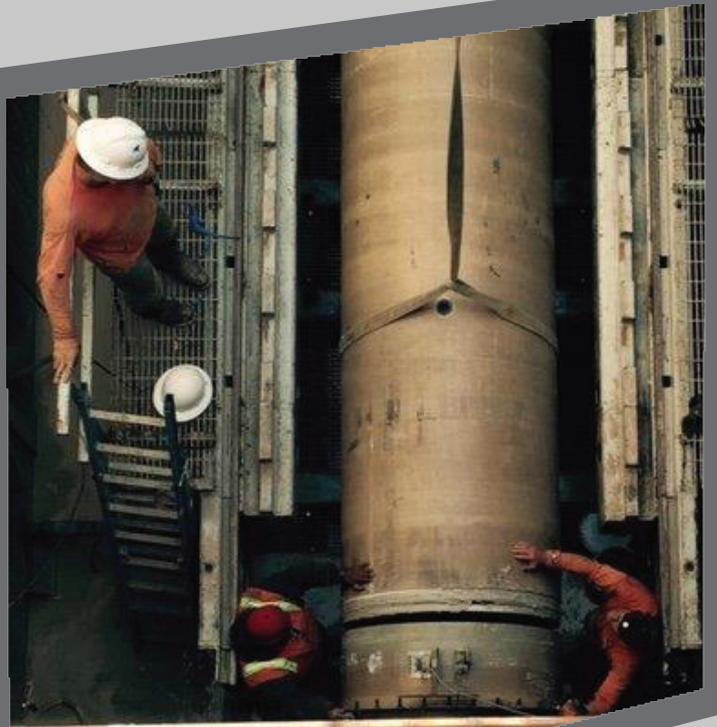


CITY OF AMARILLO

Comprehensive Annual

Financial Report



Fiscal Year

2014-2015

CITY OF AMARILLO, TEXAS

Comprehensive Annual Financial Report

Fiscal Year Ended
September 30, 2015



Prepared by:
Finance Division

Michelle Bonner
Assistant City Manager
of Financial Services

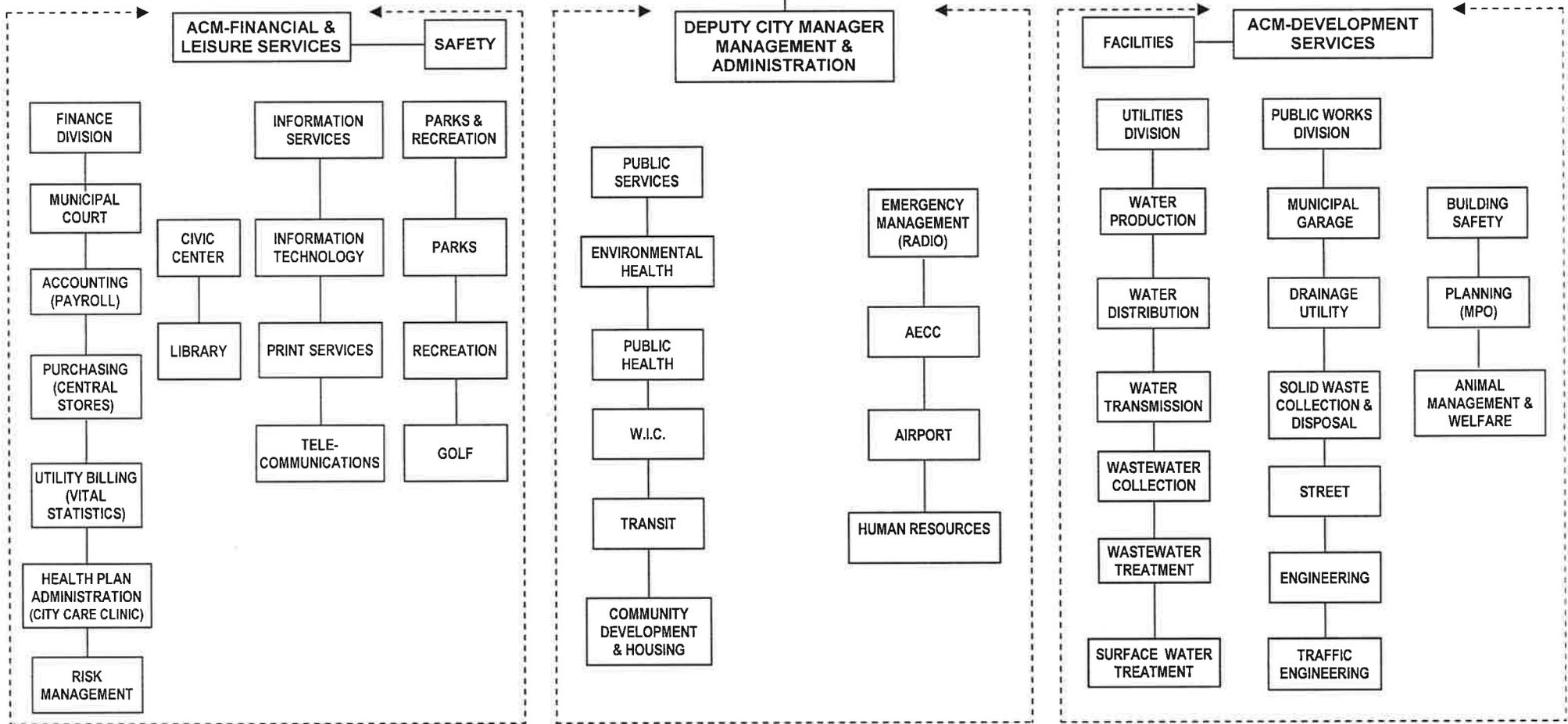
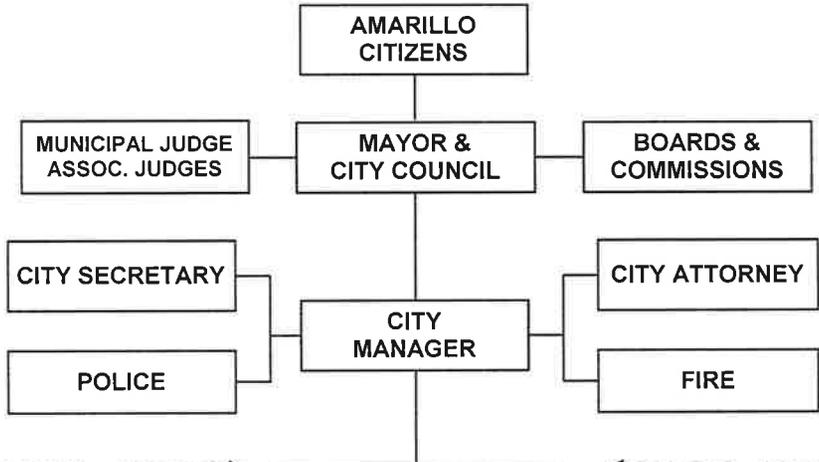
CITY OF AMARILLO ORGANIZATION CHART

BOARDS AND COMMISSIONS

- Advisory Commission for People with Disabilities
- Airport Advisory Board
- Amarillo Economic Development Corporation
- Amarillo Health Facilities Corporation
- Amarillo Hospital District Board of Managers
- Amarillo Housing Finance Corporation
- Amarillo Local Government Corporation
- Amarillo Metropolitan Policy Committee
- Amarillo-Potter Events Venue District
- Animal Management & Welfare Advisory Board
- Bi-City-County Health District Board
- Board of Review for Landmarks and Historical Districts
- Canadian River Municipal Water Authority
- Center City Tax Increment Reinvestment
- Zone #1 Board of Directors (TIRZ)

BOARDS AND COMMISSIONS

- Civil Service Commission
- Community Development Advisory Committee
- Comprehensive Plan Advisory Committee
- Construction Advisory and Appeals Board
- Convention and Visitor Council
- Downtown Urban Design Review Board
- Emergency Care Advisory Board
- Library Advisory Board
- Parks and Recreation Board
- Planning and Zoning Commission
- Traffic Advisory Board
- Zoning Board of Adjustment



**CITY OF AMARILLO, TEXAS
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2015**

GOVERNING BODY:

Paul Harpole
Elisha Demerson
Brian J. Eades
Randy Burkett
Mark Nair

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

OTHER PRINCIPAL OFFICIALS:

Terry Childers
Bob Cowell
Michelle Bonner
Paula Hertwig-Hopkins
Mick McKamie
Frances Hibbs
Laura Hastings
Van Hagan
Floyd Hartman
Robert Taylor
Rod Tweet
Jeff Greenlee
Tanya Champion
Clifton Beck
Valerie Kuhnert

Interim City Manager
Deputy City Manager
Assistant City Manager
Interim Assistant City Manager
Interim City Attorney
City Secretary
Director of Finance
Interim Director of Public Works
Interim Director of Utilities
Police Chief
Director of Parks and Recreation
Fire Chief
IT Manager
Director of Human Resources
City Auditor



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Amarillo
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

Executive Director/CEO

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Organizational Chart	
List of Elected and Appointed Officials	
GFOA Certificate of Achievement	
Letter of Transmittal	i
 FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information)	5
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	25
Statement of Activities	26
Fund Financial Statements:	
Balance Sheet – Governmental Funds	28
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	29
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities.....	31
Statement of Net Position – Proprietary Funds	32
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	34
Statement of Cash Flows – Proprietary Funds	36
Statement of Fiduciary Net Position – Fiduciary Funds.....	38
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	39
Statement of Net Position – Component Units.....	40
Statement of Revenues, Expenses, and Changes in Net Position – Component Units.....	42
Notes to Basic Financial Statements	43
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	112
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	113
Schedule of Contributions – Texas Municipal Retirement System	114
Notes to Schedule of Required Supplementary Information – Texas Municipal Retirement System.....	115
Schedule of Changes in Net Pension Liability and Related Ratios – Firemen's Relief and Retirement Fund	116
Schedule of Contributions – Firemen's Relief and Retirement Fund.....	117
Notes to Schedule of Required Supplementary Information – Firemen's Relief and Retirement Fund	118
Schedule of Funding Progress – Other Postemployment Benefits.....	119

TABLE OF CONTENTS, CONTINUED

	Page
Combining Statements, Schedules and Other Information	
Combining Balance Sheet of Nonmajor Governmental Funds	124
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	126
Combining Balance Sheet – Other Grant Funds	128
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Other Grant Funds	129
Combining Balance Sheet – Public Improvement Districts	130
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Public Improvement Districts	132
Combining Balance Sheet – Seizure Funds	134
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Seizure Funds	135
Combining Balance Sheet – Miscellaneous Special Revenue Funds	136
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Miscellaneous Special Revenue Funds	138
Combining Schedule of Assets, Liabilities, and Fund Balances – Capital Projects Fund	142
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Capital Projects Fund	144
Combining Statement of Net Position – Internal Service Funds	148
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	149
Combining Statement of Cash Flows – Internal Service Funds	150
Balance Sheet – General Fund	155
Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund	156
Comparative Schedule of Revenues – General Fund	157
Schedule of Expenditures by Department (GAAP Basis) – General Fund	160
Schedule of Expenditures by Department - Budgetary Basis – General Fund	164
Statement of Net Position – Water and Sewer System Fund	170
Statement of Revenues, Expenses, and Changes in Net Position – Water and Sewer System Fund	171
Statement of Cash Flows – Water and Sewer System Fund	172
Schedule of Operating Revenues – Water and Sewer System Fund	173
Schedule of Operating Expenses by Department – Water and Sewer System Fund	174
Statement of Net Position – Drainage Utility Fund	178
Statement of Revenues, Expenses, and Changes in Net Position – Drainage Utility Fund	179
Statement of Cash Flows – Drainage Utility Fund	180
Statement of Net Position – Airport Fund	182
Statement of Revenues, Expenses, and Changes in Net Position – Airport Fund	183
Statement of Cash Flows – Airport Fund	184
Schedule of Operating Revenues – Airport Fund	185

TABLE OF CONTENTS, CONTINUED

	Page
Combining Statements, Schedules and Other Information, Continued	
Combining Schedule of Assets, Liabilities, and Fund Balances – Housing and Urban Development Grants.....	188
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Housing and Urban Development Grants	190
Combining Schedule of Assets, Liabilities, and Fund Balances – Public Health Grants.....	192
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Public Health Grants	193
Combining Schedule of Assets, Liabilities, and Fund Balances – Justice Grants.....	194
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Justice Grants	195
Combining Schedule of Assets, Liabilities, and Fund Balances – Miscellaneous Grants	196
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Miscellaneous Grants.....	198
Combining Statement of Fiduciary Funds	200
Combining Statement of Changes in Fiduciary Funds.....	201
Statement of Changes in Assets and Liabilities – Agency Fund.....	202

SUPPLEMENTARY INFORMATION

Schedule of Investments – By Funds.....	204
Ad Valorem Taxes Receivable by Roll Year.....	206
Schedule of Changes in Taxes Available	207
Combined Schedule of Outstanding Debt Issuances	208
Combined Schedule of Debt Service Requirements to Maturity.....	210
Waterworks and Sewer System – Bond Principal Repayment Schedule	212
Waterworks and Sewer System – Historical Financial Data – Operating Statements.....	213
Waterworks and Sewer System – Historical Financial Data – City's Equity in System.....	214
Waterworks and Sewer System – Historical Financial Data – Water and Sewer Fund Operations.....	215
Waterworks and Sewer System – Historical Financial Data – Water and Sewer Fund Net Position.....	216
Drainage Utility – Condensed Schedule of Operations and Debt Covenant – Compliance Testwork	218
Schedule of Insurance Coverage - All Funds	219
Schedule of Revenues and Expenditures by Department – Budgetary Basis – Public Health Fund.....	220
Schedule of Revenues and Expenditures by Department – Budgetary Basis – LEOSE Training Fund	221
Schedule of Revenues and Expenditures by Department – Budgetary Basis – Local Seized Property Fund	222
Schedule of Revenues and Expenditures by Department – Budgetary Basis – Compensated Absences Fund	223
Schedule of Revenues and Expenditures by Department - Budgetary Basis – Court Technology and Court Security Funds.....	224

TABLE OF CONTENTS, CONTINUED

	Page
 SUPPLEMENTARY INFORMATION, Continued	
Schedule of Revenues and Expenditures by Department - Budgetary Basis – Public Improvement Districts	225
Schedule of Revenues and Expenditures by Department - Budgetary Basis – Bonded Debt Service Fund	226
 STATISTICAL DATA (UNAUDITED)	
Net Position by Component, Last Ten Fiscal Years.....	229
Changes in Net Position, Last Ten Fiscal Years.....	230
Fund Balances, Governmental Funds, Last Ten Fiscal Years	233
Changes in Fund Balances, Governmental Funds, Last Ten Fiscal Years	234
Tax Revenues by Source, Governmental Funds, Last Ten Fiscal Years	235
Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years	236
Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years	237
Principal Property Taxpayers, Current Year and Nine Years Ago.....	238
Property Tax Levies and Collections, Last Ten Fiscal Years.....	239
Taxable Sales by Category, Last Ten Calendar Years.....	240
Direct and Overlapping Sales Tax Rates, Last Ten Fiscal Years	241
Direct and Overlapping Governmental Activities Debt, As of September 30, 2015.....	242
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	243
Ratios of General Bonded Debt Outstanding and Legal Debt Margin, Last Ten Fiscal Years	244
Legal Debt Margin Information, Last Ten Fiscal Years.....	245
Pledged-Revenue Coverage, Last Ten Fiscal Years.....	246
Demographic and Economic Statistics, Last Ten Calendar Years	247
Principal Employers, Current Year and Nine Years Ago	248
City Government Budgeted Positions by Function/Program, Last Ten Fiscal Years.....	249
Operating Indicators by Function/Program, Last Ten Fiscal Years	251
Capital Asset Statistics by Function/Program, Last Ten Fiscal Years.....	253
Waterworks and Sewer System – Historical Information – Historical Summary of Total Customers.....	254
Waterworks and Sewer System – Historical Information – Average Daily Water Consumption and System Information.....	255
Waterworks and Sewer System – Water Rates.....	256
Waterworks and Sewer System – Sewer Rates	257
Drainage Utility –Top Ten Drainage Customers.....	258



CITY OF AMARILLO

OFFICE OF THE
CITY MANAGER

February 23, 2016

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, 2015 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 Assistant City Manager for Financial 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 Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133. 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 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 102.09 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 2015 population is 199,744.

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, 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, approves their budget, and is the only funding source for the Corporation. 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 as a blended Component Unit. TIRZ #1 has 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 revenues can be pledged to support debt, only the City can issue the debt and pledge the TIRZ #1 revenue. Moreover, the City Council created the TIRZ #1 and has final approval authority on the budget and all TIRZ #1 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 2013/14 Comprehensive Annual Financial Report (CAFR). In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. Moreover, the CAFR must satisfy generally accepted accounting principles, applicable legal requirements, and the Government Finance Officers Association's (GFOA) program standards.

