for goods and services	(4,740,292)
Cash payments to employees	<u>(3,157,924)</u>
Net cash provided (used) by operating activities	<u>1,525,561</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash payments received for passenger facility charge	1,223,894
Transfers to other funds	(1,196,930)
Transfers from other funds	<u>1,167,175</u>
Net cash provided (used) by noncapital financing activities	<u>1,194,139</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(2,716,019)
Principal paid on bond maturities	(1,580,000)
Capital grants received	2,281,181
Interest expense	<u>(290,775)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,305,613)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investment securities	7,000,000
Purchase of investment securities	(5,274,096)
Interest and gains on investments	<u>94,910</u>
Net cash provided (used) by investing activities	<u>1,820,814</u>
Net increase (decrease) in cash and cash equivalents	2,234,901
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>1,187,464</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u><u>\$ 3,422,365</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (4,164,319)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	5,453,657
(Increase) decrease in accounts receivable	(27,891)
(Increase) decrease in other accrued	17,838
(Increase) decrease in prepaid expenses	19,856
(Increase) decrease in deferred outflows	192,552
Increase (decrease) in vouchers payable	(90,220)
Increase (decrease) in accounts payable	(2,978)
Increase (decrease) in accrued operating expenses	97,975
Increase (decrease) in deposits received	4,817
(Increase) decrease in deferred inflows	29,771
Increase (decrease) in provision for compensated absences	2,557
Increase (decrease) in net pension obligation	<u>(8,054)</u>
Net cash provided (used) by operating activities	<u>\$ 1,525,561</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
(Increase) decrease in fair values of investments	\$ (21,880)
Interest expense capitalized	(158,126)
Bond premium amortization	(123,940)
Investment premium/discount amortization	17,016
Capital contributions	2,089,395

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
AIRPORT FUND
SCHEDULE OF OPERATING REVENUES
YEAR ENDED SEPTEMBER 30, 2017**

AIRFIELD FEES AND COMMISSIONS	
Landing fees	\$ 503,167
Military fuel flowage commission	125,076
Total airfield fees and commissions	<u>628,243</u>
TERMINAL BUILDING REVENUES	
Airline rentals	1,944,624
Restaurant commissions	183,649
Other terminal building rentals	82,376
Car rental agencies	1,972,349
Auto parking concession	2,979,947
Total terminal building revenues	<u>7,162,945</u>
OTHER BUILDING REVENUES	
Lease rentals	
Bell Helicopter	468,976
Krams, Inc.	302,577
Leading Edge	433,073
Fixed base operator	93,771
Other building rentals	190,972
Ground rentals	110,496
Advertising commissions	37,960
Total other building revenues	<u>1,637,825</u>
TOTAL OPERATING REVENUES	<u><u>\$ 9,429,013</u></u>

See Independent Auditor's Report.

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COMBINING SCHEDULES

Grant Programs

The City participates in the following types of federal, federal-pass-through and state financial assistance programs, many of which benefit the entire 26-county region known as the Panhandle of Texas:

HUD Programs: These grants, funded by the U. S. Department of Housing and Urban Development, include both block grants and housing and emergency shelter assistance grants for the benefit of low and moderate-income persons.

Public Health: These funds account for grants received for public health purposes within the city-bi-county public health district, received primarily through the U.S. Department of Agriculture, U.S. Department of Health and Human Services, and Texas Department of State Health Services.

Justice: These grants are received from the U.S. Department of Justice for assistance in both local and Panhandle area crime control, as well as from the Department of Transportation for traffic safety purposes.

Other: The City's transportation planning department administers grants from the U.S. Department of Transportation for general transportation planning. The City's emergency management department administers grants from the U.S. Department of Energy for planning with respect to the Pantex plant east of the City. The City occasionally receives assistance from various outside sources to offset the cost on the City to respond to disasters. The City's parks department administers a summer lunch program for low-income children funded by the U.S. Department of Agriculture.

Agency and Private-Purpose Trust Funds

The City accounts for the assets of the following other parties:

Agency Fund

Civic Center Operations: Accounts for individual events at the City of Amarillo Civic Center. Funds are held in these accounts until events occur and are balanced and closed out.

Private-Purpose Trust Funds

Centennial Parkway: Donations for trees and landscaping along Airport Boulevard.

Indigent Dog Bite Victim: Donations for health-related services for qualifying indigent dog bite victims.

Amarillo Industrial Development Corporation: Promotion and development of commercial, industrial and manufacturing enterprises to promote and encourage employment and the public welfare.

**CITY OF AMARILLO, TEXAS
HOUSING AND URBAN DEVELOPMENT GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES
SEPTEMBER 30, 2017**

	<u>Community Development Block Grant</u>	<u>Housing Assistance Payments Program</u>	<u>Home Investment Partnership Program</u>	<u>Shelter Plus Care/ Permanent Housing</u>
ASSETS				
Cash and cash equivalents	\$ 85,564	\$ 635,421	\$ 22,196	\$ 3,211
Accounts receivable	28,426	-	72,156	-
Due from other funds	1,893	3,660	-	-
Due from other governments	51,801	6,365	10,651	31,789
Prepaid items	173	250	-	-
TOTAL ASSETS	<u>\$ 167,857</u>	<u>\$ 645,696</u>	<u>\$ 105,003</u>	<u>\$ 35,000</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 48,732	\$ 63,068	\$ 2,450	\$ -
Accrued expenditures	12,585	-	-	-
Due to other funds - unrestricted	99,934	10,279	494	35,000
Due to other governments	21	-	-	-
Unearned revenue	-	-	72,156	-
Vouchers payable	6,585	593	8,115	-
Total liabilities	<u>167,857</u>	<u>73,940</u>	<u>83,215</u>	<u>35,000</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	173	250	-	-
Restricted for:				
Special purposes	(173)	522,291	21,788	-
Committed for:				
Compensated absences	-	49,215	-	-
Total fund balances	<u>-</u>	<u>571,756</u>	<u>21,788</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 167,857</u>	<u>\$ 645,696</u>	<u>\$ 105,003</u>	<u>\$ 35,000</u>

See Independent Auditor's Report.

<u>Supportive/ Transitional Housing</u>	<u>Affordable Housing</u>	<u>Emergency Shelter</u>	<u>HMIS</u>	<u>Total</u>
\$ 3,660	\$ -	\$ 4,167	\$ -	\$ 754,219
-	-	-	-	100,582
-	-	-	2,877	8,430
-	-	1,726	-	102,332
-	-	-	-	423
<u>\$ 3,660</u>	<u>\$ -</u>	<u>\$ 5,893</u>	<u>\$ 2,877</u>	<u>\$ 965,986</u>
\$ -	\$ -	\$ -	\$ 2,877	\$ 117,127
-	-	-	-	12,585
3,660	-	5,000	-	154,367
-	-	-	-	21
-	-	-	-	72,156
-	-	393	-	15,686
<u>3,660</u>	<u>-</u>	<u>5,393</u>	<u>2,877</u>	<u>371,942</u>
-	-	-	-	423
-	-	500	-	544,406
-	-	-	-	49,215
-	-	500	-	594,044
<u>\$ 3,660</u>	<u>\$ -</u>	<u>\$ 5,893</u>	<u>\$ 2,877</u>	<u>\$ 965,986</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
HOUSING AND URBAN DEVELOPMENT GRANTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2017**

	Community Development Block Grant	Housing Assistance Payments Program	Home Investment Partnership Program
REVENUES			
Grants-in-aid - capital	\$ 1,256,294	\$ 9,889,609	\$ 932,985
Charges for services	21,688	-	3,939
Construction participations	19,532	-	-
Intergovernmental revenue - operating	-	-	-
Investment earnings	-	1,823	-
Miscellaneous revenues	-	204,737	-
Total revenues	<u>1,297,514</u>	<u>10,096,169</u>	<u>936,924</u>
EXPENDITURES			
Urban redevelopment/housing	<u>1,314,032</u>	<u>10,215,141</u>	<u>944,887</u>
Total expenditures	<u>1,314,032</u>	<u>10,215,141</u>	<u>944,887</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,518)</u>	<u>(118,972)</u>	<u>(7,963)</u>
OTHER FINANCING SOURCES (USES)			
Transfer to other fund	-	(1,950)	-
Operating transfer from other fund	<u>11,744</u>	<u>3,660</u>	<u>-</u>
Total other financing sources (uses)	<u>11,744</u>	<u>1,710</u>	<u>-</u>
Net change in fund balances	(4,774)	(117,262)	(7,963)
FUND BALANCES, BEGINNING OF YEAR	<u>4,774</u>	<u>689,018</u>	<u>29,751</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 571,756</u>	<u>\$ 21,788</u>

See Independent Auditor's Report.

Shelter Plus Care/ Permanent Housing	Supportive/ Transitional Housing	Affordable Housing	Emergency Shelter	HMIS	Total
\$ 413,535	\$ 3,506	\$ -	\$ 143,282	\$ 32,218	\$ 12,671,429
-	-	-	-	-	25,627
-	-	-	-	-	19,532
-	-	-	-	-	-
-	-	2	-	-	1,825
-	750	1,000	-	1,462	207,949
<u>413,535</u>	<u>4,256</u>	<u>1,002</u>	<u>143,282</u>	<u>33,680</u>	<u>12,926,362</u>
<u>413,535</u>	<u>2,250</u>	<u>-</u>	<u>143,282</u>	<u>45,179</u>	<u>13,078,306</u>
<u>413,535</u>	<u>2,250</u>	<u>-</u>	<u>143,282</u>	<u>45,179</u>	<u>13,078,306</u>
<u>-</u>	<u>2,006</u>	<u>1,002</u>	<u>-</u>	<u>(11,499)</u>	<u>(151,944)</u>
<u>-</u>	<u>(3,660)</u>	<u>(1,152)</u>	<u>-</u>	<u>-</u>	<u>(6,762)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,499</u>	<u>26,903</u>
<u>-</u>	<u>(3,660)</u>	<u>(1,152)</u>	<u>-</u>	<u>11,499</u>	<u>20,141</u>
<u>-</u>	<u>(1,654)</u>	<u>(150)</u>	<u>-</u>	<u>-</u>	<u>(131,803)</u>
<u>-</u>	<u>1,654</u>	<u>150</u>	<u>500</u>	<u>-</u>	<u>725,847</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 594,044</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PUBLIC HEALTH GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
SEPTEMBER 30, 2017**

	Public Health	Women, Infants & Children	Total
ASSETS			
Cash and cash equivalents	\$ 5,291,243	\$ 11,014	\$ 5,302,257
Accounts receivable	725	-	725
Other prepaid expenses	1,634	3,586	5,220
Due from other funds - unrestricted	15,140	-	15,140
Due from other governments	244,624	424,040	668,664
TOTAL ASSETS	\$ 5,553,366	\$ 438,640	\$ 5,992,006
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 95,866	\$ 64,694	\$ 160,560
Due to other funds - unrestricted	-	310,000	310,000
Deferred Revenue	-	17,693	17,693
Vouchers payable	97,584	40,841	138,425
Total liabilities	193,450	433,228	626,678
FUND BALANCES			
Nonspendable:			
Prepaid items	1,634	3,586	5,220
Restricted:			
Special purposes	5,358,282	1,826	5,360,108
Total fund balances	5,359,916	5,412	5,365,328
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,553,366	\$ 438,640	\$ 5,992,006

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PUBLIC HEALTH GRANTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Public Health</u>	<u>Women, Infants & Children</u>	<u>Total</u>
REVENUES			
Intergovernmental revenues	\$ 6,751,527	\$ 1,454,393	\$ 8,205,920
Charges for services	48,303	-	48,303
Miscellaneous revenues	-	5,541	5,541
Total revenues	<u>6,799,830</u>	<u>1,459,934</u>	<u>8,259,764</u>
EXPENDITURES			
Other public safety and health	<u>3,369,958</u>	<u>1,415,724</u>	<u>4,785,682</u>
Total expenditures	<u>3,369,958</u>	<u>1,415,724</u>	<u>4,785,682</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,429,872</u>	<u>44,210</u>	<u>3,474,082</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers to other fund	<u>-</u>	<u>(38,798)</u>	<u>(38,798)</u>
Total other financing sources and uses	<u>-</u>	<u>(38,798)</u>	<u>(38,798)</u>
Net change in fund balances	3,429,872	5,412	3,435,284
FUND BALANCES, AT BEGINNING OF YEAR	<u>1,930,044</u>	<u>-</u>	<u>1,930,044</u>
FUND BALANCES, AT END OF YEAR	<u><u>\$ 5,359,916</u></u>	<u><u>\$ 5,412</u></u>	<u><u>\$ 5,365,328</u></u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
JUSTICE GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
SEPTEMBER 30, 2017**

	<u>Justice Assistant Grant</u>	<u>Selective Traffic Enforcement Program</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 52,609	\$ 4,757	\$ 57,366
Due from other governments	<u>-</u>	<u>30,243</u>	<u>30,243</u>
TOTAL ASSETS	<u>\$ 52,609</u>	<u>\$ 35,000</u>	<u>\$ 87,609</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds - unrestricted	<u>\$ -</u>	<u>\$ 35,000</u>	<u>\$ 35,000</u>
Total liabilities	<u>-</u>	<u>35,000</u>	<u>35,000</u>
FUND BALANCES			
Restricted:			
Special purposes	<u>52,609</u>	<u>-</u>	<u>52,609</u>
Total fund balances	<u>52,609</u>	<u>-</u>	<u>52,609</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 52,609</u>	<u>\$ 35,000</u>	<u>\$ 87,609</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
JUSTICE GRANTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2017**

	Justice Assistance Grant	Selective Traffic Enforcement Program	Total
REVENUES			
Intergovernmental revenues	\$ 105,218	\$ 160,636	\$ 265,854
Total revenues	105,218	160,636	265,854
EXPENDITURES			
Police protection	52,609	227,323	279,932
Total expenditures	52,609	227,323	279,932
Excess (deficiency) of revenues over (under) expenditures	52,609	(66,687)	(14,078)
OTHER FINANCING SOURCES (USES)			
Transfers from other fund	-	66,687	66,687
Total other financing sources and uses	-	66,687	66,687
Net change in fund balances	52,609	-	52,609
FUND BALANCES, AT BEGINNING OF YEAR	-	-	-
FUND BALANCES, AT END OF YEAR	\$ 52,609	\$ -	\$ 52,609

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
MISCELLANEOUS GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES
SEPTEMBER 30, 2017**

	<u>Urban Transportation Planning</u>	<u>Hazardous Materials Transportation Planning</u>
ASSETS		
Cash and cash equivalents	\$ 3,311	\$ 12,179
Accounts receivable	-	-
Prepaid expense		
Other accrued revenue	-	-
Due from other governments	115,355	-
TOTAL ASSETS	<u>\$ 118,666</u>	<u>\$ 12,179</u>
LIABILITIES AND FUND BALANCES		
Accounts payable	\$ 13,354	\$ 12,077
Due to other funds - unrestricted	105,000	-
Accrued expenditures	312	-
Vouchers payable	-	36
Total liabilities	<u>118,666</u>	<u>12,113</u>
FUND BALANCES		
Restricted:		
Special purposes	-	66
Total fund balances	<u>-</u>	<u>66</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 118,666</u>	<u>\$ 12,179</u>

See Independent Auditor's Report.

Pantex Plant Environmental Oversight	Disaster Assistance	Summer Lunch Program	Total
\$ 518	\$ 4,247	\$ -	\$ 20,255
-	256,720	-	256,720
557	-	-	557
-	-	-	-
28,299	-	-	143,654
<u>\$ 29,374</u>	<u>\$ 260,967</u>	<u>\$ -</u>	<u>\$ 421,186</u>
\$ 3,686	\$ -	\$ -	\$ 29,117
25,000	220,000	-	350,000
-	-	-	312
688	-	-	724
<u>29,374</u>	<u>220,000</u>	<u>-</u>	<u>380,153</u>
-	40,967	-	41,033
-	40,967	-	41,033
<u>\$ 29,374</u>	<u>\$ 260,967</u>	<u>\$ -</u>	<u>\$ 421,186</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
 MISCELLANEOUS GRANTS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 YEAR ENDED SEPTEMBER 30, 2017**

	<u>Urban Transportation Planning</u>	<u>Hazardous Materials Transportation Planning</u>
REVENUES		
Intergovernmental revenues	\$ 421,654	\$ -
Total revenues	<u>421,654</u>	<u>-</u>
EXPENDITURES		
Other public safety and health	-	-
Staff services	421,659	119,205
Total expenditures	<u>421,659</u>	<u>119,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5)</u>	<u>(119,205)</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers from other fund	5	8,100
Total other financing sources and uses	<u>5</u>	<u>8,100</u>
Net change in fund balances	-	(111,105)
FUND BALANCES, AT BEGINNING OF YEAR	<u>-</u>	<u>111,171</u>
FUND BALANCES, AT END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 66</u></u>

See Independent Auditor's Report.

Pantex Plant Environmental Oversight	Disaster Assistance	Summer Lunch Program	Total
\$ 164,225	\$ 256,720	\$ 268,007	\$ 1,110,606
164,225	256,720	268,007	1,110,606
164,225	215,753	294,617	674,595
-	-	-	540,864
164,225	215,753	294,617	1,215,459
-	40,967	(26,610)	(104,853)
-	-	-	8,105
-	-	-	8,105
-	40,967	(26,610)	(96,748)
-	-	26,610	137,781
\$ -	\$ 40,967	\$ -	\$ 41,033

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
COMBINING STATEMENT OF FIDUCIARY FUNDS
SEPTEMBER 30, 2017**

	<u>Centennial Parkway</u>	<u>Indigent Dog Bite Victim</u>	<u>Amarillo Industrial Development Corporation</u>	<u>Total Private-Purpose Trust Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,472	\$ 5,008	\$ 23,440	\$ 30,920
TOTAL ASSETS	<u>\$ 2,472</u>	<u>\$ 5,008</u>	<u>\$ 23,440</u>	<u>\$ 30,920</u>
NET POSITION				
Held in trust for private purposes	\$ 2,472	\$ 5,008	\$ 23,440	\$ 30,920
TOTAL NET POSITION	<u>\$ 2,472</u>	<u>\$ 5,008</u>	<u>\$ 23,440</u>	<u>\$ 30,920</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY FUNDS
 SEPTEMBER 30, 2017**

	Centennial Parkway	Indigent Dog Bite Victim	Amarillo Industrial Development Corporation	Total Private-Purpose Trust Funds
ADDITIONS:				
Investment earnings	\$ -	\$ -	\$ 128	\$ 128
Total additions	<u>-</u>	<u>-</u>	<u>128</u>	<u>128</u>
DEDUCTIONS:				
Supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>-</u>	<u>-</u>	<u>128</u>	<u>128</u>
NET POSITION, BEGINNING OF YEAR	<u>2,472</u>	<u>5,008</u>	<u>23,312</u>	<u>30,792</u>
NET POSITION, END OF YEAR	<u>\$ 2,472</u>	<u>\$ 5,008</u>	<u>\$ 23,440</u>	<u>\$ 30,920</u>

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
CIVIC CENTER OPERATIONS				
Assets				
Cash and cash equivalents	\$ 1,073,079	\$ 4,175,874	\$ 4,464,167	\$ 784,786
Total assets	<u>\$ 1,073,079</u>	<u>\$ 4,175,874</u>	<u>\$ 4,464,167</u>	<u>\$ 784,786</u>
Liabilities				
Due to other agencies	\$ 1,073,079	\$ 4,175,874	\$ 4,464,167	\$ 784,786
Total liabilities	<u>\$ 1,073,079</u>	<u>\$ 4,175,874</u>	<u>\$ 4,464,167</u>	<u>\$ 784,786</u>

See Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

The following schedules are presented for the purpose of additional analysis and are not a required part of comprehensive annual financial report. The following types of information are included:

- Schedule of investments by funds
- Schedules concerning ad valorem taxes
- Schedules of outstanding debt issuances
- Schedules for Waterworks and Sewer System
- Schedule for Drainage Utility
- Schedule of insurance coverage - all funds
- Non-Major Special Revenue Budgets

CITY OF AMARILLO, TEXAS
SCHEDULE OF INVESTMENTS - BY FUNDS
SEPTEMBER 30, 2017

	No-Load Mutual Funds	U.S. Treasury Obligations		
		Amortized Cost	Par Value	Fair Values
GOVERNMENTAL FUNDS				
Unrestricted:				
General Fund	\$ 6,374	\$ -	\$ -	\$ -
Housing and Urban Development Grants Funds	2,095	-	-	-
Seizure Funds	6,637	-	-	-
Tax Increment Reinvestment Zone #1	435	-	-	-
Compensated Absences	7,685	-	-	-
General Obligation Debt	1,093,165	-	-	-
Public Improvement Districts	28,526	-	-	-
Capital Projects Funds	29,864,198	500,536	500,000	499,240
Miscellaneous special revenue	496,496	-	-	-
Total Unrestricted	<u>31,505,611</u>	<u>500,536</u>	<u>500,000</u>	<u>499,240</u>
Restricted:				
Civic Center Improvement Fund	3,431,859	-	-	-
Tax Increment Reinvestment Zone #1	781	-	-	-
Total Restricted	<u>3,432,640</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Funds	<u>34,938,251</u>	<u>500,536</u>	<u>500,000</u>	<u>499,240</u>
PROPRIETARY FUNDS				
ENTERPRISE FUNDS				
Unrestricted:				
Water and Sewer Fund	15,177,726	2,002,143	2,000,000	1,996,960
Airport Fund	2,859,254	500,536	500,000	499,240
Drainage Utility	855,775	500,536	500,000	499,240
Total Unrestricted	<u>18,892,755</u>	<u>3,003,215</u>	<u>3,000,000</u>	<u>2,995,440</u>
Restricted:				
Water and Sewer Fund	50,391,049	-	-	-
Airport Fund	-	-	-	-
Drainage Utility	103,764	-	-	-
Total Restricted	<u>50,494,813</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Enterprise Funds	<u>69,387,568</u>	<u>3,003,215</u>	<u>3,000,000</u>	<u>2,995,440</u>
INTERNAL SERVICE FUNDS				
Unrestricted:				
Fleet Services	1,582,812	-	-	-
Information Services	605,113	-	-	-
Risk Management	1,376,779	500,536	500,000	499,240
Employee Insurance	365,942	-	-	-
Total Unrestricted	<u>3,930,646</u>	<u>500,536</u>	<u>500,000</u>	<u>499,240</u>
Restricted:				
Fleet Services	135,556	-	-	-
Total Internal Service Funds	<u>4,066,202</u>	<u>500,536</u>	<u>500,000</u>	<u>499,240</u>
TOTALS - ALL FUNDS	<u>\$ 108,392,021</u>	<u>\$ 4,004,287</u>	<u>\$ 4,000,000</u>	<u>\$ 3,993,920</u>

See Independent Auditor's Report.

