

CITY OF AMARILLO, TEXAS

Comprehensive Annual Financial Report

OCTOBER 1 , 2017 - SEPTEMBER 30 , 2018



CITY OF AMARILLO, TEXAS

Comprehensive Annual Financial Report

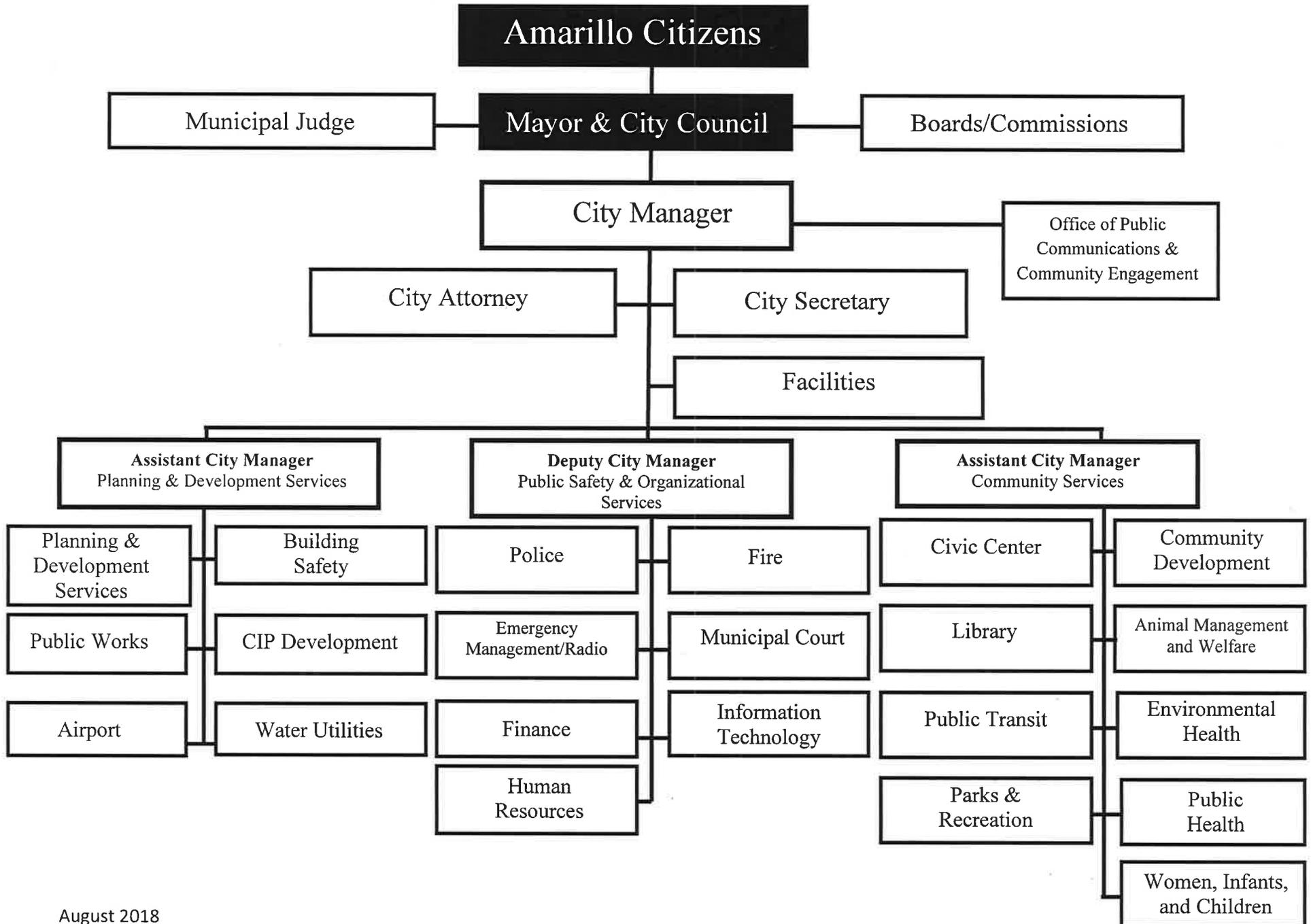
Fiscal Year Ended
September 30, 2018



Prepared by:
Finance Department

Michelle Bonner
Deputy City Manager

City of Amarillo, Texas Organization Chart



**CITY OF AMARILLO, TEXAS
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2018**

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
Floyd Hartman
Bryan McWilliams
Frances Hibbs
Laura Storrs
Raymond Lee
Jonathan Gresham
Ed Drain
Michael Kashuba
Jeff Greenlee
Rich Gagnon
Valerie Kuhnert

City Manager
Deputy City Manager
Assistant City Manager
Assistant City Manager
City Attorney
City Secretary
Director of Finance
Director of Public Works
Interim 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, 2017

Christopher P. Morill

Executive Director/CEO

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February 26, 2019

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, 2018, 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 2018 population is 204,828.

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 2016/17 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.

One of 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. The City also has an A+/Stable rating from Standard & Poor's on its Hotel Occupancy Tax revenue bonds.

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.

2018 Debt Issuances:

During 2018, the City had five debt issuances. March 20, 2018 the City issued \$38,835,000 of Hotel Occupancy Tax Revenue Bonds, Taxable Series 2018 to construct and equip a multiuse facility. The bonds were issued for 30 years with a true interest cost of 4.30%. Then on July 18, 2018, the City issued the General Obligation Bonds, Series 2018 in the amount of \$22,145,000 with a true interest cost of 3.466%. These maturities range through 2043. This is the second year of five anticipated bond issues associated with the November 2016 bond election to address streets and public safety capital needs. Concurrently on July 18, 2018, the City issued \$3,000,000 in Certificates of Obligation to pay for the improvements to the Colonies. The Certificates of Obligation mature in 20 years at 3.27% interest.

The fourth and fifth issuances were on July 19, 2018 and will allow the City to address much needed infrastructure projects for water and sewer. The fourth was the Waterworks & Sewer System Revenue Bonds, New Series 2018A in the amount of \$12,500,000 through the TWDB with a true interest cost of 1.34% for 20 years. The City has enjoyed very favorable financing through the TWDB. The fifth issuance was the Waterworks and Sewer System Revenue Bonds, New Series 2018B in the amount of \$14,610,000. The proceeds were year two of a five year capital plan totaling \$140 million. The bonds were issued for 20 years at a true interest cost of 3.238%.

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 2018 oil was up 50% at \$67.04 per barrel compared to September 2017 at \$44.63 per barrel⁽¹⁾. Natural gas prices decreased 1.7% compared to last year. Natural gas was at \$3.02 per mmbtu last year compared to \$2.97 per mmbtu at September 2018⁽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 2018⁽¹⁾, there were 25 active drilling rigs compared to 67 in 2014⁽¹⁾, 22 in 2015⁽¹⁾, 9 in 2016⁽¹⁾, and 13 in 2017⁽¹⁾.

According to the Texas Cattle Feeders Association, our cattle feeding area produces about 6,000,000 fed cattle annually, which is about 28% of the nation's beef. Cattle prices dropped dramatically in 2016. Fed cattle prices up slightly from last year at \$107.85 per hundredweight compared to \$104.97 at September 2017⁽¹⁾.

Dairies have become major industries in the Panhandle. Dairies remain profitable; however, September 2018 milk prices are down to \$14.00 per hundredweight compared to \$16.50 at September 2017⁽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 \$3.83⁽¹⁾ per bushel at September 2018 compared to \$3.71⁽¹⁾ last year.

Wheat prices are up 43% from prior year, at \$5.40 per bushel at September 2018. 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⁾, and \$3.77 per bushel at September 2017⁽¹⁾.

Cotton is up 4%. Cotton was at \$74.10⁽¹⁾ cents per pound at September 2018 compared to \$71.40⁽¹⁾ cents per pound at September 2017⁽¹⁾, \$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 2018, AEDC approved up to \$69 million in grant funds to Texas Tech University for the development of a College of Veterinary Medicine. These funds will be used toward the construction of facilities adjacent to Texas Tech University Health Sciences Center in Amarillo. This project provides job

growth in Amarillo and educational opportunities that support the largest industry in the region.

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 23rd annual Amarillo EnterPrize Challenge awarded five grants totaling \$450,000 to new and emerging companies expected to create more than 36 new jobs and make substantial investments in the regional economy. To date, 91 businesses have received cash grants totaling more than \$6.3 million, resulting in 902 new jobs and \$156 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 nine Small Business Administration 504 loans totaling over \$14.7 million, which leveraged \$7.3 million in bank financing and \$2.4 million in owner equity. For the year, this program was responsible for the creation of 48 new jobs. TPRDC also funded four loans in 2018 totaling just under \$2.5 million.

Major Industries and Employers:

The Amarillo Chamber of Commerce lists 23 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 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 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 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's Amarillo Assembly Center builds the revolutionary V-22 Osprey, the UH-1Y Yankee, and the formidable AH-1Z Zulu. 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 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. Approximately 1,000 people are employed at Bell.

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 400⁽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 172⁽³⁾.

International Paper Company produces containerboard packaging in Amarillo and employs 110⁽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 1,400⁽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 2,800⁽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)/Don & Sybil Harrington Cancer Center with 3,200⁽³⁾ employees and Northwest Texas Healthcare System (NWTHS) with 1,860⁽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 2018, BSA is the second 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 1,984⁽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 315⁽³⁾ employees, Panhandle Eye Group with 200⁽³⁾ employees, Family Medicine Centers with 250⁽³⁾ employees, Amarillo Heart Group with 175⁽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/Park Central Senior Living/Ware Living Center with 400⁽³⁾ employees, Ussery-Roan Texas State Veterans Home with 100⁽³⁾ employees, the Craig Methodist Retirement Community with 100⁽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 146⁽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 1,359⁽³⁾ people and Sam's Club employs 150⁽³⁾. United Supermarkets is a large employer and employs a total of 900⁽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 212⁽³⁾. The Atmos Energy customer support center in Amarillo employs 374⁽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 553⁽³⁾. Happy State Bank employs 349⁽³⁾. Herring Bank employs 100⁽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 600⁽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 669⁽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 850 full-time employees⁽³⁾. West Texas A&M University also has a campus in Downtown 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 126⁽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 85 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.

One of the larger employers are engineering firms. Talon/LPE is a full-service environmental consulting and engineering corporation. The construction industry is also a major employer. J. Lee Milligan, Inc. employs 225⁽³⁾ and L. A. Fuller & Sons Construction Inc. employs 115⁽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. The City has also been assigned an A+/Stable rating by Standard & Poor for the Hotel

Occupancy Tax Revenue Bonds.

Our sales tax for 2017/18 came in at \$57.4 million, which is approximately \$1.9 million, or 3.3% more than 2016/17 sales tax of \$55.5 million. Sales tax receipts remain very strong, with record receipts every year for six years straight through 2016 and then again this year. The City feels that the significant increases in the 2013 and 2014 years are related to the May 2013 hail storm. The City did see a drop in sales tax for 2016/17. When preparing the 2018/19 budget, the City included a 2% increase in sales tax estimates above the 2017/18 collections. The City's sales tax collections have exceeded the budgeted amounts for the first quarter of the 2018/19 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 net hotel occupancy tax revenue saw a slight reduction in 2017/18, recording approximately \$6.3 million, down from \$6.6 million. The City had gross hotel occupancy tax receipts of \$6.9 million and rebated \$577 thousand to the convention hotel per the development agreement.

Employment remains stable. Amarillo's unemployment rate is 2.8% compared to 3.1% last year and 3.2% the year before⁽¹⁾. Amarillo's unemployment was better than the state of Texas at 3.8%, and our national unemployment at 3.7%⁽¹³⁾.

Water metered sales for 2017/18 increased over the prior year by \$6.59 million or 13.5%, after experiencing a relatively flat year in revenues during 2016/17 as compared to 2015/16. Calendar year 2015 was the 4th wettest year in recorded history. In contrast, the Texas Panhandle received much less precipitation during 2016, 2017, and 2018. 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 and 2017/18. 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 \$16.4 million in 2015/16, \$17.8 million in 2016/17, \$16, and \$27.4 million in 2017/18.

Our property tax base continues to grow. As of January 2018, we had \$12.8 billion in value compared to approximately \$12.1 billion the previous year. In 2017/18, the City had \$237 million in new property values compared to \$212 million in 2016/17.

Building decreased for the 2017/18 fiscal year. The City had \$289.1 million in permits compared to \$276.0 million in 2016/17. Commercial permits increased to \$138.9 million in 2017/18 compared to \$138.6 million in 2016/17. Residential permits also increased to \$150.1 million in 2017/18 compared to \$137.4 million in 2016/17. 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, \$40.4 million in 2016/17, and \$51.6 million in 2017/18.

For 2017/18, the property tax rate increased over the prior year at \$0.36364 per \$100 of taxable values up from \$0.35072 in 2016/17. This increase was to the interest and sinking portion of the tax rate to pay for the debt service associated with a general obligation bond issuance as approved by voters in a November 2016 bond election. The property tax rate increased by \$0.00563 to \$0.35072 in 2015/16 and remained flat in 2016/17, as compared to the 2014/15 rate of \$0.34509. For the 2018/19 budget, the property tax rate will increase \$0.00474 to \$0.36838 per \$100 of taxable values. Once again, this increase will be to the interest and sinking portion of the tax rate to pay for the next issuance of general obligation bonds as approved by voters in the November 2016 bond election.

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

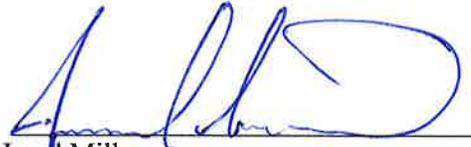
Commerce to help attract and retain industry and support tourism. Amarillo has great public education and higher education. Amarillo has excellent medical facilities and very nice retirement facilities. We are well represented by national, regional, and local banks. Retail availability is diverse and 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, including a new AA baseball team, 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

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, 2018, 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, 2018, 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.

Emphasis of Matter

Change In Accounting Principle

As described in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 Net OPEB Liability and Related Ratios, Schedule of Changes to Net OPEB Liability and Related Ratios, Schedule of Contributions and Related Ratios OPEB, and Notes to Schedule of Required Supplemental Information OPEB on pages 5 through 21, and pages 126 through 138 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 26, 2019 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 McMillon Mitchell, Sherrum PLLC

Amarillo, Texas
February 26, 2019

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, 2018. 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, 2018.

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 \$929.34 million (net position). Of this amount, \$869.78 million is invested in capital assets and infrastructure net of related debt. Of this amount, \$38.21 million is restricted for debt service and other purposes. The remaining \$21.35 million is unrestricted net position.
- The City's total net position increased by \$31.81 million before the increase in beginning net position for the prior period adjustment of \$50.58 million related to the other post employment benefits liability and compensated absences liability. Of this amount, a \$0.13 million increase is attributable to governmental activities, and an increase of \$31.68 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 \$154.69 million. The General Fund's fund balance increased by \$2.42 million. The increase in fund balance for capital projects funds was \$28.22 million. This increase was a result of construction that will not be completed until future years on general construction, general obligation bond, and civic center improvement projects. Increases in other governmental funds, which include many grants and special revenue funds, were approximately \$1.40 million.
- At the end of the current fiscal year, the fund balance for the General Fund was \$48.09 million, or 28.1% of total general fund expenditures. Expenditures and transfers out of the General Fund were \$176.7 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 \$45.89 million.
- General Fund revenues increased over the previous fiscal year. The City saw an increase in sales tax collections for fiscal year 2018. Total sales tax collections came in at \$57.40 million. Sales tax receipts remain strong; fiscal year 2018 saw an increase of approximately \$1.86 million from fiscal year 2017 collections, which set a new record in collections for the City. The City's sales tax collections have come in higher than budgeted amounts for the first quarter of the 2018/19 fiscal year. Management keeps a close watch on sales tax collections to assist in making changes during the year, if needed. The City saw a slight reduction in net hotel occupancy tax revenue in 2017/18, recording approximately \$6.36 million, down from \$6.59 million. The City had gross hotel occupancy tax receipts of \$6.93 million and rebated \$577 thousand to the convention hotel per the development agreement. Electricity and gas franchise fees came in slightly higher than expected, \$18.21 million or a \$246 thousand increase over 2016/17. The City also saw increased property tax collections of \$44.06 million versus \$42.00 million during 2016/17 due to increased appraised values in the City limits as well as a rate increase to fund voter approved general obligation bonds from the November 2016 bond election. Sanitation fees and landfill charges came in approximately \$472 thousand higher than 2016/17 at \$20.07 million. The City saw increased use at the landfill and a small increase in commercial and residential customers that affected these revenues.

- On March 20, 2018 the City issued \$38,835,000 of Hotel Occupancy Tax Revenue Bonds, Taxable Series 2018 to construct and equip a multiuse facility. Interest is payable in semi-annual installments which will begin August 15, 2019, at rates ranging from 2.80% to 4.15%, and the serial bonds mature annually to August 15, 2033 in amounts ranging from \$800,000 to \$1,220,000 with additional maturities of \$6,915,000 4.200% term bonds due August 15, 2038 and \$19,120,000 4.400% term bonds due August 15, 2048. The City reserves right to redeem the bonds with maturities on or after August 15, 2026, on February 15, 2027, or any date thereafter.
- On July 18, 2018 the City issued \$22,145,000 of General Obligation Bonds 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, 2019, at rates ranging from 3.00% to 5.00%, and the serial bonds mature annually to February 15, 2041 in amounts ranging from \$445,000 to \$1,235,000 with additional maturities of \$1,685,000 3.00% term bonds due February 15, 2030 and \$2,605,000 3.625% term bonds due February 15, 2043. The City reserves the right to redeem the bonds with maturities on or after February 15, 2029, on February 15, 2028, or any date thereafter.
- In conjunction with the General Obligation Bonds issued on July 18, 2018, the City issued \$3,000,000 of Combination Tax and Revenue Certificates of Obligation for the purpose of improving park facilities in the Colonies PID. Interest is payable in semi-annual installments which will begin February 15, 2019, at rates ranging from 2.00% to 4.00%. The City reserved the right to redeem the bonds with maturities on or after February 15, 2029, on February 15, 2028, or any date thereafter.
- On July 19, 2018 the City issued the City of Amarillo, Texas, Waterworks & Sewer System Revenue Bonds, New Series 2018A in the amount of \$12,500,000. The New Series 2018A bonds mature annually through 2038 in principal amounts ranging from \$575,000 to \$705,000 and provide for interest rates ranging from 0.17% to 1.60%. The City reserved the right to redeem the bonds with maturities on or after October 1, 2028 or any date thereafter. These funds will be used for the construction of Lift Station 32.
- On July 19, 2018 the City issued the City of Amarillo, Texas, Waterworks & Sewer System Revenue Bonds, New Series 2018B in the amount of \$14,610,000. The New Series 2018B bonds mature annually through 2034 in principal amounts ranging from \$520,000 to \$845,000 and provide for interest rates ranging from 3.00% to 5.00% with additional maturities of \$1,790,000 3.5% term bonds due April 1, 2036 and \$1,915,000 3.50% term bonds due April 1, 2038. The City reserved the right to redeem the bonds with maturities on or after April 1, 2028 or any date thereafter. 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, ten capital projects funds, and one permanent fund. These funds have been categorized as either *major or non-major* based on the significance of their financial position or operations. For the current fiscal year, management has determined that the General Fund 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. The City's net OPEB liability, changes in net OPEB liability and required contributions.

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, 2018, compared to the prior year (in thousands):

	Governmental Activities		Business-type Activities		Total		Percent 2018
	2018	2017	2018	2017	2018	2017	
Current assets	\$ 169,782	\$ 176,765	\$ 71,943	\$ 76,919	\$ 241,725	\$ 253,684	15.83%
Noncurrent assets	84,763	33,101	79,085	51,440	163,848	84,541	10.73%
Capital assets	450,680	414,903	670,285	650,058	1,120,965	1,064,961	73.42%
Total assets	<u>\$ 705,225</u>	<u>\$ 624,769</u>	<u>\$ 821,313</u>	<u>\$ 778,417</u>	<u>\$ 1,526,538</u>	<u>\$ 1,403,186</u>	100.00%
Deferred outflows of resources	\$ 26,070	\$ 44,158	\$ 6,554	\$ 5,252	\$ 32,624	\$ 49,410	0.00%
Current liabilities	\$ 40,640	\$ 28,292	\$ 33,107	\$ 30,549	\$ 73,747	\$ 58,841	12.14%
Noncurrent liabilities	277,988	301,481	255,872	243,899	533,860	545,380	87.86%
Total liabilities	<u>\$ 318,628</u>	<u>\$ 329,773</u>	<u>\$ 288,979</u>	<u>\$ 274,448</u>	<u>\$ 607,607</u>	<u>\$ 604,221</u>	100.00%
Deferred inflows of resources	\$ 16,501	\$ 1,229	\$ 5,714	\$ 194	\$ 22,215	\$ 1,423	0.00%
Net position:							
Net investment in capital assets	\$ 386,320	\$ 369,427	\$ 483,458	\$ 444,385	\$ 869,778	\$ 813,812	93.59%
Reserved/restricted	30,562	15,560	7,652	6,589	38,214	22,149	4.11%
Unrestricted (deficit)	(20,716)	(47,062)	42,064	58,054	21,348	10,992	2.30%
Total net position	<u>\$ 396,166</u>	<u>\$ 337,925</u>	<u>\$ 533,174</u>	<u>\$ 509,028</u>	<u>\$ 929,340</u>	<u>\$ 846,953</u>	100.00%

The City's net position increased by \$31.81 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)

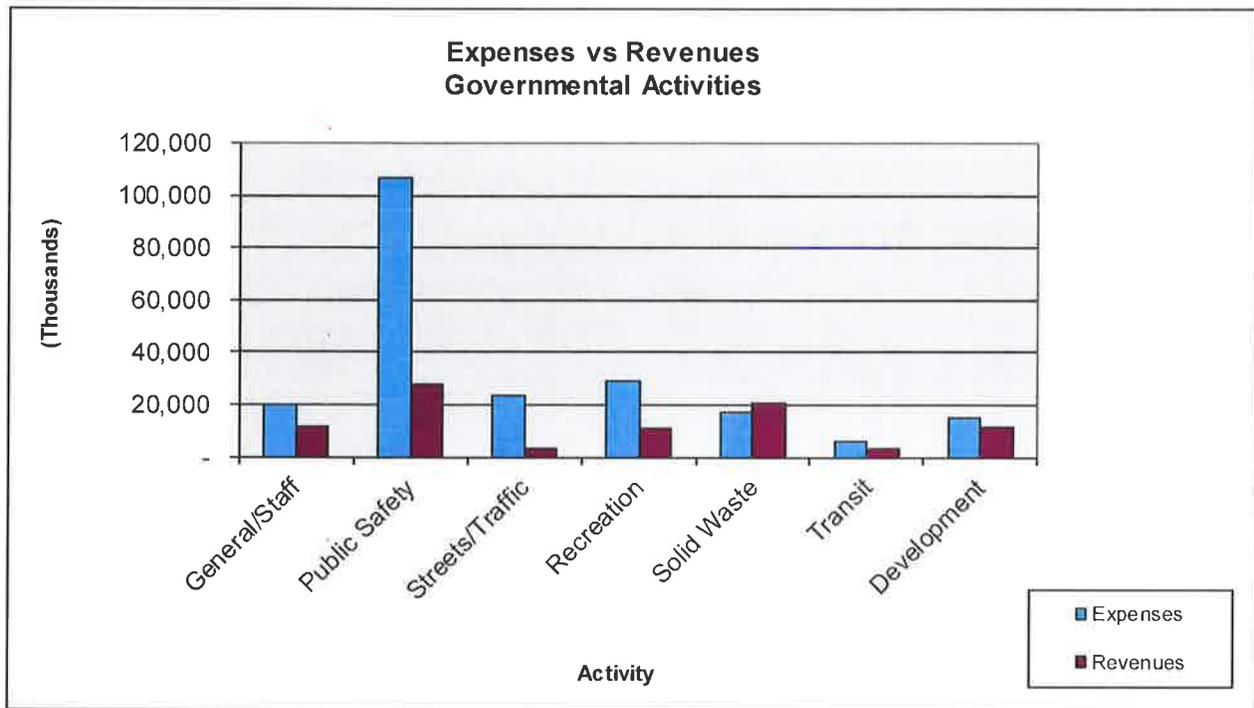
	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>		<i>Percent 2018</i>
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>	
Revenues							
Program revenues							
Charges for services	\$ 52,209	\$ 48,304	\$ 101,512	\$ 91,451	\$ 153,721	\$ 139,755	45.95%
Operating grants and contributions	23,647	26,128	588	26	24,235	26,154	7.24%
Capital grants and contributions	12,971	13,245	7,246	7,328	20,217	20,573	6.04%
General revenues:							
Property taxes	49,135	45,337	-	-	49,135	45,337	14.68%
Other taxes	82,863	80,915	-	-	82,863	80,915	24.76%
Insurance recover/cost	-	-	-	-	-	-	0.00%
Investment earnings, etc.	2,651	1,268	1,806	498	4,457	1,766	1.33%
Total revenues	223,476	215,197	111,152	99,303	334,628	314,500	100.00%
Expenses:							
General/staff services	16,005	17,153	-	-	16,005	17,153	5.29%
Public safety	106,934	109,099	-	-	106,934	109,099	35.31%
Streets/traffic	23,374	23,588	-	-	23,374	23,588	7.72%
Culture and recreation	29,071	27,388	-	-	29,071	27,388	9.60%
Solid waste	17,489	15,390	-	-	17,489	15,390	5.78%
Transit	5,666	5,446	-	-	5,666	5,446	1.87%
Tourism/ economic/urban development	15,154	19,529	-	-	15,154	19,529	5.00%
Information technology	3,997	3,911	-	-	3,997	3,911	1.32%
Interest on long-term debt	5,364	3,147	-	-	5,364	3,147	1.77%
Water and sewer	-	-	62,223	61,910	62,223	61,910	20.55%
Drainage utility	-	-	2,959	3,042	2,959	3,042	0.98%
Airport	-	-	14,581	13,593	14,581	13,593	4.82%
Total expenses	223,054	224,651	79,763	78,545	302,817	303,196	100.00%
Excess (deficiency) before transfers	422	(9,454)	31,389	20,758	31,811	11,304	
Transfers	(293)	1,197	293	(1,197)	-	-	
Change in net position	129	(8,257)	31,682	19,561	31,811	11,304	
Net position, beginning	337,925	349,228	509,028	489,467	846,953	838,695	
Prior period adjustment (see Note 1)	58,112	(3,046)	(7,536)	-	50,576	(3,046)	
Net position, beginning, as restated	396,037	346,182	501,492	489,467	897,529	835,649	
Net position, ending	\$ 396,166	\$ 337,925	\$ 533,174	\$ 509,028	\$ 929,340	\$ 846,953	

Governmental activities: The net position of the Governmental Activities was \$396.17 million. Of this amount, approximately \$386.32 million is net investment in capital assets. Restricted net position of approximately \$1.99 million, \$1.65 million, and \$26.92 million is restricted for debt service, tax increment financing, and other purposes, respectively. This leaves a deficit unrestricted net position for Governmental Activities of \$20.72 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 \$533.20 million. The unrestricted net position of the Business-type Activities is used to provide working capital and fund capital projects.

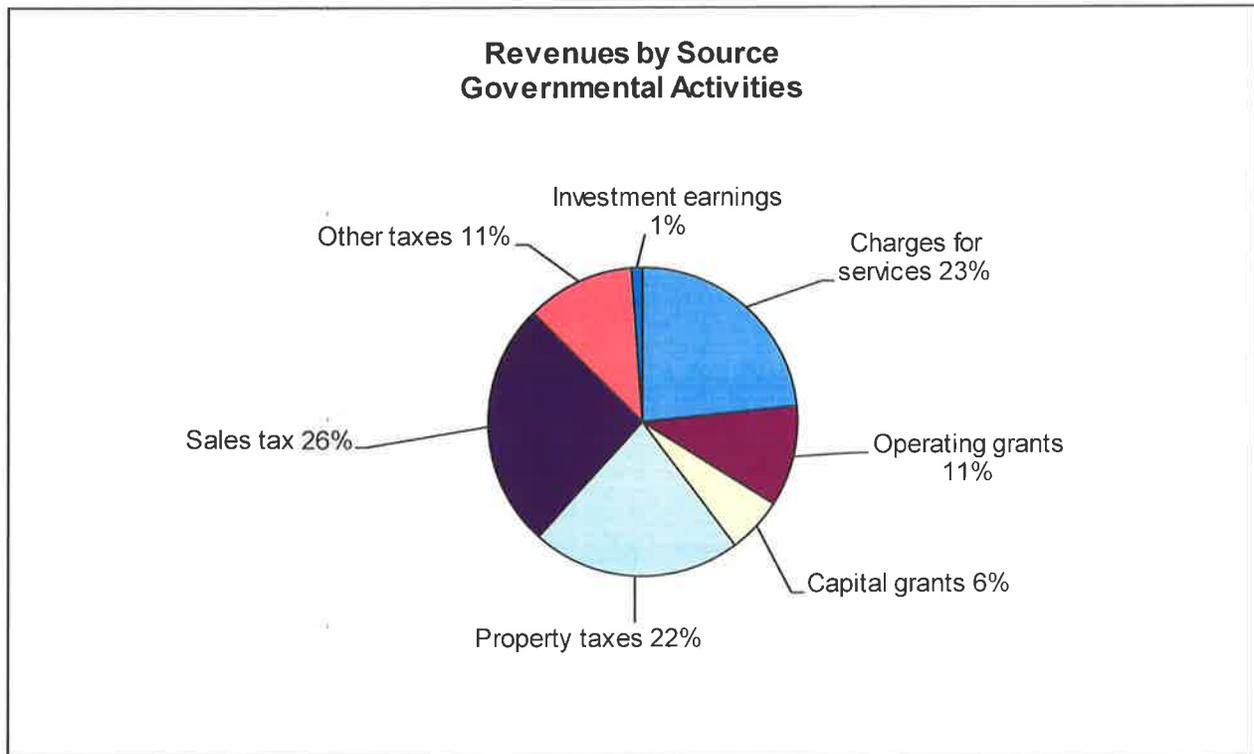
At September 30, 2018, the net position for the Governmental Activities increased \$129 thousand. Expenses remained consistent with the prior year with the largest increase of \$1.82 million in Participant Recreation. During 2017/18, the City began fully operating both municipal golf courses instead of contracting some of the services outside the entity. However, additional revenues were recognized in golf operations related to this change. Another increase in expenses was in Solid Waste of \$1.98 million. New programs were implemented during 2017/18 including a big and bulky curbside program and a pilot program for carts along with additional resources invested in dumpsters, alley cleanup and an urgent response crew. The Governmental Activities saw increased sales tax collections, property tax collections, and hotel/motel tax collections. The implementation of GASB 75 also created a lower allocated cost of other postemployment benefits due to changes made to the City's health plan during the 2013/14 and 2014/15 fiscal years and the investment in an OPEB trust.

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 \$223.05 million. Program revenues consisting of charges for services, operating grants, and capital grants were in total amount of \$88.83 million, resulting in a net cost of governmental functions in the amount of \$134.23 million to be supported by general revenues of the City which include property taxes and sales tax revenue. General revenues and transfers totaled \$134.36 million. General revenues, program revenues, and transfers combined were \$223.18 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 \$223.48 million excluding transfers of negative \$293 thousand.



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 \$31.68 million. The increase in net position for the business-type activities is attributable to increased revenue in the Water and Sewer Fund. Operating net income of the Water and Sewer Fund was \$25.51 million as compared to \$16.83 million in the previous fiscal year. The operating income remains strong. Net position for the Water and Sewer Fund increased by \$27.45 million. Airport net position increased by \$507 thousand, which is mainly attributable to an increase in nonoperating revenues in the current year. The Drainage Utility Fund net position increased by \$3.80 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 \$2.59 million for the sixth year of operation.

90.7% 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.

\$7.65 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 were strong increasing by \$6.59 million or 13.5% largely due to the City not receiving large amounts of precipitation during 2018 while experiencing an increased amount of precipitation during 2017. The chart below reflects 2017 as the 13th wettest year in recorded history. In contrast, the Texas Panhandle received much less precipitation during 2018. 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 and 2017/18, as well.

Changes in water usage have less effect on sewer revenues; however, this revenue source did increase by \$2.1 million due to a 3% rate increase implemented during 2017/18. 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>
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
2018	13.60"	12 th driest 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. The Airport generally attempts to operate on a break-even basis with its net position increasing by \$507 thousand. The largest increase in Airport operating expenses was seen in contractual services related to additional advertising conducted to promote a new flight. However, these additional costs were reimbursed through a grant program. 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 2017/18, the Airport collected \$1.31 million in passenger facilities charges, which is \$83 thousand more than the previous year. Airport operating revenues increased from \$9.43 million to \$9.91 million; however, operating expenses increased from \$13.59 million to \$14.58 million. Operating revenues are derived from airlines, fees and commissions, and other building rentals.

Drainage Utility: The Drainage Utility Fund completed the sixth year of operation and recorded operating revenues of \$5.55 million with \$2.96 million in operating expenses resulting in net operating income of \$2.59 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 \$9.09 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 \$154.69 million, an increase of approximately \$32.05 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 \$48.08 million, of which \$45.89 million was unassigned.

The fund balance of the General Fund increased by \$2.42 million during the current year. The fund balance of the Capital Projects Funds increased by \$28.22 million. This increase includes dollars allocated to uncompleted projects and includes the second year of funding for the approved projects from the November 2016 bond election. The capital projects funds had assigned fund balances of \$90.53 million at September 30, 2018. 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 of \$48.36 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 2017/18 fiscal year by \$46 thousand. At September 30, 2018, the City has recorded \$99.65 million prior period adjustment in the Employee Insurance Fund related to the implementation of GASB 75 *Accounting and Financial Reporting for Postemployment Benefit Other than Pensions*. Prior to the implementation of GASB 75, the City reported the postemployment health benefits in the Employee Insurance Fund, under the requirements of GASB 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. GASB 45 was implemented in fiscal year 2008, and the City was responsible for funding the annual required contribution (ARC) and disclosing the Actuarial Accrued Liability. From 2008 to 2017, the City recorded a postemployment benefit obligation liability for the portion of ARC that was not fully funded. In January 2013, to address the postemployment benefit obligation liability, 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 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 provides a monthly stipend of \$150 to assist retirees in the payment of the supplement premium. The removal of the GASB 45 liability, in the Employee Insurance Fund, has caused the historical overall deficit in net position for the Internal Service Funds to be eliminated. With these changes and the implementation of GASB 75, the City has recorded a net OPEB liability of \$48,358,030 in the Statement of Net Position. At September 30, 2018, the City's total OPEB liability was \$61,979,143, of which the City has funded \$13,621,113 through the PEB Trust, resulting in a net OPEB liability of \$48,358,030. See footnote 1 and 10 for additional details related to the prior period adjustment and the Defined Other Postemployment Benefit Plan.

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, 2018, was \$1.12 billion, net of accumulated depreciation. The following tabulation summarizes the City's capital assets at September 30, 2018:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land, easments and water rights	\$ 37,702	\$ 35,339	\$ 83,026	\$ 84,213	\$ 120,728	\$ 119,552
Infrastructure	164,644	161,275	-	-	164,644	161,275
Library resources	4,751	4,821	-	-	4,751	4,821
Water and sewer other	-	-	433,750	434,155	433,750	434,155
Airport facilities	-	-	61,478	66,389	61,478	66,389
Drainage improvements	-	-	7,057	6,123	7,057	6,123
Buildings and other improvements	141,607	138,773	-	-	141,607	138,773
Equipment and vehicles	32,177	33,466	3,368	4,454	35,545	37,920
Construction in progress	69,799	41,229	81,606	54,724	151,405	95,953
Total capital assets	\$ 450,680	\$ 414,903	\$ 670,285	\$ 650,058	\$ 1,120,965	\$ 1,064,961

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

The City of Amarillo attempts to fund its capital needs on a pay-as-you-go basis to the extent possible. However, the City has recently borrowed funds in order to complete significant infrastructure projects. The City attempts to take advantage of favorable interest rates and use debt only when conditions are favorable. Note 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, 2018:

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

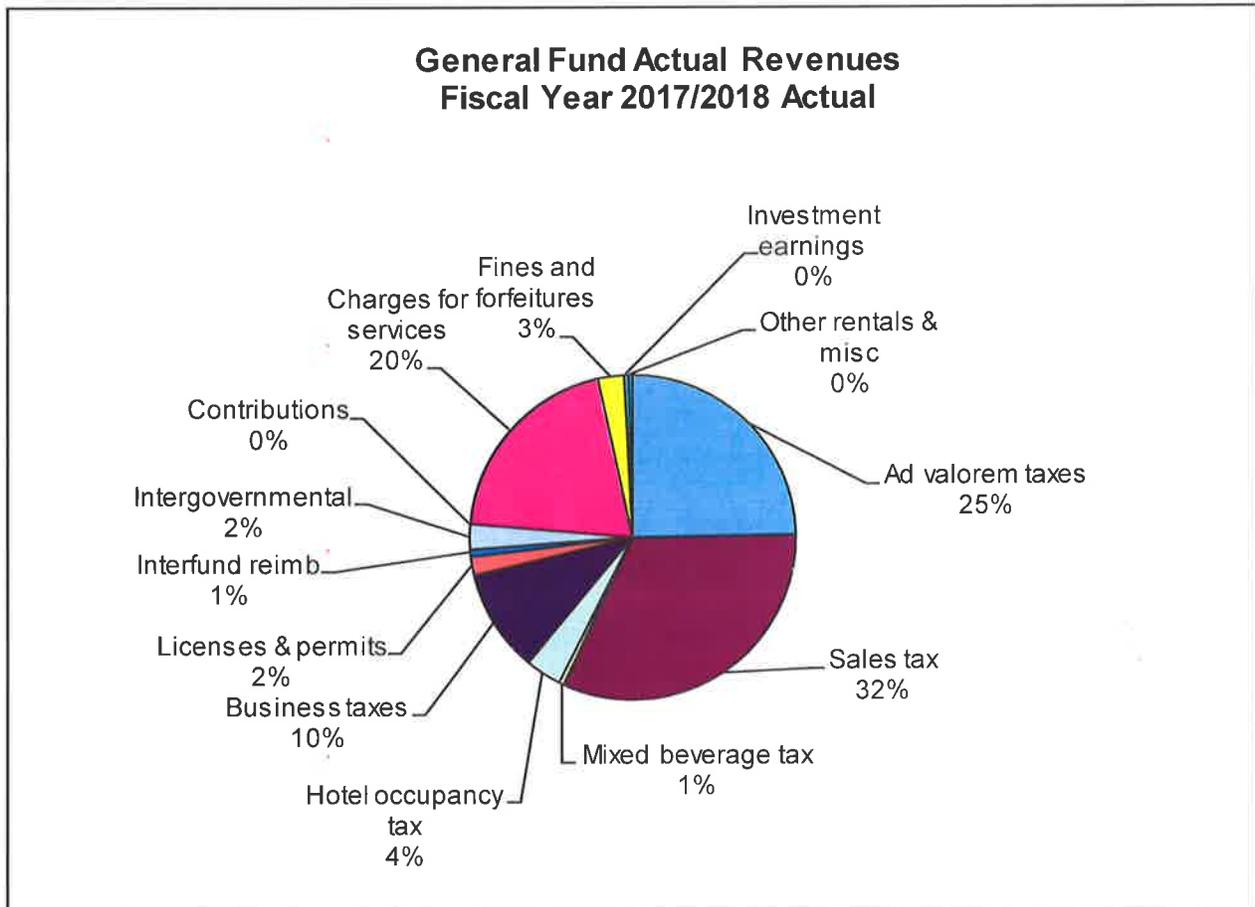
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 59,484	\$ 39,359	\$ -	\$ -	\$ 59,484	\$ 39,359
Certificates of obligation	6,570	6,940	-	-	6,570	6,940
Special assessment debt	11,457	8,908	-	-	11,457	8,908
Hotel occupancy tax debt	50,830	11,995	-	-	50,830	11,995
Fleet services revenue bonds	455	1,380	-	-	455	1,380
Water and sewer revenue bonds	-	-	175,450	158,780	175,450	158,780
Water authority debt	-	-	58,331	65,318	58,331	65,318
Drainage utility revenue bonds	-	-	9,005	9,505	9,005	9,505
Airport	-	-	3,570	5,225	3,570	5,225
Total outstanding debt	\$ 128,796	\$ 68,582	\$ 246,356	\$ 238,828	\$ 375,152	\$ 307,410

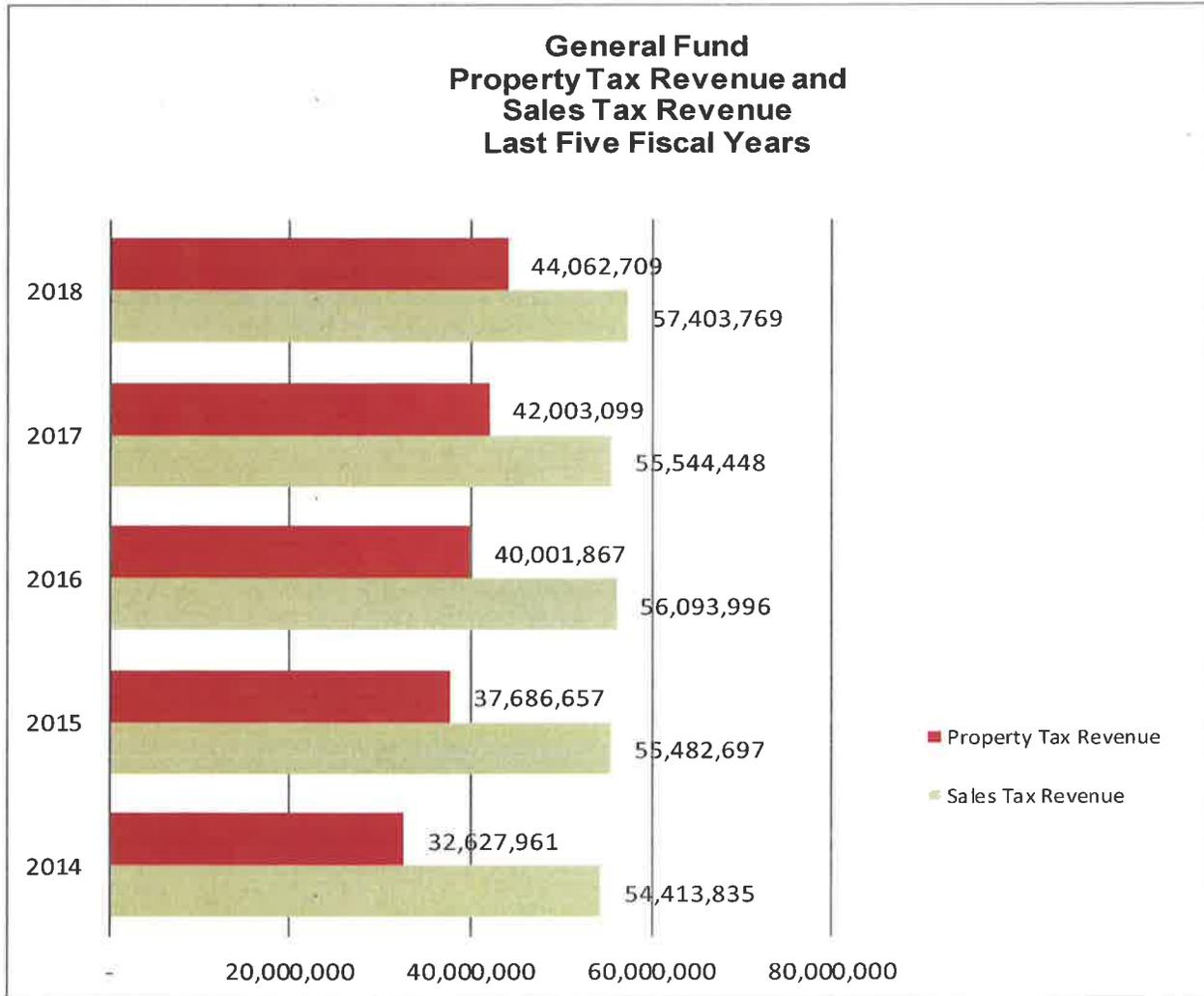
Refer to Notes 11 and 12 in the Notes to Basic Financial Statements for additional information related to long-term debt and other commitments.

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 2017/18 were \$176.46 million. Certain reclassifications of interdepartmental reimbursements are made from the approved budget for financial reporting purposes. Actual sales tax revenue accounts for 32.23% of the General Fund total revenue excluding transfers. Sales tax revenues were budgeted for \$55.56 million. Actual sales tax revenues for 2017/18 were \$57.40 million. Sales tax revenues were greater than expected budgeted amounts by approximately \$1.84 million. Sales tax receipts have been very strong for several years; however, the 2016/17 receipts were slightly lower than the 2015/16 year. In 2017/18, the City saw record sales tax receipts once again. The City's 2018/19 budget estimate anticipates strong revenue levels; the budget includes a 2% increase in sales tax revenues over the 2017/18 receipts. Another major component of General Fund revenues is ad valorem property taxes. As detailed on page 175, General Fund ad valorem tax collections were budgeted at \$39.43 million. Actual ad valorem taxes were \$39.86 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 higher than budgeted revenues by \$1.65 million mainly due to greater sales tax collections. The attached chart shows the major sources of total General Fund revenues as summarized on page 126:

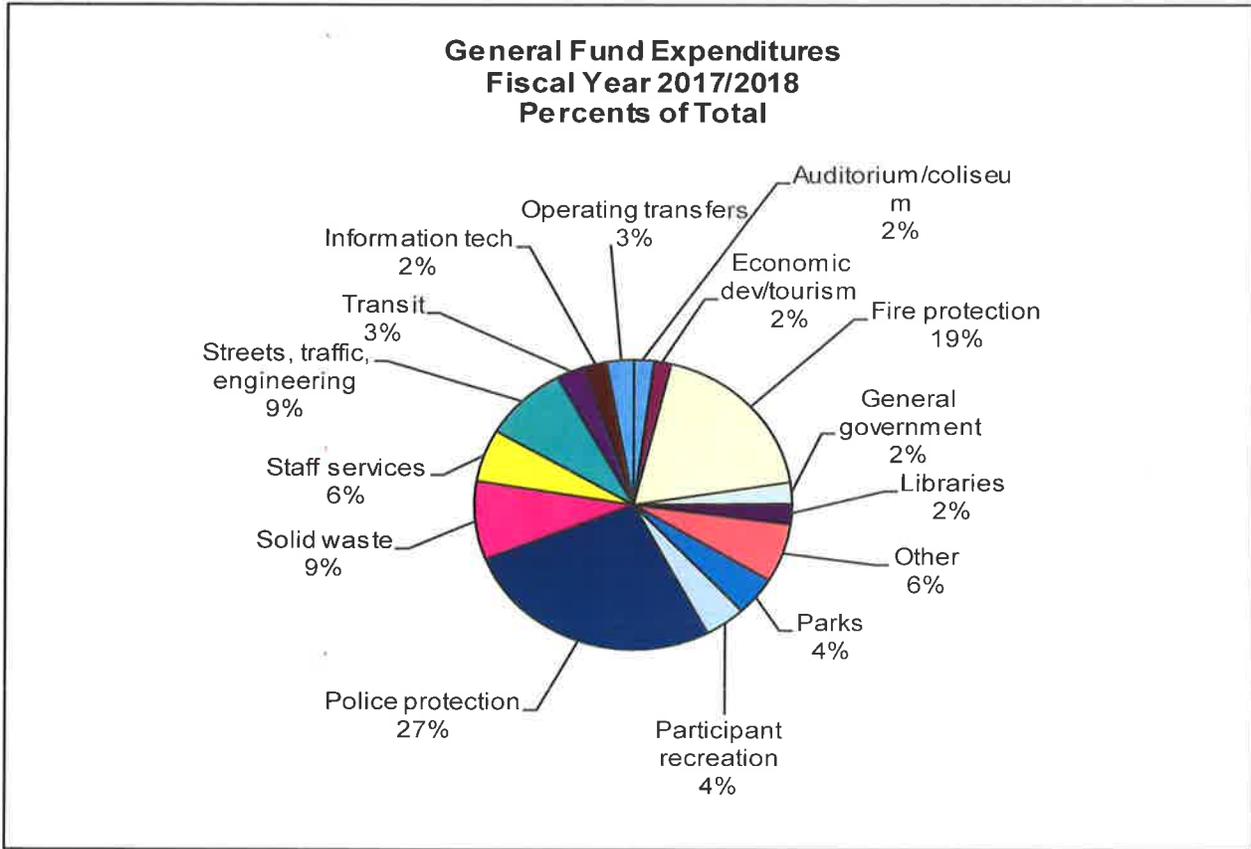




In the above graph you can see the growth rate of the General Fund property tax revenue (ad valorem tax collections) in contrast with the growth rate of sales tax revenue. The sales tax revenue has fared well and has a healthy, positive trend line. The City management keeps a watchful eye on the monthly 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, 2018, was \$0.36364 which is greater than the prior year's rate of \$0.35072. The increase was on the portion of the tax rate used to supported general obligation debt. Voters approved the issuance of general obligation bonds in November 2016 to address streets and public safety needs. The total value of properties on the tax roll is now approximately \$15.0 billion.

General Fund Expenditures: The total General Fund operating expenditure budget excluding fund transfers for fiscal year 2017/18 was \$172.26 million. Total actual expenditures and appropriations against the operating budget for 2017/18 were \$170.48 million. This resulted in underspending the budget by \$1.77 million. Police and Fire protection combined account for approximately 45.59% of the General Fund expenditure budget. Operating transfers to Capital Projects Funds and other funds were budgeted for \$5.66 million.

Actual General Fund transfers during the year were \$5.90 million. The following chart shows the breakdown by functional area of the General Fund actual expenditures for 2017/18:



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 three of the Water and Sewer capital improvement plan and approved the third year funding of revenue bonds with a 3% water and sewer fee increase, the third 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 totals approximately \$379.6 million, with \$254.1 million approved for operation and maintenance functions, \$87.4 million in capital, and \$38.1 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 2018/2019 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.

This Budget represents maintenance of current service levels for more than 250 programs funded by the City. All programs have a demonstrated connection to the **BluePrint for Amarillo** and supporting Council pillars.