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

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

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

Cash Management and Investments:

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

1. Interest-bearing accounts and bank money market accounts at the City's authorized depository. Certificates of deposit including CDARS (Certificate of Deposit Accounts Registry Service).
2. Obligations of the United States or its agencies and instrumentalities. The investment in agencies and instrumentalities is limited to 75% of the portfolio.
3. No-load money market mutual funds that are continuously rated AAA or AAAM by at least one nationally recognized rating agency have a dollar-weighted, average-stated maturity of 90 days or less and seek to maintain a stable net asset value of \$1 per share.
4. Taxable municipal securities rated not less than AA- or its equivalent by a nationally recognized rating agency. The total investment in taxable municipal securities would be 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 \$16.1 million 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 \$47.4 million on 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 \$16.3 million 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 municipal garage. 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 Municipal Garage 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. This first was the issuance of the Waterworks and Sewer System Revenue bonds New Series 2014 CWSRF in the amount \$8.495 million. These bonds were issued thru the Clean Water State Revolving Fund program of the Texas Water Development Board. 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 \$6.08 million 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 Tax Note, Series 2014 with a true interest cost of 0.916% and maturities through 2019 to purchase rolling stock for the City's Municipal Garage. 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 be from the Municipal Garage fund. The final issue was the 2014 COs of \$2.26 million 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 Texas Water Development Board 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%.

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 a decrease in the price of oil compared to last year. According to the Amarillo Economic Analysis, prepared by Amarillo National Bank, September 2015 oil was down 61% at \$38.74 per barrel compared to September 2014 at \$99.25 per barrel last year⁽¹⁾. Natural gas prices decreased compared to last year. Natural gas was at \$2.70 per mmbtu last year compared to \$3.25 per mmbtu at September 2014⁽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. Decreases in natural gas prices mean lower royalty payments to landowners, but it also means lower 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. At September 2009, there were 29⁽¹⁾ active drilling rigs in the Panhandle compared to 74⁽¹⁾ at September 2010 and 78⁽¹⁾ at September 2011. In September 2012, there were 75 active drilling rigs compared to 80 in 2013⁽¹⁾, 67 in 2014⁽¹⁾ and 22 in 2015⁽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 remained stable in 2013 but improved for 2014. Fed cattle prices are down at \$141 per hundredweight compared to \$158 at September 2014⁽¹⁾.

Dairies have become major industries in the Panhandle. September 2015 milk prices decreased to \$16 per hundredweight as compared to \$22.65 per hundredweight a year ago⁽¹⁾. Both the cattle and the dairy industries continue to see benefit from low input costs⁽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. The corn crop is strong but prices are down at \$3.88⁽¹⁾ per bushel compared to \$3.99⁽¹⁾ last year.

Wheat was at \$6.85 per bushel at September 2013 compared to \$5.95 per bushel at September 2014⁽¹⁾ and \$4.43 per bushel at September 2015⁽¹⁾. At September 2010, wheat had significantly increased to \$6.37⁽¹⁾ per bushel and continued to increase to \$7.67 per bushel at September 2011 and again to \$8.48

per bushel in September 2012⁽¹⁾. Wheat was only at \$3.94⁽¹⁾ per bushel at September 2009 and \$6.43⁽¹⁾ per bushel at September 2008.

Cotton is down 1%. Cotton was at \$66.1⁽¹⁾ at September 2015 compared to \$66.90⁽¹⁾ cents per pound at September 2014 and at \$83.36⁽¹⁾ cents per pound at September 2013 and \$70.40 cents per pound in 2012⁽¹⁾. At September 2011, cotton was at \$94⁽¹⁾ cents per pound compared to \$87.14⁽¹⁾ cents per pound in 2010 and \$53.5⁽¹⁾ cents per pound in 2009. 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 only 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 AEDC became fully operational when the first tax proceeds were received in June 1990. The half-cent sales tax is expected to generate approximately \$18.7 million in revenues in FY2015/16.

Throughout its 25-year history, the AEDC has made investments in more than 100 projects across a variety of industries, building a “Portfolio of Success” for the Amarillo community. According to a recent 25-year look-back study performed by The Perryman Group, the annual economic activity stemming from the companies which have received investment from the AEDC include \$5.5 billion in gross product and 54,141 permanent jobs to the Amarillo area. The Perryman Group also estimates the gains in business activity associated with AEDC assisted companies lead to major increases in tax receipts to local entities of \$198.3 million per year. Moreover, these economic impacts represent about 44.4% of the entire Amarillo economy and 62.8% of the incremental growth since the inception of the economic development sales tax.

The mission of the 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 AEDC and Amarillo, Texas brands worldwide. The AEDC focuses on the following target industries across all programs: Aviation/Aerospace, Business/Financial Services, Diversified Manufacturing and Assembly, Distribution/Transportation/Logistics and Food Technologies. These strategies have served Amarillo well. POLICOM Corporation ranked Amarillo #127 out of 381 Metropolitan Statistical Areas in its 2015 Economic Strength Rankings. This position is up ten spots from last year and 183 places from 2004, making Amarillo #11 in Texas for economic growth and resilience.

In 2015, the AEDC approved several new projects which will result in hundreds of new jobs to the Amarillo area. The AEDC worked closely with Bell Helicopter to secure the development of a new run stand at the Amarillo Assembly Center. The \$3.0 million run stand will ensure flight test operations remain an integral part of Bell Helicopter in Amarillo. The AEDC recruited two new companies to Amarillo in 2015. Food Safety Net Services purchased and remodeled an existing facility for laboratory testing operations. The AEDC also will provide funding in an amount of \$3.3 million to Gestamp Wind Steel to assist in the construction of its wind tower manufacturing plant at Amarillo CenterPort Business Park. The two projects together will result in more than 300 new jobs to the Amarillo community. The AEDC also approved of a project to assist Xcel Energy in the construction of its new headquarters

operation. Xcel Energy's new \$42.0 million building is the first major office facility to be constructed in downtown Amarillo since the 1970s.

The AEDC continued its partnership with West Texas A&M University through the EnterPrize Challenge, a local business plan competition funded by the AEDC and facilitated by the WT Enterprise Center. The 20th Annual EnterPrize Challenge awarded seven grants totaling \$500,000 to new and emerging companies expected to create more than 128 new jobs and make substantial investments in the regional economy. To date, 76 businesses have received cash grants totaling more than \$5.1 million, resulting in 644 new jobs and \$113 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 the Amarillo EDC. TPRDC provides small business financing for owner-occupied commercial real estate. This Certified Development Company approved seven Small Business Administration 504 loans totaling more than \$7.0 million, which leveraged \$10.8 million in bank financing and \$4.0 million in owner equity. For the year, this program was responsible for the creation of 46 new jobs. TPRDC also funded six loans in 2015 totaling \$2.2 million.

Major Industries and Employers:

The Amarillo Chamber of Commerce lists 28 employers with 400 or more employees in Amarillo. This is a very diverse group of employers consisting of governmental entities, manufacturing, defense, industry, food processing, healthcare, general retail, traffic and transportation, energy companies, public utilities, higher education, financial services, retirement services, the travel industry, and computer services⁽³⁾.

Two of our largest employers are in the defense industry: Bell Helicopter and CNS Pantex. The Pantex Plant, located 17 miles northeast of Amarillo, in Carson County, is charged with maintaining the safety, security and reliability of the nation's nuclear weapons stockpile. The Pantex Plant is managed and operated by CNS Pantex for the U.S. Department of Energy/National Nuclear Security Administration. The Pantex mission is Securing America as the NNSA's production integrator and provider of the nuclear deterrent to the Department of Defense; serving the Nuclear Security Enterprise through our highly reliable people, processes, infrastructure, and business systems. Pantex Engineering has provided technology solutions for the manufacturing, evaluation, and testing of nuclear explosives, joint test beds, and other special nuclear materials. As the nation's primary site for assembly and disassembly of nuclear weapons, Pantex also provides major support through the External Mission Center to the DoD and the United Kingdom (UK) Ministry of Defense⁽²⁾. Approximately 3,112 people are employed at Pantex⁽³⁾.

In 1998, Bell Helicopter announced its decision to locate its V-22 Tiltrotor Assembly Center in Amarillo, Texas. The initial capital investment by the AEDC was \$30,000,000 for the construction of a world-class facility. Over the past 15 years, the invested amount in the Bell Helicopter Amarillo Assembly Center by the AEDC on behalf of the Amarillo community has surpassed \$120,000,000, resulting in a campus of more than 1.5 million square feet under roof. The company has diversified its product offerings out of the Amarillo Assembly Center due to the significant level of support the community has provided. Bell Helicopter's Amarillo Assembly Center builds the revolutionary V-22 Osprey, the UH-1 Huey, and the formidable AH-1 Cobra. The AEDC has issued a series of bonds to finance the project. Under the terms of the lease, Bell's lease payment is abated so long as they meet local compensation and spending requirements. Amarillo is very proud of Bell Helicopter and the continued success their company has created for the region.

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

Relentless project, City officials approved a \$4.2 million AEDC investment in the new facility. Textron, Bell's parent company, provided the remaining \$24.8 million for the facility.

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

Other manufacturing operations in Amarillo include Owens Corning Fiberglass, which employs about 475⁽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⁽¹⁰⁾ and employs 193⁽³⁾.

International Paper Company produces containerboard packaging in Amarillo and employs 130⁽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 960⁽³⁾ workers in its facility. Ben E. Keith, a distributor of food service products, employs 250⁽³⁾ persons. One of our largest single employers is also in the food industry. Tyson Foods has 3,678⁽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, 28% 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 feed yards 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 500 people. Cactus Feeders is the world's largest privately owned cattle feeding operation⁽⁴⁾. Founded in 1962, Friona Industries owns four feed yards in northwestern Texas with a feeding capacity of more than 290,000 head of cattle⁽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⁽⁹⁾.

The Medical Center complex is home to several of our major employers: Baptist St. Anthony's Health Care System (BSA) with 2,900⁽³⁾ employees and Northwest Texas Healthcare System (NWTHS)

with 1,490⁽³⁾ employees. Both BSA and NWTHS offer integrated acute care hospitals. BSA offers a full range of medical and surgical services at their 448-bed⁽¹⁴⁾ acute care patient facility 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⁽¹⁴⁾. For 2015, BSA is the largest taxpayer.

NWTHS is a designated tertiary care and teaching institution, academically affiliated with Texas Tech University, licensed for 495 acute beds, including 106 mental health beds, and 4 at the Northwest Texas Surgery Center. The emergency department is a certified as an Advanced (Level-III) Trauma Center, treating approximately 50,000 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⁽¹⁵⁾.

Our VA Medical Center employs approximately 1,000⁽³⁾ people. The Amarillo VA Health Care System, a division of the Southwest VA Health Care Network, provides primary specialty and extended care of the highest quality to veterans throughout the Texas and Oklahoma panhandles, eastern New Mexico, and southern Kansas. Approximately 25,000 patients are treated annually. The health care system maintains 55 acute care inpatient beds for general medical, surgical, and intensive care. Geriatric and extended care is provided in the 120-bed skilled nursing home care unit. A modern ambulatory care center and medical arts building facilitates the delivery of primary care, specialty care, and preventive health services. The Amarillo VA Health Care System also ensures health care is accessible to those veterans residing in rural areas through three community-based outpatient clinics located in Lubbock, Childress, Dalhart, and 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 436⁽³⁾ employees, the Plum Creek Specialty Hospital with 187⁽³⁾ employees, Panhandle Eye Group with 200⁽³⁾ employees, the Amarillo Diagnostic Clinic with 190⁽³⁾ employees, Family Medicine Centers with 250⁽³⁾ employees, Amarillo Heart Group with 150⁽³⁾ employees, the Don & Sybil Harrington Cancer Center with 165⁽³⁾ employees, Regence Health Network with 165⁽³⁾ employees and Physicians Surgical Hospitals with 123⁽³⁾ employees.

Mild weather, excellent medical facilities, and low living costs make Amarillo an excellent location for retirement living. There are several large retirement communities in Baptist Community Services with 700⁽³⁾ employees, Park Central with 300⁽³⁾ employees, Ussery-Roan Texas State Veterans Home with 120⁽³⁾ employees, Bivins Memorial, the Craig Methodist Retirement Community with 140⁽³⁾ employees, and Triumph Health Care 140⁽³⁾.

Administrative and back-office operations are also included among Amarillo's major employers. American International Group (AIG) provides fixed annuity products through financial institutions in the United States. The company was founded in 1944 and is based in Amarillo, Texas. AIG employs about 1,135⁽³⁾ people locally.

For 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⁽¹³⁾ and employs 100⁽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⁽¹³⁾.

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 1,300⁽³⁾ people and Sam's Club employs 240⁽³⁾. United Supermarkets is a large employer and employs a total of 538⁽³⁾ in their seven stores in Amarillo. Toot'n Totum has several convenience stores in Amarillo and employs 815⁽³⁾. Founded in 1968, Hastings is a leading multimedia entertainment retailer that combines the sale of new and used books, videos, video games and CDs, and trends and consumer electronics merchandise, with the rental of videos and video games in a superstore format. Hastings currently operates 126 superstores, averaging approximately 24,000 square feet, primarily in medium-sized markets throughout the United States. Hastings also operates three concept stores, Sun Adventure Sports, located in Amarillo, Texas, and Lubbock, Texas, and TRADESMART, located in Littleton, Colorado⁽¹²⁾. The Hastings retail chain headquarters is located in Amarillo and has 570⁽³⁾ employees.

Customer support and back office operations are also large employers. SITEL has telemarketing services in Amarillo and employs 300⁽³⁾. ANConnect has 324⁽³⁾ employees. Maxor National Pharmacy Services Corporation is a pharmacy benefit management company headquartered in Amarillo and has 240⁽³⁾ employees. The American Quarter Horse Association is also headquartered in Amarillo and employs 230⁽³⁾. The Atmos Energy customer support center in Amarillo employs 330⁽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 approximately 663⁽³⁾. Happy State Bank employs 598⁽³⁾. Herring Bank employs 112⁽³⁾ and Bank of America employs 100⁽³⁾.

The Texas Department of Criminal Justice has two prison units in Amarillo and is a major employer. The two prisons provide 1,274⁽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 1,642⁽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 946⁽³⁾. Texas Tech University provides training in our community for medical doctors earning specialty accreditation in family medicine. Texas Agrilife Research & Extension Center employs 108⁽³⁾. West Texas A&M University in nearby Canyon, which is a part of the Texas A&M University System, employs 730 full-time employees⁽³⁾. West Texas A&M also has a campus in Amarillo.

As mentioned earlier, the oil and gas industry is important in the Panhandle and energy companies are also major employers. Valero Energy Corp. employs 105⁽³⁾ and Davidson Oil Company employs 137⁽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 900⁽³⁾ employees. Trucking is also important to Amarillo. Kimrad Transport, LP, Baldwin Distributing Services, Inc, and Plains Transportation, Inc. are also in the trucking industry; Kimrad employs 215⁽³⁾, Baldwin employs 165⁽³⁾ and Plains employs 101⁽³⁾. Support for the trucking industry is a larger employer in Amarillo and includes companies like Amarillo Truck Center, which employs 112⁽³⁾, 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 60 hotels with almost 6,000 rooms to rent.

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

Two of the larger employers are engineering firms. Talon/LPE is a full-service environmental consulting and engineering corporation and employs 110⁽³⁾, while Zachry Engineering Inc. employs 162⁽³⁾. The construction industry is also a major employer. J. Lee Milligan, Inc. employs 225⁽³⁾ and L. A. Fuller & Sons Construction Inc. employs 150⁽³⁾ people.

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

Current Economic Climate and Trends:

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

The recovery has been most dramatic on our sales tax. We had another record high in 2014/15 besting the previous record in 2013/14 fiscal year. Our 2014/15 sales tax was \$55.5 million compared to \$54.4 million in 2013/14. Sales tax receipts remain very strong, with record receipts every year for five years straight. The City feels that the significant increases in the 2013 and 2014 years are related to the May 2013 hail storm. Again the City was very pleased that the 2015 receipts increased from \$54.4 million to \$55.5 million. When preparing the 2015/16 budget, the sales tax estimates included a 1.5% increase over the anticipated 2014/2015 collections. The City's sales tax collections have tracked very close to the budgeted amounts for the first quarter of the 2015/16 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 also had another record year in hotel occupancy tax revenue. Our 2014/15 hotel tax revenue was over \$6.3 million compared to last year's revenue of \$5.9 million.

Employment remains stable. Amarillo's unemployment rate is 3.1% compared to 4.0% last year and 4.8% the year before⁽¹⁾. However, Amarillo's unemployment was better than the state of Texas at 4.1%, and our national unemployment at 5.1%⁽¹⁶⁾.

Water metered sales decreased by \$6.41 million or 13.5% largely due to the City receiving record amounts of precipitation during 2015, reflecting the 4th wettest year in recorded history. In contrast, the Texas Panhandle was coming out of drought conditions and closer to a "normal" year during 2014. Calendar year 2011 was the driest year in recorded history for the Amarillo area. Water revenues can be significantly affected by the amount and timing of local rainfall. Rates were increased for the fourth tier structure. 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 \$16.5 million in 2012/13, and \$23.7 in 2013/2014 (includes \$3.8 million of gain on sale of property) and \$15.0 in 2014/2015.

Our property tax base continues to grow. Moreover, the base did not decrease during the recession. As of January 2014, we had \$11.1 billion in value compared to approximately \$10.7 billion the previous year. In 2014/15, the City had \$186 million in new property values compared to \$214 million in 2013/14.

Building increased in the 2014/15 fiscal year. The City had \$286.6 million in permits compared to \$237.7 million in 2013/14. Commercial permits increased to \$171.2 million in 2013/14 compared to \$112.4 million in 2013/14, but residential permits decreased. Residential permits were at \$115.4 million in 2014/15 compared to \$125.3 million in 2013/14. 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 we are beginning to see roofing permits decrease with \$25.5 million for the year, however still significantly higher than the receipts for the 2007 thru 2012 years.