U.S. Government and Government-Sponsored Agencies		Total Investments at Fair Values	Add Time Deposits	Less Cash Equivalents	Total Investments
Interest Bearing Obligations Par Values	Fair Values				
\$ 42,740,000	\$ 42,694,914	\$ 42,701,288	\$ 350,925	\$ (6,374)	\$ 43,045,839
-	-	2,095	-	(2,095)	-
-	-	6,637	-	(6,637)	-
-	-	435	-	(435)	-
1,000,000	999,065	1,006,750	2,250,000	(7,685)	3,249,065
-	-	1,093,165	-	(1,093,165)	-
-	-	28,526	-	(28,526)	-
14,500,000	14,486,630	44,850,068	8,750,000	(29,864,198)	23,735,870
250,000	248,732	745,228	1,250,000	(496,496)	1,498,732
58,490,000	58,429,341	90,434,192	12,600,925	(31,505,611)	71,529,506
-	-	3,431,859	-	(3,431,859)	-
-	-	781	-	(781)	-
-	-	3,432,640	-	(3,432,640)	-
58,490,000	58,429,341	93,866,832	12,600,925	(34,938,251)	71,529,506
49,750,000	49,851,781	67,026,467	5,250,000	(15,177,726)	57,098,741
5,750,000	5,751,812	9,110,306	750,000	(2,859,254)	7,001,052
5,914,000	5,904,770	7,259,785	1,250,000	(855,775)	7,654,010
61,414,000	61,508,363	83,396,558	7,250,000	(18,892,755)	71,753,803
-	-	50,391,049	-	(50,391,049)	-
-	-	-	-	-	-
-	-	103,764	-	(103,764)	-
-	-	50,494,813	-	(50,494,813)	-
61,414,000	61,508,363	133,891,371	7,250,000	(69,387,568)	71,753,803
6,000,000	5,999,855	7,582,667	2,750,000	(1,582,812)	8,749,855
2,250,000	2,250,053	2,855,166	250,000	(605,113)	2,500,053
8,750,000	8,737,262	10,613,281	4,000,000	(1,376,779)	13,236,502
4,950,000	4,997,232	5,363,174	2,000,000	(365,942)	6,997,232
21,950,000	21,984,402	26,414,288	9,000,000	(3,930,646)	31,483,642
-	-	135,556	-	(135,556)	-
21,950,000	21,984,402	26,549,844	9,000,000	(4,066,202)	31,483,642
\$ 141,854,000	\$ 141,922,106	\$ 254,308,047	\$ 28,850,925	\$ (108,392,021)	\$ 174,766,951

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
AD VALOREM TAXES RECEIVABLE BY ROLL YEAR
SEPTEMBER 30, 2017**

<u>Roll Year</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
2017	\$ 320,359	\$ 35,918	\$ 356,277
2016	158,096	12,166	170,262
2015	105,008	8,535	113,543
2014	83,971	7,166	91,137
2013	65,425	6,108	71,533
2012	56,140	5,337	61,477
2011	58,681	5,976	64,657
2010	53,403	5,438	58,841
2009	44,399	4,521	48,920
2008	37,051	779	37,830
2007	29,596	678	30,274
2006	28,202	681	28,883
2005	20,039	502	20,541
2004 & Prior	56,379	916	57,295
Total taxes receivable	<u>1,116,749</u>	<u>94,721</u>	<u>1,211,470</u>
Allowance for uncollectible taxes	<u>877,171</u>	<u>73,603</u>	<u>950,774</u>
Net taxes receivable	239,578	21,118	260,696
Provision for deferred collections	<u>164,112</u>	<u>15,470</u>	<u>179,582</u>
Net taxes available for current expenditure	<u><u>\$ 75,466</u></u>	<u><u>\$ 5,648</u></u>	<u><u>\$ 81,114</u></u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
SCHEDULE OF CHANGES IN TAXES AVAILABLE
YEAR ENDED SEPTEMBER 30, 2017**

TAXES AVAILABLE, BEGINNING, Net	<u>\$ 49,638</u>
REVENUES	
Taxes levied	40,948,124
Adjustments	<u>(23,499)</u>
Tax levy net of adjustments	40,924,625
Decrease in allowance for uncollectible taxes	73,026
Increase in provision for deferred collections	<u>(72,452)</u>
Net revenues	40,925,199
COLLECTIONS	<u>(40,893,723)</u>
Net increase (decrease) in taxes available	<u>31,476</u>
TAXES AVAILABLE, ENDING, Net	<u><u>\$ 81,114</u></u>
TOTAL AD VALOREM TAXES:	
Ad valorem taxes - property tax rolls	\$ 38,014,882
Penalty and interest	286,085
Payment in lieu of property tax	<u>3,702,132</u>
Total General Fund tax revenues	42,003,099
Debt Service	<u>2,789,543</u>
TOTAL TAX REVENUES	<u><u>\$ 44,792,642</u></u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
COMBINED SCHEDULE OF OUTSTANDING DEBT ISSUANCES
SEPTEMBER 30, 2017**

GENERAL OBLIGATION DEBT:	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rates on Outstanding Maturities</u>
<i>Serviced by Tax Revenues:</i>			
General Obligation Bonds, Series 2009	09/03/09	08/15/22	3.50 - 5.00%
Recovery Zone Build America Bonds, Series 2010	04/15/10	08/15/30	5.81%
General Obligation Refunding Bonds, Series 2017	02/22/17	05/15/27	4.00%
Certificates of Obligation, Series 2017	02/22/17	02/15/37	3.00 - 3.50%
General Obligation Bonds, Series 2017	05/11/17	02/15/42	3.00 - 5.00%
<i>Serviced by special assessments and other revenue sources:</i>			
Public Improvement Districts:			
Combination Tax and Revenues Certificates of Obligation			
Series 2003 Greenways	11/26/03	08/15/23	3.70%
Series 2006 Colonies	05/24/06	02/15/26	4.75%
Series 2008A Greenways	07/17/08	02/15/28	4.28%
Series 2008B Colonies	07/17/08	02/15/28	4.08%
Series 2014 (\$725,000 Greenways, \$1,535,000 Colonies)	04/01/14	08/15/34	2.000 - 3.625%
Golf Course Supported:			
Series 2011A	02/03/11	02/15/37	3.50 - 5.25%
Tax Increment Reinvestment Zone #1 Supported:			
Series 2011B	02/03/11	02/15/32	3.50 - 6.00%
Total debt serviced by property taxes, including special assessment and other revenue sources			
<i>Serviced by Fleet Services Fund Revenue (an Internal Service Fund):</i>			
Combination Tax and Revenue Certificates of Obligation, 2012B	12/12/12	08/15/18	1.250%
Tax Notes, Series 2014	02/25/14	08/15/19	1.00 - 2.00%
Total debt serviced by Fleet Services Funds revenue			
REVENUE OBLIGATION DEBT:			
<i>Serviced by Water and Sewer Revenues:</i>			
Waterworks and Sewer Revenue, 2011	08/30/11	04/01/31	2.00 - 4.125%
General Obligation Bonds, Series 2011	08/30/11	04/01/23	2.00 - 3.125%
Waterworks and Sewer Revenue, 2013	07/10/13	04/01/23	0.010 - 0.850%
Waterworks and Sewer Revenue, 2014	01/22/14	04/01/33	0.36 - 2.62%
Waterworks and Sewer Revenue, 2015	10/02/15	04/01/35	0.50 - 1.59%
Waterworks and Sewer Revenue, 2015A	10/02/15	04/01/32	2.00 - 4.00%
Waterworks and Sewer Revenue, 2017	05/11/17	04/01/37	3.00 - 5.00%
Combination Tax and Revenues Certificates of Obligation			
Waterworks and Sewer Tax and Revenue, 2009	04/01/09	05/15/28	0.338 - 3.018%
Waterworks and Sewer Tax and Revenue 2009B	12/29/09	05/15/29	1.151 - 2.587%
Waterworks and Sewer Tax and Revenue 2009C	02/02/10	05/15/31	0.00%
Total bonds serviced by Water and Sewer revenues			
<i>Serviced by Airport Revenue:</i>			
Airport Tax and Revenue, 2009A	09/03/09	02/15/20	4.70 - 5.00%
<i>Serviced by Drainage Fund Revenue:</i>			
Combination Tax and Revenue Certificates of Obligation, 2012A	12/12/12	08/15/32	1.00 - 2.00%
Drainage Revenue, 2014	04/01/14	08/15/34	2.00 - 3.75%
Total debt serviced by Drainage Fund revenue			
<i>Serviced by Hotel Occupancy Tax :</i>			
Hotel Occupancy Tax Revenue Bonds, Taxable Series 2016	04/13/16	08/15/43	1.85 - 4.25%
Total bonds payable*			

* Does not include the City's proportionate share of the Canadian River Water Authority indebtedness.

** Total interest of \$57,170 less 45% offset subsidy from the United States Treasury.

The debt schedule required by Section 140.08 of the Texas Local Government Code is located at <http://www.amarillo.gov/home/showdocument?id=4093>

See Independent Auditor's Report.

Bond Issuances				2017-18 Maturities		
Authorized	Issued	Retired	Outstanding	Principal	Interest	Total
\$ 4,825,000	\$ 4,825,000	\$ 2,560,000	\$ 2,265,000	\$ 420,000	\$ 81,812	\$ 501,812
1,392,000	1,392,000	408,000	984,000	65,000	31,444 **	96,444
15,110,000	15,110,000	280,000	14,830,000	1,235,000	593,200	1,828,200
6,940,000	6,940,000	-	6,940,000	370,000	307,884	677,884
21,280,000	21,280,000	-	21,280,000	300,000	990,793	1,290,793
620,000	620,000	375,000	245,000	35,000	9,065	44,065
585,000	585,000	266,758	318,242	31,509	14,436	45,945
600,000	600,000	205,000	395,000	30,000	16,264	46,264
1,500,000	1,500,000	525,000	975,000	70,000	38,352	108,352
2,260,000	2,260,000	250,000	2,010,000	95,000	63,918	158,918
3,750,000	3,750,000	545,000	3,205,000	105,000	149,863	254,863
2,210,000	2,210,000	450,000	1,760,000	85,000	89,738	174,738
61,072,000	61,072,000	5,864,758	55,207,242	2,841,509	2,386,769	5,228,278
2,790,000	2,790,000	2,315,000	475,000	475,000	5,938	480,938
2,650,000	2,650,000	1,745,000	905,000	450,000	18,100	468,100
5,440,000	5,440,000	4,060,000	1,380,000	925,000	24,038	949,038
16,300,000	16,300,000	3,980,000	12,320,000	675,000	461,938	1,136,938
5,605,000	5,605,000	2,415,000	3,190,000	495,000	86,975	581,975
1,310,000	1,310,000	515,000	795,000	130,000	3,173	133,173
8,495,000	8,495,000	1,565,000	6,930,000	375,000	121,475	496,475
17,195,000	17,195,000	1,705,000	15,490,000	815,000	147,102	962,102
21,145,000	21,145,000	3,270,000	17,875,000	1,780,000	538,969	2,318,969
31,005,000	31,005,000	-	31,005,000	1,225,000	1,075,550	2,300,550
38,885,000	38,885,000	14,070,000	24,815,000	2,045,000	587,152	2,632,152
47,400,000	47,400,000	13,710,000	33,690,000	1,995,000	704,934	2,699,934
18,075,000	18,075,000	5,405,000	12,670,000	905,000	-	905,000
205,415,000	205,415,000	46,635,000	158,780,000	10,440,000	3,727,268	14,167,268
16,140,000	16,140,000	10,915,000	5,225,000	1,655,000	215,900	1,870,900
6,260,000	6,260,000	2,130,000	4,130,000	245,000	82,600	327,600
6,080,000	6,080,000	705,000	5,375,000	255,000	170,544	425,544
12,340,000	12,340,000	2,835,000	9,505,000	500,000	253,144	753,144
11,995,000	11,995,000	-	11,995,000	-	457,664	457,664
\$ 312,402,000	\$ 312,402,000	\$ 70,309,758	\$ 242,092,242	\$ 16,361,509	\$ 7,064,783	\$ 23,426,292

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
COMBINED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
SEPTEMBER 30, 2017

	General Obligation Bonds and Tax Revenues Certificates of Obligations (Serviced by Tax Revenues)				Tax and Revenues Certificates of Obligation (Serviced by Special Assessments)			Water and Sewer Revenue Bonds (Debt Serviced by Water and Sewer Revenues)		
	Principal	Interest	Treasury Subsidy	Total	Principal	Interest	Total	Principal	Interest	Total
2017-2018	\$ 2,390,000	\$ 2,030,859	\$ (25,726)	\$ 4,395,133	\$ 451,509	\$ 381,636	\$ 833,145	\$ 10,440,000	\$ 3,727,268	\$ 14,167,268
2018-2019	2,792,000	1,628,500	(24,027)	4,396,473	463,037	365,070	828,107	10,460,000	3,715,023	14,175,023
2019-2020	2,904,000	1,521,957	(22,275)	4,403,682	474,643	347,967	822,610	10,675,000	3,542,045	14,217,045
2020-2021	3,015,000	1,408,198	(20,472)	4,402,726	501,325	329,964	831,289	10,895,000	3,338,207	14,233,207
2021-2022	3,127,000	1,286,221	(18,641)	4,394,580	523,088	310,619	833,707	11,140,000	3,106,036	14,246,036
2022-2023	2,753,000	1,158,136	(16,759)	3,894,377	539,936	290,874	830,810	11,415,000	2,827,658	14,242,658
2023-2024	2,865,000	1,044,845	(14,850)	3,894,995	511,875	269,458	781,333	11,290,000	2,524,410	13,814,410
2024-2025	2,977,000	926,837	(12,890)	3,890,947	533,909	247,414	781,323	11,600,000	2,218,976	13,818,976
2025-2026	3,098,000	804,039	(10,876)	3,891,163	528,920	223,675	752,595	11,835,000	1,892,801	13,727,801
2026-2027	3,226,000	676,232	(8,837)	3,893,395	540,000	200,193	740,193	12,055,000	1,570,401	13,625,401
2027-2028	1,023,000	554,601	(6,720)	1,570,881	570,000	175,345	745,345	10,985,000	1,237,568	12,222,568
2028-2029	1,066,000	512,803	(4,550)	1,574,253	430,000	152,175	582,175	8,650,000	945,031	9,595,031
2029-2030	1,103,000	473,706	(2,300)	1,574,406	450,000	131,038	581,038	5,400,000	718,827	6,118,827
2030-2031	1,045,000	437,694	-	1,482,694	480,000	108,600	588,600	5,525,000	589,994	6,114,994
2031-2032	1,070,000	405,872	-	1,475,872	500,000	84,313	584,313	3,555,000	454,507	4,009,507
2032-2033	1,105,000	372,359	-	1,477,359	345,000	63,900	408,900	3,210,000	362,788	3,572,788
2033-2034	1,145,000	336,997	-	1,481,997	365,000	47,881	412,881	2,785,000	279,741	3,064,741
2034-2035	1,180,000	299,716	-	1,479,716	220,000	30,975	250,975	2,860,000	207,343	3,067,343
2035-2036	1,220,000	260,381	-	1,480,381	235,000	19,031	254,031	1,970,000	130,163	2,100,163
2036-2037	1,260,000	219,625	-	1,479,625	245,000	6,431	251,431	2,035,000	66,138	2,101,138
2037-2038	1,110,000	180,881	-	1,290,881	-	-	-	-	-	-
2038-2039	1,145,000	143,522	-	1,288,522	-	-	-	-	-	-
2039-2040	1,185,000	104,203	-	1,289,203	-	-	-	-	-	-
2040-2041	1,225,000	63,534	-	1,288,534	-	-	-	-	-	-
2041-2042	1,270,000	21,431	-	1,291,431	-	-	-	-	-	-
2042-2043	-	-	-	-	-	-	-	-	-	-
Totals	\$ 46,299,000	\$ 16,873,149	\$ (188,923)	\$ 62,983,226	\$ 8,908,242	\$ 3,786,559	\$ 12,694,801	\$ 158,780,000	\$ 33,454,925	\$ 192,234,925

Note Does not include the City's proportionate share of the Canadian River Water Authority indebtedness.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
COMBINED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY, CONTINUED
SEPTEMBER 30, 2017

	Airport Bonds (Debt Serviced by Airport Revenues)			Drainage Utility Bonds (Debt Serviced by Drainage Revenues)			Fleet Services Bonds (Debt Serviced by Fleet Services Revenues)			Hotel Occupancy Tax (Revenue Bonds)		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2017-2018	\$ 1,655,000	\$ 215,900	\$ 1,870,900	\$ 500,000	\$ 253,144	\$ 753,144	\$ 925,000	\$ 24,038	\$ 949,038	\$ -	\$ 457,664	\$ 457,664
2018-2019	1,740,000	131,025	1,871,025	510,000	243,144	753,144	455,000	9,100	464,100	315,000	457,664	772,664
2019-2020	1,830,000	43,762	1,873,762	515,000	230,344	745,344	-	-	-	320,000	451,836	771,836
2020-2021	-	-	-	520,000	217,394	737,394	-	-	-	330,000	444,956	774,956
2021-2022	-	-	-	535,000	204,344	739,344	-	-	-	335,000	437,201	772,201
2022-2023	-	-	-	540,000	190,894	730,894	-	-	-	345,000	428,357	773,357
2023-2024	-	-	-	555,000	177,294	732,294	-	-	-	355,000	418,248	773,248
2024-2025	-	-	-	565,000	163,294	728,294	-	-	-	365,000	407,350	772,350
2025-2026	-	-	-	580,000	149,044	729,044	-	-	-	375,000	395,670	770,670
2026-2027	-	-	-	600,000	134,394	734,394	-	-	-	390,000	383,108	773,108
2027-2028	-	-	-	620,000	119,244	739,244	-	-	-	405,000	368,132	773,132
2028-2029	-	-	-	635,000	103,131	738,131	-	-	-	420,000	352,580	772,580
2029-2030	-	-	-	650,000	86,181	736,181	-	-	-	435,000	336,451	771,451
2030-2031	-	-	-	675,000	68,369	743,369	-	-	-	455,000	319,748	774,748
2031-2032	-	-	-	700,000	49,394	749,394	-	-	-	470,000	301,229	771,229
2032-2033	-	-	-	395,000	29,694	424,694	-	-	-	490,000	282,100	772,100
2033-2034	-	-	-	410,000	15,372	425,372	-	-	-	510,000	262,157	772,157
2034-2035	-	-	-	-	-	-	-	-	-	530,000	241,400	771,400
2035-2036	-	-	-	-	-	-	-	-	-	555,000	218,875	773,875
2036-2037	-	-	-	-	-	-	-	-	-	580,000	195,288	775,288
2037-2038	-	-	-	-	-	-	-	-	-	600,000	170,637	770,637
2038-2039	-	-	-	-	-	-	-	-	-	630,000	145,137	775,137
2039-2040	-	-	-	-	-	-	-	-	-	655,000	118,362	773,362
2040-2041	-	-	-	-	-	-	-	-	-	680,000	90,525	770,525
2041-2042	-	-	-	-	-	-	-	-	-	710,000	61,624	771,624
2042-2043	-	-	-	-	-	-	-	-	-	740,000	31,450	771,450
Totals	\$ 5,225,000	\$ 390,687	\$ 5,615,687	\$ 9,505,000	\$ 2,434,675	\$ 11,939,675	\$ 1,380,000	\$ 33,138	\$ 1,413,138	\$ 11,995,000	\$ 7,777,749	\$ 19,772,749