As experienced in previous years, the development of the Budget has been challenging, however, the Budget addresses enhancements to the public safety function and employee compensation. The sales tax revenues have been strong for the current year and are projected to increase by 2.4%. Taxable property values remain strong with a 2.8% increase for 2018. 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 \$19.9 million increase from the prior year. The Budget addresses the **BluePrint for Amarillo**. Budget enhancements focus on public safety and the continuation of year three of the capital improvement program. The current Budget includes funding for 11 police officers, six neighborhood police officer positions and five additional fire fighter positions. The 11 police officers positions were unfunded during the 2016/2017 fiscal year. The restoration of these budget dollars will increase the number of officers in the field. The addition of six neighborhood police officers will allow the Police Department to enhance the presence in area neighborhoods.

With the future expansion of Station #5 to a two-company station, the Fire Department will need 15 additional positions. The additional five fire fighter positions are year one of a planned three year staffing increase to provide for the additional personnel for the second company at Station #5. During the current year, the Department intends to use the additional personnel to help offset increases in overtime expenses.

CONSOLIDATED BUDGET

Our 2018/2019 budget is \$379.6 million; which is an increase of 5.5%, or \$19.9 million, as compared to our 2017/2018 budget of \$359.7 million.

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

	<u>FY 2017/2018</u>	<u>FY 2018/2019</u>	<u>% Change</u>
General Fund Operating	\$ 175,047,602	\$ 185,751,940	6.12%
Water & Sewer Operating	50,513,047	51,800,039	2.55%
Capital Improvement Projects	88,556,457	87,368,647	-1.34%
Special Revenue Operating	22,819,677	24,180,939	5.97%
Fleet Services Operating	9,362,545	9,666,778	3.25%
Insurance Operating	29,237,400	31,732,143	8.53%
Debt Service	31,896,528	38,093,763	19.43%
Airport Operating	8,337,113	9,374,581	12.44%
Drainage Utility Operating	3,319,766	3,393,216	2.21%
Information Technology Operating	5,249,713	5,374,219	2.37%
Capital Transfers	966,124	2,819,904	191.88%
Less: Interfund Transfers	<u>(65,580,671)</u>	<u>(69,982,933)</u>	6.71%
Total Budget	<u>\$ 359,725,301</u>	<u>\$ 379,573,236</u>	<u>5.52%</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

43%, or \$162.7 million, of our 2018/2019 net Budget. The second largest category is Capital Improvement Projects at \$87.4 million, or 23%, of the net Budget. Debt Service accounts for 10%, or \$38.1 million, of the net Budget. Debt service expenditures include all funds. The Debt Service category includes a 19% increase which includes the anticipated debt service dollars associated with the voter approved general obligation debt, additional bond issues in both the Water and Sewer and the Drainage fund to address needed capital infrastructure projects and the debt service associated with the 2018 Hotel Occupancy Tax Revenue bonds, that are funding the construction of the multi-purpose event venue.

Property and Sales Taxes

For the 2018/2019 fiscal year, the property tax rate remained the same except for the \$0.00474 increase for the voter approved debt service associated with the approval of Proposition 1 and 2 during the November 8, 2016 bond election. The 2018/2019 rate is \$0.36838 per \$100 taxable value versus the 2017/2018 rate of \$0.36364. 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. The rate increases associated with 2017/2018 and 2018/2019 are directly related to the debt service portion of the tax rate. 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, in the 2016/2017 fiscal year the City saw receipts declining by 1%. We are pleased to note that the City is experiencing increased sales tax receipts for the current year and are estimating \$57 million, which is a trending up of 2.5%. Next year's estimate includes a 2.4% increase (\$58.4 million). The sales tax budget of \$58.4 million for the 2018/2019 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 all funds. 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 5% in 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 the 2015/2016, 2016/2017 and the 2017/2018 fiscal year to offset additional debt services anticipated with new bond issues. The 3% rate increases in 2016/2017 and 2017/2018 funded the first two years of a \$140.0 million five-year Community Investment Program. The 2018/2019 budget includes an additional 3% water and sewer rate increase, which represents the third year of the five-year program. The City anticipates similar 3% rate increases over the next two 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 \$32.21, which is very low compared to other Texas cities.

The Budget includes a 1.2% increase in the Solid Waste rates. This additional funding will allow the City to develop, secure, staff and operate two additional brush chipping sites. The current year 2017/2018 fiscal year budget and the 2018/2019 fiscal year budget each include a 4% Drainage fee increase to fund year three of the Council approved five-year Community Investment Program. It is anticipated that this will be the second of five 4% Drainage fee increases to fund the Community Investment Program.

Employee Staffing

The 2018/2019 Budget consists of 2,198 permanent and 366 part-time employee positions. Permanent positions have increased by 21 positions over the current year and part-time positions have increased by four. As reviewed previously, the Budget includes enhancements to Public Safety with funding for 17 police officers, including six new neighborhood police officer positions, and five firefighters. Animal Management and Welfare is adding two new positions to staff a spay and neuter clinic that is anticipated to be completed in 2019 and one additional position to help with adoptions. Environmental Health is adding two positions to implement the new grease trap permit and inspection program and one additional administrative position. The Photographic Traffic Enforcement Fund is adding a new program coordinator that will be funded by revenues from that fund. Drainage Utility is adding an Assistant Superintendent position, Airport is eliminating an Airport Operations Manager position, and Information Technology is adding a Special Projects Manager. The position for Information Technology will be used to manage implementation of the Tyler Technologies software currently underway. Below is a summary of the staffing changes for the 2018/2019 Budget:

Position Title	Department	Full Time
Adoption Specialist	Animal Management and Welfare	1
Veterinary Assistant	Animal Management and Welfare	2
Administrative Assistant III	Environmental Health	1
Environmental Technician	Environmental Health	2
Storm Water Inspector	Environmental Lab	1
Industrial Waste Inspector	Environmental Lab	-2
Firefighter	Fire Department	5
Police Officer	Police Department	6
Administrative Assistant IV	Public Health	1
Registered Nurse	Public Health	-1
Equipment Operator	Street	1
Van Operator	Transit	2
Program Coordinator	Photographic Traffic Enforcement	1
Drainage Utility Assistant Superintendent	Drainage	1
Airport Operations Manager	Airport	-1
Special Projects Manager	Information Technology	1
		<hr/>
		21

Employee Compensation

- 1) Approval of year two of the Amarillo Police Officer Association Meet and Confer Agreement which addresses shift differential pay equal to 2.5% of base pay for night shift/weekend personnel;
- 2) 1% pay increase for civilian employees as pay-for-performance, based on annual evaluations;
- 3) 1% pay increase for Police and Fire employees; and
- 4) 1% lump sum payment for civilians and public safety.

The total cost of these pay plan improvements and benefits is \$3.4 million. Most of the cost (\$2.2 million) is in the General Fund.

Capital Improvement Program

The 2018/2019 capital budget is \$87,368,647. The voters approved, on the November 8, 2016 bond election, \$109 million for public safety and street improvements. The City continues the implementation of these bond funded improvements over a five year period, with the third issue during 2019. The Budget includes year three of the Water and Sewer Community Improvement Program with an anticipated 3% increase in water and sewer fees for a bond issue to fund the Program, the third of five similarly planned increases. The Budget also includes year three of the Drainage Community Improvement Program with an anticipated 4% increase in drainage fees for a bond issue to fund the Program, the second of five similarly planned increases.

Future Priorities

The 2018/2019 Budget has prioritized enhancements to public safety. Going forward the City will need to identify additional budget dollars to address the maintenance of aging city facilities. As mentioned the staffing for the second company associated with Fire Station #5 includes 15 additional fire fighter positions. The City anticipates funding these positions over a three year period. During the 2019/2020 fiscal year the City anticipates the completion of a spay and neuter clinic for Animal Management and Welfare with estimated annual operating costs exceeding \$300,000. Funding for park facility improvement is limited. Going forward budget dollars will need to be identified to support the City park system. In 2016, the voters approved the issuance of \$89 million for Street improvements to be issued over a five year period with the last issuance in the 2021 fiscal year. Looking past 2021, the City will need to budget dollars to continue funding maintenance of the City street infrastructure.

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, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 34,803,368	\$ 21,082,560	\$ 55,885,928	\$ 25,122,074
Investments	91,291,866	60,180,529	151,472,395	178,235,399
Receivables, net	14,778,013	15,242,898	30,020,911	9,736,765
Internal balances	25,921,773	(25,921,773)	-	-
Inventories and prepaid expenses	2,987,026	1,358,592	4,345,618	5,490,223
Other current assets	-	-	-	3,099,772
Total current assets	<u>169,782,046</u>	<u>71,942,806</u>	<u>241,724,852</u>	<u>221,684,233</u>
NONCURRENT ASSETS				
Restricted cash and cash equivalents	69,340,309	79,009,626	148,349,935	55,684,137
Restricted investments	15,423,399	-	15,423,399	-
Receivables, net	-	-	-	64,362,572
Other noncurrent assets	-	75,632	75,632	3,316,796
Land and building held for future incentives	-	-	-	3,696,315
Capital assets:				
Land	15,565,683	4,819,613	20,385,296	-
Contributed right of way easements	22,135,942	1,802,594	23,938,536	-
Water rights and contracts, net of amortization	-	76,402,628	76,402,628	-
Infrastructure, net of depreciation	164,643,704	7,057,643	171,701,347	-
Buildings and improvements, net of depreciation	141,607,302	495,229,095	636,836,397	76,210,307
Equipment and vehicles, net of depreciation	32,176,290	3,368,299	35,544,589	176,944
Library resources, net of depreciation	4,751,225	-	4,751,225	-
Construction in progress	69,799,064	81,604,975	151,404,039	141,541
Total noncurrent assets	<u>535,442,918</u>	<u>749,370,105</u>	<u>1,284,813,023</u>	<u>203,588,612</u>
TOTAL ASSETS	<u>\$ 705,224,964</u>	<u>\$ 821,312,911</u>	<u>\$ 1,526,537,875</u>	<u>\$ 425,272,845</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows	\$ 26,069,932	\$ 6,554,324	\$ 32,624,256	\$ 2,200,069
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 26,069,932</u>	<u>\$ 6,554,324</u>	<u>\$ 32,624,256</u>	<u>\$ 2,200,069</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 28,650,099	\$ 13,611,964	\$ 42,262,063	\$ 769,904
Current portion of long-term obligations	4,565,037	5,287,021	9,852,058	4,035,000
Estimated liability for self-insured losses, current portion	5,397,567	-	5,397,567	22,000
Bonded debt current maturity	-	14,000,000	14,000,000	-
Current portion of capital lease liability	143,637	-	143,637	-
Current portion of compensated absences	1,883,494	208,560	2,092,054	-
Total current liabilities	<u>40,639,834</u>	<u>33,107,545</u>	<u>73,747,379</u>	<u>4,826,904</u>
NONCURRENT LIABILITIES				
Liabilities payable from restricted assets	-	-	-	282,484
Noncurrent portion of long-term obligations	128,050,386	238,897,647	366,948,033	55,084,851
Other accrued expenses	-	2,606,671	2,606,671	-
Capital lease liability	599,308	-	599,308	-
Estimated liabilities for:				
Compensated absences, net	20,886,145	1,062,332	21,948,477	174,006
Self-insured losses, net of current portion	14,389,291	-	14,389,291	72,969
Landfill closure and postclosure care	6,286,343	-	6,286,343	-
Net OPEB liability	40,736,804	7,621,226	48,358,030	60,260
Net pension liability	67,040,247	5,683,972	72,724,219	5,862,456
Total noncurrent liabilities	<u>277,988,524</u>	<u>255,871,848</u>	<u>533,860,372</u>	<u>61,537,026</u>
TOTAL LIABILITIES	<u>\$ 318,628,358</u>	<u>\$ 288,979,393</u>	<u>\$ 607,607,751</u>	<u>\$ 66,363,930</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows	\$ 16,500,661	\$ 5,713,925	\$ 22,214,586	\$ 618
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 16,500,661</u>	<u>\$ 5,713,925</u>	<u>\$ 22,214,586</u>	<u>\$ 618</u>
NET POSITION				
Net investment in capital assets	\$ 386,319,847	\$ 483,457,427	\$ 869,777,274	\$ 64,798,720
Restricted for:				
Debt service	1,993,391	7,652,378	9,645,769	5,485,866
Tax increment financing	1,650,395	-	1,650,395	-
Other purposes	26,918,100	-	26,918,100	51,942,802
Unrestricted (deficit)	(20,715,856)	42,064,112	21,348,256	238,880,978
TOTAL NET POSITION	<u>\$ 396,165,877</u>	<u>\$ 533,173,917</u>	<u>\$ 929,339,794</u>	<u>\$ 361,108,366</u>

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

**CITY OF AMARILLO, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018**

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 4,219,874	5,698,907	\$ 33,000	\$ 724,176
Staff services	11,784,602	3,987,805	-	1,215,755
Public safety and health				
Police protection	50,345,781	1,858,408	215,354	-
Fire protection	37,780,801	2,057,842	219,610	-
Other	18,807,553	6,300,569	7,617,149	9,108,679
Streets, traffic and engineering	23,373,741	1,149,616	47,000	1,831,845
Culture and recreation				
Auditorium/coliseum	6,010,145	3,927,352	398,004	-
Libraries	4,527,029	154,218	54,450	-
Parks	10,028,020	2,256,942	-	-
Participant recreation	8,505,542	3,992,401	3,323	-
Solid waste	17,489,426	20,522,012	-	-
Transit	5,665,669	202,330	3,277,474	47,966
Information technology	3,996,924	-	-	-
Economic development/Tourism	3,841,058	-	-	-
Urban redevelopment/housing	11,312,847	100,229	11,781,246	42,541
Interest on long-term debt	5,363,761	-	-	-
Total governmental activities	<u>223,052,773</u>	<u>52,208,631</u>	<u>23,646,610</u>	<u>12,970,962</u>
BUSINESS-TYPE ACTIVITIES				
Water and Sewer	62,223,013	84,539,511	-	4,027,924
Drainage Utility	2,958,630	5,548,081	-	26,863
Airport	14,581,119	11,424,284	588,563	3,190,753
Total business-type activities	<u>79,762,762</u>	<u>101,511,876</u>	<u>588,563</u>	<u>7,245,540</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 302,815,535</u>	<u>\$ 153,720,507</u>	<u>\$ 24,235,173</u>	<u>\$ 20,216,502</u>
COMPONENT UNITS				
Amarillo Hospital District	\$ 22,809,856	\$ 65,045,092	\$ 356,636	\$ -
Amarillo Economic Development Corporation	17,164,756	5,339,886	-	-
Amarillo-Potter Events District	3,136,507	107,267	-	-
Amarillo Housing Finance Corporation	-	5,527	-	-
Amarillo Health Facilities Corporation	270	-	-	-
Amarillo Local Government Corporation	2,022,550	-	388,524	-
TOTAL COMPONENT UNITS	<u>\$ 45,133,939</u>	<u>\$ 70,497,772</u>	<u>\$ 745,160</u>	<u>\$ -</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
\$ 2,236,209	\$ -	\$ 2,236,209	\$ -
(6,581,042)	-	(6,581,042)	-
(48,272,019)	-	(48,272,019)	-
(35,503,349)	-	(35,503,349)	-
4,218,844	-	4,218,844	-
(20,345,280)	-	(20,345,280)	-
(1,684,789)	-	(1,684,789)	-
(4,318,361)	-	(4,318,361)	-
(7,771,078)	-	(7,771,078)	-
(4,509,818)	-	(4,509,818)	-
3,032,586	-	3,032,586	-
(2,137,899)	-	(2,137,899)	-
(3,996,924)	-	(3,996,924)	-
(3,841,058)	-	(3,841,058)	-
611,169	-	611,169	-
(5,363,761)	-	(5,363,761)	-
<u>(134,226,570)</u>	<u>-</u>	<u>(134,226,570)</u>	<u>-</u>
-	26,344,422	26,344,422	-
-	2,616,314	2,616,314	-
-	622,481	622,481	-
-	<u>29,583,217</u>	<u>29,583,217</u>	-
<u>(134,226,570)</u>	<u>29,583,217</u>	<u>(104,643,353)</u>	-
-	-	-	42,591,872
-	-	-	(11,824,870)
-	-	-	(3,029,240)
-	-	-	5,527
-	-	-	(270)
-	-	-	<u>(1,634,026)</u>
-	-	-	<u>26,108,993</u>
44,631,498	-	44,631,498	-
4,504,109	-	4,504,109	-
57,403,769	-	57,403,769	19,134,590
893,587	-	893,587	-
6,355,676	-	6,355,676	-
18,208,762	-	18,208,762	2,970,579
2,650,804	1,806,398	4,457,202	(772,223)
(292,622)	292,622	-	-
<u>134,355,583</u>	<u>2,099,020</u>	<u>136,454,603</u>	<u>21,332,946</u>
<u>129,013</u>	<u>31,682,237</u>	<u>31,811,250</u>	<u>47,441,939</u>
<u>337,924,974</u>	<u>509,027,236</u>	<u>846,952,210</u>	<u>313,685,122</u>
<u>58,111,890</u>	<u>(7,535,556)</u>	<u>50,576,334</u>	<u>(18,695)</u>
<u>396,036,864</u>	<u>501,491,680</u>	<u>897,528,544</u>	<u>313,666,427</u>
<u>\$ 396,165,877</u>	<u>\$ 533,173,917</u>	<u>\$ 929,339,794</u>	<u>\$ 361,108,366</u>

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

**CITY OF AMARILLO, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2018**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,625,080	\$ 6,182,234	\$ 16,237,696	\$ 25,045,010
Restricted cash and cash equivalents	1,068,601	68,123,112	785	69,192,498
Investments, at fair values	42,898,244	13,704,551	2,741,765	59,344,560
Restricted investments	-	14,923,399	500,000	15,423,399
Receivables, net of allowances for uncollectibles				
Property taxes	237,720	-	19,743	257,463
Accounts	2,292,707	107,234	120,335	2,520,276
Accrued interest	214,878	125,192	8,991	349,061
Other accrued revenue	1,717,204	-	-	1,717,204
Due from other funds unrestricted	650,191	23,990	21,239	695,420
Due from other governments	5,593,528	-	1,054,787	6,648,315
Inventory of supplies	1,398,034	-	-	1,398,034
Prepaid items	34,874	-	5,237	40,111
Advances to other funds	685,689	-	-	685,689
TOTAL ASSETS	<u>\$ 59,416,750</u>	<u>\$ 103,189,712</u>	<u>\$ 20,710,578</u>	<u>\$ 183,317,040</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers payable	\$ 1,474,969	\$ 7,946,888	\$ 364,810	\$ 9,786,667
Accounts payable	2,664,699	800,235	799,526	4,264,460
Accrued expenditures	6,059,607	3,564,822	18,385	9,642,814
Deposits	12,177	343,501	1,268,954	1,624,632
Due to other funds - unrestricted	8,860	-	713,131	721,991
Due to other governments	843,202	-	22,223	865,425
Unearned revenues - property taxes	163,525	-	14,235	177,760
Unearned revenues - other	102,491	-	71,309	173,800
Advances from other funds	-	-	1,371,378	1,371,378
Total liabilities	<u>11,329,530</u>	<u>12,655,446</u>	<u>4,643,951</u>	<u>28,628,927</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	34,874	-	4,538	39,412
Inventory	1,398,034	-	-	1,398,034
Uncollected taxes	74,195	-	5,508	79,703
Advances to other funds	685,689	-	-	685,689
Corpus or principal			17,693	17,693
Restricted for:				
Debt service	-	-	1,340,072	1,340,072
Special purposes	-	-	13,286,529	13,286,529
Committed for:				
Compensated absences	-	-	1,412,287	1,412,287
Assigned for:				
Capital projects	-	90,534,266	-	90,534,266
Unassigned	45,894,428	-	-	45,894,428
Total fund balances	<u>48,087,220</u>	<u>90,534,266</u>	<u>16,066,627</u>	<u>154,688,113</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 59,416,750</u>	<u>\$ 103,189,712</u>	<u>\$ 20,710,578</u>	<u>\$ 183,317,040</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, 2018**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 154,688,113

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. 18,387,630

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. 450,679,210

Capital assets, net October 1, 2017	\$ 414,904,179
Net current year additions	56,593,859
Net current year deletions	<u>(20,818,828)</u>
Capital assets, net September 30, 2018	<u>\$ 450,679,210</u>

(161,604,782)

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	\$ 132,615,423
Compensated absence	22,103,708
Capital lease	599,308
Landfill closure and postclosure	<u>6,286,343</u>
	<u>\$ 161,604,782</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 \$64,815,927, a deferred resource outflow in the amount of \$23,292,822, and a deferred resource inflow in the amount of \$14,861,311. (56,384,416)

Included in the items related to debt is the recognition of the City's net other postemployment benefits (OPEB) liability required by GASB 75 in the amount of \$38,725,110, a deferred resource outflow in the amount of \$1,487,803, and a deferred resource inflow in the amount of \$438,799. (37,676,106)

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. 28,076,228

Unearned revenue	\$ 351,560
Accrued interest payable	(740,171)
Internal balances	25,921,773
Intra-entity receivables	1,904,190
Prepaid insurance	<u>638,876</u>
	<u>\$ 28,076,228</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 396,165,877

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, 2018

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes				
Ad valorem taxes	\$ 44,062,709	\$ -	\$ 4,504,109	\$ 48,566,818
Sales taxes	57,403,769	-	-	57,403,769
Mixed beverage taxes	893,587	-	-	893,587
Hotel occupancy taxes	6,355,676	-	-	6,355,676
Gross receipts business taxes	18,208,762	-	-	18,208,762
License and permits	3,300,746	-	-	3,300,746
Interfund revenues	1,297,732	-	-	1,297,732
Intergovernmental revenues	4,433,519	833,519	19,506,836	24,773,874
Citizen contributions	48,883	-	885	49,768
Construction participation	-	9,521,507	42,541	9,564,048
Revenue from participating taxing entities	-	-	746,065	746,065
Charges for services	36,066,879	246,059	2,596,219	38,909,157
Fines and forfeitures	4,578,390	-	1,970,917	6,549,307
Investment earnings	782,752	1,137,489	238,790	2,159,031
Other rentals and commissions	482,908	-	-	482,908
Miscellaneous	192,617	1,521,618	92,283	1,806,518
Total revenues	<u>178,108,929</u>	<u>13,260,192</u>	<u>29,698,645</u>	<u>221,067,766</u>
EXPENDITURES				
Current				
General government	4,148,506	-	-	4,148,506
Staff services	10,133,298	-	344,681	10,477,979
Public safety and health				
Police protection	46,576,440	112,571	485,884	47,174,895
Fire protection	32,608,575	-	-	32,608,575
Other	11,402,435	-	6,308,268	17,710,703
Streets, traffic and engineering	15,016,651	-	-	15,016,651
Culture and recreation				
Auditorium - coliseum	3,526,901	-	329,701	3,856,602
Libraries	4,014,382	-	483	4,014,865
Parks	7,610,495	-	839,569	8,450,064
Participant recreation	7,029,465	-	42,850	7,072,315
Solid waste	15,293,540	-	-	15,293,540
Transit system	5,038,578	-	-	5,038,578
Urban redevelopment and housing	-	-	11,661,271	11,661,271
Information technology	3,996,924	-	-	3,996,924
Economic development/tourism	3,108,395	192,236	674,898	3,975,529
Capital outlay	1,318,293	48,080,820	3,236,915	52,636,028
Debt service				
Principal retirement	-	-	2,841,509	2,841,509
Interest and fiscal charges	-	-	3,475,426	3,475,426
Bond issuance costs	-	1,564,494	96,158	1,660,652
Termination vacation and sick leave pay	-	-	2,108,950	2,108,950
Total expenditures	<u>170,822,878</u>	<u>49,950,121</u>	<u>32,446,563</u>	<u>253,219,562</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,286,051</u>	<u>(36,689,929)</u>	<u>(2,747,918)</u>	<u>(32,151,796)</u>
OTHER FINANCING SOURCES (USES):				
Transfers from other funds	1,035,808	7,549,354	2,195,504	10,780,666
Transfers to other funds	(5,897,312)	(4,446,142)	(1,146,740)	(11,490,194)
Issuance of long-term debt	-	60,980,000	3,000,000	63,980,000
Bond premium	-	831,408	96,158	927,566
Total other financing sources (uses)	<u>(4,861,504)</u>	<u>64,914,620</u>	<u>4,144,922</u>	<u>64,198,038</u>
Net change in fund balances	<u>2,424,547</u>	<u>28,224,691</u>	<u>1,397,004</u>	<u>32,046,242</u>
FUND BALANCES, BEGINNING OF YEAR	<u>45,662,673</u>	<u>62,309,575</u>	<u>14,669,623</u>	<u>122,641,871</u>
FUND BALANCES, END OF YEAR	<u>\$ 48,087,220</u>	<u>\$ 90,534,266</u>	<u>\$ 16,066,627</u>	<u>\$ 154,688,113</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, 2018**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 32,046,242

The City uses an internal service fund to charge the costs of fleet services, information services, risk management and employee health services to other departments of the City. The net income (loss) of the internal service fund is included in the governmental activities in the Statement of Activities, except for net income (loss) allocated to the business-type activities for services provided by the internal service funds to those activities. The net effect of this consolidation is to increase net position. 45,522

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 2018 capital outlays, issuance of long-term debt, and debt principal payments is to increase net position. (5,271,137)

Capital outlay	\$ 52,636,028
Residual value of assets disposed of	(5,818)
Library books additions	442,222
Contributed capital	1,703,960
Assets contributed with grant funding	357,876
Issuance of long-term debt	(63,980,000)
Premium on bonds net issuance costs	733,086
Long-term debt principal payments	2,841,509
	<u>\$ (5,271,137)</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. (17,935,337)

GASB 68 requires that certain expenditures be derecognized and recorded instead as deferred outflows of resources. Of these previously deferred outflows, (\$8,578,818) were recognized in the current year as expenditures, decreasing the change in net position. Contributions made after the measurement date of December 31, 2017 caused the change in the ending net position to increase by \$9,154,875. The City's investment gains (losses) over related pension expense were (\$35,533,924), differences in expected and actual experience and changes in assumptions were \$1,985,789, and the decrease in expense of \$26,936,922 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 (\$6,035,156). (6,035,156)

GASB 75 requires that certain expenditures be derecognized and recorded instead as deferred outflows of resources. Of these previously deferred outflows, (\$1,462,922) were recognized in the current year as expenditures, decreasing the change in net position. Contributions made after the measurement date of December 31, 2017 caused the change in the ending net position to increase by \$1,487,803. The City's investment gains (losses) over related other postemployment benefits (OPEB) expense were (\$438,799) and the decrease in expense of \$1,027,617 was recognized due to the current year changes in net OPEB liability. The impact of all these adjustments is to increase the change in net position by \$613,699. 613,699

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. (3,334,820)

Compensated absences	\$ (1,492,080)
Unearned revenue	568,789
Assets contributed with grant funding	(357,876)
Net loss of internal service funds	
allocated to business-type activities	64,545
Landfill closure and post-closure care	(526,906)
Accrued interest payable	(740,171)
Deferred amount for issuance	
premiums/costs	(851,121)
	<u>\$ (3,334,820)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 129,013

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

**CITY OF AMARILLO, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018**

	<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>	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 14,805,768	\$ 3,311,102	\$ 2,965,690	\$ 21,082,560	\$ 9,758,358
Investments, at fair values	48,987,054	5,721,855	5,471,620	60,180,529	31,947,306
Accounts receivable, net	7,497,259	361,612	161,682	8,020,553	1,923,884
Accrued interest receivable	237,301	-	17,130	254,431	143,309
Other accrued revenue	5,395,636	-	297,933	5,693,569	-
Due from other funds	29,355	-	-	29,355	177,888
Due from other governments	-	-	1,244,990	1,244,990	-
Inventory of supplies	-	-	-	-	240,433
Prepaid expenses	1,309,727	-	48,865	1,358,592	669,571
Total current assets	78,262,100	9,394,569	10,207,910	97,864,579	44,860,749
NONCURRENT ASSETS					
Restricted cash and cash equivalents	78,824,148	134,895	50,583	79,009,626	147,811
Other noncurrent receivable	-	-	-	-	-
Other noncurrent assets	75,632	-	-	75,632	-
Capital assets					
Land	2,040,262	2,010	2,777,341	4,819,613	-
Contributed right of way easements	1,539,440	263,154	-	1,802,594	-
Underground water rights	58,332,683	-	-	58,332,683	-
Accumulated depletion - underground water rights	(8,626,612)	-	-	(8,626,612)	-
Water supply contract	50,336,389	-	-	50,336,389	-
Accumulated amortization - water supply contract	(23,639,832)	-	-	(23,639,832)	-
Pipelines and plant	658,274,445	-	-	658,274,445	-
Accumulated depreciation - pipelines and plant	(224,523,751)	-	-	(224,523,751)	-
Runways, buildings and improvements	-	-	158,845,282	158,845,282	-
Accumulated depreciation - runways, buildings and improvements	-	-	(97,366,881)	(97,366,881)	-
Improvements	-	7,078,474	-	7,078,474	6,623,321
Accumulated depreciation - improvements	-	(20,831)	-	(20,831)	(4,443,293)
Equipment and vehicles	4,299,158	36,935	8,387,446	12,723,539	75,580,900
Accumulated depreciation - equipment and vehicles	(3,602,487)	(449,487)	(5,303,266)	(9,355,240)	(48,584,200)
Construction in progress	61,608,812	11,087,386	8,908,777	81,604,975	1,853,385
Total capital assets, net of accumulated depreciation	576,038,507	17,997,641	76,248,699	670,284,847	31,030,113
Total noncurrent assets	654,938,287	18,132,536	76,299,282	749,370,105	31,177,924
TOTAL ASSETS	\$ 733,200,387	\$ 27,527,105	\$ 86,507,192	\$ 847,234,684	\$ 76,038,673
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows	\$ 5,898,163	\$ 128,451	\$ 527,710	\$ 6,554,324	\$ 1,289,307
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 5,898,163	\$ 128,451	\$ 527,710	\$ 6,554,324	\$ 1,289,307

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, 2018**

	<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	\$ 2,770,935	\$ 97,492	\$ 289,822	\$ 3,158,249	\$ 969,659
Accounts payable	1,713,233	118,626	170,333	2,002,192	411,990
Accrued expenses	3,988,170	89,611	399,974	4,477,755	314,926
Deposits	46,045	-	27,042	73,087	-
Consumer security deposits	3,900,681	-	-	3,900,681	-
Share of Water Authority debt - current	5,287,021	-	-	5,287,021	-
Due to other funds - unrestricted	-	-	-	-	180,672
Estimated liability for incurred losses	-	-	-	-	5,397,567
Bonded debt current maturity	11,750,000	510,000	1,740,000	14,000,000	455,000
Current portion of capital lease liability	-	-	-	-	143,637
Current portion of compensated absences	179,111	16,352	13,097	208,560	103,469
Total current liabilities	<u>29,635,196</u>	<u>832,081</u>	<u>2,640,268</u>	<u>33,107,545</u>	<u>7,976,920</u>
NONCURRENT LIABILITIES					
Bonded debt, net of current	167,576,703	8,580,681	2,110,044	178,267,428	7,565
Water Authority debt, net of current	60,630,219	-	-	60,630,219	-
Provision for compensated absences, net	845,207	39,123	178,002	1,062,332	562,462
Other accrued expenses	2,606,671	-	-	2,606,671	-
Estimated liabilities for incurred loss, net	-	-	-	-	14,389,291
Capital lease liability	-	-	-	-	599,308
Net OPEB liability	5,807,799	570,625	1,242,802	7,621,226	2,011,694
Net pension liability	4,600,003	198,636	885,333	5,683,972	2,224,320
Total noncurrent liabilities	<u>242,066,602</u>	<u>9,389,065</u>	<u>4,416,181</u>	<u>255,871,848</u>	<u>19,794,640</u>
TOTAL LIABILITIES	<u>\$ 271,701,798</u>	<u>\$ 10,221,146</u>	<u>\$ 7,056,449</u>	<u>\$ 288,979,393</u>	<u>\$ 27,771,560</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows	\$ 4,966,765	\$ 174,323	\$ 572,837	\$ 5,713,925	\$ 1,200,550
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 4,966,765</u>	<u>\$ 174,323</u>	<u>\$ 572,837</u>	<u>\$ 5,713,925</u>	<u>\$ 1,200,550</u>
NET POSITION					
Net investment in capital assets	\$ 402,151,812	\$ 8,906,960	\$ 72,398,655	\$ 483,457,427	\$ 29,968,240
Restricted for debt service	7,466,900	134,895	50,583	7,652,378	147,811
Unrestricted	52,811,275	8,218,232	6,956,378	67,985,885	18,239,819
TOTAL NET POSITION	<u>\$ 462,429,987</u>	<u>\$ 17,260,087</u>	<u>\$ 79,405,616</u>	559,095,690	<u>\$ 48,355,870</u>
Amounts due governmental activities for allocable share of net expenses of certain internal service funds				<u>(25,921,773)</u>	
TOTAL NET POSITION OF BUSINESS- TYPE ACTIVITIES IN STATEMENT OF NET POSITION				<u>\$ 533,173,917</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, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water and Sewer	Drainage Utility	Airport	Total	
OPERATING REVENUES					
Airfield fees and commissions	\$ -	\$ -	\$ 788,190	\$ 788,190	\$ -
Charges for services	-	-	-	-	1,572,416
Employees' benefit plan contributions	-	-	-	-	5,799,485
Internal charges	-	-	-	-	46,078,014
Miscellaneous revenues	-	-	-	-	(2,152)
Other building and ground rentals	-	-	1,691,765	1,691,765	-
Rents and miscellaneous	127,716	-	-	127,716	-
Tap fees and frontage charges	271,403	-	-	271,403	-
Terminal building area rental	-	-	7,434,616	7,434,616	-
Utility sales and service	81,896,464	-	-	81,896,464	-
Drainage utility assessments	-	5,548,081	-	5,548,081	-
Total operating revenues	<u>82,295,583</u>	<u>5,548,081</u>	<u>9,914,571</u>	<u>97,758,235</u>	<u>53,447,763</u>
OPERATING EXPENSES					
Salaries, wages and fringe benefits	13,920,177	1,274,096	3,393,879	18,588,152	5,607,239
Supplies	1,513,845	145,645	457,031	2,116,521	3,799,865
Fuel and oil	-	-	-	-	2,690,361
Fuel and power	4,582,045	-	544,216	5,126,261	-
Contractual services	5,881,144	905,611	1,997,578	8,784,333	4,503,771
Water Authority charges	5,896,428	-	-	5,896,428	-
Other charges	10,791,622	487,240	2,562,998	13,841,860	4,181,088
Claim and loss adjustments	-	-	-	-	25,623,050
Depreciation	14,196,462	143,798	5,625,417	19,965,677	7,919,860
Total operating expenses	<u>56,781,723</u>	<u>2,956,390</u>	<u>14,581,119</u>	<u>74,319,232</u>	<u>54,325,234</u>
Operating income (loss)	<u>25,513,860</u>	<u>2,591,691</u>	<u>(4,666,548)</u>	<u>23,439,003</u>	<u>(877,471)</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) in disposal of property	829,031	-	-	829,031	53,157
Grants-in-aid	-	-	588,563	588,563	-
Intergovernmental revenue	1,414,897	-	-	1,414,897	-
Passenger facility charge	-	-	1,306,607	1,306,607	-
Interest earnings	1,590,073	112,399	100,855	1,803,327	555,699
Change in value of investments	-	-	3,071	3,071	(63,926)
Other miscellaneous revenues	-	-	203,106	203,106	112,808
Interest expense and fiscal charges	(5,376,745)	(2,240)	-	(5,378,985)	(151,645)
Total nonoperating revenues (expenses)	<u>(1,542,744)</u>	<u>110,159</u>	<u>2,202,202</u>	<u>769,617</u>	<u>506,093</u>
Income (loss) before contributions and transfers	23,971,116	2,701,850	(2,464,346)	24,208,620	(371,378)

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, 2018**

	<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	\$ 4,027,924	\$ 26,863	\$ 3,190,753	\$ 7,245,540	\$ -
Transfers from other funds	-	1,157,883	1,405,355	2,563,238	419,511
Transfers to other funds	(553,859)	(91,535)	(1,625,222)	(2,270,616)	(2,611)
Change in net position	27,445,181	3,795,061	506,540	31,746,782	45,522
NET POSITION, BEGINNING OF YEAR	440,727,320	14,029,236	80,127,908	534,884,464	(49,458,150)
PRIOR PERIOD ADJUSTMENT	(5,742,514)	(564,210)	(1,228,832)	(7,535,556)	97,768,498
NET POSITION, BEGINNING OF YEAR, RESTATED	434,984,806	13,465,026	78,899,076	527,348,908	48,310,348
NET POSITION, END OF YEAR	<u>\$ 462,429,987</u>	<u>\$ 17,260,087</u>	<u>\$ 79,405,616</u>	<u>\$ 559,095,690</u>	<u>\$ 48,355,870</u>
Allocation of net expenses of certain internal service funds to business-type activities				(25,921,773)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES IN STATEMENT OF NET POSITION				<u>\$ 533,173,917</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				\$ 31,746,782	
Internal service fund allocation for proprietary funds				(64,545)	
Change in net position for primary government business-type activities				<u>\$ 31,682,237</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, 2018**

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water and Sewer	Drainage Utility	Airport	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from third parties	\$ 79,207,144	\$ 5,454,494	\$ 9,608,746	\$ 94,270,384	\$ -
Cash received from City departments	-	-	-	-	53,403,360
Cash payments to suppliers for goods and services	(27,532,763)	(1,502,553)	(5,219,105)	(34,254,421)	(15,150,631)
Cash payments to employees	(13,621,743)	(1,242,569)	(3,325,980)	(18,190,292)	(5,590,710)
Cash payments for claims and loss adjustments	-	-	-	-	(23,877,564)
Net cash provided (used) by operating activities	<u>38,052,638</u>	<u>2,709,372</u>	<u>1,063,661</u>	<u>41,825,671</u>	<u>8,784,455</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	(553,859)	1,066,348	(1,625,222)	(1,112,733)	63,326
Transfers from other funds	-	-	1,405,355	1,405,355	351,719
Amounts borrowed/repaid from other funds	34,956	-	-	34,956	(159)
Intergovernmental revenue	1,414,897	-	-	1,414,897	-
Amounts loaned to other funds	-	-	-	-	(12,645)
Cash payments received for passenger facility charge	-	-	1,306,607	1,306,607	-
Net cash provided (used) by noncapital financing activities	<u>895,994</u>	<u>1,066,348</u>	<u>1,086,740</u>	<u>3,049,082</u>	<u>402,241</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(30,459,228)	(2,630,749)	(5,638,472)	(38,728,449)	(6,784,230)
Capital grants received	3,701,369	-	2,880,152	6,581,521	-
Issuance of bonds	33,826,976	-	-	33,826,976	(925,000)
Principal paid on bond maturities	(10,440,000)	(500,000)	(1,655,000)	(12,595,000)	-
Principal paid on proportionate share of Water Authority debt	(11,576,836)	-	-	(11,576,836)	-
Principal paid on capital lease	-	-	-	-	(105,861)
Noncurrent receivable	7,782	-	-	7,782	-
Interest expense	(6,736,435)	(284,131)	(211,158)	(7,231,724)	(207,886)
Proceeds from insurance	-	-	-	-	112,808
Proceeds from sale of capital assets	829,031	-	431,733	1,260,764	873,396
Net cash provided (used) by capital and related financing activities	<u>(20,847,341)</u>	<u>(3,414,880)</u>	<u>(4,192,745)</u>	<u>(28,454,966)</u>	<u>(7,036,773)</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, 2018**

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water and Sewer	Drainage Utility	Airport	Total	
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investment securities	\$ 29,750,000	\$ 5,664,000	\$ 3,500,000	\$ 38,914,000	\$ 34,000,000
Purchase of investment securities	(21,911,197)	(3,737,531)	(1,980,506)	(27,629,234)	(34,594,803)
Interest and gains on investments	1,800,126	137,693	116,758	2,054,577	565,830
Net cash provided (used) by investing activities	<u>9,638,929</u>	<u>2,064,162</u>	<u>1,636,252</u>	<u>13,339,343</u>	<u>(28,973)</u>
Net increase (decrease) in cash and cash equivalents	27,740,220	2,425,002	(406,092)	29,759,130	2,120,950
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<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>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 93,629,916</u>	<u>\$ 3,445,997</u>	<u>\$ 3,016,273</u>	<u>\$ 100,092,186</u>	<u>\$ 9,906,169</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 25,513,860	\$ 2,591,691	\$ (4,666,548)	\$ 23,439,003	\$ (877,471)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	14,196,462	143,798	5,625,417	19,965,677	7,919,860
(Increase) decrease in accounts receivable	(1,173,437)	(93,587)	(106,409)	(1,373,433)	(44,403)
(Increase) decrease in deferred outflows	768,021	33,523	136,574	938,118	349,018
(Increase) decrease in other accrued revenue	(2,041,248)	-	(108,610)	(2,149,858)	-
(Increase) decrease in prepaid expenses	(54,838)	-	(48,865)	(103,703)	(99,324)
(Increase) decrease in inventories	-	-	-	-	(39,588)
Increase (decrease) in vouchers payable	(34,414)	(69,381)	96,805	(6,990)	362,240
Increase (decrease) in accounts payable	62,073	105,324	166,108	333,505	6,002
Increase (decrease) in accrued operating expenses	1,272,971	37,597	128,670	1,439,238	(233,613)
Increase (decrease) in deferred inflows	2,259,462	164,068	538,003	2,961,533	1,126,012
Increase (decrease) in customer deposits	126,246	-	(90,806)	35,440	-
Increase (decrease) in provision for compensated absences	7,714	(17,927)	18,118	7,905	(69,152)
Increase (decrease) in net OPEB liability	(154,117)	6,415	13,970	(133,732)	(16,765)
Increase (decrease) in net pension liability	(2,674,508)	(192,149)	(638,766)	(3,505,423)	(1,345,043)
Increase (decrease) in IBNR accrual	-	-	-	-	686,632
Increase (decrease) in other accrued expenses	(21,609)	-	-	(21,609)	-
Increase (decrease) in estimated claims liabilities	-	-	-	-	1,060,050
Net cash provided (used) by operating activities	<u>\$ 38,052,638</u>	<u>\$ 2,709,372</u>	<u>\$ 1,063,661</u>	<u>\$ 41,825,671</u>	<u>\$ 8,784,455</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Amortization of bond premiums	\$ (1,062,174)	\$ (4,843)	\$ (129,824)	\$ (1,196,841)	\$ (13,295)
Decreases (increases) in fair values of investments	172,485	(3,367)	(3,071)	166,047	63,926
Capital lease	-	-	-	-	742,945
Interest expense capitalized	(1,222,520)	(247,023)	(75,502)	(1,545,045)	-
Capital contributions to/from other funds	326,555	26,863	310,601	664,019	-
Investment premium/discount amortization	100,397	(9,052)	-	91,345	-

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, 2018**

	<u>Private- Purpose Trust Funds</u>	<u>Post Employment Benefits Trust Fund</u>	<u>Agency Fund</u>
ASSETS			
Cash and cash equivalents	\$ 31,252	\$ 340,988	\$ 939,410
Investments, at fair values	-	13,280,125	-
TOTAL ASSETS	<u>\$ 31,252</u>	<u>\$ 13,621,113</u>	<u>\$ 939,410</u>
LIABILITIES			
Due to agencies	\$ -	\$ -	\$ 939,410
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 939,410</u>
NET POSITION			
Held for other governments, individuals, entities	\$ 31,252	13,621,113	-
TOTAL NET POSITION	<u>\$ 31,252</u>	<u>\$ 13,621,113</u>	<u>\$ -</u>

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, 2018**

	Private- Purpose Trust Funds	Post Employment Benefits Trust Fund
ADDITIONS		
Employer Contributions	\$ -	\$ 5,565,059
Investment earnings	332	1,495,107
Total additions	<u>332</u>	<u>7,060,166</u>
DEDUCTIONS		
Benefits paid	<u>-</u>	<u>2,917,514</u>
Total deductions	<u>-</u>	<u>2,917,514</u>
Change in net position	<u>332</u>	<u>4,142,652</u>
NET POSITION, BEGINNING OF YEAR	30,920	9,478,461
NET POSITION, END OF YEAR	<u>\$ 31,252</u>	<u>\$ 13,621,113</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, 2018

	<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	\$ 10,144,872	\$ 13,029,336	\$ 1,570,198	\$ 136,006	\$ 3,237	\$ 238,425	\$ 25,122,074
Investments	153,925,328	21,530,000	2,750,000	-	30,071	-	178,235,399
Receivables, net	-	9,372,857	352,879	-	-	11,029	9,736,765
Inventories and prepaid expenses	5,452,663	-	37,560	-	-	-	5,490,223
Other current assets	3,046,233	53,539	-	-	-	-	3,099,772
Total current assets	<u>172,569,096</u>	<u>43,985,732</u>	<u>4,710,637</u>	<u>136,006</u>	<u>33,308</u>	<u>249,454</u>	<u>221,684,233</u>
NONCURRENT ASSETS							
Restricted cash and cash equivalents	49,915,787	4,746,380	1,021,970	-	-	-	55,684,137
Receivables, net	-	64,362,572	-	-	-	-	64,362,572
Other noncurrent assets	3,316,796	-	-	-	-	-	3,316,796
Land and building held for future incentives	-	3,696,315	-	-	-	-	3,696,315
Capital assets:							
Buildings and improvements, net of depreciation	37,949	9,782,838	10,687,719	-	-	55,701,801	76,210,307
Equipment and vehicles, net of depreciation	-	-	13,899	-	-	163,045	176,944
Construction in process	-	-	-	-	-	141,541	141,541
Total noncurrent assets	<u>53,270,532</u>	<u>82,588,105</u>	<u>11,723,588</u>	<u>-</u>	<u>-</u>	<u>56,006,387</u>	<u>203,588,612</u>
TOTAL ASSETS	<u><u>\$ 225,839,628</u></u>	<u><u>\$ 126,573,837</u></u>	<u><u>\$ 16,434,225</u></u>	<u><u>\$ 136,006</u></u>	<u><u>\$ 33,308</u></u>	<u><u>\$ 56,255,841</u></u>	<u><u>\$ 425,272,845</u></u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	\$ -	\$ -	\$ 574,779	\$ -	\$ -	\$ -	\$ 574,779
Deferred outflows on net OPEB liability	-	13,424	-	-	-	-	13,424
Deferred outflows on net pension liability	1,611,866	-	-	-	-	-	1,611,866
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 1,611,866</u></u>	<u><u>\$ 13,424</u></u>	<u><u>\$ 574,779</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,200,069</u></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, 2018

	<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	\$ 41,295	\$ 356,031	\$ 370,152	\$ -	\$ -	\$ 2,426	\$ 769,904
Current portion of long-term obligations	-	3,530,000	505,000	-	-	-	4,035,000
Estimated liability for incurred losses - current portion	22,000	-	-	-	-	-	22,000
Total current liabilities	<u>63,295</u>	<u>3,886,031</u>	<u>875,152</u>	<u>-</u>	<u>-</u>	<u>2,426</u>	<u>4,826,904</u>
NONCURRENT LIABILITIES							
Liabilities payable from restricted assets - accrued interest	-	282,484	-	-	-	-	282,484
Noncurrent portion of long-term obligations	-	43,285,000	9,895,662	-	-	1,904,189	55,084,851
Net pension liability	5,862,456	-	-	-	-	-	5,862,456
Net OPEB liability	-	60,260	-	-	-	-	60,260
Estimated liabilities							
Compensated absences	-	174,006	-	-	-	-	174,006
Self-insured losses, net of current portion	72,969	-	-	-	-	-	72,969
Total noncurrent liabilities	<u>5,935,425</u>	<u>43,801,750</u>	<u>9,895,662</u>	<u>-</u>	<u>-</u>	<u>1,904,189</u>	<u>61,537,026</u>
TOTAL LIABILITIES	<u>5,998,720</u>	<u>47,687,781</u>	<u>10,770,814</u>	<u>-</u>	<u>-</u>	<u>1,906,615</u>	<u>66,363,930</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflow on net OPEB liability	-	618	-	-	-	-	618
Total deferred inflows of resources	<u>-</u>	<u>618</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>618</u>
NET POSITION							
Net investment in capital assets	37,949	9,782,838	875,735	-	-	54,102,198	64,798,720
Restricted for:							
Debt service	-	4,463,896	1,021,970	-	-	-	5,485,866
Other purposes	51,942,802	-	-	-	-	-	51,942,802
Unrestricted	169,472,023	64,652,128	4,340,485	136,006	33,308	247,028	238,880,978
TOTAL NET POSITION	<u>\$ 221,452,774</u>	<u>\$ 78,898,862</u>	<u>\$ 6,238,190</u>	<u>\$ 136,006</u>	<u>\$ 33,308</u>	<u>\$ 54,349,226</u>	<u>\$ 361,108,366</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, 2018

	<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	\$ 22,809,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,809,856
Economic development/industrial	-	14,626,448	-	-	-	2,022,550	16,648,998
Economic development/Tourism	-	-	-	-	-	-	-
Interest on long term debt	-	2,538,308	3,136,507	-	-	-	5,674,815
Contractual	-	-	-	-	270	-	270
Total program expenses	<u>22,809,856</u>	<u>17,164,756</u>	<u>3,136,507</u>	<u>-</u>	<u>270</u>	<u>2,022,550</u>	<u>45,133,939</u>
PROGRAM REVENUES							
Intergovernmental revenues - operating	356,636	-	-	-	-	388,524	745,160
Charges for services / Local Provider Participation	65,013,661	5,261,464	-	-	-	-	70,275,125
Gain (loss) on disposal of property	-	61,238	-	-	-	-	61,238
Miscellaneous	31,431	17,184	107,267	5,527	-	-	161,409
Total program revenues	<u>65,401,728</u>	<u>5,339,886</u>	<u>107,267</u>	<u>5,527</u>	<u>-</u>	<u>388,524</u>	<u>71,242,932</u>
Net (expense) revenue	<u>42,591,872</u>	<u>(11,824,870)</u>	<u>(3,029,240)</u>	<u>5,527</u>	<u>(270)</u>	<u>(1,634,026)</u>	<u>26,108,993</u>
GENERAL REVENUES							
Sales taxes	-	19,134,590	-	-	-	-	19,134,590
Gross receipts business taxes	-	-	2,970,579	-	-	-	2,970,579
Investment earnings (loss)	(1,365,728)	526,241	65,344	1,410	510	-	(772,223)
Total general revenues	<u>(1,365,728)</u>	<u>19,660,831</u>	<u>3,035,923</u>	<u>1,410</u>	<u>510</u>	<u>-</u>	<u>21,332,946</u>
Change in net position	<u>41,226,144</u>	<u>7,835,961</u>	<u>6,683</u>	<u>6,937</u>	<u>240</u>	<u>(1,634,026)</u>	<u>47,441,939</u>
NET POSITION, BEGINNING 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>
PRIOR PERIOD ADJUSTMENT (NOTE 1)	<u>-</u>	<u>(18,695)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,695)</u>
NET POSITION, BEGINNING OF YEAR, RESTATED	<u>180,226,630</u>	<u>71,062,901</u>	<u>6,231,507</u>	<u>129,069</u>	<u>33,068</u>	<u>55,983,252</u>	<u>313,666,427</u>
NET POSITION, END OF YEAR	<u>\$ 221,452,774</u>	<u>\$ 78,898,862</u>	<u>\$ 6,238,190</u>	<u>\$ 136,006</u>	<u>\$ 33,308</u>	<u>\$ 54,349,226</u>	<u>\$ 361,108,366</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, 2018**

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 May 8, 2020 and has provided \$76.2 million in funding to the Medicaid program versus \$93.7 million in indigent care payments that would have been due under the contract.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition and Scope of Reporting Entity (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. On December 7, 2018, the District funded \$23,300,360 from LPPF for an intergovernmental transfer for uncompensated care program.