For our 2014/15 budget, property tax rate increased by \$0.005 to \$0.34509 2014/15 as compared to 2013/14 rate of \$0.34009 per \$100 of taxable values. With \$0.005 of the tax increase to fund additional officer and animal management and welfare positions.

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

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

Yours very truly,



Michelle Bonner
Assistant City Manager for Financial Services
City of Amarillo, Texas



Terry Childers
Interim 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) Tech Spray
- (9) Harrington Regional Medical Center
- (10) Amarillo Gear
- (11) Western National Life
- (12) Hastings
- (13) Insurance Management Services
- (14) Baptist St. Anthony's Hospital
- (15) Northwest Texas Hospital
- (16) 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, 2015, 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 discretely presented component units, each major fund, and the aggregate remaining fund information of

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the City as of September 30, 2015, 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

As described in Note 1 to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement 68*. 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, and the Schedule of Changes in Net Pension Liability and Related Ratios - Texas Municipal Retirement System, the Schedule of Contributions - Texas Municipal Retirement System, Notes to 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, and Notes to Required Supplementary Information - Firemen's Relief and Retirement Fund, and the Schedule of Funding Progress on Other Postemployment Benefits on pages 5 through 22, and pages 112 through 119 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 23, 2016 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.

Connov, McMillon, Mitchell & Shownum PLLC

Amarillo, Texas
February 23, 2016

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, 2015. 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, 2015.

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 \$838.52 million (net position). Of this amount, \$771.29 million is invested in capital assets and infrastructure net of related debt. Of this amount, \$17.34 million is restricted for debt service and other purposes. The remaining \$49.89 million is unrestricted net position.
- The City's total net position increased by \$46.19 million before the prior period adjustment of (\$27.17) million. Of this amount, \$29.98 million increase is attributable to governmental activities, and an increase of \$16.21 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 \$111.46 million. The General Fund's fund balance decreased by \$4.63 million. The increase in fund balance for capital projects funds was \$3.82 million. This increase was a result of construction that will not be completed until future years on general construction and civic improvement projects. Increases in other governmental funds, which include many grants and special revenue funds, were approximately \$471,000.
- At the end of the current fiscal year, the fund balance for the General Fund was \$51.30 million, or 30.1% of total general fund expenditures. Expenditures and transfers out of the General Fund were \$170.23 million, which amounts included transfers of general revenues to capital outlay, compensated absences, 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 \$49.34 million.
- General Fund revenues had a marked increase over the previous fiscal year. The City recorded a record level of sales tax collections for fiscal year 2015. Total sales tax collections came in at \$55.5 million. Sales tax receipts remain very strong, with record receipts every year for five years straight. The City feels that the significant increases in the 2013 and 2014 years are related to the May 2013 hail storm. Again, the City was very pleased that the 2015 receipts increased from \$54.4 million to \$55.5 million. When preparing the 2015/16 budget, the sales tax estimates included a 1.5% increase over the anticipated 2014/15 collections. The City's sales tax collections have tracked very close to the budgeted amounts for the first quarter of the 2015/16 fiscal year. Management keeps a close watch on sales tax collections to assist in making changes during the year, if needed. The City has seen larger than normal receipts in building permits, \$1.6 million, and landfill charges, \$2.3 million. The City also had a record year for hotel occupancy tax revenue in 2014/15, recording slightly over \$6.3 million.
- 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 Series 2015 bonds will be used to fund a Texas Water Development Board loan commitment for financial assistance in constructing improvements and extensions to the City's waterworks system. The New Series 2015A bonds refunded a portion of the City's outstanding Waterworks & Sewer System Revenue Bonds (Series 2005, Series 2006, and Series 2006A).

- During 2012 the City Council approved the creation of a Drainage Utility Fund to be used for drainage improvements. The drainage fund is one of three enterprise type funds and revenues and expenditures are kept separate from all other City operations. The residential rate structure included small, typical, and large classifications. The typical classification represents fifty percent of parcels in the City with a monthly fee of \$2.51. All nonresidential properties are billed at \$2.51 for every 2,800 square feet of impervious cover on the property. Assessments began October 1, 2012, and for the first year, this new fee generated approximately \$4.99 million in additional revenue. For fiscal year ending September 30, 2015, the drainage utility fund had a net position of \$8.98 million.
- 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 is \$20,294,781 with principal maturing annually through February 15, 2027, and interest ranging from 2.00% to 5.00%. In total, the payments to CRMWA will remain constant throughout the term of the various bond issues.
- For fiscal year 2014/15, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, (GASB 68) *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, which became effective for financial statements for periods beginning after June 15, 2014. This Statement improves financial reporting by enhancing the reporting of the net pension liability and a more comprehensive measure of pension expense. With GASB 68, the City assumed its share of the net pension liability. Adoption and implementation of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. The Governmental Activities recognized a prior period adjustment of \$24,503,800, the Business-Type Activities recognized \$2,669,130, and the Internal Services recognized \$1,048,633, all related to the implementation of GASB 68. See Notes 1 and 8 for additional information related to the City's net pension liability.

Overview of the Financial Statements:

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

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

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are

reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes).

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

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

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

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

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

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

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

Proprietary funds: The City maintains three different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer system, the drainage utility system, and for its international airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among a governmental entity's various functions. The City uses internal service funds to account for its fleet of vehicles, its management information systems, and its general and

employee health self-insured programs. Because over 80% of these services benefit governmental functions as opposed to business-type functions, their net position and unallocated (investment) earnings have been included with governmental activities in the government-wide financial statements.

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

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

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

Government-Wide Financial Analysis:

Changes in assets over time may serve as a useful indicator of a government's financial position. Prior to the effective date of Statement No. 34 issued by the Governmental Accounting Standards Board, capital assets used in governmental fund activities were accounted for in a "general fixed assets group of accounts" and were not depreciated. Effective with its adoption of Statement No. 34 as of October 1, 2001, the City computed the accumulated depreciation on all governmental activity capital assets, including infrastructure. Therefore, changes in assets of both governmental and business-type activities, including capital assets as well as current assets, provide meaningful information to the reader. The table below reflects the City's net position as of September 30, 2015 compared to the prior year (in thousands):

	Governmental Activities		Business-type Activities		Total		Percent 2015
	2015	2014	2015	2014	2015	2014	
Current assets	\$ 187,365	\$ 182,784	\$ 71,092	\$ 79,294	\$ 258,457	\$ 262,078	19.77%
Noncurrent assets	1,453	3,331	35,454	40,575	36,907	43,906	2.82%
Capital assets	394,877	367,312	617,228	604,429	1,012,105	971,741	77.40%
Total assets	\$ 583,695	\$ 553,427	\$ 723,774	\$ 724,298	\$ 1,307,469	\$ 1,277,725	100.00%
Deferred outflows of resources	\$ 16,125	\$ -	\$ 2,320	\$ 1,967	\$ 18,445	\$ 1,967	0.00%
Current liabilities	\$ 27,942	\$ 24,798	\$ 26,683	\$ 25,205	\$ 54,625	\$ 50,003	11.22%
Noncurrent liabilities	204,791	167,299	227,652	241,904	432,443	409,203	88.78%
Total liabilities	\$ 232,733	\$ 192,097	\$ 254,335	\$ 267,109	\$ 487,068	\$ 459,206	100.00%
Deferred inflows of resources	\$ 280	\$ -	\$ 44	\$ 977	\$ 324	\$ 977	0.00%
Net position:							
Net investment in capital assets	\$ 359,488	\$ 330,139	\$ 411,804	\$ 387,228	\$ 771,292	\$ 717,367	91.98%
Reserved/restricted	10,568	8,860	6,768	6,932	17,336	15,792	2.07%
Unrestricted (deficit)	(3,249)	22,331	53,143	64,018	49,894	86,349	5.95%
Total net position	\$ 366,807	\$ 361,330	\$ 471,715	\$ 458,178	\$ 838,522	\$ 819,508	100.00%

The City's net position increased by \$46.19 million during the current fiscal year before the prior period adjustment of (\$27.17) million. The following table reflects the elements of this change:

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

	Governmental Activities		Business-type Activities		Total		Percent 2015
	2015	2014	2015	2014	2015	2014	
Revenues							
Program revenues							
Charges for services	\$ 47,554	\$ 47,730	\$ 83,972	\$ 91,818	\$ 131,526	\$ 139,548	42.30%
Operating grants and contributions	21,745	20,748	-	-	21,745	20,748	6.99%
Capital grants and contributions	27,847	8,032	5,765	6,407	33,612	14,439	10.81%
General revenues:							
Property taxes	40,939	39,329	-	-	40,939	39,329	13.16%
Other taxes	80,856	79,388	-	-	80,856	79,388	26.00%
Insurance recover/cost	1,185	623	-	20	1,185	643	0.38%
Investment earnings, etc.	776	675	402	304	1,178	979	0.38%
Total revenues	220,902	196,525	90,139	98,549	311,041	295,074	100.00%
Expenses:							
General/staff services	15,216	14,426	-	-	15,216	14,426	5.75%
Public safety	93,807	92,149	-	-	93,807	92,149	35.42%
Streets/traffic	20,554	20,236	-	-	20,554	20,236	7.76%
Culture and recreation	24,954	25,226	-	-	24,954	25,226	9.42%
Solid waste	13,746	13,812	-	-	13,746	13,812	5.19%
Transit	5,312	5,073	-	-	5,312	5,073	2.01%
Tourism/urban development	14,030	14,301	-	-	14,030	14,301	5.30%
Information technology	3,541	3,468	-	-	3,541	3,468	1.34%
Interest on long-term debt	2,045	2,046	-	-	2,045	2,046	0.77%
Water and sewer	-	-	58,080	56,986	58,080	56,986	21.93%
Drainage utility	-	-	2,403	2,384	2,403	2,384	0.91%
Airport	-	-	11,166	11,197	11,166	11,197	4.22%
Total expenses	193,205	190,737	71,649	70,567	264,854	261,304	100.00%
Excess (deficiency) before transfers	27,697	5,788	18,490	27,982	46,187	33,770	
Transfers	2,284	761	(2,284)	(761)	-	-	
Change in net position	29,981	6,549	16,206	27,221	46,187	33,770	
Net position, beginning	361,330	355,303	458,178	434,375	819,508	789,678	
Prior period adjustment (see Note 1)	(24,504)	(522)	(2,669)	(3,418)	(27,173)	(3,940)	
Net position, beginning, as restated	336,826	354,781	455,509	430,957	792,335	785,738	
Net position, ending	\$ 366,807	\$ 361,330	\$ 471,715	\$ 458,178	\$ 838,522	\$ 819,508	

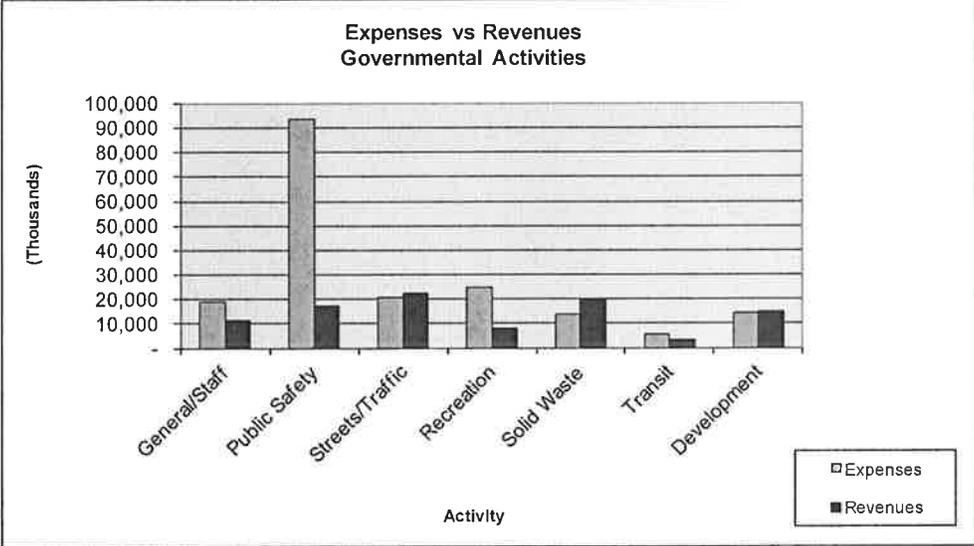
Governmental activities: The net position of the Governmental Activities was \$366.81 million. Of this amount, approximately \$359.49 million is net investment in capital assets. Restricted net position of approximately \$526,000, \$2.54 million, and \$7.50 million is restricted for debt service, tax increment financing, and other purposes, respectively. This leaves an unrestricted net position for Government Activities of (\$3.25) 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 \$471.71 million. The unrestricted net position of the Business-type Activities is used to provide working capital and fund capital projects.

The increase in net position for the Governmental Activities is attributable to continued increased sales tax collections and hotel/motel tax collections. In addition, a lower allocated cost of postemployment benefits required under GASB 45 due to changes made to the City's health plan during the 2013/14 and 2014/15 fiscal years has also contributed to increased net position. Development is strong in Amarillo; therefore, the City received an increased amount of capital assets upon completion of projects for streets, water and sewer mains, drainage lines, right of ways, etc. within the City. This contribution of capital assets causes net position to increase. Notable capital contributions during the year include approximately \$4.4 million from TXDOT for streets and another \$4.3 million from the Amarillo Economic Development Corporation for street and drainage projects and \$5 million for property for downtown redevelopment.

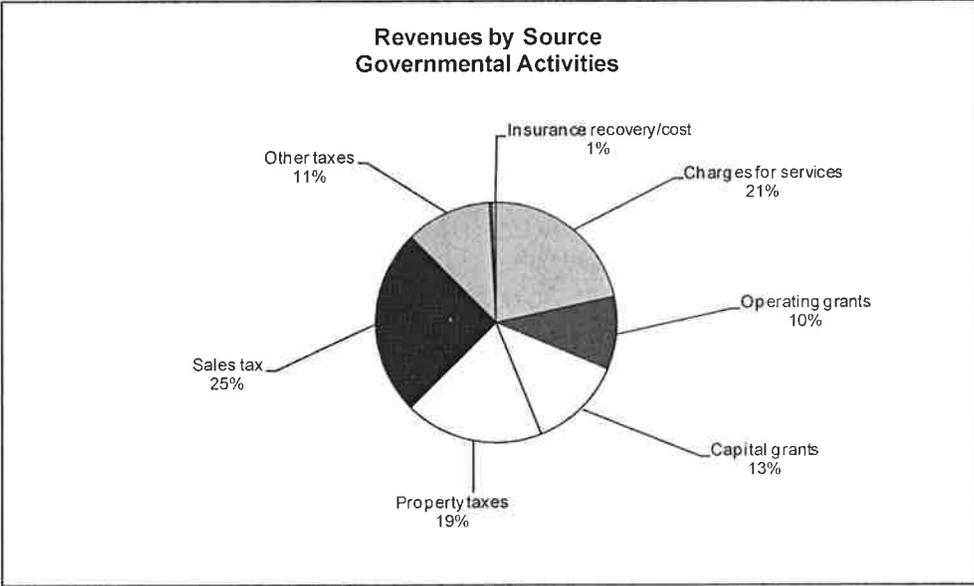
The accompanying bar chart entitled *Expenses vs. Revenues – Governmental Activities* – reflects the extent to which each of the major governmental functions of the City is supported by revenues designated

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 \$193.21 million. Program revenues consisting of charges for services, operating grants, and capital grants were in total amount of \$97.15 million, resulting in a net cost of governmental functions in the amount of \$96.06 million to be supported by general revenues of the City which include property taxes and sales tax revenue. General revenues and transfers totaled \$126.04 million. General revenues, program revenues, and transfers combined were \$218.16 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 \$220.90 million excluding transfers of \$2.28 million.



Business-type activities: Business-type activities, which include the Water and Sewer Fund, Drainage Utility Fund and the Airport Fund, increased the City's net position by \$16.21 million. The increase in net position for the business-type activities is attributable to increased revenue in the Water and Sewer Fund, and the newly implemented drainage utility fees. Operating net income of the Water and Sewer Fund was \$13.78 million as compared to \$21.86 million in the previous fiscal year. The operating income remains strong but not as high as the previous few years due to increased precipitation during fiscal year 2014/15 as compared to drought conditions previously. Net position for the Water and Sewer Fund increased by \$15.01 million. Airport net position decreased by approximately \$799,000, which is mainly attributable to operating revenues not fully covering operating expenses and lower amounts of grant assistance received for capital projects in the current year. The Drainage Utility Fund net position increased by \$3.59 million. The Drainage Utility Fund was approved in late fiscal year 2011/12 and had assessment income starting October 1, 2012. The Drainage Utility Fund had net operating income of \$3.29 million for the third year of operation.

87.30% of the City's net position for the business-type activities is net investment in capital assets (land, buildings, pipelines, streets, and runways, etc.). Management reviews the use of these assets on an ongoing basis and determines whether any should be disposed of. All of these assets are either being used in current City operations or, as in the case of underground water rights, are being held for planned future use.