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CITY OF AMARILLO, TEXAS
 SCHEDULE OF DEBT AT SEPTEMBER 30, 2017
 AS REQUIRED BY SECTION 140.8 TEXAS LOCAL GOVERNMENT CODE

	Final Maturity Date	Bond Issuances		
		Authorized	Issued	Outstanding
GENERAL OBLIGATION DEBT:				
<i>Serviced by Tax Revenues:</i>				
General Obligation Bonds, Series 2009	08/15/22	\$ 4,825,000	\$ 4,825,000	\$ 2,265,000
Recovery Zone Build America Bonds, Series 2010	08/15/30	1,392,000	1,392,000	984,000
General Obligation Refunding Bonds, Series 2017	05/15/27	15,110,000	15,110,000	14,830,000
Certificates of Obligation, Series 2017	02/15/37	6,940,000	6,940,000	6,940,000
General Obligation Bonds, Series 2017	02/15/42	21,280,000	21,280,000	21,280,000
Total debt serviced by ad valorem taxes		<u>49,547,000</u>	<u>49,547,000</u>	<u>46,299,000</u>
<i>Serviced by special assessments and other revenue sources:</i>				
Public Improvement Districts:				
Combination Tax and Revenues Certificates of Obligation				
Series 2003 Greenways	08/15/23	620,000	620,000	245,000
Series 2006 Colonies	02/15/26	585,000	585,000	318,242
Series 2008A Greenways	02/15/28	600,000	600,000	395,000
Series 2008B Colonies	02/15/28	1,500,000	1,500,000	975,000
Series 2014 (\$725,000 Greenways, \$1,535,000 Colonies)	08/15/34	2,260,000	2,260,000	2,010,000
Golf Course Supported:				
Series 2011A	02/15/37	3,750,000	3,750,000	3,205,000
Tax Increment Reinvestment Zone #1 Supported:				
Series 2011B	02/15/32	2,210,000	2,210,000	1,760,000
Total debt serviced by special assessment and other revenue sources		<u>11,525,000</u>	<u>11,525,000</u>	<u>8,908,242</u>
<i>Serviced by Fleet Services Fund Revenue (an Internal Service Fund):</i>				
Combination Tax and Revenue Certificates of Obligation, 2012B	08/15/18	2,790,000	2,790,000	475,000
Tax Notes, Series 2014	08/15/19	2,650,000	2,650,000	905,000
Total debt serviced by Fleet Services Funds revenue		<u>5,440,000</u>	<u>5,440,000</u>	<u>1,380,000</u>
REVENUE OBLIGATION DEBT:				
<i>Serviced by Water and Sewer Revenues:</i>				
Waterworks and Sewer Revenue, 2011	04/01/31	16,300,000	16,300,000	12,320,000
General Obligation Bonds, Series 2011	04/01/23	5,605,000	5,605,000	3,190,000
Waterworks and Sewer Revenue, 2013	04/01/23	1,310,000	1,310,000	795,000
Waterworks and Sewer Revenue, 2014	04/01/33	8,495,000	8,495,000	6,930,000
Waterworks and Sewer Revenue, 2015	04/01/35	17,195,000	17,195,000	15,490,000
Waterworks and Sewer Revenue, 2015A	04/01/32	21,145,000	21,145,000	17,875,000
Waterworks and Sewer Revenue, 2017	04/01/37	31,005,000	31,005,000	31,005,000
Combination Tax and Revenues Certificates of Obligation				
Waterworks and Sewer Tax and Revenue, 2009	05/15/28	38,885,000	38,885,000	24,815,000
Waterworks and Sewer Tax and Revenue 2009B	05/15/29	47,400,000	47,400,000	33,690,000
Waterworks and Sewer Tax and Revenue 2009C	05/15/31	18,075,000	18,075,000	12,670,000
Total bonds serviced by Water and Sewer revenues		<u>205,415,000</u>	<u>205,415,000</u>	<u>158,780,000</u>
<i>Serviced by Airport Revenue:</i>				
Airport Tax and Revenue, 2009A	02/15/20	16,140,000	16,140,000	5,225,000
<i>Serviced by Drainage Fund Revenue:</i>				
Combination Tax and Revenue Certificates of Obligation, 2012A	08/15/32	6,260,000	6,260,000	4,130,000
Drainage Revenue, 2014	08/15/34	6,080,000	6,080,000	5,375,000
Total debt serviced by Drainage Fund revenue		<u>12,340,000</u>	<u>12,340,000</u>	<u>9,505,000</u>
<i>Serviced by Hotel Occupancy Tax :</i>				
Hotel Occupancy Tax Revenue Bonds, Taxable Series 2016	08/15/43	11,995,000	11,995,000	11,995,000
Total bonds payable*		<u>\$ 312,402,000</u>	<u>\$ 312,402,000</u>	<u>\$ 242,092,242</u>
DEBT PER CAPITA				
Total debt serviced by ad valorem taxes				\$ 46,299,000
Total debt serviced by ad valorem taxes per capita				228
RATINGS				
General Obligation Debt - Standard & Poor's AAA				
Waterworks and Sewer System Bonds - Standard & Poor's AAA, Moody's Aa1				
Drainage Utility System Revenue Bonds - Standard & Poor's AAA				
Hotel Occupancy Tax Revenue Bonds - Standard & Poor's A+/Stable				
* Does not include the City's proportionate share of the Canadian River Water Authority indebtedness.				
** Total interest of \$57,170 less 45% offset subsidy from the United States Treasury.				
*** Includes acquisition of land and rights of way.				

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Total Principal and Interest Requirement			Bond Proceeds		Stated Purpose
Principal	Interest	Total	Spent	Unspent	
\$ 420,000	\$ 81,812	\$ 501,812	\$ 4,825,000	\$ -	Refund outstanding debt
65,000	31,444 **	96,444	1,392,000	-	Public infrastructure and construction of public facilities
1,235,000	593,200	1,828,200	15,110,000	-	Refund outstanding debt
370,000	307,884	677,884	3,006,168	3,933,832	Acquiring a two-way radio communications system for public safety
300,000	990,793	1,290,793	281,169	20,998,831	Acquiring, constructing, improving and maintaining streets, public safety facilities, and library facilities
<u>2,390,000</u>	<u>2,005,133</u>	<u>4,395,133</u>	<u>24,614,337</u>	<u>24,932,663</u>	
35,000	9,065	44,065	620,000	-	Acquiring, constructing, improving and equipping park facilities
31,509	14,436	45,945	585,000	-	Acquiring, constructing, improving and equipping park facilities
30,000	16,264	46,264	600,000	-	Acquiring, constructing, improving and equipping park facilities
70,000	38,352	108,352	1,500,000	-	Acquiring, constructing, improving and equipping park facilities
95,000	63,918	158,918	2,260,000	-	Acquiring, constructing, improving and equipping park facilities
105,000	149,863	254,863	3,750,000	-	Improvements, renovations and equipping of the Ross Rogers Golf Course
85,000	<u>89,738</u>	<u>174,738</u>	<u>1,576,420</u>	<u>633,580</u>	Acquiring, construction, improving, renovating and equipping street improvements
<u>451,509</u>	<u>381,636</u>	<u>833,145</u>	<u>10,891,420</u>	<u>633,580</u>	
475,000	5,938	480,938	2,790,000	-	Acquiring rolling stock, equipment and vehicles for the fleet services department
450,000	18,100	468,100	2,650,000	-	Acquiring rolling stock, equipment and vehicles for the fleet services department
925,000	24,038	949,038	5,440,000	-	
675,000	461,938	1,136,938	16,300,000	-	Purchase of 32,000 acre feet of water rights
495,000	86,975	581,975	5,605,000	-	Refund outstanding debt
130,000	3,173	133,173	901,435	408,565	Improvement and extension of the City's waterworks and sewer system
375,000	121,475	496,475	4,886,480	3,608,520	Improvement and extension of the City's waterworks and sewer system
815,000	147,102	962,102	2,599,553	14,595,447	Improvement and extension of the City's waterworks and sewer system
1,780,000	538,969	2,318,969	21,145,000	-	Refund outstanding debt
1,225,000	1,075,550	2,300,550	31,005,000	-	Improvement and extension of the City's waterworks and sewer system
2,045,000	587,152	2,632,152	37,992,835	892,165	Improvement and extension of the City's waterworks and sewer system
1,995,000	704,934	2,699,934	32,028,260	15,371,740	Improvement and extension of the City's waterworks and sewer system
905,000	-	905,000	18,075,000	-	Improvement and extension of the City's waterworks and sewer system
<u>10,440,000</u>	<u>3,727,268</u>	<u>14,167,268</u>	<u>170,538,563</u>	<u>34,876,437</u>	
1,655,000	215,900	1,870,900	16,140,000	-	Improvements to the Rick Husband International Airport
245,000	82,600	327,600	6,260,000	-	Acquiring, improving, constructing and equipping municipal drainage facilities
255,000	170,544	425,544	6,080,000	-	Acquiring, improving, constructing and equipping municipal drainage facilities***
500,000	253,144	753,144	12,340,000	-	
-	457,664	457,664	3,826,888	8,168,112	Construct and equip a downtown Amarillo parking garage
<u>\$ 16,361,509</u>	<u>\$ 7,064,783</u>	<u>\$ 23,426,292</u>	<u>\$ 243,791,208</u>	<u>\$ 68,610,792</u>	

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
BOND PRINCIPAL REPAYMENT SCHEDULE
SEPTEMBER 30, 2017**

<u>Fiscal Year Ending 09/30</u>	<u>Principal Repayment Schedule</u>	<u>Bonds Remaining Unpaid at End of Year</u>	<u>Percent of Principal Retired</u>
2018	\$ 10,440,000	148,340,000	6.58%
2019	10,460,000	137,880,000	13.16%
2020	10,675,000	127,205,000	19.89%
2021	10,895,000	116,310,000	26.75%
2022	11,140,000	105,170,000	33.76%
2023	11,415,000	93,755,000	40.95%
2024	11,290,000	82,465,000	48.06%
2025	11,600,000	70,865,000	55.37%
2026	11,835,000	59,030,000	62.82%
2027	12,055,000	46,975,000	70.42%
2028	10,985,000	35,990,000	77.33%
2029	8,650,000	27,340,000	82.78%
2030	5,400,000	21,940,000	86.18%
2031	5,525,000	16,415,000	89.66%
2032	3,555,000	12,860,000	91.90%
2033	3,210,000	9,650,000	93.92%
2034	2,785,000	6,865,000	95.68%
2035	2,860,000	4,005,000	97.48%
2036	1,970,000	2,035,000	98.72%
2037	2,035,000	-	100.00%
	<u>\$ 158,780,000</u>		

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**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL FINANCIAL DATA
OPERATING STATEMENTS**

	Fiscal Years Ended September 30,						
	2017	2016	2015	2014	2013	2012	2011
OPERATING REVENUES	\$ 73,938,069	\$ 72,825,637	\$ 64,436,968	\$ 72,343,366	\$ 70,809,219	\$ 69,656,085	\$ 69,118,868
OPERATING EXPENSES ⁽¹⁾							
Personal services	14,467,892	12,388,873	11,472,684	11,594,856	11,646,845	11,394,284	11,204,778
Supplies	1,350,992	1,440,246	1,472,230	1,428,923	1,408,294	1,303,399	1,340,547
Contractual & other services	26,742,886	25,349,012	23,470,695	23,818,470	22,080,097	21,419,337	21,593,837
Total expenses	<u>42,561,770</u>	<u>39,178,131</u>	<u>36,415,609</u>	<u>36,842,249</u>	<u>35,135,236</u>	<u>34,117,020</u>	<u>34,139,162</u>
NONOPERATING REVENUES (EXPENSES) ⁽²⁾	<u>(894,801)</u>	<u>(1,660,100)</u>	<u>1,413,510</u>	<u>1,182,273</u>	<u>(3,401,054)</u>	<u>(3,665,377)</u>	<u>4,696,784</u>
NET AVAILABLE FOR DEBT SERVICE	<u>\$ 30,481,498</u>	<u>\$ 31,987,406</u>	<u>\$ 29,434,869</u>	<u>\$ 36,683,390</u>	<u>\$ 32,272,929</u>	<u>\$ 31,873,688</u>	<u>\$ 39,676,490</u>
ANNUAL DEBT SERVICE							
Principal	\$ 10,440,000	\$ 9,100,000	\$ 8,065,000	\$ 7,940,000	\$ 7,490,000	\$ 7,290,000	\$ 7,210,000
Interest	3,727,268	2,744,260	3,077,633	3,186,396	3,157,712	3,232,174	2,998,168
TOTAL DEBT SERVICE	<u>\$ 14,167,268</u>	<u>\$ 11,844,260</u>	<u>\$ 11,142,633</u>	<u>\$ 11,126,396</u>	<u>\$ 10,647,712</u>	<u>\$ 10,522,174</u>	<u>\$ 10,208,168</u>
Coverage	2.15x	2.70x	2.64x	3.30x	3.03x	3.03x	3.89x

(1) Excludes depreciation

(2) Includes CRMWA interest expense, but excludes bond interest expense

**NET POSITION
(As of SEPTEMBER 30, 2017)**

Net Investment in Capital Assets	\$ 367,784,175
Restricted for Revenue Bond Debt Retirement	6,337,577
Unrestricted	<u>66,605,568</u>
Total Net Position	<u>\$ 440,727,320</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL FINANCIAL DATA
CITY'S EQUITY IN SYSTEM**

Fiscal Years Ended September 30,

	2017	2016	2015	2014	2013	2012	2011
Waterworks and sewer system in service	\$ 762,431,484	\$ 732,454,402	\$ 720,136,925	\$ 705,779,908	\$ 668,716,261	\$ 658,740,846	\$ 596,302,019
Reserve for depreciation	<u>(246,260,152)</u>	<u>(231,801,728)</u>	<u>(217,817,127)</u>	<u>(203,635,685)</u>	<u>(190,129,416)</u>	<u>(176,837,047)</u>	<u>(163,814,038)</u>
Net plant in service	516,171,332	500,652,674	502,319,798	502,144,223	478,586,845	481,903,799	432,487,981
Plus construction in progress	<u>42,055,348</u>	<u>39,321,320</u>	<u>24,886,619</u>	<u>12,169,588</u>	<u>34,064,799</u>	<u>36,349,481</u>	<u>16,228,356</u>
Net plant in service and coming on line	558,226,680	539,973,994	527,206,417	514,313,811	512,651,644	518,253,280	448,716,337
Plus restricted assets and other noncurrent assets and deferred items	55,466,473	45,871,105	31,645,460	34,446,021	24,000,067	27,143,194	57,987,789
Plus working capital	66,173,794	<u>59,024,455</u>	64,534,177	74,220,979	66,127,977	51,196,475	45,089,347
Total assets	<u>679,866,947</u>	<u>644,869,554</u>	<u>623,386,054</u>	<u>622,980,811</u>	<u>602,779,688</u>	<u>596,592,949</u>	<u>551,793,473</u>
Other noncurrent liabilities	228,699,627	212,855,741	208,856,127	221,508,391	222,216,207	232,759,820	208,225,418
Plus liabilities payable from restricted assets	<u>10,440,000</u>	<u>9,100,000</u>	<u>8,065,000</u>	<u>7,940,000</u>	<u>7,490,000</u>	<u>7,290,000</u>	<u>7,210,000</u>
Total obligations	<u>239,139,627</u>	<u>221,955,741</u>	<u>216,921,127</u>	<u>229,448,391</u>	<u>229,706,207</u>	<u>240,049,820</u>	<u>215,435,418</u>
City's equity in system	<u>\$ 440,727,320</u>	<u>\$ 422,913,813</u>	<u>\$ 406,464,927</u>	<u>\$ 393,532,420</u>	<u>\$ 373,073,481</u>	<u>\$ 356,543,129</u>	<u>\$ 336,358,055</u>

COVERAGE OF DEBT SERVICE REQUIREMENT

Net System Income Available for Debt Service for Fiscal Year Ended 9/30/2017	30,481,498
Average Annual Principal and Interest Requirements (2018-2037)	9,611,746
Coverage of Average Annual Requirements by 2017 Net Revenues	3.17x
Maximum Principal and Interest Requirements, 2022	14,246,036
Coverage of Maximum Requirements by 2017 Net Revenues	2.14x

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEMS
HISTORICAL FINANCIAL DATA
WATER AND SEWER FUND OPERATIONS**

Fiscal Years Ended September 30,

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
OPERATING REVENUES							
Water sales	\$ 48,620,594	\$ 48,676,840	\$ 41,199,939	\$ 47,606,516	\$ 46,968,390	\$ 46,807,157	\$ 47,322,272
Sewer charges	21,570,449	20,860,554	20,340,925	21,024,451	20,419,533	19,377,899	18,555,334
Industrial surcharges	280,702	250,874	271,604	265,140	316,450	226,620	187,398
Forfeited discounts - water	1,241,421	1,300,605	862,854	1,242,531	1,168,146	1,171,110	1,114,010
Sale of reclaimed water	512,347	529,786	622,529	574,786	598,131	670,041	767,589
Water service charges	1,373,862	1,270,238	991,326	1,240,897	1,184,191	1,176,520	1,109,047
Water tap fees	218,965	206,829	165,887	177,324	153,754	130,810	129,425
Sewer tap fees	88,051	72,057	46,177	63,596	61,124	71,993	50,210
Water frontage charges	-	6,283	37,288	1,925	16,628	14,855	7,123
Sewer frontage charges	3,437	2,726	18,080	4,928	8,208	25,074	9,723
Net loss on bad debts	(203,659)	(535,164)	(420,863)	(88,378)	(503,962)	(502,057)	(552,113)
Lab fees	149,495	148,173	148,168	156,239	143,814	175,921	157,710
Miscellaneous	82,405	35,836	153,054	73,411	274,812	310,142	261,140
Total operating revenues	<u>73,938,069</u>	<u>72,825,637</u>	<u>64,436,968</u>	<u>72,343,366</u>	<u>70,809,219</u>	<u>69,656,085</u>	<u>69,118,868</u>
OPERATING EXPENSES							
Salaries, wages and fringe benefits	14,467,892	12,388,873	11,472,684	11,594,856	11,646,845	11,394,284	11,204,778
Supplies	1,350,992	1,440,246	1,472,230	1,428,923	1,408,294	1,303,399	1,340,547
Fuel and power	4,618,493	4,174,521	4,246,205	4,933,966	4,398,162	4,476,328	4,896,302
Surface water	6,974,102	6,624,214	5,347,061	5,427,970	4,851,074	4,682,183	4,772,154
Other contractual charges	5,063,458	4,900,080	4,703,899	4,554,358	4,329,654	4,216,512	4,271,613
Other charges	10,086,833	9,650,197	9,173,530	8,902,176	8,501,207	8,044,314	7,653,768
Depreciation	14,550,803	14,154,802	14,238,259	13,637,200	13,378,612	13,110,658	10,492,183
Less: interfund reimbursements	<u>(1,182,621)</u>	<u>(668,881)</u>	<u>(673,849)</u>	<u>(568,755)</u>	<u>(651,429)</u>	<u>(577,802)</u>	<u>(509,369)</u>
Total operating expenses	<u>55,929,952</u>	<u>52,664,052</u>	<u>49,980,019</u>	<u>49,910,694</u>	<u>47,862,419</u>	<u>46,649,876</u>	<u>44,121,976</u>
Operating income	<u>18,008,117</u>	<u>20,161,585</u>	<u>14,456,949</u>	<u>22,432,672</u>	<u>22,946,800</u>	<u>23,006,209</u>	<u>24,996,892</u>
NONOPERATING REVENUES (EXPENSES)							
Capital contributions	5,226,486	2,616,854	5,105,521	3,603,324	369,472	4,587,476	4,206,347
Interest earnings	394,951	420,213	356,274	259,941	209,901	170,434	191,138
Disposition of property	24,654	12,669	3,417,620	3,816,207	57,883	(161,536)	6,974,932
Interest expense & fiscal charges	<u>(4,918,141)</u>	<u>(5,661,205)</u>	<u>(5,825,441)</u>	<u>(6,190,969)</u>	<u>(6,881,192)</u>	<u>(7,030,181)</u>	<u>(4,600,102)</u>
Total nonoperating revenues (expenses)	<u>727,950</u>	<u>(2,611,469)</u>	<u>3,053,974</u>	<u>1,488,503</u>	<u>(6,243,936)</u>	<u>(2,433,807)</u>	<u>6,772,315</u>
Total income before transfers	18,736,067	17,550,116	17,510,923	23,921,175	16,702,864	20,572,402	31,769,207
TRANSFERS FROM (TO) OTHER FUNDS	<u>(922,560)</u>	<u>(1,101,230)</u>	<u>(2,499,153)</u>	<u>(250,456)</u>	<u>(172,512)</u>	<u>(387,328)</u>	<u>(1,311)</u>
NET INCOME	<u>\$ 17,813,507</u>	<u>\$ 16,448,886</u>	<u>\$ 15,011,770</u>	<u>\$ 23,670,719</u>	<u>\$ 16,530,352</u>	<u>\$ 20,185,074</u>	<u>\$ 31,767,896</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL FINANCIAL DATA
WATER AND SEWER FUND NET POSITION**