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 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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition and Scope of Reporting Entity (Continued)

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.

Tax Increment Reinvestment Zone #2

The Tax Increment Reinvestment Zone Number Two (TIRZ #2) was created by the City Council in FY 2017 pursuant to the Texas Tax Increment Financing Act, Tax Code, Chapter 311. The purpose of the zone is to promote the development of or redevelopment of certain contiguous geographic areas in the City. The City Council has final approval authority on the budget and all TIRZ #2 projects. The operations of TIRZ #2 is included in the governmental activities of the government-wide financial statements as a separate special revenue fund.

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

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

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, 2018

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, net pension liability and net OPEB liability are material estimates that are particularly susceptible to significant changes in the near term.

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

Deposits and Investments

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

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

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 Receivable and, Payables

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

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, 2018**

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, the GO Bond Construction Fund, the Civic Center Improvement 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 acquisition value at date received, if donated, net of applicable depreciation. Material interest costs incurred during capital construction performed by proprietary type funds are capitalized. Interest expense incurred by the governmental funds is not capitalized.

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

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

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

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.

Other Postemployment Benefits

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

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

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

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, 2018, the City has three items that qualify for reporting in this category—a deferred charge on refunding of bonds, a deferred outflow related to the City's net pension liability and the net OPEB liability.

Deferred Outflows of Resources

Deferred charge on refunding	\$ 3,165,971
Deferred outflow related to the net pension liability	
TMRS	11,178,427
FRRF	16,421,963
Deferred outflow related to the OPEB liability	<u>1,857,895</u>

Total Deferred Outflows of Resources **\$ 32,624,256**

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, 2018, the City had three items which qualify for reporting in this category—deferred inflow related to the City's deferred gain on refunding, net pension liability and the net OPEB liability.

Deferred Inflows of Resources

Deferred gain on refunding	\$ 2,558,506
Deferred inflow related to the net pension liability	
TMRS	11,317,266
FRRF	7,790,863
Deferred inflow related to the net OPEB liability	<u>547,951</u>

Total Deferred Inflows of Resources **\$ 22,214,586**

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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

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

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

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

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

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

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

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

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

Change in Accounting Principles and Prior Period Adjustments

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for financial statements for periods beginning after June 15, 2017. This Statement improves financial reporting by enhancing the reporting of the other postemployment benefits (OPEB) and a more comprehensive measure of OPEB expense. Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. There is added information available through new note disclosure and required supplementary information. Due to an error in the calculation for compensated absence liability in the prior year an adjustment to net position at September 30, 2017 was required. Retroactively applying this change results in the following adjustment:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Component Units</u>
Net position at September 30, 2017 as previously reported	\$ 337,924,974	\$ 509,027,236	\$ 313,685,122
Change in reporting for net OPEB liability	56,745,086	(7,535,556)	14,515
Compensated absences	1,366,804	-	(33,210)
Net position at September 30, 2017, as restated	<u>\$ 396,036,864</u>	<u>\$ 501,491,680</u>	<u>\$ 313,666,427</u>

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

Grant funds not included in the annual appropriated budget are subject to management control by means of project-length budgets authorized by the City Council in the grant application processes. Cumulative expenditures through September 30, 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, 2018, for General Fund are \$2,185,737, for Special Revenue Funds are \$195,412, for Capital Project Funds are \$2,726,302 for Water and Sewer Fund are \$466,187, for Airport Fund are \$240,752, for Drainage Fund are \$272,765, for Fleet Services Fund are \$3,277,622, for Information Services Fund are \$2,607,600, for Risk Management Fund are \$26,575.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

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

Deficit Fund Equity

During the fiscal year ended September 30, 2018, the Tax Increment Reinvestment Zone #1 Fund had a fund deficit of \$128,660 and the Miscellaneous Special Revenue Fund, Court Security Fund, had a \$5 fund deficit.

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, 2018, demand deposit and time deposits held by the depository institution, before reduction for checks issued and not presented, were in the total amount of \$36,182,173. The accounts are collateralized by pledged securities of \$36,273,176. The City has a secondary depository institution with demand deposits of \$126,031. These amounts are secured by FDIC insurance.

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, 2018, the weighted-average maturity of the City's total investment securities was .85 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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

- Certificates of deposit including CDARS (Certificate of Deposit Accounts Registry Service).
- For bond proceeds only, fully collateralized, flexible, repurchase agreements.

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

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

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

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

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

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, 2018, and the corresponding weighted average maturity is shown in Table 1 below:

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

	Fair Value		Total	Weighted Average Maturity (Years)
	Unrestricted Assets	Restricted Assets		
Investment Securities				
U.S. Treasury Obligations	\$ 15,817,200	\$ -	\$ 15,817,200	1.02
U.S. Government Sponsored Agencies	110,963,249	7,173,399	118,136,648	0.94
Dallas ISD Municipal Bond (AAA)	2,314,743	-	2,314,743	0.37
Total investment securities	129,095,192	7,173,399	136,268,591	0.94
No-load U.S. Treasury-only mutual funds	28,662,422	146,181,165	174,843,587	0.00
Total investments	157,757,614	153,354,564	311,112,178	0.43
Add: Time deposits with original maturities over three months	22,377,203	8,250,000	30,627,203	0.42
Total investments	180,134,817	161,604,564	341,739,381	0.43
Deduct: Cash equivalents	(28,662,422)	(146,181,165)	(174,843,587)	0.00
Net investments for financial reporting	\$ 151,472,395	\$ 15,423,399	\$ 166,895,794	0.85

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.
- 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.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

Assets Measured at Fair Value on a Recurring Basis

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
September 30, 2018:				
Certificates of Deposit	\$ 30,627,203	\$ -	\$ 30,627,203	\$ -
U.S. government and agency obligations	133,953,848	133,953,848	-	-
Taxable municipal bonds	2,314,743	2,314,743	-	-
Mutual funds - money market	<u>174,843,587</u>	<u>-</u>	<u>174,843,587</u>	<u>-</u>
Total	<u>\$ 341,739,381</u>	<u>\$ 136,268,591</u>	<u>\$ 205,470,790</u>	<u>\$ -</u>

For the valuation of certain U.S. government and agency obligations and taxable municipal bonds at September 30, 2018, 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, 2018, the City used significant other observable inputs as of the valuation date, particularly dealer market price for comparable investments as of the valuation date (Level 2).

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

	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
OPEB Trust	\$13,280,125	Daily	None

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

Assets Measured at Fair Value on a Nonrecurring Basis

There were no fair values of assets and liabilities measured on a nonrecurring basis at September 30, 2018.

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.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 5 - TAXES (CONTINUED)

The combined tax rate of the 2017 tax roll for the 2017/18 fiscal year was \$0.36838 per \$100 of assessed valuation, resulting in a tax levy in the amount of \$44,623,248 on taxable value of \$12,787,774,071.

Property taxes receivable at September 30, 2018, are reflected in Table 2 below:

<u>Year of Levy</u>	
2018	\$ 389,504
2017	175,207
2016	115,414
2015	89,774
2014	75,498
2013	62,971
2012	55,806
2011	60,510
2010	55,353
2009	46,065
2008	32,521
2007	27,887
2006	26,136
Prior	<u>66,754</u>
Total taxes receivable	1,279,400
Less: Allowance for estimated uncollectible portion	<u>1,021,937</u>
Net taxes receivable	257,463
Less: Provisions for collections deferred over 60 days	<u>177,760</u>
Amount available (reserved in accordance with City ordinances)	<u>\$ 79,703</u>

Table 2 – Taxes Receivable at September 30, 2018

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	\$ 785	\$ 785	\$ -
Total bond debt service/retirement	<u>\$ 785</u>	<u>\$ 785</u>	<u>\$ -</u>

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

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

	<u>Restricted Assets</u>	<u>Related Liabilities</u>	<u>Restricted Net Position</u>
<u>General Construction Fund</u>			
Bond proceed account	\$ 330,234	\$ 330,234	\$ -
Total bond debt service/retirement	\$ 330,234	\$ 330,234	\$ -
<u>Civic Center Improvement Fund</u>			
Bond proceed account	\$ 30,239,930	\$ 30,239,930	\$ -
Total bond debt service/retirement	\$ 30,239,930	\$ 30,239,930	\$ -
<u>GO Bond Construction Fund</u>			
Bond proceed account	\$ 38,284,419	\$ 38,284,419	\$ -
Total bond debt service/retirement	\$ 38,284,419	\$ 38,284,419	\$ -
<u>Water Sewer System</u>			
Bond escrow and proceed accounts	\$ 71,357,248	\$ 71,357,248	\$ -
Revenue bond interest and redemption	5,121,550	-	5,121,550
Revenue bond reserve	2,345,350	-	2,345,350
Total bond debt service/retirement	\$ 78,824,148	\$ 71,357,248	\$ 7,466,900
<u>Airport</u>			
PFC funds	\$ 50,583	\$ -	\$ 50,583
Total bond debt service/retirement	\$ 50,583	\$ -	\$ 50,583
<u>Drainage Utility</u>			
Bond interest and redemption	\$ 134,895	\$ -	\$ 134,895
Total bond debt service/retirement	\$ 134,895	\$ -	\$ 134,895
<u>Fleet</u>			
Bond interest and redemption	\$ 147,811	\$ -	\$ 147,811
Total bond debt service/retirement	\$ 147,811	\$ -	\$ 147,811

Table 3 – Restricted Funds/Reserved Retained Earnings

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018, was as follows:

	Balances October 1, 2017	Additions	Deletions	Balances September 30, 2018
Capital assets used by governmental activities, at cost				
Capital assets, not being depreciated				
Land	\$ 14,907,441	\$ 658,242	\$ -	\$ 15,565,683
Contributed ROW easments	20,431,982	1,703,960	-	22,135,942
Capital projects in process	41,229,367	48,612,483	20,042,786	69,799,064
Total capital assets, not being depreciated	<u>76,568,790</u>	<u>50,974,685</u>	<u>20,042,786</u>	<u>107,500,689</u>
Capital assets, being depreciated				
Infrastructure	288,286,489	9,236,658	-	297,523,147
Building and other improvements	284,797,798	13,285,391	82,191	298,000,998
Equipment and vehicles	103,551,824	8,510,100	8,807,796	103,254,128
Library collections	8,106,378	442,222	489,525	8,059,075
Total capital assets, being depreciated	<u>684,742,489</u>	<u>31,474,371</u>	<u>9,379,512</u>	<u>706,837,348</u>
Less accumulated depreciation for:				
Infrastructure	127,011,101	5,868,342	-	132,879,443
Buildings and other improvements	146,024,859	10,451,018	82,181	156,393,696
Equipment and vehicles	70,085,518	9,054,412	8,062,092	71,077,838
Library collections	3,285,622	481,425	459,197	3,307,850
Total accumulated depreciation	<u>346,407,100</u>	<u>25,855,197</u>	<u>8,603,470</u>	<u>363,658,827</u>
Total capital assets, being depreciated, net	<u>338,335,389</u>	<u>5,619,174</u>	<u>776,042</u>	<u>343,178,521</u>
Net capital assets used by governmental activities	<u>414,904,179</u>	<u>56,593,859</u>	<u>20,818,828</u>	<u>450,679,210</u>
Capital assets used by business-type activities, at cost:				
Enterprise funds				
Water and sewer utility plant	804,486,831	44,059,901	12,115,543	836,431,189
Drainage utility assets	15,556,792	3,552,479	647,844	18,461,427
Airport assets	174,210,958	5,896,536	1,188,649	178,918,845
Total cost	<u>994,254,581</u>	<u>53,508,916</u>	<u>13,952,036</u>	<u>1,033,811,461</u>
Less accumulated depreciation for				
Water and sewer utility plant	246,260,151	14,196,462	63,931	260,392,682
Drainage utility assets	319,988	143,798	-	463,786
Airport assets	97,619,083	5,625,417	574,354	102,670,146
Total accumulated depreciation	<u>344,199,222</u>	<u>19,965,677</u>	<u>638,285</u>	<u>363,526,614</u>
Net capital assets used by business-type activities	<u>650,055,359</u>	<u>33,543,239</u>	<u>13,313,751</u>	<u>670,284,847</u>
Government-wide net capital assets	<u>\$ 1,064,959,538</u>	<u>\$ 90,137,098</u>	<u>\$ 34,132,579</u>	<u>\$ 1,120,964,057</u>

Table 4 – Capital Asset Activity

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

Governmental activities	
General government	\$ 60,535
Staff services	994,086
Police protection	583,111
Fire protection	944,712
Other public safety and health	712,061
Streets, traffic and engineering	8,004,574
Culture and recreation	5,308,317
Solid waste services	908,766
Transit services	419,175
Total governmental fund departments	<u>17,935,337</u>
Internal service fund depreciation allocable to governmental activities based on predominant usage	<u>7,919,860</u>
Total governmental activities	<u>\$ 25,855,197</u>

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Business-type activities	
Water and sewer system	\$ 14,196,462
Drainage utility	143,798
Airport	<u>5,625,417</u>
Total business-type activities	<u>\$ 19,965,677</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 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, 2018, is \$50.3 million. The related amortized cost of these assets is \$23.6 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	\$ 6,599,265
Interest expenses capitalized	\$ 1,222,520

The interest expense not meeting the capitalization criteria represents the \$2,350,787 of CRMWA charges associated with that entity's bonded indebtedness and \$3,025,958 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, 2018.

The City capitalized interest costs in the amount of \$75,502 applicable to its outstanding airport bonds as construction in progress in the Airport Fund. Interest and amortization expense before capitalization was \$75,502.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 7 - CAPITAL ASSETS (CONTINUED)

Drainage Capital Assets

The Drainage Utility Fund currently has \$11,087,386 in construction in progress as of September 30, 2018. It also had right of way easements of \$263,154, equipment and vehicles of \$36,935, infrastructural of \$7,078,474, and land of \$2,010. The City capitalized interest costs in the amount of \$247,023 applicable to its outstanding drainage bonds as construction in progress in the Drainage Utility Fund. Interest and amortization expense before capitalization was \$249,263.

NOTE 8 – LEASES

Operating 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 \$491,022 for the year ended September 30, 2018. The City entered into a four year operating lease with Club Car for golf cars with monthly lease expense of \$22,720 and a total cost of \$1,090,560. Annual lease payments are \$272,640 for FY 2019, 2020, 2021, and \$181,760 for 2022. Total costs for the lease were \$91,064 for the year ended September 30, 2018. The City leases land to LGC for downtown development. See Note 24 for details regarding the lease.

Capital Leases

In 2017, the City entered into a five year noncancelable lease 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 2019, 2020, 2021 and \$42,558 for 2022. Total costs for the lease were \$170,232 for the year ended September 30, 2018. In 2018, the City entered into a five year noncancelable lease agreement with Caterpillar Financial Services Corporation for a tractor scraper with monthly lease expense of \$11,724 and a total cost of \$703,425. Annual lease payments are \$140,685 for FY 2019, 2020, 2021, 2022 and \$23,448 for 2023. Total costs for the lease were \$117,238 for the year ended September 30, 2018. Following is a summary of future minimum lease payments remaining under these capital leases as of September 30, 2018:

<u>Year Ended September 30,</u>	
2019	\$ 310,917
2020	310,917
2021	310,917
2022	183,243
2023	23,448
	1,139,442
Less: imputed interest	396,497
Present value of capital leases	742,945
Less: Current maturities of capital lease obligations	143,637
Long-term capital lease obligations	\$ 599,308

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

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, 2018, were as follows:

	<u>TMRS</u>	<u>FRRF</u>	<u>Total</u>
Total pension liability	\$ 469,605,335	\$ 203,068,750	\$ 672,674,085
Fiduciary net position	<u>428,104,463</u>	<u>171,845,403</u>	<u>599,949,866</u>
City's net pension liability	<u>\$ 41,500,872</u>	<u>\$ 31,223,347</u>	<u>\$ 72,724,219</u>
City's net pension liability as a percentage of total pension liability	<u>8.84%</u>	<u>15.38%</u>	<u>10.81%</u>
Deferred outflows of resources	<u>\$ 11,178,427</u>	<u>\$ 16,421,963</u>	<u>\$ 27,600,390</u>
Deferred inflow of resources	<u>\$ 11,317,266</u>	<u>\$ 7,790,863</u>	<u>\$ 19,108,129</u>
Pension expense	<u>\$ 2,824,235</u>	<u>\$ 3,738,488</u>	<u>\$ 6,562,723</u>

The City's total payroll for the fiscal year ended September 30, 2018, was \$109,082,866 and the portion covered by the two plans was as follows:

TMRS	\$ 86,398,268
FRRF	<u>20,057,182</u>
Total covered payroll	<u>\$ 106,455,450</u>

Including current employees, annuitants and terminated employees entitled to future benefits, the City had 4,013 members of TMRS and 489 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.tmrs.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, 2018**

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 2018</u>	<u>Plan Year 2017</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, 2017, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,112
Inactive employees entitled to but not yet receiving benefits	1,078
Active employees	<u>1,823</u>
Total employees	<u><u>4,013</u></u>

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

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 11.70% and 12.44% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018, were \$10,572,971.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2017, 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, 2017, 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, 2017, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014, first used in the December 31, 2015 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 2016 and 2017 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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

Actuarial Assumptions (Continued)

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

<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%	3.90%
Real estate	10.0%	3.80%
Real return	10.0%	4.50%
Absolute return	10.0%	3.75%
Private equity	<u>5.0%</u>	7.50%
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, 2016	\$ 451,928,006	\$ 384,461,035	\$ 67,466,971
Changes for the year:			
Service cost	12,122,087	-	12,122,087
Interest	30,060,764	-	30,060,764
Change of benefit terms	-	-	-
Difference between expected and actual experience	783,263	-	783,263
Changes of assumptions	-	-	-

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

Changes in Net Pension Liability (Continued)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
(Continued)			
Contributions - employer	-	9,999,142	(9,999,142)
Contributions - employee	-	5,977,591	(5,977,591)
Net investment income	-	53,245,620	(53,245,620)
Benefit payments, including refunds of employee contributions	(25,288,785)	(25,288,785)	-
Administrative expense	-	(276,145)	276,145
Other changes	-	(13,995)	13,995
Net changes	<u>17,677,329</u>	<u>43,643,428</u>	<u>(25,966,099)</u>
Balance at December 31, 2017	<u>\$ 469,605,335</u>	<u>\$ 428,104,463</u>	<u>\$ 41,500,872</u>

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	Discount Rate	1% Increase in Discount Rate
	<u>5.75%</u>	<u>6.75%</u>	<u>7.75%</u>
	City's net pension liability	\$ 99,858,940	\$ 41,500,872

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, 2018, the City recognized pension expense of \$2,824,235.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

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)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 1,350,133	\$ 887,657
Changes in actuarial assumptions	2,021,802	-
Difference between projected and actual investment earnings	-	10,429,609
Contributions subsequent to the measurement date	<u>7,806,492</u>	<u>-</u>
Total	<u>\$ 11,178,427</u>	<u>\$ 11,317,266</u>

The \$7,806,492 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,

2019	\$ 3,041,936
2020	(250,440)
2021	(5,277,927)
2022	<u>(5,458,900)</u>
Total	<u>\$ (7,945,331)</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 and receive either (1) a monthly retirement benefit equal to 3.45% of the firefighter's highest average salary multiplied by the firefighter's total years of service, if hired prior to January 1, 2018 or (2) a monthly retirement benefit equal to the sum of (a) 3.25% of the firefighter's highest average salary multiplied by the firefighter's years of service up to a maximum of 20 years and (b) 2.50% of the firefighter's years of service in excess of 20 years, if hired on or after January 1, 2018. A firefighter's highest average salary is the greater of (1) the firefighter's

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Benefits Provided (Continued)

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

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

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

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

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Employees Covered by Benefit Terms (Continued)

and former firefighters. The types of employees covered, as well as Plan membership as of December 31, 2017, the measurement date, are as follows:

Active:	
Vested	40
Nonvested	<u>224</u>
	<u>264</u>
Terminated:	
Nonvested	4
Retired:	
Vested	3
Pensioners:	
Service retirement	169
Disability retirement	18
Spouses/children	<u>31</u>
	<u>218</u>
Total participants	<u><u>489</u></u>

Contributions

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

The City employer contribution rate was 18.83% of the firefighters' gross pay starting January 2014 and was increased to 19.57% starting January 2017. 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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial report as of December 31, 2017.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all prior periods included in the measurement:

Inflation	2.50%
Salary increases	3.50%
Investment rate	7.50%, net of pension plan investment expense

**CITY OF AMARILLO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ended September 30, 2018**

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Actuarial Assumptions (Continued)

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%

Change in Assumptions

The rate of return on the actuarial value of assets was lowered from 8.00% to 7.50%. The rate of increase in total payroll was lowered from 4.00% to 3.50%. The rate of inflation was lowered from 3.00% to 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. 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.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Changes in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2016	\$ 190,041,338	\$ 152,996,702	\$ 37,044,636
Changes for the year:			
Service cost	4,945,627	-	4,945,627
Interest	15,134,536	-	15,134,536
Change of benefit terms	-	-	-
Difference between expected and actual experience	(3,093,038)	-	(3,093,038)
Changes of assumptions	7,650,803	-	7,650,803
Contributions - employer	-	3,879,330	(3,879,330)
Contributions - employee	-	2,576,969	(2,576,969)
Net investment income	-	24,077,154	(24,077,154)
Gain or (Loss) due to difference in projected vs. actual earnings	-	-	-
Benefit payments, including refunds of employee contributions	(11,610,516)	(11,610,516)	-
Administrative expense	-	(76,383)	76,383
Other changes	-	2,147	(2,147)
Net changes	13,027,412	18,848,701	(5,821,289)
Balance at December 31, 2017	\$ 203,068,750	\$ 171,845,403	\$ 31,223,347

Table 6 – FRRF Net Pension Liability

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

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

Changes in Net Pension Liability

	1% Decrease (6.50%)	Current discount rate (7.50%)	1% Increase (8.50%)
City's net pension liability	<u>\$ 55,620,779</u>	<u>\$ 31,223,347</u>	<u>\$10,894,050</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.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

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)

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

For the year ended September 30, 2018, the City recognized pension expense of \$3,738,488.

At September 30, 2018, 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	\$ 3,352,162	\$ 2,785,282
Changes in actuarial assumptions	10,263,165	-
Difference between projected and actual investment earnings	-	5,005,581
Contributions subsequent to the measurement date	<u>2,806,636</u>	<u>-</u>
Total	<u>\$ 16,421,963</u>	<u>\$ 7,790,863</u>

The \$2,806,636 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,

2019	\$ 2,089,897
2020	957,356
2021	(1,497,538)
2022	(1,027,317)
2023	1,381,995
Thereafter	<u>3,920,071</u>
Total	<u>\$ 5,824,464</u>

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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 10 -DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN

The City implemented 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*. for the fiscal year ending September 30, 2018.

Plan Administration

The City administers a multi-employer agent, defined benefit post-employment health plan (Plan). The Plan does not include the pension benefits discussed in Note 9. The Finance Director is responsible for administration of the plan with Council oversight. The plan is reported as a Trust Fund in the City's financial statements. The plan does not issue a publicly available financial report.

Plan Membership

As of December 31, 2017, the measurement date of the Plan, the plan membership data is as follows:

Active employees	1,990
Retirees	<u>611</u>
Total	<u>2,601</u>

Eligibility Requirements

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

To be eligible to retire under TMRS, participants must attain either 20 years of TMRS service, or five years of TMRS service and age 60. To be eligible to retire under the FRRF, participants must attain 20 years of FRRF service and age 45. To be eligible to retire under the AEDC, participants must attain age 65.

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

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

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

A divorced spouse of an employee who was 1) divorced prior to January a, 2011, and 2) the spouse of an employee who had ten years continuous and uninterrupted service with the City at the time of the divorce was eligible for retiree coverage as specified above, and 3) at the time of the divorce was covered by the Plan, may continue to be covered by the Plan at the applicable retiree premium rate.

Retirees and Spouses who was eligible to continue coverage in the City-sponsored group healthcare plan at retirement may remain in the plan until death. Retirees who are Medicare eligible must apply for Medicare.

**CITY OF AMARILLO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ended September 30, 2018**

NOTE 10 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Benefits Provided

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

Contributions

In January 2013, the City began prefunding a portion of its Other Postemployment Benefits (OPEB) liability via an irrevocable multi-employer agent OPEB trust (PEB Trust) in addition to pay-as-you-go costs. Assets in the PEB Trust can only be used to fund other postemployment benefits, such as medical costs for eligible retirees, and any eligible spouse or children. The City increased prefunding contributions to 2.43% commencing January 1, 2014. During calendar year 2017, the City made contributions of 2.43% of payroll into the OPEB Trust (\$2,647,545) and pay-as-you-go cost of \$2,917,514. The City Council has the authority to increase or decrease prefunding contribution rates.

Effective January 1, 2015, all inactive participants age 65 or older electing a post-retirement medical benefit with the City enrolled in Medicare will receive a stipend of \$150 per month toward their cost of medical coverage. The \$150 stipend is not expected by the City to increase.

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

**Range of Monthly Retiree Health Premiums
 Retiree Health Premium
 Fiscal Year 2017**

Retiree Range of Monthly Health Premium Rates

Retiree only	\$ 179.19 – \$ 523.26
Retiree and spouse	\$ 358.39 – \$ 1,046.49
Retiree and children	\$ 322.55 – \$ 781.29
Retiree and family	\$ 501.75 – \$ 1,197.02

Summary of Significant Accounting Policies

Basis of Accounting

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

Method Used to Value Investments

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

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 10 -DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Investments

Investment Policy

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

Rate of Return

For the year ended December 31, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 13.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Net OPEB Liability of the City

The components of the net OPEB liability of the City at September 30, 2018, were as follows:

Total OPEB Liability	\$ 61,979,142
OPEB Plan Fiduciary Net Position	<u>13,621,113</u>
Net OPEB Liability	<u>\$ 48,358,029</u>

Plan Fiduciary Net Position as a percentage of The Total OPEB Liability	22.0%
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<u>Asset Class</u>	<u>Target Asset Allocation</u>
Bank Insured Deposit/Cash	2.50%
Equities	50.37%
Mutual Funds	<u>47.13%</u>
	<u>100.00%</u>

Actuarial Assumptions

The total OPEB liability in the October 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Additional Actuarial Methods and Assumptions:

Valuation date	October 1, 2017
Measurement date	December 31, 2017
Fiscal year end	September 30, 2018
Benefits valued	Pre-65 and Post-65 medical and prescription drug benefits
Long-term rate of return	7.50%
Payroll growth rate	3.00% for TMRS & AEDC 4.00% for FRRF
Discount rate	6.63% (partial pre-funding)
Healthcare cost trend rate	8.50%

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 10 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

Changes in Assumptions and Methods since Prior Valuation (Continued)

	Changes in the Net OPEB Liability		
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances as of September 30, 2017	\$ 59,119,728	\$ 9,478,461	\$ 49,641,267
Changes for the year:			
Service cost	1,832,510	-	1,832,510
Interest on the total OPEB liability	3,944,418	-	3,944,418
Changes of benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	2,647,545	(2,647,545)
Plan member contributions	-	-	-
Net investment income	-	1,495,107	(1,495,107)
Benefit payments, including employee refunds	(2,917,514)	-	(2,917,514)
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	2,859,414	4,142,652	(1,283,238)
Balances as of September 30, 2018	\$ 61,979,142	\$ 13,621,113	\$ 48,358,029

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate 1-percentage-point lower and 1-percentage-point higher than the current discount rate of 6.63%

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 55,067,624	\$ 48,358,029	\$ 42,548,796

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

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rates 1-percentage-point lower and 1-percentage-point higher than the current healthcare cost trend rates of 8.50%

	<u>1% Decrease</u>	<u>Current Healthcare Discount Rate</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 43,911,345	\$ 48,358,029	\$ 53,607,824

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 10 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)

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

The net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of October 1, 2017.

For the year ended September 30, 2018, the City recognized total OPEB expense of \$(766,356).

At September 30, 2018, the City reported its collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experiences	\$ -	\$ -
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings	-	547,951
Total as of measurement date	\$ -	\$ 547,951
Contributions paid to subsequent to the measurement date	1,857,895	-
Total as of fiscal year end	\$ 1,857,895	\$ 547,951

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

Year ended September 30,

2019	\$	(136,988)
2020		(136,988)
2021		(136,988)
2022		(136,988)
2023		1
Thereafter		-
Total		\$ (547,951)

Payable to OPEB Plan

At September 30, 2018, the City reported a payable of \$67 for the outstanding amount of contributions to the Plan required for the year ended September 30, 2018.

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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

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 2018-19.

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, 2018, the City had commitments with respect to completion of various capital projects, as reflected in Table 7. For this purpose, commitments are defined as the difference between the appropriation for the project and amounts paid or recognized as liabilities at year-end; additional funding from outside sources are shown as a reduction to the amounts reported as committed. Sufficient resources were either on hand in the City's accounts or authorized and available to complete all committed projects.

	Project Authorizations	Expected Outside Funding Sources	Outside Funding Received	Complete at September 30, 2018	City's Remaining Committed
Governmental activities					
Street improvements	\$ 16,762,049	\$ 34,149,548	\$ 20,476,325	\$ 1,448,554	\$ 1,640,272
General construction	44,298,565	60,548,275	53,294,739	31,020,665	6,024,364
Solid waste improvements	9,754,620	-	-	5,036,227	4,718,393
Civic Center improvements	52,963,469	37,951,793	37,860,508	21,615,426	31,256,758
GO Bond Construction	46,279,489	1,846,974	1,668,351	9,165,600	36,935,266
Total - governmental fund activities	<u>170,058,192</u>	<u>134,496,590</u>	<u>113,299,923</u>	<u>68,286,472</u>	<u>80,575,053</u>
Internal service fund projects					
Information services	3,453,739	663,201	663,201	1,762,671	1,691,068
Fleet Services	320,000	-	-	90,713	229,287
Total - all governmental-type activities	<u>173,831,931</u>	<u>135,159,791</u>	<u>113,963,124</u>	<u>70,139,856</u>	<u>82,495,408</u>
Business-type activities					
Water and sewer system improvements	181,039,425	11,967,932	6,437,120	92,922,859	82,585,754
Airport	18,110,387	13,399,291	5,654,396	8,908,776	1,456,716
Drainage utility	16,354,010	1,657,883	1,657,883	11,087,389	5,266,621
Total - all business-type activities	<u>215,503,822</u>	<u>27,025,106</u>	<u>13,749,399</u>	<u>112,919,024</u>	<u>89,309,091</u>
Total - all city project	<u>\$ 389,335,753</u>	<u>\$ 162,184,897</u>	<u>\$ 127,712,523</u>	<u>\$ 183,058,880</u>	<u>\$ 171,804,499</u>

Table 7 -- Unfinished Construction Projects

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 11 - COMMITMENTS (CONTINUED)

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

The PIDs are responsible for the maintenance and ongoing upkeep of these enhanced facilities along with the original cost of the improvements. The City has issued Certificates of Obligations to pay for improvements at the Greenways Public Improvement District. The first issue was for \$600,000 in 2001; the second issue was for \$620,000 in 2003, 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 2018, there was approximately \$471,873 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 2018/2019 fiscal year are \$637,000.

The Colonies Public Improvement District also has \$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, \$1,535,000 in 2014, and \$3,000,000 in 2018. The special assessments paid by the residents will be used to pay the debt service associated with this issue. The City is obligated to issue debt when there are sufficient property owners to support the debt to pay the developer along with the ongoing maintenance and upkeep of the amenities. All of the enhanced amenities at the Colonies were originally estimated to be approximately \$4.6 million and estimated expenditures for the 2018/2019 fiscal year are approximately \$300 to \$400 thousand. The other PIDs are fully developed and there is not an amount to be paid to the developer.

The City has committed \$181,650 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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 11 - COMMITMENTS (CONTINUED)

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, parking garage, and MPEV.

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

The City entered into a rental lease agreement in September of 2017 as the lessor with Panhandle Baseball Club, Inc as the lessee of the multi-purpose event venue (MPEV). The agreement includes a \$45.54 million construction budget. The initial term runs through 2048 with the annual rent payments of \$400,000 beginning April 1, 2019 through 2038. The lessee, beginning April 1, 2019, shall pay annual rent of \$400,000 except that if the beneficial occupancy date, is after April 1, 2019, then lessee shall be entitled to offset, against annual rent, any amounts which may become due and owing to the lessee. A portion of the annual rent (\$225,000) will be allocated into an MPEV Capital Improvements and Maintenance Reserve. Prior to January 15, 2035 the City and the lessee will have the ability to negotiate a plan for renovation to the MPEV, the agreement anticipates renovation costs of \$15 million. Upon successful negotiation of the renovation milestones which includes the renovation plan, amendment and completion of the renovation improvements the City and the lessee will have the ability to negotiate a series of renovation term extension options totaling 15 years. The agreement identifies surface parking area as 1,000 parking spaces which are owned or controlled by the City and located no more than 1,600 feet from the MPEV. As detailed in the agreement the lessee shall have the exclusive use of the surface parking area for all events at the MPEV. During January 2018 the City entered into a Construction Manager at Risk agreement for the construction of the MPEV. The maximum guarantee price of the MPEV is \$45.54 million. On March 20, 2018, the City issued the Hotel Occupancy Tax Revenue Bonds, Taxable Series 2018 in the amount of \$38.8 million to construct and equip the MPEV. The additional funding for this project is from the Civic Center Improvement Fund reserves. The City anticipates an April 2019 completion date for the MPEV project.

The City anticipates the use of hotel occupancy taxes to fund the two bond issues associated with the downtown parking garage and MPEV, specifically the Hotel Occupancy Tax Revenue Bonds Series 2016 and Series 2018. Currently, 3.5% of the 7% hotel tax revenues are used to offset the operating loss at the Civic Center Complex. Also 3% of the hotel tax is normally 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. 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.

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 11 - COMMITMENTS (CONTINUED)

projected reductions to the Chamber and Civic Center. Fortunately, the City has significant growth of hotel tax revenues; with the 2017/2018 fiscal year collections the best year yet with a 5.7% increase over the prior year; and average increases over the previous nine years at 5.7% which includes the 2016/2017 fiscal year which was the only year in this period that reflected a decrease (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 \$90,000 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 \$67,000 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 4.00%, and the serial bonds mature annually to August 15, 2022, in amounts ranging from \$440,000 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 \$1,280,000 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 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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Tax Supported Debt (Continued)

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 \$520,000 to \$975,000. 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.

On July 18, 2018, the City issued \$22,145,000 of General Obligation Bonds for the purpose of public safety and street capital improvement projects approved by voters during a November 2016 bond election. Interest is payable in semi-annual installments which will begin February 15, 2019, at rates ranging from 3.00% to 5.00%, and the serial bonds mature annually to February 15, 2041 in amounts ranging from \$445,000 to \$1,235,000 with additional maturities of \$1,685,000 3.00% term bonds due February 15, 2030 and \$2,605,000 3.625% term bonds due February 15, 2043. The City reserved the right to redeem the bonds with maturities on or after February 15, 2029, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

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 \$75,000 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 3.000% 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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Special Assessment Debt (Continued)

In conjunction with the General Obligation Bonds issued on July 18, 2018, the City issued \$3,000,000 of Combination Tax and Revenue Certification of Obligation for the purpose of improving park facilities in the Colonies PID. Interest is payable in semi-annual installments which will begin February 15, 2019, at rates ranging from 2.00% to 4.00%, and the serial bonds mature annually to February 15, 2038 in amounts ranging from \$95,000 to \$205,000. The City reserved the right to redeem the bonds with maturities on or after February 15, 2029, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

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

On March 20, 2018, the City issued the Hotel Occupancy Tax Revenue Bonds, Taxable Series 2018 (Series 2018) in the amount of \$38,835,000 to construct and equip a multiuse facility. Debt service is to be funded by the Hotel Occupancy Tax. Principal and interest are payable annually at rates ranging from 2.80% to 4.15% and are subject to mandatory redemption in annual amounts ranging from \$800,000 to \$1,220,000. Final maturity is August 15, 2033 with additional maturities of \$6,915,000 4.20% term bonds due August 15, 2038 and \$19,120,000 4.40% term bonds due August 15, 2048. The City reserved the right to redeem the bonds with maturities on or after August 15, 2027, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on August 15, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

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 had been delayed during the economic downturn. The 2012B issue had a five-year maturity and the proceeds were used to purchase rolling stock with at least a five-year life. The COs had a \$1,000 limit pledge of Sanitation Revenues and a property tax pledge. The City paid the COs from Fleet Services Rental Revenues and not levy a tax for the debt. The final maturity was August 19, 2018. The COs were 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 at 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 of \$455,000.

Summary of changes in the governmental activities debt for the year ended September 30, 2018, is as follows:

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

	Tax Supported Debt	Special Assessment Debt and Other Revenue Sources	Fleet Services Debt	Total Government Activities Debt
Principal balances outstanding, October 1, 2017	\$ 46,299,000	\$ 20,903,242	\$ 1,380,000	\$ 68,582,242
New bond issue	22,145,000	41,835,000	-	63,980,000
Principal maturities	<u>(2,390,000)</u>	<u>(451,509)</u>	<u>(925,000)</u>	<u>(3,766,509)</u>
Balances September 30, 2018	66,054,000	62,286,733	455,000	128,795,733
Balance of unamortized discount/premium	<u>3,588,292</u>	<u>223,831</u>	<u>7,567</u>	<u>3,819,690</u>
Net balances, September 30, 2018	<u>\$ 69,642,292</u>	<u>\$ 62,510,564</u>	<u>\$ 462,567</u>	<u>\$ 132,615,423</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 \$2,065,000 to \$2,555,000 and provide for interest rates ranging from 1.452% 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 \$2,015,000 to \$3,400,000 and provide for interest rates ranging from 1.321% 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 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 \$505,000 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 \$695,000 to \$1,150,000 and provide for interest rates ranging from 3.00% 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 \$385,000 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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Bonds (Continued)

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 \$420,000 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.

On July 19, 2018, the City issued the City of Amarillo, Texas, Waterworks & Sewer System Revenue Bonds, New Series 2018A in the amount of \$12,500,000. The New Series 2018A bonds mature annually through 2038 in principal amounts ranging from \$575,000 to \$705,000 and provide for interest rates ranging from 0.17% to 1.60%. These funds will be used for the construction of Lift Station 32. The City reserved the right to redeem the bonds with maturities on or after April 1, 2029, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on October 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

On July 19, 2018, the City issued the City of Amarillo, Texas, Waterworks & Sewer System Revenue Bonds, New Series 2018B in the amount of \$14,610,000. The New Series 2018B bonds mature annually through 2034 in principal amounts ranging from \$520,000 to \$845,000 and provide for interest rates ranging from 3.00% to 5.00% with additional maturities of \$1,790,000 3.50% term bonds due April 1, 2036 and \$1,915,000 3.50% term bonds due April 1, 2038. These funds will be used for the improvement and extension of the City's waterworks and sewer system as identified through a five year community improvement plan. The City reserved the right to redeem the bonds with maturities on or after April 1, 2029, in whole or from time to time in part in principal amounts of \$5,000 or any integral multiple thereof, on April 1, 2028, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Bonds (Continued)

A summary of changes in Water and Sewer System bonded debt for the year ended September 30, 2018, is as follows:

Principal outstanding, October 1, 2017	\$ 158,780,000
New Issues	27,110,000
Principal maturities	<u>(10,440,000)</u>
Principal outstanding, September 30, 2018	175,450,000
Unamortized redemption premium	<u>3,876,703</u>
Net balances, September 30, 2018	<u>\$ 179,326,703</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 2018/2019 obligation is \$15,974,902. At September 30, 2018, the amount available in this account was \$5,121,550.
- 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, 2018, the combined requirement amounted to \$2,345,350, and the amount available in this account was \$2,345,350.

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, 2018. The City has maintained its tax-exempt status during 2018.

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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

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.

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, 2018, the City's proportionate share of the 2010 issue is \$734,975. The City's share of the annual principal amount range from \$213,418 to \$521,567 providing for interest of rates 3.50%. At September 30, 2018, the City's portion of the 2014 refunding bonds is \$2,173,378 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 \$16,148,281 at September 30, 2018, with principal maturing annually through February 15, 2025, and interest of 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 \$531,356 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, 2018, the City's proportionate share of the 2014 issue is \$9,754,456. The City's portion of the principal payments for the 2014 issue range from \$463,079 to \$1,368,251 with an interest rate of 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 \$98,506 at September 30, 2018. 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, 2018, the City's proportionate share of the outstanding indebtedness was \$24,831,592. 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 an interest rate of 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 \$2,173,378 at September 30, 2018.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Water Authority Obligations (Continued)

CRMWA issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 in the amount of \$11,465,000 with interest rates ranging from 3.00% - 5.00%. The proceeds were used to advance refund \$13,575,000 of outstanding Contract Revenue Bonds, Series 2009 which had interest rates ranging from 4.00% - 5.00%. The net proceeds of \$14,228,820 (including a \$1,317,090 premium, a debt service reserve contribution of \$1,684,400, less \$237,670 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. The refunded portion of the Contract Revenue Bonds, Series 2009 is considered defeased and the liability for those bonds has been removed from the statement of net position. At September 30, 2018, the City's proportionate share of the Series 2009 bonds is \$98,506. The City's proportionate share of Series 2017 bonds is \$4,590,173 at September 30, 2018.

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, 2018, is reflected in the following table:

Principal outstanding, October 1, 2017	\$ 65,318,035
New issues	4,590,168
Principal maturities	<u>(11,576,836)</u>
Principal outstanding, September 30, 2018	58,331,367
Unamortized redemption discount/premium	<u>7,585,873</u>
Net balances, September 30, 2018	<u>\$ 65,917,240</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 \$1,740,000 to \$1,830,000 and provide for interest rates ranging from 4.78% to 5.00%.

Principal outstanding, October 1, 2017	\$ 5,225,000
Principal maturities	<u>(1,655,000)</u>
Principal outstanding, September 30, 2018	3,570,000
Unamortized redemption premium	<u>280,044</u>
Net balances, September 30, 2018	<u>\$ 3,850,044</u>

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

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 \$250,000 to \$320,000 and provide for an interest rate of 2.00%. In addition to the tax pledge, the Drainage Utility COs have an unlimited net pledge of the Drainage Utility System of 1.25 times net revenue. The City intends to fund the debt entirely from the Drainage Utility and not levy a property tax for the COs. Thus, the debt is structured similar to the Water & Sewer revenue debt.

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 \$260,000 to \$410,000 and provide for interest rates ranging from 3.00% to 3.75%. The bonds have an unlimited net pledge of the Drainage Utility System of 1.25 times net revenue.

Principal outstanding, October 1, 2017	\$ 9,505,000
Principal maturities	<u>(500,000)</u>
Principal outstanding, September 30, 2018	9,005,000
Unamortized redemption premium	<u>85,681</u>
Net balances, September 30, 2018	<u>\$ 9,090,681</u>

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

Bond issues outstanding at September 30, 2018, are summarized in Table 8 below.

	Interest Rates	Final Maturity Date	Principal Amount Outstanding	Annual Principal Installments
City of Amarillo indebtedness				
General Obligation debt				
Payable from tax revenues				
General Obligation Bonds, Series 2009	3.50 - 4.00%	2022	\$ 1,845,000	\$ 440,000 - \$ 485,000
Recovery Zone Build America Bonds, Series 2010	5.81%	2030	919,000	67,000 - 88,000
General Obligation Refunding Bonds, Series 2017	4.00%	2027	13,595,000	1,280,000 - 1,760,000
Certificates of Obligation, Series 2017	3.00 - 3.50%	2037	6,570,000	140,000 - 620,000
General Obligation Bonds, Series 2017	3.00 - 5.00%	2042	20,980,000	520,000 - 975,000
General Obligation Bonds, Series 2018	3.125 - 5.00%	2043	22,145,000	445,000 - 1,235,000
Payable from special assessments				
Combination tax/revenue certificates of obligation, Series 2003	3.70%	2023	210,000	35,000 - 45,000
Combination tax/revenue certificates of obligation, Series 2006	4.75%	2026	286,733	18,920 - 43,909
Combination tax/revenue certificates of obligation, Series 2008A	4.28%	2028	365,000	30,000 - 45,000
Combination tax/revenue certificates of obligation, Series 2008B	4.08%	2028	905,000	75,000 - 110,000
Combination tax/revenue certificates of obligation, Series 2014	3.00 - 3.625%	2034	1,915,000	95,000 - 155,000
Combination tax/revenue certificates of obligation, Series 2018	2.00 - 4.00%	2038	3,000,000	95,000 - 205,000
Payable from other sources				
Combination tax/revenue certificates of obligation, Series 2011A	3.50 - 5.25%	2037	3,100,000	105,000 - 245,000
Combination tax/revenue certificates of obligation, Series 2011B	3.50 - 6.00%	2032	1,675,000	90,000 - 170,000
Hotel occupancy tax revenue bonds, Series 2016	1.85 - 4.25%	2043	11,995,000	315,000 - 740,000
Hotel occupancy tax revenue bonds, Series 2018	2.80 - 4.15%	2048	38,835,000	800,000 - 1,220,000

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

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

(Continued)	Interest Rates	Final Maturity Date	Principal Amount Outstanding	Annual Principal Installments
Waterworks and Sewer Bonds				
2011 revenue issuance	3.00 - 4.125%	2031	11,645,000	695,000 = 1,150,000
2013 revenue issuance	0.01 - 0.85%	2023	665,000	130,000 = 135,000
2014 revenue issuance	0.36 - 2.62%	2033	6,555,000	385,000 = 495,000
2015 revenue issuance	0.50 - 1.59%	2035	14,675,000	815,000 = 950,000
2015A revenue refunding issuance	2.00 - 4.00%	2032	16,095,000	420,000 = 1,815,000
2017 revenue issuance	3.00 - 5.00%	2037	29,780,000	1,130,000 = 2,035,000
2018A revenue issuance	0.17 - 1.60%	2038	12,500,000	575,000 = 705,000
2018B revenue issuance	3.00 - 5.00%	2034	14,610,000	520,000 = 845,000
Combination tax/revenue certificates of obligation, Series 2009	1.452 - 3.018%	2028	22,770,000	2,065,000 = 2,555,000
Combination tax/revenue certificates of obligation, Series 2009B	1.321 - 2.587%	2029	31,695,000	2,015,000 = 3,400,000
Combination tax/revenue certificates of obligation, Series 2009C	0.00%	2031	11,765,000	905,000
General Obligation bonds, Series 2011	2.00 - 3.125%	2023	2,695,000	505,000 = 575,000
Airport Bonds				
Combination tax/revenue certificates of obligation, Series 2009A	4.78 - 5.00%	2020	3,570,000	1,740,000 = 1,830,000
Drainage Bonds				
2014 revenue issuance	3.00 - 3.75%	2034	5,120,000	260,000 = 410,000
Combination tax/revenue certificates of obligation, Series 2012A	2.00%	2032	3,885,000	250,000 = 320,000
Fleet Service Bonds				
Tax Notes, 2014	2.00%	2019	455,000	455,000
Total City of Amarillo issuances			316,820,733	
Canadian River Water Authority indebtedness				
2009 revenue issuance	3.00 - 5.00%	2029	98,506	98,506
2010 refunding issuance (Conjunctive Use Groundwater)	3.50%	2020	734,975	213,418 = 521,567
2011 revenue issuance	4.00 - 5.00%	2031	24,831,592	649,625 = 2,567,688
2012 refunding issuance	5.00%	2025	16,148,287	531,356 = 3,348,405
2014 refunding issuance	5.00%	2027	11,927,834	463,079 = 2,597,050
2017 refunding issuance	3.00 - 5.00%	2029	4,590,173	85,301 = 553,461
Total City share of Water Authority indebtedness			58,331,367	
Total bond issues outstanding			\$ 375,152,100	

Table 8 – Description of Individual Bond Issues Outstanding

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
2019	\$ 3,237,000	\$ 2,509,994	\$ 558,037	\$ 475,953	\$ 11,750,000	\$ 4,224,901	\$ 5,287,021	\$ 2,788,616
2020	3,439,000	2,316,751	584,643	448,448	11,770,000	4,249,146	5,837,275	2,535,750
2021	3,575,000	2,177,420	611,325	426,596	12,005,000	4,027,638	6,061,028	2,259,165
2022	3,717,000	2,028,524	638,088	402,750	12,275,000	3,771,135	6,358,023	1,963,299
2023	3,373,000	1,872,071	659,936	378,306	12,580,000	3,467,077	6,674,511	1,650,443
2024-2028	16,799,000	7,095,349	3,364,704	1,475,641	64,050,000	12,159,233	22,359,267	3,895,419
2029-2033	9,799,000	4,543,376	3,015,000	769,094	33,415,000	4,762,637	5,754,242	436,519
2034-2038	11,105,000	2,860,325	2,025,000	189,428	17,605,000	1,338,527	-	-
2039-2043	11,010,000	902,156	-	-	-	-	-	-
	\$ 66,054,000	\$ 26,305,966	\$ 11,456,733	\$ 4,566,216	\$ 175,450,000	\$ 38,000,294	\$ 58,331,367	\$ 15,529,211

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

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

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
2019	\$ 1,740,000	\$ 131,025	\$ 510,000	\$ 243,144	\$ 455,000	\$ 9,100	\$ 315,000	\$ 2,063,797	\$ 23,852,058	\$ 12,446,530
2020	1,830,000	43,762	515,000	230,344	-	-	320,000	2,057,969	24,295,918	11,882,170
2021	-	-	520,000	217,394	-	-	1,130,000	2,051,089	23,902,353	11,159,302
2022	-	-	535,000	204,344	-	-	1,155,000	2,020,934	24,678,111	10,390,986
2023	-	-	540,000	190,894	-	-	1,190,000	1,987,080	25,017,447	9,545,871
2024-2028	-	-	2,920,000	743,269	-	-	6,570,000	9,312,121	116,062,971	34,681,032
2029-2033	-	-	3,055,000	336,769	-	-	7,925,000	7,961,881	62,963,242	18,810,276
2034-2038	-	-	410,000	15,375	-	-	7,590,000	5,115,280	38,735,000	9,518,935
2039-2043	-	-	-	-	-	-	14,050,000	5,009,455	25,060,000	5,911,611
2043-2047	-	-	-	-	-	-	10,585,000	1,437,260	10,585,000	1,437,260
	<u>\$ 3,570,000</u>	<u>\$ 174,787</u>	<u>\$ 9,005,000</u>	<u>\$ 2,181,533</u>	<u>\$ 455,000</u>	<u>\$ 9,100</u>	<u>\$ 50,830,000</u>	<u>\$ 39,016,866</u>	<u>\$ 375,152,100</u>	<u>\$ 125,783,973</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, 2018, under the annual leave policy was \$10,481,699, compensated time policy was \$1,219,997, and under the sick leave policy was \$9,417,328, and under the individual health retirement account policy was \$2,921,510.