\$6.77 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 decreased by \$6.41 million or 13.5% largely due to the City receiving record amounts of precipitation during 2015. As shown in the graph below, 2015 actually became the 4th wettest year in recorded history. In contrast, the Texas Panhandle was coming out of drought conditions and closer to a "normal" year during 2014. Calendar year 2011 was the driest year in recorded history for the Amarillo area. 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 2011/12, 2012/13, and 2013/14 and a new rate tier for high consumption, residential customers increased water sales in each of these years. Changes in water usage have less effect on sewer revenues; however, this revenue source decreased by \$683,000 due to the much lower water usage within the City from the increased amount of precipitation during 2015. 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>
2011	7.00"	Driest on record
2012	12.33"	7th driest on record
2013	15.20"	19th driest on record
2014	19.40"	64th driest (near normal **)
2015	34.63"	4th wettest on record

* Records go back to 1892.

** Normal precipitation is 19.71".

Airport: The Airport has been in the process of improving facilities, and the Federal Aviation Administration funds a significant part of the cost of these improvements. While the Airport generally attempts to operate on a break-even basis, its net position decreased by \$799,000. The largest decrease in funding for the Airport was seen in grant revenue received from the Federal Aviation Administration due to a lower amount of capital projects conducted during fiscal year 2014/15. 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 2014/15, the Airport collected \$1.35 million in passenger facilities charges, which is \$48,000 less than the previous year. Airport operating revenues increased slightly from \$7.70 million to \$8.38 million; however, operating expenses

also increased slightly from \$10.9 million to \$11.1 million. Operating revenues are derived from airlines, fees and commissions, and other building rentals

Drainage Utility: The Drainage Utility Fund completed the third year of operation and recorded operating revenues of \$5.46 million with \$2.17 million in operating expenses resulting in net operating income of \$3.29 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 \$10.97 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. The fund did complete its first capital improvement on Farmers Ave. with a cost in excess of \$4.0 million.

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 \$111.46 million, a decrease of approximately \$334,000 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 \$51.30 million, of which \$49.34 million was unassigned.

The fund balance of the General Fund decreased by \$4.63 million during the current year. The fund balance of the Capital Projects Funds increased by \$3.82 million. This increase includes dollars allocated to uncompleted projects. The capital projects funds had assigned fund balances of \$42.46 million at September 30, 2015. These funds are assigned for construction projects in progress and for projects currently in the planning stages and in the City's five-year capital plan.

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

Proprietary funds: The financial statements of the Proprietary Funds provide information for the two types of funds – the Business-type (Enterprise) Funds and the Internal Service Funds. The Internal Service Fund financial statements reflect a net position deficit of \$55.71 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: Municipal Garage, 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 decreased in the 2014/15 fiscal year by \$1.38 million due in large part of recording the liability and related expense in compliance with GASB 45 for postemployment health benefits in the Employee Insurance Fund. The GASB 45 liability increased by \$2.1 million for the fiscal year ending September 30, 2015. The recording of this liability in the Employee Insurance Fund has created the overall

deficit in net position for the Internal Service Funds as a whole. In January 2013, the City began prefunding a portion of its Other Postemployment Benefits (OPEB) liability via an irrevocable multi-employer OPEB trust (PEB Trust) in addition to pay as you go costs. During 2014 and 2015, the City has made significant plan design changes. Effective January 1, 2015, all Medicare eligible retirees will be transitioned to a private Medicare supplement plan and will no longer be covered on the City-sponsored plan. The City intends to provide a monthly stipend of \$150 to assist retirees in the payment of the supplement premium. These changes have reduced the unfunded actuarial accrued liability and, correspondingly, the Annual OPEB Cost from \$22.9 million at September 30, 2013 to \$8.3 million at September 30, 2015. Net position for the Municipal Garage Fund, Information Services Fund, and Risk Management Fund remain positive and provide adequate resources for ongoing operations.

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

Capital Assets and Debt Administration:

Capital assets: The City's investment in capital assets as of September 30, 2015, was \$1.01 billion, net of accumulated depreciation. The following tabulation summarizes the City's capital assets at September 30, 2015:

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

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Land, easements and water rights	\$ 31,531	\$ 20,297	\$ 85,126	\$ 86,027	\$ 116,657	\$ 106,324
Infrastructure	148,020	137,998	-	-	148,020	137,998
Library resources	4,752	4,686	-	-	4,752	4,686
Water and sewer other	-	-	419,391	418,078	419,391	418,078
Airport facilities	-	-	69,078	72,564	69,078	72,564
Drainage improvements	-	-	4,799	-	4,799	-
Buildings and other improvements	149,030	155,103	-	-	149,030	155,103
Equipment and vehicles	30,956	31,155	1,711	1,925	32,667	33,080
Construction in progress	30,588	18,073	37,123	25,835	67,711	43,908
Total capital assets	\$ 394,877	\$ 367,312	\$ 617,228	\$ 604,429	\$ 1,012,105	\$ 971,741

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 6 in the Notes to Basic Financial Statements for additional information related to capital assets.

The City of Amarillo attempts to fund its capital needs on a pay-as-you-go basis to the extent possible. The City from time to time will borrow funds in order to complete significant infrastructure projects. The City attempts to take advantage of favorable interest rates and use debt only when conditions are favorable. Note 11 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, 2015:

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

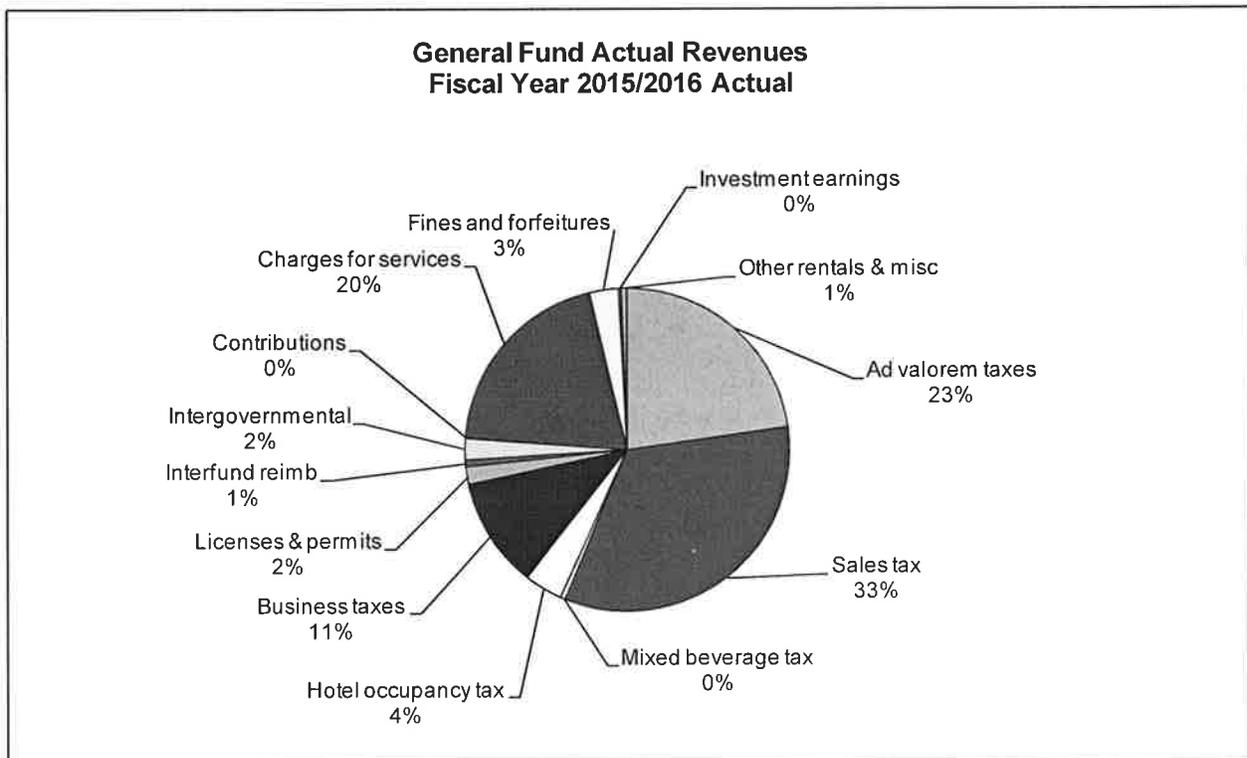
	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Total</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
General obligation bonds	\$ 4,170	\$ 4,601	\$ -	\$ -	\$ 4,170	\$ 4,601
Certificates of obligation	18,420	19,530	80,960	85,830	99,380	105,360
Special assessment debt	9,817	10,244	-	-	9,817	10,244
Municipal garage revenue bonds	3,190	4,080	-	-	3,190	4,080
Water and sewer revenue bonds	-	-	49,295	52,365	49,295	52,365
Water authority debt	-	-	76,033	83,303	76,033	83,303
Drainage utility revenue bonds	-	-	10,865	11,485	10,865	11,485
Airport	-	-	8,315	9,755	8,315	9,755
Total outstanding debt	\$ 35,597	\$ 38,455	\$ 225,468	\$ 242,738	\$ 261,065	\$ 281,193

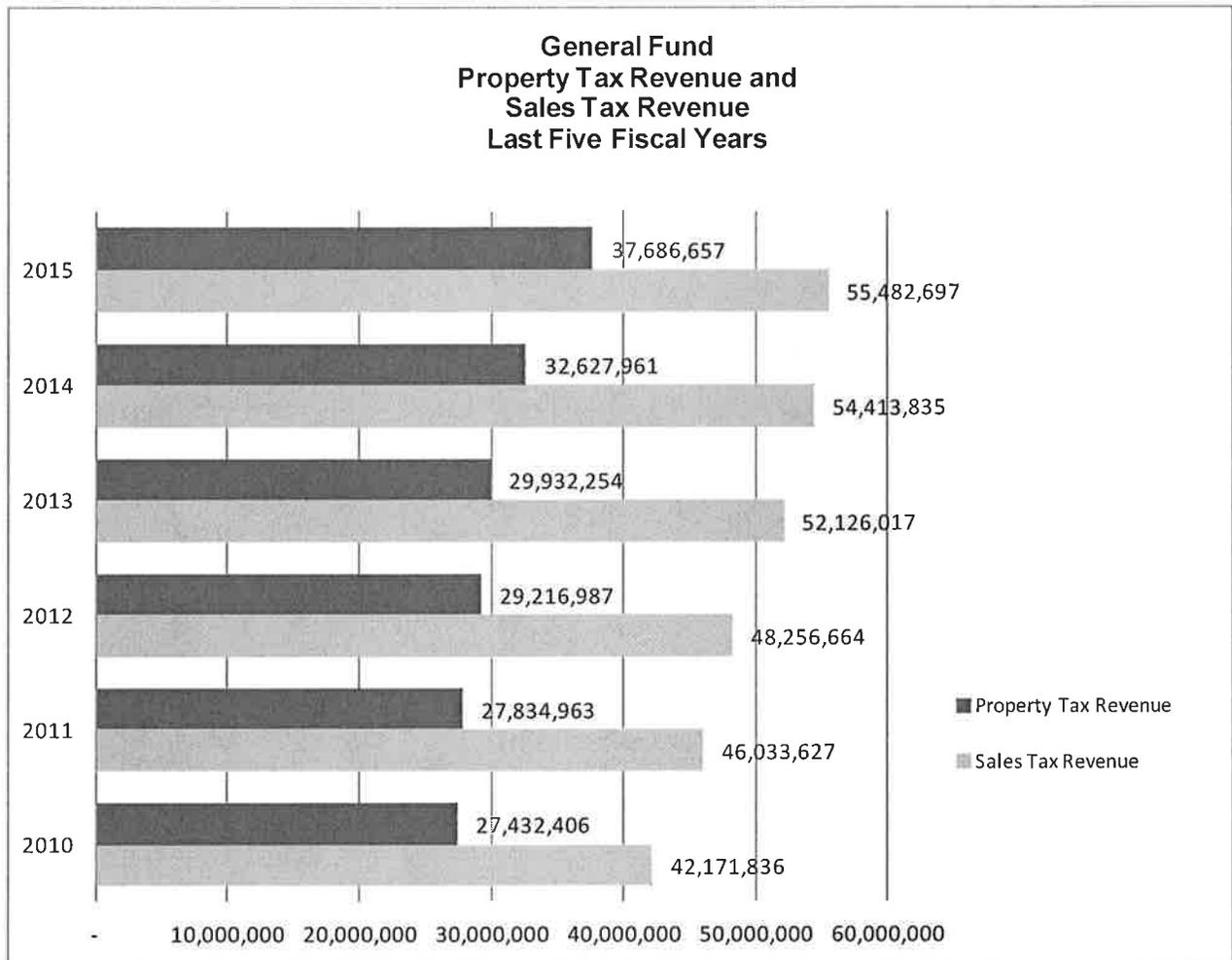
Refer to Notes 10 and 11 in the Notes to Basic Financial Statements for additional information related to long-term debt and other commitments.

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 2014/15 were \$164,290,502. Certain reclassifications of interdepartmental reimbursements are made from the approved budget for financial reporting purposes. Actual sales tax revenue accounts for 33.50% of the General Fund total revenue excluding transfers. Sales tax revenues were budgeted for \$54.84 million. Actual sales tax revenues for 2014/15 were \$55.48 million. Sales tax revenues exceeded expected budgeted amounts by approximately \$640,000. Sales tax receipts have been very strong for several years; however, the 2014/15 receipts were up significantly from the prior year. During May 2013 the City experienced a significant hail storm event. The City has seen a significant increase in Sales Tax, Building Permits, and Landfill Collection. The City's 2015/16 budget estimate anticipates strong revenue levels; however, the budget has been adjusted in anticipation of more normal collection period for these revenue streams. Another major component of General Fund revenues is ad valorem property taxes. As detailed on page 157, General Fund ad valorem tax collections were budgeted at \$33.55 million. Actual ad valorem taxes were \$34.21 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 exceeded budgeted revenues by \$1.31 million. The attached chart shows the major sources of total General Fund revenues as summarized on page 112:

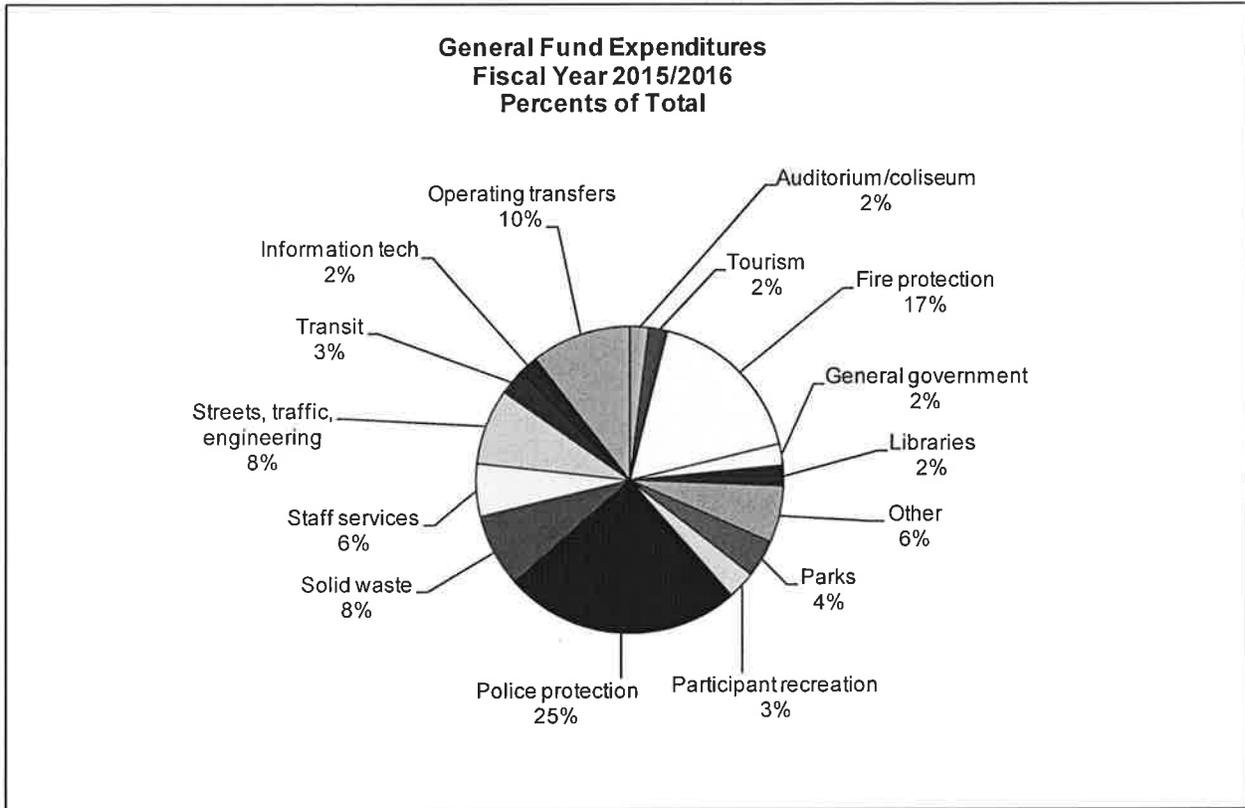




In the above graph you can see the growth rate of the General Fund property tax revenue (ad valorem tax collections) in contrast with the growth rate of sales tax revenue. The sales tax revenue, despite a nationwide slow economic recovery, has fared well and has a healthy, positive trend line. The City management keeps a watchful eye on the monthly sales tax to spot any flattening trends that might develop. Ad valorem tax revenues show an increase mainly due to increased property values. The tax rate in effect for the year ending September 30, 2015 was \$0.34509 which is a \$0.005 increase over the prior year's rate of \$0.34009. The total value of properties on the tax roll is now approximately \$11.5 billion.