	Fiscal Years Ended September 30,						
	2017	2016	2015	2014	2013	2012	2011
ASSETS							
CURRENT ASSETS							
Cash	\$ 15,498,647	\$ 15,496,358	\$ 19,471,699	\$ 24,640,561	\$ 26,378,742	\$ 19,588,927	\$ 20,183,545
Investments - at fair market value	57,098,741	50,749,952	48,461,977	52,948,308	40,279,863	35,148,563	30,501,543
Receivables (net of allowance for uncollectibles):							
Accounts	5,638,133	5,498,742	5,749,728	5,197,701	5,969,328	5,602,192	4,647,849
Accrued interest	174,472	132,048	94,835	100,484	71,974	60,022	74,346
Other accrued revenue	3,354,388	3,642,645	4,458,946	4,152,861	4,489,465	3,788,401	3,888,645
Due from other funds	34,957	-	-	-	-	-	-
Prepaid expenses	1,434,753	1,472,893	893,326	928,415	933,853	963,535	24,496
Total current assets	<u>83,234,091</u>	<u>76,992,638</u>	<u>79,130,511</u>	<u>87,968,330</u>	<u>78,123,225</u>	<u>65,151,640</u>	<u>59,320,424</u>
NONCURRENT ASSETS							
Restricted cash	50,391,049	40,771,986	29,549,585	32,371,275	23,672,965	26,799,244	57,627,797
Other noncurrent receivable	-	(1)	7,902	309,407	327,102	343,950	359,992
Other noncurrent asset	83,414	90,854	98,037	153,385	-	-	-
Interfund advance receivable	715,043	-	-	-	-	-	-
Capital assets							
Land, easements and water rights	61,585,830	60,954,487	59,444,991	58,993,887	59,163,418	59,023,252	41,513,892
Accumulated depletion water rights	(7,848,843)	(7,071,535)	(6,310,311)	(5,588,870)	(4,863,498)	(4,107,495)	(3,390,564)
Supply contract	50,336,389	50,336,389	50,336,389	50,336,389	50,336,389	50,336,389	50,336,389
Accumulated amortization	(22,875,817)	(22,111,802)	(21,345,694)	(20,581,680)	(19,817,665)	(19,053,650)	(18,287,542)
Pipelines and other improvements	646,180,868	616,942,368	606,102,721	592,221,300	554,949,517	545,610,923	500,590,181
Accumulated depreciation	(212,025,705)	(199,183,126)	(186,711,321)	(174,143,586)	(162,185,069)	(150,524,679)	(139,007,092)
Equipment	4,328,397	4,221,158	4,252,824	4,228,332	4,266,937	3,770,282	3,861,557
Accumulated depreciation	(3,509,787)	(3,435,265)	(3,449,801)	(3,321,549)	(3,263,184)	(3,151,223)	(3,128,840)
Construction in progress	42,055,348	39,321,320	24,886,619	12,169,588	34,064,799	36,349,481	16,228,356
Total capital assets, net	<u>558,226,680</u>	<u>539,973,994</u>	<u>527,206,417</u>	<u>514,313,811</u>	<u>512,651,644</u>	<u>518,253,280</u>	<u>448,716,337</u>
Total noncurrent assets	<u>609,416,186</u>	<u>580,836,833</u>	<u>556,861,941</u>	<u>547,147,878</u>	<u>536,651,711</u>	<u>545,396,474</u>	<u>506,704,126</u>
TOTAL ASSETS	<u>\$ 692,650,277</u>	<u>\$ 657,829,471</u>	<u>\$ 635,992,452</u>	<u>\$ 635,116,208</u>	<u>\$ 614,774,936</u>	<u>\$ 610,548,114</u>	<u>\$ 566,024,550</u>
DEFERRED OUTFLOW OF RESOURCES							
Deferred outflow of resources	\$ 4,425,767	\$ 5,032,417	\$ 2,024,929	\$ 1,966,685	\$ -	\$ -	\$ -
TOTAL DEFERRED OUTFLOWS	<u>\$ 4,425,767</u>	<u>\$ 5,032,417</u>	<u>\$ 2,024,929</u>	<u>\$ 1,966,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL FINANCIAL DATA
WATER AND SEWER FUND NET POSITION, CONTINUED**

	Fiscal Years Ended September 30						
	2017	2016	2015	2014	2013	2012	2011
LIABILITIES							
CURRENT LIABILITIES							
Vouchers payable	\$ 2,805,349	\$ 2,990,501	\$ 587,641	\$ 1,548,271	\$ 683,404	\$ 1,753,994	\$ 2,528,424
Accounts payable	1,651,160	1,090,247	1,988,469	737,303	448,080	1,630,633	3,473,670
Accrued expenses	2,507,563	3,337,958	2,533,123	2,415,764	2,142,244	2,339,336	1,193,893
Securities lending collateral	-	-	-	-	-	-	230,595
Deposits	42,014	41,075	43,353	43,758	36,899	32,740	31,662
Consumer security deposits	3,778,466	3,670,027	3,622,203	3,478,194	3,361,020	3,144,653	3,047,063
Compensated absences, current	213,205	220,629	253,107	237,424	228,074	187,561	168,340
Proportionate share of water authority indebtedness - current installments	6,062,540	5,467,746	5,246,984	5,236,637	5,095,527	4,866,248	3,557,430
Due to other funds	-	1,150,000	321,454	50,000	-	-	-
Revenue bonds - current maturities	10,440,000	9,100,000	8,065,000	7,940,000	7,490,000	7,290,000	7,210,000
Total current liabilities	<u>27,500,297</u>	<u>27,068,183</u>	<u>22,661,334</u>	<u>21,687,351</u>	<u>19,485,248</u>	<u>21,245,165</u>	<u>21,441,077</u>
NONCURRENT LIABILITIES							
Revenue bonds - less current maturities and unamortized issuance costs	151,406,891	128,872,057	122,510,609	130,639,582	128,779,108	133,829,981	139,432,250
Proportionate share of water authority indebtedness - less current installments	66,586,546	73,178,176	79,148,283	86,416,820	88,758,210	93,936,161	63,736,522
Other accrued expenses	2,628,280	2,615,459	2,646,300	2,783,256	2,979,023	3,109,196	3,150,000
Provision for accrued sick and annual leave	803,399	881,816	1,013,225	1,113,512	1,148,127	1,249,273	1,275,330
Net pension obligation	7,274,511	7,308,233	3,537,710	555,221	551,739	635,209	631,316
Total noncurrent liabilities	<u>228,699,627</u>	<u>212,855,741</u>	<u>208,856,127</u>	<u>221,508,391</u>	<u>222,216,207</u>	<u>232,759,820</u>	<u>208,225,418</u>
TOTAL LIABILITIES	<u>\$ 256,199,924</u>	<u>\$ 239,923,924</u>	<u>\$ 231,517,461</u>	<u>\$ 243,195,742</u>	<u>\$ 241,701,455</u>	<u>\$ 254,004,985</u>	<u>\$ 229,666,495</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred outflow of resources	\$ 148,800	\$ 24,151	\$ 34,993	\$ 354,734	\$ -	\$ -	\$ -
TOTAL DEFERRED INFLOWS	<u>\$ 148,800</u>	<u>\$ 24,151</u>	<u>\$ 34,993</u>	<u>\$ 354,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION							
Net investment in capital assets	\$ 367,784,175	\$ 358,232,452	\$ 336,363,074	\$ 312,096,698	\$ 300,642,476	\$ 299,800,814	\$ 286,963,208
Restricted for debt service	6,337,577	5,895,549	6,325,536	6,322,034	5,559,288	5,329,320	5,444,724
Unrestricted	66,605,568	58,785,812	63,776,317	75,113,688	66,871,717	51,412,995	43,950,123
TOTAL NET POSITION	<u>\$ 440,727,320</u>	<u>\$ 422,913,813</u>	<u>\$ 406,464,927</u>	<u>\$ 393,532,420</u>	<u>\$ 373,073,481</u>	<u>\$ 356,543,129</u>	<u>\$ 336,358,055</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
DRAINAGE UTILITY
CONDENSED SCHEDULE OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2017**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
OPERATING REVENUES	\$ 5,540,485	\$ 5,524,655	\$ 5,460,345	\$ 5,469,629	\$ 4,990,113	\$ -
OPERATING EXPENSES						
Personal services	1,309,766	801,198	688,868	671,575	553,212	26,714
Contractual & other services	957,723	1,001,318	884,299	900,228	645,280	18,170
Other supplies and expenses	185,836	141,555	193,957	128,371	102,203	1,704
Other charges	436,002	422,951	305,297	515,919	425,868	-
Depreciation	117,147	98,921	97,205	212	-	-
Total expenses	<u>3,006,474</u>	<u>2,465,943</u>	<u>2,169,626</u>	<u>2,216,305</u>	<u>1,726,563</u>	<u>46,588</u>
NONOPERATING REVENUES (EXPENSES)	<u>55,918</u>	<u>88,416</u>	<u>110,934</u>	<u>98,922</u>	<u>83,822</u>	<u>-</u>
NET AVAILABLE FOR DEBT SERVICE	\$ 2,589,929	\$ 3,147,128	\$ 3,401,653	\$ 3,352,246	\$ 3,347,372	\$ (46,588)
NUMBER OF CUSTOMERS	67,742	69,315	69,861	69,769	69,474	N/A

(1) Nonoperating revenues (expenses) exclude bond interest expense, capital contributions and transfers.

COVERAGE AND FUND BALANCE

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net System Income Available for Debt Service	\$ 2,589,929	\$ 3,147,128	\$ 3,401,653	\$ 3,352,246	\$ 3,347,372
Average Annual Principal and Interest Requirements (2018-2034)	702,334	715,957	728,104	739,393	420,988
Coverage of Average Annual Requirements	3.69x	4.40x	4.67x	4.53x	7.95x
Maximum Principal and Interest Requirements, 2018	753,144	947,544	947,544	953,848	438,498
Coverage of Maximum Requirements	3.44x	3.32x	3.59x	3.51x	7.63x

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
SCHEDULE OF INSURANCE COVERAGE-ALL FUNDS
SEPTEMBER 30, 2017**

<u>Property Covered</u>	<u>Type of Coverage</u>	<u>Self-Insured Retention</u>	<u>Limits of Liability</u>
General Fund Departments:			
Buildings & Contents	Fire and extended coverage	\$250,000	* \$379,923,914
Water and Sewer Utility:			
Buildings & Contents	Fire and extended coverage	\$250,000	* \$316,287,591
Airport:			
Buildings & Contents	Fire and extended coverage	\$250,000	* \$195,649,145
Amarillo Hospital District			
Buildings & Contents	Fire and extended coverage	\$250,000	* \$619,311
Polygraph Examiners	Bond		\$5,000
Police Officer's Liability Insurance	Police Liability Coverage	\$100,000	\$16,000,000/\$16,000,000
City Council, City Manager, City Attorney, and Selected Division Directors & Department Heads	24 hour accident protection for business travel		\$250,000/\$1,250,000
Boiler and Machinery (Included with fire and extended coverage policy)	Explosion and damage	\$25,000	\$50,000,000
Professional liability	Med Mal and Gen Liability Public Health and Clinic	\$25,000	\$2,000,000/\$5,000,000
Cyber Security	Stored data security	\$15,000	\$3,000,000
Worker's Compensation All City Employees	Injury to City Workers	\$1,000,000	Statutory
Individual Stop Loss Health Plan Participants	Health Insurance	\$750,000	Unlimited

SURETY BONDS OF PRINCIPAL OFFICIALS

BONDS REQUIRED BY CITY CHARTER:

<u>Official</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Jared Miller	City Manager	\$50,000

OTHER

Excess of \$50,000 and all other principal city officials and employees are covered under the City of Amarillo Self-Insurance Plan. \$1,000,000/\$3,000,000

* These amounts reflect total property insured, the total policy has a \$600 million limit. Effective 07/01/2017. hail and wind losses have a 1% deductible per structure location, with a minimum of \$50,000 per location and maximum of \$1,000,000 per occurrence.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PUBLIC HEALTH FUND
SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>	<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Revenues:									
Public Health	\$ 6,799,830	\$ -	\$ 6,799,830	\$ -	\$ -	\$ 6,799,830	\$ 7,056,734	\$ 7,056,734	\$ (256,904)
	<u>\$ 6,799,830</u>	<u>\$ -</u>	<u>\$ 6,799,830</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,799,830</u>	<u>\$ 7,056,734</u>	<u>\$ 7,056,734</u>	<u>\$ (256,904)</u>
Expenditures:									
Public Health	\$ 3,369,958	\$ -	\$ 3,369,958	\$ -	\$ -	\$ 3,369,958	\$ 3,779,936	\$ 3,779,936	\$ 409,978
	<u>\$ 3,369,958</u>	<u>\$ -</u>	<u>\$ 3,369,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,369,958</u>	<u>\$ 3,779,936</u>	<u>\$ 3,779,936</u>	<u>\$ 409,978</u>

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
 LAW ENFORCEMENT OFFICERS STANDARDS AND EDUCATION (LEOSE) TRAINING FUND
 SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
 YEAR ENDED SEPTEMBER 30, 2017

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>	<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Revenues:									
LEOSE Training	\$ 24,803	\$ -	\$ 24,803	\$ -	\$ -	\$ 24,803	\$ 3,910	\$ 3,910	\$ 20,893
	<u>\$ 24,803</u>	<u>\$ -</u>	<u>\$ 24,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,803</u>	<u>\$ 3,910</u>	<u>\$ 3,910</u>	<u>\$ 20,893</u>
Expenditures:									
LEOSE Training	\$ 25,413	\$ -	\$ 25,413	\$ -	\$ -	\$ 25,413	\$ 22,500	\$ 22,500	\$ (2,913)
	<u>\$ 25,413</u>	<u>\$ -</u>	<u>\$ 25,413</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,413</u>	<u>\$ 22,500</u>	<u>\$ 22,500</u>	<u>\$ (2,913)</u>

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
LOCAL SEIZED PROPERTY FUND
SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2017

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>	<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Revenues:									
Local Seized Property	<u>\$ 181,305</u>	<u>\$ -</u>	<u>\$ 181,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 181,305</u>
	<u><u>\$ 181,305</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 181,305</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 181,305</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 181,305</u></u>
Expenditures:									
Local Seized Property	<u>\$ 41,331</u>	<u>\$ -</u>	<u>\$ 41,331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,331</u>	<u>\$ 93,553</u>	<u>\$ 93,553</u>	<u>\$ 52,222</u>
	<u><u>\$ 41,331</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 41,331</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 41,331</u></u>	<u><u>\$ 93,553</u></u>	<u><u>\$ 93,553</u></u>	<u><u>\$ 52,222</u></u>

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
 COMPENSATED ABSENCES FUND
 SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
 YEAR ENDED SEPTEMBER 30, 2017

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>	<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Revenues:									
Compensated Absences	\$ 24,409	\$ -	\$ 24,409	\$ -	\$ -	\$ 24,409	\$ 42,000	\$ 42,000	\$ (17,591)
	<u>\$ 24,409</u>	<u>\$ -</u>	<u>\$ 24,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,409</u>	<u>\$ 42,000</u>	<u>\$ 42,000</u>	<u>\$ (17,591)</u>
Expenditures:									
Compensated Absences	\$ 1,374,058	\$ -	\$ 1,374,058	\$ -	\$ -	\$ 1,374,058	\$ 1,888,700	\$ 1,888,700	\$ 514,642
	<u>\$ 1,374,058</u>	<u>\$ -</u>	<u>\$ 1,374,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,374,058</u>	<u>\$ 1,888,700</u>	<u>\$ 1,888,700</u>	<u>\$ 514,642</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
 COURT TECHNOLOGY AND COURT SECURITY FUNDS
 SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
 YEAR ENDED SEPTEMBER 30, 2017**

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>	<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Revenues:									
Court Technology	\$ 136,493	\$ -	\$ 136,493	\$ -	\$ -	\$ 136,493	\$ 135,300	\$ 135,300	\$ 1,193
Court Security	102,371	-	102,371	-	-	102,371	101,500	101,500	871
	<u>\$ 238,864</u>	<u>\$ -</u>	<u>\$ 238,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238,864</u>	<u>\$ 236,800</u>	<u>\$ 236,800</u>	<u>\$ 2,064</u>
Expenditures:									
Court Technology	\$ 94,386	\$ -	\$ 94,386	\$ -	\$ -	\$ 94,386	\$ 134,640	\$ 134,640	\$ 40,254
Court Security	154,527	-	154,527	-	-	154,527	137,695	137,695	(16,832)
	<u>\$ 248,913</u>	<u>\$ -</u>	<u>\$ 248,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 248,913</u>	<u>\$ 272,335</u>	<u>\$ 272,335</u>	<u>\$ 23,422</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PUBLIC IMPROVEMENT DISTRICTS
SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2017**

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>	<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Revenues:									
Greenways at Hillside	\$ 557,045	\$ -	\$ 557,045	\$ -	\$ -	\$ 557,045	\$ 528,206	\$ 528,206	\$ 28,839
Brennan	-	-	-	-	-	-	-	-	-
The Colonies	695,139	-	695,139	-	-	695,139	690,523	690,523	4,616
Tutbury	16,296	-	16,296	-	-	16,296	16,307	16,307	(11)
Point West	52,000	-	52,000	-	-	52,000	52,000	52,000	-
Quail Creek	10,150	-	10,150	-	-	10,150	10,162	10,162	(12)
Vineyards	4,350	-	4,350	-	-	4,350	4,350	4,350	-
Redstone	2,000	-	2,000	-	-	2,000	2,000	2,000	-
Townsquare	72,710	-	72,710	-	-	72,710	-	-	72,710
	<u>\$ 1,409,690</u>	<u>\$ -</u>	<u>\$ 1,409,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,409,690</u>	<u>\$ 1,303,548</u>	<u>\$ 1,303,548</u>	<u>\$ 106,142</u>
Expenditures:									
Greenways at Hillside	\$ 470,002	\$ -	\$ 470,002	\$ -	\$ -	\$ 470,002	\$ 511,348	\$ 511,354	\$ 41,352
Brennan Boulevard	-	-	-	-	-	-	-	-	-
The Colonies	644,565	-	644,565	-	-	644,565	614,920	659,920	15,355
Tutbury	10,075	-	10,075	-	-	10,075	13,942	13,942	3,867
Point West	18,066	-	18,066	-	-	18,066	33,660	43,660	25,594
Quail Creek	7,146	-	7,146	-	-	7,146	8,450	8,450	1,304
Vineyards	2,119	-	2,119	-	-	2,119	3,642	3,642	1,523
Redstone	283	-	283	-	-	283	578	578	295
Townsquare	717	-	717	-	-	717	-	-	(717)
	<u>\$ 1,152,973</u>	<u>\$ -</u>	<u>\$ 1,152,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,152,973</u>	<u>\$ 1,186,540</u>	<u>\$ 1,241,546</u>	<u>\$ 88,573</u>

See Independent Auditor's Report

**CITY OF AMARILLO, TEXAS
 BONDED DEBT SERVICE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
 YEAR ENDED SEPTEMBER 30, 2017**

	<u>Net Current</u>	<u>Capital Outlay</u>	<u>Total Current Year (GAAP Basis)</u>	<u>Paid Prior Year Encumbrances</u>	<u>Encumbrances at End of Year</u>	<u>Total Actual Budgetary Basis</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Revenues:									
Bonded Debt Service	\$ 4,353,741	\$ -	\$ 4,353,741	\$ -	\$ -	\$ 4,353,741	\$ 4,260,064	\$ 4,260,064	\$ 93,677
	<u>\$ 4,353,741</u>	<u>\$ -</u>	<u>\$ 4,353,741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,353,741</u>	<u>\$ 4,260,064</u>	<u>\$ 4,260,064</u>	<u>\$ 93,677</u>
Expenditures:									
Bonded Debt Service	\$ 4,165,187	\$ -	\$ 4,165,187	\$ -	\$ -	\$ 4,165,187	\$ 4,166,725	\$ 4,166,725	\$ 1,538
	<u>\$ 4,165,187</u>	<u>\$ -</u>	<u>\$ 4,165,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,165,187</u>	<u>\$ 4,166,725</u>	<u>\$ 4,166,725</u>	<u>\$ 1,538</u>

See Independent Auditor's Report.