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

	Governmental Funds (restated)	Proprietary Funds
Balances at October 1, 2017	\$ 21,346,711	\$ 1,262,987
Terminations paid	(2,257,000)	(173,364)
Leave accrued	<u>3,679,928</u>	<u>181,269</u>
Balances at September 30, 2018	<u>\$ 22,769,639</u>	<u>\$ 1,270,892</u>

Of the above obligations, \$1,883,494 in the Government Funds and \$208,560 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, 2018, was \$1,393,690; \$665,931 of the obligation is funded in separate internal service funds and is accrued as a liability of these funds.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Provision for Landfill Closure and Post-Closure Care Costs

The City owns a 662-acre rural site, which it operates for solid waste disposal purposes. Based on an amended permit issued by the Texas Commission on Environmental Quality dated August 22, 2007, the site has an estimated total capacity of 43,098,100 tons. It is estimated that 43.4% of the revised capacity was filled at September 30, 2018, and that the landfill has a projected remaining life of approximately 96 years at the current rate of usage. State and federal laws and regulations require the City to place a final cover on the site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The construction as well as the cost of wells, which have been installed for monitoring the underlying water table for any impact on it of ongoing landfill activities, were funded by waste collection and disposal revenues of the City's General Fund, and are included in capital assets of the governmental activities.

Governmental accounting standards require that, for periods beginning after June 15, 1993, governmental entities recognize an accrued liability for the estimated cost of equipment, facilities, and services for closure, and post-closure care expected to result in disbursements near or after the date that the facility stops accepting solid waste. The amount of the liability is based on what it would cost to have all such closure and post-closure care performed in the current year, and is assigned to periods based on cumulative landfill use. The City engaged an independent engineer who estimated the cost of final cover at \$8,145,871 for a 100-acre, two-cell segment. The estimated cost of monitoring the entire 662 acres during the statutory 30-year period is an additional \$1,780,200. Both computations were made in accordance with regulations of the Environmental Protection Agency, which require that the estimates be based on the current cost of hiring third parties to perform the services. The actual cost of these functions, when performed in future years, may differ because of inflation, changes in technology, changes in environmental regulations, or performance of certain of the functions by City personnel and equipment. Considering the change in the Consumer Price Index (CPI) and the addition of the Transfer station, closure costs would be about \$11 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 18,690,087 tons at September 30, 2018, 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	\$ 4,834,931
Cost of post-closure care and monitoring	<u>1,451,412</u>
Total estimated accrued liability	<u>\$ 6,286,343</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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Long-term liabilities activity for the year ended September 30, 2018, was as follows:

	Balance Sept. 30, 2017 (restated)	Amortization/ Accretion	Additions	Reductions	Balance Sept. 30, 2018	Due Within One Year
Bonds payable:						
Governmental activities						
General obligation bonds	\$ 38,375,000	\$ -	\$ 22,145,000	\$ (1,955,000)	\$ 58,565,000	\$ 2,685,000
Recovery Zone Build America bonds	984,000	-	-	(65,000)	919,000	67,000
Tax-supported certificates of obligation	6,940,000	-	-	(370,000)	6,570,000	485,000
Unamortized offering premium	3,047,129	(162,572)	927,566	-	3,812,123	-
Special assessment and other debt	20,903,242	-	41,835,000	(451,509)	62,286,733	873,037
Fleet Services bonds	1,380,000	-	-	(925,000)	455,000	455,000
Premium on Fleet Services bonds	20,862	(13,295)	-	-	7,567	-
Total governmental activities	71,650,233	(175,867)	64,907,566	(3,766,509)	132,615,423	4,565,037
Business-type activities						
Water & sewer bonds	158,780,000	-	27,110,000	(10,440,000)	175,450,000	11,750,000
Premium on Water & sewer bonds	3,066,891	(181,789)	991,601	-	3,876,703	-
Water authority obligations	65,318,035	-	4,590,168	(11,576,836)	58,331,367	5,287,021
Premium on Water authority obligations	7,331,051	(178,872)	433,694	-	7,585,873	-
Airport bonds	5,225,000	-	-	(1,655,000)	3,570,000	1,740,000
Premium on Airport bonds	409,868	(129,824)	-	-	280,044	-
Drainage Utility bonds	9,505,000	-	-	(500,000)	9,005,000	510,000
Premium on Drainage Utility bonds	90,524	(4,843)	-	-	85,681	-
Total business-type activities	249,726,369	(495,328)	33,125,463	(24,171,836)	258,184,668	19,287,021
Total	321,376,602	(671,195)	98,033,029	(27,938,345)	390,800,091	23,852,058
Other liabilities:						
Governmental activities						
Compensated absences	21,346,711	-	3,679,928	(2,257,000)	22,769,639	1,883,494
Self-insurance liability	18,041,372	-	1,745,486	-	19,786,858	5,397,567
Provision for landfill and postclosure care costs	5,759,437	-	526,906	-	6,286,343	-
Net OPEB liability	56,745,086	-	-	(16,008,282)	40,736,804	-
Net pension liability	95,322,212	-	62,076,914	(90,358,879)	67,040,247	-
Total governmental activities	197,214,818	-	68,029,234	(108,624,161)	156,619,891	7,281,061
Business-type activities						
Compensated absences	1,262,987	-	181,269	(173,364)	1,270,892	208,560
Other accrued expenses	2,628,280	-	-	(21,609)	2,606,671	-
Net OPEB liability	(7,535,556)	-	15,156,782	-	7,621,226	-
Net pension liability	9,189,395	-	5,891,501	(9,396,924)	5,683,972	-
Total business-type activities	5,545,106	-	21,229,552	(9,591,897)	17,182,761	208,560
Total	202,759,924	-	89,258,786	(118,216,058)	173,802,652	7,489,621
Total long-term liabilities	\$ 524,136,526	\$ (671,195)	\$ 187,291,815	\$ (146,154,403)	\$ 564,602,743	\$ 31,341,679

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

NOTE 13 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following tabulation reflects the composition of interfund balances at September 30, 2018.

Receivable Fund		Payable Funds	
General Fund	\$ 650,191	Nonmajor Govt. Funds	\$ 650,191
		Internal Service	-
	<u>\$ 650,191</u>		<u>\$ 650,191</u>
Capital Projects	\$ 23,990	Nonmajor Govt. Funds	\$ 23,990
	<u>\$ 23,990</u>		<u>\$ 23,990</u>
Nonmajor Govt. Funds	\$ 21,239	Nonmajor Govt. Funds	\$ 8,922
		Internal Service	7,741
		General Fund	4,576
	<u>\$ 21,239</u>		<u>\$ 21,239</u>

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

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, 2018, and for its fiscal year then ended, reflect the following:

Assets	
Cash and cash equivalents	\$ 13,165,265
Investments	3,920,132
Due from member cities and other receivable	12,471,236
Inventory	801,973
Debt Service Funds	
Restricted cash and cash equivalents	10,962,823
Investments	539,827
Due from cities	122,003,569
Land	5,081,274
Property, plant and equipment, net of accumulated depreciation	328,979,385

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 14 - WATER SUPPLY CONTRACT (CONTINUED)

Deferred Outflows of Resources	
Deferred change on refunding	132,626
Liabilities and Deferred Revenues	
Current liabilities	15,161,390
Noncurrent liabilities	143,409,088
Net Position	\$ 339,487,632
Operating Revenues	
User assessments for operations	\$ 15,862,641
Operating Expenses	(17,479,613)
Nonoperating Revenue (Expense)	
Net contributions from member cities	6,816,975
Nonoperating revenues (expenses)	(8,351,879)
	(1,534,904)
Net Increase (Decrease) in Net Position	\$ (3,151,876)

CRMWA's debt consists of approximately \$154.7 million related to the underground water project. The CRMWA's annual debt services requirements, including interest, range from \$6.5 million to \$18.4 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 \$58 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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 15 - HARRINGTON LIBRARY CONSORTIUM (CONTINUED)

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, 2018, the Consortium served over 100 libraries. The condensed financial statements of the Consortium at September 30, 2018, and for the year then ended are summarized in the table below.

Balance Sheet	
Capital assets, net of depreciation	\$ 953
Cash and other assets, net	606,282
Current liabilities	<u>(29,716)</u>
Net position	<u>\$ 577,519</u>
Revenues	
Operating revenues	\$ 381,416
Nonoperating revenues	<u>8,813</u>
Total revenues	390,229
Expenses	
Operating expenses	<u>(413,554)</u>
Change in net position	<u>\$ (23,325)</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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 16 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

Self-Insurance and Risk Management (Continued)

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.

Workers' Compensation: City employees are entitled to statutory workers' compensation benefits. The City has a per accident self-insurance retention of \$1.5 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. Effective January 1, 2016, Aetna Life Insurance Company began providing the plan administration for the medical and dental programs. This change has allowed the City to obtain more favorable discounts with medical providers. Employees have up to one year after services are rendered in which to present their claims for reimbursement. The estimated current liability at September 30, 2018, related to incurred but not reported (IBNR) claims was \$1,740,000. The IBNR estimate was computed by management based on historical patterns and reference to previous actuarial estimates. A provision is also made for estimated future costs of known loss events. This provision at September 30, 2018, was \$3,823,967 and was calculated by management based on historical costs associated with similar health conditions.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

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>2018</u> (restated)
Estimated liabilities at beginning of year	\$ 4,505,113
Claims during year and changes in estimates	21,664,093
Payments during year	<u>(20,605,239)</u>
Estimated liabilities at end of year	<u>\$ 5,563,967</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, 2018. 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, 2018, to be \$14,222,891.

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:

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 16 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

Risk Management Fund (Continued)

	<u>2018</u>	<u>2017</u>
Estimated liability at beginning of year	\$ 13,536,259	\$ 13,505,012
Claims during year and changes in estimates	3,958,957	3,575,069
Payments during year	<u>(3,272,325)</u>	<u>(3,543,822)</u>
Estimated liability at end of year	<u>\$ 14,222,891</u>	<u>\$ 13,536,259</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, 2018.

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.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 16 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

Federal and State Grant Programs

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

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>

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 \$534,854 in fiscal year 2018.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 18 - TAX ABATEMENTS AND ECONOMIC INCENTIVES

- 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 2018, the City rebated \$577,260 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 2019, the City made \$216,691 in payments for TIF obligations, \$200,000 in incentive payments and \$208,382 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.

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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 19 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

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, 2018, and 2017, the District recognized approximately \$5,447,000 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 thirty-six times and as of September 30, 2018, is prepaid through May 8, 2020. The District has provided \$76.2 million in funding to the Medicaid program versus \$93.7 million in indigent care payments that would have been due under the contract.

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

Waiver under Section 1115 of the Social Security Act

The District agreed to participate in a waiver under Section 1115 of the Social Security Act that is designed to build on existing Texas health care reforms and to redesign health care delivery in the state administered through the Amarillo Department of Public Health. The waiver consists of two components: the Uncompensated Care (UC) program and the Delivery System Reform Incentive Payments (DSRIP) program, which is a five-year program 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. On November 15, 2018, the District approved a transfer of \$123,000 for year seven.

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 19 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Deposits and Investments

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, 2018, are as follows:

	Fair Value		Total	Weighted Average Maturity (Years) <small>(excluding securities lending)</small>
	Unrestricted Assets	Restricted Assets		
Investment Securities				
U.S. Treasury obligations	\$ 49,525,076	\$ -	\$ 49,525,076	0.62
U.S. Government and government-sponsored agencies	90,505,400		90,505,400	3.89
Municipal bonds	13,894,852		13,894,852	0.49
Total investment securities	153,925,328	-	153,925,328	5.00
No-load U.S. Treasury-only mutual funds	58,924,696		58,924,696	-
Total investments	212,850,024	-	212,850,024	5.00
Deduct: Cash equivalents	(58,924,696)	-	(58,924,696)	-
Net investments for financial reporting	\$ 153,925,328	\$ -	\$ 153,925,328	5.00

Tobacco Settlement

During 1998 the State of Texas settled litigation against certain tobacco manufacturers, which entitles political subdivisions with legal responsibility for providing indigent healthcare services to a portion of the settlement proceeds. As a result of the settlement, in 1998 the District received a distribution of approximately \$2.9 million based on a per capita calculation (1990 federal census). Subsequent distributions have been made based on each subdivision's total unreimbursed indigent healthcare expenditures for the calendar year immediately preceding the year of distribution. As the various calculations are not determinable by the District, these revenues are not accrued. In 2018 and 2017, the District received approximately \$357,000 and \$277,000, 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 \$5,862,456. 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%), \$8,240,100, or one percentage point higher (8.5%), \$3,818,913. Compensation increases do not apply due to the plan being frozen. For the year ended September 30, 2018, 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

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 19 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Employee Retirement Benefits (Continued)

or termination. At October 1, 2016, the plan had 117 participants classified as "active" under this provision, although the plan was "frozen" as it relates to District participants, as well as 375 retirees and 211 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, 2018.

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 20 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Significant Accounting Policies (Continued)

Operations (Continued)

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.

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.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 20 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Deposits and Investments (Continued)

A summary of the AEDC's investment securities at September 30, 2018, is as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Investments		
CDARs	\$ 21,530,000	0.31
Money market mutual funds	<u>15,355,764</u>	<u>-</u>
Total investments at fair value	36,885,764	0.31
Deduct: Classified as cash equivalents for financial reporting	<u>(15,355,764)</u>	<u>-</u>
Net investments	<u>\$ 21,530,000</u>	<u>0.31</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, 2018, are as follows:

Principal balances	\$ 8,048,480
Allowance for uncollectible accounts	<u>-</u>
Loans, net of allowances	<u>\$ 8,048,480</u>

Interest accrued and receivable on loans is \$598,664 at September 30, 2018.

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 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, 2018, 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, 2018, AEDC's net investment in this lease was \$566,984.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 20 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Direct Financing Leases (Continued)

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, 2018, AEDC's net investment, less discount for jobs credits, in this lease was \$2,688,054.

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, 2018, AEDC's net investment in this lease, less discount for jobs credits, was \$4,151,872.

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, 2018, AEDC's net investment in this lease, less discount for jobs credits, was \$4,362,852.

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, 2018, AEDC's net investment in this lease, less discount for job credits, was \$16,682,072.

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, 2018, AEDC's net investment in this lease, less discount for job credits, was \$24,647,521.

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.

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, 2018, AEDC's net investment in this lease, less discount for jobs credits, was \$5,169,468.

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, 2018, AEDC's net investment in this lease was \$58,905.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 20 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Direct Financing Leases (Continued)

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, 2018, AEDC's net investment in this lease, less discount for job credits, was \$1,352,883.

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, 2018, 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, 2018, 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>
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
2023	6,687,387	1,375,715
Future years	<u>39,180,147</u>	<u>7,508,570</u>
	<u>\$ 73,210,639</u>	<u>\$ 13,583,421</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.

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, 2018, AEDC received rentals in the amount of \$22,526 and paid \$21,025 to the City for lease of this property.

The AEDC has other operating leases for office and warehouse space to unrelated third parties. During 2018, they received \$545,339 on those leases.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018**

NOTE 20 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

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, 2018, the AEDC's property, plant, and equipment were as follows:

Buildings and improvements	\$ 18,899,452
Vehicles and equipment	27,889
Construction in progress	-
Accumulated depreciation	<u>(9,144,503)</u>
Total capital assets	<u>\$ 9,782,838</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, 2018, was \$62,703.

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 \$2,305,000. Annual debt requirements range from approximately \$2,377,000 to \$2,384,000 through August 15, 2027. Interest rates on the outstanding bonds range from 1.856% to 3.183%. Scheduled principal payments are as follows: 2019, \$1,895,000; 2020, \$1,925,000; 2021, \$1,965,000; 2022, \$2,010,000, 2023, \$2,060,000 and thereafter \$8,830,000. The principal outstanding at September 30, 2018 was \$18,685,000.

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.

The 2009 bonds mature serially through 2030 and call for interest rates on the bonds currently outstanding ranging from 5.143% through 6.529%. Annual debt requirements range from approximately \$3,453,000. Scheduled principal payments are as follows: 2019, \$1,635,000; 2020, \$1,720,000; 2021, \$1,835,000; 2022, \$1,955,000; 2023, \$2,080,000 and thereafter \$18,905,000. The principal outstanding at September 30, 2018, was \$28,130,000.

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 20 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Commitments

At September 30, 2018, 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 \$91,600,000.

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

During 2018, AEDC committed approximately \$69.0 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 \$2.7 million in the current year leaving a commitment of \$10.3 million. Another \$3.5 million has been committed to the expansion of the ACE scholarship program. Other various commitments outstanding are approximately \$2.8 million.

Net OPEB Liability

For the fiscal year ended September 30, 2018, AEDC's net OPEB liability is \$60,260. Considering the annual expense less pay-as-you-go cost for retirees and trust contributions the result was an increase in the net OPEB liability of \$4,324 for the year ended September 30, 2018.

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.

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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

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

Significant Accounting Policies (Continued)

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, 2018, was a livestock arena, and its estimated useful life is 40 years.

Physical Facilities

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

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

Financing

In December 1998, the Venue District issued sales tax and lease revenue bonds in the face amount of \$10 million, secured by a pledge of the Venue District's tax revenues, as well as by a lease agreement from the City secured by its hotel occupancy taxes, to be applicable if there is a shortfall in the Venue District's revenues available for debt service. In November 2000, the Venue District issued additional bonds in the face amount of \$6,750,000. On November 10, 2005, the Venue District issued \$6,425,000 in Special Tax and Lease Revenue Refunding Bonds (Series 2005) for a refunding of \$6,340,000 of outstanding Special Tax and Lease Revenue Bonds, Series 2000. On September 20, 2016, the Venue District issued \$5,085,000 in Special Tax and Lease Revenue Refunding Bonds for a refunding of \$5,105,000 of the Series 2005 outstanding bonds. The refunding was undertaken to reduce debt service payments by approximately \$327,000 over the next 30 years. For financial reporting purposes, the debt has been considered defeased and, therefore, removed as a liability from the Venue District's financial statements. The principal amount outstanding at September 30, 2018, on the 2016 bond issue was \$4,815,000 and the unamortized bond premium was \$245,662.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

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

Financing (Continued)

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, 2018, on the bond issues was \$5,340,000.

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, 2018

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 (LGC) with the original commitment of \$2.7 million remaining as a grant. On the same date, the Board agreed to fund the retail portion of the parking garage construction and a portion of the streetscape and amended the TIRZ #1 Project and Financing Plan accordingly. As of September 30, 2018, TIRZ #1 has advanced \$1,687,000 to LGC and \$71,482 of accrued interest has been added to the outstanding principal balance, for a total outstanding balance of \$1,758,482. During FY 2017, the City loaned TIRZ #1 \$1,500,000 to assist TIRZ #1 with its obligation to fund \$3.45 million for the retail space associated with the parking garage project and approximately \$930,000 of streetscape improvements. As of September 30, 2018, the outstanding balance on this loan is \$1,430,087.

The TIRZ #1 approved a \$385,000 local match of TXDOT funding for streetscape improvements at Buchanan Street and 6th Avenue.

TIRZ #1 has agreed to rebate 90% rebate 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, 2018**

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 a 90% rebate of the participating taxing entities, excluding School, paid by the owners for 10 years pending completion of the project to Mays, Inc. (Lofts on 10th). TIRZ #1 also granted \$50,000 to the Vineyard Manor Townhomes; however, in 2018 the applicant withdrew their application for funds resulting in a remaining commitment of \$ -0-.

During 2017, TIRZ #1 approved a \$50,000 grant for the Firestone Building (1004 S. Tyler Street) which was paid in 2018, resulting in a remaining commitment of \$-0-. In addition, TIRZ #1 agreed to rebate 90% of the taxes of the participating taxing entities paid by the owners of the Firestone Building until either the expiration of 20 years or a total reimbursement of (state "cap" value of payments) is paid to the developer. The TIRZ #1 Board approved a \$50,000 grant for the Levine Building (800 S. Polk) which was paid in 2018, resulting in a remaining commitment of \$-0-.

During 2018, TIRZ #1 approved a \$50,000 grant each for projects at SW 6th and Monroe and 800 S. Harrison.

TIRZ #1 and Center City provide a grant program which provides up to \$50,000 per qualifying applicant for streetscape elements. On August 31, 2015, Herring Bank was awarded up to a \$50,000 grant for streetscape improvements; as of September 30, 2018, TIRZ #1 has paid out \$50,000. During 2017, the grant program provided \$50,000 each to three applicants of which TIRZ #1 paid out \$50,000, leaving a remaining commitment of \$100,000. During 2018, the grant program provided \$50,000 each to three applicants of which TIRZ #1 has paid out \$50,000, leaving a remaining commitment of \$100,000

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 24 - AMARILLO LOCAL GOVERNMENT CORPORATION (CONTINUED)

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. As of September 30, 2018, the City has not had to fund any amount of the \$2 million performance assurance clause. The LGC, the City, and TIRZ #1 have agreed not to incentivize another comparable hotel in the downtown area for five years.

July 1, 2017, LGC completed construction of a 750-space parking garage adjacent to the hotel. The cost of the parking garage was \$16,947,568. LGC owns the parking garage and will operate the parking facility and retain all parking fee revenue. At the end of the eighty year ground lease, ownership of the parking garage will transfer from LGC to the City. The hotel developer will have 150 reserved spaces in the garage and has agreed to pay \$120,000 a year in parking rent and an annual base rent of \$1,000, adjusted annually by CPI. LGC will operate the retail portion of the parking garage and will retain the revenue therefrom.

Financial Statements

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

NOTE 25 - TAX INCREMENT REINVESTMENT ZONE #2

The Tax Increment Reinvestment Zone Number Two (TIRZ #2) was created November 8, 2016 through an Ordinance of the City of Amarillo in accordance with the Tax Incentive Financing Act, codified at Chapter 311 of the Texas Tax Code. TIRZ #2 will terminate no later than November 8, 2046. The purpose of the zone is to promote the development of or redevelopment of certain contiguous geographic areas in the City.

Financial Statements

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

NOTE 26 - 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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 26 - NEW GASB PRONOUNCEMENTS (CONTINUED)

administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting or 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 was implemented in FY 2018.

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. The City implemented this statement in FY 2018.

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. The City implemented this statement in FY 2018.

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 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 implemented this statement in FY 2018.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 26 - NEW GASB PRONOUNCEMENTS (CONTINUED)

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.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Borrowing and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective 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. 89, *Accounting For Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of *Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The City is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 26 - NEW GASB PRONOUNCEMENTS (CONTINUED)

governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The City is currently evaluating the effect of this statement on their financial statements.

NOTE 27 - SUBSEQUENT EVENTS

The City evaluated for inclusion as a subsequent event disclosure those events that occurred prior to February 26, 2019, the date the financial statements were issued.

On October 23, 2018 the City Council awarded a construction contract to expand and reconstruction the Amarillo Police Department parking lot in the amount of \$1,424,168.

On October 30, 2018 the City Council approved an ordinance implementing timed parking for a fee within a designated Central Business District.

On October 30, 2018 the City Council approved a \$2,079,000 contract to replace the Northeast 24th pump station switchgear.

On November 13, 2018 the City Council authorized a real estate purchase located next to the Civic Center facility in the amount of \$700,000.

On November 27, 2018 the City Council awarded the construction of Fire Station #9 in the amount of \$2,399,738. At the same meeting Council awarded a \$1,604,498 scoreboard and audio video system for the Multi Purpose Event Venue (MPEV). At the January 22, 2019 Council meeting this contract was revised with a \$399,962 change order for a total amount of \$2,004,460.

On December 4, 2018 the City Council approved a location incentive agreement by and between the Amarillo Economic Development Corporation and Asset Protection Unit, Inc. The agreement prescribes a total grant of up to \$1.25 million dependant on specific performance achievements.

On December 18, 2018 the City Council authorized a \$4,105,075 contract for electrical upgrades at the Rick Husband Amarillo International Airport. At the same meeting Council authorized a \$2,270,849 change order to the \$39,995,000 construction contract for the Multi Purpose Event Venue (MPEV). This change order is funded by the Elmore Sports Group.

On January 8, 2019 City Council authorized a resolution to provide for the dissolution of the Redstone Improvement District.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2018

NOTE 27 - SUBSEQUENT EVENTS (CONTINUED)

On January 15, 2019 the City Council entered into a lease agreement with Warren Cat/Caterpillar Financial for a landfill scraper in the amount of \$977,244. At the same meeting Council approved a resolution authorizing the City submission of loan application to the Texas Water Development Board (TWDB) in the amount of \$29.5 million to implement a city-wide advanced metering infrastructure (AMI) project. The City Council awarded a \$10.65 million contract to fund the construction of a wastewater collection main to serve the northwest area of the City.

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 City's Net OPEB Liability and Required Contributions, is included in this section.

CITY OF AMARILLO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2018

	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	\$ 43,480,830	\$ 43,480,830	\$ 44,062,709	\$ -	\$ 44,062,709	\$ 581,879
Sales taxes	55,563,043	55,563,043	57,403,769	-	57,403,769	1,840,726
Mixed beverage taxes	822,423	822,423	893,587	-	893,587	71,164
Hotel occupancy taxes	6,814,309	6,814,309	6,355,676	-	6,355,676	(458,633)
Gross receipts bus. taxes	18,460,651	18,460,651	18,208,762	-	18,208,762	(251,889)
Licenses and permits	3,754,510	3,754,510	3,300,746	-	3,300,746	(453,764)
Interfund reimbursement	1,626,824	1,656,824	1,297,732	-	1,297,732	(359,092)
Intergovernmental revenue	3,997,562	4,217,172	4,433,519	-	4,433,519	216,347
Contributions from citizens	162,250	280,262	48,883	-	48,883	(231,379)
Charges for services	35,425,935	35,425,935	36,066,879	-	36,066,879	640,944
Fines and forfeitures	4,597,900	4,597,900	4,578,390	-	4,578,390	(19,510)
Investment earnings	545,300	545,300	782,752	-	782,752	237,452
Other rentals and commissions	467,351	467,351	482,908	-	482,908	15,557
Miscellaneous revenues	374,023	374,024	192,617	-	192,617	(181,407)
Total revenues	176,092,911	176,460,534	178,108,929	-	178,108,929	1,648,395
EXPENDITURES						
Auditorium/coliseum	3,774,585	3,784,124	3,536,776	(6,128)	3,530,648	253,476
Tourism	3,141,260	3,140,169	3,108,395	(20,170)	3,088,225	51,944
Fire protection	32,202,602	32,426,209	32,608,575	(74,163)	32,534,412	(108,203)
General government	4,553,219	4,592,722	4,148,506	26,934	4,175,440	417,282
Libraries	4,087,743	4,105,124	4,014,382	-	4,014,382	90,742
Public safety and health	11,976,201	11,693,547	11,402,435	6,597	11,409,032	284,515
Parks	7,963,482	8,051,830	7,610,495	21,042	7,631,537	420,293
Participant recreation	6,453,266	6,465,909	7,029,465	26,769	7,056,234	(590,325)
Police protection	46,102,224	46,113,902	46,578,570	(41,390)	46,537,180	(423,278)
Solid waste	14,343,533	15,190,054	15,295,817	354,932	15,650,749	(460,695)
Staff services	10,587,828	10,642,308	10,142,192	8,744	10,150,936	491,372
Information technology	3,990,781	3,990,781	3,996,924	-	3,996,924	(6,143)
Streets traffic and engineering	16,781,113	16,798,012	16,290,651	(638,275)	15,652,376	1,145,636
Transit	5,269,854	5,264,204	5,059,695	(153)	5,059,542	204,662
Total expenditures	171,227,691	172,258,895	170,822,878	(335,261)	170,487,617	1,771,278
Excess (deficiency) of revenues over (under) expenditures	4,865,220	4,201,639	7,286,051	335,261	7,621,312	3,419,673
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	156,515	967,256	1,035,808	-	1,035,808	68,552
Transfers to other funds	(5,521,743)	(5,655,311)	(5,897,312)	-	(5,897,312)	(242,001)
Total other financing sources (uses)	(5,365,228)	(4,688,055)	(4,861,504)	-	(4,861,504)	(173,449)
Net change in fund balances	(500,008)	(486,416)	2,424,547	335,261	2,759,808	3,246,224
FUND BALANCE, BEGINNING OF YEAR	45,625,056	45,625,056	45,662,673	(37,617)	45,625,056	-
FUND BALANCE, END OF YEAR	\$ 45,125,048	\$ 45,138,640	\$ 48,087,220	\$ 297,644	\$ 48,384,864	\$ 3,246,224

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, 2018**

	2017 ⁽¹⁾	2016 ⁽¹⁾	2015 ⁽¹⁾	2014 ⁽¹⁾
Total Pension Liability				
Service cost	\$ 12,122,087	\$ 11,329,118	\$ 10,715,246	\$ 9,500,808
Interest (on the total pension liability)	30,060,764	29,137,163	28,509,723	27,566,183
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	783,263	(1,733,915)	2,896,352	(425,198)
Change of assumptions	-	-	7,637,919	-
Benefit payments, including refunds of employee contributions	(25,288,785)	(25,602,958)	(25,769,544)	(21,770,206)
Net change in Total Pension Liability	<u>17,677,329</u>	<u>13,129,408</u>	<u>23,989,696</u>	<u>14,871,587</u>
Total Pension Liability - Beginning	<u>451,928,006</u>	<u>438,798,598</u>	<u>414,808,902</u>	<u>399,937,315</u>
Total Pension Liability - Ending (a)	<u><u>\$ 469,605,335</u></u>	<u><u>\$ 451,928,006</u></u>	<u><u>\$ 438,798,598</u></u>	<u><u>\$ 414,808,902</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 9,999,142	\$ 8,727,306	\$ 8,989,606	\$ 8,771,979
Contributions - employee	5,977,591	5,573,830	5,589,314	5,307,168
Net investment income	53,245,620	25,057,057	563,574	21,096,607
Benefit payments, including refunds of employee contributions	(25,288,785)	(25,602,958)	(25,769,544)	(21,770,206)
Administrative expense	(276,145)	(283,170)	(343,321)	(220,283)
Other	(13,995)	(15,257)	(16,957)	(18,110)
Net Change in Plan Fiduciary Net Position	<u>43,643,428</u>	<u>13,456,808</u>	<u>(10,987,328)</u>	<u>13,167,155</u>
Plan Fiduciary Net Position - Beginning	<u>384,461,035</u>	<u>371,004,227</u>	<u>381,991,555</u>	<u>368,824,400</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 428,104,463</u></u>	<u><u>\$ 384,461,035</u></u>	<u><u>\$ 371,004,227</u></u>	<u><u>\$ 381,991,555</u></u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 41,500,872</u>	<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	91.16%	85.07%	84.55%	92.09%
Covered Payroll	\$ 85,306,707	\$ 79,614,328	\$ 79,785,899	\$ 75,816,680
Net Position Liability as a Percentage of Covered Payroll	48.65%	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, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 10,572,971	\$ 8,973,486	\$ 8,571,738	\$ 8,723,824
Contributions in relation to the actuarially determined contribution	<u>10,572,971</u>	<u>8,888,138</u>	<u>8,545,939</u>	<u>8,723,824</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 85,348</u>	<u>\$ 25,799</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 86,398,268</u>	<u>\$ 84,792,191</u>	<u>\$ 77,629,583</u>	<u>\$ 76,977,081</u>
Contributions as a percentage of covered employee payroll	12.24%	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, 2018**

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	28 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, 2018**

	<u>2017 ⁽¹⁾</u>	<u>2016 ⁽¹⁾</u>	<u>2015 ⁽¹⁾</u>	<u>2014 ⁽¹⁾</u>
Total Pension Liability				
Service cost	\$ 4,945,627	\$ 4,755,411	\$ 3,983,821	\$ 3,830,597
Interest (on the total pension liability)	15,134,536	14,501,797	13,596,993	13,071,902
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(3,093,038)	-	4,740,472	-
Change of assumptions	7,650,803	-	4,770,803	-
Benefit payments, including refunds of employee contributions	<u>(11,610,516)</u>	<u>(11,465,839)</u>	<u>(11,340,691)</u>	<u>(10,131,932)</u>
Net change in Total Pension Liability	<u>13,027,412</u>	<u>7,791,369</u>	<u>15,751,398</u>	<u>6,770,567</u>
Total Pension Liability - Beginning	<u>190,041,338</u>	<u>182,249,969</u>	<u>166,498,571</u>	<u>159,728,004</u>
Total Pension Liability - Ending (a)	<u>\$ 203,068,750</u>	<u>\$ 190,041,338</u>	<u>\$ 182,249,969</u>	<u>\$ 166,498,571</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 3,879,330	\$ 3,635,605	\$ 3,559,287	\$ 3,311,865
Contributions - employee	2,576,969	2,509,970	2,456,814	2,286,471
Net investment income	24,077,154	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	(11,610,516)	(11,465,839)	(11,340,691)	(10,131,932)
Administrative expense	(76,383)	(80,849)	(436,742)	(90,633)
Other	<u>2,147</u>	<u>30,991</u>	<u>50,173</u>	<u>5,165</u>
Net Change in Plan Fiduciary Net Position	<u>18,848,701</u>	<u>8,338,821</u>	<u>(5,807,802)</u>	<u>1,880,347</u>
Plan Fiduciary Net Position - Beginning	<u>152,996,702</u>	<u>144,657,881</u>	<u>150,465,683</u>	<u>148,585,336</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 171,845,403</u>	<u>\$ 152,996,702</u>	<u>\$ 144,657,881</u>	<u>\$ 150,465,683</u>
City's Net Pension Liability - Ending (a) - (b)	<u>\$ 31,223,347</u>	<u>\$ 37,044,636</u>	<u>\$ 37,592,088</u>	<u>\$ 16,032,888</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.62%	80.51%	79.37%	90.37%
Covered Payroll	\$ 19,822,841	\$ 19,307,515	\$ 18,902,215	\$ 17,588,238
Net Position Liability as a Percentage of Covered Payroll	157.51%	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, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 3,913,039	\$ 3,827,547	\$ 3,576,216	\$ 3,432,058
Contributions in relation to the actuarially determined contribution	<u>3,913,039</u>	<u>3,827,547</u>	<u>3,576,216</u>	<u>3,432,058</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 20,057,182</u>	<u>\$ 19,892,208</u>	<u>\$ 18,890,426</u>	<u>\$ 18,288,556</u>
Contributions as a percentage of covered payroll	19.51%	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, 2018**

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, 2017
Actuarial cost method	Individual entry age normal actuarial cost method
Amortization method	Level percentage of pay, open
Remaining amortization period	43.5 years
Asset calculation method	Smoothed market value method
Actuarial assumptions:	
Investment rate of return	7.50%, net of pension plan investment expense
Inflation	2.50%
Projected salary increases	3.50%
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, 2017, was approximately 43.5 years, taking into account the contributions made between January 1, 2017, and December 31, 2017. 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, 2017 and 2016 were approximately \$3,900,000 and \$3,600,000, respectively.

NOTE 3 - CHANGE IN ASSUMPTIONS

The rate of return on the actuarial value of assets was lowered from 8.00% to 7.50%. The rate of increase in total payroll was lowered from 4.00% to 3.50%. The rate of inflation was lowered from 3.00% to 2.50%.

NOTE 4 - OTHER INFORMATION - PLAN AMENDMENTS EFFECTIVE JANUARY 1, 2018

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

See Independent Auditor's Report

**CITY OF AMARILLO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT (OPEB)
SCHEDULE OF NET OPEB LIABILITY AND RELATED RATIOS (1)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>2018</u>	<u>2017</u>
Total OPEB Liability	\$ 61,979,142	\$ 59,119,728
Plan fiduciary net position	<u>13,621,113</u>	<u>9,478,461</u>
Net OPEB liability (asset)	\$ 48,358,029	\$ 49,641,267
Plan fiduciary net position as a percentage of the total OPEB liability	21.98%	16.03%
Covered payroll	\$ 97,400,000	\$ 99,700,000
Net OPEB liability (asset) as a percentage of covered payroll	49.65%	49.79%

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

See Independent Auditor's Report

**CITY OF AMARILLO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFIT (OPEB)
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (1)
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Measurement Year Ended December 31, 2017
Total OPEB liability:	
Service cost	\$ 1,832,510
Interest	3,944,418
Changes of benefit terms	
Difference between expected and actual experience	
Changes of assumptions	
Benefits payments	(2,917,514)
Net change in total OPEB liability	2,859,414
Total OPEB liability-beginning	59,119,728
Total OPEB liability-ending (a)	\$ 61,979,142
Plan fiduciary net position:	
Contributions-employer	\$ 2,647,545
Net investment income	1,495,107
Benefits payments	
Administrative expense	
Other	
Net change in plan fiduciary net position	4,142,652
Plan fiduciary net position-beginning	9,478,461
Plan fiduciary net position-ending (b)	\$ 13,621,113
City's net OPEB liability-ending (a)-(b)	\$ 48,358,029
Plan fiduciary net position as a percentage of the total OPEB liability	21.98%
Covered payroll	\$ 97,400,000
Net OPEB liability as a percentage of covered payroll	49.65%

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

See Independent Auditor's Report

**CITY OF AMARILLO, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POSTEMPLOYMENT BENEFIT (OPEB)
 SCHEDULE OF CONTRIBUTIONS AND RELATED RATIOS (1)
 FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	2018
Actuarial determined contribution	\$ 2,647,545
Contributions in relation to the actuarially determined contribution	2,647,545
Contribution deficiency (excess)	\$ -
 Covered-employee Payroll	 97,400,000
 Contributions as a percentage of covered- employee payroll	 2.72%
 Annual money weighted rate of return, net of investment expenses	 13.84%
 Allocation	
Bank Insured Deposit	2.50%
Equities	50.37%
Mutual Funds	47.13%
Peb Trust of Texas	100.00%

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

**CITY OF AMARILLO, TEXAS
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2018**

NOTE 1 - METHODS AND ASSUMPTIONS

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

Valuation Date	October 1, 2017
Measurement Date	December 31, 2017
Benefits Valued	Pre-65 and Post-65 medical and prescription drug benefits
Long-Term Rate of Return	7.50%
Discount Rates	6.63% (partial pre-funding)
Healthcare cost trend rate	8.50%
Payroll Growth Rate	3.00% for TMRS & AEDC, 4.00% for FRRF
Termination Rates	
<ul style="list-style-type: none"> • TMRS and AEDC participants 	For the first 10 years of service, the base table rates vary by gender, entry age, and length of service. These tables were selected based on the December 31, 2016 TMRS Actuarial Valuation, City experience and long-term expectations.

Mortality Rates

<ul style="list-style-type: none"> • TMRS and AEDC participants 	The mortality rates used in the pension plan in which the employee, retiree or beneficiary is assumed to participate.
<ul style="list-style-type: none"> —Healthy Pre-Retirement 	Gender-distinct fully-generational RP-2000 Combined Healthy Mortality Table with Blue-Collar Adjustment projected using scale BB multiplied by 54.5% for males and 51.5% for females
<ul style="list-style-type: none"> —Healthy Post-Retirement 	Gender-distinct fully-generational RP-2000 Combined Healthy Mortality Table with Blue-Collar Adjustment projected using scale BB multiplied by 109% for males and 103% for females
<ul style="list-style-type: none"> —Disabled 	Gender-distinct fully-generational RP-2000 Combined Healthy Mortality Table with Blue-Collar Adjustment projected using scale BB multiplied by 109% for males and 103% for females with a 3-year set-forward for both males and females and a 3% minimum mortality rate
<ul style="list-style-type: none"> • FRRF participants 	RP-2000 Combined Healthy Mortality Table projected to 2024 using scale AA

Post-Retirement Medical Plan Change

Effective January 1, 2015, all inactive participants age 65 or older electing a post-retirement medical benefit with the City will receive a stipend of \$150 per month toward their cost of medical coverage. The \$150 stipend is not expected by the City to increase, and is a fixed variable in our model.

**CITY OF AMARILLO, TEXAS
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
SEPTEMBER 30, 2018**

NOTE 1 - METHODS AND ASSUMPTIONS

Dependent Status

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

Per Capita Claims and Administrative Costs

Per capita medical and prescription drug claims and administration costs (PCCC) were developed based on the following:

- Claims experience, stop loss fees and administration costs for actives and retirees from January 1, 2015 to October 31, 2017.
- Claims experience was adjusted for plan values, healthcare cost trend, and age-sex differences between active employees and retirees.

Healthcare Cost Trend Rates

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

Actuarial Cost Methods

Entry Age Normal level percent of pay. Investment gains/losses are amortized over 5 years, liability gains/losses are amortized over Average Working Lifetime, and Plan changes are recognized immediately.

Actuarial Value of Assets

Market Value

City Contributions

2.43% of total covered payroll

Dental Benefits

Premiums contributed by retirees, disabled participants and dependents for dental coverage are assumed to equal or exceed their expected dental per capita claims costs. Therefore, dental coverage was not valued in this valuation.

NOTE 2 - OTHER INFORMATION

There were no benefit changes during the year.

The following changes were made as of October 1, 2017:

- Healthcare Cost Trend Rates were updated from 9.00% in 2016 stepping down to 5.00% in 2024, to 8.50% in 2018 stepping down to 5.00% in 2025

**CITY OF AMARILLO, TEXAS
OTHER POSTEMPLOYMENT BENEFITS (OPEB)
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
SEPTEMBER 30, 2018**

NOTE 2 - OTHER INFORMATION (CONTINUED)

- Mortality Rates were updated based on changes in the December 31, 2016 TMRS and December 31, 2015 FRRF Actuarial Valuations
- Disability Rates were added
- The discount rate methodology and Actuarial Cost Method were updated according to the new GASB 74 and 75 accounting standard

See Independent Auditor's Report

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, 2018**

	Special Revenue Funds				
	Housing and Urban Development Grants	Other Grant Funds	Public Improvement Districts	Seizures Funds	Other
ASSETS					
Cash and cash equivalents	\$ 1,329,846	\$ 7,190,709	\$ 1,610,791	\$ 628,609	\$ 4,220,652
Investments, at fair values	-	-	-	-	1,750,000
Receivables, net of allowances for uncollectibles					
Property taxes	-	-	-	-	-
Accounts	113,107	5,028	2,200	-	-
Accrued Interest	-	-	-	-	3,638
Due from other funds unrestricted	13,498	7,741	-	-	-
Due from other governments	366,661	679,871	-	-	8,255
Prepaid items	250	4,384	-	603	-
Restricted cash and cash equivalents	-	-	-	-	785
Restricted investments	-	-	-	-	-
TOTAL ASSETS	\$ 1,823,362	\$ 7,887,733	\$ 1,612,991	\$ 629,212	\$ 5,983,330
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Vouchers payable	\$ 190,458	\$ 47,595	\$ 37,906	\$ -	\$ 88,851
Accounts payable	105,824	180,695	-	-	510,256
Accrued expenditures	-	1,136	-	-	17,249
Deposits	-	-	-	-	1,268,954
Due to other funds - unrestricted	235,229	395,000	-	24,192	58,710
Due to other governments	115	-	-	22,108	-
Unearned revenues - other	71,309	-	-	-	-
Unearned revenues - property taxes	-	-	-	-	-
Advance from other funds	-	-	-	-	1,371,378
Total liabilities	602,935	624,426	37,906	46,300	3,315,398
FUND BALANCES					
Nonspendable					
Prepaid items	250	3,685	-	603	-
Uncollected taxes	-	-	-	-	-
Corpus or Principal					
Restricted for:					
Debt Service	-	-	-	-	-
Special purposes	1,201,581	7,259,622	1,575,085	582,309	2,667,932
Committed for:					
Compensated Absences	18,596	-	-	-	-
Total fund balances	1,220,427	7,263,307	1,575,085	582,912	2,667,932
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,823,362	\$ 7,887,733	\$ 1,612,991	\$ 629,212	\$ 5,983,330

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>
\$ 842,048	\$ 397,347	\$ 17,694	\$ 16,237,696
-	991,765	-	2,741,765
19,743	-	-	19,743
-	-	-	120,335
777	4,576	-	8,991
-	-	-	21,239
-	-	-	1,054,787
-	-	-	5,237
-	-	-	785
500,000	-	-	500,000
<u>\$ 1,362,568</u>	<u>\$ 1,393,688</u>	<u>\$ 17,694</u>	<u>\$ 20,710,578</u>
\$ -	\$ -	\$ -	\$ 364,810
2,753	(3)	1	799,526
-	-	-	18,385
-	-	-	1,268,954
-	-	-	713,131
-	-	-	22,223
-	-	-	71,309
14,235	-	-	14,235
-	-	-	1,371,378
<u>16,988</u>	<u>(3)</u>	<u>1</u>	<u>4,643,951</u>
-	-	-	4,538
5,508	-	-	5,508
-	-	17,693	17,693
1,340,072	-	-	1,340,072
-	-	-	13,286,529
-	1,393,691	-	1,412,287
<u>1,345,580</u>	<u>1,393,691</u>	<u>17,693</u>	<u>16,066,627</u>
<u>\$ 1,362,568</u>	<u>\$ 1,393,688</u>	<u>\$ 17,694</u>	<u>\$ 20,710,578</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, 2018**

	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	12,139,123	7,145,815	-	-	221,898
Citizen contributions	-	-	-	-	885
Construction participation	42,541	-	-	-	-
Revenue from participating taxing entities	-	-	-	-	746,065
Charges for services	8,497	137,326	2,043,279	-	407,117
Fines and forfeitures	-	-	-	481,796	1,489,121
Investment earnings	5,759	62,495	5,407	3,626	99,600
Miscellaneous	91,733	550	-	-	-
Total revenues	<u>12,287,653</u>	<u>7,346,186</u>	<u>2,048,686</u>	<u>485,422</u>	<u>2,964,686</u>
EXPENDITURES					
General government	-	-	-	-	-
Police protection	-	249,483	-	236,401	-
Other public safety and health	-	4,933,347	-	-	1,374,921
Staff services	-	337,551	-	-	-
Auditorium - coliseum	-	-	-	-	329,701
Library	-	-	-	-	483
Parks	-	-	839,569	-	-
Participation recreation	-	-	-	-	42,850
Urban redevelopment and housing	11,661,271	-	-	-	-
Capital outlay	-	53,978	3,004,991	9,522	168,424
Debt service principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Bond issuance costs	-	-	96,158	-	-
Economic Development & Tourism	-	-	-	-	674,898
Termination vacation and sick leave pay	-	-	-	-	-
Total expenditures	<u>11,661,271</u>	<u>5,574,359</u>	<u>3,940,718</u>	<u>245,923</u>	<u>2,591,277</u>
Excess (deficiency) of revenues over (under) expenditures	626,382	1,771,827	(1,892,032)	239,499	373,409
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	70,945	-	-	86,155
Transfers to other funds	-	(38,435)	(403,542)	(218,846)	(456,191)
Premium on bond	-	-	96,158	-	-
Issuance of long-term debt	-	-	3,000,000	-	-
Net change in fund balances	626,382	1,804,337	800,584	20,653	3,373
FUND BALANCES, BEGINNING OF YEAR	<u>594,045</u>	<u>5,458,970</u>	<u>774,501</u>	<u>562,259</u>	<u>2,664,559</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,220,427</u>	<u>\$ 7,263,307</u>	<u>\$ 1,575,085</u>	<u>\$ 582,912</u>	<u>\$ 2,667,932</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>
\$ 4,504,109	\$ -	\$ -	\$ 4,504,109
-	-	-	19,506,836
-	-	-	885
-	-	-	42,541
-	-	-	746,065
-	-	-	2,596,219
-	-	-	1,970,917
30,554	31,349	-	238,790
-	-	-	92,283
4,534,663	31,349	-	29,698,645
-	-	-	-
-	-	-	485,884
-	-	-	6,308,268
7,130	-	-	344,681
-	-	-	329,701
-	-	-	483
-	-	-	839,569
-	-	-	42,850
-	-	-	11,661,271
-	-	-	3,236,915
2,841,509	-	-	2,841,509
3,475,426	-	-	3,475,426
-	-	-	96,158
-	-	-	674,898
-	2,108,950	-	2,108,950
6,324,065	2,108,950	-	32,446,563
(1,789,402)	(2,077,601)	-	(2,747,918)
2,038,404	-	-	2,195,504
-	(29,726)	-	(1,146,740)
-	-	-	96,158
-	-	-	3,000,000
249,002	(2,107,327)	-	1,397,004
1,096,578	3,501,018	17,693	14,669,623
\$ 1,345,580	\$ 1,393,691	\$ 17,693	\$ 16,066,627

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
OTHER GRANT FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2018**

	<u>Special Revenue Funds</u>			<u>Total Other Grant Funds</u>
	<u>Public Health Grants</u>	<u>Justice Grants</u>	<u>Miscellaneous Grants</u>	
ASSETS				
Cash and cash equivalents	\$ 7,176,478	\$ 5,640	\$ 8,591	\$ 7,190,709
Receivables, net of allowances for uncollectibles				
Accounts	5,028	-	-	5,028
Due from other funds unrestricted	7,741	-	-	7,741
Due from other governments	590,484	26,309	63,078	679,871
Prepaid items	3,685	-	699	4,384
TOTAL ASSETS	<u>\$ 7,783,416</u>	<u>\$ 31,949</u>	<u>\$ 72,368</u>	<u>\$ 7,887,733</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers payable	\$ 47,595	\$ -	\$ -	\$ 47,595
Accounts payable	163,327	-	17,368	180,695
Accrued expenditures	1,136	-	-	1,136
Due to other funds - unrestricted	310,000	30,000	55,000	395,000
Total liabilities	<u>522,058</u>	<u>30,000</u>	<u>72,368</u>	<u>624,426</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	3,685	-	-	3,685
Restricted:				
Special purposes	7,257,673	1,949	-	7,259,622
Total fund balances	<u>7,261,358</u>	<u>1,949</u>	<u>-</u>	<u>7,263,307</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,783,416</u>	<u>\$ 31,949</u>	<u>\$ 72,368</u>	<u>\$ 7,887,733</u>