General Fund Expenditures: The total General Fund operating expenditure budget excluding fund transfers for fiscal year 2014/15 was \$159.38 million. Total actual expenditures and appropriations against the operating budget for 2014/15 were \$152.08 million. This resulted in underspending the budget by \$7.30 million. Police and Fire protection combined account for approximately 46% of the General Fund expenditure budget. Operating transfers to Capital Projects Funds and other funds were budgeted for \$15.52 million.

Actual General Fund transfers to capital projects funds during the year were \$14.93 million. The following chart shows the breakdown by functional area of the General Fund actual expenditures for 2014/15:



The City's primary source of funding the annual General Fund CIP program is through reallocation of excess revenues and unspent monies from the preceding fiscal year. The goal is 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.

Economic Factors and Next Year's Budget and Rates

The 2015/16 budget is a balanced budget. It is based on conservative revenue estimates, a low ad valorem tax rate, and complies fully with all relevant state and local requirements. The Council increased the property tax rate by \$0.00563 to \$0.35072 per \$100 valuation. The tax increase allows for the City to address additional police officer positions. This budget takes many positive strides forward for Amarillo, including the addition of much needed public safety personnel. With the addition of six police officer positions, the City continues to work toward a recommended staffing level for the Police Department of two officers per 1,000 population. The City has made great strides toward improving the animal shelter operations including the addition of 14 positions, seven during the 2013/14 fiscal year, six additional positions for the 2014/15 fiscal year, and one for the 2015/16 fiscal year. The budget also includes a restructure of the Department and enhancements to the facility. The budget further provides for continued improvements to our streets, water system, wastewater system, parks, and core services. This budget addresses internal City efforts such as the Information Technology division and the City fleet.

The City was very pleased with the increase in sales tax receipts for the 2013/14 year. The 2013/14 sales tax receipts represented an all-time record collection year. However, the City feels that a portion of the increased sales tax receipts during the 2012/13 and 2013/14 fiscal years was directly related to the May 2013 hail storm event. We were very pleased to include a revised budget of \$55.2 million in sales tax receipts for the 2014/15 fiscal year. This represented an increase for the 2014/15 fiscal year that went above and beyond the record set the prior year as noted above. In preparing the 2015/16 budget, we have

included a 1.5% increase for a budget estimate of \$56.1 million. The City of Amarillo is heavily reliant upon the sales tax and the continued upward trends contribute greatly to the ability to address staffing concerns and compensation issues.

Property and Sales Taxes

Amarillo continues to maintain the second lowest ad valorem tax rate among similarly sized cities in the State. The 2015/16 ad valorem tax rate is \$0.35072 per \$100 valuation, which is a \$0.00563 increase over the prior year.

The total value of properties on the tax roll is now approximately \$11.5 billion, and the value of frozen or capped properties is approximately \$2 billion. This results in a taxable value for the City of approximately \$9.7 billion. The loss in taxable value due to the increase in frozen properties for the year is \$1.8 billion. That amount must be made up through either new growth in the tax roll, increased appraisal value of non-capped properties, or through adjustments in the overall tax rate. For the 2015/16 budget, the revenue lost from frozen taxes is \$1,194,038 or 3% of the current ad valorem tax levy. In 2014, Amarillo experienced \$472 million in total growth of all property. Of this amount, \$191 million was new property added to the tax roll.

The City Council determined funding issues as the number one Strategic Goal. During this budget, City staff analyzed and reviewed the fund levels including property tax levels and projected sales tax receipts. As discussed earlier, after three years with the same property tax rate, the City Council increased the property tax rate by one cent to \$0.32009 for the 2011/12 fiscal year and by \$0.02 in the 2013/14 fiscal year, by \$0.005 in the 2014/15 fiscal year and by \$0.00563 to \$0.35072 for the 2015/16 fiscal year. Even with the increase, our \$0.35072 tax rate is one of the lowest rates in the State. It is interesting to note that while the property tax rate and associated levy is often in the public eye, it raises less revenue than is required to operate only the Amarillo Police Department for the upcoming fiscal year.

The sales tax is the City's largest revenue source. Amarillo has long enjoyed a history of steadily increasing sales tax, which has offset our low property tax rate. However, for the 2008, 2009, and 2010 fiscal years, the City had seen flat or declining sales tax receipts. We were very pleased to report that the \$54.4 million sales tax receipts received for the 2013/14 fiscal year were the highest ever at that point. We estimated an increase in sales tax receipts for the 2014/15 fiscal year at \$55.2 million and an estimated budget for the 2015/16 fiscal year at \$56.1 million. Even so, the sales tax budget of \$56.1 million for the 2015/16 fiscal year is not sufficient alone to fund the budgets for Public Safety. The City relies on multiple revenue sources to fund General Fund operations.

Franchise Fees, User Fees and Charges

During this budget, City staff analyzed and reviewed the fund levels. During the 2010/11 fiscal year, the City issued water and sewer bonds to fund water rights purchases, as well as participating 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 2011/12 budget and we included a 5% increase to follow for the 2012/13 fiscal year budget. In the 2013/14 fiscal year, the City included a 2% rate increase. For the 2014/15 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 used over 50 thousand gallons a month. The City Council approved a 3% water and sewer rate increase for the 2015/16 fiscal year to offset additional debt services anticipated with the new bond issues. 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 \$29.48, which is very low compared to other Texas cities.

Revenue from the electricity and gas franchise fees was projected to increase for the 2014/15 fiscal year from these sources.

CONSOLIDATED BUDGET

Our 2015/16 fiscal year budget is \$336,233,404, which is a 13.9% or \$41,145,627 increase compared to our 2014/15 budget of \$295,087,777.

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

	<u>FY 2014/15</u>	<u>FY 2015/16</u>	<u>% Change</u>
General Fund M&O	\$ 173,731,298	\$ 175,596,280	1.1%
Water & Sewer M&O	46,878,105	46,716,807	-0.3%
Capital Improvement Projects	44,277,813	79,905,669	80.5%
Special Revenue M&O	21,146,090	21,718,548	2.7%
Municipal Garage M&O	9,806,879	9,557,967	-2.5%
Insurance M&O	26,235,461	27,772,577	5.9%
Debt Service	25,397,971	26,601,991	4.7%
Airport M&O	6,791,953	7,845,776	15.5%
Drainage Utility M&O	2,417,037	2,778,934	15.0%
Info Technology M&O	4,758,062	4,995,197	5.0%
Capital Transfers	304,400	306,163	0.6%
Less Interfund Transfers	<u>(66,657,292)</u>	<u>(67,562,505)</u>	<u>-1.4%</u>
Total Budget	<u>\$ 295,087,777</u>	<u>\$ 336,233,404</u>	<u>13.9%</u>

Municipal government is a service provision business and the predominant expense category in our budget is always personnel and associated employee salaries and benefits expense. Personnel costs comprise 44% or \$146.8 million of our 2015/16 net budget. The second largest category is Capital Improvement Projects of \$79.9 million or 24% of our budget. The third highest category of expenses is Debt Service, which accounts for 8% or \$26.6 million of our budget. Debt service expenditures include all funds. The largest category increase in the FY 2015/16 budget is the Capital Improvement Projects; however, \$33.9 million of the projects will be financed by bond proceeds.

Employee Staffing

The 2015/16 budget consists of 2,149 permanent and 321 part-time employee positions. Permanent positions have increased by 16 positions over the current year and part-time positions have decreased by eight. The largest single increase is in public safety, with a total of six new positions. With the increase in the sales tax revenue, we have been able to continue addressing staffing concerns.

<u>Personnel Additions</u>	<u>Department</u>	<u>Full Time</u>
Afternoon Shelter Manager	Animal Management & Welfare	1
Evidence Technician	Civilian Personnel	1
Administrative Assistant I	Civilian Personnel	1
Utility Worker	Golf	1
Zookeeper II	Zoo	1
Police Officers	Police	6
Signal Technician	Traffic Field Operations	1
Van Operator	Transit	1
Administrative Assistant II	Water and Sewer	2
Utility Technician	Water and Sewer	2
Foreperson I	Water and Sewer	1
Utility Operator	Drainage	1
Equipment Operator I	Drainage	1

<u>Personnel Additions</u>	<u>Department</u>	<u>Full Time</u>
Drainage Utility Foreperson	Drainage	1
Epidemiologist	Public Health	1
Greenhouse Technician	Women, Infants and Children (WIC)	<u>1</u>
Total Additions		23
Reclass full-time to part-time	Judicial	1
Positions eliminated	Parks	(1)
	Golf (reclass 1 full-time position)	(6)
	Streets	(2)
	Library	(1)
	AECC	(1)
	Airport	(1)
	Municipal Garage	(3)
	Community Development	<u>(1)</u>
Net Additions		<u><u>8</u></u>

For the 2015/16 fiscal year, we have proposed an additional six new police officers. The Police Department will now have 371 sworn police officers, which is an increase of 54 since the 2009/10 fiscal year. Our goal is to add 10 to 12 officers each year for the next three years. During the 2011/12 fiscal year, we added three additional firefighters to begin staffing a second engine company at Station #13. For the 2012/13 year, we added an additional four firefighters and in 2013/14, an additional eight firefighters for a total of 259 firefighters. Collectively, the Police and Fire Departments account for approximately 43% of the General Fund budget and are a major service priority of our residents. The authorized strength of the Police Department has fallen behind the growth rate over the last several years, and this is an area that received considerable attention in the 2014/15 and the 2015/16 budgets.

The City Water and Sewer Utility has 273 full-time employees and seven part-time employees. We have 129 full-time and 190 part-time employees in the Parks Department and at our golf courses, 56 employees at the Airport, 57 full-time and 20 part-time employees in the five libraries, 32 full-time employees in Building Safety, 36 full-time and nine part-time employees in the Civic Center Complex, and 54 employees to maintain and clean City facilities. The Solid Waste Collection and Disposal operation has 141 full-time and four part-time employees. The Street Department has 95 full-time and five part-time employees, and the Traffic Engineering Department, which includes the school crossing guard program, has 44 part-time and 25 full-time employees. The Transit Department has 67 full-time employees, and the Municipal Garage has 50 full-time employees. The Drainage Utility Fund has 28 full-time and one part-time employee, including nine positions originally transferred from the Street Department.

Employee Compensation

- 1) Increase of 2.00% across the board for Police and Fire.
- 2) Increase of 2.00% as pay-for-performance, based on annual evaluations.
- 4) Continuation of the civilian Discretionary Retention Pay (DRP) program.
- 4) Increase lowest paid full-time employees from \$8.50 to \$9.00.
- 5) Continued funding of employee incentive pay programs.

The total cost of these pay plan improvements and benefits is \$3.2 million. Most of the cost (\$2.3 million) is in the General Fund.

Capital Needs

Infrastructure needs to continue as a priority for the City Council and are included as a strategic goal. The recommended Capital Improvement Program (CIP) budget for the 2015/16 fiscal year is \$79.9 million, which is up from the \$44.3 million available in 2014/15. For the 2015/16 fiscal year the City anticipates funding three projects with bond proceeds: \$14 million Next Generation Radio System project (anticipated bond proceeds of \$12.3 million); \$17.2 million for the Osage/Arden Road Transfer Main project; and \$4.4 million to fund the water and the sewer projects associated with the TXDOT Loop 335 project from Bell to Soncy, in which both projects were bond financed.

The City continues to face an aging infrastructure. The City has included \$3.6 million for arterial roadway reconstruction and right of way purchase associated with the TXDOT Loop 335 project. The City has funded \$1.3 million of matching funds associated with the Tiger Grant application for Polk and 6th Street streetscape enhancements. If approved, this project will require an additional \$3.9 million of City dollars for a total project of \$17.2 million.

During the 2015/16 fiscal year, the City allocated \$518,000 for improvements at the animal shelter facility. For next year's budget, the City has approved an additional \$150,000 to complete the upgrades and repairs to the animal shelter. The City has allocated 423,000 for an upgrade to the Police Department I/LEADS records management system.

The City's General Fund capital program includes \$1.1 million for equipment replacement in the Transit Department, of which we anticipate \$938,000 in grant funding. Also included in the General Fund capital program is additional funding for police and fire equipment, upgrades and repairs to City facilities and improvements to the park system.

We have had significant pressure to keep budgeted expenditures as low as possible in prior budget fiscal years. With that in mind, we lowered municipal garage rental rates for the user departments in the 2009/10 and 2010/11 fiscal years. For the near term, the Municipal Garage has a strong fund balance; however, due to rising replacement costs, we are evaluating the equipment rate and replacement structure. In both the 2011/12 and 2012/13 fiscal year budgets, we increased the equipment rental rates by 5% and increased them by 7% in the 2013/14, 2014/15, and again for the 2015/16 budget. We will continue to monitor those rates in future budgets. This same scenario applies to the City's Information Technology Fund, with appropriate enhancements made to this fund as well.

The City Water and Wastewater Utility, or Utilities Fund, had an excellent year. The Utilities Fund includes \$35.2 million in capital projects, including \$21.6 million in bond funding. Amarillo now has nearly 1,136 miles of water mains in the City and an additional 968 miles of wastewater mains. The City's water and wastewater systems are very robust and have excellent capacity. Efforts will continue to focus on addressing aging infrastructure and ensuring future capacity.

The Drainage Utility Fund allows us to address improvements to the storm water drainage system. We anticipate addressing capital needs in the approximate amount of \$1.7 million for the 2015/16 year.

Featured Programs

The Drainage Utility Fund allows us to address improvements to the storm water drainage system. We anticipate addressing capital needs in the approximate amount of \$1.7 million for the 2015/16 year

- Funding Issues – The City Council annually reviews the rate structures for the City. The budget reflects a \$0.00563 property tax increase to \$0.35072. This increase allows the City to address funding issues in the Police Department.
- Downtown Revitalization – The City of Amarillo and the Amarillo Local Government Corporation (LGC) continue the development of the downtown convention center hotel, parking structure, and multi-purpose venue. Several other entities such as the Amarillo Tax Increment Reinvestment Zone #1 and Center City of Amarillo are also contributing to these efforts. As the

projects develop, the downtown core of Amarillo, and the City as a whole, will have an opportunity for significant growth and economic development.

- Transportation Infrastructure – The City will continue its focus on street repair and improvements in the 2015/16 budget year. Funding from the one cent tax rate increase during the 2011/12 year is carried forward into the current year to allow for a larger arterial overlay program. This program maximizes the lifespan of our arterial streets and delays or prevents expensive reconstruction projects. The City has several reconstruction projects scheduled.
- Bus Transit Issue – The 2015/16 budget continues improvements to the City's transit system, funding for replacement of City buses. Each of the last two budgets has expanded the capacity of the Spec-Trans system. This system provides direct door-to-door service for qualifying riders and provides the only accessible transportation for many Amarillo residents to access healthcare and other important basic services.
- Neighborhood Pride – The City has included expansion projects for neighborhood parks which include playground replacements, additional restrooms, and lighting improvements in area parks.