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial information and well-being have changed over time.	232-238
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	239-244
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	245-250
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time.	251-252
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	253-257
Waterworks and Sewer System Information These schedules contain information about how the City's Waterworks and Sewer System financial information relates to services and activities provided.	258-261
Drainage Utility Information These schedules contain information about how the City's Drainage Utility financial information relates to services and activities provided.	262
Hotel Occupancy Tax Information These schedules contains information about how the City's Hotel Occupancy Tax financial information relates to services and activities provided.	263-264

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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CITY OF AMARILLO, TEXAS
NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities										
Net investment in capital assets	\$ 369,427,169	\$ 366,307,710	\$ 359,487,691	\$ 330,139,447	\$ 329,550,783	\$ 320,390,991	\$ 308,957,310	\$ 309,160,316	\$ 301,783,034	\$ 289,264,232
Restricted for:										
Debt service	5,538,062	3,782,207	526,239	340,688	2,364,008	1,763,860	1,706,708	1,476,611	1,371,563	555,566
Tax increment financing	1,623,164	2,515,936	2,544,254	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	17,586,769
Other purposes	8,398,866	5,484,949	7,497,255	8,519,242	6,673,794	3,812,464	-	-	-	-
Unrestricted	(47,062,287)	(28,863,242)	(3,248,802)	22,331,048	16,714,594	35,119,387	55,475,614	69,367,279	85,762,657	90,992,936
Total governmental activities net position	<u>\$ 337,924,974</u>	<u>\$ 349,227,560</u>	<u>\$ 366,806,637</u>	<u>\$ 361,330,425</u>	<u>\$ 355,303,179</u>	<u>\$ 361,086,702</u>	<u>\$ 366,139,632</u>	<u>\$ 380,004,206</u>	<u>\$ 388,917,254</u>	<u>\$ 398,399,503</u>
Business-type Activities										
Net investment in capital assets	\$ 444,384,784	\$ 433,391,146	\$ 411,804,458	\$ 387,227,804	\$ 371,302,208	\$ 369,612,040	\$ 355,790,591	\$ 325,209,714	\$ 310,139,595	\$ 300,175,147
Restricted for:										
Debt service	6,588,837	6,084,330	6,768,270	6,931,523	5,879,001	5,702,750	6,020,692	436,303	3,683,013	3,365,463
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Unrestricted	58,053,615	49,991,605	53,143,232	64,018,501	57,194,184	42,852,895	38,722,071	43,205,956	39,181,048	42,722,033
Total business-type activities net position	<u>\$ 509,027,236</u>	<u>\$ 489,467,081</u>	<u>\$ 471,715,960</u>	<u>\$ 458,177,828</u>	<u>\$ 434,375,393</u>	<u>\$ 418,167,685</u>	<u>\$ 400,533,354</u>	<u>\$ 368,851,973</u>	<u>\$ 353,003,656</u>	<u>\$ 346,262,643</u>
Primary Government										
Net investment in capital assets	\$ 813,811,953	\$ 799,698,856	\$ 771,292,149	\$ 717,367,251	\$ 700,852,991	\$ 690,003,031	\$ 664,747,901	\$ 634,370,030	\$ 611,922,629	\$ 589,439,379
Restricted for:										
Debt service	12,126,899	9,866,537	7,294,509	7,272,211	8,243,009	7,466,610	7,727,400	1,912,914	5,054,576	3,921,029
Tax increment financing	1,623,164	2,515,936	2,544,254	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	17,586,769
Other purposes	8,398,866	5,484,949	7,497,255	8,519,242	6,673,794	3,812,464	-	-	-	-
Unrestricted	10,991,328	21,128,363	49,894,430	86,349,549	73,908,778	77,972,282	94,197,685	112,573,235	124,943,705	133,714,969
Total primary government net assets	<u>\$ 846,952,210</u>	<u>\$ 838,694,641</u>	<u>\$ 838,522,597</u>	<u>\$ 819,508,253</u>	<u>\$ 789,678,572</u>	<u>\$ 779,254,387</u>	<u>\$ 766,672,986</u>	<u>\$ 748,856,179</u>	<u>\$ 741,920,910</u>	<u>\$ 744,662,146</u>
Component Units										
Net investment in capital assets	\$ 67,407,683	\$ 12,468,562	\$ 13,044,463	\$ 13,283,298	\$ 21,800,738	\$ 13,340,320	\$ 14,778,882	\$ 16,057,848	\$ 22,180,482	\$ 35,404,607
Restricted for:										
Debt service	979,053	12,119,902	1,017,858	979,502	1,097,604	1,079,681	1,064,112	860,609	652,663	784,333
Other purposes	3,950,662	3,643,106	3,389,316	3,389,240	3,542,472	4,611,677	5,356,212	11,099,766	52,103	21,677,079
Unrestricted	241,347,724	258,011,431	252,763,455	284,447,722	270,147,996	295,372,581	290,751,762	279,771,608	284,569,397	250,182,352
Total component units activities net position	<u>\$ 313,685,122</u>	<u>\$ 286,243,001</u>	<u>\$ 270,215,092</u>	<u>\$ 302,099,762</u>	<u>\$ 296,588,810</u>	<u>\$ 314,404,259</u>	<u>\$ 311,950,968</u>	<u>\$ 307,789,831</u>	<u>\$ 307,454,645</u>	<u>\$ 308,048,371</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
CHANGES IN NET POSITION, LAST TEN FISCAL YEARS
(accrual basis of accounting)
(unaudited)**

Expenses	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
General government and administration	\$ 21,064,801	\$ 20,851,218	\$ 18,757,862	\$ 17,893,464	\$ 19,044,399	\$ 18,230,072	\$ 17,568,368	\$ 18,553,336	\$ 18,608,757	\$ 15,990,458
Public safety and health	109,098,944	104,181,567	93,806,629	92,148,544	93,496,408	87,643,282	82,193,776	80,634,623	78,657,042	73,157,814
Streets, traffic and engineering	23,588,460	21,874,716	20,553,851	20,235,525	20,897,358	21,680,105	20,357,268	20,189,342	20,029,456	20,565,144
Culture and recreation	27,387,507	26,367,544	24,954,457	25,225,798	26,495,404	25,807,855	24,380,362	24,297,915	23,912,234	22,673,994
Solid waste	15,390,078	13,834,793	13,746,125	13,812,405	13,950,138	13,734,078	13,212,467	12,960,933	13,002,330	12,878,205
Transit	5,446,446	5,567,243	5,312,266	5,073,359	5,614,558	5,121,742	4,702,836	4,919,193	4,848,218	4,920,015
Economic development	6,558,819	12,211,918	3,314,067	3,006,491	3,083,969	2,847,958	5,269,868	2,586,912	2,798,810	2,280,629
Urban redevelopment/housing	12,969,762	11,168,871	10,716,405	11,294,368	12,504,610	11,779,399	11,667,515	11,611,626	11,968,993	10,204,054
Interest on long-term debt	3,146,654	2,371,915	2,045,175	2,045,764	2,138,731	2,217,767	2,350,205	1,532,615	2,359,313	326,813
Total governmental activities expenses	<u>224,651,471</u>	<u>218,429,785</u>	<u>193,206,837</u>	<u>190,735,718</u>	<u>197,225,575</u>	<u>189,062,258</u>	<u>181,702,665</u>	<u>177,286,495</u>	<u>176,185,153</u>	<u>162,997,126</u>
Business-type activities										
Water and Sewer	61,909,502	59,713,515	58,079,668	56,986,587	60,199,606	58,290,626	52,872,999	52,401,135	50,118,642	51,853,812
Drainage Utility	3,042,378	2,563,644	2,403,313	2,384,447	1,745,262	46,588	-	-	-	-
Airport	13,593,479	12,824,993	11,165,622	11,196,882	10,563,835	10,388,942	8,479,899	8,803,465	8,593,388	8,512,889
Total business-type activities expenses	<u>78,545,359</u>	<u>75,102,152</u>	<u>71,648,603</u>	<u>70,567,916</u>	<u>72,508,703</u>	<u>68,726,156</u>	<u>61,352,898</u>	<u>61,204,600</u>	<u>58,712,030</u>	<u>60,366,701</u>
Total primary government expenses	<u>\$ 303,196,830</u>	<u>\$ 293,531,937</u>	<u>\$ 264,855,440</u>	<u>\$ 261,303,634</u>	<u>\$ 269,734,278</u>	<u>\$ 257,788,414</u>	<u>\$ 243,055,563</u>	<u>\$ 238,491,095</u>	<u>\$ 234,897,183</u>	<u>\$ 223,363,827</u>
Component units										
Amarillo Hospital District	\$ 10,991,668	\$ 8,482,393	\$ 9,731,182	\$ 8,350,267	\$ 8,739,162	\$ 8,510,747	\$ 9,333,545	\$ 9,956,490	\$ 10,680,305	\$ 10,901,435
Amarillo Economic Development Corporation	30,773,567	21,490,466	28,156,467	19,201,869	24,134,763	20,091,297	16,939,339	18,705,551	22,589,356	9,463,914
Amarillo-Potter Events District	2,210,341	2,875,830	2,792,003	2,358,525	3,268,540	3,102,810	2,345,524	2,363,221	2,501,146	2,540,572
Amarillo Housing Finance Corporation	-	-	-	-	-	-	1,576	1,653	11,400	2,466
Amarillo Health Facilities Corporation	-	-	-	-	-	-	-	-	-	-
Tax Increment Reinvestment Zone #1	-	-	-	-	-	1,270,527	204,518	34,414	8,528	10,421
Amarillo Local Government Corporation	311,006	64,084	125,610	34,253	16,353	90,985	1,500	-	-	-
Total component units activities expenses	<u>\$ 44,286,582</u>	<u>\$ 32,912,773</u>	<u>\$ 40,805,262</u>	<u>\$ 29,944,914</u>	<u>\$ 36,158,818</u>	<u>\$ 33,066,366</u>	<u>\$ 28,826,002</u>	<u>\$ 31,061,329</u>	<u>\$ 35,790,735</u>	<u>\$ 22,918,808</u>
Program Revenues										
Governmental activities:										
Fees, Fines, and Charges for Services:										
General government and administration	\$ 9,866,838	\$ 9,086,805	\$ 10,277,354	\$ 9,632,962	\$ 10,071,778	\$ 10,023,088	\$ 10,235,745	\$ 10,725,176	\$ 10,964,850	\$ 9,415,044
Public safety and health	9,675,793	8,920,524	9,033,256	9,589,994	8,880,952	7,503,497	7,552,299	7,764,312	6,173,574	5,866,957
Streets, traffic and engineering	1,316,207	882,924	972,519	921,593	737,912	804,886	748,018	618,399	445,833	472,726
Culture and recreation	7,006,781	6,707,749	6,823,312	6,661,622	6,639,290	5,823,416	5,289,633	5,058,308	5,248,389	4,870,910
Solid waste	20,011,490	19,468,069	20,078,845	20,562,446	19,638,691	18,644,949	18,234,773	17,226,650	16,741,863	16,110,978
Transit	193,226	188,419	194,725	211,575	207,492	213,849	214,665	203,175	185,176	197,306
Economic development	-	-	-	30,076	20,500	-	-	-	-	-
Urban redevelopment/housing	233,577	73,079	174,352	119,859	119,742	95,458	296,074	188,392	114,695	163,512
Operating grants and contributions	26,127,954	20,392,663	21,744,742	20,748,100	20,149,589	19,723,706	19,858,342	21,439,450	20,135,506	18,384,040
Capital grants and contributions	13,245,080	10,481,151	27,847,438	8,032,159	9,572,638	12,681,594	3,444,571	7,298,406	8,227,527	6,881,414
Total governmental activities program revenues	<u>87,676,946</u>	<u>76,201,383</u>	<u>97,146,543</u>	<u>76,510,386</u>	<u>76,038,584</u>	<u>75,514,443</u>	<u>65,874,120</u>	<u>70,522,268</u>	<u>68,237,413</u>	<u>62,362,887</u>

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
CHANGES IN NET POSITION LAST TEN FISCAL YEARS, CONTINUED
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Business-type activities										
Water and Sewer	75,145,344	73,507,187	68,528,437	76,728,328	71,518,531	70,233,887	69,628,237	55,089,408	50,665,542	48,941,541
Drainage Utility	5,540,635	5,581,158	5,553,357	5,556,487	5,073,594	-	-	-	-	-
Airport	10,764,718	9,790,456	9,890,031	9,532,883	9,115,320	8,398,066	7,815,827	7,568,658	7,127,466	6,067,346
Operating grants and contributions	25,692	-	-	-	-	-	-	-	-	-
Capital grants and contributions	7,328,325	4,907,514	5,765,171	6,406,495	2,745,466	7,898,835	8,410,304	13,903,432	6,434,413	2,483,503
Total business-type activities program revenues	98,804,714	93,786,315	89,736,996	98,224,193	88,452,911	86,530,788	85,854,368	76,561,498	64,227,421	57,492,390
Total primary government revenues	\$ 186,481,660	\$ 169,987,698	\$ 186,883,539	\$ 174,734,579	\$ 164,491,495	\$ 162,045,231	\$ 151,728,488	\$ 147,083,766	\$ 132,464,834	\$ 119,855,277
Component units										
Amarillo Hospital District	\$ 33,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amarillo Economic Development Corporation	5,547,126	10,865,721	4,616,898	5,819,504	6,222,671	7,777,947	4,745,415	2,905,176	3,140,213	2,686,833
Amarillo-Potter Events District	71,947	56,342	67,366	86,937	82,982	47,192	1,320	-	-	-
Amarillo Housing Finance Corporation	190	267	-	207	299	338	388	24,632	32,936	1,776
Amarillo Health Facilities Corporation	-	-	-	79	-	-	-	-	-	-
Tax Increment Reinvestment Zone #1	-	-	-	-	-	-	2,232,500	34,414	8,528	10,421
Amarillo Local Government Corporation	4,607,037	10,621,715	466,461	-	-	-	-	-	-	-
Operating grants and contributions	277,338	193,111	206,218	228,068	208,998	278,842	239,737	441,057	1,920,040	1,591,851
Capital grants and contributions	40,700,000	39,736	97,087	268,755	362,109	28,667	29,837	6,381	9,181	10,866
Total component units revenue	\$ 51,236,949	\$ 21,776,892	\$ 5,454,030	\$ 6,403,550	\$ 6,877,059	\$ 8,132,986	\$ 7,249,197	\$ 3,411,660	\$ 5,110,898	\$ 4,301,747
Net (Expense) Revenue										
Governmental activities	\$ (136,974,525)	\$ (142,228,402)	\$ (96,060,294)	\$ (114,225,332)	\$ (121,186,991)	\$ (113,547,815)	\$ (115,828,545)	\$ (106,764,227)	\$ (107,947,740)	\$ (100,634,239)
Business-type activities	20,259,355	18,684,163	18,088,393	27,656,277	15,944,208	17,804,632	24,501,470	15,356,898	5,515,391	(2,874,311)
Total primary government net expense	\$ (116,715,170)	\$ (123,544,239)	\$ (77,971,901)	\$ (86,569,055)	\$ (105,242,783)	\$ (95,743,183)	\$ (91,327,075)	\$ (91,407,329)	\$ (102,432,349)	\$ (103,508,550)
Component units										
Amarillo Hospital District	\$ (10,681,019)	\$ (8,249,546)	\$ (9,489,516)	\$ (8,093,155)	\$ (8,497,101)	\$ (8,203,238)	\$ (9,063,971)	\$ (9,509,052)	\$ (8,751,084)	\$ (9,298,718)
Amarillo Economic Development Corporation	(25,226,441)	(10,624,745)	(23,477,930)	(13,142,654)	(17,583,046)	(11,762,554)	(12,193,924)	(15,800,375)	(19,449,143)	(6,777,081)
Amarillo-Potter Events District	(2,138,394)	(2,819,488)	(2,724,637)	(2,271,588)	(3,185,558)	(3,055,618)	(2,344,204)	(2,363,221)	(2,501,146)	(2,540,572)
Amarillo Housing Finance Corporation	190	267	-	207	299	338	(1,188)	22,979	21,536	(690)
Amarillo Health Facilities Corporation	-	-	-	79	-	-	-	-	-	-
Tax Increment Reinvestment Zone #1	-	-	-	-	-	(1,270,527)	2,027,982	(34,414)	(8,528)	(10,421)
Amarillo Local Government Corporation	44,996,031	10,557,631	340,851	(34,253)	(16,353)	(90,985)	(1,500)	-	-	-
Total component units net expense	\$ 6,950,367	\$ (11,135,881)	\$ (35,351,232)	\$ (23,541,364)	\$ (29,281,759)	\$ (24,382,584)	\$ (21,576,805)	\$ (27,684,083)	\$ (30,688,365)	\$ (18,627,482)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes, levied for general purposes	\$ 42,547,617	\$ 40,480,567	\$ 38,126,812	\$ 36,463,697	\$ 33,548,566	\$ 33,255,011	\$ 30,599,301	\$ 30,638,635	\$ 29,569,613	\$ 28,061,014
Property taxes, levied for debt services	2,789,543	2,822,783	2,812,468	2,865,530	2,875,654	2,846,831	2,750,167	2,737,072	2,706,352	532,309
Sales taxes	55,544,448	56,093,996	55,482,697	54,413,835	52,126,017	48,256,664	46,033,627	42,171,836	43,241,228	44,060,343
Mixed beverage taxes	816,149	810,426	805,136	751,825	595,016	533,575	602,075	585,729	589,894	570,334

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
CHANGES IN NET POSITION LAST TEN FISCAL YEARS, CONTINUED
(accrual basis of accounting)
(Unaudited)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities (continued):										
Hotel occupancy taxes	6,591,586	6,777,185	6,341,559	5,937,402	5,691,118	5,002,181	4,782,868	4,399,887	4,232,250	4,331,449
Gross receipts business taxes	17,962,785	16,778,557	18,226,564	18,284,594	16,712,223	16,100,508	15,912,628	15,302,905	14,318,526	16,144,044
Unrestricted investment earnings	1,268,229	843,358	775,685	674,798	567,298	735,449	1,111,192	1,288,039	3,568,427	6,006,138
Income (expense) from use and disposition of property	-	-	-	-	-	-	(272,849)	480,281	148,337	294,710
Other	1,197,273	42,453	3,469,385	1,383,230	672,355	387,328	444,962	246,795	90,864	27,923,525
Total governmental activities	128,717,630	124,649,325	126,040,306	120,774,911	112,788,247	107,117,547	101,963,971	97,851,179	98,465,491	127,923,866
Business-type activities										
Unrestricted investment earnings	498,073	487,381	402,780	304,150	238,073	217,027	273,550	536,222	1,292,227	2,241,158
Income (expense) from use and disposition of property	-	-	-	-	-	-	6,974,932	14,646	24,259	30,888
Other	(1,197,273)	(1,420,423)	(2,283,911)	(740,430)	25,427	(387,328)	(68,571)	(59,449)	(90,864)	(89,376)
Total business-type activities	(699,200)	(933,042)	(1,881,131)	(436,280)	263,500	(170,301)	7,179,911	491,419	1,225,622	2,182,670
Total primary government	\$ 128,018,430	\$ 123,716,283	\$ 124,159,175	\$ 120,338,631	\$ 113,051,747	\$ 106,947,246	\$ 109,143,882	\$ 98,342,598	\$ 99,691,113	\$ 130,106,536
Component Units										
Property taxes, levied for general purposes	-	-	-	71,400	76,810	589,735	460,051	437,846	324,433	231,844
Property taxes, levied for debt services	-	-	-	-	-	-	-	-	-	-
Sales taxes	18,514,816	18,697,999	18,494,232	18,137,944	17,375,339	16,085,554	15,344,542	14,057,279	14,413,743	14,686,781
Gross receipts business taxes	2,840,646	2,917,154	2,758,826	2,650,714	2,589,164	2,295,432	2,159,203	2,009,281	1,952,359	2,070,185
Unrestricted investment earnings	(340,235)	5,548,637	7,667,923	6,864,063	(5,992,233)	7,865,154	7,774,146	11,514,863	13,404,104	12,524,066
Total component units activities	\$ 21,015,227	\$ 27,163,790	\$ 28,920,981	\$ 27,724,121	\$ 14,049,080	\$ 26,835,875	\$ 25,737,942	\$ 28,019,269	\$ 30,094,639	\$ 29,512,876
Change in Net Position										
Governmental activities	(8,256,895)	(17,579,077)	29,980,012	6,549,579	(8,398,744)	(6,430,268)	(13,864,574)	(8,913,048)	(9,482,249)	27,289,627
Business-type activities	19,560,155	17,751,121	16,207,262	27,219,997	16,207,708	17,634,331	31,681,381	15,848,317	6,741,013	(691,641)
Total primary government	\$ 11,303,260	\$ 172,044	\$ 46,187,274	\$ 33,769,576	\$ 7,808,964	\$ 11,204,063	\$ 17,816,807	\$ 6,935,269	\$ (2,741,236)	\$ 26,597,986
Total component units	\$ 27,965,594	\$ 16,027,909	\$ (6,430,251)	\$ 4,182,757	\$ (15,232,679)	\$ 2,453,291	\$ 4,161,137	\$ 335,186	\$ (593,726)	\$ 10,885,394