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, 2018**

	<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	\$ 6,136,409	\$ 199,955	\$ 809,451	\$ 7,145,815
Charges for services	137,326	-	-	137,326
Investment earnings	62,495	-	-	62,495
Miscellaneous	550	-	-	550
Total revenues	<u>6,336,780</u>	<u>199,955</u>	<u>809,451</u>	<u>7,346,186</u>
EXPENDITURES				
Other public safety and health	4,429,123	-	504,224	4,933,347
Staff services	-	-	337,551	337,551
Police protection	-	249,483	-	249,483
Capital outlay	11,627	42,351	-	53,978
Total expenditures	<u>4,440,750</u>	<u>291,834</u>	<u>841,775</u>	<u>5,574,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,896,030</u>	<u>(91,879)</u>	<u>(32,324)</u>	<u>1,771,827</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	41,219	29,726	70,945
Operating transfers to other funds	-	-	(38,435)	(38,435)
Net change in fund balances	1,896,030	(50,660)	(41,033)	1,804,337
FUND BALANCES, BEGINNING OF YEAR	<u>5,365,328</u>	<u>52,609</u>	<u>41,033</u>	<u>5,458,970</u>
FUND BALANCES, END OF YEAR	<u>\$ 7,261,358</u>	<u>\$ 1,949</u>	<u>\$ -</u>	<u>\$ 7,263,307</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PUBLIC IMPROVEMENT DISTRICTS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2018**

	<u>Greenways at Hillside</u>	<u>Heritage Hills</u>	<u>Brennan Boulevard</u>	<u>The Colonies</u>	<u>Tutbury</u>
ASSETS					
Cash and cash equivalents	\$ 339,074	\$ 161,401	\$ 8,952	\$ 624,438	\$ 28,711
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 339,074</u></u>	<u><u>\$ 161,401</u></u>	<u><u>\$ 8,952</u></u>	<u><u>\$ 624,438</u></u>	<u><u>\$ 28,711</u></u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Vouchers payable	<u>\$ 339</u>	<u>\$ 335</u>	<u>\$ -</u>	<u>\$ 35,114</u>	<u>\$ 816</u>
Total liabilities	<u>339</u>	<u>335</u>	<u>-</u>	<u>35,114</u>	<u>816</u>
FUND BALANCES					
Restricted for:					
Special purposes	<u>338,735</u>	<u>161,066</u>	<u>8,952</u>	<u>589,324</u>	<u>27,895</u>
Total fund balances	<u>338,735</u>	<u>161,066</u>	<u>8,952</u>	<u>589,324</u>	<u>27,895</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 339,074</u></u>	<u><u>\$ 161,401</u></u>	<u><u>\$ 8,952</u></u>	<u><u>\$ 624,438</u></u>	<u><u>\$ 28,711</u></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>
\$ 200,100	\$ 8,919	\$ 6,207	\$ 1,174	\$ 231,815	\$ 1,610,791
-	1,401	799	-	-	2,200
<u>\$ 200,100</u>	<u>\$ 10,320</u>	<u>\$ 7,006</u>	<u>\$ 1,174</u>	<u>\$ 231,815</u>	<u>\$ 1,612,991</u>
\$ 380	\$ 587	\$ -	\$ -	\$ 335	\$ 37,906
380	587	-	-	335	37,906
199,720	9,733	7,006	1,174	231,480	1,575,085
199,720	9,733	7,006	1,174	231,480	1,575,085
<u>\$ 200,100</u>	<u>\$ 10,320</u>	<u>\$ 7,006</u>	<u>\$ 1,174</u>	<u>\$ 231,815</u>	<u>\$ 1,612,991</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, 2018**

	<u>Greenways at Hillside</u>	<u>Heritage Hills</u>	<u>Brennan Boulevard</u>	<u>The Colonies</u>	<u>Tutbury</u>
REVENUES					
Charges for services	\$ 633,913	\$ 161,697	\$ -	\$ 1,002,348	\$ 16,296
Investment earnings	404	-	-	5,003	-
Total revenues	<u>634,317</u>	<u>161,697</u>	<u>-</u>	<u>1,007,351</u>	<u>16,296</u>
EXPENDITURES					
Parks	404,888	631	-	389,928	10,043
Bond issuance cost	-	-	-	96,158	-
Capital outlay	-	-	-	3,004,991	-
Total expenditures	<u>404,888</u>	<u>631</u>	<u>-</u>	<u>3,491,077</u>	<u>10,043</u>
Excess (deficiency) of revenues over (under) expenditures	<u>229,429</u>	<u>161,066</u>	<u>-</u>	<u>(2,483,726)</u>	<u>6,253</u>
OTHER FINANCING SOURCES					
Issuance of long-term debt	-	-	-	3,000,000	-
Premium on bond	-	-	-	96,158	-
Transfer from other funds	-	-	-	-	-
Transfer to other funds	<u>(140,813)</u>	<u>-</u>	<u>-</u>	<u>(262,729)</u>	<u>-</u>
Net change in fund balances	88,616	161,066	-	349,703	6,253
FUND BALANCES, BEGINNING OF YEAR					
	<u>250,119</u>	<u>-</u>	<u>8,952</u>	<u>239,621</u>	<u>21,642</u>
FUND BALANCES, END OF YEAR					
	<u>\$ 338,735</u>	<u>\$ 161,066</u>	<u>\$ 8,952</u>	<u>\$ 589,324</u>	<u>\$ 27,895</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	\$ 4,300	\$ 318	\$ 162,257	\$ 2,043,279
-	-	-	-	-	5,407
<u>52,000</u>	<u>10,150</u>	<u>4,300</u>	<u>318</u>	<u>162,257</u>	<u>2,048,686</u>
22,860	7,158	3,285	18	758	839,569
-	-	-	-	-	96,158
-	-	-	-	-	3,004,991
<u>22,860</u>	<u>7,158</u>	<u>3,285</u>	<u>18</u>	<u>758</u>	<u>3,940,718</u>
29,140	2,992	1,015	300	161,499	(1,892,032)
-	-	-	-	-	3,000,000
-	-	-	-	-	96,158
-	-	-	-	-	-
-	-	-	-	-	(403,542)
<u>29,140</u>	<u>2,992</u>	<u>1,015</u>	<u>300</u>	<u>161,499</u>	<u>800,584</u>
170,580	6,741	5,991	874	69,981	774,501
<u>\$ 199,720</u>	<u>\$ 9,733</u>	<u>\$ 7,006</u>	<u>\$ 1,174</u>	<u>\$ 231,480</u>	<u>\$ 1,575,085</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
SEIZURE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2018**

	Federal APD Seized Property	Local Seized Property	Texas Narcotics Seized Property	Total
ASSETS				
Cash and cash equivalents	\$ 398,132	\$ 210,559	\$ 19,918	\$ 628,609
Prepaid items	-	-	603	603
TOTAL ASSETS	\$ 398,132	\$ 210,559	\$ 20,521	\$ 629,212
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds - unrestricted	\$ 202	\$ 23,990	\$ -	\$ 24,192
Due to other governments	-	1,889	20,219	22,108
Total liabilities	202	25,879	20,219	46,300
 FUND BALANCES				
Nonspendable				
Prepaid items	-	-	603	603
Restricted for:				
Special purposes	397,930	184,680	(301)	582,309
Total fund balances	397,930	184,680	302	582,912
TOTAL LIABILITIES AND FUND BALANCES	\$ 398,132	\$ 210,559	\$ 20,521	\$ 629,212

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, 2018**

	<u>Federal APD Seized Property</u>	<u>Local Seized Property</u>	<u>Texas Narcotics Seized Property</u>	<u>Total</u>
REVENUES				
Investment earnings	\$ 1,923	\$ 1,604	\$ 99	\$ 3,626
Seized property revenue	<u>316,486</u>	<u>165,310</u>	<u>-</u>	<u>481,796</u>
Total revenues	<u>318,409</u>	<u>166,914</u>	<u>99</u>	<u>485,422</u>
EXPENDITURES				
Police protection	202,341	34,060	-	236,401
Capital outlay	<u>9,522</u>	<u>-</u>	<u>-</u>	<u>9,522</u>
Total expenditures	<u>211,863</u>	<u>34,060</u>	<u>-</u>	<u>245,923</u>
Excess (deficiency) of revenues over (under) expenditures	106,546	132,854	99	239,499
OTHER FINANCING SOURCES (USES)				
Transfer to other fund	<u>(10,856)</u>	<u>(207,990)</u>	<u>-</u>	<u>(218,846)</u>
Total other financing sources and (uses)	<u>(10,856)</u>	<u>(207,990)</u>	<u>-</u>	<u>(218,846)</u>
Net change in fund balances	95,690	(75,136)	99	20,653
FUND BALANCES, BEGINNING OF YEAR				
	<u>302,240</u>	<u>259,816</u>	<u>203</u>	<u>562,259</u>
FUND BALANCES, END OF YEAR				
	<u>\$ 397,930</u>	<u>\$ 184,680</u>	<u>\$ 302</u>	<u>\$ 582,912</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
MISCELLANEOUS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2018**

	<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>	<u>Public Library Bush Collection</u>
ASSETS							
Cash and cash equivalents	\$ 233,812	\$ 8,113	\$ 41,278	\$ 5,507	\$ 19,673	\$ 1,215,362	\$ 49,751
Accrued interest receivable	-	-	-	-	-	-	-
Investments, at fair values	-	-	-	-	-	-	-
Due from other governments	-	-	-	8,255	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 233,812</u>	<u>\$ 8,113</u>	<u>\$ 41,278</u>	<u>\$ 13,762</u>	<u>\$ 19,673</u>	<u>\$ 1,215,362</u>	<u>\$ 49,751</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Vouchers payable	\$ -	\$ -	\$ -	\$ 398	\$ -	\$ 38,383	\$ -
Accounts payable	-	8,118	-	12,480	-	439,654	-
Accrued expenditures	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-
Due to other funds - unrestricted	-	-	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>8,118</u>	<u>-</u>	<u>12,878</u>	<u>-</u>	<u>478,037</u>	<u>-</u>
FUND BALANCES							
Restricted:							
Special purposes	<u>233,812</u>	<u>(5)</u>	<u>41,278</u>	<u>884</u>	<u>19,673</u>	<u>737,325</u>	<u>49,751</u>
Total fund balances	<u>233,812</u>	<u>(5)</u>	<u>41,278</u>	<u>884</u>	<u>19,673</u>	<u>737,325</u>	<u>49,751</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 233,812</u>	<u>\$ 8,113</u>	<u>\$ 41,278</u>	<u>\$ 13,762</u>	<u>\$ 19,673</u>	<u>\$ 1,215,362</u>	<u>\$ 49,751</u>

See Independent Auditor's Report.

<u>Library Trust</u>	<u>Flood Hazard</u>	<u>Civic Amarillo</u>	<u>Zoo Trust</u>	<u>Centennial Celebration</u>	<u>Tax Increment Reinvestment Zone #1</u>	<u>Tax Increment Reinvestment Zone #2</u>	<u>Total</u>
\$ 73,134	\$ 1,035,008	\$ 470,189	\$ 116,440	\$ 20,674	\$ 911,139	\$ 20,572	\$ 4,220,652
-	1,058	-	-	-	2,580	-	3,638
-	1,250,000	-	-	-	500,000	-	1,750,000
-	-	-	-	-	-	-	8,255
-	-	-	-	-	785	-	785
<u>\$ 73,134</u>	<u>\$ 2,286,066</u>	<u>\$ 470,189</u>	<u>\$ 116,440</u>	<u>\$ 20,674</u>	<u>\$ 1,414,504</u>	<u>\$ 20,572</u>	<u>\$ 5,983,330</u>
\$ -	\$ -	\$ 70	\$ -	\$ -	\$ 50,000	\$ -	\$ 88,851
1	1	-	2	-	50,000	-	510,256
-	-	4,173	-	-	13,076	-	17,249
-	1,268,954	-	-	-	-	-	1,268,954
-	-	-	-	-	58,710	-	58,710
-	-	-	-	-	1,371,378	-	1,371,378
<u>1</u>	<u>1,268,955</u>	<u>4,243</u>	<u>2</u>	<u>-</u>	<u>1,543,164</u>	<u>-</u>	<u>3,315,398</u>
<u>73,133</u>	<u>1,017,111</u>	<u>465,946</u>	<u>116,438</u>	<u>20,674</u>	<u>(128,660)</u>	<u>20,572</u>	<u>2,667,932</u>
<u>73,133</u>	<u>1,017,111</u>	<u>465,946</u>	<u>116,438</u>	<u>20,674</u>	<u>(128,660)</u>	<u>20,572</u>	<u>2,667,932</u>
<u>\$ 73,134</u>	<u>\$ 2,286,066</u>	<u>\$ 470,189</u>	<u>\$ 116,440</u>	<u>\$ 20,674</u>	<u>\$ 1,414,504</u>	<u>\$ 20,572</u>	<u>\$ 5,983,330</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, 2018

	<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	\$ -	\$ -	\$ 24,804	\$ 197,094	\$ -	\$ -
Citizen contributions	-	-	-	-	-	-
Revenue from participating taxing entities	-	-	-	-	-	-
Charges for services	135,105	-	-	-	-	-
Fines and forfeitures	-	101,449	-	-	-	1,387,672
Investment earnings	-	-	-	-	-	3,120
Miscellaneous revenues	-	-	-	-	-	-
Total revenues	<u>135,105</u>	<u>101,449</u>	<u>24,804</u>	<u>197,094</u>	<u>-</u>	<u>1,390,792</u>
EXPENDITURES						
Other public safety and health	90,955	176,804	17,348	100,955	-	988,859
Auditorium - Coliseum	-	-	-	-	-	-
Library	-	-	-	-	-	-
Participant recreation	-	-	-	-	-	-
Economic development/tourism	-	-	-	-	-	-
Capital outlay	40,429	-	-	106,995	-	21,000
Total expenditures	<u>131,384</u>	<u>176,804</u>	<u>17,348</u>	<u>207,950</u>	<u>-</u>	<u>1,009,859</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,721</u>	<u>(75,355)</u>	<u>7,456</u>	<u>(10,856)</u>	<u>-</u>	<u>380,933</u>
OTHER FINANCING SOURCES (USES)						
Transfers to other funds	(3,506)	-	-	-	-	(276,722)
Loans to outside entities	-	-	-	-	-	-
Transfers from other funds	-	75,299	-	10,856	-	-
Total other financing sources and uses	<u>(3,506)</u>	<u>75,299</u>	<u>-</u>	<u>10,856</u>	<u>-</u>	<u>(276,722)</u>
Net change in fund balances	<u>215</u>	<u>(56)</u>	<u>7,456</u>	<u>-</u>	<u>-</u>	<u>104,211</u>
FUND BALANCES, BEGINNING OF YEAR	<u>233,597</u>	<u>51</u>	<u>33,822</u>	<u>884</u>	<u>19,673</u>	<u>633,114</u>
FUND BALANCES, END OF YEAR	<u>\$ 233,812</u>	<u>\$ (5)</u>	<u>\$ 41,278</u>	<u>\$ 884</u>	<u>\$ 19,673</u>	<u>\$ 737,325</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	Tax Increment Reinvestment Zone #2	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 221,898
-	473	-	-	412	-	-	-	885
-	-	-	-	-	-	724,176	21,889	746,065
-	-	-	197,021	74,991	-	-	-	407,117
-	-	-	-	-	-	-	-	1,489,121
685	-	27,354	-	-	-	68,441	-	99,600
-	-	-	-	-	-	-	-	-
685	473	27,354	197,021	75,403	-	792,617	21,889	2,964,686
-	-	-	-	-	-	-	-	1,374,921
-	-	-	329,701	-	-	-	-	329,701
-	483	-	-	-	-	-	-	483
-	-	-	-	42,850	-	-	-	42,850
-	-	-	-	-	-	673,581	1,317	674,898
-	-	-	-	-	-	-	-	168,424
-	483	-	329,701	42,850	-	673,581	1,317	2,591,277
685	(10)	27,354	(132,680)	32,553	-	119,036	20,572	373,409
-	-	-	-	-	-	(175,963)	-	(456,191)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	86,155
-	-	-	-	-	-	(175,963)	-	(370,036)
685	(10)	27,354	(132,680)	32,553	-	(56,927)	20,572	3,373
49,066	73,143	989,757	598,626	83,885	20,674	(71,733)	-	2,664,559
\$ 49,751	\$ 73,133	\$ 1,017,111	\$ 465,946	\$ 116,438	\$ 20,674	\$ (128,660)	\$ 20,572	\$ 2,667,932

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, 2018**

	<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	\$ 2,301,237	\$ 813,434	\$ 635,346	\$ 1,745
Restricted cash and cash equivalents	330,234	-	-	-
Investments, at fair values	8,419,308	-	1,301,923	-
Restricted investments	-	-	-	-
Due from other funds	23,990	-	-	-
Accounts receivable	107,234	-	-	-
Accrued interest receivable	38,088	-	5,928	-
TOTAL ASSETS	<u>\$ 11,220,091</u>	<u>\$ 813,434</u>	<u>\$ 1,943,197</u>	<u>\$ 1,745</u>
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Vouchers payable	\$ 25,851	\$ -	\$ 10,095	\$ -
Accounts payable	23,061	-	-	(1)
Accrued expenditures	196,362	-	-	-
Refundable security deposit	-	343,501	-	-
Total liabilities	<u>245,274</u>	<u>343,501</u>	<u>10,095</u>	<u>(1)</u>
FUND BALANCES				
Nonspendable				
Assigned for:				
Capital projects	<u>10,974,817</u>	<u>469,933</u>	<u>1,933,102</u>	<u>1,746</u>
Total fund balances	<u>10,974,817</u>	<u>469,933</u>	<u>1,933,102</u>	<u>1,746</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 11,220,091</u>	<u>\$ 813,434</u>	<u>\$ 1,943,197</u>	<u>\$ 1,745</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 Fund</u>	<u>Total</u>
\$ 1,138,471	\$ 230,204	\$ -	\$ 3,207	\$ 708,844	\$ 349,746	\$ 6,182,234
-	-	34,508,459	-	-	33,284,419	68,123,112
3,983,320	-	-	-	-	-	13,704,551
-	-	9,923,399	-	-	5,000,000	14,923,399
-	-	-	-	-	-	23,990
-	-	-	-	-	-	107,234
20,658	-	53,292	-	-	7,226	125,192
<u>\$ 5,142,449</u>	<u>\$ 230,204</u>	<u>\$ 44,485,150</u>	<u>\$ 3,207</u>	<u>\$ 708,844</u>	<u>\$ 38,641,391</u>	<u>\$ 103,189,712</u>
\$ 22,975	\$ -	\$ 5,914,161	\$ -	\$ -	\$ 1,973,806	\$ 7,946,888
-	-	518,426	-	(1)	258,750	800,235
-	-	3,368,460	-	-	-	3,564,822
-	-	-	-	-	-	343,501
<u>22,975</u>	<u>-</u>	<u>9,801,047</u>	<u>-</u>	<u>(1)</u>	<u>2,232,556</u>	<u>12,655,446</u>
<u>5,119,474</u>	<u>230,204</u>	<u>34,684,103</u>	<u>3,207</u>	<u>708,845</u>	<u>36,408,835</u>	<u>90,534,266</u>
<u>5,119,474</u>	<u>230,204</u>	<u>34,684,103</u>	<u>3,207</u>	<u>708,845</u>	<u>36,408,835</u>	<u>90,534,266</u>
<u>\$ 5,142,449</u>	<u>\$ 230,204</u>	<u>\$ 44,485,150</u>	<u>\$ 3,207</u>	<u>\$ 708,844</u>	<u>\$ 38,641,391</u>	<u>\$ 103,189,712</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, 2018**

	<u>General Construction Fund</u>	<u>Street Assessments Fund</u>	<u>Street Improvement Fund</u>	<u>Golf Course Improvement Fund</u>
REVENUES				
Intergovernmental revenues	\$ 833,519	\$ -	\$ -	\$ -
Charges for services	-	-	-	246,059
Construction participations	284,944	9,236,563	-	-
Miscellaneous	1,376,360	-	-	-
Investment earnings	175,849	315	18,582	-
Total revenues	<u>2,670,672</u>	<u>9,236,878</u>	<u>18,582</u>	<u>246,059</u>
EXPENDITURES				
Public Safety	112,571	-	-	-
Economic development/tourism	70,885	-	-	-
Capital outlay	9,367,426	9,265,512	156,640	-
Bond issuance costs	-	-	-	-
Total expenditures	<u>9,550,882</u>	<u>9,265,512</u>	<u>156,640</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,880,210)</u>	<u>(28,634)</u>	<u>(138,058)</u>	<u>246,059</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(1,900,330)	-	(148,833)	(256,088)
Transfers from other funds	2,173,771	-	1,200,000	11,775
Proceeds from issuance of long-term debt	-	-	-	-
Premium on bonds	-	-	-	-
Total other financing sources and uses	<u>273,441</u>	<u>-</u>	<u>1,051,167</u>	<u>(244,313)</u>
Net change in fund balances	(6,606,769)	(28,634)	913,109	1,746
FUND BALANCES, BEGINNING OF YEAR	<u>17,581,586</u>	<u>498,567</u>	<u>1,019,993</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 10,974,817</u>	<u>\$ 469,933</u>	<u>\$ 1,933,102</u>	<u>\$ 1,746</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 Fund</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 833,519
-	-	-	-	-	-	246,059
-	-	-	-	-	-	9,521,507
-	-	145,258	-	-	-	1,521,618
<u>76,000</u>	<u>2,222</u>	<u>468,892</u>	<u>-</u>	<u>7,999</u>	<u>387,630</u>	<u>1,137,489</u>
<u>76,000</u>	<u>2,222</u>	<u>614,150</u>	<u>-</u>	<u>7,999</u>	<u>387,630</u>	<u>13,260,192</u>
-	-	-	-	-	-	112,571
-	-	121,351	-	-	-	192,236
2,547,241	-	18,272,264	-	-	8,471,737	48,080,820
-	-	<u>988,086</u>	<u>-</u>	<u>-</u>	<u>576,408</u>	<u>1,564,494</u>
<u>2,547,241</u>	<u>-</u>	<u>19,381,701</u>	<u>-</u>	<u>-</u>	<u>9,048,145</u>	<u>49,950,121</u>
<u>(2,471,241)</u>	<u>2,222</u>	<u>(18,767,551)</u>	<u>-</u>	<u>7,999</u>	<u>(8,660,515)</u>	<u>(36,689,929)</u>
(930,077)	-	(1,202,815)	-	(7,999)	-	(4,446,142)
600,000	-	2,762,138	-	-	801,670	7,549,354
-	-	38,835,000	-	-	22,145,000	60,980,000
-	-	-	-	-	831,408	831,408
<u>(330,077)</u>	<u>-</u>	<u>40,394,323</u>	<u>-</u>	<u>(7,999)</u>	<u>23,778,078</u>	<u>64,914,620</u>
(2,801,318)	2,222	21,626,772	-	-	15,117,563	28,224,691
<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>\$ 5,119,474</u>	<u>\$ 230,204</u>	<u>\$ 34,684,103</u>	<u>\$ 3,207</u>	<u>\$ 708,845</u>	<u>\$ 36,408,835</u>	<u>\$ 90,534,266</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, 2018**

	<u>Fleet Services</u>	<u>Information Services</u>	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Total</u>
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 2,399,463	\$ 2,445,643	\$ 4,292,523	\$ 620,729	\$ 9,758,358
Investments at fair value	9,993,620	2,071,280	11,728,365	8,154,041	31,947,306
Receivables (net of allowances for uncollectibles)					
Accounts	28	477	755,157	1,168,222	1,923,884
Accrued interest	51,148	6,146	55,501	30,514	143,309
Other accrued revenue					
Due from other funds	-	1,154	-	176,734	177,888
Inventory of supplies at cost	233,917	6,516	-	-	240,433
Prepaid expenses	-	-	669,571	-	669,571
Total current assets	<u>12,678,176</u>	<u>4,531,216</u>	<u>17,501,117</u>	<u>10,150,240</u>	<u>44,860,749</u>
NONCURRENT ASSETS					
Restricted cash and cash equivalents	147,811	-	-	-	147,811
Capital assets					
Improvements	768,005	5,855,316	-	-	6,623,321
Accumulated depreciation	(247,554)	(4,195,739)	-	-	(4,443,293)
Equipment	322,958	3,735,590	62,819	4,975	4,126,342
Accumulated depreciation	(298,340)	(3,589,637)	(60,525)	(3,454)	(3,951,956)
Vehicles	71,454,558	-	-	-	71,454,558
Accumulated depreciation	(44,632,244)	-	-	-	(44,632,244)
Construction in progress	90,713	1,762,672	-	-	1,853,385
Total capital assets, net of accumulated depreciation	<u>27,458,096</u>	<u>3,568,202</u>	<u>2,294</u>	<u>1,521</u>	<u>31,030,113</u>
Total noncurrent assets	<u>27,605,907</u>	<u>3,568,202</u>	<u>2,294</u>	<u>1,521</u>	<u>31,177,924</u>
TOTAL ASSETS	<u>\$ 40,284,083</u>	<u>\$ 8,099,418</u>	<u>\$ 17,503,411</u>	<u>\$ 10,151,761</u>	<u>\$ 76,038,673</u>
DEFERRED OUTFLOWS	<u>\$ 569,085</u>	<u>\$ 621,276</u>	<u>\$ (22,051)</u>	<u>\$ 120,997</u>	<u>\$ 1,289,307</u>
LIABILITIES					
CURRENT LIABILITIES					
Vouchers payable	\$ 673,898	\$ 61,891	\$ 61,611	\$ 172,259	\$ 969,659
Accounts payable	1,723	1,242	57,690	351,335	411,990
Accrued expenses	126,950	131,265	5,675	51,036	314,926
Due to other funds	-	-	-	180,672	180,672
Bonded debt current maturity	455,000	-	-	-	455,000
Estimated liability for incurred losses	-	-	3,657,567	1,740,000	5,397,567
Current portion of capital lease liability	143,637	-	-	-	143,637
Current portion of compensated absences	11,345	87,200	2,829	2,095	103,469
Total current liabilities	<u>1,412,553</u>	<u>281,598</u>	<u>3,785,372</u>	<u>2,497,397</u>	<u>7,976,920</u>
NONCURRENT LIABILITIES					
Provision for compensated absences, net	277,110	227,454	33,788	24,110	562,462
Estimated liability for incurred losses, net of current portion	-	-	10,565,324	3,823,967	14,389,291
Capital lease liability	599,308	-	-	-	599,308
Bonded debt, net of current	7,565	-	-	-	7,565
Net OPEB liability	1,010,682	870,445	24,179	106,388	2,011,694
Net pension liability	968,108	1,082,192	(39,440)	213,460	2,224,320
Total noncurrent liabilities	<u>2,862,773</u>	<u>2,180,091</u>	<u>10,583,851</u>	<u>4,167,925</u>	<u>19,794,640</u>
TOTAL LIABILITIES	<u>\$ 4,275,326</u>	<u>\$ 2,461,689</u>	<u>\$ 14,369,223</u>	<u>\$ 6,665,322</u>	<u>\$ 27,771,560</u>
DEFERRED INFLOWS	<u>\$ 423,615</u>	<u>\$ 650,609</u>	<u>34,036</u>	<u>\$ 92,290</u>	<u>\$ 1,200,550</u>
NET POSITION					
Net investment in capital assets	\$ 26,396,223	\$ 3,568,202	\$ 2,294	\$ 1,521	\$ 29,968,240
Restricted for debt service	147,811	-	-	-	147,811
Unrestricted	9,610,193	2,040,194	3,075,807	3,513,625	18,239,819
TOTAL NET POSITION	<u>\$ 36,154,227</u>	<u>\$ 5,608,396</u>	<u>\$ 3,078,101</u>	<u>\$ 3,515,146</u>	<u>\$ 48,355,870</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, 2018**

	<u>Fleet Services</u>	<u>Information Services</u>	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ 1,572,416	\$ 1,572,416
Internal charges	15,972,569	6,121,347	6,135,456	17,848,642	46,078,014
Employee contributions	-	-	-	5,799,485	5,799,485
Miscellaneous	-	-	-	(2,152)	(2,152)
Total operating revenues	<u>15,972,569</u>	<u>6,121,347</u>	<u>6,135,456</u>	<u>25,218,391</u>	<u>53,447,763</u>
OPERATING EXPENSES					
Salaries, wages, fringes	2,544,074	2,621,895	117,847	323,423	5,607,239
Supplies	2,939,648	146,913	654,880	58,424	3,799,865
Fuel and oil	2,690,361	-	-	-	2,690,361
Contractual services	264,108	1,910,050	107,364	2,222,249	4,503,771
Claims, net of settlements	-	-	3,958,957	21,664,093	25,623,050
Other charges	1,200,959	113,961	1,365,538	1,500,630	4,181,088
Depreciation	7,392,444	525,900	1,450	66	7,919,860
Total operating expenses	<u>17,031,594</u>	<u>5,318,719</u>	<u>6,206,036</u>	<u>25,768,885</u>	<u>54,325,234</u>
Operating income (loss)	<u>(1,059,025)</u>	<u>802,628</u>	<u>(70,580)</u>	<u>(550,494)</u>	<u>(877,471)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest earnings	170,430	41,699	223,013	120,557	555,699
Changes in value of investments	(13,020)	(5,698)	(20,369)	(24,839)	(63,926)
Interest and fiscal charges	(151,645)	-	-	-	(151,645)
Gain (loss) on property sales	58,456	(5,299)	-	-	53,157
Miscellaneous revenues	112,808	-	-	-	112,808
Total nonoperating revenues (expenses)	<u>177,029</u>	<u>30,702</u>	<u>202,644</u>	<u>95,718</u>	<u>506,093</u>
Income (loss) before contributions and transfers	(881,996)	833,330	132,064	(454,776)	(371,378)
TRANSFERS					
TO MUNICIPALITY - CASH	(2,270)	-	(182)	(159)	(2,611)
FROM MUNICIPALITY - CASH	356,003	63,508	-	-	419,511
Change in net position	<u>(528,263)</u>	<u>896,838</u>	<u>131,882</u>	<u>(454,935)</u>	<u>45,522</u>
NET POSITION AT					
BEGINNING 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>
PRIOR PERIOD ADJUSTMENT	<u>(999,321)</u>	<u>(860,660)</u>	<u>(23,908)</u>	<u>99,652,387</u>	<u>97,768,498</u>
TOTAL NET POSITION AT BEGINNING OF YEAR, RESTATED	<u>36,682,490</u>	<u>4,711,558</u>	<u>2,946,219</u>	<u>3,970,081</u>	<u>48,310,348</u>
NET POSITION AT END OF YEAR	<u>\$ 36,154,227</u>	<u>\$ 5,608,396</u>	<u>\$ 3,078,101</u>	<u>\$ 3,515,146</u>	<u>\$ 48,355,870</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018**

	<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	\$ 15,972,569	\$ 6,121,664	\$ 6,275,655	\$ 25,033,472	\$ 53,403,360
Cash payments to suppliers for goods and services	(6,701,550)	(2,225,006)	(2,509,028)	(3,715,047)	(15,150,631)
Cash payments to employees	(2,531,143)	(2,642,309)	(105,637)	(311,621)	(5,590,710)
Cash payments for claims and loss adjustments	-	-	(3,272,325)	(20,605,239)	(23,877,564)
Net cash provided (used) by operating activities	<u>6,739,876</u>	<u>1,254,349</u>	<u>388,665</u>	<u>401,565</u>	<u>8,784,455</u>
CASH FLOWS FROM NONCAPITAL					
FINANCING ACTIVITIES					
Transfers from other funds	356,003	-	-	(4,284)	351,719
Transfers to other funds	-	63,508	(182)	-	63,326
Amounts borrowed/repaid from other funds	-	-	-	(159)	(159)
Amounts loaned to other funds	(2,270)	4,565	-	(14,940)	(12,645)
Net cash provided (used) by noncapital financing activities	<u>353,733</u>	<u>68,073</u>	<u>(182)</u>	<u>(19,383)</u>	<u>402,241</u>
CASH FLOWS FROM CAPITAL					
FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(6,221,339)	(562,891)	-	-	(6,784,230)
Principal paid on bond maturities	(925,000)	-	-	-	(925,000)
Proceeds from issuance of bonds	-	-	-	-	-
Principal paid on capital lease	(105,861)	-	-	-	(105,861)
Interest expense	(207,886)	-	-	-	(207,886)
Insurance proceeds	112,808	-	-	-	112,808
Proceeds from sale of equipment	829,783	43,613	-	-	873,396
Net cash provided (used) by capital financing activities	<u>(6,517,495)</u>	<u>(519,278)</u>	<u>-</u>	<u>-</u>	<u>(7,036,773)</u>
CASH FLOWS FROM INVESTING					
ACTIVITIES					
Proceeds from sales and maturities of investment securities	8,500,000	2,250,000	16,000,000	7,250,000	34,000,000
Purchase of investment securities	(9,767,205)	(1,840,405)	(14,527,657)	(8,459,536)	(34,594,803)
Interest and gains (losses) on investments	154,008	54,782	221,047	135,993	565,830
Net cash provided (used) by investing activities	<u>(1,113,197)</u>	<u>464,377</u>	<u>1,693,390</u>	<u>(1,073,543)</u>	<u>(28,973)</u>
Net increase (decrease) in cash and cash equivalents	(537,083)	1,267,521	2,081,873	(691,361)	2,120,950
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<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>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 2,547,274</u>	<u>\$ 2,445,643</u>	<u>\$ 4,292,523</u>	<u>\$ 620,729</u>	<u>\$ 9,906,169</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS, CONTINUED
YEAR ENDED SEPTEMBER 30, 2018**

	<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)	\$ (1,059,025)	\$ 802,628	\$ (70,580)	\$ (550,494)	\$ (877,471)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	7,392,444	525,900	1,450	66	7,919,860
(Increase) decrease in accounts receivable	-	317	140,199	(184,919)	(44,403)
(Increase) decrease in deferred outflows	134,970	177,854	10,310	25,884	349,018
(Increase) decrease in inventories	(40,076)	488	-	-	(39,588)
(Increase) decrease in prepaid expenses	-	-	(99,324)	-	(99,324)
Increase (decrease) in vouchers payable	431,879	(55,812)	(37,475)	23,648	362,240
Increase (decrease) in accounts payable	1,723	1,242	(38,375)	41,412	6,002
Increase (decrease) in accrued expenses	5,015	(34,204)	(206,230)	1,806	(233,613)
Increase (decrease) in deferred inflows	396,938	610,456	32,221	86,397	1,126,012
Increase (decrease) in provision for compensated absences	(27,186)	(52,061)	8,516	1,579	(69,152)
Increase (decrease) in estimated claims liabilities	-	-	-	1,060,050	1,060,050
Increase (decrease) in net OPEB liability	(26,820)	9,785	270	-	(16,765)
Increase (decrease) in net pension liability	(469,986)	(732,244)	(38,949)	(103,864)	(1,345,043)
Increase (decrease) in IBNR accrual	-	-	686,632	-	686,632
Net cash provided (used) by operating activities	<u>\$ 6,739,876</u>	<u>\$ 1,254,349</u>	<u>\$ 388,665</u>	<u>\$ 401,565</u>	<u>\$ 8,784,455</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Decreases (increases) in fair values of investments	\$ 13,020	\$ 5,698	\$ 20,369	\$ 24,839	\$ 63,926
Transfers (to) from other funds - investments	-	63,508	-	4,284	67,792
Capital lease	742,945	-	-	-	742,945
Amortization of bond premium	(13,295)	-	-	-	(13,295)

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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, 2018**

ASSETS

Cash and cash equivalents	\$ 2,625,080
Restricted cash and cash equivalents	1,068,601
Investments at fair value	42,898,244
Receivables (net of allowances for uncollectibles)	
Property taxes	237,720
Solid waste and other	2,292,707
Accrued interest	214,878
Other accrued revenue	1,717,204
Due from other funds	650,191
Due from other governments	5,593,528
Inventory of supplies	1,398,034
Prepaid items	34,874
Advances to other funds	685,689
TOTAL ASSETS	\$ 59,416,750

LIABILITIES AND FUND BALANCE

LIABILITIES

Vouchers payable	\$ 1,474,969
Accounts payable	2,664,699
Accrued expenditures	6,059,607
Deposits	12,177
Due to other funds - unrestricted	8,860
Due to other governments	843,202
Unearned revenue - property taxes	163,525
Unearned revenues - other	102,491
Total liabilities	<u>11,329,530</u>

FUND BALANCE

Nonspendable:	
Inventory	1,398,034
Prepaid items	34,874
Uncollected taxes	74,195
Advances to other funds	685,689
Unassigned	45,894,428
Total fund balance	<u>48,087,220</u>

TOTAL LIABILITIES AND FUND BALANCE	\$ 59,416,750
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**CITY OF AMARILLO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SEPTEMBER 30, 2018**

REVENUES	
Taxes	\$ 126,924,503
License and permits	3,300,746
Interfund revenues	1,297,732
Intergovernmental revenues	4,433,519
Contributions - citizens	48,883
Charges for services	36,066,879
Fines and forfeitures	4,578,390
Investment earnings	782,752
Other rentals and commissions	482,908
Miscellaneous	192,617
	<hr/>
Total revenues	178,108,929
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EXPENDITURES	
Current	
General government	4,148,506
Staff services	10,133,298
Public safety and health	
Police protection	46,576,440
Fire protection	32,608,575
Other	11,402,435
Streets, traffic and engineering	15,016,651
Culture and recreation	
Auditorium-coliseum	3,526,901
Libraries	4,014,382
Parks	7,610,495
Participant recreation	7,029,465
Solid waste	15,293,540
Transit system	5,038,578
Information technology	3,996,924
Economic development/tourism	3,108,395
Capital outlay	1,318,293
	<hr/>
Total expenditures	170,822,878
	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	7,286,051
OTHER FINANCING SOURCES (USES)	
Transfers from other funds	1,035,808
Transfers to other funds	(5,897,312)
	<hr/>
Net change in fund balance	2,424,547
	<hr/>
FUND BALANCE, BEGINNING OF YEAR	45,662,673
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FUND BALANCE, END OF YEAR	\$ 48,087,220
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**CITY OF AMARILLO, TEXAS
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES
YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual revenue</u>	<u>Budget</u>	<u>Variance with final budget positive (negative)</u>
TAXES			
General property taxes			
Ad valorem tax collections	\$ 39,857,314	\$ 39,431,478	\$ 425,836
Penalty and interest on delinquent taxes	279,100	306,422	(27,322)
Water & sewer utility	3,926,295	3,742,930	183,365
General sales tax	57,403,769	55,563,043	1,840,726
Mixed beverage tax	893,587	822,423	71,164
Hotel occupancy tax	6,932,936	6,814,309	118,627
Hotel occupancy tax rebate	(577,260)	-	(577,260)
Gross receipts business taxes:			
Electric utility	8,788,795	8,384,820	403,975
Telephone utility	956,054	1,011,771	(55,717)
Gas utility	2,888,563	3,196,213	(307,650)
Cable television	1,964,847	2,252,678	(287,831)
Water & Sewer utility	3,610,503	3,615,169	(4,666)
Total taxes	<u>126,924,503</u>	<u>125,141,256</u>	<u>1,783,247</u>
LICENSES AND PERMITS			
Food and beverage establishments			
Liquor, beer and wine licenses	105,131	100,000	5,131
Restaurant permits	782,552	705,000	77,552
Food handler permits	51,623	35,000	16,623
Miscellaneous occupational			
Occupational and business	112,910	108,500	4,410
Transient bus licenses	900	2,200	(1,300)
Solicitation permits	1,485	7,200	(5,715)
Building and structures			
Building permits	1,420,110	1,901,810	(481,700)
Electrical permits	93,915	135,000	(41,085)
Plumbing and gas permits	406,603	453,000	(46,397)
Heating and air permits	130,460	150,000	(19,540)
Sewage disposal permits	145,777	132,500	13,277
Mobile home parks	49,280	24,300	24,980
Total licenses and permits	<u>3,300,746</u>	<u>3,754,510</u>	<u>(453,764)</u>
INTERFUND REVENUES			
Airport animal control	18,000	18,000	-
Communication services	-	10,000	(10,000)
Sales to other funds	964,286	1,062,360	(98,074)
Other interfund reimbursements	315,446	566,464	(251,018)
Total interfund revenue	<u>1,297,732</u>	<u>1,656,824</u>	<u>(359,092)</u>
INTERGOVERNMENTAL REVENUES			
General government			
Auditorium operating assistance	398,004	398,004	-
Public safety and health			
Emergency management participations	274,030	274,456	(426)
Other	433,274	319,610	113,664
Solid waste	-	-	-
State shared revenues	50,737	52,000	(1,263)
Transit			
Federal/state operating assistance	3,277,474	3,173,102	104,372
Total intergovernmental revenues	<u>4,433,519</u>	<u>4,217,172</u>	<u>216,347</u>
CONTRIBUTIONS FROM CITIZENS			
Donations unrestricted	48,883	280,262	(231,379)

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES, CONTINUED
YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual revenue</u>	<u>Budget</u>	<u>Variance with final budget positive (negative)</u>
CHARGES FOR SERVICES			
General government			
Zoning, planning application fees	112,431	90,975	21,456
Sale of city publications	-	30	(30)
Construction and development fees	111,465	287,220	(175,755)
Staff services			
Indirect cost reimbursement	1,786,573	1,847,330	(60,757)
Business type fund administrative fees			
Water & sewer administrative	1,447,014	1,447,014	-
Airport	166,480	166,480	-
Other administrative fees			
Weed mowing contract	287,209	425,000	(137,791)
Weed bad debt adjustment	(338,495)	(338,870)	375
Wrecker service contract	51,117	53,000	(1,883)
Fiscal agent fees	143,211	148,006	(4,795)
Technology fees	164,749	120,000	44,749
Public safety and health			
Police liaison officer	1,038,905	1,029,019	9,886
AECC participations	1,008,525	1,090,672	(82,147)
EMS support	154,200	154,200	-
Warrant fees	500,838	570,500	(69,662)
Traffic accident reports	32,280	43,000	(10,720)
Airport fire service fee	1,859,146	1,859,146	-
Fire inspections	96,568	105,600	(9,032)
Animal shelter fees	58,373	116,590	(58,217)
Vital statistics fee	248,247	250,000	(1,753)
Miscellaneous health department fees	1,470	3,500	(2,030)
Culture & recreation			
Auditorium rentals	1,576,090	1,442,505	133,585
Auditorium concessions	375,175	315,698	59,477
Auditorium box office	394,361	318,700	75,661
Library late fees	89,262	100,000	(10,738)
Library copy charges	32,108	30,000	2,108
Nonresident library fees	13,099	12,000	1,099
Baseball field rentals	46,660	75,100	(28,440)
Golf green fees	1,064,275	1,189,678	(125,403)
Golf membership fees	219,490	399,534	(180,044)
Golf other	1,725,654	513,786	1,211,868
Swimming pool fees	134,868	164,347	(29,479)
Tennis center fees	7,920	7,548	372
Warford Center	32,359	-	32,359
Zoo admission fees	247,014	278,750	(31,736)
Rifle range fees	97,783	123,500	(25,717)
Entry and tournament fees	328,743	365,110	(36,367)
Admission fees	13,607	2,500	11,107
Solid waste			
Collection & disposal fees	17,501,581	17,434,272	67,309
Landfill charges	2,571,519	2,550,000	21,519
Recyclable materials	63,973	40,000	23,973
Forfeited discounts	401,804	410,000	(8,196)
Transit			
Passenger revenue	139,132	131,267	7,865
Demand response	35,428	29,000	6,428
Miscellaneous transit revenue	24,668	24,228	440
Total charges for services	<u>36,066,879</u>	<u>35,425,935</u>	<u>640,944</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES, CONTINUED
YEAR ENDED SEPTEMBER 30, 2018**

	<u>Actual revenue</u>	<u>Budget</u>	<u>Variance with final budget positive (negative)</u>
FINES AND FORFEITURES			
Traffic fines	3,350,048	3,247,500	102,548
Misdemeanor fees	326,441	446,400	(119,959)
Parking fines	116,263	136,600	(20,337)
Court Fees	3,540	8,700	(5,160)
Other court revenue	85,877	72,400	13,477
Miscellaneous fines	179,612	186,100	(6,488)
State court costs	516,609	500,200	16,409
Total fines and forfeitures	<u>4,578,390</u>	<u>4,597,900</u>	<u>(19,510)</u>
INVESTMENT EARNINGS			
Interest earnings	782,752	545,300	237,452
Total investment earnings	<u>782,752</u>	<u>545,300</u>	<u>237,452</u>
OTHER RENTALS AND COMMISSIONS			
Amusement park commissions	99,126	109,000	(9,874)
Municipal building rents	253,998	238,550	15,448
Surface land rents	37,217	36,620	597
Miscellaneous concessions	92,567	83,181	9,386
Total rental/commissions	<u>482,908</u>	<u>467,351</u>	<u>15,557</u>
MISCELLANEOUS			
Use of money and property:			
Miscellaneous revenues	127,769	275,724	(147,955)
Sales to outside utilities	44,179	65,000	(20,821)
Appraisal district refunds	5,617	17,300	(11,683)
Discounts earned	5,018	1,500	3,518
Sale of property and gains	10,034	14,500	(4,466)
Bad debt/exp recovery	-	-	-
Total miscellaneous	<u>192,617</u>	<u>374,024</u>	<u>(181,407)</u>
TOTAL REVENUES	<u>\$ 178,108,929</u>	<u>\$ 176,460,534</u>	<u>\$ 1,648,395</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT (GAAP BASIS)
YEAR ENDED SEPTEMBER 30, 2018**

	<u>Salaries, wages and fringe benefits</u>	<u>Supplies</u>	<u>Contractual services</u>
GENERAL GOVERNMENT			
Mayor and council	\$ 2,669	\$ 9,787	\$ 19,896
City manager	1,082,165	15,537	148,959
Office of public communication	271,810	19,935	11,283
City secretary	212,662	3,903	1,140
Municipal court	1,130,126	41,207	51,450
Judicial	505,189	5,546	49,707
Planning and zoning	403,857	9,007	29,505
Total general government	<u>3,608,478</u>	<u>104,922</u>	<u>311,940</u>
STAFF SERVICES			
Financial administration			
Director of finance	488,672	19,974	527,315
Accounting	930,453	38,222	165,760
Benefits	244,247	-	-
Purchasing	532,098	7,829	29,535
Central stores	336,480	2,680	18,058
Information technology	-	-	-
Legal	755,951	48,321	289,393
Personnel			
Human resources	630,498	170,382	126,814
Safety and training	259,768	10,558	6,936
Radio communications	291,652	24,106	51,347
Occupancy			
Custodial operations	1,065,073	468,086	16,422
Building maintenance	1,737,210	68,354	580,607
Total staff services	<u>7,272,102</u>	<u>858,512</u>	<u>1,812,187</u>
PUBLIC SAFETY AND HEALTH			
Police			
Police	36,670,608	1,254,492	3,042,190
Civilian personnel	2,949,194	-	2,026,713
Miscellaneous police programs	534	-	-
Total police protection	<u>39,620,336</u>	<u>1,254,492</u>	<u>5,068,903</u>
Fire protection			
Fire operations	28,208,496	1,432,214	1,215,252
Civilian personnel	1,456,832	17,924	36,736
Total fire protection	<u>29,665,328</u>	<u>1,450,138</u>	<u>1,251,988</u>
Other			
Building safety	1,936,777	45,863	311,127
Animal management and welfare	2,175,027	369,884	243,335
Emergency services	254,217	32,165	55,073
AECC	3,948,974	50,512	261,091
Environmental health	937,404	20,532	211,111
Vital statistics	47,045	11,134	1,160
Total other	<u>9,299,444</u>	<u>530,090</u>	<u>1,082,897</u>
Total public safety and health	<u>78,585,108</u>	<u>3,234,720</u>	<u>7,403,788</u>

See Independent Auditor's Report.

<u>Other charges</u>	<u>Total</u>	<u>Capital outlay</u>	<u>Total (GAAP) basis</u>
\$ 36,089	\$ 68,441	\$ -	\$ 68,441
17,941	1,264,602	-	1,264,602
5,290	308,318	-	308,318
10,189	227,894	-	227,894
24,974	1,247,757	-	1,247,757
7,261	567,703	-	567,703
21,422	463,791	-	463,791
<u>123,166</u>	<u>4,148,506</u>	<u>-</u>	<u>4,148,506</u>
6,679	1,042,640	-	1,042,640
7,951	1,142,386	-	1,142,386
2,594	246,841	-	246,841
3,845	573,307	-	573,307
(2,363)	354,855	-	354,855
3,996,924	3,996,924	-	3,996,924
30,473	1,124,138	-	1,124,138
13,061	940,755	-	940,755
3,456	280,718	-	280,718
7,564	374,669	-	374,669
11,485	1,561,066	-	1,561,066
105,752	2,491,923	8,894	2,500,817
<u>4,187,421</u>	<u>14,130,222</u>	<u>8,894</u>	<u>14,139,116</u>
605,668	41,572,958	2,130	41,575,088
27,041	5,002,948	-	5,002,948
-	534	-	534
<u>632,709</u>	<u>46,576,440</u>	<u>2,130</u>	<u>46,578,570</u>
221,431	31,077,393	-	31,077,393
19,690	1,531,182	-	1,531,182
<u>241,121</u>	<u>32,608,575</u>	<u>-</u>	<u>32,608,575</u>
61,419	2,355,186	-	2,355,186
39,241	2,827,487	-	2,827,487
110,654	452,109	-	452,109
261,932	4,522,509	-	4,522,509
15,120	1,184,167	-	1,184,167
1,638	60,977	-	60,977
<u>490,004</u>	<u>11,402,435</u>	<u>-</u>	<u>11,402,435</u>
<u>1,363,834</u>	<u>90,587,450</u>	<u>2,130</u>	<u>90,589,580</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT (GAAP BASIS), CONTINUED
YEAR ENDED SEPTEMBER 30, 2018**

	<u>Salaries, wages and fringe benefits</u>	<u>Supplies</u>	<u>Contractual services</u>
STREETS, TRAFFIC & ENGINEERING			
Street maintenance	4,368,062	241,111	4,389,353
Traffic engineering	481,125	13,997	59,972
Traffic field operations	1,033,841	2,046,590	589,542
Public works	361,933	22,018	25,857
Capital projects and development	1,107,309	41,563	122,766
Total streets, traffic, engineering	<u>7,352,270</u>	<u>2,365,279</u>	<u>5,187,490</u>
CULTURE & RECREATION			
Auditorium - coliseum			
Civic Center operations	993,260	453,107	149,352
Civic Center administration	413,413	14,164	54,197
Box office operations	262,965	2,027	34,498
Civic Center sports	104,471	331,057	65,634
Globe News Center	126,587	111,856	22,161
Library operations	3,058,951	659,591	147,131
Parks			
Parks administration	378,833	36,089	13,009
Park maintenance	3,839,087	1,737,477	1,351,934
Senior services	99,904	4,402	52,186
Participant recreation			
Golf Operations	2,375,335	1,649,477	547,226
Warford Center	228,177	68,316	29,449
Zoo	426,205	98,663	37,327
Swimming pools	250,099	115,853	44,662
Tennis center	21,753	27,358	43,561
Parks and recreation programs	785,287	64,870	90,343
Total culture and recreation	<u>13,364,327</u>	<u>5,374,307</u>	<u>2,682,670</u>
SOLID WASTE			
Solid waste collection	5,135,795	512,278	4,671,653
Solid waste disposal	2,246,719	229,676	2,129,928
Total solid waste	<u>7,382,514</u>	<u>741,954</u>	<u>6,801,581</u>
TRANSIT			
Fixed route	2,055,869	618,847	59,147
Demand response	974,383	246,786	47,527
Transit maintenance	481,476	2,866	-
Total transit	<u>3,511,728</u>	<u>868,499</u>	<u>106,674</u>
ECONOMIC DEVELOPMENT			
Tourism support	-	-	2,907,410
Economic development	182,180	1,711	15,161
Total economic development	<u>182,180</u>	<u>1,711</u>	<u>2,922,571</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 121,258,707</u>	<u>\$ 13,549,904</u>	<u>\$ 27,228,901</u>

See Independent Auditor's Report.