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, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 32,270,949	\$ 21,815,035	\$ 54,085,984	\$ 15,046,477
Investments	113,781,536	62,444,873	176,226,409	191,197,939
Receivables, net	13,301,656	11,197,659	24,499,315	9,622,963
Internal balances	25,259,063	(25,259,063)	-	-
Inventories and prepaid expenses	2,751,614	893,326	3,644,940	5,470,102
Other current assets	-	-	-	1,086,964
Total current assets	187,364,818	71,091,830	258,456,648	222,424,445
NONCURRENT ASSETS				
Restricted cash and cash equivalents	953,314	35,347,956	36,301,270	4,875,159
Restricted investments	500,000	-	500,000	-
Receivables, net	-	7,902	7,902	82,909,854
Other noncurrent assets	-	98,037	98,037	10,268,578
Land and building held for future incentives	-	-	-	4,666,725
Capital assets:				
Land	14,780,799	4,819,613	19,600,412	-
Contributed right of way easements	16,749,493	1,315,172	18,064,665	-
Water rights and contracts, net of amortization	-	78,991,160	78,991,160	-
Infrastructure, net of depreciation	148,019,738	4,799,546	152,819,284	-
Buildings and improvements, net of depreciation	149,030,287	488,469,492	637,499,779	26,499,810
Equipment and vehicles, net of depreciation	30,956,094	1,710,861	32,666,955	82,024
Library resources, net of depreciation	4,752,327	-	4,752,327	-
Construction in progress	30,588,256	37,122,828	67,711,084	-
Total noncurrent assets	396,330,308	652,682,567	1,049,012,875	129,302,150
TOTAL ASSETS	\$ 583,695,126	\$ 723,774,397	\$ 1,307,469,523	\$ 351,726,595
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows	\$ 16,125,175	\$ 2,320,376	\$ 18,445,551	\$ 2,879,986
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 16,125,175	\$ 2,320,376	\$ 18,445,551	\$ 2,879,986
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 16,034,901	\$ 10,886,307	\$ 26,921,208	\$ 1,486,140
Current portion of long-term obligations	2,980,659	5,246,984	8,227,643	4,970,000
Estimated liability for self-insured losses, current portion	7,171,431	-	7,171,431	30,000
Bonded debt current maturity	-	10,250,000	10,250,000	-
Current portion of compensated absences	1,754,962	299,548	2,054,510	-
Total current liabilities	27,941,953	26,682,839	54,624,792	6,486,140
NONCURRENT LIABILITIES				
Liabilities payable from restricted assets	-	-	-	467,985
Noncurrent portion of long-term obligations	33,335,719	219,410,400	252,746,119	67,700,000
Other accrued expenses	-	2,646,300	2,646,300	-
Estimated liabilities for:				
Compensated absences, net	17,264,517	1,125,339	18,389,856	211,741
Self-insured losses, net of current portion	11,190,806	-	11,190,806	125,531
Landfill closure and postclosure care	2,455,488	-	2,455,488	-
Postemployment benefits	96,164,265	-	96,164,265	-
Net pension liability	44,380,512	4,469,723	48,850,235	9,108,883
Total noncurrent liabilities	204,791,307	227,651,762	432,443,069	77,614,140
TOTAL LIABILITIES	\$ 232,733,260	\$ 254,334,601	\$ 487,067,861	\$ 84,100,280
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows	\$ 280,404	\$ 44,212	\$ 324,616	\$ 291,209
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 280,404	\$ 44,212	\$ 324,616	\$ 291,209
NET POSITION				
Net investment in capital assets	\$ 359,487,691	\$ 411,804,458	\$ 771,292,149	\$ 13,044,463
Restricted for:				
Debt service	526,239	6,768,270	7,294,509	1,017,858
Tax increment financing	2,544,254	-	2,544,254	-
Other purposes	7,497,255	-	7,497,255	3,389,316
Unrestricted (deficit)	(3,248,802)	53,143,232	49,894,430	252,763,455
TOTAL NET POSITION	\$ 366,806,637	\$ 471,715,960	\$ 838,522,597	\$ 270,215,092

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

**CITY OF AMARILLO, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 4,135,499	\$ 5,712,484	\$ -	\$ 600,778
Staff services	11,081,145	4,564,870	390,941	47,228
Public safety and health				
Police protection	44,846,432	1,529,180	277,893	53,772
Fire protection	31,653,660	1,985,790	49,535	-
Other	17,306,537	5,518,286	7,906,040	98,125
Streets, traffic and engineering	20,553,851	972,519	47,000	21,356,043
Culture and recreation				
Auditorium/Coliseum	5,812,350	2,353,373	398,004	-
Libraries	4,278,684	141,607	958	-
Parks	8,445,021	1,577,326	10,000	583,435
Participant recreation	6,418,402	2,751,006	1,230	-
Solid waste	13,746,125	20,078,845	-	-
Transit	5,312,266	194,725	2,834,741	-
Information technology	3,541,218	-	-	-
Economic development	3,314,067	-	-	5,020,000
Urban redevelopment/housing	10,716,405	174,352	9,828,400	88,057
Interest on long-term debt	2,045,175	-	-	-
Total governmental activities	<u>193,206,837</u>	<u>47,554,363</u>	<u>21,744,742</u>	<u>27,847,438</u>
BUSINESS-TYPE ACTIVITIES				
Water and Sewer	58,079,668	68,528,437	-	5,105,521
Drainage Utility	2,403,313	5,553,357	-	133,765
Airport	11,165,622	9,890,031	-	525,885
Total business-type activities	<u>71,648,603</u>	<u>83,971,825</u>	<u>-</u>	<u>5,765,171</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 264,855,440</u>	<u>\$ 131,526,188</u>	<u>\$ 21,744,742</u>	<u>\$ 33,612,609</u>
COMPONENT UNITS				
Amarillo Hospital District	\$ 9,731,182	\$ -	\$ 206,218	\$ 35,448
Amarillo Economic Development Corporation	28,156,467	4,616,898	-	61,639
Amarillo-Potter Events District	2,792,003	67,366	-	-
Amarillo Housing Finance Corporation	-	-	-	-
Amarillo Health Facilities Corporation	-	-	-	-
Amarillo Local Government Corporation	125,610	-	466,461	-
TOTAL COMPONENT UNITS	<u>\$ 40,805,262</u>	<u>\$ 4,684,264</u>	<u>\$ 672,679</u>	<u>\$ 97,087</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				
Insurance recovery/cost				
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
\$ 2,177,763	\$ -	\$ 2,177,763	\$ -
(6,078,106)	-	(6,078,106)	-
(42,985,587)	-	(42,985,587)	-
(29,618,335)	-	(29,618,335)	-
(3,784,086)	-	(3,784,086)	-
1,821,711	-	1,821,711	-
(3,060,973)	-	(3,060,973)	-
(4,136,119)	-	(4,136,119)	-
(6,274,260)	-	(6,274,260)	-
(3,666,166)	-	(3,666,166)	-
6,332,720	-	6,332,720	-
(2,282,800)	-	(2,282,800)	-
(3,541,218)	-	(3,541,218)	-
1,705,933	-	1,705,933	-
(625,596)	-	(625,596)	-
(2,045,175)	-	(2,045,175)	-
<u>(96,060,294)</u>	<u>-</u>	<u>(96,060,294)</u>	<u>-</u>
-	15,554,290	15,554,290	-
-	3,283,809	3,283,809	-
-	(749,706)	(749,706)	-
<u>-</u>	<u>18,088,393</u>	<u>18,088,393</u>	<u>-</u>
<u>(96,060,294)</u>	<u>18,088,393</u>	<u>(77,971,901)</u>	<u>-</u>
-	-	-	(9,489,516)
-	-	-	(23,477,930)
-	-	-	(2,724,637)
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>340,851</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,351,232)</u>
38,126,812	-	38,126,812	-
2,812,468	-	2,812,468	-
55,482,697	-	55,482,697	18,494,232
805,136	-	805,136	-
6,341,559	-	6,341,559	-
18,226,564	-	18,226,564	2,758,826
775,685	402,780	1,178,465	7,667,923
1,185,474	-	1,185,474	-
2,283,911	(2,283,911)	-	-
<u>126,040,306</u>	<u>(1,881,131)</u>	<u>124,159,175</u>	<u>28,920,981</u>
<u>29,980,012</u>	<u>16,207,262</u>	<u>46,187,274</u>	<u>(6,430,251)</u>
<u>361,330,425</u>	<u>458,177,828</u>	<u>819,508,253</u>	<u>302,099,762</u>
<u>(24,503,800)</u>	<u>(2,669,130)</u>	<u>(27,172,930)</u>	<u>(25,454,419)</u>
<u>336,826,625</u>	<u>455,508,698</u>	<u>792,335,323</u>	<u>276,645,343</u>
<u>\$ 366,806,637</u>	<u>\$ 471,715,960</u>	<u>\$ 838,522,597</u>	<u>\$ 270,215,092</u>

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

**CITY OF AMARILLO, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2015**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 3,207,990	\$ 12,751,352	\$ 9,288,825	\$ 25,248,167
Restricted cash and cash equivalents	-	-	427,075	427,075
Investments, at fair values	46,021,435	32,872,392	9,581,593	88,475,420
Construction in progress	-	-	-	-
Restricted investments	-	-	500,000	500,000
Receivables, net of allowances for uncollectibles				
Property taxes	266,394	-	21,089	287,483
Accounts	2,021,250	365,740	136,058	2,523,048
Accrued interest	126,536	74,263	8,472	209,271
Other accrued revenue	1,833,782	-	175	1,833,957
Due from other funds unrestricted	1,586,632	-	31,378	1,618,010
Due from other governments	4,834,611	-	1,748,815	6,583,426
Inventory of supplies	1,902,433	-	-	1,902,433
Prepaid items	7,727	1,000	6,332	15,059
TOTAL ASSETS	<u>\$ 61,808,790</u>	<u>\$ 46,064,747</u>	<u>\$ 21,749,812</u>	<u>\$ 129,623,349</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers payable	\$ 1,584,193	\$ 1,733,879	\$ 360,611	\$ 3,678,683
Accounts payable	1,914,524	781,878	701,251	3,397,653
Accrued expenses	3,991,760	1,091,241	5,077	5,088,078
Deposits	-	-	1,268,954	1,268,954
Due to other funds - unrestricted	2,023,182	-	1,596,696	3,619,878
Due to other governments	728,955	-	23,784	752,739
Unearned revenues - property taxes	211,249	-	16,305	227,554
Unearned revenues - other	51,580	-	79,857	131,437
Total liabilities	<u>10,505,443</u>	<u>3,606,998</u>	<u>4,052,535</u>	<u>18,164,976</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	7,727	1,000	6,332	15,059
Inventory	1,902,433	-	-	1,902,433
Uncollected taxes	55,145	-	4,784	59,929
Restricted for:				
Debt service	-	-	796,880	796,880
Capital projects	-	-	-	-
Special purposes	-	-	10,160,588	10,160,588
Committed for:				
Compensated absences	-	-	6,728,693	6,728,693
Assigned for:				
Capital projects	-	42,456,749	-	42,456,749
Unassigned	49,338,042	-	-	49,338,042
Total fund balances	<u>51,303,347</u>	<u>42,457,749</u>	<u>17,697,277</u>	<u>111,458,373</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 61,808,790</u>	<u>\$ 46,064,747</u>	<u>\$ 21,749,812</u>	<u>\$ 129,623,349</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, 2015**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	<u>\$ 111,458,373</u>
The City uses internal service funds to charge the costs of the municipal garage, information services, risk management and employee health services to other departments of the City on a cost-reimbursement basis. The assets and liabilities, excluding capital assets, of the internal service funds are included in the governmental activities in the statement of net position.	(80,263,846)
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.	394,876,994
Capital assets, net October 1, 2014	\$ 367,312,319
Net current year additions	46,083,378
Net current year deletions	<u>(18,518,703)</u>
Capital assets, net September 30, 2015	<u>\$ 394,876,994</u>
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:	(57,157,222)
Long-term debt	\$ 36,316,378
Compensated absence	18,385,356
Landfill closure and postclosure	<u>2,455,488</u>
	<u>\$ 57,157,222</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 \$42,644,475, a deferred resource inflow in the amount of \$263,232, and a deferred resource outflow in the amount of \$15,574,856.	(27,332,851)
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.	25,225,189
Unearned revenue	\$ 358,991
Accrued interest payable	(432,668)
Internal balances	25,259,063
Prepaid insurance	<u>39,803</u>
	<u>\$ 25,225,189</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 366,806,637</u></u>

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

CITY OF AMARILLO, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2015

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes				
Ad valorem taxes	\$ 37,686,657	\$ -	\$ 2,812,468	\$ 40,499,125
Sales taxes	55,482,697	-	-	55,482,697
Mixed beverage taxes	805,136	-	-	805,136
Hotel occupancy taxes	6,341,559	-	-	6,341,559
Gross receipts business taxes	18,226,564	-	-	18,226,564
License and permits	2,975,922	-	-	2,975,922
Interfund revenues	1,069,410	-	-	1,069,410
Intergovernmental revenues	3,573,740	4,572,389	18,076,039	26,222,168
Citizen contributions	113,660	-	12,188	125,848
Construction participation	-	11,600,519	88,488	11,689,007
Revenue from participating taxing entities	-	-	600,778	600,778
Other entity participations	-	-	175,000	175,000
Charges for services	33,214,401	189,859	1,926,977	35,331,237
Fines and forfeitures	4,763,168	-	1,489,239	6,252,407
Investment earnings	431,557	151,158	43,404	626,119
Other rentals and commissions	426,880	-	-	426,880
Miscellaneous	488,134	683,405	102,458	1,273,997
Total revenues	<u>165,599,485</u>	<u>17,197,330</u>	<u>25,327,039</u>	<u>208,123,854</u>
EXPENDITURES				
Current				
General government	3,774,418	-	82,377	3,856,795
Staff services	9,382,906	-	381,837	9,764,743
Public safety and health				
Police protection	41,986,535	168,807	322,127	42,477,469
Fire protection	29,171,726	-	-	29,171,726
Other	10,167,257	-	6,222,589	16,389,846
Streets, traffic and engineering	13,447,312	-	-	13,447,312
Culture and recreation				
Auditorium - Coliseum	3,306,183	-	276,980	3,583,163
Libraries	3,670,179	-	1,115	3,671,294
Parks	6,652,333	-	589,948	7,242,281
Participant recreation	5,083,499	-	64,402	5,147,901
Solid waste	13,043,407	-	-	13,043,407
Transit system	4,520,534	-	-	4,520,534
Urban redevelopment and housing	-	-	10,816,542	10,816,542
Information technology	3,541,218	-	-	3,541,218
Tourism	3,314,067	-	-	3,314,067
Capital outlay	1,451,278	29,966,608	455,173	31,873,059
Debt service				
Principal retirement	-	-	1,968,331	1,968,331
Interest and fiscal charges	-	-	1,612,507	1,612,507
Termination vacation and sick leave pay	-	-	1,964,440	1,964,440
Total expenditures	<u>152,512,852</u>	<u>30,135,415</u>	<u>24,758,368</u>	<u>207,406,635</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,086,633</u>	<u>(12,938,085)</u>	<u>568,671</u>	<u>717,219</u>
OTHER FINANCING SOURCES (USES):				
Insurance recovery/costs	-	1,185,474	-	1,185,474
Transfers from other funds	4,896	16,781,614	1,044,206	17,830,716
Transfers to other funds	(17,720,511)	(1,205,691)	(1,141,446)	(20,067,648)
Total other financing sources (uses)	<u>(17,715,615)</u>	<u>16,761,397</u>	<u>(97,240)</u>	<u>(1,051,458)</u>
Net change in fund balances	<u>(4,628,982)</u>	<u>3,823,312</u>	<u>471,431</u>	<u>(334,239)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>55,932,329</u>	<u>38,634,437</u>	<u>17,225,846</u>	<u>111,792,612</u>
FUND BALANCES, END OF YEAR	<u>\$ 51,303,347</u>	<u>\$ 42,457,749</u>	<u>\$ 17,697,277</u>	<u>\$ 111,458,373</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, 2015**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (334,239)

The City uses an internal service fund to charge the costs of the municipal garage, information services, risk management and employee health services to other departments of the City. The net income (loss) of the internal service fund is included in the governmental activities in the Statement of Activities, except for net income (loss) allocated to the business-type activities for services provided by the internal service funds to those activities. The net effect of this consolidation is to decrease net position. (1,381,801)

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 2015 capital outlays, issuance of long-term debt, and debt principal payments is to increase net position. 45,592,303

Capital outlay	\$ 31,873,059
Residual value of assets disposed of	(166,445)
Library books additions	536,402
Contributed capital	11,192,421
Assets contributed with grant funding	188,535
Long-term debt principal payments	1,968,331
	<u>\$ 45,592,303</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. (17,000,585)

The implementation of GASB 68 required that certain expenditures be recorded as deferred resource outflows at the beginning of the year. Under GASB 71 (\$7,900,869) of these expenditures were recognized in the current year, decreasing the change in net position. Contributions made after the measurement date of December 31, 2014, caused the change in the ending net position to increase by \$7,982,013. The City's investment gains over related pension expense were \$7,592,843, differences in expected and actual experience were (\$263,232), and additional expense of (\$6,272,345) was recognized due to the current year changes in net pension liability. The impact of all these adjustments is to increase the change in net position by \$1,138,410. 1,138,410

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. 1,965,924

Compensated absences	\$ 626,215
Unearned revenue	440,155
Assets contributed with grant funding	(188,535)
Net loss of internal service funds	
allocated to business-type activities	1,600,359
Landfill closure and post-closure care	(113,625)
Accrued interest payable	(432,668)
Deferred amount for issuance	
premiums/costs	34,023
	<u>\$ 1,965,924</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 29,980,012

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

**CITY OF AMARILLO, TEXAS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2015**

	<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	\$ 19,471,699	\$ 1,099,533	\$ 1,243,803	\$ 21,815,035	\$ 7,022,782
Investments, at fair values	48,461,977	5,459,716	8,523,180	62,444,873	25,306,116
Accounts receivable, net	5,749,728	370,394	107,518	6,227,640	1,473,282
Accrued interest receivable	94,835	-	17,374	112,209	48,573
Other accrued revenue	4,458,946	-	127,651	4,586,597	-
Due from other funds	-	-	-	-	2,625,255
Due from other governments	-	-	271,213	271,213	-
Inventory of supplies	-	-	-	-	215,270
Prepaid expenses	893,326	-	-	893,326	579,051
Total current assets	<u>79,130,511</u>	<u>6,929,643</u>	<u>10,290,739</u>	<u>96,350,893</u>	<u>37,270,329</u>
NONCURRENT ASSETS					
Restricted cash and cash equivalents	29,549,585	5,686,471	111,900	35,347,956	526,239
Other noncurrent receivable	7,902	-	-	7,902	-
Other noncurrent assets	98,037	-	-	98,037	-
Capital assets					
Land	2,040,262	2,010	2,777,341	4,819,613	-
Contributed right of way easements	1,093,953	221,219	-	1,315,172	-
Underground water rights	56,310,776	-	-	56,310,776	-
Accumulated depletion water rights	(6,310,311)	-	-	(6,310,311)	-
Water supply contract	50,336,389	-	-	50,336,389	-
Accumulated amortization - water supply contract	(21,345,694)	-	-	(21,345,694)	-
Pipelines and plant	606,102,721	-	-	606,102,721	-
Accumulated depreciation - pipelines and plant	(186,711,321)	-	-	(186,711,321)	-
Runways, buildings and improvements	-	-	152,028,750	152,028,750	-
Accumulated depreciation - runways, buildings and improvements	-	-	(82,950,658)	(82,950,658)	-
Improvements	-	4,799,546	-	4,799,546	5,496,671
Accumulated depreciation improvements	-	-	-	-	(3,920,585)
Equipment and vehicles	4,252,824	18,908	4,782,178	9,053,910	66,556,998
Accumulated depreciation - equipment and vehicles	(3,449,801)	(99,011)	(3,794,237)	(7,343,049)	(41,497,311)
Construction in progress	24,886,619	3,731,016	8,505,193	37,122,828	1,153,423
Total capital assets, net of accumulated depreciation	<u>527,206,417</u>	<u>8,673,688</u>	<u>81,348,567</u>	<u>617,228,672</u>	<u>27,789,196</u>
Total noncurrent assets	<u>556,861,941</u>	<u>14,360,159</u>	<u>81,460,467</u>	<u>652,682,567</u>	<u>28,315,435</u>
TOTAL ASSETS	<u>\$ 635,992,452</u>	<u>\$ 21,289,802</u>	<u>\$ 91,751,206</u>	<u>\$ 749,033,460</u>	<u>\$ 65,585,764</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows	\$ 2,024,929	\$ 60,338	\$ 235,109	\$ 2,320,376	\$ 550,319
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,024,929</u>	<u>\$ 60,338</u>	<u>\$ 235,109</u>	<u>\$ 2,320,376</u>	<u>\$ 550,319</u>