Source: Comprehensive Annual Financial Reports

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (unaudited)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,680	\$ 209,187	\$ 518,108
Nonspendable:										
Prepaid items	31,933	21,203	7,727	7,742	7,742	7,742	6,742	-	-	-
Inventory	1,178,590	1,681,954	1,902,433	1,402,375	1,553,581	1,546,717	1,804,245	-	-	-
Uncollected taxes	75,466	45,820	55,145	80,686	94,493	70,967	81,905	-	-	-
Advances to other funds	715,043	-	-	-	-	-	-	-	-	-
Committed for:										
Encumbrances	-	-	-	-	-	295,059	147,740	-	-	-
Unreserved/unassigned	43,661,641	46,330,873	49,338,042	54,441,526	50,057,344	44,344,080	41,767,102	41,301,934	37,163,472	36,673,773
Total general fund	<u>\$ 45,662,673</u>	<u>\$ 48,079,850</u>	<u>\$ 51,303,347</u>	<u>\$ 55,932,329</u>	<u>\$ 51,713,160</u>	<u>\$ 46,264,565</u>	<u>\$ 43,807,734</u>	<u>\$ 41,600,614</u>	<u>\$ 37,372,659</u>	<u>\$ 37,191,881</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,010,434	\$ 1,017,324	\$ 1,135,941
Unreserved, reported in:										
Debt service fund	-	-	-	-	-	-	-	210,081	101,259	10,167
Capital projects	-	-	-	-	-	-	-	39,348,787	48,335,396	57,437,304
Special revenue funds	-	-	-	-	-	-	-	2,656,334	2,680,946	4,037,138
Compensated absences fund	-	-	-	-	-	-	-	14,222,386	15,053,260	14,850,723
Undesignated	-	-	-	-	-	-	-	-	-	-
Nonexpendable:										
Prepaid items	7,248	10,769	7,332	29,855	628,029	652,712	639,354	-	-	-
Uncollected taxes	5,648	3,818	4,784	7,087	12,727	6,509	5,740	-	-	-
Restricted for:										
Debt service fund	1,090,928	904,204	796,880	691,778	534,276	375,156	246,574	-	-	-
Capital projects	-	-	-	-	-	3,671,462	-	-	-	-
Special purposes	10,016,563	8,624,696	10,160,588	7,827,464	6,673,794	3,812,464	2,824,678	-	-	-
Committed for:										
Compensated absences	3,550,232	4,915,277	6,728,693	8,670,659	10,003,888	11,500,973	12,779,761	-	-	-
Assigned for:										
Capital projects	62,308,575	44,245,744	42,456,749	38,633,437	32,781,310	33,889,784	38,271,781	-	-	-
Total all other governmental funds	<u>\$ 76,979,194</u>	<u>\$ 58,704,508</u>	<u>\$ 60,155,026</u>	<u>\$ 55,860,280</u>	<u>\$ 50,634,024</u>	<u>\$ 53,909,060</u>	<u>\$ 54,767,888</u>	<u>\$ 57,448,022</u>	<u>\$ 67,188,185</u>	<u>\$ 77,471,273</u>

Effective FY 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which resulted in a change in the presentation from prior years.

Source: Information obtained from the City's Comprehensive Annual Financial Reports.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GOVERNMENTAL FUNDS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
(modified accrual basis of accounting)
(unaudited)**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Taxes	\$ 125,707,610	\$ 123,284,814	\$ 121,355,081	\$ 118,344,966	\$ 111,212,385	\$ 105,101,533	\$ 100,984,407	\$ 95,672,000	\$ 94,530,658	\$ 93,677,610
License and permits	3,379,143	3,234,237	2,975,922	3,799,014	3,514,170	2,315,185	2,284,564	2,260,499	1,758,303	2,015,135
Interfund revenues	1,362,765	919,710	1,069,410	943,522	1,675,119	1,584,965	1,557,653	1,478,752	1,373,441	1,320,395
Intergovernmental revenues	29,116,583	21,872,713	26,222,168	19,960,514	21,945,515	24,719,942	20,510,802	25,396,992	20,693,196	18,681,299
Grants-in-aid	-	-	-	-	-	-	-	-	-	-
Citizen contributions	187,497	24,864	125,848	208,255	45,638	10,144	22,898	6,000	31,000	7,300
Construction participation	8,743,879	5,077,744	11,689,007	2,698,222	3,976,610	4,685,053	1,761,885	2,816,377	6,241,042	5,816,556
Revenue from participating taxing entities	640,129	655,852	600,778	622,483	594,974	-	-	-	-	-
Other entity participations	-	100,000	175,000	797,009	820,676	808,345	944,425	856,721	786,670	690,382
Charges for services	36,274,459	34,678,170	35,331,237	35,168,838	34,034,663	31,985,474	31,291,822	30,025,565	28,672,632	27,514,707
Fines and forfeitures	6,487,419	5,699,964	6,252,407	6,484,937	5,937,467	6,160,381	5,846,225	6,235,025	6,634,542	5,104,849
Investment earnings	1,042,999	682,885	626,119	560,545	448,256	566,680	890,296	1,007,601	2,665,718	4,677,492
Other rentals and commissions	479,190	491,669	426,880	421,119	418,222	382,306	839,170	858,951	867,160	469,613
Miscellaneous	477,337	487,816	1,273,997	820,390	671,097	671,563	814,676	526,107	1,179,434	694,338
Total revenues	213,899,010	197,210,438	208,123,854	190,829,814	185,294,792	178,991,571	167,748,823	167,140,590	165,433,796	160,669,676
Expenditures										
General government and administration	18,851,886	19,367,655	17,162,756	16,573,732	16,107,002	15,098,294	14,875,816	14,925,037	15,252,845	13,074,117
Public safety and health	112,018,659	106,379,423	101,486,353	98,724,098	92,887,532	89,501,953	86,844,050	83,263,087	81,699,196	77,852,041
Culture and recreation	21,952,536	20,776,190	19,644,639	19,823,954	19,333,878	19,010,912	18,154,024	17,765,568	17,607,384	17,426,501
Solid waste	14,132,745	13,019,526	13,043,407	12,258,612	11,311,765	11,063,271	10,532,391	10,970,380	11,296,793	10,881,683
Transit system	4,716,811	4,633,595	4,520,534	4,402,888	4,267,016	3,957,318	3,506,527	3,762,267	4,061,190	3,937,106
Urban redevelopment and housing	13,078,306	11,107,518	10,816,542	11,635,914	12,261,800	11,942,850	11,578,796	11,694,748	11,921,285	10,009,916
Economic development/tourism	6,558,819	12,211,918	3,314,067	3,006,491	3,083,969	2,847,958	5,269,868	2,586,912	2,798,810	2,280,629
Capital outlay	28,575,975	18,251,480	31,873,059	12,663,897	20,736,329	20,385,363	18,503,130	24,381,672	26,590,979	31,499,119
Debt service										
Principal retirement	2,399,051	2,080,659	1,968,331	1,841,067	1,763,860	1,706,708	1,476,611	1,371,563	555,566	344,615
Interest and fiscal charges	1,758,596	1,513,688	1,612,507	1,600,512	1,673,168	1,730,024	1,662,908	1,532,615	2,359,312	326,813
Termination vacation and sick leave pay	1,374,058	1,857,067	1,964,440	1,363,313	1,552,850	1,313,015	1,591,569	1,457,052	1,379,825	1,753,114
Total expenditures	225,417,442	211,198,719	207,406,635	183,894,478	184,979,169	178,557,666	173,995,690	173,710,901	175,523,185	169,385,654
Excess of revenues over (under) expenditures	(11,518,432)	(13,988,281)	717,219	6,935,336	315,623	433,905	(6,246,867)	(6,570,311)	(10,089,389)	(8,715,978)
Other financing sources (uses):										
Transfers from other funds	12,532,337	12,826,493	17,830,716	13,954,164	11,308,054	10,120,249	10,266,422	7,274,581	9,448,299	16,474,780
Transfers to other funds	(12,349,445)	(13,728,025)	(20,067,648)	(14,271,713)	(12,065,339)	(10,333,489)	(10,375,070)	(7,583,483)	(9,461,220)	(17,538,013)
Other	(1,769,719)	(1,377,970)	1,185,474	622,640	-	-	-	-	-	-
Payment to refunded bond escrow agent	(17,265,000)	-	-	-	-	-	-	-	(4,680,000)	-
Bond premium less issuance cost	2,897,768	(401,232)	-	(55,000)	-	-	(77,500)	-	(145,000)	-
Issuance of refunding debt	-	-	-	-	-	-	-	-	4,825,000	-
Issuance of long-term debt	43,330,000	11,995,000	-	2,260,000	-	-	5,960,000	1,367,000	-	2,064,425
Total other financing sources (uses)	27,375,941	9,314,266	(1,051,458)	2,510,091	(757,285)	(213,240)	5,773,852	1,058,098	(12,921)	1,001,192
Net change in fund balances	\$ 15,857,509	\$ (4,674,015)	\$ (334,239)	\$ 9,445,427	\$ (441,662)	\$ 220,665	\$ (473,015)	\$ (5,512,213)	\$ (10,102,310)	\$ (7,714,786)
Debt service as a percentage of noncapital expenditures	2.112%	1.863%	2.040%	2.010%	2.093%	2.173%	2.019%	0.019448155	1.957%	0.487%

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)
 (unaudited)

Fiscal Year	Property Taxes*		Sales Taxes	Mixed Beverage Taxes	Hotel Occupancy Taxes	Gross Receipts Business Taxes	Total Taxes
	General Fund	Debt Service					
2008	28,039,131	532,309	44,060,343	570,334	4,331,449	16,144,044	93,677,610
2009	29,442,408	2,706,352	43,241,228	589,894	4,232,250	14,318,526	94,530,658
2010	30,474,571	2,737,072	42,171,836	585,729	4,399,887	15,302,905	95,672,000
2011	30,903,042	2,750,167	46,033,627	602,075	4,782,868	15,912,628	100,984,407
2012	32,361,774	2,846,831	48,256,664	533,575	5,002,181	16,100,508	105,101,533
2013	33,212,357	2,875,654	52,126,017	595,016	5,691,118	16,712,223	111,212,385
2014	36,091,780	2,865,530	54,413,835	751,825	5,937,402	18,284,594	118,344,966
2015	37,686,657	2,812,468	55,482,697	805,136	6,341,559	18,226,564	121,355,081
2016	40,001,867	2,822,783	56,093,996	810,426	6,777,185	16,778,557	123,284,814
2017	42,003,099	2,789,543	55,544,448	816,149	6,610,423 **	17,962,785	125,726,447
Change							
2008-2017	49.8%	424.0%	26.1%	43.1%	52.6%	11.3%	34.2%

Notes:

* The City was able to keep its property tax rates fairly stable because of substantial growth in property tax values (See Exhibit A-6.)

** \$18.837 was rebated as of September 30, 2017.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY, LAST TEN FISCAL YEARS
(unaudited)

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Business Personal</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Taxable Value</u>	<u>Total Direct Tax Rate</u>
2008	9,437,359,663	1,336,466,293	10,773,825,956	1,632,941,441	9,140,884,515	0.31009
2009	9,848,073,262	1,399,854,654	11,247,927,916	1,547,532,972	9,700,397,944	0.31009
2010	10,147,687,093	1,413,365,790	11,561,052,883	1,569,701,314	9,991,351,569	0.31009
2011	10,299,410,694	1,351,284,199	11,650,694,893	1,594,987,161	10,055,707,732	0.32009
2012	10,737,236,627	1,379,495,572	12,116,732,199	1,858,785,870	10,257,946,329	0.32009
2013	10,941,419,006	1,417,493,921	12,358,912,927	1,902,510,338	10,456,402,589	0.34009
2014	11,063,215,720	1,510,766,292	12,573,982,012	1,813,527,841	10,760,454,171	0.34009
2015	11,489,089,001	1,579,344,589	13,068,433,590	1,968,378,872	11,100,054,718	0.34509
2016	11,896,261,823	1,650,461,901	13,546,723,724	2,004,664,460	11,542,059,264	0.35072
2017	12,372,427,053	1,767,776,977	14,140,204,030	2,074,738,931	12,065,465,099	0.35072

Source: Potter and Randall Counties

Notes: Property in Potter County and Randall County is reassessed annually. The counties assess property at approximately 100% of actual value for business personal property and 100% for real estate property. Tax rates are per \$100 of taxable value.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES, LAST TEN FISCAL YEARS
(rate per \$100 of assessed value)
(unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates							
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Amarillo Independent School District and County Education District 20	Amarillo College District	Canyon Independent School District	River Road Independent School District	Potter County	Randall County	Highland Park Independent School District	Bushland Independent School District
2008	0.27787	0.00584	0.28371	1.17200	0.16043	1.29000	1.32300	0.59674	0.34957	1.19421	1.18795
2009	0.28143	0.02866	0.31009	1.17000	0.18395	1.29000	1.32300	0.59674	0.36062	1.19081	1.18300
2010	0.28239	0.02770	0.31009	1.17000	0.18413	1.29000	1.31700	0.59627	0.36062	1.18544	1.24950
2011	0.28279	0.02730	0.31009	1.17000	0.18996	1.29000	1.36000	0.59911	0.36890	1.18252	1.26862
2012	0.29230	0.02779	0.32009	1.17000	0.18938	1.29000	1.35000	0.63350	0.37756	1.17289	1.26960
2013	0.29276	0.02733	0.32009	1.17000	0.19950	1.26500	1.35000	0.62707	0.38430	1.16744	1.26960
2014	0.31335	0.02674	0.34009	1.18900	0.19950	1.22800	1.35000	0.63402	0.39241	1.16750	1.29440
2015	0.31915	0.02594	0.34509	1.18900	0.20750	1.21500	1.35000	0.63402	0.39914	1.16190	1.29000
2016	0.32566	0.02506	0.35072	1.18900	0.20750	1.26000	1.35000	0.66402	0.40605	1.16190	1.26804
2017	0.32698	0.02374	0.35072	1.18900	0.20750	1.26000	1.35000	0.66402	0.41473	1.16190	1.38300

The maximum tax rate provided by City charter is \$1.80, of which \$1.30 may be levied for general purposes; the remaining \$0.50 may be used only for waterworks purposes.

Taxes are assessed by the Potter-Randall Appraisal District. The City of Amarillo collected its own taxes until July 1, 1996, when Potter and Randall Counties assumed collection responsibilities for all entities.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PRINCIPAL PROPERTY TAXPAYERS, CURRENT YEAR AND NINE YEARS AGO
(unaudited)**

Taxpayer	2017			2008		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
BSA Hospital, LLC	\$ 127,643,215	1	1.058%	\$ -	-	-
Southwestern Public Service	111,123,564	2	0.921%	72,413,905	3	0.792%
Walmart Real Estate	101,808,220	3	0.844%	79,734,772	2	0.872%
Northwest Texas Healthcare	89,048,264	4	0.738%	85,284,464	1	0.933%
Case Properties	80,146,894	5	0.664%	-	-	-
BNSF Railway Company	74,913,526	6	0.621%	39,434,730	6	0.431%
Amarillo Mall, LLC	63,855,673	7	0.529%	-	-	-
Atmos Energy	62,038,146	8	0.514%	30,104,726	10	0.329%
Toot N Totum, Inc.	44,299,279	9	0.367%	-	-	-
Amarillo National Bank	40,193,034	10	0.333%	34,525,123	8	0.378%
Southwestern Bell Telephone Company	-	-	-	48,207,317	5	0.527%
Amarillo Partners LLP	-	-	-	64,078,791	4	0.701%
Ben E. Keith	-	-	-	34,550,435	7	0.378%
Case Winchester Limited	-	-	-	32,855,700	9	0.359%
Total taxable value of ten largest taxpayers	795,069,815		6.590%	521,189,963		5.700%
Total taxable value of other taxpayers	11,270,395,284		93.410%	8,619,694,552		94.300%
Total taxable value of all taxpayers	<u>\$ 12,065,465,099</u>		<u>100.000%</u>	<u>\$ 9,140,884,515</u>		<u>100.000%</u>

Source: Potter Randall Appraisal District

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS, LAST TEN FISCAL YEARS
(unaudited)**

Fiscal Year Ended September 30,	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$ 25,933,603	\$ 25,517,113	98.39	\$ 342,207	\$ 25,859,320	99.71
2009	29,523,733	29,021,939	98.30	417,998	29,439,937	99.72
2010	30,409,776	29,913,203	98.37	387,591	30,300,794	99.64
2011	30,639,878	30,277,693	98.82	335,718	30,613,411	99.91
2012	32,159,248	31,738,183	98.69	373,112	32,111,295	99.85
2013	32,832,489	32,397,075	98.67	397,891	32,794,966	99.89
2014	35,664,675	35,179,859	98.64	328,792	35,508,651	99.56
2015	37,270,434	36,762,612	98.64	273,662	37,036,274	99.37
2016	39,236,666	38,751,501	98.76	184,098	38,935,599	99.23
2017	40,948,124	40,559,556	99.05	-	40,559,556	99.05

Sources: Potter and Randall County Tax Offices

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
TAXABLE SALES BY CATEGORY, LAST TEN CALENDAR YEARS
(in \$1,000s)
(unaudited)

	Calendar Year									
	2017*	2016	2015	2014	2013	2012	2011	2010	2009	2008
Agriculture/Forestry/Fishing/Hunting		\$ 2,743	\$ 2,419	\$ 1,367	\$ 1,476	\$ 1,071	\$ 1,334	\$ 1,217	\$ 1,397	\$ 1,120
Mining/Quarrying/Oil and Gas		4,350	9,000	11,988	8,200	5,868	8,995	8,828	1,453	1,074
Utilities		134,454	149,903	156,120	150,770	137,345	148,600	156,654	157,575	199,995
Construction		101,647	122,327	110,173	89,718	81,497	83,862	66,604	60,378	75,775
Manufacturing		77,042	90,534	82,295	77,664	77,449	70,539	65,543	71,250	79,628
Wholesale Trade		194,437	188,942	208,636	236,453	186,694	161,328	145,841	128,518	163,070
Retail Trade		1,688,710	1,696,032	1,671,704	1,638,624	1,553,612	1,477,297	1,420,094	1,392,979	1,461,374
Transportation/Warehousing		1,742	1,869	2,172	2,515	2,984	3,109	3,030	2,567	3,008
Information		130,722	120,784	114,629	90,646	82,132	82,826	74,283	71,685	68,129
Finance/Insurance		20,451	18,717	11,743	12,400	11,606	13,495	9,152	10,427	11,792
Real Estate/Rental Leasing		48,556	45,984	49,989	46,176	47,476	37,928	29,209	26,258	29,400
Professional/Scientific/Technical Services		46,168	50,199	52,731	43,229	45,820	38,356	34,318	35,134	34,824
Management of Companies/Enterprises		67	63	55	87	78	53	1,064	2,166	2,909
Admin/Support/Waste Mgmt/Remediation		71,048	75,056	75,386	70,433	65,733	49,585	47,502	45,853	45,583
Educational Services		4,591	5,066	5,215	5,718	5,752	5,843	5,566	4,864	4,380
Health Care/Social Assistance		10,002	12,071	14,855	16,032	2,565	2,576	2,366	2,902	4,580
Arts/Entertainment/Recreation		25,334	25,915	24,343	22,781	25,854	25,972	22,939	23,187	24,846
Accommodation/Food Services		443,427	427,280	407,862	391,312	381,756	360,977	339,900	329,042	332,340
Other Services		95,625	101,633	103,099	101,357	95,569	86,502	80,946	78,969	81,764
Public Administration		Not reported								
Other		Not reported								
All Industries **		\$ 3,101,116	\$ 3,144,331	\$ 3,104,918	\$ 2,811,806	\$ 2,868,621	\$ 2,674,728	\$ 2,515,459	\$ 2,446,951	\$ 2,626,021
City direct sales tax rate	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

*Note: State taxable sales information is not available for the 2017 Calendar Year.

** All Industries is a total of all industries reported and not reported.

Source: State of Texas <https://ourcpa.cpa.state.tx.us/allocation/HistSales.jsp>

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
DIRECT AND OVERLAPPING SALES TAX RATES, LAST TEN FISCAL YEARS
(unaudited)

<u>Fiscal Year</u>	<u>City* Direct Rate</u>	<u>State</u>
2008	2.0	6.25
2009	2.0	6.25
2010	2.0	6.25
2011	2.0	6.25
2012	2.0	6.25
2013	2.0	6.25
2014	2.0	6.25
2015	2.0	6.25
2016	2.0	6.25
2017	2.0	6.25

Sources: City Budget Office and Department of Finance

Note: The City sales tax rate may be changed only with the approval of the state legislature.