<u>Other charges</u>	<u>Total</u>	<u>Capital outlay</u>	<u>Total (GAAP) basis</u>
40,244	9,038,770	1,274,000	10,312,770
28,707	583,801	-	583,801
11,770	3,681,743	-	3,681,743
20,118	429,926	-	429,926
10,773	1,282,411	-	1,282,411
<u>111,612</u>	<u>15,016,651</u>	<u>1,274,000</u>	<u>16,290,651</u>
257,332	1,853,051	9,875	1,862,926
48,781	530,555	-	530,555
46,666	346,156	-	346,156
845	502,007	-	502,007
34,528	295,132	-	295,132
148,709	4,014,382	-	4,014,382
4,418	432,349	-	432,349
91,334	7,019,832	-	7,019,832
1,822	158,314	-	158,314
35,821	4,607,859	-	4,607,859
4,222	330,164	-	330,164
9,399	571,594	-	571,594
19,486	430,100	-	430,100
3,630	96,302	-	96,302
52,946	993,446	-	993,446
<u>759,939</u>	<u>22,181,243</u>	<u>9,875</u>	<u>22,191,118</u>
63,176	10,382,902	2,277	10,385,179
304,315	4,910,638	-	4,910,638
<u>367,491</u>	<u>15,293,540</u>	<u>2,277</u>	<u>15,295,817</u>
374,183	3,108,046	21,117	3,129,163
129,289	1,397,985	-	1,397,985
48,205	532,547	-	532,547
<u>551,677</u>	<u>5,038,578</u>	<u>21,117</u>	<u>5,059,695</u>
-	2,907,410	-	2,907,410
1,933	200,985	-	200,985
<u>1,933</u>	<u>3,108,395</u>	<u>-</u>	<u>3,108,395</u>
<u>\$ 7,467,073</u>	<u>\$ 169,504,585</u>	<u>\$ 1,318,293</u>	<u>\$ 170,822,878</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2018**

	<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	\$ 68,441	\$ -	\$ 68,441	\$ -
City manager	1,264,602	-	1,264,602	-
Office of public communication	308,318	-	308,318	-
City secretary	227,894	-	227,894	-
Municipal court	1,247,757	-	1,247,757	-
Judicial	567,703	-	567,703	-
Planning and zoning	463,791	-	463,791	-
Total general government	<u>4,148,506</u>	<u>-</u>	<u>4,148,506</u>	<u>-</u>
STAFF SERVICES				
Financial administration				
Director of finance	1,042,640	-	1,042,640	-
Accounting	1,142,386	-	1,142,386	-
Benefits	246,841	-	246,841	349
Purchasing	573,307	-	573,307	-
Central stores	354,855	-	354,855	-
Information technology	3,996,924	-	3,996,924	-
Legal	1,124,138	-	1,124,138	-
Personnel				
Human resources	940,755	-	940,755	9,314
Safety and training	280,718	-	280,718	-
Radio communications	374,669	-	374,669	8,300
Occupancy				
Custodial operations	1,561,066	-	1,561,066	-
Building maintenance	2,491,923	8,894	2,500,817	-
Total staff services	<u>14,130,222</u>	<u>8,894</u>	<u>14,139,116</u>	<u>17,963</u>
PUBLIC SAFETY AND HEALTH				
Police				
Police	41,572,958	2,130	41,575,088	64,226
Civilian personnel	5,002,948	-	5,002,948	-
Miscellaneous police programs	534	-	534	-
Total police protection	<u>46,576,440</u>	<u>2,130</u>	<u>46,578,570</u>	<u>64,226</u>
Fire Protection				
Fire operations	31,077,393	-	31,077,393	169,955
Civilian personnel	1,531,182	-	1,531,182	-
Total fire protection	<u>32,608,575</u>	<u>-</u>	<u>32,608,575</u>	<u>169,955</u>
Other				
Building safety	2,355,186	-	2,355,186	360
Animal management and welfare	2,827,487	-	2,827,487	3,196
Emergency services	452,109	-	452,109	3,200
AECC	4,522,509	-	4,522,509	5,010
Environmental health	1,184,167	-	1,184,167	653
Vital statistics	60,977	-	60,977	-
Total other	<u>11,402,435</u>	<u>-</u>	<u>11,402,435</u>	<u>12,419</u>
Total public safety and health	<u>90,587,450</u>	<u>2,130</u>	<u>90,589,580</u>	<u>246,600</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>
\$ -	\$ 68,441	\$ 82,360	\$ 82,360	\$ 13,919
439	1,265,041	1,252,252	1,252,093	(12,948)
-	308,318	286,840	287,174	(21,144)
26,495	254,389	337,440	338,480	84,091
-	1,247,757	1,364,429	1,371,047	123,290
-	567,703	540,611	571,131	3,428
-	463,791	689,287	690,437	226,646
<u>26,934</u>	<u>4,175,440</u>	<u>4,553,219</u>	<u>4,592,722</u>	<u>417,282</u>
-	1,042,640	1,105,449	1,101,130	58,490
-	1,142,386	1,193,804	1,197,386	55,000
-	246,492	264,266	265,180	18,688
12,000	585,307	605,990	608,447	23,140
-	354,855	377,796	381,050	26,195
-	3,996,924	3,990,781	3,990,781	(6,143)
6,914	1,131,052	1,100,336	1,100,624	(30,428)
-	931,441	974,643	1,008,370	76,929
-	280,718	308,049	309,092	28,374
2,710	369,079	365,269	363,129	(5,950)
2,510	1,563,576	1,647,390	1,654,459	90,883
2,573	2,503,390	2,644,836	2,653,441	150,051
<u>26,707</u>	<u>14,147,860</u>	<u>14,578,609</u>	<u>14,633,089</u>	<u>485,229</u>
22,836	41,533,698	41,148,000	41,143,212	(390,486)
-	5,002,948	4,942,104	4,958,570	(44,378)
-	534	12,120	12,120	11,586
<u>22,836</u>	<u>46,537,180</u>	<u>46,102,224</u>	<u>46,113,902</u>	<u>(423,278)</u>
95,792	31,003,230	30,671,802	30,891,307	(111,923)
-	1,531,182	1,530,800	1,534,902	3,720
<u>95,792</u>	<u>32,534,412</u>	<u>32,202,602</u>	<u>32,426,209</u>	<u>(108,203)</u>
-	2,354,826	2,950,531	2,648,063	293,237
2,732	2,827,023	2,778,508	2,787,520	(39,503)
-	448,909	457,195	454,488	5,579
-	4,517,499	4,565,776	4,577,237	59,738
14,274	1,197,788	1,164,988	1,166,594	(31,194)
2,010	62,987	59,203	59,645	(3,342)
<u>19,016</u>	<u>11,409,032</u>	<u>11,976,201</u>	<u>11,693,547</u>	<u>284,515</u>
<u>137,644</u>	<u>90,480,624</u>	<u>90,281,027</u>	<u>90,233,658</u>	<u>(246,966)</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS, CONTINUED
YEAR ENDED SEPTEMBER 30, 2018**

	<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	9,038,770	1,274,000	10,312,770	646,478
Traffic engineering	583,801	-	583,801	-
Traffic field operations	3,681,743	-	3,681,743	26,969
Public works	429,926	-	429,926	82
Capital projects and development	1,282,411	-	1,282,411	-
Total streets, traffic, engineering	<u>15,016,651</u>	<u>1,274,000</u>	<u>16,290,651</u>	<u>673,529</u>
CULTURE & RECREATION				
Auditorium - coliseum				
Civic Center operations	1,853,051	9,875	1,862,926	6,128
Civic Center administration	530,555	-	530,555	-
Box office operations	346,156	-	346,156	-
Civic Center sports	502,007	-	502,007	-
Globe News Center	295,132	-	295,132	-
Library operations	4,014,382	-	4,014,382	-
Parks				
Parks administration	432,349	-	432,349	-
Park maintenance	7,019,832	-	7,019,832	1,070
Senior services	158,314	-	158,314	-
Participant Recreation				
Golf Operations	4,607,859	-	4,607,859	-
Warford Center	330,164	-	330,164	-
Zoo	571,594	-	571,594	-
Swimming pools	430,100	-	430,100	-
Tennis center	96,302	-	96,302	-
Parks and recreation programs	993,446	-	993,446	-
Total culture and recreation	<u>22,181,243</u>	<u>9,875</u>	<u>22,191,118</u>	<u>7,198</u>
SOLID WASTE				
Solid waste collection	10,382,902	2,277	10,385,179	-
Solid waste disposal	4,910,638	-	4,910,638	45,551
Total solid waste	<u>15,293,540</u>	<u>2,277</u>	<u>15,295,817</u>	<u>45,551</u>
TRANSIT				
Fixed route	3,108,046	21,117	3,129,163	11,772
Demand response	1,397,985	-	1,397,985	-
Transit maintenance	532,547	-	532,547	-
Total transit	<u>5,038,578</u>	<u>21,117</u>	<u>5,059,695</u>	<u>11,772</u>
ECONOMIC DEVELOPMENT				
Tourism support	2,907,410	-	2,907,410	84,170
Economic development	200,985	-	200,985	-
Total economic development	<u>3,108,395</u>	<u>-</u>	<u>3,108,395</u>	<u>84,170</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 169,504,585</u>	<u>\$ 1,318,293</u>	<u>\$ 170,822,878</u>	<u>\$ 1,086,783</u>
OPERATING TRANSFERS:				
Operating Transfers to Other Funds	\$ 5,897,312	\$ -	\$ 5,897,312	\$ -
Operating Transfers from Other Funds	(1,035,808)	-	(1,035,808)	-
TOTALS INCLUDING TRANSFERS	<u>\$ 174,366,089</u>	<u>\$ 1,318,293</u>	<u>\$ 175,684,382</u>	<u>\$ 1,086,783</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>
11,360	9,677,652	10,282,793	10,284,166	606,514
222	584,023	662,128	663,864	79,841
-	3,654,774	3,717,983	3,722,043	67,269
-	429,844	483,938	484,379	54,535
23,672	1,306,083	1,634,271	1,643,560	337,477
<u>35,254</u>	<u>15,652,376</u>	<u>16,781,113</u>	<u>16,798,012</u>	<u>1,145,636</u>
-	1,856,798	2,058,102	2,063,932	207,134
-	530,555	552,384	554,161	23,606
-	346,156	349,259	350,156	4,000
-	502,007	465,032	465,431	(36,576)
-	295,132	349,808	350,444	55,312
-	4,014,382	4,087,743	4,105,124	90,742
5,749	438,098	526,327	525,877	87,779
16,363	7,035,125	7,187,233	7,158,483	123,358
-	158,314	249,922	367,470	209,156
-	4,607,859	3,676,447	3,686,247	(921,612)
16,290	346,454	541,305	541,305	194,851
916	572,510	539,744	541,114	(31,396)
9,063	439,163	485,950	486,100	46,937
-	96,302	102,127	102,127	5,825
500	993,946	1,107,693	1,109,016	115,070
<u>48,881</u>	<u>22,232,801</u>	<u>22,279,076</u>	<u>22,406,987</u>	<u>174,186</u>
392,278	10,777,457	9,744,603	10,582,516	(194,941)
8,205	4,873,292	4,598,930	4,607,538	(265,754)
<u>400,483</u>	<u>15,650,749</u>	<u>14,343,533</u>	<u>15,190,054</u>	<u>(460,695)</u>
11,619	3,129,010	3,093,426	3,079,431	(49,579)
-	1,397,985	1,595,313	1,601,512	203,527
-	532,547	581,115	583,261	50,714
<u>11,619</u>	<u>5,059,542</u>	<u>5,269,854</u>	<u>5,264,204</u>	<u>204,662</u>
64,000	2,887,240	2,960,642	2,960,642	73,402
-	200,985	180,618	179,527	(21,458)
<u>64,000</u>	<u>3,088,225</u>	<u>3,141,260</u>	<u>3,140,169</u>	<u>51,944</u>
<u>\$ 751,522</u>	<u>\$ 170,487,617</u>	<u>\$ 171,227,691</u>	<u>\$ 172,258,895</u>	<u>\$ 1,771,278</u>
\$ -	\$ 5,897,312	\$ 5,521,743	\$ 5,655,311	\$ (242,001)
-	(1,035,808)	(156,515)	(967,256)	68,552
<u>\$ 751,522</u>	<u>\$ 175,349,121</u>	<u>\$ 176,592,919</u>	<u>\$ 176,946,950</u>	<u>\$ 1,597,829</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, 2018**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 14,805,768
Investments, at fair values	48,987,054
Accounts receivable, net of allowances	7,497,259
Accrued interest receivable	237,301
Other accrued revenue	5,395,636
Due from other funds	29,355
Prepaid expenses	1,309,727
Total current assets	78,262,100

NONCURRENT ASSETS

Restricted cash and cash equivalents	78,824,148
Other noncurrent asset	75,632
Capital assets	
Land	2,040,262
Contributed right of way easements	1,539,440
Underground water rights	58,332,683
Accumulated depletion - underground water rights	(8,626,612)
Water supply contract	50,336,389
Accumulated amortization - water supply contract	(23,639,832)
Pipelines and plant	658,274,445
Accumulated depreciation - pipelines and plant	(224,523,751)
Equipment and vehicles	4,299,158
Accumulated depreciation - equipment and vehicles	(3,602,487)
Construction in progress	61,608,812
Total capital assets net of accumulated depreciation	576,038,507
Total noncurrent assets	654,938,287

TOTAL ASSETS

\$ 733,200,387

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows	\$ 5,898,163
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TOTAL DEFERRED OUTFLOWS OF RESOURCES

\$ 5,898,163

LIABILITIES

CURRENT LIABILITIES

Vouchers payable	\$ 2,770,935
Accounts payable	1,713,233
Accrued expenses	3,988,170
Deposits	46,045
Consumer security deposits	3,900,681
Share of water authority debt, current	5,287,021
Bonded debt current maturity	11,750,000
Current portion of provision for compensated absences	179,111
Total current liabilities	29,635,196

NONCURRENT LIABILITIES

Bonded debt, net of current	167,576,703
Water authority debt, net of current	60,630,219
Other accrued expenses	2,606,671
Provision for compensated absences, net	845,207
Net OPEB liability	5,807,799
Net pension liability	4,600,003
Total noncurrent liabilities	242,066,602

TOTAL LIABILITIES

\$ 271,701,798

DEFERRED INFLOWS OF RESOURCES

Deferred inflows	\$ 4,966,765
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TOTAL DEFERRED INFLOWS OF RESOURCES

\$ 4,966,765

NET POSITION

Net investment in capital assets	\$ 402,151,812
Restricted for debt service	7,466,900
Unrestricted	52,811,275
Total net position	\$ 462,429,987

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, 2018**

OPERATING REVENUES	
Utility sales and service	\$ 81,896,464
Tap fees and frontage charges	271,403
Rents and miscellaneous	127,716
	<hr/>
Total operating revenues	82,295,583
	<hr/>
OPERATING EXPENSES	
Salaries, wages and fringe benefits	13,920,177
Supplies	1,513,845
Fuel and power	4,582,045
Contractual services	5,881,144
Water authority charges	5,896,428
Other charges	10,791,622
Depreciation	14,196,462
	<hr/>
Total operating expenses	56,781,723
	<hr/>
Operating income	25,513,860
	<hr/>
NONOPERATING REVENUES (EXPENSES)	
Gain on disposal of property	829,031
Intergovernmental revenue	1,414,897
Interest earnings	1,590,073
Interest and fiscal charges	(5,376,745)
	<hr/>
Total nonoperating revenue (expenses)	(1,542,744)
	<hr/>
Income before contributions and transfers	23,971,116
	<hr/>
Capital contributions	4,027,924
Transfers to other funds	(553,859)
	<hr/>
Change in net position	27,445,181
	<hr/>
TOTAL NET POSITION, BEGINNING OF YEAR	440,727,320
	<hr/>
PRIOR PERIOD ADJUSTMENT	(5,742,514)
	<hr/>
TOTAL NET POSITION, BEGINNING OF YEAR, RESTATED	434,984,806
	<hr/>
TOTAL NET POSITION, END OF YEAR	\$ 462,429,987
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See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from third parties	\$ 79,207,144
Cash payments to suppliers for goods and services	(27,532,763)
Cash payments to employees	(13,621,743)
Net cash provided (used) by operating activities	<u>38,052,638</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Amounts borrowed from / repaid to other funds	34,956
Intergovernmental revenue	1,414,897
Transfers to other funds	(553,859)
Net cash provided (used) by noncapital financing activities	<u>895,994</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(30,459,228)
Capital grants received	3,701,369
Principal paid on bond maturities	(10,440,000)
Principal paid on proportionate share of Water Authority debt	(11,576,836)
Noncurrent receivable	7,782
Proceeds from issuance of bonds	33,826,976
Interest expense	(6,736,435)
Proceeds from sale of capital assets	829,031
Net cash provided (used) by capital and related financing activities	<u>(20,847,341)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investment securities	29,750,000
Purchase of investment securities	(21,911,197)
Interest and gains on investments	1,800,126
Net cash provided (used) by investing activities	<u>9,638,929</u>
Net increase in cash and cash equivalents	27,740,220
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>65,889,696</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 93,629,916</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 25,513,860
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	14,196,462
(Increase) decrease in accounts receivable	(1,173,437)
(Increase) decrease in deferred outflows	768,021
(Increase) decrease in other accrued revenue	(2,041,248)
(Increase) decrease in prepaid expenses	(54,838)
Increase (decrease) in vouchers payable	(34,414)
Increase (decrease) in accounts payable	62,073
Increase (decrease) in accrued operating expenses	1,272,971
Increase (decrease) in deferred inflows	2,259,462
Increase (decrease) in customer deposits	126,246
Increase (decrease) in provision for compensated absences	7,714
Increase (decrease) in net OPEB liability	(154,117)
Increase (decrease) in net pension liability	(2,674,508)
Increase (decrease) in other accrued expenses	(21,609)
Net cash provided (used) by operating activities	<u>\$ 38,052,638</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Amortization of bond premiums	\$ (1,062,174)
Increases in fair values of investments	172,485
Interest expense capitalized	(1,222,520)
Capital contributions	326,555
Investment premium/discount amortization	100,397

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
SCHEDULE OF OPERATING REVENUES
YEAR ENDED SEPTEMBER 30, 2018**

UTILITY SALES AND SERVICE	
Water metered sales	\$ 55,209,141
Sewer charges	23,629,503
Industrial waste charges	152,888
Forfeited discounts	1,310,310
Sale of reclaimed water	433,467
Water service charges	1,370,966
Net loss on bad debts	(392,544)
Lab fees	111,643
Liquid waste disposal	71,090
	<u>81,896,464</u>
Total utility sales and service	
TAP FEES AND FRONTAGE CHARGES	
Water tap fees	212,343
Sewer tap fees	54,418
Water frontage charges	1,210
Sewer frontage charges	3,432
	<u>271,403</u>
Total tap fees and frontage charges	
RENTS AND MISCELLANEOUS	
Rents and miscellaneous	<u>127,716</u>
Total rents and miscellaneous	
	<u>127,716</u>
TOTAL OPERATING REVENUE	<u><u>\$ 82,295,583</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, 2018**

WATER AND SEWER SYSTEM FUND DEPARTMENT	Salaries, Wages & Fringe Benefits	Supplies	Fuel and Power
Water production	\$ 419,655	\$ 34,979	\$ 1,734,787
Water transmission	330,990	37,362	1,403,645
Surface water treatment	1,575,902	496,262	118,053
Water distribution	3,118,747	72,492	744
Water - general	-	-	-
Wastewater collection	1,718,770	203,549	193,815
Wastewater treatment	2,515,558	363,785	1,105,930
Environmental laboratory	1,154,141	167,101	25,071
Sewer - general	-	-	-
Utility billing	1,721,764	71,224	-
Director of utilities - administration	400,489	25,700	-
Capital projects development and engineering	964,161	41,391	-
	<u>\$ 13,920,177</u>	<u>\$ 1,513,845</u>	<u>\$ 4,582,045</u>
Total operating expenses			

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<u>Water Authority Charges</u>	<u>Contractual Services</u>	<u>Other Charges</u>	<u>Depreciation/ Amortization</u>	<u>Total Current Year</u>
\$ -	\$ 450,760	\$ 143,815	\$ 3,879,263	\$ 6,663,259
-	187,630	100,042	2,923,179	4,982,848
5,896,428	629,175	253,113	780,074	9,749,007
-	1,441,155	50,866	2,295,870	6,979,874
-	134,845	6,753,834	-	6,888,679
-	869,960	45,921	1,974,139	5,006,154
-	1,166,430	295,402	2,178,233	7,625,338
-	147,836	33,525	92,738	1,620,412
-	-	3,075,026	-	3,075,026
-	708,493	18,965	51,870	2,572,316
-	27,307	10,800	21,096	485,392
-	117,553	10,313	-	1,133,418
<u>\$ 5,896,428</u>	<u>\$ 5,881,144</u>	<u>\$ 10,791,622</u>	<u>\$ 14,196,462</u>	<u>\$ 56,781,723</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, 2018**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 3,311,102
Investments, at fair values	5,721,855
Accounts receivable	<u>361,612</u>
Total current assets	<u>9,394,569</u>

NONCURRENT ASSETS

Restricted cash and cash equivalents	134,895
Capital assets	
Land	2,010
Contributed right of way easements	263,154
Infrastructure	7,078,474
Accumulated depreciation - infrastructure	(20,831)
Equipment and vehicles	36,935
Accumulated depreciation - equipment and vehicles	(449,487)
Construction in progress	<u>11,087,386</u>
Total capital assets net of accumulated depreciation	17,997,641

Total noncurrent assets 18,132,536

TOTAL ASSETS \$ 27,527,105

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows \$ 128,451

TOTAL DEFERRED OUTFLOWS OF RESOURCES \$ 128,451

LIABILITIES

CURRENT LIABILITIES

Vouchers payable	97,492
Accounts payable	118,626
Accrued expenses	58,543
Accrued interest	31,068
Bonded debt current maturity	510,000
Current portion of provision for compensated absences	<u>16,352</u>
Total current liabilities	<u>832,081</u>

NONCURRENT LIABILITIES

Bonded debt net of current	8,580,681
Provision for compensated absences, net	39,123
Net OPEB liability	570,625
Net pension liability	<u>198,636</u>
Total noncurrent liabilities	<u>9,389,065</u>

TOTAL LIABILITIES \$ 10,221,146

DEFERRED INFLOWS OF RESOURCES

Deferred inflows 174,323

TOTAL DEFERRED INFLOWS OF RESOURCES \$ 174,323

NET POSITION

Net investment in capital assets	\$ 8,906,960
Restricted for debt service	134,895
Unrestricted	<u>8,218,232</u>

TOTAL NET POSITION \$ 17,260,087

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, 2018**

OPERATING REVENUES	
Drainage utility assessments	\$ 5,454,267
Forfeited discounts	93,814
	<u>5,548,081</u>
OPERATING EXPENSES	
Salaries, wages and fringe benefits	1,274,096
Supplies	145,645
Contractual services	905,611
Other charges	487,240
Depreciation	143,798
	<u>2,956,390</u>
Total operating expenses	<u>2,956,390</u>
Operating income (loss)	<u>2,591,691</u>
NONOPERATING REVENUES (EXPENSES)	
Interest earnings	112,399
Interest and fiscal charges	(2,240)
	<u>110,159</u>
Total nonoperating revenue (expenses)	<u>110,159</u>
Income before contributions and transfers	2,701,850
Capital contributions	26,863
Transfers from other funds	1,157,883
Transfers to other funds	(91,535)
	<u>3,795,061</u>
Change in net position	<u>3,795,061</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<u>14,029,236</u>
PRIOR PERIOD ADJUSTMENT	<u>(564,210)</u>
TOTAL NET POSITION, BEGINNING OF YEAR, RESTATED	<u>13,465,026</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 17,260,087</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
DRAINAGE UTILITY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from third parties	\$ 5,454,494
Cash payments to suppliers for goods and services	(1,502,553)
Cash payments to employees	<u>(1,242,569)</u>
Net cash provided (used) by operating activities	<u>2,709,372</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	<u>1,066,348</u>
Net cash provided (used) by noncapital financing activities	<u>1,066,348</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(2,630,749)
Principal paid on bond maturities	(500,000)
Interest expense	<u>(284,131)</u>
Net cash provided (used) by capital and related financing activities	<u>(3,414,880)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investment securities	5,664,000
Purchase of investment securities	(3,737,531)
Interest and gains on investments	<u>137,693</u>
Net cash provided (used) by investing activities	<u>2,064,162</u>
Net increase (decrease) in cash and cash equivalents	2,425,002
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>1,020,995</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 3,445,997</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 2,591,691
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	143,798
(Increase) decrease in accounts receivable	(93,587)
(Increase) decrease in deferred outflows	33,523
Increase (decrease) in vouchers payable	(69,381)
Increase (decrease) in accounts payable	105,324
Increase (decrease) in accrued operating expenses	37,597
Increase (decrease) in deferred inflows	164,068
Increase (decrease) in provision for compensated absences	(17,927)
Increase (decrease) in net OPEB liability	6,415
Increase (decrease) in net pension liability	<u>(192,149)</u>
Net cash provided (used) by operating activities	<u>\$ 2,709,372</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Amortization of bond premiums	\$ (4,843)
(Increase) decrease in fair values of investments	(3,367)
Capital contributions	26,863
Interest expense capitalized	(247,023)
Investment premium/discount amortization	(9,052)

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, 2018**

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 2,965,690
Investments at fair value	5,471,620
Receivables (net of allowances for uncollectibles)	
Accounts	161,682
Accrued interest	17,130
Other accrued revenue	297,933
Prepaid expenses	48,865
Due from other governments	1,244,990
Total current assets	<u>10,207,910</u>
NONCURRENT ASSETS	
Restricted cash and cash equivalents	50,583
Capital assets	
Land	2,777,341
Runways, buildings and improvements	158,845,282
Accumulated depreciation - runways, buildings and improvements	(97,366,881)
Equipment and vehicles	8,387,446
Accumulated depreciation - equipment and vehicles	(5,303,266)
Construction in progress	8,908,777
Total capital assets, net of accumulated depreciation	<u>76,248,699</u>
Total noncurrent assets	<u>76,299,282</u>
TOTAL ASSETS	<u><u>\$ 86,507,192</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows	<u>\$ 527,710</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 527,710</u></u>
LIABILITIES	
CURRENT LIABILITIES	
Vouchers payable	\$ 289,822
Accounts payable	170,333
Accrued expenses	399,974
Deposits	27,042
Bonded debt current maturity	1,740,000
Current portion of provision for compensated absences	13,097
Total current liabilities	<u>2,640,268</u>
NONCURRENT LIABILITIES	
Bonded debt, net of current portion	2,110,044
Provision for compensated absences, net	178,002
Net OPEB liability	1,242,802
Net pension liability	885,333
Total noncurrent liabilities	<u>4,416,181</u>
TOTAL LIABILITIES	<u><u>\$ 7,056,449</u></u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows	<u>\$ 572,837</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>\$ 572,837</u></u>
NET POSITION	
Net investment in capital assets	\$ 72,398,655
Restricted for debt service	50,583
Unrestricted	6,956,378
TOTAL NET POSITION	<u><u>\$ 79,405,616</u></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, 2018**

OPERATING REVENUES	
Airfield fees and commissions	\$ 788,190
Terminal building revenue	7,434,616
Other building revenue	1,691,765
	<hr/>
Total operating revenues	9,914,571
OPERATING EXPENSES	
Salaries, wages and fringes	3,393,879
Supplies	457,031
Fuel and power	544,216
Contractual services	1,997,578
Other charges	2,562,998
Depreciation	5,625,417
	<hr/>
Total operating expenses	14,581,119
Operating loss	<u>(4,666,548)</u>
NONOPERATING REVENUES (EXPENSES)	
Passenger facility charge	1,306,607
Interest earnings	100,855
State grants	588,563
Change in value of investments	3,071
Other miscellaneous revenue	203,106
	<hr/>
Net nonoperating revenues (expenses)	2,202,202
Net loss before contributions	<u>(2,464,346)</u>
CAPITAL CONTRIBUTIONS	3,190,753
TRANSFERS TO OTHER FUNDS	(1,625,222)
TRANSFERS FROM OTHER FUNDS	<u>1,405,355</u>
Change in net position	506,540
NET POSITION AT BEGINNING OF YEAR	<u>80,127,908</u>
PRIOR PERIOD ADJUSTMENT	<u>(1,228,832)</u>
TOTAL NET POSITION, BEGINNING OF YEAR, RESTATED	<u>78,899,076</u>
NET POSITION AT END OF YEAR	<u><u>\$ 79,405,616</u></u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
AIRPORT FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from third parties	\$ 9,608,746
Cash payments to suppliers for goods and services	(5,219,105)
Cash payments to employees	(3,325,980)
Net cash provided (used) by operating activities	<u>1,063,661</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash payments received for passenger facility charge	1,306,607
Transfers to other funds	(1,625,222)
Transfers from other funds	1,405,355
Net cash provided (used) by noncapital financing activities	<u>1,086,740</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(5,638,472)
Principal paid on bond maturities	(1,655,000)
Capital grants received	2,880,152
Interest expense	(211,158)
Proceeds from sale of equipment	431,733
Net cash provided (used) by capital and related financing activities	<u>(4,192,745)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investment securities	3,500,000
Purchase of investment securities	(1,980,506)
Interest and gains on investments	116,758
Net cash provided (used) by investing activities	<u>1,636,252</u>
Net increase (decrease) in cash and cash equivalents	(406,092)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>3,422,365</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 3,016,273</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (4,666,548)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	5,625,417
(Increase) decrease in accounts receivable	(106,409)
(Increase) decrease in other accrued	(108,610)
(Increase) decrease in prepaid expenses	(48,865)
(Increase) decrease in deferred outflows	136,574
Increase (decrease) in vouchers payable	96,805
Increase (decrease) in accounts payable	166,108
Increase (decrease) in accrued operating expenses	128,670
Increase (decrease) in deposits received	(90,806)
(Increase) decrease in deferred inflows	538,003
Increase (decrease) in provision for compensated absences	18,118
Increase (decrease) in net OPEB obligation	13,970
Increase (decrease) in net pension obligation	(638,766)
Net cash provided (used) by operating activities	<u>\$ 1,063,661</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
(Increase) decrease in fair values of investments	\$ (3,071)
Interest expense capitalized	(75,502)
Bond premium amortization	(129,824)
Capital contributions	310,601

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
AIRPORT FUND
SCHEDULE OF OPERATING REVENUES
YEAR ENDED SEPTEMBER 30, 2018**

AIRFIELD FEES AND COMMISSIONS	
Landing fees	\$ 651,560
Military fuel flowage commission	<u>136,630</u>
Total airfield fees and commissions	<u>788,190</u>
TERMINAL BUILDING REVENUES	
Airline rentals	1,959,627
Restaurant commissions	194,424
Other terminal building rentals	82,001
Car rental agencies	2,159,241
Auto parking concession	<u>3,039,323</u>
Total terminal building revenues	<u>7,434,616</u>
OTHER BUILDING REVENUES	
Lease rentals	
Bell Helicopter	480,564
Krams, Inc.	302,577
Leading Edge	450,082
Fixed base operator	71,097
Other building rentals	188,790
Ground rentals	156,655
Advertising commissions	<u>42,000</u>
Total other building revenues	<u>1,691,765</u>
TOTAL OPERATING REVENUES	<u><u>\$ 9,914,571</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, 2018**

	Community Development Block Grant	Housing Assistance Payments Program	Home Investment Partnership Program
ASSETS			
Cash and cash equivalents	\$ 36,456	\$ 1,257,573	\$ 24,082
Accounts receivable	41,798	-	71,309
Due from other funds	3,672	5,055	-
Due from other governments	216,938	3,295	69,218
Prepaid items	-	250	-
TOTAL ASSETS	\$ 298,864	\$ 1,266,173	\$ 164,609
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 44,294	\$ 49,930	\$ 8,442
Due to other funds - unrestricted	112,128	2,688	31,741
Due to other governments	115	-	-
Unearned revenue	-	-	71,309
Vouchers payable	134,682	1,273	53,117
Total liabilities	291,219	53,891	164,609
FUND BALANCES			
Nonspendable:			
Prepaid items	-	250	-
Restricted for:			
Special purposes	7,645	1,193,436	-
Committed for:			
Compensated absences	-	18,596	-
Total fund balances	7,645	1,212,282	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 298,864	\$ 1,266,173	\$ 164,609

See Independent Auditor's Report.

<u>Shelter Plus Care/ Permanent Housing</u>	<u>Emergency Shelter</u>	<u>HMIS</u>	<u>Total</u>
\$ 4,540	\$ 3,808	\$ 3,387	\$ 1,329,846
-	-	-	113,107
-	-	4,771	13,498
20,460	56,750	-	366,661
-	-	-	250
<u>\$ 25,000</u>	<u>\$ 60,558</u>	<u>\$ 8,158</u>	<u>\$ 1,823,362</u>
\$ -	\$ -	\$ 3,158	\$ 105,824
25,000	58,672	5,000	235,229
-	-	-	115
-	-	-	71,309
-	1,386	-	190,458
<u>25,000</u>	<u>60,058</u>	<u>8,158</u>	<u>602,935</u>
-	-	-	250
-	500	-	1,201,581
-	-	-	18,596
<u>-</u>	<u>500</u>	<u>-</u>	<u>1,220,427</u>
<u>\$ 25,000</u>	<u>\$ 60,558</u>	<u>\$ 8,158</u>	<u>\$ 1,823,362</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, 2018**

	Community Development Block Grant	Housing Assistance Payments Program	Home Investment Partnership Program
REVENUES			
Grants-in-aid - capital	\$ 1,583,237	\$ 9,817,460	\$ 251,097
Charges for services	7,648	-	849
Construction participations	42,541	-	-
Investment earnings	-	5,759	-
Miscellaneous revenues	-	91,733	-
Total revenues	<u>1,633,426</u>	<u>9,914,952</u>	<u>251,946</u>
EXPENDITURES			
Urban redevelopment/housing	<u>1,625,782</u>	<u>9,274,426</u>	<u>273,734</u>
Total expenditures	<u>1,625,782</u>	<u>9,274,426</u>	<u>273,734</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,644</u>	<u>640,526</u>	<u>(21,788)</u>
Net change in fund balances	7,644	640,526	(21,788)
FUND BALANCES, BEGINNING OF YEAR	<u>1</u>	<u>571,756</u>	<u>21,788</u>
FUND BALANCES, END OF YEAR	<u>\$ 7,645</u>	<u>\$ 1,212,282</u>	<u>\$ -</u>

See Independent Auditor's Report.

<u>Shelter Plus Care/ Permanent Housing</u>	<u>Emergency Shelter</u>	<u>HMIS</u>	<u>Total</u>
\$ 189,231	\$ 298,098	\$ -	\$ 12,139,123
-	-	-	8,497
-	-	-	42,541
-	-	-	5,759
-	-	-	91,733
<u>189,231</u>	<u>298,098</u>	<u>-</u>	<u>12,287,653</u>
<u>189,231</u>	<u>298,098</u>	<u>-</u>	<u>11,661,271</u>
<u>189,231</u>	<u>298,098</u>	<u>-</u>	<u>11,661,271</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>626,382</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>626,382</u>
<u>-</u>	<u>500</u>	<u>-</u>	<u>594,045</u>
<u>\$ -</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 1,220,427</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PUBLIC HEALTH GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
SEPTEMBER 30, 2018**

	Public Health	Women, Infants & Children	Total
ASSETS			
Cash and cash equivalents	\$ 7,173,426	\$ 3,052	\$ 7,176,478
Accounts receivable	5,028	-	5,028
Other prepaid expenses	846	2,839	3,685
Due from other funds - unrestricted	7,741	-	7,741
Due from other governments	215,819	374,665	590,484
TOTAL ASSETS	\$ 7,402,860	\$ 380,556	\$ 7,783,416
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 98,759	\$ 64,568	\$ 163,327
Due to other funds - unrestricted	-	310,000	310,000
Accrued Expenses	1,136	-	1,136
Vouchers payable	47,546	49	47,595
Total liabilities	147,441	374,617	522,058
FUND BALANCES			
Nonspendable:			
Prepaid items	846	2,839	3,685
Restricted:			
Special purposes	7,254,573	3,100	7,257,673
Total fund balances	7,255,419	5,939	7,261,358
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,402,860	\$ 380,556	\$ 7,783,416

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, 2018**

	<u>Public Health</u>	<u>Women, Infants & Children</u>	<u>Total</u>
REVENUES			
Intergovernmental revenues	\$ 4,758,139	\$ 1,378,270	\$ 6,136,409
Charges for services	137,326	-	137,326
Investment earnings	62,495	-	62,495
Miscellaneous revenues	-	550	550
Total revenues	<u>4,957,960</u>	<u>1,378,820</u>	<u>6,336,780</u>
EXPENDITURES			
Other public safety and health	3,050,830	1,378,293	4,429,123
Capital outlay	11,627	-	11,627
Total expenditures	<u>3,062,457</u>	<u>1,378,293</u>	<u>4,440,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,895,503</u>	<u>527</u>	<u>1,896,030</u>
Net change in fund balances	1,895,503	527	1,896,030
FUND BALANCES, AT BEGINNING OF YEAR	<u>5,359,916</u>	<u>5,412</u>	<u>5,365,328</u>
FUND BALANCES, AT END OF YEAR	<u>\$ 7,255,419</u>	<u>\$ 5,939</u>	<u>\$ 7,261,358</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
JUSTICE GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
SEPTEMBER 30, 2018**

	<u>Justice Assistant Grant</u>	<u>Selective Traffic Enforcement Program</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,949	\$ 3,691	\$ 5,640
Due from other governments	<u>-</u>	<u>26,309</u>	<u>26,309</u>
TOTAL ASSETS	<u>\$ 1,949</u>	<u>\$ 30,000</u>	<u>\$ 31,949</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds - unrestricted	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>
Total liabilities	<u>-</u>	<u>30,000</u>	<u>30,000</u>
FUND BALANCES			
Restricted:			
Special purposes	<u>1,949</u>	<u>-</u>	<u>1,949</u>
Total fund balances	<u>1,949</u>	<u>-</u>	<u>1,949</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,949</u>	<u>\$ 30,000</u>	<u>\$ 31,949</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, 2018**

	<u>Justice Assistance Grant</u>	<u>Selective Traffic Enforcement Program</u>	<u>Total</u>
REVENUES			
Intergovernmental revenues	\$ 42,352	\$ 157,603	\$ 199,955
Total revenues	<u>42,352</u>	<u>157,603</u>	<u>199,955</u>
EXPENDITURES			
Police protection	50,661	198,822	249,483
Capital outlay	<u>42,351</u>	<u>-</u>	<u>42,351</u>
Total expenditures	<u>93,012</u>	<u>198,822</u>	<u>291,834</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,660)</u>	<u>(41,219)</u>	<u>(91,879)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other fund	<u>-</u>	<u>41,219</u>	<u>41,219</u>
Total other financing sources and uses	<u>-</u>	<u>41,219</u>	<u>41,219</u>
Net change in fund balances	(50,660)	-	(50,660)
FUND BALANCES, AT BEGINNING OF YEAR	<u>52,609</u>	<u>-</u>	<u>52,609</u>
FUND BALANCES, AT END OF YEAR	<u>\$ 1,949</u>	<u>\$ -</u>	<u>\$ 1,949</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
MISCELLANEOUS GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES
SEPTEMBER 30, 2018**

	Urban Transportation Planning	Hazardous Materials Transportation Planning
ASSETS		
Cash and cash equivalents	\$ 7,145	\$ -
Prepaid expense	245	-
Due from other governments	46,599	-
TOTAL ASSETS	\$ 53,989	\$ -
LIABILITIES AND FUND BALANCES		
Accounts payable	\$ 13,989	\$ -
Due to other funds - unrestricted	40,000	-
Vouchers payable	-	-
Total liabilities	53,989	-
FUND BALANCES		
Restricted:		
Special purposes	-	-
Total fund balances	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 53,989	\$ -

See Independent Auditor's Report.

<u>Pantex Plant Environmental Oversight</u>	<u>Disaster Assistance</u>	<u>Summer Lunch Program</u>	<u>Total</u>
\$ 1,446	\$ -	\$ -	\$ 8,591
454	-	-	699
<u>16,479</u>	<u>-</u>	<u>-</u>	<u>63,078</u>
<u>\$ 18,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,368</u>
\$ 3,379	\$ -	\$ -	\$ 17,368
15,000	-	-	55,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>18,379</u>	<u>-</u>	<u>-</u>	<u>72,368</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 18,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,368</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, 2018**

	<u>Urban Transportation Planning</u>	<u>Hazardous Materials Transportation Planning</u>
REVENUES		
Intergovernmental revenues	\$ 307,759	\$ -
Total revenues	<u>307,759</u>	<u>-</u>
EXPENDITURES		
Other public safety and health	-	-
Staff services	307,759	29,792
Capital outlay	-	-
Total expenditures	<u>307,759</u>	<u>29,792</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(29,792)</u>
OTHER FINANCING SOURCES (USES)		
Transfers to other fund	-	-
Operating transfers from other fund	-	29,726
Total other financing sources and uses	<u>-</u>	<u>29,726</u>
Net change in fund balances	-	(66)
FUND BALANCES, AT BEGINNING OF YEAR	<u>-</u>	<u>66</u>
FUND BALANCES, AT END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Independent Auditor's Report.

Pantex Plant Environmental Oversight	Disaster Assistance	Summer Lunch Program	Total
\$ 144,398	\$ (67)	\$ 357,361	\$ 809,451
144,398	(67)	357,361	809,451
143,628	3,235	357,361	504,224
-	-	-	337,551
-	-	-	-
143,628	3,235	357,361	841,775
770	(3,302)	-	(32,324)
(770)	(37,665)	-	(38,435)
-	-	-	29,726
(770)	(37,665)	-	(8,709)
-	(40,967)	-	(41,033)
-	40,967	-	41,033
\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
COMBINING STATEMENT OF FIDUCIARY FUNDS
SEPTEMBER 30, 2018**

	<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	\$ 23,772	\$ 31,252
Investments, at fair values	-	-	-	-
TOTAL ASSETS	<u>\$ 2,472</u>	<u>\$ 5,008</u>	<u>\$ 23,772</u>	<u>\$ 31,252</u>
NET POSITION				
Held in trust for private purposes	<u>\$ 2,472</u>	<u>\$ 5,008</u>	<u>\$ 23,772</u>	<u>\$ 31,252</u>
TOTAL NET POSITION	<u>\$ 2,472</u>	<u>\$ 5,008</u>	<u>\$ 23,772</u>	<u>\$ 31,252</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY FUNDS
 SEPTEMBER 30, 2018**

	<u>Centennial Parkway</u>	<u>Indigent Dog Bite Victim</u>	<u>Amarillo Industrial Development Corporation</u>	<u>Total Private-Purpose Trust Funds</u>
ADDITIONS:				
Employer Contributions	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	332	332
Total additions	<u>-</u>	<u>-</u>	<u>332</u>	<u>332</u>
DEDUCTIONS:				
Benefits payments	<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>332</u>	<u>332</u>
NET POSITION, BEGINNING OF YEAR	<u>2,472</u>	<u>5,008</u>	<u>23,440</u>	<u>30,920</u>
NET POSITION, END OF YEAR	<u>\$ 2,472</u>	<u>\$ 5,008</u>	<u>\$ 23,772</u>	<u>\$ 31,252</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, 2018**

	<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	\$ 784,786	\$ 5,448,844	\$ 5,294,220	\$ 939,410
Total assets	<u>\$ 784,786</u>	<u>\$ 5,448,844</u>	<u>\$ 5,294,220</u>	<u>\$ 939,410</u>
Liabilities				
Due to other agencies	\$ 784,786	\$ 5,448,844	\$ 5,294,220	\$ 939,410
Total liabilities	<u>\$ 784,786</u>	<u>\$ 5,448,844</u>	<u>\$ 5,294,220</u>	<u>\$ 939,410</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, 2018

	No-Load Mutual Funds	Taxable Municipal Bonds			U.S. Treasury Obligations		
		Amortized Cost	Par Value	Fair Values	Amortized Cost	Par Value	Fair Values
GOVERNMENTAL FUNDS							
Unrestricted:							
General Fund	\$ 86,870	\$ -	\$ -	\$ -	\$ 2,991,339	\$ 3,000,000	\$ 2,976,210
Housing and Urban Development Grants Funds	2,125	-	-	-	-	-	-
Seizure Funds	6,732	-	-	-	-	-	-
Tax Increment Reinvestment Zone #1	752,708	-	-	-	-	-	-
Compensated Absences	7,797	-	-	-	-	-	-
General Obligation Debt	831,919	-	-	-	-	-	-
Public Improvement Districts	28,943	-	-	-	-	-	-
Capital Projects Funds	1,577,909	302,174	300,000	301,923	1,964,030	2,000,000	1,959,470
Miscellaneous special revenue	7,569,590	-	-	-	-	-	-
Total Unrestricted	10,864,593	302,174	300,000	301,923	4,955,369	5,000,000	4,935,680
Restricted:							
General Construction Fund	330,234	-	-	-	-	-	-
Civic Center Improvement Fund	33,458,547	-	-	-	-	-	-
GO Bond Construction Fund	33,284,419	-	-	-	-	-	-
General Obligation Debt	-	-	-	-	-	-	-
Tax Increment Reinvestment Zone #1	785	-	-	-	-	-	-
Total Restricted	67,073,985	-	-	-	-	-	-
Total Governmental Funds	77,938,578	302,174	300,000	301,923	4,955,369	5,000,000	4,935,680
PROPRIETARY FUNDS							
ENTERPRISE FUNDS							
Unrestricted:							
Water and Sewer Fund	12,905,163	-	-	-	5,989,634	6,000,000	5,957,440
Airport Fund	380,366	-	-	-	1,232,035	1,250,000	1,229,570
Drainage Utility	1,871,442	503,624	500,000	503,205	1,232,035	1,250,000	1,229,570
Total Unrestricted	15,156,971	503,624	500,000	503,205	8,453,704	8,500,000	8,416,580
Restricted:							
Water and Sewer Fund	78,824,148	-	-	-	-	-	-
Airport Fund	327	-	-	-	-	-	-
Drainage Utility	134,895	-	-	-	-	-	-
Total Restricted	78,959,370	-	-	-	-	-	-
Total Enterprise Funds	94,116,341	503,624	500,000	503,205	8,453,704	8,500,000	8,416,580
INTERNAL SERVICE FUNDS							
Unrestricted:							
Fleet Services	611,309	503,624	500,000	503,205	-	-	-
Information Services	613,964	503,624	500,000	503,205	-	-	-
Risk Management	1,415,187	-	-	-	1,497,154	1,500,000	1,491,740
Employee Insurance	397	503,624	500,000	503,205	975,993	1,000,000	973,200
Total Unrestricted	2,640,857	1,510,872	1,500,000	1,509,615	2,473,147	2,500,000	2,464,940
Restricted:							
Fleet Services	147,811	-	-	-	-	-	-
Total Internal Service Funds	2,788,668	1,510,872	1,500,000	1,509,615	2,473,147	2,500,000	2,464,940
TOTALS - ALL FUNDS	\$ 174,843,587	\$ 2,316,670	\$ 2,300,000	\$ 2,314,743	\$ 15,882,220	\$ 16,000,000	\$ 15,817,200

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				
\$ 39,817,000	\$ 39,544,831	\$ 42,607,911	\$ 377,203	\$ (86,870)	\$ 42,898,244
-	-	2,125	-	(2,125)	-
-	-	6,732	-	(6,732)	-
-	-	752,708	500,000	(752,708)	500,000
1,000,000	991,765	999,562	-	(7,797)	991,765
-	-	831,919	-	(831,919)	-
-	-	28,943	-	(28,943)	-
8,250,000	8,193,158	12,032,460	3,250,000	(1,577,909)	13,704,551
-	-	7,569,590	1,250,000	(7,569,590)	1,250,000
49,067,000	48,729,754	64,831,950	5,377,203	(10,864,593)	59,344,560
-	-	330,234	-	(330,234)	-
7,235,000	7,173,399	40,631,946	2,750,000	(33,458,547)	9,923,399
-	-	33,284,419	5,000,000	(33,284,419)	5,000,000
-	-	-	500,000	-	500,000
-	-	785	-	(785)	-
7,235,000	7,173,399	74,247,384	8,250,000	(67,073,985)	15,423,399
56,302,000	55,903,153	139,079,334	13,627,203	(77,938,578)	74,767,959
41,825,000	41,529,614	60,392,217	1,500,000	(12,905,163)	48,987,054
3,000,000	2,992,050	4,601,986	1,250,000	(380,366)	5,471,620
2,000,000	1,989,080	5,593,297	2,000,000	(1,871,442)	5,721,855
46,825,000	46,510,744	70,587,500	4,750,000	(15,156,971)	60,180,529
-	-	78,824,148	-	(78,824,148)	-
-	-	327	-	(327)	-
-	-	134,895	-	(134,895)	-
-	-	78,959,370	-	(78,959,370)	-
46,825,000	46,510,744	149,546,870	4,750,000	(94,116,341)	60,180,529
4,250,000	4,240,415	5,354,929	5,250,000	(611,309)	9,993,620
1,060,000	1,068,075	2,185,244	500,000	(613,964)	2,071,280
6,250,000	6,236,625	9,143,552	4,000,000	(1,415,187)	11,728,365
4,200,000	4,177,636	5,654,438	2,500,000	(397)	8,154,041
15,760,000	15,722,751	22,338,163	12,250,000	(2,640,857)	31,947,306
-	-	147,811	-	(147,811)	-
15,760,000	15,722,751	22,485,974	12,250,000	(2,788,668)	31,947,306
\$ 118,887,000	\$ 118,136,648	\$ 311,112,178	\$ 30,627,203	\$ (174,843,587)	\$ 166,895,794

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
AD VALOREM TAXES RECEIVABLE BY ROLL YEAR
SEPTEMBER 30, 2018

<u>Roll Year</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
2018	\$ 345,730	\$ 43,774	\$ 389,504
2017	157,544	17,663	175,207
2016	107,167	8,247	115,414
2015	83,026	6,748	89,774
2014	69,562	5,936	75,498
2013	57,594	5,377	62,971
2012	50,961	4,845	55,806
2011	54,917	5,593	60,510
2010	50,237	5,116	55,353
2009	41,807	4,258	46,065
2008	31,852	669	32,521
2007	27,263	624	27,887
2006	25,520	616	26,136
2005 & Prior	65,540	1,214	66,754
Total taxes receivable	1,168,720	110,680	1,279,400
Allowance for uncollectible taxes	931,000	90,937	1,021,937
Net taxes receivable	237,720	19,743	257,463
Provision for deferred collections	163,525	14,235	177,760
Net taxes available for current expenditure	\$ 74,195	\$ 5,508	\$ 79,703

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
SCHEDULE OF CHANGES IN TAXES AVAILABLE
YEAR ENDED SEPTEMBER 30, 2018**

TAXES AVAILABLE, BEGINNING, Net	<u>\$ 81,114</u>
REVENUES	
Taxes levied	44,623,248
Adjustments	<u>(36,062)</u>
Tax levy net of adjustments	44,587,186
Decrease in allowance for uncollectible taxes	71,166
Increase in provision for deferred collections	<u>(140,511)</u>
Net revenues	44,517,841
COLLECTIONS	<u>(44,519,252)</u>
Net increase (decrease) in taxes available	<u>(1,411)</u>
TAXES AVAILABLE, ENDING, Net	<u><u>\$ 79,703</u></u>
TOTAL AD VALOREM TAXES:	
Ad valorem taxes - property tax rolls	\$ 39,857,314
Penalty and interest	279,100
Payment in lieu of property tax	<u>3,926,295</u>
Total General Fund tax revenues	44,062,709
Debt Service	<u>4,504,109</u>
TOTAL TAX REVENUES	<u><u>\$ 48,566,818</u></u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
COMBINED SCHEDULE OF OUTSTANDING DEBT ISSUANCES
SEPTEMBER 30, 2018**

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 - 4.00%
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%
General Obligation Bonds, Series 2018	07/18/18	02/15/43	3.125 - 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 (\$615,000 Greenways, \$1,300,000 Colonies)	04/01/14	08/15/34	3.000 - 3.625%
Series 2018 Colonies	07/18/18	05/15/38	2.00 - 4.00%
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	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	3.00 - 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%
Waterworks and Sewer Revenue, 2018A	07/19/18	04/01/38	0.17 - 1.60%
Waterworks and Sewer Revenue, 2018B	07/19/18	04/01/38	3.00 - 5.00%
Combination Tax and Revenues Certificates of Obligation			
Waterworks and Sewer Tax and Revenue, 2009	04/01/09	05/15/28	01.452 - 3.018%
Waterworks and Sewer Tax and Revenue 2009B	12/29/09	05/15/29	1.321 - 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	4.80 - 5.00%
<i>Serviced by Drainage Fund Revenue:</i>			
Combination Tax and Revenue Certificates of Obligation, 2012A	12/12/12	08/15/32	2.00%
Drainage Revenue, 2014	04/01/14	08/15/34	3.00 - 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%
Hotel Occupancy Tax Revenue Bonds, Taxable Series 2018	03/20/18	08/15/48	2.80 - 4.15%
Total bonds payable*			

* Does not include the City's proportionate share of the Canadian River Water Authority indebtedness.