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, 2015**

	<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	\$ 587,641	\$ 23,226	\$ 375,998	\$ 986,865	\$ 600,974
Accounts payable	1,988,469	387,401	113	2,375,983	621,827
Accrued expenses	2,533,123	739,049	135,658	3,407,830	193,325
Deposits	43,353	-	107,458	150,811	-
Consumer security deposits	3,622,203	-	-	3,622,203	-
Share of Water Authority debt - current	5,246,984	-	-	5,246,984	-
Due to other funds - unrestricted	321,454	21,161	-	342,615	280,773
Estimated liability for incurred losses	-	-	-	-	7,171,431
Bonded debt current maturity	8,065,000	675,000	1,510,000	10,250,000	900,000
Current portion of compensated absences	253,107	13,682	32,759	299,548	136,345
Total current liabilities	<u>22,661,334</u>	<u>1,859,519</u>	<u>2,161,986</u>	<u>26,682,839</u>	<u>9,904,675</u>
NONCURRENT LIABILITIES					
Bonded debt, net of current	122,510,609	10,294,250	7,457,258	140,262,117	2,336,856
Water Authority debt, net of current	79,148,283	-	-	79,148,283	-
Provision for compensated absences, net	1,013,225	27,683	84,431	1,125,339	497,778
Other accrued expenses	2,646,300	-	-	2,646,300	-
Estimated liabilities for incurred loss, net	-	-	-	-	11,190,806
Postemployment benefits	-	-	-	-	96,164,265
Net pension liability	3,537,710	190,341	741,672	4,469,723	1,736,037
Total noncurrent liabilities	<u>208,856,127</u>	<u>10,512,274</u>	<u>8,283,361</u>	<u>227,651,762</u>	<u>111,925,742</u>
TOTAL LIABILITIES	<u>\$ 231,517,461</u>	<u>\$ 12,371,793</u>	<u>\$ 10,445,347</u>	<u>\$ 254,334,601</u>	<u>\$ 121,830,417</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows	\$ 34,993	\$ 1,883	\$ 7,336	\$ 44,212	\$ 17,172
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 34,993</u>	<u>\$ 1,883</u>	<u>\$ 7,336</u>	<u>\$ 44,212</u>	<u>\$ 17,172</u>
NET POSITION					
Net investment in capital assets	\$ 336,363,074	\$ 3,060,075	\$ 72,381,309	\$ 411,804,458	\$ 24,552,340
Restricted for debt service	6,325,536	330,834	111,900	6,768,270	526,239
Unrestricted (deficit)	63,776,317	5,585,555	9,040,423	78,402,295	(80,790,085)
TOTAL NET POSITION	<u>\$ 406,464,927</u>	<u>\$ 8,976,464</u>	<u>\$ 81,533,632</u>	496,975,023	<u>\$ (55,711,506)</u>
Amounts due governmental activities for allocable share of net expenses of certain internal service funds				<u>(25,259,063)</u>	
TOTAL NET POSITION OF BUSINESS- TYPE ACTIVITIES IN STATEMENT OF NET POSITION				<u>\$ 471,715,960</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, 2015**

	<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>	
OPERATING REVENUES					
Airfield fees and commissions	\$ -	\$ -	\$ 446,391	\$ 446,391	\$ -
Charges for services	-	-	-	-	1,346,534
Employees' benefit plan contributions	-	-	-	-	5,009,211
Internal charges	-	-	-	-	39,404,486
Miscellaneous revenues	-	-	-	-	(3,867)
Other building and ground rentals	-	-	1,592,520	1,592,520	-
Rents and miscellaneous	153,054	-	-	153,054	-
Tap fees and frontage charges	267,432	-	-	267,432	-
Terminal building area rental	-	-	6,338,372	6,338,372	-
Utility sales and service	64,016,482	-	-	64,016,482	-
Drainage utility assessments	-	5,460,345	-	5,460,345	-
Total operating revenues	<u>64,436,968</u>	<u>5,460,345</u>	<u>8,377,283</u>	<u>78,274,596</u>	<u>45,756,364</u>
OPERATING EXPENSES					
Salaries, wages and fringe benefits	11,472,684	688,868	2,200,338	14,361,890	5,112,953
Supplies	1,472,230	193,957	452,647	2,118,834	3,049,747
Fuel and oil	-	-	-	-	2,598,860
Fuel and power	4,246,205	-	603,525	4,849,730	-
Contractual services	4,703,899	884,299	787,121	6,375,319	1,982,161
Water Authority charges	5,347,061	-	-	5,347,061	-
Other charges	9,173,530	305,297	2,237,308	11,716,135	3,670,278
Claim and loss adjustments	-	-	-	-	27,582,779
Postemployment expense	-	-	-	-	2,104,351
Depreciation	14,238,259	97,205	4,828,596	19,164,060	6,016,532
Total operating expenses	<u>50,653,868</u>	<u>2,169,626</u>	<u>11,109,535</u>	<u>63,933,029</u>	<u>52,117,661</u>
Operating income (loss)	<u>13,783,100</u>	<u>3,290,719</u>	<u>(2,732,252)</u>	<u>14,341,567</u>	<u>(6,361,297)</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) in disposal of property	3,417,620	-	7,208	3,424,828	222,561
Interfund reimbursement	673,849	93,012	-	766,861	-
Passenger facility charge	-	-	1,353,859	1,353,859	-
Interest earnings	356,274	17,922	29,521	403,717	133,752
Change in value of investments	-	-	(937)	(937)	15,814
Other miscellaneous revenues	-	-	158,889	158,889	118,482
Interest expense and fiscal charges	(5,825,441)	(233,687)	(63,295)	(6,122,423)	(31,955)
Total nonoperating revenues (expenses)	<u>(1,377,698)</u>	<u>(122,753)</u>	<u>1,485,245</u>	<u>(15,206)</u>	<u>458,654</u>
Income (loss) before contributions and transfers	<u>12,405,402</u>	<u>3,167,966</u>	<u>(1,247,007)</u>	<u>14,326,361</u>	<u>(5,902,643)</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, CONTINUED
 YEAR ENDED SEPTEMBER 30, 2015**

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water and Sewer	Drainage Utility	Airport	Total	
NONOPERATING REVENUES (EXPENSES), CONTINUED					
Capital contributions	\$ 5,105,521	\$ 133,765	\$ 525,885	\$ 5,765,171	\$ -
Transfers from other funds	1,000	500,000	-	501,000	4,584,592
Transfers to other funds	(2,500,153)	(206,849)	(77,909)	(2,784,911)	(63,750)
Change in net position	15,011,770	3,594,882	(799,031)	17,807,621	(1,381,801)
NET POSITION, BEGINNING OF YEAR	393,532,420	5,526,655	82,777,457	481,836,532	(53,281,072)
PRIOR PERIOD ADJUSTMENT	(2,079,263)	(145,073)	(444,794)	(2,669,130)	(1,048,633)
NET POSITION, BEGINNING OF YEAR, RESTATED	391,453,157	5,381,582	82,332,663	479,167,402	(54,329,705)
NET POSITION, END OF YEAR	\$ 406,464,927	\$ 8,976,464	\$ 81,533,632	\$ 496,975,023	\$ (55,711,506)
Allocation of net expenses of certain internal service funds to business-type activities				(25,259,063)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES IN STATEMENT OF NET POSITION				\$ 471,715,960	
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				\$ 17,807,621	
Internal service fund allocation for proprietary funds				(1,600,359)	
Change in net position for Primary government business-type activities				\$ 16,207,262	

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, 2015**

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Drainage Utility</u>	<u>Airport</u>	<u>Total</u>	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from third parties	\$ 63,722,460	\$ 5,340,927	\$ 8,584,625	\$ 77,648,012	\$ -
Cash received from City departments	-	-	-	-	45,667,048
Cash payments to suppliers for goods and services	(24,636,897)	(452,540)	(4,614,032)	(29,703,469)	(10,834,979)
Cash payments to employees	(11,740,514)	(720,713)	(2,333,042)	(14,794,269)	(5,295,885)
Cash payments for claims and loss adjustments	-	-	-	-	(26,356,389)
Net cash provided (used) by operating activities	<u>27,345,049</u>	<u>4,167,674</u>	<u>1,637,551</u>	<u>33,150,274</u>	<u>3,179,795</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	1,000	(206,849)	(77,909)	(283,758)	30,474
Transfers from other funds	(2,500,153)	500,000	-	(2,000,153)	4,584,592
Sales to other departments	-	93,012	-	-	-
Amounts borrowed from other funds	673,849	21,161	-	695,010	(750,295)
Amounts loaned to other funds	271,454	-	-	271,454	(2,434,977)
Cash payments received for passenger facility charge	-	-	1,353,859	1,353,859	-
Net cash provided (used) by noncapital financing activities	<u>(1,553,850)</u>	<u>407,324</u>	<u>1,275,950</u>	<u>36,412</u>	<u>1,429,794</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(26,724,806)	(2,996,470)	(1,554,209)	(31,275,485)	(7,575,609)
Capital grants received	4,750,790	-	184,485	4,935,275	(890,000)
Principal paid on bond maturities	(7,940,000)	(620,000)	(1,440,000)	(10,000,000)	(44,735)
Principal paid on proportionate share of Water Authority debt	(6,166,529)	-	-	(6,166,529)	-
Noncurrent receivable	311,298	-	-	311,298	-
Interest expense	(6,226,325)	(195,559)	(176,254)	(6,598,138)	-
Proceeds from insurance	-	-	-	-	118,482
Proceeds from sale of capital assets	3,417,620	-	8,425	3,426,045	651,836
Net cash provided (used) by capital and related financing activities	<u>(38,577,952)</u>	<u>(3,812,029)</u>	<u>(2,977,553)</u>	<u>(45,367,534)</u>	<u>(7,740,026)</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, 2015**

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Drainage Utility</u>	<u>Airport</u>	<u>Total</u>	
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investment securities	\$ 45,420,016	\$ 1,499,892	\$ 4,589,783	\$ 51,509,691	\$ 24,245,564
Purchase of investment securities	(40,985,738)	(3,840,160)	(7,491,433)	(52,317,331)	(27,810,854)
Interest and gains on investments	361,923	69,647	28,220	459,790	144,725
Net cash provided (used) by investing activities	<u>4,796,201</u>	<u>(2,270,621)</u>	<u>(2,873,430)</u>	<u>(347,850)</u>	<u>(3,420,565)</u>
Net increase (decrease) in cash and cash equivalents	(7,990,552)	(1,507,652)	(2,937,482)	(12,528,698)	(6,551,002)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>57,011,836</u>	<u>8,293,656</u>	<u>4,293,185</u>	<u>69,598,677</u>	<u>14,100,023</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 49,021,284</u>	<u>\$ 6,786,004</u>	<u>\$ 1,355,703</u>	<u>\$ 57,069,979</u>	<u>\$ 7,549,021</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 13,783,100	\$ 3,290,719	\$ (2,732,252)	\$ 14,341,567	\$ (6,361,297)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	14,238,259	97,205	4,828,596	19,164,060	6,016,532
(Increase) decrease in accounts receivable	(552,027)	(119,418)	37,844	(633,601)	(89,316)
(Increase) decrease in deferred outflows	(401,957)	(21,627)	(84,270)	(507,854)	(197,250)
(Increase) decrease in other accrued revenue	(306,085)	-	162,601	(143,484)	-
(Increase) decrease in prepaid expenses	35,089	-	-	35,089	(41,285)
(Increase) decrease in inventories	-	-	-	-	151,911
Increase (decrease) in vouchers payable	(960,630)	(2,698)	252,090	(711,238)	(98,248)
Increase (decrease) in accounts payable	1,251,166	384,388	(436,329)	1,199,225	453,689
Increase (decrease) in accrued operating expenses	117,359	549,323	(349,192)	317,490	(27,589)
Increase (decrease) in deferred inflows	34,993	1,883	7,336	44,212	17,172
Increase (decrease) in customer deposits	143,604	-	6,897	150,501	-
Increase (decrease) in provision for compensated absences	(84,604)	(21,988)	(94,290)	(200,882)	(65,429)
Increase (decrease) in net pension liability	183,738	9,887	38,520	232,145	90,164
Increase (decrease) in IBNR accrual	-	-	-	-	555,957
Increase (decrease) in other accrued expenses	(136,956)	-	-	(136,956)	-
Increase (decrease) in estimated claims liabilities	-	-	-	-	2,774,784
Net cash provided (used) by operating activities	<u>\$ 27,345,049</u>	<u>\$ 4,167,674</u>	<u>\$ 1,637,551</u>	<u>\$ 33,150,274</u>	<u>\$ 3,179,795</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Amortization of bond premiums	\$ (354,006)	\$ -	\$ -	\$ (354,006)	\$ -
Decreases (increases) in fair values of investments	52,053	-	(937)	51,116	15,814
Interest expense capitalized	406,059	35,983	248,739	690,781	-
Capital contributions	5,105,521	133,765	525,885	5,765,171	-

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, 2015**

	Private- Purpose Trust Funds	Agency Fund
ASSETS		
Cash and cash equivalents	\$ 30,759	\$ 777,913
TOTAL ASSETS	\$ 30,759	\$ 777,913
LIABILITIES		
Due to agencies	\$ -	\$ 777,913
TOTAL LIABILITIES	\$ -	\$ 777,913
NET POSITION		
Held for other governments, individuals, entities	\$ 30,759	\$ -
TOTAL NET POSITION	\$ 30,759	\$ -

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, 2015**

	<u>Private- Purpose Trust Funds</u>
ADDITIONS	
Investment earnings	\$ 6
Total additions	<u>6</u>
 DEDUCTIONS	
Supplies	<u>-</u>
Total deductions	<u>-</u>
Change in net position	<u>6</u>
NET POSITION, BEGINNING OF YEAR	<u>30,753</u>
NET POSITION, END OF YEAR	<u><u>\$ 30,759</u></u>

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

CITY OF AMARILLO, TEXAS
STATEMENT OF NET POSITION - COMPONENT UNITS
SEPTEMBER 30, 2015

	<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	\$ 6,200,800	\$ 7,327,164	\$ 1,305,783	\$ 127,924	\$ 2,701	\$ 82,105	\$ 15,046,477
Investments	178,917,584	10,500,000	1,750,346	-	30,009	-	191,197,939
Receivables, net	-	9,210,610	234,853	-	-	177,500	9,622,963
Inventories and prepaid expenses	5,440,000	-	28,941	-	-	1,161	5,470,102
Other current assets	1,061,524	25,440	-	-	-	-	1,086,964
Total current assets	<u>191,619,908</u>	<u>27,063,214</u>	<u>3,319,923</u>	<u>127,924</u>	<u>32,710</u>	<u>260,766</u>	<u>222,424,445</u>
NONCURRENT ASSETS							
Restricted cash and cash equivalents	30,705	4,044,657	799,797	-	-	-	4,875,159
Receivables, net	-	82,909,854	-	-	-	-	82,909,854
Other noncurrent assets	10,093,416	175,162	-	-	-	-	10,268,578
Land and building held for future incentives	-	4,666,725	-	-	-	-	4,666,725
Capital assets:							
Buildings and improvements, net of depreciation	62,534	13,208,069	12,833,539	-	-	-	26,104,142
Equipment and vehicles, net of depreciation	-	56,848	25,176	-	-	-	82,024
Construction in process	-	-	-	-	-	395,668	395,668
Total noncurrent assets	<u>10,186,655</u>	<u>105,061,315</u>	<u>13,658,512</u>	<u>-</u>	<u>-</u>	<u>395,668</u>	<u>129,302,150</u>
TOTAL ASSETS	<u>\$ 201,806,563</u>	<u>\$ 132,124,529</u>	<u>\$ 16,978,435</u>	<u>\$ 127,924</u>	<u>\$ 32,710</u>	<u>\$ 656,434</u>	<u>\$ 351,726,595</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	\$ -	\$ 343,424	\$ 536,562	\$ -	\$ -	\$ -	\$ 879,986
Deferred outflows on net pension liability	2,000,000	-	-	-	-	-	2,000,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,000,000</u>	<u>\$ 343,424</u>	<u>\$ 536,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,879,986</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, 2015