* The Amarillo Economic Development Corporation is funded with 1/2 percent sales tax.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT, AS OF SEPTEMBER 30, 2017
 (unaudited)

	<u>Net Debt Outstanding</u>	<u>Percent Applicable</u>	<u>Applicable Debt Outstanding</u>
Amarillo Independent School District	\$ 158,046,147	98.83%	\$ 156,197,007
Amarillo College District	57,884,889	100.00%	57,884,889
Amarillo Hospital District	-	100.00%	-
Canyon Independent School District	87,727,196	38.68%	33,932,879
River Road Independent School District	10,491,776	25.16%	2,639,731
Potter County	26,059,700	76.11%	19,834,038
Randall County	3,376,398	63.96%	2,159,544
Highland Park Independent School District	7,350,000	45.82%	3,367,770
Bushland Independent School District	2,375,618	25.33%	601,744
Total overlapping debt			276,617,602
City of Amarillo*			56,587,242
Total direct and overlapping debt			\$ 333,204,844

Sources: Assessed value data used to estimate applicable percentages provided by the Municipal Advisory Council, October 2016.

Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Amarillo. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

* City of Amarillo outstanding debt includes debt serviced by tax revenues of \$46,299,000, and debt serviced by special assessment and other revenue of \$8,908,242, and debt serviced by Fleet Services revenue of \$1,380,000.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE, LAST TEN FISCAL YEARS
 (unaudited)

Fiscal Year	Governmental Activities				Business-type Activities							
	Tax-Supported Debt	Special Assessment/Other Debt	Percentage of Actual Taxable Value of Property	Per Capita	Fleet Services Debt	Water & Sewer Revenue Debt	Water Authority Debt	Airport Debt	Drainage Utility Debt	Total Primary Government	Percentage of Personal Income	Per Capita
2008	30,264,086	3,518,658	0.37%	177.76	-	37,110,349	68,780,364	-	-	139,673,457	1.58%	734.96
2009	29,856,710	3,320,207	0.34%	173.23	-	74,695,035	65,681,219	17,204,905	-	190,758,076	2.23%	996.05
2010	30,003,761	3,165,383	0.33%	173.94	-	123,551,627	70,916,608	15,964,670	-	243,602,049	2.71%	1,277.44
2011	28,681,635	8,887,123	0.37%	192.00	-	146,642,250	67,293,952	14,653,382	-	266,158,342	2.78%	1,360.27
2012	27,295,528	8,561,848	0.35%	184.48	-	141,119,981	98,802,409	13,288,789	-	289,068,555	2.93%	1,487.17
2013	25,863,061	8,225,620	0.33%	173.62	2,358,459	136,269,108	93,853,737	11,870,892	5,819,993	284,260,870	2.75%	1,447.83
2014	24,689,792	10,394,472	0.33%	176.83	4,139,636	138,579,582	91,653,457	10,520,217	11,595,596	291,572,752	2.71%	1,469.61
2015	23,117,340	9,962,182	0.30%	165.61	3,236,856	130,575,609	84,395,267	8,967,258	10,969,250	271,223,762	2.42%	1,357.86
2016	21,477,662	21,477,840	0.39%	213.25	2,323,931	137,972,057	78,645,922	7,338,808	10,287,436	279,523,656	2.44%	1,387.70
2017	49,212,399	21,036,972	0.63%	346.40	1,400,862	161,846,891	72,649,086	5,634,868	9,595,524	321,376,602	2.79%	1,584.70

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING AND LEGAL DEBT MARGIN, LAST TEN FISCAL YEARS
(unaudited)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General bonded debt outstanding*										
Tax supported debt	\$ 49,212,399	\$ 21,477,662	\$ 23,117,340	\$ 24,689,792	\$ 25,863,061	\$ 27,295,528	\$ 28,681,635	\$ 30,003,761	\$ 29,856,710	\$ 30,264,086
Special assessment/other debt	21,036,972	21,477,840	9,962,182	10,394,472	8,225,620	8,561,848	8,887,123	3,165,383	3,320,207	3,518,658
Water & Sewer bonds	161,846,891	137,972,057	130,575,609	138,579,582	136,269,108	141,119,981	146,642,250	123,551,627	74,695,035	37,110,349
Airport Bonds	5,634,868	7,338,808	8,967,258	10,520,217	11,870,892	13,288,789	14,653,382	15,964,670	17,204,905	-
Drainage Utility Bonds	9,595,524	10,287,436	10,969,250	11,595,596	5,819,993	-	-	-	-	-
Fleet Services Bonds	1,400,862	2,323,931	3,236,856	4,139,636	2,358,459	-	-	-	-	-
Total	248,727,516	200,877,734	186,828,495	199,919,295	190,407,133	190,266,146	198,864,390	172,685,441	125,076,857	70,893,093
Percentage of estimated actual property value	2.24%	1.81%	1.68%	1.86%	1.82%	1.85%	1.98%	1.73%	1.29%	0.78%
Per capita	1,226.47	997.26	935.34	1,007.65	969.80	978.86	1,016.35	905.56	653.10	373.04
Less: Amounts set aside to repay general debt	1,096,576	908,022	801,664	698,865	547,003	381,665	252,314	216,923	102,939	11,862
Total net debt applicable to debt limit	247,630,940	199,969,712	186,026,831	199,220,430	189,860,130	189,884,481	198,612,076	172,468,518	124,973,918	70,881,231
Legal debt limit	1,414,020,403	1,354,672,372	1,306,843,359	1,257,398,201	1,235,891,293	1,211,673,220	1,165,069,489	1,156,105,288	1,124,793,092	1,077,382,596
Legal debt margin	\$ 1,166,389,463	\$ 1,154,702,660	\$ 1,120,816,528	\$ 1,058,177,771	\$ 1,046,031,163	\$ 1,021,788,739	\$ 966,457,413	\$ 983,636,770	\$ 999,819,174	\$ 1,006,501,365
Debt service as a percentage of noncapital expenditures	2.89%	2.91%	3.26%	2.89%	3.13%	3.10%	3.14%	3.01%	2.97%	1.79%

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
 * Excludes Water Authority Debt

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
LEGAL DEBT MARGIN INFORMATION, LAST TEN FISCAL YEARS
(Unaudited)

	9/30/2017 (2016 Tax Roll)	9/30/2016 (2015 Tax Roll)	9/30/2015 (2014 Tax Roll)	9/30/2014 (2013 Tax Roll)	9/30/2013 (2012 Tax Roll)	9/30/2012 (2011 Tax Roll)	9/30/2011 (2010 Tax Roll)	9/30/2010 (2009 Tax Roll)	9/30/2009 (2008 Tax Roll)	9/30/2008 (2007 Tax Roll)
Assessed value, tax roll	\$ 14,140,204,030	\$ 13,546,723,724	\$ 13,068,433,590	\$ 12,573,982,012	\$ 12,358,912,927	\$ 12,116,732,199	\$ 11,650,694,893	\$ 11,561,052,883	\$ 11,247,930,916	\$ 10,773,825,956
Debt limit -10% of assessed roll	\$ 1,414,020,403	\$ 1,354,672,372	\$ 1,306,843,359	\$ 1,257,398,201	\$ 1,235,891,293	\$ 1,211,673,220	\$ 1,165,069,489	\$ 1,156,105,288	\$ 1,124,793,092	\$ 1,077,382,596
Amount of debt applicable to debt limit:										
Total bonded debt	248,727,516	200,877,734	186,828,495	197,890,283	190,906,350	190,770,210	199,371,918	172,718,529	124,618,092	71,578,658
Less: Assets in Debt Service Funds (net)	1,096,576	908,022	801,664	698,865	547,003	381,665	252,314	216,923	102,939	11,862
Waterworks revenue bonds	53,410,000	57,120,000	45,145,000	47,750,000	41,900,000	42,565,000	44,850,000	35,620,000	36,955,000	38,245,000
	54,506,576	58,028,022	45,946,664	48,448,865	42,447,003	42,946,665	45,102,314	35,836,923	37,057,939	38,256,862
Total amount of debt applicable to debt limit	194,220,940	142,849,712	140,881,831	149,441,418	148,459,347	147,823,545	154,269,604	136,881,606	87,560,153	33,321,796
Pro forma legal debt margin	\$ 1,219,799,463	\$ 1,211,822,660	\$ 1,165,961,528	\$ 1,107,956,783	\$ 1,087,431,946	\$ 1,063,849,675	\$ 1,010,799,885	\$ 1,019,223,682	\$ 1,037,232,939	\$ 1,044,060,800

Note: Article 835p of the State of Texas Civil Statutes, effective March 17, 1967, provides that this limitation applies only to cities having a population of 600,000 or more according to the then last preceding Federal Census.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
 PLEDGED-REVENUE COVERAGE, LAST TEN FISCAL YEARS
 (unaudited)**

Fiscal Year	Water Revenue Bonds						
	Total Revenue	Less: Operating Expenses	Less: CRMWA Interest	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2008	50,562,805	33,800,615	3,277,990	13,484,200	1,245,000	1,765,242	4.48
2009	51,567,346	34,440,993	3,103,789	14,022,564	1,290,000	2,017,904	4.24
2010	55,502,109	34,436,713	3,172,696	17,892,700	5,350,000	2,884,844	2.17
2011	76,794,307	34,139,162	2,978,655	39,676,490	7,210,000	2,998,168	3.89
2012	70,242,785	34,117,020	4,252,077	31,873,688	7,290,000	3,232,174	3.03
2013	71,728,432	35,135,236	4,320,267	32,272,929	7,490,000	3,157,712	3.03
2014	76,988,269	36,842,249	3,462,630	36,683,390	7,490,000	3,186,396	3.44
2015	68,884,711	36,415,609	3,034,233	29,434,869	8,065,000	3,077,633	2.64
2016	73,927,400	39,178,131	2,761,863	31,987,406	9,100,000	2,744,260	2.70
2017	75,540,295	42,561,770	2,497,027	30,481,498	10,440,000	3,727,269	2.15

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS, LAST TEN CALENDAR YEARS
(unaudited)

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (in \$1,000s)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2008	190,042	8,855,735	36,396	33.4	30,969	3.6%
2009	191,514	8,553,870	34,737	33.2	31,920	5.2%
2010	190,695	9,003,940	37,004	34.3	32,704	5.7%
2011	195,666	9,582,655	38,984	34.1	33,043	5.5%
2012	194,375	9,875,509	40,200	34.1	33,306	4.4%
2013	196,336	10,343,608	40,338	34.5	33,419	5.1%
2014	198,402	10,746,806	42,320	34.5	33,591	4.1%
2015	199,744	11,210,963	43,790	34.7	33,695	3.1%
2016	201,430	11,438,105	43,664	34.8	33,615	3.1%
2017	202,800	11,498,543	44,360	*	33,141	4.1%

Sources:

1. Population estimates prepared by City of Amarillo Planning Department (2010 provided by Census 2010). (Amarillo grows by an average of 1% or 2% annually.)
2. Personal income and per capita income figures obtained from U.S. Department of Commerce's Bureau of Economic Analysis, MSA Area Income Summary. The 2008 through 2016 figures were updated based on new estimates during November 2017. To calculate 2017 figures, Planning Department staff used an average of increases from the previous two years.
3. Median age obtained from Census 2000, 2005, 2010, and 2012 American Community Survey.
4. School enrollment was provided by Amarillo Independent School District.
5. Unemployment rates obtained from U.S. Department of Labor's Bureau of Labor Statistics. The rate for 2017 is based on the August 2017 figure provided by the US Bureau of Labor Statistics (Amarillo Economy at a Glance).

* Median age was not available for these years.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PRINCIPAL EMPLOYERS, CURRENT YEAR AND NINE YEARS AGO
(unaudited)**

Employer	2017			2008		
	Employees	Rank	Percent of Total City MSA* Employment	Employees	Rank	Percent of Total City MSA Employment
Tyson Foods	3,700	1	2.884%	3,615	1	2.896%
Baptist/St. Anthony's Health Systems	2,700	2	2.104%	2,900	2	2.323%
Northwest Texas Healthcare	1,950	3	1.520%	1,804	4	1.445%
Xcel Energy	1,431	4	1.115%	966	7	0.774%
Walmart Supercenters	1,359	5	1.059%	2,042	3	1.636%
Bell Helicopter, Inc	1,251	6	0.975%	740	10	0.593%
Affiliated Foods	1,250	7	0.974%	1,110	5	0.889%
Western National Life	1,002	8	0.781%	-	-	-
Burlington Northern Santa Fe	805	9	0.627%	800	9	0.641%
Toot 'n Totum	800	10	0.624%	-	-	-
United Supermarkets	-	-	0.000%	864	8	0.692%
American General Annuity Insurance	-	-	-	978	6	0.783%
Total employees of the principal employers	16,248		12.664%	15,819		12.671%
Total employees of other employers	112,052		87.336%	109,021		87.329%
Total Amarillo MSA* employment	128,300		100.000%	124,840		100.000%

Sources: The ten principal employers information was provided by the Amarillo Chamber of Commerce.

* Amarillo Metropolitan Statistical Area (MSA) employment figure obtained from the U.S. Bureau of Labor Statistics (Economy at a Glance) at September 2017.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
CITY GOVERNMENT BUDGETED POSITIONS BY FUNCTION/PROGRAM, LAST TEN FISCAL YEARS
(unaudited)**

Budgeted Positions as of September 30

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GENERAL GOVERNMENT										
Mayor and council	5	5	5	5	5	5	5	5	5	5
City manager	9	7	6	6	6	6	6	6	6	3
City secretary	2	5	4	4	3	3	2	2	2	2
Judicial	5	5	4	4	4	-	-	-	-	-
Municipal court and teen court	26	26	26	25	25	29	29	29	29	28
Planning and zoning	9	8	7	7	7	7	7	7	7	8
STAFF SERVICES										
Financial administration										
Director of Finance	6	5	5	5	5	5	5	5	5	6
Accounting	16	18	18	16	16	16	14	14	14	15
Payroll	-	-	-	3	3	3	3	3	3	-
Health Plan Administration	4	4	5	5	5	5	5	5	5	-
Purchasing	9	9	9	9	9	9	8	8	8	8
Central stores	7	8	8	8	7	7	8	8	8	8
Municipal office services	-	-	-	-	-	-	3	3	3	3
Legal	10	10	9	9	9	9	8	8	8	8
Human Resources and Risk Management	13	13	14	12	12	12	12	12	12	22
Emergency Management and Communications	9	9	9	9	13	13	12	12	12	12
Occupancy										
Custodial operations	26	27	28	27	27	27	25	25	25	25
Building maintenance	30	27	26	26	25	25	24	24	24	24
PUBLIC SAFETY AND HEALTH										
Police										
Police	375	375	365	358	345	335	317	317	317	312
Civilian personnel	62	60	58	57	57	56	56	71	109	109
Fire Protection										
Fire	263	263	259	259	251	247	244	244	244	229
Civilian personnel	18	18	18	18	18	17	15	15	28	29
Other										
Building safety	34	35	34	34	34	33	32	32	32	31
Animal control	37	39	38	33	26	26	26	26	27	27
Emergency services	-	-	-	-	-	0	1	-	-	-
Amarillo Emergency Comm. Center	66	67	70	71	71	71	65	66	1	-
Environmental health	16	14	14	14	14	14	14	14	14	13
Vital statistics	1	1	1	1	1	1	1	1	1	1
STREETS, TRAFFIC & ENGINEERING										
Street maintenance	97	100	101	99	99	108	108	108	108	108
Traffic engineering	44	45	46	46	46	46	46	46	46	46
Traffic field operations	22	23	22	22	22	22	22	22	22	22
Public works	4	3	-	-	-	-	-	-	-	-
Capital projects and development engineering	19	19	23	23	21	21	21	21	21	22
CULTURE & RECREATION										
Auditorium Coliseum										
Civic Center operations	22	23	23	23	23	23	23	23	23	23
Civic Center promotions	5	5	5	5	4	4	4	4	4	4

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
CITY GOVERNMENT BUDGETED POSITIONS BY FUNCTION/PROGRAM, LAST TEN FISCAL YEARS
 (unaudited)

Budgeted Positions as of September 30

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Box office operations	12	12	12	12	12	12	12	12	12	12
Civic Center Sports	2	2	2	2	2	2	2	2	2	2
Globe News Center	3	3	3	3	3	3	3	3	3	3
Library operations	77	77	78	78	78	78	78	78	78	78
Parks and Recreation	290	271	268	267	268	264	257	257	258	258
Golf	51	51	56	56	56	56	47	47	47	48
SOLID WASTE										
Solid waste collection	104	110	110	110	110	110	107	108	108	107
Solid waste disposal	42	35	35	37	37	37	36	36	36	36
TRANSIT										
Fixed Route and Demand Response	67	67	66	65	63	62	59	59	59	61
Total General Fund	1,919	1,904	1,890	1,873	1,842	1,829	1,772	1,788	1,776	1,758
WATER & SEWER SYSTEM										
Water Production	9	9	9	9	9	8	7	7	7	7
Water Transmission	8	9	9	9	9	9	9	9	9	9
Surface Water Treatment	30	29	29	29	29	29	29	29	29	29
Water Distribution	65	65	63	59	59	58	58	58	58	58
Wastewater Collection	38	38	38	38	36	34	34	34	34	34
Wastewater Treatment	54	55	54	54	54	54	52	52	52	52
Environmental Laboratory	19	19	20	20	20	20	20	19	19	20
Utility Billing	34	34	32	32	31	31	29	29	29	29
Director of Utilities	4	3	21	21	20	19	19	17	17	16
Capital projects and development engineering	20	20	-	-	-	-	-	-	-	-
Total Water & Sewer System	281	281	275	271	267	262	257	254	254	254
AIRPORT	57	57	57	59	58	59	62	62	62	62
DRAINAGE UTILITY	29	28	26	22	17	-	-	-	-	-
INFORMATION SERVICES	42	41	40	40	34	34	29	28	28	27
FLEET SERVICES	45	50	53	53	53	53	53	53	53	53
SELF INSURANCE	1	2	-	-	-	-	-	-	-	-
CITY CARE CLINIC	6	7	8	8	8	8	8	8	8	-
SPECIAL REVENUE										
Library	-	-	-	-	-	2	5	5	5	6
Police Grant	-	-	-	-	-	-	0	6	7	-
Urban Planning/Traffic Grants	8	7	7	7	7	7	7	7	7	7
Health Grants	83	83	81	79	81	81	76	72	72	73
Court Security Fund	3	3	3	-	-	0	2	2	2	2
Community Development and Housing	17	17	18	21	20	20	18	18	18	18
Emergency Management	3	3	3	3	4	5	7	7	-	7
Total Special Revenue	114	113	112	110	112	115	115	117	111	113
Total	2,494	2,483	2,461	2,436	2,391	2,360	2,296	2,310	2,292	2,267

Source: City Annual Budgets

Notes: Budgeted positions are made up of both full-time and part-time positions.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM, LAST TEN FISCAL YEARS
(unaudited)**