** Total interest of \$53,394 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	\$ 2,980,000	\$ 1,845,000	\$ 440,000	\$ 68,163	\$ 508,163
1,392,000	1,392,000	473,000	919,000	67,000	29,367 **	96,367
15,110,000	15,110,000	1,515,000	13,595,000	1,280,000	543,800	1,823,800
6,940,000	6,940,000	370,000	6,570,000	485,000	193,325	678,325
21,280,000	21,280,000	300,000	20,980,000	520,000	769,819	1,289,819
22,145,000	22,145,000	-	22,145,000	445,000	905,521	1,350,521
620,000	620,000	410,000	210,000	40,000	7,770	47,770
585,000	585,000	298,267	286,733	33,037	12,907	45,944
600,000	600,000	235,000	365,000	30,000	14,980	44,980
1,500,000	1,500,000	595,000	905,000	75,000	35,394	110,394
2,260,000	2,260,000	345,000	1,915,000	95,000	61,069	156,069
3,000,000	3,000,000	-	3,000,000	95,000	110,884	205,884
3,750,000	3,750,000	650,000	3,100,000	105,000	146,188	251,188
<u>2,210,000</u>	<u>2,210,000</u>	<u>535,000</u>	<u>1,675,000</u>	<u>85,000</u>	<u>86,763</u>	<u>171,763</u>
<u>86,217,000</u>	<u>86,217,000</u>	<u>8,706,267</u>	<u>77,510,733</u>	<u>3,795,037</u>	<u>2,985,950</u>	<u>6,780,987</u>
2,790,000	2,790,000	2,790,000	-	-	-	-
<u>2,650,000</u>	<u>2,650,000</u>	<u>2,195,000</u>	<u>455,000</u>	<u>455,000</u>	<u>9,100</u>	<u>464,100</u>
<u>5,440,000</u>	<u>5,440,000</u>	<u>4,985,000</u>	<u>455,000</u>	<u>455,000</u>	<u>9,100</u>	<u>464,100</u>
16,300,000	16,300,000	4,655,000	11,645,000	695,000	441,688	1,136,688
5,605,000	5,605,000	2,910,000	2,695,000	505,000	77,075	582,075
1,310,000	1,310,000	645,000	665,000	130,000	3,173	133,173
8,495,000	8,495,000	1,940,000	6,555,000	385,000	121,476	506,476
17,195,000	17,195,000	2,520,000	14,675,000	815,000	147,102	962,102
21,145,000	21,145,000	5,050,000	16,095,000	1,815,000	503,369	2,318,369
31,005,000	31,005,000	1,225,000	29,780,000	1,130,000	1,173,244	2,303,244
12,500,000	12,500,000	-	12,500,000	615,000	97,945	712,945
14,610,000	14,610,000	-	14,610,000	675,000	411,933	1,086,933
38,885,000	38,885,000	16,115,000	22,770,000	2,065,000	565,925	2,630,925
47,400,000	47,400,000	15,705,000	31,695,000	2,015,000	681,972	2,696,972
<u>18,075,000</u>	<u>18,075,000</u>	<u>6,310,000</u>	<u>11,765,000</u>	<u>905,000</u>	<u>-</u>	<u>905,000</u>
<u>232,525,000</u>	<u>232,525,000</u>	<u>57,075,000</u>	<u>175,450,000</u>	<u>11,750,000</u>	<u>4,224,902</u>	<u>15,974,902</u>
16,140,000	16,140,000	12,570,000	3,570,000	1,740,000	131,025	1,871,025
6,260,000	6,260,000	2,375,000	3,885,000	250,000	77,700	327,700
<u>6,080,000</u>	<u>6,080,000</u>	<u>960,000</u>	<u>5,120,000</u>	<u>260,000</u>	<u>165,444</u>	<u>425,444</u>
<u>12,340,000</u>	<u>12,340,000</u>	<u>3,335,000</u>	<u>9,005,000</u>	<u>510,000</u>	<u>243,144</u>	<u>753,144</u>
11,995,000	11,995,000	-	11,995,000	315,000	457,664	772,664
<u>38,835,000</u>	<u>38,835,000</u>	<u>-</u>	<u>38,835,000</u>	<u>-</u>	<u>1,606,133</u>	<u>1,606,133</u>
<u>\$ 403,492,000</u>	<u>\$ 403,492,000</u>	<u>\$ 86,671,267</u>	<u>\$ 316,820,733</u>	<u>\$ 18,565,037</u>	<u>\$ 9,657,918</u>	<u>\$ 28,222,955</u>

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
COMBINED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
SEPTEMBER 30, 2018

	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
2018-2019	\$ 3,237,000	\$ 2,534,021	\$ (24,027)	\$ 5,746,994	\$ 558,037	\$ 475,953	\$ 1,033,990	\$ 11,750,000	\$ 4,224,901	\$ 15,974,901
2019-2020	3,439,000	2,339,026	(22,275)	5,755,751	584,643	448,448	1,033,091	11,770,000	4,249,146	16,019,146
2020-2021	3,575,000	2,197,892	(20,472)	5,752,420	611,325	426,596	1,037,921	12,005,000	4,027,638	16,032,638
2021-2022	3,717,000	2,047,165	(18,641)	5,745,524	638,088	402,750	1,040,838	12,275,000	3,771,135	16,046,135
2022-2023	3,373,000	1,888,830	(16,759)	5,245,071	659,936	378,306	1,038,242	12,580,000	3,467,077	16,047,077
2023-2024	3,515,000	1,743,789	(14,850)	5,243,939	636,875	351,989	988,864	12,475,000	3,136,534	15,611,534
2024-2025	3,662,000	1,592,406	(12,890)	5,241,516	663,909	324,846	988,755	12,815,000	2,802,245	15,617,245
2025-2026	3,818,000	1,434,483	(10,876)	5,241,607	663,920	295,806	959,726	13,090,000	2,439,215	15,529,215
2026-2027	3,986,000	1,269,676	(8,837)	5,246,839	680,000	266,825	946,825	13,350,000	2,077,704	15,427,704
2027-2028	1,818,000	1,109,170	(6,720)	2,920,450	720,000	236,176	956,176	12,320,000	1,703,535	14,023,535
2028-2029	1,896,000	1,035,047	(4,550)	2,926,497	585,000	207,681	792,681	10,030,000	1,367,428	11,397,428
2029-2030	1,958,000	970,674	(2,300)	2,926,374	605,000	181,894	786,894	6,825,000	1,095,474	7,920,474
2030-2031	1,925,000	908,638	-	2,833,638	640,000	154,731	794,731	6,910,000	926,516	7,836,516
2031-2032	1,980,000	849,397	-	2,829,397	665,000	125,363	790,363	4,980,000	752,520	5,732,520
2032-2033	2,040,000	786,472	-	2,826,472	520,000	99,425	619,425	4,670,000	620,700	5,290,700
2033-2034	2,115,000	719,547	-	2,834,547	545,000	77,638	622,638	4,290,000	495,958	4,785,958
2034-2035	2,180,000	649,022	-	2,829,022	405,000	54,684	459,684	4,410,000	379,992	4,789,992
2035-2036	2,255,000	574,700	-	2,829,700	425,000	36,413	461,413	3,560,000	261,828	3,821,828
2036-2037	2,335,000	497,019	-	2,832,019	445,000	17,106	462,106	3,665,000	155,345	3,820,345
2037-2038	2,220,000	420,038	-	2,640,038	205,000	3,586	208,586	1,680,000	45,403	1,725,403
2038-2039	2,295,000	343,128	-	2,638,128	-	-	-	-	-	-
2039-2040	2,380,000	262,772	-	2,642,772	-	-	-	-	-	-
2040-2041	2,460,000	179,578	-	2,639,578	-	-	-	-	-	-
2041-2042	2,550,000	92,663	-	2,642,663	-	-	-	-	-	-
2042-2043	1,325,000	24,010	-	1,349,010	-	-	-	-	-	-
2043-2044	-	-	-	-	-	-	-	-	-	-
2044-2045	-	-	-	-	-	-	-	-	-	-
2045-2046	-	-	-	-	-	-	-	-	-	-
2046-2047	-	-	-	-	-	-	-	-	-	-
2047-2048	-	-	-	-	-	-	-	-	-	-
Totals	\$ 66,054,000	\$ 26,469,163	\$ (163,197)	\$ 92,359,966	\$ 11,456,733	\$ 4,566,216	\$ 16,022,949	\$ 175,450,000	\$ 38,000,294	\$ 213,450,294

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, 2018

	<u>Airport Bonds</u> <u>(Debt Serviced by Airport Revenues)</u>			<u>Drainage Utility Bonds</u> <u>(Debt Serviced by Drainage Revenues)</u>			<u>Fleet Services Bonds</u> <u>(Debt Serviced by Fleet Services Revenues)</u>			<u>Hotel Occupancy Tax</u> <u>(Revenue Bonds)</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018-2019	\$ 1,740,000	\$ 131,025	\$ 1,871,025	\$ 510,000	\$ 243,144	\$ 753,144	\$ 455,000	\$ 9,100	\$ 464,100	\$ 315,000	\$ 2,063,797	\$ 2,378,797
2019-2020	1,830,000	43,762	1,873,762	515,000	230,344	745,344	-	-	-	320,000	2,057,969	2,377,969
2020-2021	-	-	-	520,000	217,394	737,394	-	-	-	1,130,000	2,051,089	3,181,089
2021-2022	-	-	-	535,000	204,344	739,344	-	-	-	1,155,000	2,020,934	3,175,934
2022-2023	-	-	-	540,000	190,894	730,894	-	-	-	1,190,000	1,987,080	3,177,080
2023-2024	-	-	-	555,000	177,294	732,294	-	-	-	1,225,000	1,949,931	3,174,931
2024-2025	-	-	-	565,000	163,294	728,294	-	-	-	1,265,000	1,909,453	3,174,453
2025-2026	-	-	-	580,000	149,044	729,044	-	-	-	1,310,000	1,865,823	3,175,823
2026-2027	-	-	-	600,000	134,394	734,394	-	-	-	1,360,000	1,819,133	3,179,133
2027-2028	-	-	-	620,000	119,244	739,244	-	-	-	1,410,000	1,767,782	3,177,782
2028-2029	-	-	-	635,000	103,131	738,131	-	-	-	1,465,000	1,713,538	3,178,538
2029-2030	-	-	-	650,000	86,181	736,181	-	-	-	1,520,000	1,656,131	3,176,131
2030-2031	-	-	-	675,000	68,369	743,369	-	-	-	1,585,000	1,596,028	3,181,028
2031-2032	-	-	-	700,000	49,394	749,394	-	-	-	1,645,000	1,531,744	3,176,744
2032-2033	-	-	-	395,000	29,694	424,694	-	-	-	1,710,000	1,464,440	3,174,440
2033-2034	-	-	-	410,000	15,374	425,374	-	-	-	1,780,000	1,393,867	3,173,867
2034-2035	-	-	-	-	-	-	-	-	-	1,855,000	1,319,770	3,174,770
2035-2036	-	-	-	-	-	-	-	-	-	1,935,000	1,241,595	3,176,595
2036-2037	-	-	-	-	-	-	-	-	-	2,020,000	1,160,048	3,180,048
2037-2038	-	-	-	-	-	-	-	-	-	2,100,000	1,074,917	3,174,917
2038-2039	-	-	-	-	-	-	-	-	-	2,195,000	986,417	3,181,417
2039-2040	-	-	-	-	-	-	-	-	-	2,285,000	890,782	3,175,782
2040-2041	-	-	-	-	-	-	-	-	-	2,385,000	791,225	3,176,225
2041-2042	-	-	-	-	-	-	-	-	-	2,490,000	687,304	3,177,304
2042-2043	-	-	-	-	-	-	-	-	-	2,595,000	578,810	3,173,810
2043-2044	-	-	-	-	-	-	-	-	-	1,940,000	465,740	2,405,740
2044-2045	-	-	-	-	-	-	-	-	-	2,025,000	380,380	2,405,380
2045-2046	-	-	-	-	-	-	-	-	-	2,110,000	291,280	2,401,280
2046-2047	-	-	-	-	-	-	-	-	-	2,205,000	198,440	2,403,440
2047-2048	-	-	-	-	-	-	-	-	-	2,305,000	101,419	2,406,419
Totals	<u>\$ 3,570,000</u>	<u>\$ 174,787</u>	<u>\$ 3,744,787</u>	<u>\$ 9,005,000</u>	<u>\$ 2,181,533</u>	<u>\$ 11,186,533</u>	<u>\$ 455,000</u>	<u>\$ 9,100</u>	<u>\$ 464,100</u>	<u>\$ 50,830,000</u>	<u>\$ 39,016,866</u>	<u>\$ 89,846,866</u>

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
 SCHEDULE OF DEBT AT SEPTEMBER 30, 2018
 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	\$ 1,845,000
Recovery Zone Build America Bonds, Series 2010	08/15/30	1,392,000	1,392,000	919,000
General Obligation Refunding Bonds, Series 2017	05/15/27	15,110,000	15,110,000	13,595,000
Certificates of Obligation, Series 2017	02/15/37	6,940,000	6,940,000	6,570,000
General Obligation Bonds, Series 2017	02/15/42	21,280,000	21,280,000	20,980,000
General Obligation Bonds, Series 2018	02/15/43	22,145,000	22,145,000	22,145,000
<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	210,000
Series 2006 Colonies	02/15/26	585,000	585,000	286,733
Series 2008A Greenways	02/15/28	600,000	600,000	365,000
Series 2008B Colonies	02/15/28	1,500,000	1,500,000	905,000
Series 2014 (\$615,000 Greenways, \$1,300,000 Colonies)	08/15/34	2,260,000	2,260,000	1,915,000
Series 2018 Colonies	05/15/38	3,000,000	3,000,000	3,000,000
Golf Course Supported:				
Series 2011A	02/15/37	3,750,000	3,750,000	3,100,000
Tax Increment Reinvestment Zone #1 Supported:				
Series 2011B	02/15/32	<u>2,210,000</u>	<u>2,210,000</u>	<u>1,675,000</u>
Total debt serviced by property taxes, including special assessment and other revenue sources		<u>86,217,000</u>	<u>86,217,000</u>	<u>77,510,733</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	-
Tax Notes, Series 2014	08/15/19	<u>2,650,000</u>	<u>2,650,000</u>	<u>455,000</u>
Total debt serviced by Fleet Services Funds revenue		<u>5,440,000</u>	<u>5,440,000</u>	<u>455,000</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	11,645,000
General Obligation Bonds, Series 2011	04/01/23	5,605,000	5,605,000	2,695,000
Waterworks and Sewer Revenue, 2013	04/01/23	1,310,000	1,310,000	665,000
Waterworks and Sewer Revenue, 2014	04/01/33	8,495,000	8,495,000	6,555,000
Waterworks and Sewer Revenue, 2015	04/01/35	17,195,000	17,195,000	14,675,000
Waterworks and Sewer Revenue, 2015A	04/01/32	21,145,000	21,145,000	16,095,000
Waterworks and Sewer Revenue, 2017	04/01/37	31,005,000	31,005,000	29,780,000
Waterworks and Sewer Revenue, 2018A	04/01/38	12,500,000	12,500,000	12,500,000
Waterworks and Sewer Revenue, 2018B	04/01/38	14,610,000	14,610,000	14,610,000
Combination Tax and Revenues Certificates of Obligation				
Waterworks and Sewer Tax and Revenue, 2009	05/15/28	38,885,000	38,885,000	22,770,000
Waterworks and Sewer Tax and Revenue 2009B	05/15/29	47,400,000	47,400,000	31,695,000
Waterworks and Sewer Tax and Revenue 2009C	05/15/31	<u>18,075,000</u>	<u>18,075,000</u>	<u>11,765,000</u>
Total bonds serviced by Water and Sewer revenues		<u>232,525,000</u>	<u>232,525,000</u>	<u>175,450,000</u>
<i>Serviced by Airport Revenue:</i>				
Airport Tax and Revenue, 2009A	02/15/20	16,140,000	16,140,000	3,570,000
<i>Serviced by Drainage Fund Revenue:</i>				
Combination Tax and Revenue Certificates of Obligation, 2012A	08/15/32	6,260,000	6,260,000	3,885,000
Drainage Revenue, 2014	08/15/34	<u>6,080,000</u>	<u>6,080,000</u>	<u>5,120,000</u>
Total debt serviced by Drainage Fund revenue		<u>12,340,000</u>	<u>12,340,000</u>	<u>9,005,000</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
Hotel Occupancy Tax Revenue Bonds, Taxable Series 2018	08/15/48	<u>38,835,000</u>	<u>38,835,000</u>	<u>38,835,000</u>
Total bonds payable*		<u>\$ 403,492,000</u>	<u>\$ 403,492,000</u>	<u>\$ 316,820,733</u>

DEBT PER CAPITA			
Total debt serviced by ad valorem taxes			\$ 66,054,000
Total debt serviced by ad valorem taxes per capita			

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

AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS		
Purpose	Date Authorized	Amount Authorized
Streets*	11/8/2016	\$ 89,495,000
Public Safety	11/8/2016	\$ 20,080,000

* Does not include the City's proportionate share of the Canadian River Water Authority indebtedness.
 ** Total interest of \$53,394 less 45% offset subsidy from the United States Treasury.
 *** Includes acquisition of land and rights of way

Total Principal and Interest Requirement			Bond Proceeds		Stated Purpose
Principal	Interest	Total	Spent	Unspent	
\$ 440,000	\$ 68,163	\$ 508,163	\$ 4,825,000	\$ -	Refund outstanding debt
67,000	29,367	96,367	1,392,000	-	Public infrastructure and construction of public facilities
1,280,000	543,800	1,823,800	15,110,000	-	Refund outstanding debt
485,000	193,325	678,325	6,789,091	330,234	Acquiring a two-way radio communications system for public safety
520,000	769,819	1,289,819	6,444,505	15,800,375	Acquiring, constructing, improving and maintaining streets, public safety facilities, and library facilities
445,000	905,521	1,350,521	-	22,484,043	Acquiring, constructing, improving and maintaining streets and public safety facilities
40,000	7,770	47,770	620,000	-	Acquiring, constructing, improving and equipping park facilities
33,037	12,907	45,944	585,000	-	Acquiring, constructing, improving and equipping park facilities
30,000	14,980	44,980	600,000	-	Acquiring, constructing, improving and equipping park facilities
75,000	35,394	110,394	1,500,000	-	Acquiring, constructing, improving and equipping park facilities
95,000	61,069	156,069	2,260,000	-	Acquiring, constructing, improving and equipping park facilities
95,000	110,884	205,884	3,000,000	-	Acquiring, constructing, improving and equipping park facilities
105,000	146,188	251,188	3,750,000	-	Improvements, renovations and equipping of the Ross Rodgers Golf Course
<u>85,000</u>	<u>86,763</u>	<u>171,763</u>	<u>2,210,000</u>	<u>785</u>	Acquiring, construction, improving, renovating and equipping street improvements
<u>3,795,037</u>	<u>2,985,950</u>	<u>6,780,987</u>	<u>49,085,596</u>	<u>38,615,437</u>	
-	-	-	2,790,000	-	Acquiring rolling stock, equipment and vehicles for the municipal garage department
<u>455,000</u>	<u>9,100</u>	<u>464,100</u>	<u>2,650,000</u>	<u>-</u>	Acquiring rolling stock, equipment and vehicles for the municipal garage department
<u>455,000</u>	<u>9,100</u>	<u>464,100</u>	<u>5,440,000</u>	<u>-</u>	
695,000	441,688	1,136,688	16,300,000	-	Purchase of 32,000 acre feet of water rights
505,000	77,075	582,075	5,605,000	-	Refund outstanding debt
130,000	3,173	133,173	873,645	416,354	Improvement and extension of the City's waterworks and sewer system
385,000	121,476	506,476	4,740,420	3,677,321	Improvement and extension of the City's waterworks and sewer system
815,000	147,102	962,102	14,475,785	2,444,848	Improvement and extension of the City's waterworks and sewer system
1,815,000	503,369	2,318,369	21,145,000	-	Refund outstanding debt
1,130,000	1,173,244	2,303,244	-	33,509,926	Improvement and extension of the City's waterworks and sewer system
615,000	97,945	712,945	-	12,301,934	Improvement and extension of the City's waterworks and sewer system
675,000	411,933	1,086,933	-	15,557,404	Improvement and extension of the City's waterworks and sewer system
2,065,000	565,925	2,630,925	37,471,501	910,022	Improvement and extension of the City's waterworks and sewer system
2,015,000	681,972	2,696,972	43,694,492	2,539,439	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>11,750,000</u>	<u>4,224,902</u>	<u>15,974,902</u>	<u>162,380,843</u>	<u>71,357,248</u>	
1,740,000	131,025	1,871,025	16,140,000	-	Improvements to the Rick Husband International Airport
250,000	77,700	327,700	6,260,000	-	Acquiring, improving, constructing and equipping municipal drainage facilities
260,000	165,444	425,444	6,080,000	-	Acquiring, improving, constructing and equipping municipal drainage facilities***
510,000	243,144	753,144	12,340,000	-	
315,000	457,664	772,664	10,842,315	792,449	Construct and equip a downtown Amarillo parking garage
-	1,606,133	1,606,133	8,723,229	29,447,481	Construct, improve, enlarge, equip, operate and maintain municipal buildings to wit: a multiuse facility
<u>\$ 18,565,037</u>	<u>\$ 9,657,918</u>	<u>\$ 28,222,955</u>	<u>\$ 264,951,983</u>	<u>\$ 140,212,615</u>	

Amount Previously Issued	Unissued Balance
\$ 32,340,000	\$ 57,155,000
\$ 11,980,000	\$ 8,100,000

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
BOND PRINCIPAL REPAYMENT SCHEDULE
SEPTEMBER 30, 2018**

<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	\$ 11,750,000	163,700,000	6.70%
2019	11,770,000	151,930,000	13.41%
2020	12,005,000	139,925,000	20.25%
2021	12,275,000	127,650,000	27.24%
2022	12,580,000	115,070,000	34.41%
2023	12,475,000	102,595,000	41.52%
2024	12,815,000	89,780,000	48.83%
2025	13,090,000	76,690,000	56.29%
2026	13,350,000	63,340,000	63.90%
2027	12,320,000	51,020,000	70.92%
2028	10,030,000	40,990,000	76.64%
2029	6,825,000	34,165,000	80.53%
2030	6,910,000	27,255,000	84.47%
2031	4,980,000	22,275,000	87.30%
2032	4,670,000	17,605,000	89.97%
2033	4,290,000	13,315,000	92.41%
2034	4,410,000	8,905,000	94.92%
2035	3,560,000	5,345,000	96.95%
2036	3,665,000	1,680,000	99.04%
2037	1,680,000	-	100.00%
	<u>\$ 175,450,000</u>		

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL FINANCIAL DATA
OPERATING STATEMENTS**

	Fiscal Years Ended September 30,						
	2018	2017	2016	2015	2014	2013	2012
OPERATING REVENUES	\$ 82,295,583	\$ 73,938,069	\$ 72,825,637	\$ 64,436,968	\$ 72,343,366	\$ 70,809,219	\$ 69,656,085
OPERATING EXPENSES ⁽¹⁾							
Personal services	13,920,177	14,467,892	12,388,873	11,472,684	11,594,856	11,646,845	11,394,284
Supplies	1,513,845	1,350,992	1,440,246	1,472,230	1,428,923	1,408,294	1,303,399
Contractual & other services	27,151,239	26,742,886	25,349,012	23,470,695	23,818,470	22,080,097	21,419,337
Total expenses	42,585,261	42,561,770	39,178,131	36,415,609	36,842,249	35,135,236	34,117,020
NONOPERATING REVENUES (EXPENSES) ⁽²⁾	1,483,214	(894,801)	(1,660,100)	1,413,510	1,182,273	(3,401,054)	(3,665,377)
NET AVAILABLE FOR DEBT SERVICE	\$ 41,193,536	\$ 30,481,498	\$ 31,987,406	\$ 29,434,869	\$ 36,683,390	\$ 32,272,929	\$ 31,873,688
ANNUAL DEBT SERVICE							
Principal	\$ 11,750,000	\$ 10,440,000	\$ 9,100,000	\$ 8,065,000	\$ 7,940,000	\$ 7,490,000	\$ 7,290,000
Interest	4,224,902	3,727,268	2,744,260	3,077,633	3,186,396	3,157,712	3,232,174
TOTAL DEBT SERVICE	\$ 15,974,902	\$ 14,167,268	\$ 11,844,260	\$ 11,142,633	\$ 11,126,396	\$ 10,647,712	\$ 10,522,174
Coverage	2.58x	2.15x	2.70x	2.64x	3.30x	3.03x	3.03x

(1) Excludes depreciation

(2) Includes CRMWA interest expense, but excludes bond interest expense

**NET POSITION
(As of SEPTEMBER 30, 2018)**

Net Investment in Capital Assets	\$ 402,151,812
Restricted for Revenue Bond Debt Retirement	7,466,900
Unrestricted	52,811,275
Total Net Position	\$ 462,429,987

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,						
	2018	2017	2016	2015	2014	2013	2012
Waterworks and sewer system in service	\$ 774,822,377	\$ 762,431,484	\$ 732,454,402	\$ 720,136,925	\$ 705,779,908	\$ 668,716,261	\$ 658,740,846
Reserve for depreciation	(260,392,682)	(246,260,152)	(231,801,728)	(217,817,127)	(203,635,685)	(190,129,416)	(176,837,047)
Net plant in service	514,429,695	516,171,332	500,652,674	502,319,798	502,144,223	478,586,845	481,903,799
Plus construction in progress	61,608,812	42,055,348	39,321,320	24,886,619	12,169,588	34,064,799	36,349,481
Net plant in service and coming on line	576,038,507	558,226,680	539,973,994	527,206,417	514,313,811	512,651,644	518,253,280
Plus restricted assets and other noncurrent assets and deferred items	79,831,178	55,466,473	45,871,105	31,645,460	34,446,021	24,000,067	27,143,194
Plus working capital	60,376,904	66,173,794	59,024,455	64,534,177	74,220,979	66,127,977	51,196,475
Total assets	<u>716,246,589</u>	<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>
Other noncurrent liabilities	242,066,602	228,699,627	212,855,741	208,856,127	221,508,391	222,216,207	232,759,820
Plus liabilities payable from restricted assets	11,750,000	10,440,000	9,100,000	8,065,000	7,940,000	7,490,000	7,290,000
Total obligations	<u>253,816,602</u>	<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>
City's equity in system	<u>\$ 462,429,987</u>	<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>

COVERAGE OF DEBT SERVICE REQUIREMENT

Net System Income Available for Debt Service for Fiscal Year Ended 9/30/2018	41,193,536
Average Annual Principal and Interest Requirements (2019-2037)	10,672,515
Coverage of Average Annual Requirements by 2018 Net Revenues	3.86x
Maximum Principal and Interest Requirements, 2023	16,047,077
Coverage of Maximum Requirements by 2018 Net Revenues	2.57x

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,						
	2018	2017	2016	2015	2014	2013	2012
OPERATING REVENUES							
Water sales	\$ 55,209,141	\$ 48,620,594	\$ 48,676,840	\$ 41,199,939	\$ 47,606,516	\$ 46,968,390	\$ 46,807,157
Sewer charges	23,629,503	21,570,449	20,860,554	20,340,925	21,024,451	20,419,533	19,377,899
Industrial surcharges	223,978	280,702	250,874	271,604	265,140	316,450	226,620
Forfeited discounts - water	1,310,310	1,241,421	1,300,605	862,854	1,242,531	1,168,146	1,171,110
Sale of reclaimed water	433,467	512,347	529,786	622,529	574,786	598,131	670,041
Water service charges	1,370,966	1,373,862	1,270,238	991,326	1,240,897	1,184,191	1,176,520
Water tap fees	212,343	218,965	206,829	165,887	177,324	153,754	130,810
Sewer tap fees	54,418	88,051	72,057	46,177	63,596	61,124	71,993
Water frontage charges	1,210	-	6,283	37,288	1,925	16,628	14,855
Sewer frontage charges	3,432	3,437	2,726	18,080	4,928	8,208	25,074
Net loss on bad debts	(392,544)	(203,659)	(535,164)	(420,863)	(88,378)	(503,962)	(502,057)
Lab fees	111,643	149,495	148,173	148,168	156,239	143,814	175,921
Miscellaneous	127,716	82,405	35,836	153,054	73,411	274,812	310,142
Total operating revenues	<u>82,295,583</u>	<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>
OPERATING EXPENSES							
Salaries, wages and fringe benefits	13,920,177	14,467,892	12,388,873	11,472,684	11,594,856	11,646,845	11,394,284
Supplies	1,513,845	1,350,992	1,440,246	1,472,230	1,428,923	1,408,294	1,303,399
Fuel and power	4,582,045	4,618,493	4,174,521	4,246,205	4,933,966	4,398,162	4,476,328
Surface water	5,896,428	6,974,102	6,624,214	5,347,061	5,427,970	4,851,074	4,682,183
Other contractual charges	5,881,144	5,063,458	4,900,080	4,703,899	4,554,358	4,329,654	4,216,512
Other charges	10,791,622	10,086,833	9,650,197	9,173,530	8,902,176	8,501,207	8,044,314
Depreciation	14,196,462	14,550,803	14,154,802	14,238,259	13,637,200	13,378,612	13,110,658
Less: interfund reimbursements	<u>(1,414,897)</u>	<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>
Total operating expenses	<u>55,366,826</u>	<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>
Operating income	<u>26,928,757</u>	<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>
NONOPERATING REVENUES (EXPENSES)							
Capital contributions	4,027,924	5,226,486	2,616,854	5,105,521	3,603,324	369,472	4,587,476
Interest earnings	1,590,073	394,951	420,213	356,274	259,941	209,901	170,434
Disposition of property	829,031	24,654	12,669	3,417,620	3,816,207	57,883	(161,536)
Interest expense & fiscal charges	<u>(5,376,745)</u>	<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>
Total nonoperating revenues (expenses)	<u>1,070,283</u>	<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>
Total income before transfers	27,999,040	18,736,067	17,550,116	17,510,923	23,921,175	16,702,864	20,572,402
TRANSFERS FROM (TO) OTHER FUNDS							
	<u>(553,859)</u>	<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>
NET INCOME	<u>\$ 27,445,181</u>	<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>

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,						
	2018	2017	2016	2015	2014	2013	2012
ASSETS							
CURRENT ASSETS							
Cash	\$ 14,805,768	\$ 15,498,647	\$ 15,496,358	\$ 19,471,699	\$ 24,640,561	\$ 26,378,742	\$ 19,588,927
Investments - at fair market value	48,987,054	57,098,741	50,749,952	48,461,977	52,948,308	40,279,863	35,148,563
Receivables (net of allowance for uncollectibles):							
Accounts	7,497,259	5,638,133	5,498,742	5,749,728	5,197,701	5,969,328	5,602,192
Accrued interest	237,301	174,472	132,048	94,835	100,484	71,974	60,022
Other accrued revenue	5,395,636	3,354,388	3,642,645	4,458,946	4,152,861	4,489,465	3,788,401
Due from other funds	29,355	34,957	-	-	-	-	-
Prepaid expenses	1,309,727	1,434,753	1,472,893	893,326	928,415	933,853	963,535
Total current assets	<u>78,262,100</u>	<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>
NONCURRENT ASSETS							
Restricted cash	78,824,148	50,391,049	40,771,986	29,549,585	32,371,275	23,672,965	26,799,244
Other noncurrent receivable	-	-	(1)	7,902	309,407	327,102	343,950
Other noncurrent asset	75,632	83,414	90,854	98,037	153,385	-	-
Interfund advance receivable	-	715,043	-	-	-	-	-
Capital assets							
Land, easements and water rights	61,912,385	61,585,830	60,954,487	59,444,991	58,993,887	59,163,418	59,023,252
Accumulated depletion water rights	(8,626,612)	(7,848,843)	(7,071,535)	(6,310,311)	(5,588,870)	(4,863,498)	(4,107,495)
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	(23,639,832)	(22,875,817)	(22,111,802)	(21,345,694)	(20,581,680)	(19,817,665)	(19,053,650)
Pipelines and other improvements	658,274,445	646,180,868	616,942,368	606,102,721	592,221,300	554,949,517	545,610,923
Accumulated depreciation	(224,523,751)	(212,025,705)	(199,183,126)	(186,711,321)	(174,143,586)	(162,185,069)	(150,524,679)
Equipment	4,299,158	4,328,397	4,221,158	4,252,824	4,228,332	4,266,937	3,770,282
Accumulated depreciation	(3,602,487)	(3,509,787)	(3,435,265)	(3,449,801)	(3,321,549)	(3,263,184)	(3,151,223)
Construction in progress	61,608,812	42,055,348	39,321,320	24,886,619	12,169,588	34,064,799	36,349,481
Total capital assets, net	<u>576,038,507</u>	<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>
Total noncurrent assets	<u>654,938,287</u>	<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>
TOTAL ASSETS	<u>\$ 733,200,387</u>	<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>
DEFERRED OUTFLOW OF RESOURCES							
Deferred outflow of resources	\$ 5,898,163	\$ 4,425,767	\$ 5,032,417	\$ 2,024,929	\$ 1,966,685	\$ -	\$ -
TOTAL DEFERRED OUTFLOWS	<u>\$ 5,898,163</u>	<u>\$ 4,425,767</u>	<u>\$ 5,032,417</u>	<u>\$ 2,024,929</u>	<u>\$ 1,966,685</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,						
	2018	2017	2016	2015	2014	2013	2012
LIABILITIES							
CURRENT LIABILITIES							
Vouchers payable	\$ 2,770,935	\$ 2,805,349	\$ 2,990,501	\$ 587,641	\$ 1,548,271	\$ 683,404	\$ 1,753,994
Accounts payable	1,713,233	1,651,160	1,090,247	1,988,469	737,303	448,080	1,630,633
Accrued expenses	3,988,170	2,507,563	3,337,958	2,533,123	2,415,764	2,142,244	2,339,336
Securities lending collateral	-	-	-	-	-	-	-
Deposits	46,045	42,014	41,075	43,353	43,758	36,899	32,740
Consumer security deposits	3,900,681	3,778,466	3,670,027	3,622,203	3,478,194	3,361,020	3,144,653
Compensated absences, current	179,111	213,205	220,629	253,107	237,424	228,074	187,561
Proportionate share of water authority indebtedness - current installments	5,287,021	6,062,540	5,467,746	5,246,984	5,236,637	5,095,527	4,866,248
Due to other funds	-	-	1,150,000	321,454	50,000	-	-
Revenue bonds - current maturities	11,750,000	10,440,000	9,100,000	8,065,000	7,940,000	7,490,000	7,290,000
Total current liabilities	<u>29,635,196</u>	<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>
NONCURRENT LIABILITIES							
Revenue bonds - less current maturities and unamortized issuance costs	167,576,703	151,406,891	128,872,057	122,510,609	130,639,582	128,779,108	133,829,981
Proportionate share of water authority indebtedness - less current installments	60,630,219	66,586,546	73,178,176	79,148,283	86,416,820	88,758,210	93,936,161
Other accrued expenses	2,606,671	2,628,280	2,615,459	2,646,300	2,783,256	2,979,023	3,109,196
Provision for accrued sick and annual leave	845,207	803,399	881,816	1,013,225	1,113,512	1,148,127	1,249,273
Net OPEB liability	5,807,799	-	-	-	-	-	-
Net pension liability	4,600,003	7,274,511	7,308,233	3,537,710	555,221	551,739	635,209
Total noncurrent liabilities	<u>242,066,602</u>	<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>
TOTAL LIABILITIES	<u>\$ 271,701,798</u>	<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>
DEFERRED INFLOWS OF RESOURCES							
Deferred outflow of resources	\$ 4,966,765	\$ 148,800	\$ 24,151	\$ 34,993	\$ 354,734	\$ -	\$ -
TOTAL DEFERRED INFLOWS	<u>\$ 4,966,765</u>	<u>\$ 148,800</u>	<u>\$ 24,151</u>	<u>\$ 34,993</u>	<u>\$ 354,734</u>	<u>\$ -</u>	<u>\$ -</u>
NET POSITION							
Net investment in capital assets	\$ 402,151,812	\$ 367,784,175	\$ 358,232,452	\$ 336,363,074	\$ 312,096,698	\$ 300,642,476	\$ 299,800,814
Restricted for debt service	7,466,900	6,337,577	5,895,549	6,325,536	6,322,034	5,559,288	5,329,320
Unrestricted	52,811,275	66,605,568	58,785,812	63,776,317	75,113,688	66,871,717	51,412,995
TOTAL NET POSITION	<u>\$ 462,429,987</u>	<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>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
DRAINAGE UTILITY
CONDENSED SCHEDULE OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2018**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
OPERATING REVENUES	\$ 5,548,081	\$ 5,540,485	\$ 5,524,655	\$ 5,460,345	\$ 5,469,629	\$ 4,990,113	\$ -
OPERATING EXPENSES							
Personal services	1,274,096	1,309,766	801,198	688,868	671,575	553,212	26,714
Contractual & other services	905,611	957,723	1,001,318	884,299	900,228	645,280	18,170
Other supplies and expenses	145,645	185,836	141,555	193,957	128,371	102,203	1,704
Other charges	487,240	436,002	422,951	305,297	515,919	425,868	-
Depreciation	143,798	117,147	98,921	97,205	212	-	-
Total expenses	<u>2,956,390</u>	<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>112,399</u>	<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	\$ 2,704,090	\$ 2,589,929	\$ 3,147,128	\$ 3,401,653	\$ 3,352,246	\$ 3,347,372	\$ (46,588)
NUMBER OF CUSTOMERS	72,118	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net System Income Available for Debt Service	\$ 2,704,090	\$ 2,589,929	\$ 3,147,128	\$ 3,401,653	\$ 3,352,246	\$ 3,347,372
Average Annual Principal and Interest Requirements (2019-2034)	699,158	702,334	715,957	728,104	739,393	420,988
Coverage of Average Annual Requirements	3.87x	3.69x	4.40x	4.67x	4.53x	7.95x
Maximum Principal and Interest Requirements, 2019	753,144	753,144	947,544	947,544	953,848	438,498
Coverage of Maximum Requirements	3.59x	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, 2018**

<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	\$25,000	\$3,000,000
Worker's Compensation			
All City Employees	Injury to City Workers	\$1,500,000	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 07/01/2018, hail and wind losses have a 5% 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, 2018**

	<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	\$ 4,957,960	\$ -	\$ 4,957,960	\$ -	\$ -	\$ 4,957,960	\$ 4,870,665	\$ 4,870,665	\$ 87,295
	<u>\$ 4,957,960</u>	<u>\$ -</u>	<u>\$ 4,957,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,957,960</u>	<u>\$ 4,870,665</u>	<u>\$ 4,870,665</u>	<u>\$ 87,295</u>
Expenditures:									
Public Health	\$ 3,050,830	\$ 11,627	\$ 3,062,457	\$ -	\$ -	\$ 3,062,457	\$ 3,812,982	\$ 3,812,982	\$ 750,525
	<u>\$ 3,050,830</u>	<u>\$ 11,627</u>	<u>\$ 3,062,457</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,062,457</u>	<u>\$ 3,812,982</u>	<u>\$ 3,812,982</u>	<u>\$ 750,525</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, 2018

	<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	\$ 24,804	\$ -	\$ 24,804	\$ -	\$ -	\$ 24,804	\$ 3,910	\$ 3,910	\$ 20,894
	<u>\$ 24,804</u>	<u>\$ -</u>	<u>\$ 24,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,804</u>	<u>\$ 3,910</u>	<u>\$ 3,910</u>	<u>\$ 20,894</u>
Expenditures:									
LEOSE Training	\$ 17,348	\$ -	\$ 17,348	\$ -	\$ -	\$ 17,348	\$ 22,500	\$ 22,500	\$ 5,152
	<u>\$ 17,348</u>	<u>\$ -</u>	<u>\$ 17,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,348</u>	<u>\$ 22,500</u>	<u>\$ 22,500</u>	<u>\$ 5,152</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, 2018**

	<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	\$ 166,914	\$ -	\$ 166,914	\$ -	\$ -	\$ 166,914	\$ -	\$ -	\$ 166,914
	<u>\$ 166,914</u>	<u>\$ -</u>	<u>\$ 166,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,914</u>
Expenditures:									
Local Seized Property	\$ 242,050	\$ -	\$ 242,050	\$ -	\$ 27,804	\$ 269,854	\$ 93,553	\$ 103,553	\$ (166,301)
	<u>\$ 242,050</u>	<u>\$ -</u>	<u>\$ 242,050</u>	<u>\$ -</u>	<u>\$ 27,804</u>	<u>\$ 269,854</u>	<u>\$ 93,553</u>	<u>\$ 103,553</u>	<u>\$ (166,301)</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, 2018**

	<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	\$ 31,349	\$ -	\$ 31,349	\$ -	\$ -	\$ 31,349	\$ 27,600	\$ 27,600	\$ 3,749
	<u>\$ 31,349</u>	<u>\$ -</u>	<u>\$ 31,349</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,349</u>	<u>\$ 27,600</u>	<u>\$ 27,600</u>	<u>\$ 3,749</u>
Expenditures:									
Compensated Absences	\$ 2,108,950	\$ -	\$ 2,108,950	\$ -	\$ -	\$ 2,108,950	\$ 1,969,700	\$ 2,125,700	\$ 16,750
	<u>\$ 2,108,950</u>	<u>\$ -</u>	<u>\$ 2,108,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,108,950</u>	<u>\$ 1,969,700</u>	<u>\$ 2,125,700</u>	<u>\$ 16,750</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, 2018**

	<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	\$ 135,105	\$ -	\$ 135,105	\$ -	\$ -	\$ 135,105	\$ 131,300	\$ 131,300	\$ 3,805
Court Security	<u>176,748</u>	<u>-</u>	<u>176,748</u>	<u>-</u>	<u>-</u>	<u>176,748</u>	<u>137,899</u>	<u>137,899</u>	<u>38,849</u>
	<u>\$ 311,853</u>	<u>\$ -</u>	<u>\$ 311,853</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,853</u>	<u>\$ 269,199</u>	<u>\$ 269,199</u>	<u>\$ 42,654</u>
Expenditures:									
Court Technology	\$ 94,461	\$ 40,429	\$ 134,890	\$ -	\$ 9,142	\$ 144,032	\$ 134,640	\$ 140,640	\$ (3,392)
Court Security	<u>176,804</u>	<u>-</u>	<u>176,804</u>	<u>-</u>	<u>-</u>	<u>176,804</u>	<u>137,899</u>	<u>138,899</u>	<u>(37,905)</u>
	<u>\$ 271,265</u>	<u>\$ 40,429</u>	<u>\$ 311,694</u>	<u>\$ -</u>	<u>\$ 9,142</u>	<u>\$ 320,836</u>	<u>\$ 272,539</u>	<u>\$ 279,539</u>	<u>\$ (41,297)</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, 2018**

	<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	\$ 634,317	\$ -	\$ 634,317	\$ -	\$ -	\$ 634,317	\$ 632,656	\$ 632,656	\$ 1,661
Heritage Hills	161,697	-	161,697	-	-	161,697	160,745	160,745	952
The Colonies	4,007,351	-	4,007,351	-	-	4,007,351	900,121	900,121	3,107,230
Tutbury	16,296	-	16,296	-	-	16,296	16,419	16,419	(123)
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	4,300	-	4,300	-	-	4,300	4,300	4,300	-
Redstone	318	-	318	-	-	318	318	318	-
Townsquare	162,257	-	162,257	-	-	162,257	162,257	162,257	-
	<u>\$ 5,048,686</u>	<u>\$ -</u>	<u>\$ 5,048,686</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,048,686</u>	<u>\$ 1,938,978</u>	<u>\$ 1,938,978</u>	<u>\$ 3,109,708</u>
Expenditures:									
Greenways at Hillside	\$ 545,701	\$ -	\$ 545,701	\$ -	\$ -	\$ 545,701	\$ 563,311	\$ 563,311	\$ 17,610
Heritage Hills	631	-	631	-	-	631	62,467	62,467	61,836
The Colonies	652,657	3,004,991	3,657,648	-	-	3,657,648	872,666	872,666	(2,784,982)
Tutbury	10,043	-	10,043	-	-	10,043	8,899	10,399	356
Point West	22,860	-	22,860	-	-	22,860	28,105	28,105	5,245
Quail Creek	7,158	-	7,158	-	-	7,158	8,450	8,450	1,292
Vineyards	3,285	-	3,285	-	-	3,285	3,546	3,546	261
Redstone	18	-	18	-	-	18	318	318	300
Townsquare	758	-	758	-	-	758	81,348	81,348	80,590
	<u>\$ 1,243,111</u>	<u>\$ 3,004,991</u>	<u>\$ 4,248,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,248,102</u>	<u>\$ 1,629,110</u>	<u>\$ 1,630,610</u>	<u>\$ (2,617,492)</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, 2018**

	<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	\$ 6,573,067	\$ -	\$ 6,573,067	\$ -	\$ -	\$ 6,573,067	\$ 5,764,541	\$ 5,764,541	\$ 808,526
	<u>\$ 6,573,067</u>	<u>\$ -</u>	<u>\$ 6,573,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,573,067</u>	<u>\$ 5,764,541</u>	<u>\$ 5,764,541</u>	<u>\$ 808,526</u>
Expenditures:									
Bonded Debt Service	\$ 6,324,065	\$ -	\$ 6,324,065	\$ -	\$ -	\$ 6,324,065	\$ 5,700,444	\$ 5,700,444	\$ (623,621)
	<u>\$ 6,324,065</u>	<u>\$ -</u>	<u>\$ 6,324,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,324,065</u>	<u>\$ 5,700,444</u>	<u>\$ 5,700,444</u>	<u>\$ (623,621)</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.	249-254
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.	255-261
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.	262-266
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.	267-268
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.	269-273
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.	274-277
Drainage Utility Information These schedules contain information about how the City's Drainage Utility financial information relates to services and activities provided.	278
Hotel Occupancy Tax Information These schedules contains information about how the City's Hotel Occupancy Tax financial information relates to services and activities provided.	279-280