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Staff services:										
Annual number of purchase orders	2,319	2,516	2,487	2,315	2,300	2,258	2,235	2,593	3,554	3,605
Public safety and health:										
Annual calls for police services	104,920	126,628	125,747	126,888	128,704	135,381	132,509	137,405	130,862	126,176
Annual calls for fire services	20,544	18,516	17,905	19,820	18,182	19,556	18,832	16,495	15,313	12,774
Permits:										
Residential - new	533	639	423	494	611	556	600	535	516	582
Residential - additions & repairs	1,248	1,341	3,874	11,121	15,033	1,686	2,173	2,030	1,507	1,624
Commercial - new	64	81	68	59	51	56	51	54	40	92
Commercial - additions & repairs	524	351	370	484	367	296	359	354	289	336
Mobile homes	68	99	37	45	45	39	29	41	39	41
Roof	3,599	2,049	2,390	9,367	13,594	868	1,329	1,185	937	942
Value of construction:										
Residential - new	137,369,554	161,251,256	115,421,577	125,256,568	147,498,017	136,045,085	143,974,309	128,042,161	124,991,767	189,507,406
Residential - additions & repairs	19,890,333	20,323,224	45,172,631	132,112,253	150,002,607	18,676,854	25,752,823	24,136,709	23,025,345	23,269,814
Commercial - new	138,613,396	192,613,720	171,237,650	112,400,600	66,384,691	56,715,644	48,331,131	109,596,401	54,552,931	90,950,995
Commercial - additions & repairs	102,244,992	65,319,537	56,305,643	98,010,940	54,900,626	50,067,552	79,922,243	96,129,977	117,491,080	68,402,515
Mobile homes	3,938,988	4,465,117	2,005,600	1,917,724	1,078,432	1,043,758	935,288	1,296,730	3,255,543	6,266,747
Roof	40,442,631	33,572,908	25,457,433	112,455,900	132,120,404	5,271,512	9,732,006	7,913,915	5,922,164	7,844,282
Culture and recreation:										
Civic Center event days	1,493	1,582	1,640	1,626	1,665	1,811	1,986	2,244	2,229	2,578
Civic Center annual attendance	583,474	607,909	572,382	603,276	656,239	607,940	656,523	672,178	635,553	700,515
Library volumes loaned annually	1,565,059	1,582,208	1,507,588	1,376,801	1,577,915	1,294,367	1,752,006	1,495,169	1,752,006	1,805,566
Annual swimming pool attendance	51,200	55,506	54,388	41,321	53,450	56,338	60,981	58,485	57,983	66,133
Tennis Center attendance	28,900	33,305	31,086	31,086	28,546	32,078	32,859	30,096	34,321	31,193
Rounds of golf played annually (2 courses)	85,318	88,316	90,329	90,122	97,153	90,201	88,089	86,177	105,932	107,726
Rifle range attendance	8,744	9,505	7,541	7,802	9,000	7,857	6,548	4,468	2,489	3,663
Solid Waste:										
Tons of waste collected	154,964	156,197	161,190	158,402	158,500	166,750	154,900	150,000	157,000	168,000
Tons of waste landfill	238,360	234,989	243,339	262,678	258,000	220,000	212,350	213,500	223,000	224,000
Transit:										
Fixed transit route--in miles	578,614	541,121	586,212	688,498	675,549	672,524	686,118	674,307	665,036	651,690
Passengers served--fixed route services	306,018	302,010	332,206	371,656	372,533	386,042	367,480	330,647	328,605	343,404
Demand response passengers	50,840	47,403	35,317	39,606	39,737	39,774	35,362	29,709	23,324	29,712
Water and Sewer:										
Active water accounts	72,348	72,272	71,029	70,441	70,161	70,151	69,754	69,358	68,586	68,306
Average daily production--gallons	43,407,570	43,058,000	37,627,170	43,702,583	44,174,721	46,148,634	51,308,710	42,921,918	42,461,096	43,752,000
Plant capacity--gallons:										
Bonham:										
Pumping	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000
Storage	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
24th Street:										
Pumping	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000
Storage	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
34th Street:										
Pumping	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000
Storage	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Arden Road:										
Pumping	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Storage	5,000,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000

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**CITY OF AMARILLO, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM, LAST TEN FISCAL YEARS
(unaudited)**

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Purification Plant:										
Pumping	120,000,000	120,000,000	120,000,000	120,000,000	120,000,000	120,000,000	116,000,000	116,000,000	116,000,000	116,000,000
Storage	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Overhead Storage	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000
Surface water allocation--gallons	-	-	-	-	-	-	1,885,254,000	3,018,347,000	4,226,385,000	3,662,482,893
Roberts County (CRMWA) Allocation	9,131,110,000	9,133,110,000	9,133,110,000	8,603,656,000	8,603,656,000	8,603,656,000	8,827,731,000	7,280,016,000	5,956,377,000	5,956,158,358
Active sewer accounts	70,071	69,999	69,166	69,039	68,111	68,020	67,654	67,281	66,539	66,294
Plant capacity--gallons:										
North treatment--per day	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Southeast treatment--per day	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Daily average of sewage treated--gallons	16,885,581	16,149,175	15,464,118	16,340,652	16,349,951	16,121,705	17,887,000	17,653,660	17,439,096	17,226,046
Daily average of reclaimed water sold to industry--gallons	8,992,127	9,671,427	9,872,674	9,065,214	9,763,656	10,750,432	13,150,184	12,678,301	12,624,641	14,061,315
Airport										
Major airlines	3	3	3	3	3	3	4	4	3	4
Scheduled daily flights	32	32	37	37	42	42	42	41	46	58
Airline passengers enplaned	373,885	341,359	334,635	375,268	401,200	404,032	413,775	403,752	413,767	461,251
Airplanes cleared daily--average	177	169	148	165	172	178	229	226	236	226
Total tower operations (24 hours FAA Control Tower)	64,540	61,364	54,271	60,099	62,784	70,642	79,541	82,441	86,140	82,648

Source: Various City departments

* Information was not available for these years.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM, LAST TEN FISCAL YEARS
(unaudited)

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Public Safety and Health:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	13	13	13	13	13	12	12	11	10	10
Number of fire hydrants	4,102	4,102	4,024	3,940	3,864	3,761	3,732	3,671	3,698	3,587
Number of outdoor warning sirens	89	89	88	88	90	90	89	86	85	85
Streets, traffic and engineering:										
Streets - paved (miles)	939.87	939.87	936.22	930.40	923.50	920.99	912.86	911.12	905.80	902.00
Streets - unpaved (miles)	83.13	83.13	83.13	83.13	83.13	83.13	83.13	83.13	83.13	83.00
Alleys (miles)	496.18	496.18	493.08	488.66	483.90	480.70	476.59	476.01	472.42	468.00
Miles of storm sewers	189.5	130.85	129.95	125.39	124.86	125.35	119.46	118.99	116.87	116.00
Number of street lights	10,627	10,624	10,594	10,578	10,547	10,496	10,765	10,742	10,657	10,657
Number of signalized locations	271	269	268	267	265	264	261	261	260	258
Number of traffic signs installed	37,597	37,257	36,826	36,199	35,850	35,332	35,010	34,167	32,977	32,215
Culture and recreation:										
Civic Center (auditorium, coliseum, convention annex, center)--in square feet	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000	410,000
Number of libraries	5	5	5	5	5	5	5	5	5	5
Total library holdings	397,313	414,840	499,738	463,918	467,149	484,478	544,719	516,281	602,724	705,033
Number of parks and playgrounds	64	64	64	64	64	64	65	65	65	64
Parks--number of acres	2,936	2,936	2,936	2,936	2,935	2,935	2,927	2,927	2,907	2,839
Number of swimming pools	3	3	3	3	3	3	3	3	3	4
Number of golf courses--36 holes	2	2	2	2	2	2	2	2	2	2
Number of golf courses--18 holes	2	2	2	2	2	2	2	2	2	2
Other recreational facilities:										
Soccer fields	44	44	44	44	44	44	65	65	65	65
Jogging trails (miles)	39.14	39.14	39.14	39.14	39.14	39.14	38.45	38.45	37.67	44
Baseball and softball fields	26	26	26	32	32	32	30	30	30	30
Tennis courts	32	32	32	32	32	32	37	37	37	41
Solid waste:										
Number of solid waste customers, residential	60,683	63,016	63,016	62,715	62,351	61,919	61,459	61,267	60,602	60,037
Number of solid waste customers, commercial	6,547	3,861	3,861	3,730	3,716	3,708	3,747	3,718	3,692	3,655
Landfill acreage	662	662	662	662	662	662	662	662	662	662
Transit:										
Number of buses in service	17	17	17	17	17	17	19	17	17	17
Number of vans in service	14	11	11	13	13	13	11	13	11	7
Water and Sewer:										
Miles of water mains:										
Transmission, well collection, and transfer	181.41	181.41	181.41	178.94	178.40	138.00	138.00	120.00	120.00	120.00
Distribution	1,165.53	1,165.53	1,135.82	1,129.75	1,120.31	1,109.66	1,106.00	1,082.00	1,082.00	1,080.00
Number of water wells	126	126	126	126	122	120	117	106	106	99
Miles of sanitary sewers	984.73	984.73	967.85	963.48	955.00	944.26	943.36	931.90	929.30	926.33
Number of wastewater treatment plants	2	2	2	2	2	2	2	2	2	2

Source: Various City departments
 * Information was not available for these years.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL INFORMATION
HISTORICAL SUMMARY OF TOTAL CUSTOMERS
(Unaudited)**

Fiscal Year Ended September 30	Number of Customers	
	Water	Sewer
2008	68,306	66,294
2009	68,586	66,539
2010	69,358	67,281
2011	69,754	67,654
2012	70,151	68,020
2013	70,161	68,111
2014	70,441	69,039
2015	71,029	69,166
2016	72,272	69,999
2017	72,348	70,071

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL INFORMATION
AVERAGE DAILY WATER CONSUMPTION AND SYSTEM INFORMATION
(Unaudited)**

Fiscal Year Ended September 30	Average Daily Water Consumption (Gallons)	Maximum Daily Water Consumption (Gallons)	Miles of Mains		Number of Hydrants
			Water	Sewer	
2008	43,752,000	83,000,000	1,080	926	3,587
2009	42,461,096	82,000,000	1,082	929	3,698
2010	42,921,918	79,300,000	1,091	932	3,671
2011	51,308,710	88,700,000	1,106	943	3,732
2012	46,103,000	92,100,000	1,110	944	3,761
2013	44,131,039	84,500,000	1,120	955	3,864
2014	43,702,583	80,400,000	1,130	963	3,940
2015	37,590,000	65,970,000	1,136	968	4,024
2016	39,826,296	80,123,000	1,166	985	4,102
2017	44,748,000	75,980,000	1,166	985	4,102

Maximum Water Production Capacity (from Water Plant and Wells)	85.7 million gallons per day
Maximum or Peak Usage to Date	94.0 million gallons
Overhead Storage Capacity	8.5 million gallons
Ground Storage Capacity	74.3 million gallons

TEN LARGEST WATER CUSTOMERS AND AVERAGE MONTHLY USE (thousand gallons)

1. Xcel Energy	274,433
2. Tyson Fresh Meats	167,805
3. Texas Department of Corrections	64,653
4. City of Amarillo	42,140
5. City of Canyon	28,287
6. Owens Corning	16,148
7. Asarco	11,855
8. Plains Dairy	10,474
9. Northwest Texas Healthcare	5,718
10. BSA Hospital LLC	5,581

CAPACITY OF SEWER TREATMENT PLANTS

(Two plants combined)	28.00 million gallons per day
Average daily sewage treated	16.89 million gallons per day

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
WATER RATES
SEPTEMBER 30, 2017
(Unaudited)**

**Minimum Monthly Billing for
First 3,000 Gallons Consumed:**

Meter Size	Rates Per Month	
	Inside City	Outside City
5/8"	\$ 13.50	\$ 20.26
1"	18.13	27.19
1-1/2"	23.23	34.84
2"	36.09	54.14
3"	132.76	199.14
4"	168.48	252.72
6"	251.91	377.87
8" and larger	347.30	520.94

**Additional Charge by Volume
(per 1,000 Gallons):**

	Inside City	Outside City
<i>Residential</i>		
3,001-10,000	2.41	3.62
Over 10,000	3.15	4.73
Over 30,000	4.67	7.00
Over 50,000	5.30	7.96
<i>Commercial</i>		
Over 3,000	2.75	4.13

Source: City of Amarillo Ordinance Number 7620 effective October 1, 2016.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
SEWER RATES
SEPTEMBER 30, 2017
(Unaudited)**

<u>Base Amount</u>	<u>Rates Per Month</u>
Meter Size	
3/4"	\$ 15.30
1"	15.80
1-1/2"	16.21
2"	17.60
3"	19.90
4"	29.09
6"	42.81
8" and larger	56.58

Additional Charge by Volume

Commercial accounts are charged on total water used with a rate of \$1.98 per 1,000 gallons of water consumed over the initial allotment of 3,000 gallons. Residential accounts are charged based on the average water consumed in December, January and February, but in no event shall residential customers be charged for more than 20,000 gallons of sewage. The volume charge for sewer accounts is \$1.82 per 1,000 gallons of water consumed over the initial allotment of 3,000 gallons.

Source: City of Amarillo Ordinance Number 7620 effective October 1, 2016.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
DRAINAGE UTILITY
Top Ten Drainage Customers
(unaudited)**

<u>Customer Name</u>	<u>2017</u>		
	<u>Total ERUs</u>	<u>Rank</u>	<u>Monthly Drainage Fee</u>
Burlington Northern	10,675	1	\$ 26,794
City of Amarillo	5,245	2	13,158
Amarillo ISD	4,688	3	11,767
AMA Tri State Fair	1,279	4	3,209
Progressive Rail Svcs	1,004	5	2,521
Xcel Energy	934	6	2,345
Westgate Mall DBA	784	7	1,967
UHS of Amarillo Inc.	759	8	1,905
J Lee Milligan, Inc.	738	9	1,853
Omni Capital Corp	667	10	1,674
Total	<u>26,773</u>		<u>\$ 67,193</u>

Residential Rates

Residential Rates are based on statistical evaluation of land parcel impervious area for single-family properties. The equivalent residential unit (ERU) rate is \$2.51 per ERU per month.

<u>Classification</u>	<u>Equivalent Residential Units</u>	<u>Monthly Fee</u>
Tier 1 Less than 2,072 square feet impervious area	.068 ERU	1.71
Tier 2 2,072 - 3,236 square feet impervious area	1.00 ERU	2.51
Tier 3 Greater than 3,236 square feet impervious area	1.51 ERU	3.79

Commerical Rates

Total ERUs for commercial property is based on the impervious area for each parcel divided by 2,800 square feet with a minimum of ERU. The monthly Drainage Utility charge for commercial property is calculated by multiplying the total number of ERUs for parcel by the ERU monthly billing rate.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
HOTEL OCCUPANCY TAX
(unaudited)

HISTORICAL TAX COLLECTIONS

<u>Fiscal Year</u>	<u>Total 7%</u>
2008	4,331,449
2009	4,232,250
2010	4,399,887
2011	4,782,868
2012	5,002,181
2013	5,691,118
2014	5,937,402
2015	6,341,559
2016	6,777,185
2017	6,610,423 *

CONDENSED STATEMENT OF OPERATIONS OF HOTEL OCCUPANCY TAX FUND

	<u>Fiscal Year Ended September 30,</u>				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues:					
Pledged Hotel Taxes	\$ 6,610,423	\$ 6,777,185	\$ 6,341,559	\$ 5,937,402	\$ 5,691,118
Number of Rooms	6,715	6,690	6,007	6,123	6,108
Maximum Annual Debt Service	\$ 775,288	\$ 775,288	\$ 775,288	\$ 775,288	\$ 775,288
Debt Service Coverage (x)	8.53 x	8.74 x	8.18 x	7.66 x	7.34 x

Note: The maximum annual debt service and Debt Service Coverage for FY 2015-2012 are presented as comparative information only. The Hotel Occupancy Tax Bonds were issued April 13, 2016.

* \$18,837 was rebated as of September 30, 2017.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
HOTEL TAXPAYERS
(unaudited)

NAME OF TAXPAYER	TOTAL 2017 COLLECTIONS	CAPACITY	% OF TOTAL COLLECTIONS
AMARILLO FAIRFIELD INN	137,050	74	0.020826954
AMARILLO INN AND SUITES	111,814	103	0.016991909
AMARILLO LODGING LTD (MICROTEL INN & SUITES)	43,913	45	0.00667317
AMARILLO MY PLACE HOTEL	81,867	63	0.012441079
AMARILLO MOTEL	6,222	22	0.00094555
AMARILLO RESIDENCE INN	157,719	78	0.023967952
AMARILLO VALUE INN	7,821	96	0.001188467
AMERICAN MOTOR INN	-	40	-
AMERICA'S BEST VALUE INN & SUITES	46,690	105	0.007095289
ASHMORE INN	114,305	138	0.0173705
ASTRO MOTEL	3,563	20	0.00054139
BAYMONT INN & SUITES	68,742	110	0.010446408
BAYMONT SUITES AMARILLO EAST	112,898	112	0.017156779
BEST WESTERN - SANTA FE INN	100,272	57	0.015237953
BIG TEXAN INN	34,401	54	0.00522778
BRIZZOLARA KAY	586	2	8.90599E-05
BUDGET INN & SUITES	3,181	40	0.000483466
CANDLEWOOD SUITES	91,025	96	0.013832765
CIVIC CENTER INN	4,789	58	0.000727752
COMFORT INN & SUITES (I-40)	132,752	87	0.020173902
COMFORT INN & SUITES (SONCY)	144,467	72	0.02195408
COMFORT SUITES	122,914	83	0.0186788
COMFORT SUITES SOUTH	80,240	70	0.012193718
COUNTRY INN & SUITES	165,673	82	0.025176723
COURTYARD BY MARRIOTT WEST	182,038	86	0.027663694
COURTYARD MARRIOTT AMARILLO DOWNTOWN	282,058	110	0.042863413
COWBOY MOTEL	3,190	19	0.000484743
CRAIG RETIREMENT COMMUNITY	527	2	8.01441E-05
DAYS INN (MEDICAL CENTER)	40,874	50	0.006211512
DAYS INN EAST	82,908	119	0.012599285
DELUXE INN (WAS SHALOM)	1,344	20	0.000204317
DRURY INN	379,646	164	0.057693446
ECONOMY INN (WAS SKYLINE)	872	20	0.000132493
EMBASSY SUITES AMARILLO	-	226	-
ESTESS MOTEL	885	12	0.000134428
EUBANK DORIS	-	2	-
EXECUTIVE INN	45,364	100	0.006893738
EXPRESS INN	4,785	16	0.000721713
EXTENDED STAY AMERICA #6172	61,832	86	0.009396402
FAIRFIELD INN & SUITES AMARILLO AIRPORT	206,290	79	0.031349196
FIESTA MOTEL	3,923	21	0.000596125
FIFTH SEASONS	108,311	103	0.016459692
HAMPTON INN & SUITES	164,688	64	0.023027013
HAMPTON INN & SUITES (WAS AMARILLO INN & SUITES)	121,206	130	0.018419261
HERETAGE HOUSE BED & BREAKFAST	190	3	2.88615E-05
HILLCREST MOTEL	2,697	16	0.000409901
HILTON GARDEN INN	216,915	90	0.03296386
HOLIDAY INN AMARILLO	256,566	248	0.038989369
HOLIDAY INN EXPRESS	170,597	128	0.025924983
HOLIDAY INN EXPRESS & SUITES (I-40 EAST)	167,812	69	0.025501728
HOLIDAY INN EXPRESS & SUITES (HOLLYWOOD)	134,311	68	0.02041073
HOLIDAY INN EXPRESS AMARILLO WEST	329,651	63	0.050095928
HOMEZ SUITES	229,993	92	0.034951184
HOMEWOOD SUITES	149,052	92	0.022650928
INTERSTATE MOTEL	6,277	22	0.000953851
LA KIVA HOTEL	39,298	118	0.005971937
LA CASITA DEL SOL	621	4	9.4438E-05
LA QUINTA INN & SUITES AMARILLO	48,974	89	0.007442437
LA QUINTA MOTOR INN #454 AIRPORT	86,694	130	0.013174522
LA QUINTA MOTOR INN #639 MEDICAL CENTER	106,372	100	0.016164932
LUXURY INN SUITES	13,791	90	0.002095747
MCKASKLE KATHY	734	1	0.000111584
MOTEL 6 - CANYON DRIVE	28,890	63	0.004390323
MOTEL 6 #1358	87,469	118	0.013292405
MOTEL 6 WEST	62,059	116	0.009430825
NEW CAMELOT INN	43,543	71	0.006617141
PALO DURO MOTEL	1,065	10	0.00016178
PERKINS PERRY	464	1	7.05018E-05
QUALITY INN & SUITES	93,827	112	0.014238602
QUALITY INN EAST	37,475	100	0.005694878
RAMA MOTEL	2,733	32	0.000415359
RED ROOF INN	-	104	-
RED ROOF INN AMARILLO EAST	62,635	106	0.009518384
RED ROOF INN WEST	79,085	100	0.012018215
REDWOOD MOTEL	2,121	19	0.00032233
RELAX INN	28,734	96	0.004366537
ROUTE 66 INN	8,022	35	0.001219125
ROYAL INN	1,144	18	0.000173799
SILVER SPUR MOTEL	2,512	22	0.0003817
SLEEP INN & SUITES	47,344	63	0.007194682
SLEEP INN OF AMARILLO	100,561	55	0.015281864
SPRINGHILL SUITES AMARILLO	56,357	102	0.008564358
STAR LODGE	1,057	18	0.000160663
STAYBRIDGE SUITES	156,034	83	0.021711991
SUNDOWN MOTEL	1,711	24	0.000260051
SUPER 8 AMARILLO WEST	32,983	50	0.005012279
SUPER 8 CENTRAL	36,698	72	0.005576929
SUPER 8 MOTEL	59,415	59	0.009029129
TEAM HOUSING SOLUTIONS INC.	2	2	2.44664E-07
TOWNHOUSE MOTEL	2,485	21	0.000377647
TRAVELodge AMARILLO	26,706	95	0.004058443
TRIP SPOTS, LLC	-	7	-
VALUE PLACE AMARILLO	42,928	105	0.0063%
WAGON WHEEL MOTEL	1,651	20	0.0002%
WYNDHAM GARDEN AMARILLO	48,502	259	0.0074%
	6,580,400	6,715	1

Note: Total Receipts obtained from City of Amarillo's Financial System - Account 1315.30470 for Fiscal Year Ended 9/30/17.
Total number of rooms available as of 9/30/17 obtained from MuniServices, as reported by each taxpayer.

See Independent Auditor's Report