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)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental Activities										
Net investment in capital assets	\$ 386,319,847	\$ 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
Restricted for										
Debt service	1,993,391	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
Tax increment financing	1,650,395	1,623,164	2,515,936	2,544,254	-	-	-	-	-	-
Capital outlay	-	-	1,650,395	-	-	-	-	-	-	-
Other purposes	26,918,100	8,398,866	5,484,949	7,497,255	8,519,242	6,673,794	3,812,464	-	-	-
Unrestricted	(20,715,856)	(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
Total governmental activities net position	<u>\$ 396,165,877</u>	<u>\$ 337,924,974</u>	<u>\$ 350,877,955</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>
Business-type Activities										
Net investment in capital assets	\$ 483,457,427	\$ 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
Restricted for										
Debt service	7,652,378	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
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Unrestricted	42,064,112	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
Total business-type activities net position	<u>\$ 533,173,917</u>	<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>
Primary Government										
Net investment in capital assets	\$ 869,777,274	\$ 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
Restricted for										
Debt service	9,645,769	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
Tax increment financing	1,650,395	1,623,164	2,515,936	2,544,254	-	-	-	-	-	-
Capital outlay	-	-	1,650,395	-	-	-	-	-	-	-
Other purposes	26,918,100	8,398,866	5,484,949	7,497,255	8,519,242	6,673,794	3,812,464	-	-	-
Unrestricted	21,348,256	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
Total primary government net assets	<u>\$ 929,339,794</u>	<u>\$ 846,952,210</u>	<u>\$ 840,345,036</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>
Component Units										
Net investment in capital assets	\$ 64,798,720	\$ 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
Restricted for:										
Debt service	5,485,866	979,053	12,119,902	1,017,858	979,502	1,097,604	1,079,681	1,064,112	860,609	652,663
Other purposes	51,942,802	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
Unrestricted	238,880,978	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
Total component units activities net position	<u>\$ 361,108,366</u>	<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>

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities:										
General government and administration	\$ 20,001,400	\$ 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
Public safety and health	106,934,135	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
Streets, traffic and engineering	23,373,741	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
Culture and recreation	29,070,736	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
Solid waste	17,489,426	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
Transit	5,665,669	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
Economic development	3,841,058	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
Urban redevelopment/housing	11,312,847	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
Interest on long-term debt	5,363,761	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
Total governmental activities expenses	<u>223,052,773</u>	<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>
Business-type activities										
Water and Sewer	62,223,013	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
Drainage Utility	2,958,630	3,042,378	2,563,644	2,403,313	2,384,447	1,745,262	46,588	-	-	-
Airport	14,581,119	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
Total business-type activities expenses	<u>79,762,762</u>	<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>
Total primary government expenses	<u>\$ 302,815,535</u>	<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>
Component units										
Amarillo Hospital District	\$ 22,809,856	\$ 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
Amarillo Economic Development Corporation	17,164,756	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
Amarillo-Potter Events District	3,136,507	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
Amarillo Housing Finance Corporation	-	-	-	-	-	-	-	1,576	1,653	11,400
Amarillo Health Facilities Corporation	-	-	-	-	-	-	-	-	-	-
Tax Increment Reinvestment Zone #1	270	-	-	-	-	-	1,270,527	204,518	34,414	8,528
Amarillo Local Government Corporation	2,022,550	311,006	64,084	125,610	34,253	16,353	90,985	1,500	-	-
Total component units activities expenses	<u>\$ 45,133,939</u>	<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>
Program Revenues										
Governmental activities:										
Fees, Fines, and Charges for Services:										
General government and administration	\$ 9,686,712	\$ 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
Public safety and health	10,216,819	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
Streets, traffic and engineering	1,149,616	1,316,207	882,924	972,519	921,593	737,912	804,886	748,018	618,399	445,833
Culture and recreation	10,330,913	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
Solid waste	20,522,012	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
Transit	202,330	193,226	188,419	194,725	211,575	207,492	213,849	214,665	203,175	185,176
Economic development	-	-	-	-	30,076	20,500	-	-	-	-
Urban redevelopment/housing	100,229	233,577	73,079	174,352	119,859	119,742	95,458	296,074	188,392	114,695
Operating grants and contributions	23,646,610	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
Capital grants and contributions	12,970,962	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
Total governmental activities program revenues	<u>88,826,203</u>	<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>

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Business-type activities										
Water and Sewer	84,539,511	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
Drainage Utility	5,548,081	5,540,635	5,581,158	5,553,357	5,556,487	5,073,594	-	-	-	-
Airport	11,424,284	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
Operating grants and contributions	588,563	25,692	-	-	-	-	-	-	-	-
Capital grants and contributions	7,245,540	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
Total business-type activities program revenues	109,345,979	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
Total primary government revenues	\$ 198,172,182	\$ 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
Component units										
Amarillo Hospital District	\$ 65,045,092	\$ 33,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amarillo Economic Development Corporation	5,339,886	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
Amarillo-Potter Events District	107,267	71,947	56,342	67,366	86,937	82,982	47,192	1,320	-	-
Amarillo Housing Finance Corporation	5,527	190	267	-	207	299	338	388	24,632	32,936
Amarillo Health Facilities Corporation	-	-	-	-	79	-	-	-	-	-
Tax Increment Reinvestment Zone #1	-	-	-	-	-	-	-	2,232,500	34,414	8,528
Amarillo Local Government Corporation	388,524	4,607,037	10,621,715	466,461	-	-	-	-	-	-
Operating grants and contributions	356,636	277,338	193,111	206,218	228,068	208,998	278,842	239,737	441,057	1,920,040
Capital grants and contributions	-	40,700,000	39,736	97,087	268,755	362,109	28,667	29,837	6,381	9,181
Total component units revenue	\$ 71,242,932	\$ 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
Net (Expense) Revenue										
Governmental activities	\$ (134,226,570)	\$ (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)
Business-type activities	29,583,217	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
Total primary government net expense	\$ (104,643,353)	\$ (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)
Component units										
Amarillo Hospital District	\$ 42,591,872	\$ (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)
Amarillo Economic Development Corporation	(11,824,870)	(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)
Amarillo-Potter Events District	(3,029,240)	(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)
Amarillo Housing Finance Corporation	5,527	190	267	-	207	299	338	(1,188)	22,979	21,536
Amarillo Health Facilities Corporation	(270)	-	-	-	79	-	-	-	-	-
Tax Increment Reinvestment Zone #1	-	-	-	-	-	-	(1,270,527)	2,027,982	(34,414)	(8,528)
Amarillo Local Government Corporation	(1,634,026)	44,996,031	10,557,631	340,851	(34,253)	(16,353)	(90,985)	(1,500)	-	-
Total component units net expense	\$ 26,108,993	\$ 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)
General Revenues										
and Other Changes in Net Assets										
Governmental activities:										
Property taxes, levied for general purposes	\$ 44,631,498	\$ 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
Property taxes, levied for debt services	4,504,109	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
Sales taxes	57,403,769	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
Mixed beverage taxes	893,587	816,149	810,426	805,136	751,825	595,016	533,575	602,075	585,729	589,894

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities (continued):										
Hotel occupancy taxes	6,355,676	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
Gross receipts business taxes	18,208,762	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
Unrestricted investment earnings	2,650,804	1,268,229	843,358	775,685	674,798	567,298	735,449	1,111,192	1,288,039	3,568,427
Income (expense) from use and disposition of property	-	-	-	-	-	-	-	(272,849)	480,281	148,337
Other	(292,622)	1,197,273	42,453	3,469,385	1,383,230	672,355	387,328	444,962	246,795	90,864
Total governmental activities	134,355,583	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
Business-type activities										
Unrestricted investment earnings	1,806,398	498,073	487,381	402,780	304,150	238,073	217,027	273,550	536,222	1,292,227
Income (expense) from use and disposition of property	-	-	-	-	-	-	-	6,974,932	14,646	24,259
Other	292,622	(1,197,273)	(1,420,423)	(2,283,911)	(740,430)	25,427	(387,328)	(68,571)	(59,449)	(90,864)
Total business-type activities	2,099,020	(699,200)	(933,042)	(1,881,131)	(436,280)	263,500	(170,301)	7,179,911	491,419	1,225,622
Total primary government	\$ 136,454,603	\$ 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
Component Units										
Property taxes, levied for general purposes	-	-	-	-	71,400	76,810	589,735	460,051	437,846	324,433
Property taxes, levied for debt services	-	-	-	-	-	-	-	-	-	-
Sales taxes	19,134,590	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
Gross receipts business taxes	2,970,579	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
Unrestricted investment earnings	(772,223)	(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
Total component units activities	\$ 21,332,946	\$ 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
Change in Net Position										
Governmental activities	129,013	(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)
Business-type activities	31,682,237	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
Total primary government	\$ 31,811,250	\$ 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)
Total component units	\$ 47,441,939	\$ 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)

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)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,680	\$ 209,187
Nonspendable:										
Prepaid items	34,874	31,933	21,203	7,727	7,742	7,742	7,742	6,742	-	-
Inventory	1,398,034	1,178,590	1,681,954	1,902,433	1,402,375	1,553,581	1,546,717	1,804,245	-	-
Uncollected taxes	74,195	75,466	45,820	55,145	80,686	94,493	70,967	81,905	-	-
Advances to other funds	685,689	715,043	-	-	-	-	-	-	-	-
Committed for:										
Encumbrances	-	-	-	-	-	-	295,059	147,740	-	-
Unreserved/unassigned	45,894,428	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
Total general fund	\$ 48,087,220	\$ 45,662,673	\$ 48,079,850	\$ 51,303,347	\$ 55,932,329	\$ 51,713,160	\$ 46,264,565	\$ 43,807,734	\$ 41,600,614	\$ 37,372,659
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,010,434	\$ 1,017,324
Unreserved, reported in:										
Debt service fund	-	-	-	-	-	-	-	-	210,081	101,259
Capital projects	-	-	-	-	-	-	-	-	39,348,787	48,335,396
Special revenue funds	-	-	-	-	-	-	-	-	2,656,334	2,680,946
Compensated absences fund	-	-	-	-	-	-	-	-	14,222,386	15,053,260
Undesignated	-	-	-	-	-	-	-	-	-	-
Nonexpendable:										
Prepaid items	4,538	7,248	10,769	7,332	29,855	628,029	652,712	639,354	-	-
Uncollected taxes	5,508	5,648	3,818	4,784	7,087	12,727	6,509	5,740	-	-
Corpus or principal	17,693	-	-	-	-	-	-	-	-	-
Restricted for:										
Debt service fund	1,340,072	1,090,928	904,204	796,880	691,778	534,276	375,156	246,574	-	-
Capital projects	-	-	-	-	-	-	3,671,462	-	-	-
Special purposes	13,286,529	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	1,412,287	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	90,534,266	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	\$ 106,600,893	\$ 76,979,194	\$ 58,704,508	\$ 60,155,026	\$ 55,860,280	\$ 50,634,024	\$ 53,909,060	\$ 54,767,888	\$ 57,448,022	\$ 67,188,185

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)**

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes	\$ 131,428,612	\$ 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
License and permits	3,300,746	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
Interfund revenues	1,297,732	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
Intergovernmental revenues	24,773,874	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
Grants-in-aid	-	-	-	-	-	-	-	-	-	-
Citizen contributions	49,768	187,497	24,864	125,848	208,255	45,638	10,144	22,898	6,000	31,000
Construction participation	9,564,048	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
Revenue from participating taxing entities	746,065	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
Charges for services	38,909,157	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
Fines and forfeitures	6,549,307	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
Investment earnings	2,159,031	1,042,999	682,885	626,119	560,545	448,256	566,680	890,296	1,007,601	2,665,718
Other rentals and commissions	482,908	479,190	491,669	426,880	421,119	418,222	382,306	839,170	858,951	867,160
Miscellaneous	1,806,518	477,337	487,816	1,273,997	820,390	671,097	671,563	814,676	526,107	1,179,434
Total revenues	221,067,766	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
Expenditures										
General government and administration	18,623,409	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
Public safety and health	112,510,824	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
Culture and recreation	23,393,846	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
Solid waste	15,293,540	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
Transit system	5,038,578	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
Urban redevelopment and housing	11,661,271	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
Economic development/tourism	3,975,529	6,558,819	12,211,918	3,314,067	3,006,491	3,083,969	2,847,958	5,269,912	2,586,912	2,798,810
Capital outlay	52,636,028	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
Debt service										
Principal retirement	2,841,509	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
Interest and fiscal charges	3,475,426	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
Bond issuance cost	1,660,652	-	-	-	-	-	-	-	-	-
Termination vacation and sick leave pay	2,108,950	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
Total expenditures	253,219,562	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
Excess of revenues over (under) expenditures	(32,151,796)	(11,518,432)	(13,988,281)	717,219	6,935,336	315,623	433,905	(6,246,867)	(6,570,311)	(10,089,389)
Other financing sources (uses):										
Transfers from other funds	10,780,666	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
Transfers to other funds	(11,490,194)	(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)
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	927,566	2,897,768	(401,232)	-	(55,000)	-	-	(77,500)	-	(145,000)
Issuance of refunding debt	-	-	-	-	-	-	-	-	-	4,825,000
Issuance of long-term debt	63,980,000	43,330,000	11,995,000	-	2,260,000	-	-	5,960,000	1,367,000	-
Total other financing sources (uses)	64,198,038	27,375,941	9,314,266	(1,051,458)	2,510,091	(757,285)	(213,240)	5,773,852	1,058,098	(12,921)
Net change in fund balances	\$ 32,046,242	\$ 15,857,509	\$ (4,674,015)	\$ (334,239)	\$ 9,445,427	\$ (441,662)	\$ 220,665	\$ (473,015)	\$ (5,512,213)	\$ (10,102,310)
Debt service as a percentage of noncapital expenditures	3.149%	2.112%	1.863%	2.040%	2.010%	2.093%	2.173%	2.019%	1.940%	1.957%

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)**

<u>Fiscal Year</u>	<u>Property Taxes*</u>		<u>Sales Taxes</u>	<u>Mixed Beverage Taxes</u>	<u>Hotel Occupancy Taxes</u>	<u>Gross Receipts Business Taxes</u>	<u>Total Taxes</u>
	<u>General Fund</u>	<u>Debt Service</u>					
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
2018	44,062,709	4,504,109	57,403,769	893,587	6,932,936	18,208,762	132,005,872
<u>Change</u>							
2009-2018	49.66%	66.43%	32.75%	51.48%	63.81%	27.17%	39.64%

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.)
- ** \$577,260 was rebated during the year ended September 30, 2018.
- *** \$18,837 was rebated during the year ended 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>
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
2018	13,069,862,666	1,820,657,962	14,890,520,628	2,102,746,587	12,787,774,041	0.36364

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
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	1.26500	1.35000	0.67000	0.41473	1.16190	1.23777
2018	0.32698	0.03666	0.36364	1.23900	0.20750	1.26500	1.35000	0.68500	0.43126	1.18590	1.23371

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	2018			2009		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Southwestern Public Service	\$ 144,191,284	1	1.128%	\$ 74,058,069	3	0.807%
BSA Hospital	136,693,331	2	1.069%	-	-	0.000%
Bell Helicopter Textron	105,618,070	3	0.826%	-	-	0.000%
Walmart	100,848,858	4	0.789%	84,578,136	1	0.872%
Northwest Texas Healthcare	85,745,919	5	0.671%	82,687,582	2	0.852%
Case Properties	80,620,299	6	0.630%	35,915,255	7	0.370%
BNSF Railway Company	78,440,211	7	0.613%	43,441,921	5	0.448%
Atmos Energy	72,386,376	8	0.566%	-	10	0.000%
Amarillo Mall LLC	63,968,496	9	0.500%	64,087,638	4	0.661%
Amarillo Economic Development Corp.	51,559,993	10	0.403%	-	-	0.000%
Southwestern Bell Telephone Company	-	-	-	41,540,717	6	0.428%
Amarillo National Bank	-	-	-	35,520,311	8	0.366%
Ben E. Keith	-	-	-	34,512,647	9	0.356%
Anderson Merchandisers	-	-	-	28,509,906	10	0.294%
Total taxable value of ten largest taxpayers	920,072,837		7.195%	524,852,182		5.452%
Total taxable value of other taxpayers	11,867,701,234		92.805%	9,175,545,762		94.591%
Total taxable value of all taxpayers	\$ 12,787,774,071		100.000%	\$ 9,700,397,944		100.044%

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
2009	\$ 29,523,733	\$ 29,021,939	98.30	\$ 420,687	\$ 29,442,626	99.73
2010	30,409,776	29,913,203	98.37	390,743	30,303,946	99.65
2011	30,639,878	30,277,693	98.82	339,267	30,616,960	99.93
2012	32,159,248	31,738,183	98.69	378,323	32,116,506	99.87
2013	32,832,489	32,397,075	98.67	405,916	32,802,991	99.91
2014	35,664,675	35,179,859	98.64	347,756	35,527,615	99.62
2015	37,270,434	36,762,612	98.64	301,165	37,063,777	99.45
2016	39,236,666	38,751,501	98.76	242,202	38,993,703	99.38
2017	40,948,124	40,559,556	99.05	167,080	40,726,636	99.46
2018	44,623,248	44,198,870	99.05	-	44,198,870	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									
	2018*	2017	2016	2015	2014	2013	2012	2011	2010	2009
Agriculture/Forestry/Fishing/Hunting		\$ 2,789	\$ 2,743	\$ 2,419	\$ 1,367	\$ 1,476	\$ 1,071	\$ 1,334	\$ 1,217	\$ 1,397
Mining/Quarrying/Oil and Gas		5,144	4,350	9,000	11,988	8,200	5,868	8,995	8,828	1,453
Utilities		156,533	134,454	149,903	156,120	150,770	137,345	148,600	156,654	157,575
Construction		116,092	101,647	122,327	110,173	89,718	81,497	83,862	66,604	60,378
Manufacturing		81,103	77,042	90,534	82,295	77,664	77,449	70,539	65,543	71,250
Wholesale Trade		193,212	194,437	188,942	208,636	236,453	186,694	161,328	145,841	128,518
Retail Trade		1,653,926	1,688,710	1,696,032	1,671,704	1,638,624	1,553,612	1,477,297	1,420,094	1,392,979
Transportation/Warehousing		2,401	1,742	1,869	2,172	2,515	2,984	3,109	3,030	2,567
Information		132,821	130,722	120,784	114,629	90,646	82,132	82,826	74,283	71,685
Finance/Insurance		16,611	20,451	18,717	11,743	12,400	11,606	13,495	9,152	10,427
Real Estate/Rental Leasing		38,724	48,556	45,984	49,989	46,176	47,476	37,928	29,209	26,258
Professional/Scientific/Technical Services		42,581	46,168	50,199	52,731	43,229	45,820	38,356	34,318	35,134
Management of Companies/Enterprises		87	67	63	55	87	78	53	1,064	2,166
Admin/Support/Waste Mgmt/Remediation		69,586	71,048	75,056	75,386	70,433	65,733	49,585	47,502	45,853
Educational Services		4,266	4,591	5,066	5,215	5,718	5,752	5,843	5,566	4,864
Health Care/Social Assistance		11,676	10,002	12,071	14,855	16,032	2,565	2,576	2,366	2,902
Arts/Entertainment/Recreation		28,180	25,334	25,915	24,343	22,781	25,854	25,972	22,939	23,187
Accommodation/Food Services		451,961	443,427	427,280	407,862	391,312	381,756	360,977	339,900	329,042
Other Services		95,247	95,625	101,633	103,099	101,357	95,569	86,502	80,946	78,969
Public Administration		Not reported								
Other		Not reported								
All Industries **		\$ 3,102,940	\$ 3,101,116	\$ 3,144,331	\$ 3,104,918	\$ 2,811,806	\$ 2,868,621	\$ 2,674,728	\$ 2,515,459	\$ 2,446,951
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 2018 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>
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
2018	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, 2018
(unaudited)

	<u>Net Debt Outstanding</u>	<u>Percent Applicable</u>	<u>Applicable Debt Outstanding</u>
Amarillo Independent School District	\$ 247,190,001	98.83%	\$ 244,297,878
Amarillo College District	52,355,000	100.00%	52,355,000
Amarillo Hospital District	-	100.00%	-
Canyon Independent School District	83,690,000	38.68%	32,371,292
River Road Independent School District	12,121,752	25.16%	3,049,833
Potter County	23,571,800	76.11%	17,940,497
Randall County	4,367,701	63.96%	2,793,582
Highland Park Independent School District	20,555,000	45.82%	9,418,301
Bushland Independent School District	2,378,943	25.33%	602,586
Total overlapping debt			362,828,969
City of Amarillo*			132,615,423
Total direct and overlapping debt			\$ 495,444,392

Sources: Assessed value data used to estimate applicable percentages provided by the Municipal Advisory Council, October 2017.

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 all governmental activities debt.

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	Hotel Occupancy Debt	Fleet Services Debt	Water & Sewer Revenue Debt	Water Authority Debt	Airport Debt	Drainage Utility Debt	Total Primary Government	Percentage of Personal Income	Per Capita
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	9,482,840	0.27%	153.70	11,995,000	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	9,041,972	0.48%	287.25	11,995,000	1,400,862	168,468,919	72,649,086	5,634,868	9,595,524	327,998,630	2.85%	1,617.35
2018	69,642,292	11,680,564	0.64%	397.03	50,830,000	462,565	179,326,703	65,917,240	3,850,044	9,090,681	390,800,089	3.31%	1,907.94

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General bonded debt outstanding*										
Tax supported debt	\$ 69,642,292	\$ 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
Special assessment/other debt	62,510,564	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
Water & Sewer bonds	179,326,703	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
Airport Bonds	3,850,044	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	9,090,681	9,595,524	10,287,436	10,969,250	11,595,596	5,819,993	-	-	-	-
Fleet Services Bonds	462,565	1,400,862	2,323,931	3,236,856	4,139,636	2,358,459	-	-	-	-
Total	<u>324,882,849</u>	<u>248,727,516</u>	<u>200,877,734</u>	<u>186,828,495</u>	<u>199,919,295</u>	<u>190,407,133</u>	<u>190,266,146</u>	<u>198,864,390</u>	<u>172,685,441</u>	<u>125,076,857</u>
Percentage of estimated actual property value	2.93%	2.24%	1.81%	1.68%	1.86%	1.82%	1.85%	1.98%	1.73%	1.29%
Per capita	1,601.99	1,226.47	997.26	935.34	1,007.65	969.80	978.86	1,016.35	905.56	653.10
Less: Amounts set aside to repay general debt	<u>1,345,580</u>	<u>1,096,576</u>	<u>908,022</u>	<u>801,664</u>	<u>698,865</u>	<u>547,003</u>	<u>381,665</u>	<u>252,314</u>	<u>216,923</u>	<u>102,939</u>
Total net debt applicable to debt limit	<u>323,537,269</u>	<u>247,630,940</u>	<u>199,969,712</u>	<u>186,026,831</u>	<u>199,220,430</u>	<u>189,860,130</u>	<u>189,884,481</u>	<u>198,612,076</u>	<u>172,468,518</u>	<u>124,973,918</u>
Legal debt limit	<u>1,495,207,260</u>	<u>1,414,020,403</u>	<u>1,354,672,372</u>	<u>1,306,843,359</u>	<u>1,257,398,201</u>	<u>1,235,891,293</u>	<u>1,211,673,220</u>	<u>1,165,069,489</u>	<u>1,156,105,288</u>	<u>1,124,793,092</u>
Legal debt margin	<u>\$ 1,171,669,991</u>	<u>\$ 1,166,389,463</u>	<u>\$ 1,154,702,660</u>	<u>\$ 1,120,816,528</u>	<u>\$ 1,058,177,771</u>	<u>\$ 1,046,031,163</u>	<u>\$ 1,021,788,739</u>	<u>\$ 966,457,413</u>	<u>\$ 983,636,770</u>	<u>\$ 999,819,174</u>
Debt service as a percentage of noncapital expenditures	4.42%	2.89%	2.91%	3.26%	2.89%	3.13%	3.10%	3.14%	3.01%	2.97%

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)

	<u>9/30/2018</u> <u>(2017 Tax Roll)</u>	<u>9/30/2017</u> <u>(2016 Tax Roll)</u>	<u>9/30/2016</u> <u>(2015 Tax Roll)</u>	<u>9/30/2015</u> <u>(2014 Tax Roll)</u>	<u>9/30/2014</u> <u>(2013 Tax Roll)</u>	<u>9/30/2013</u> <u>(2012 Tax Roll)</u>	<u>9/30/2012</u> <u>(2011 Tax Roll)</u>	<u>9/30/2011</u> <u>(2010 Tax Roll)</u>	<u>9/30/2010</u> <u>(2009 Tax Roll)</u>	<u>9/30/2009</u> <u>(2008 Tax Roll)</u>
Assessed value, tax roll	\$ 14,890,520,628	\$ 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
Debt limit -10% of assessed roll	\$ 1,489,052,063	\$ 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
Amount of debt applicable to debt limit:										
Total bonded debt	324,882,849	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
Less: Assets in Debt Service Funds (net)	1,345,580	1,096,576	908,022	801,664	698,865	547,003	381,665	252,314	216,923	102,939
Waterworks revenue bonds	106,525,000	84,415,000	57,120,000	45,145,000	47,750,000	41,900,000	42,565,000	44,850,000	35,620,000	36,955,000
	<u>107,870,580</u>	<u>85,511,576</u>	<u>58,028,022</u>	<u>45,946,664</u>	<u>48,448,865</u>	<u>42,447,003</u>	<u>42,946,665</u>	<u>45,102,314</u>	<u>35,836,923</u>	<u>37,057,939</u>
Total amount of debt applicable to debt limit	<u>217,012,269</u>	<u>163,215,940</u>	<u>142,849,712</u>	<u>140,881,831</u>	<u>149,441,418</u>	<u>148,459,347</u>	<u>147,823,545</u>	<u>154,269,604</u>	<u>136,881,606</u>	<u>87,560,153</u>
Pro forma legal debt margin	<u>\$ 1,272,039,794</u>	<u>\$ 1,250,804,463</u>	<u>\$ 1,211,822,660</u>	<u>\$ 1,165,961,528</u>	<u>\$ 1,107,956,783</u>	<u>\$ 1,087,431,946</u>	<u>\$ 1,063,849,675</u>	<u>\$ 1,010,799,885</u>	<u>\$ 1,019,223,682</u>	<u>\$ 1,037,232,939</u>

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)

Water Revenue Bonds							
Fiscal Year	Total Revenue	Less: Operating Expenses	Less: CRMWA Interest	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
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
2018	86,129,584	42,585,261	2,350,787	41,193,536	11,750,000	4,224,902	2.58

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 or amortization expenses.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS, LAST TEN CALENDAR YEARS
(unaudited)

Calendar Year	Population (1)	Personal Income (2) (in \$1,000s)	Per Capita Personal Income (2)	Median Age (3)	School Enrollment (4)	Unemployment Rate (5)
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	33.7	33,141	3.3%
2018	204,828	11,813,318	43,962	*	33,193	2.7%

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 2009 through 2017 figures were updated based on new estimates during November 2018. To calculate 2018 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 2018 is based on the August 2018 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	2018			2009		
	Employees	Rank	Percent of Total City MSA* Employment	Employees	Rank	Percent of Total City MSA Employment
Amarillo Independent School District	4,391	1	2.942%	-	-	0.000%
CNS Pantex	3,203	2	2.146%	-	-	0.000%
BSA Health system	3,200	3	2.144%	2,900	2	2.342%
Tyson Foods Inc.	2,280	4	1.528%	3,700	1	2.988%
Northwest Texas Hospital	1,860	5	1.246%	1,359	4	1.097%
Affiliated Foods	1,359	6	0.911%	1,110	5	0.896%
Walmart	1,303	7	0.873%	1,359	3	1.097%
Texas Dept of Criminal Justice	1,000	8	0.670%	-	-	-
Bell Helicopter	900	9	0.603%	1,068	6	0.862%
Amarillo VA Health Center	859	10	0.576%	-	-	-
Xcel Energy	-	-	0.000%	1,000	7	0.807%
Western National Life	-	-	-	890	8	0.719%
Burlington Northern Santa Fe	-	-	-	700	9	0.565%
Toot 'n Totum	-	-	-	560	10	0.452%
Total employees of the principal employers	20,355		13.639%	14,646		11.826%
Total employees of other employers	128,885		86.361%	109,199		88.174%
Total Amarillo MSA* employment	149,240		100.000%	123,845		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 2018.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
CITY GOVERNMENT BUDGETED POSITIONS BY FUNCTION/PROGRAM, LAST TEN FISCAL YEARS
(unaudited)

Function/Program	Budgeted Positions as of September 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
GENERAL GOVERNMENT										
Mayor and council	5	5	5	5	5	5	5	5	5	5
City manager	6	9	7	6	6	6	6	6	6	6
City secretary	2	2	5	4	4	3	3	2	2	2
Judicial	5	5	5	4	4	4	-	-	-	-
Municipal court and teen court	26	26	26	26	25	25	29	29	29	29
Planning and zoning	11	9	8	7	7	7	7	7	7	7
Public Communications	3	-	-	-	-	-	-	-	-	-
STAFF SERVICES										
Financial administration										
Director of Finance	6	6	5	5	5	5	5	5	5	5
Accounting	16	16	18	18	16	16	16	14	14	14
Payroll	-	-	-	-	3	3	3	3	3	3
Health Plan Administration	4	4	4	5	5	5	5	5	5	5
Purchasing	9	9	9	9	9	9	9	8	8	8
Central stores	7	7	8	8	8	7	7	8	8	8
Municipal office services	-	-	-	-	-	-	-	3	3	3
Legal	10	10	10	9	9	9	9	8	8	8
Human Resources and Risk Management	13	13	13	14	12	12	12	12	12	12
Emergency Management and Communications	8	9	9	9	9	13	13	12	12	12
Occupancy										
Custodial operations	26	26	27	28	27	27	27	25	25	25
Building maintenance	31	30	27	26	26	25	25	24	24	24
PUBLIC SAFETY AND HEALTH										
Police										
Police	365	375	375	365	358	345	335	317	317	317
Civilian personnel	69	62	60	58	57	57	56	56	71	109
Fire Protection										
Fire	264	263	263	259	259	251	247	244	244	244
Civilian personnel	19	18	18	18	18	18	17	15	15	28
Other										
Building safety	33	34	35	34	34	34	33	32	32	32
Animal control	37	37	39	38	33	26	26	26	26	27
Emergency services	-	-	-	-	-	-	-	1	-	-
Amarillo Emergency Comm. Center	69	66	67	70	71	71	71	65	66	1
Environmental health	15	16	14	14	14	14	14	14	14	14
Vital statistics	1	1	1	1	1	1	1	1	1	1
STREETS, TRAFFIC & ENGINEERING										
Street maintenance	97	97	100	101	99	99	108	108	108	108
Traffic engineering	47	44	45	46	46	46	46	46	46	46
Traffic field operations	22	22	23	22	22	22	22	22	22	22
Public works	4	4	3	-	-	-	-	-	-	-
Capital projects and development engineering	20	19	19	23	23	21	21	21	21	21
CULTURE & RECREATION										
Auditorium Coliseum										
Civic Center operations	22	22	23	23	23	23	23	23	23	23

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
CITY GOVERNMENT BUDGETED POSITIONS BY FUNCTION/PROGRAM, LAST TEN FISCAL YEARS
(unaudited)

Function/Program	Budgeted Positions as of September 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Civic Center promotions	5	5	5	5	5	4	4	4	4	4
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	77	78	78	78	78	78	78	78
Parks and Recreation	287	290	271	268	267	268	264	257	257	258
Golf	93	51	51	56	56	56	56	47	47	47
SOLID WASTE										
Solid waste collection	105	104	110	110	110	110	110	107	108	108
Solid waste disposal	44	42	35	35	37	37	37	36	36	36
TRANSIT										
Fixed Route and Demand Response	67	67	67	66	65	63	62	59	59	59
Total General Fund	1,967	1,919	1,904	1,890	1,873	1,842	1,829	1,772	1,788	1,776
WATER & SEWER SYSTEM										
Water Production	9	9	9	9	9	9	8	7	7	7
Water Transmission	8	8	9	9	9	9	9	9	9	9
Surface Water Treatment	31	30	29	29	29	29	29	29	29	29
Water Distribution	65	65	65	63	59	59	58	58	58	58
Wastewater Collection	38	38	38	38	38	36	34	34	34	34
Wastewater Treatment	53	54	55	54	54	54	54	52	52	52
Environmental Laboratory	22	19	19	20	20	20	20	20	19	19
Utility Billing	40	34	34	32	32	31	31	29	29	29
Director of Utilities	5	4	3	21	21	20	19	19	17	17
Capital projects and development engineering	19	20	20	-	-	-	-	-	-	-
Total Water & Sewer System	290	281	281	275	271	267	262	257	254	254
AIRPORT	57	57	57	57	59	58	59	62	62	62
DRAINAGE UTILITY	31	29	28	26	22	17	-	-	-	-
INFORMATION SERVICES	33	42	41	40	40	34	34	29	28	28
FLEET SERVICES	45	45	50	53	53	53	53	53	53	53
SELF INSURANCE	1	1	2	-	-	-	-	-	-	-
CITY CARE CLINIC	5	6	7	8	8	8	8	8	8	8
SPECIAL REVENUE										
Library	-	-	-	-	-	-	2	5	5	5
Police Grant	-	-	-	-	-	-	-	-	6	7
Urban Planning/Traffic Grants	5	8	7	7	7	7	7	7	7	7
Health Grants	83	83	83	81	79	81	81	76	72	72
Court Security Fund	3	3	3	3	-	-	-	2	2	2
Community Development and Housing	17	17	17	18	21	20	20	18	18	18
Emergency Management	2	3	3	3	3	4	5	7	7	0
Total Special Revenue	110	114	113	112	110	112	115	115	117	111
Total	2,539	2,494	2,483	2,461	2,436	2,391	2,360	2,296	2,310	2,292

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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Staff services:										
Annual number of purchase orders	2,217	2,319	2,516	2,487	2,315	2,300	2,258	2,235	2,593	3,554
Public safety and health:										
Annual calls for police services	106,701	104,920	126,628	125,747	126,888	128,704	135,381	132,509	137,405	130,862
Annual calls for fire services	22,340	20,544	18,516	17,905	19,820	18,182	19,556	18,832	16,495	15,313
Permits:										
Residential - new	549	533	639	423	494	611	556	600	535	516
Residential - additions & repairs	1,212	1,248	1,341	3,874	11,121	15,033	1,686	2,173	2,030	1,507
Commercial - new	74	64	81	68	59	51	56	51	54	40
Commercial - additions & repairs	430	524	351	370	484	367	296	359	354	289
Mobile homes	45	68	99	37	45	45	39	29	41	39
Roof	2,909	3,599	2,049	2,390	9,367	13,594	868	1,329	1,185	937
Value of construction:										
Residential - new	150,148,301	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
Residential - additions & repairs	19,471,785	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
Commercial - new	138,924,022	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
Commercial - additions & repairs	86,983,319	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
Mobile homes	2,475,700	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
Roof	51,632,414	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
Culture and recreation:										
Civic Center event days	1,406	1,493	1,582	1,640	1,626	1,665	1,811	1,986	2,244	2,229
Civic Center annual attendance	637,979	583,474	607,909	572,382	603,276	656,239	607,940	656,523	672,178	635,553
Library volumes loaned annually	1,643,675	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
Annual swimming pool attendance	53,623	51,200	55,506	54,388	41,321	53,450	56,338	60,981	58,485	57,983
Tennis Center attendance	23,358	28,900	33,305	31,086	31,086	28,546	32,078	32,859	30,096	34,321
Rounds of golf played annually (2 courses)	72,762	85,318	88,316	90,329	90,122	97,153	90,201	88,089	86,177	105,932
Rifle range attendance	8,254	8,744	9,505	7,541	7,802	9,000	7,857	6,548	4,468	2,489
Solid Waste:										
Tons of waste collected	152,594	154,964	156,197	161,190	158,402	158,500	166,750	154,900	150,000	157,000
Tons of waste landfill	253,322	238,360	234,989	243,339	262,678	258,000	220,000	212,350	213,500	223,000
Transit:										
Fixed transit route--in miles	624,309	578,614	541,121	586,212	688,498	675,549	672,524	686,118	674,307	665,036
Passengers served--fixed route services	286,610	306,018	302,010	332,206	371,656	372,533	386,042	367,480	330,647	328,605
Demand response passengers	54,020	50,840	47,403	35,317	39,606	39,737	39,774	35,362	29,709	23,324
Water and Sewer:										
Active water accounts	73,136	72,348	72,272	71,029	70,441	70,161	70,151	69,754	69,358	68,586
Average daily production--gallons	47,666,667	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
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	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

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM, LAST TEN FISCAL YEARS
(unaudited)

Function/Program	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Purification Plant:										
Pumping	120,000,000	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
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	2,415,080,000	2,415,080,000	-	-	-	-	-	1,885,254,000	3,018,347,000	4,226,385,000
Roberts County (CRMWA) Allocation	9,131,110,000	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
Active sewer accounts		70,071	69,999	69,166	69,039	68,111	68,020	67,654	67,281	66,539
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	16,978,082	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
Daily average of reclaimed water sold to industry--gallons	8,139,726	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
Airport:										
Major airlines	4	3	3	3	3	3	3	4	4	3
Scheduled daily flights	35	32	32	37	37	42	42	42	41	46
Airline passengers enplaned	358,819	373,885	341,359	334,635	375,268	401,200	404,032	413,775	403,752	413,767
Airplanes cleared daily--average	172	177	169	148	165	172	178	229	226	236
Total tower operations (24 hours FAA Control Tower)	62,896	64,540	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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public Safety and Health:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	13	13	13	13	13	13	12	12	11	10
Number of fire hydrants	4,228	4,102	4,102	4,024	3,940	3,864	3,761	3,732	3,671	3,698
Number of outdoor warning sirens	90	89	89	88	88	90	90	89	86	85
Streets, traffic and engineering:										
Streets - paved (miles)	954.02	939.87	939.87	936.22	930.40	923.50	920.99	912.86	911.12	905.80
Streets - unpaved (miles)	83.13	83.13	83.13	83.13	83.13	83.13	83.13	83.13	83.13	83.13
Alleys (miles)	512.71	496.18	496.18	493.08	488.66	483.90	480.70	476.59	476.01	472.42
Miles of storm sewers	157.47	189.50	130.85	129.95	125.39	124.86	125.35	119.46	118.99	116.87
Number of street lights	10,655	10,627	10,624	10,594	10,578	10,547	10,496	10,765	10,742	10,657
Number of signalized locations	271	271	269	268	267	265	264	261	261	260
Number of traffic signs installed	37,920	37,597	37,257	36,826	36,199	35,850	35,332	35,010	34,167	32,977
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	407,112	397,313	414,840	499,738	463,918	467,149	484,478	544,719	516,281	602,724
Number of parks and playgrounds	64	64	64	64	64	64	64	65	65	65
Parks--number of acres	2,936	2,936	2,936	2,936	2,936	2,935	2,935	2,927	2,927	2,907
Number of swimming pools	4	3	3	3	3	3	3	3	3	3
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	44	65	65	65
Jogging trails (miles)	38.14	39.14	39.14	39.14	39.14	39.14	39.14	38.45	38.45	37.67
Baseball and softball fields	26	26	26	26	32	32	32	30	30	30
Tennis courts	32	32	32	32	32	32	32	37	37	37
Solid waste:										
Number of solid waste customers, residential	63,303	60,683	63,016	63,016	62,715	62,351	61,919	61,459	61,267	60,602
Number of solid waste customers, commercial	6,484	6,547	3,861	3,861	3,730	3,716	3,708	3,747	3,718	3,692
Landfill acreage	662	662	662	662	662	662	662	662	662	662
Transit:										
Number of buses in service	16	17	17	17	17	17	17	19	17	17
Number of vans in service	14	14	11	11	13	13	13	11	13	11
Water and Sewer:										
Miles of water mains:										
Transmission, well collection, and transfer	196	181.41	181.41	181.41	178.94	178.40	138.00	138.00	120.00	120.00
Distribution	1176.7	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
Number of water wells	135	126	126	126	126	122	120	117	106	106
Miles of sanitary sewers	998.2	984.73	984.73	967.85	963.48	955.00	944.26	943.36	931.90	929.30
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
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
2018	73,136	70,661

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	
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
2018	49,077,500	77,970,000	1,177	998	4,228

Maximum Water Production Capacity (from Water Plant and Wells)	85.7 million gallons per day
Maximum or Peak Usage to Date	91.0 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	216,998
2. Tyson Fresh Meats	141,704
3. Texas Department of Corrections	65,731
4. City of Amarillo	52,242
5. City of Canyon	27,441
6. Owens Corning	16,949
7. BSA Hospital LLC	16,158
8. Asarco	9,781
9. Northwest Texas Healthcare	7,926
10. Plains Dairy	7,256

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, 2018
(Unaudited)**

**Minimum Monthly Billing for
First 3,000 Gallons Consumed:**

Meter Size	Rates Per Month	
	Inside City	Outside City
5/8"	\$ 13.91	\$ 20.87
1"	18.67	28.01
1-1/2"	23.92	35.89
2"	37.17	55.76
3"	136.74	205.11
4"	173.53	260.30
6"	259.46	389.20
8" and larger	357.71	536.57

**Additional Charge by Volume
(per 1,000 Gallons):**

	Inside City	Outside City
<i>Residential</i>		
3,001-10,000	2.48	3.72
Over 10,000	3.25	4.87
Over 30,000	4.81	7.21
Over 50,000	5.46	8.20
<i>Commercial</i>		
Over 3,000	2.83	4.25

Source: City of Amarillo Ordinance Number 7688 effective October 1, 2017.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
 WATERWORKS AND SEWER SYSTEM
 SEWER RATES
 SEPTEMBER 30, 2018
 (Unaudited)**

Base Amount	Rates Per Month
Meter Size	
5/8"	\$ 15.75
1"	16.27
1-1/2"	16.70
2"	18.13
3"	20.50
4"	29.96
6"	44.09
8" and larger	58.28

Additional Charge by Volume

Commercial accounts are charged on total water used with a rate of \$2.25 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 \$2.04 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, 2017.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
DRAINAGE UTILITY
Top Ten Drainage Customers
(unaudited)**

<u>Customer Name</u>	<u>2018</u>		
	<u>Total ERUs</u>	<u>Rank</u>	<u>Monthly Drainage Fee</u>
Burlington Northern	10,704	1	\$ 27,974
City of Amarillo	4,861	2	10,524
Amarillo ISD	3,619	3	9,439
AMA Tri State Fair	1,279	4	2,503
Xcel Energy	1,277	5	3,374
Progressive Rail Svcs	1,004	6	1,311
Westgate Mall DBA	823	7	2,135
Omni Capital Corp	740	8	1,742
J Lee Milligan, Inc.	738	9	1,927
Baptist St Anthony's	718	10	1,866
Total	25,763		\$ 62,795

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>
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 **
2018	6,932,936 *

CONDENSED STATEMENT OF OPERATIONS OF HOTEL OCCUPANCY TAX FUND

	<u>Fiscal Year Ended September 30,</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:					
Pledged Hotel Taxes	\$ 6,932,936	\$ 6,610,423	\$ 6,777,185	\$ 6,341,559	\$ 5,937,402
Number of Rooms	7,050	6,715	6,690	6,007	6,123
Maximum Annual Debt Service	\$ 3,181,417	\$ 775,288	\$ 775,288	\$ 775,288	\$ 775,288
Debt Service Coverage (x)	2.18 x	8.53 x	8.74 x	8.18 x	7.66 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.

* \$577,260 was rebated during fiscal year September 30, 2018.

** \$18,837 was rebated during fiscal year September 30, 2017.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
HOTEL TAXPAYERS
(unaudited)

NAME OF TAXPAYER	TOTAL 2018 COLLECTIONS	CAPACITY	% OF TOTAL COLLECTIONS
AMARILLO FAIRFIELD INN	124651.81	74	0.017921786
AMARILLO INN AND SUITES	108956.25	150	0.01566516
AMARILLO LODGING LTD (MICROTEL INN & SUITES)	44470.21	45	0.006393694
AMARILLO MY PLACE HOTEL	75755.54	40	0.010891736
AMARILLO MOTEL	4405.16	22	0.000633351
AMARILLO RESIDENCE INN	151137.71	78	0.02172979
AMARILLO VALUE INN	8235.93	48	0.001184119
AMERICA'S BEST VALUE INN & SUITES	46461.16	104	0.006679943
ASHMORE INN	122570.7	138	0.017622575
ASTRO MOTEL	3311.05	20	0.000476045
BAYMONT INN & SUITES	64587.92	108	0.009286114
BAYMONT SUITES AMARILLO EAST	95981.78	112	0.013799759
BEST WESTERN - SANTA FE INN	98300.35	56	0.014133111
BIG TEXAN INN	40499.98	54	0.005822876
BRIZZOLARA KAY	500.27	2	7.19262E-05
BUDGET INN & SUITES	3417.79	40	0.000491392
CANDLEWOOD SUITES	79510.42	96	0.011431593
CIVIC CENTER INN	4098.71	47	0.000589291
COMFORT INN & SUITES (I-40)	132210.82	94	0.019008581
COMFORT INN & SUITES (SONCY)	135941.11	83	0.019544903
COMFORT SUITES	106249.76	109	0.015276035
COMFORT SUITES SOUTH	67778.5	70	0.009744839
COUNTRY INN & SUITES	159233.58	80	0.022893772
COURTYARD BY MARRIOTT WEST	145906.05	89	0.02097761
COURTYARD MARRIOTT AMARILLO DOWNTOWN	230743.33	107	0.03317507
COWBOY MOTEL	3069.36	19	0.000441297
CRAIG RETIREMENT COMMUNITY	188.49	2	2.71001E-05
DAYS INN (MEDICAL CENTER)	40213.33	50	0.005781662
DAYS INN EAST	97813.24	119	0.014063077
DELUXE INN	1438.72	20	0.000206852
DRURY INN	349819.82	168	0.050295266
ECONOMY INN	1139.13	20	0.000163778
EMBASSY SUITES AMARILLO	424227.96	226	0.06099328
ESTESS MOTEL	1000.53	12	0.000143851
EUBANK DORIS	707.04	1	0.000101655
EXECUTIVE INN	50756.6	112	0.007297519
EXPRESS INN	3705.29	16	0.000532727
EXTENDED STAY AMERICA #6172	54129.79	92	0.007782498
FAIRFIELD INN & SUITES AMARILLO AIRPORT	180416.96	79	0.025939408
FIESTA MOTEL	3115.16	22	0.000447881
FIFTH SEASONS	97107.39	270	0.013961593
HAMPTON INN & SUITES	165593.6	64	0.023808183
HAMPTON INN & SUITES	255068.01	130	0.036672346
HERITAGE HOUSE BED & BREAKFAST	887.24	3	0.000127563
HILLCREST MOTEL	2229.58	16	0.000320557
HILTON GARDEN INN	191397.36	90	0.027518112
HOLIDAY INN AMARILLO	264050.97	151	0.037963869
HOLIDAY INN EXPRESS	223006.65	69	0.032062731
HOLIDAY INN EXPRESS & SUITES (I-40 EAST)	140522.88	114	0.020203646
HOLIDAY INN EXPRESS & SUITES (HOLLYWOOD)	125707.4	91	0.018073553
HOLIDAY INN EXPRESS AMARILLO WEST	285257.71	162	0.041012863
HOME2 SUITES	203561.5	92	0.029267009
HOMEWOOD SUITES	159214.14	92	0.022890977
INTERSTATE MOTEL	6208.57	21	0.000892636
LA KIVA HOTEL	33381.92	140	0.004799478
LA CASITA DEL SOL	400.35	3	5.75602E-05
LA QUINTA INN & SUITES AMARILLO	37655.57	130	0.005413921
LA QUINTA INN & SUITES AMARILLO 9305 I-40 E	143312.63	80	0.020604741
LA QUINTA MOTOR INN #454 AIRPORT	99214.43	89	0.014264532
LA QUINTA MOTOR INN #639 MEDICAL CENTER	85250.09	132	0.012256813
LUXURY INN SUITES	12165.74	75	0.001749127
MCKASKLE KATHY	589.23	1	8.47164E-05
MCDANIEL NIKKI	920.29	1	0.000132314
MOTEL 6 - CANYON DRIVE	31024.81	63	0.004460585
MOTEL 6 #1358	84352.83	118	0.012127809
MOTEL 6 WEST	57302	78	0.008238582
NEW CAMELOT INN	39786.73	35	0.005720328
PALO DURO MOTEL	1104.93	10	0.000158861
PERKINS PERRY	660.85	1	9.50136E-05
QUALITY INN & SUITES	88019.54	103	0.01265499
QUALITY INN EAST 1515 I-40	36639.96	114	0.005267902
QUALITY INN EAST	3505.17	114	0.000503955
RAMA MOTEL	1634.81	32	0.000235044
RED ROOF INN AMARILLO EAST	43311.06	106	0.006227038
RED ROOF INN WEST	70111.96	116	0.010080331
REDWOOD MOTEL	2174.43	18	0.000312628
RELAX INN	29435.67	90	0.004232107
ROUTE 66 INN	8555.46	35	0.001230059
ROYAL INN	703	16	0.000101074
SILVER SPUR MOTEL	2052.85	24	0.000295148
SLEEP INN & SUITES	40080.74	63	0.005762599
SLEEP INN OF AMARILLO	87992.89	55	0.012631158
SPRINGHILL SUITES AMARILLO	197541.78	102	0.028401525
STAR LODGE	1073.5	16	0.000154342
STAYBRIDGE SUITES	132578.35	97	0.019061423
SUNDOWN MOTEL	2026.89	23	0.000291416
SUPER 8 AMARILLO WEST	31406.19	50	0.004515418
SUPER 8 CENTRAL	33919.52	67	0.004876771
SUPER 8 MOTEL	60699.25	59	0.008727021
TEAM HOUSING SOLUTIONS INC.	1	1	1.43775E-07
TOWNHOUSE MOTEL	2149.15	22	0.000308994
TRAVELODGE AMARILLO	2354.02	100	0.000338449
TRIP SPOTS, LLC	7062.03	5	0.001015342
TRU BY HILTON AMARILLO WEST	1491.94	90	0.000214503
VALUE PLACE AMARILLO	38346.56	105	0.005513268
WAGON WHEEL MOTEL	1021.13	23	0.000146813
WYNDHAM GARDEN AMARILLO	15841.42	259	0.002277597
	6,955,323	7,050	

Note: Total Receipts obtained from City of Amarillo's Financial System - Account 1315.30470 for Fiscal Year Ended 9/30/18. Total number of rooms available as of 9/30/18 obtained from MuniServices, as reported by each taxpayer.

See Independent Auditor's Report