	<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	\$ 598	\$ 848,258	\$ 410,440	\$ -	\$ -	\$ 226,844	\$ 1,486,140
Current portion of long-term obligations	-	4,450,000	520,000	-	-	-	4,970,000
Estimated liability for incurred losses - current portion	30,000	-	-	-	-	-	30,000
Total current liabilities	<u>30,598</u>	<u>5,298,258</u>	<u>930,440</u>	<u>-</u>	<u>-</u>	<u>226,844</u>	<u>6,486,140</u>
NONCURRENT LIABILITIES							
Liabilities payable from restricted assets - accrued interest	-	467,985	-	-	-	-	467,985
Noncurrent portion of long-term obligations	-	56,510,000	11,190,000	-	-	-	67,700,000
Net pension liability	9,108,883	-	-	-	-	-	9,108,883
Estimated liabilities							
Compensated absences	-	211,741	-	-	-	-	211,741
Self-insured losses, net of current portion	125,531	-	-	-	-	-	125,531
Total noncurrent liabilities	<u>9,234,414</u>	<u>57,189,726</u>	<u>11,190,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,614,140</u>
TOTAL LIABILITIES	<u>9,265,012</u>	<u>62,487,984</u>	<u>12,120,440</u>	<u>-</u>	<u>-</u>	<u>226,844</u>	<u>84,100,280</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflow on net pension liability	291,209	-	-	-	-	-	291,209
Total deferred inflows of resources	<u>291,209</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>291,209</u>
NET POSITION							
Net investment in capital assets	62,534	10,900,984	1,685,277	-	-	395,668	13,044,463
Restricted for:							
Debt service	-	218,061	799,797	-	-	-	1,017,858
Other purposes	30,705	3,358,611	-	-	-	-	3,389,316
Unrestricted	194,157,103	55,502,313	2,909,483	127,924	32,710	33,922	252,763,455
TOTAL NET POSITION	<u>\$ 194,250,342</u>	<u>\$ 69,979,969</u>	<u>\$ 5,394,557</u>	<u>\$ 127,924</u>	<u>\$ 32,710</u>	<u>\$ 429,590</u>	<u>\$ 270,215,092</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, 2015

	Amarillo Hospital District	Amarillo Economic Development Corporation	Amarillo- Potter Events Venue District	Amarillo Housing Finance Corporation	Amarillo Health Facilities Corporation	Amarillo Local Government Corporation	Total
REVENUES							
Sales taxes	\$ -	\$ 18,494,232	\$ -	\$ -	\$ -	\$ -	\$ 18,494,232
Gross receipts business taxes	-	-	2,758,826	-	-	-	2,758,826
Grant revenues	-	61,639	-	-	-	-	61,639
Revenue from participating taxing entities	-	-	-	-	-	-	-
Intergovernmental revenues - operating	206,218	-	-	-	-	466,461	672,679
Charges for services	-	6,121,994	-	-	-	-	6,121,994
Gain (loss) on disposal of property	-	(1,523,233)	-	-	-	-	(1,523,233)
Investment earnings (loss)	7,626,831	32,810	8,012	182	88	-	7,667,923
Miscellaneous	35,448	18,137	67,366	-	-	-	120,951
Total revenues	<u>7,868,497</u>	<u>23,205,579</u>	<u>2,834,204</u>	<u>182</u>	<u>88</u>	<u>466,461</u>	<u>34,375,011</u>
EXPENSES							
Functions:							
Public health	9,731,182	-	-	-	-	-	9,731,182
Economic development - industrial	-	24,308,694	-	-	-	125,610	24,434,304
Economic development - tourism	-	-	2,792,003	-	-	-	2,792,003
Debt service:							
Interest and fiscal charges	-	3,847,773	-	-	-	-	3,847,773
Total expenses	<u>9,731,182</u>	<u>28,156,467</u>	<u>2,792,003</u>	<u>-</u>	<u>-</u>	<u>125,610</u>	<u>40,805,262</u>
Excess (deficiency) of revenues over expenses	<u>(1,862,685)</u>	<u>(4,950,888)</u>	<u>42,201</u>	<u>182</u>	<u>88</u>	<u>340,851</u>	<u>(6,430,251)</u>
NET POSITION, BEGINNING OF YEAR	214,566,364	81,931,939	5,352,356	127,742	32,622	88,739	302,099,762
PRIOR PERIOD ADJUSTMENT (NOTE 1)	<u>(18,453,337)</u>	<u>(7,001,082)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(25,454,419)</u>
NET POSITION, BEGINNING OF YEAR, RESTATED	<u>196,113,027</u>	<u>74,930,857</u>	<u>5,352,356</u>	<u>127,742</u>	<u>32,622</u>	<u>88,739</u>	<u>276,645,343</u>
NET POSITION, END OF YEAR	<u>\$ 194,250,342</u>	<u>\$ 69,979,969</u>	<u>\$ 5,394,557</u>	<u>\$ 127,924</u>	<u>\$ 32,710</u>	<u>\$ 429,590</u>	<u>\$ 270,215,092</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, 2015

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. After year-end, the "Indigent Care Agreement" was amended to extend the suspension through November 8, 2018, with a payment of \$1,361,254 to Medicaid funding. The District has provided \$68.0 million in funding to the Medicaid program versus \$83.3 million in indigent care payments that would have been due under the contract.

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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition and Scope of Reporting Entity (Continued)

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. 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 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 and approves its budgets. 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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition and Scope of Reporting Entity (Continued)

Amarillo Health Facilities Corporation (Continued)

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 Unit

Tax Increment Reinvestment Zone #1

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

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

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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

Sales taxes are considered "measurable" when in the hands of the State Comptroller and are recognized as revenue at that time. Other major revenues that are determined to be susceptible to accrual include property taxes, utility franchise taxes, interest, rentals, charges for services, and intercity charges. Waste collection fees are recorded as revenue when billed, which is on a cycle billing basis. Intergovernmental grants or revenues based on the "reimbursements of expenditures" concept are recorded as revenues when the related expenditures are made. Other intergovernmental revenues are reflected as revenues at the time of receipt or earlier if the availability criterion is met.

The City reports the following major governmental funds:

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

The *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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 municipal garage, information services, risk management, and employee health services provided to the other departments of the City on a cost-reimbursement basis.

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

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

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

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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates Inherent in Financial Statements

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

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

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

Deposits and Investments

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

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

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

Interfund Receivables 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." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

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)

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

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

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

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, Municipal Garage 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.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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 6.

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.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions

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

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

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, 2015, the City has two items that qualify for reporting in this category—a deferred charge on refunding of bonds and a deferred outflow related to the City's net pension liability.

Deferred Outflows of Resources

Deferred charge on refunding	\$ 903,485
Deferred outflow related to the net pension liability	
TMRS	10,403,011
FRRF	7,139,055
Total Deferred Outflows of Resources	\$ 18,445,551

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, 2015, the City had one item which qualifies for reporting in this category—deferred inflow related to the City's net pension liability.

Deferred Inflows of Resources

Deferred inflow related to the net pension liability	
TMRS	\$ (324,616)
FRRF	—
Total Deferred Inflows of Resources	\$ (324,616)

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

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)

Net Position

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

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

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

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

Fund Balances

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

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

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

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

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

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

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 Adjustment

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, is effective for financial statements for periods beginning after June 15, 2014. This Statement improves financial reporting by enhancing the reporting of the net pension liability and a more comprehensive measure of pension expense. With GASB 68, the City must assume their share of the net pension liability. Adoption and implementation of GASB 68 required a prior period adjustment to report the effect of GASB 68 retroactively. Retroactively applying this change results in the following adjustment:

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles and Prior Period Adjustment (Continued)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Internal Service</u>	<u>Component Units</u>
Net position at September 30, 2014, as previously reported	\$ 361,330,425	\$ 458,177,828	\$ (53,281,072)	\$ 302,099,762
Change in reporting for net pension liability				
TMRS	(15,849,823)	(2,669,130)	(1,048,633)	-
FRRF	(8,653,977)	-	-	-
AHD Plan (Note 17)	-	-	-	(18,453,337)
Other	-	-	-	(7,001,082)
Net position at September 30, 2014, as restated	<u>\$ 336,826,625</u>	<u>\$ 455,508,698</u>	<u>\$ (54,329,705)</u>	<u>\$ 276,645,343</u>

AEDC restated prior year amounts for land improvements that had been conveyed to the City but not removed from the fixed assets. There was also a restatement for prior land costs associated with economic development projects that had not been properly written off in the prior years. Due to these changes, beginning net position has been decreased by \$7,001,082 from \$81,939,939 to \$74,930,857.

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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

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

Budgetary Information (Continued)

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, 2015 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, 2015 for General Fund are \$557,363, for Water and Sewer Fund are \$214,122, for Airport Fund are \$24,112, for Drainage Utility Fund are \$113,544, for Municipal Garage Fund are \$2,495,230, and for Information Services Fund are \$41,116.

Deficit Fund Equity

The Redstone and Town Square Public Improvement Districts (PIDs), reported as non-major governmental funds, have fund balances of \$879 and \$2,008, respectively. Redstone began collecting assessments in fiscal year 2013/14 while Town Square has not started collecting assessments yet. Urban Transportation Planning and Summer Lunch Program both have a fund balance of (\$1). Beginning with the fiscal year ending September 30, 2008, the City adjusted for postemployment health benefits as required by GASB Statement No. 45. This adjustment is \$14,682,580 for 2008, \$15,248,490 in 2009, \$13,463,957 in 2010, \$13,558,656 in 2011, \$17,615,147 in 2012, \$17,873,257 in 2013, \$1,617,827 in 2014, and \$2,104,351 in 2015, resulting in a deficit of \$96,301,925 in the Employee Insurance Fund.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Under the Revised Statutes of the State of Texas, all deposits, to the extent not insured by the Federal Deposit Insurance Corporation (FDIC), must be collateralized by securities or insured by a bond. At September 30, 2015, demand deposit and time deposits held by the depository institution, before reduction for checks issued and not presented, were in the total amount of \$45,749,264. The accounts are collateralized by a Federal Home Loan Bank of Atlanta letter of credit in the amount of \$50,000,000 and pledged securities of \$4,549,644. The City has a secondary depository institution with demand deposits of \$1,330,256. These amounts are collateralized by securities in the amount of \$1,589,347.

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2015, the weighted-average maturity of the City's total investment securities was .83 years, excluding the securities lending investments.

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

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

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

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

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

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2015 and the corresponding weighted average maturity is shown in Table 1 below:

	Fair Value			Weighted Average Maturity (Years)
	Unrestricted Assets	Restricted Assets	Total	
Investment Securities				
U.S. Treasury Obligations	\$ 2,001,560	\$ -	\$ 2,001,560	0.08
U.S. Government Sponsored Agencies	<u>129,642,667</u>	<u>-</u>	<u>129,642,667</u>	<u>1.00</u>
Total investment securities	131,644,227	-	131,644,227	0.99
No-load U.S. Treasury-only mutual funds	<u>12,101,957</u>	<u>44,115,230</u>	<u>56,217,187</u>	<u>-</u>
Total investments	143,746,184	44,115,230	187,861,414	0.69
Add: Time deposits with original maturities over three months	<u>44,582,182</u>	<u>500,000</u>	<u>45,082,182</u>	<u>0.35</u>
Total investments	188,328,366	44,615,230	232,943,596	0.63
Deduct: Cash equivalents	<u>(12,101,957)</u>	<u>(44,115,230)</u>	<u>(56,217,187)</u>	<u>-</u>
Net investments for financial reporting	<u>\$ 176,226,409</u>	<u>\$ 500,000</u>	<u>\$ 176,726,409</u>	<u>0.83</u>

Table 1 – Investment Securities and Corresponding Weighted Average Maturity

NOTE 4 - TAXES

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

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

The combined tax rate of the 2014 tax roll for the 2014/15 fiscal year was \$0.34509 per \$100 of assessed valuation, resulting in a tax levy in the amount of \$37,270,434 on taxable value of \$11,100,054,718.

Property taxes receivable at September 30, 2015 are reflected in Table 2 below:

<u>Year of Levy</u>	
2015	\$ 334,554
2014	160,184
2013	108,835
2012	85,938

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 4 - TAXES (CONTINUED)

<u>Year of Levy</u>		
2011		83,283
2010		75,295
2009		61,931
2008		45,576
2007		41,631
2006		40,086
2005		25,544
2004		21,877
2003		44,076
Prior		<u>50,664</u>
	Total taxes receivable	1,179,474
	Less: Allowance for estimated uncollectible portion	<u>891,991</u>
	Net taxes receivable	287,483
	Less: Provisions for collections deferred over 60 days	<u>227,554</u>
	Amount available (reserved in accordance with City ordinances)	<u>\$ 59,929</u>

Table 2 – Taxes Receivable at September 30, 2015

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 5 - RESTRICTED ASSETS, LIABILITIES AND RESERVES

As required by bond indentures, the Water Sewer System, Drainage Utility, Airport, and the Municipal Garage 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	\$ 927,075	\$ 927,075	\$ –
Total bond debt service/retirement	<u>\$ 927,075</u>	<u>\$ 927,075</u>	<u>\$ –</u>
<u>Water Sewer System</u>			
Bond escrow and proceed accounts	\$ 23,224,049	\$ 23,224,049	\$ –
Revenue bond interest and redemption	3,830,354	–	3,830,354
Revenue bond reserve	<u>2,495,182</u>	<u>–</u>	<u>2,495,182</u>
Total bond debt service/retirement	<u>\$ 29,549,585</u>	<u>\$ 23,224,049</u>	<u>\$ 6,325,536</u>
<u>Airport</u>			
PFC funds	\$ 111,900	\$ –	\$ 111,900
Total bond debt service/retirement	<u>\$ 111,900</u>	<u>\$ –</u>	<u>\$ 111,900</u>

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 5 - RESTRICTED ASSETS, LIABILITIES AND RESERVES (CONTINUED)

	<u>Restricted Assets</u>	<u>Related Liabilities</u>	<u>Restricted Net Position</u>
<u>Drainage Utility</u>			
Bond proceed account	\$ 5,355,637	\$ 5,355,637	\$ -
Bond interest and redemption	330,834	-	330,834
Total bond debt service/retirement	<u>\$ 5,686,471</u>	<u>\$ 5,355,637</u>	<u>\$ 330,834</u>
<u>Municipal Garage</u>			
Bond interest and redemption	\$ 526,239	\$ -	\$ 526,239
Total bond debt service/retirement	<u>\$ 526,239</u>	<u>\$ -</u>	<u>\$ 526,239</u>

Table 3 – Restricted Funds/Reserved Retained Earnings

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

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015 was as follows:

	<u>Balances October 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances September 30, 2015</u>
Capital assets used by governmental activities, at cost				
Capital assets, not being depreciated				
Land	\$ 9,719,894	\$ 5,060,905	\$ -	\$ 14,780,799
Contributed ROW easments	10,577,072	6,172,421	-	16,749,493
Capital projects in process	18,073,394	30,482,136	17,967,274	30,588,256
Total capital assets, not being depreciated	<u>38,370,360</u>	<u>41,715,462</u>	<u>17,967,274</u>	<u>62,118,548</u>
Capital assets, being depreciated				
Infrastructure	248,629,792	15,229,976	-	263,859,768
Building and other improvements	270,714,137	3,905,940	1,439	274,618,638
Equipment and vehicles	93,710,682	7,712,715	7,152,589	94,270,808
Library collections	7,937,978	536,402	443,955	8,030,425
Total capital assets, being depreciated	<u>620,992,589</u>	<u>27,385,033</u>	<u>7,597,983</u>	<u>640,779,639</u>
Less accumulated depreciation for:				
Infrastructure	110,631,580	5,208,450	-	115,840,030
Buildings and other improvements	115,611,015	9,978,631	1,295	125,588,351
Equipment and vehicles	62,556,181	7,359,837	6,601,304	63,314,714
Library collections	3,251,854	470,199	443,955	3,278,098
Total accumulated depreciation	<u>292,050,630</u>	<u>23,017,117</u>	<u>7,046,554</u>	<u>308,021,193</u>
Total capital assets, being depreciated, net	<u>328,941,959</u>	<u>4,367,916</u>	<u>551,429</u>	<u>332,758,446</u>
Net capital assets used by governmental activities	<u>367,312,319</u>	<u>46,083,378</u>	<u>18,518,703</u>	<u>394,876,994</u>
Capital assets used by business-type activities, at cost:				
Enterprise funds				
Water and sewer utility plant	717,949,496	27,338,281	264,233	745,023,544
Drainage utility assets	5,740,246	3,032,453	-	8,772,699
Airport assets	166,323,222	1,802,948	32,708	168,093,462
Total cost	<u>890,012,964</u>	<u>32,173,682</u>	<u>296,941</u>	<u>921,889,705</u>
Less accumulated depreciation for				
Water and sewer utility plant	203,635,685	14,238,259	56,817	217,817,127
Drainage utility assets	212	97,205	(1,594)	99,011
Airport assets	81,947,790	4,828,596	31,491	86,744,895
Total accumulated depreciation	<u>285,583,687</u>	<u>19,164,060</u>	<u>86,714</u>	<u>304,661,033</u>
Net capital assets used by business-type activities	<u>604,429,277</u>	<u>13,009,622</u>	<u>210,227</u>	<u>617,228,672</u>
Government-wide net capital assets	<u>\$ 971,741,596</u>	<u>\$ 59,093,000</u>	<u>\$ 18,728,930</u>	<u>\$ 1,012,105,666</u>

Table 4 – Capital Asset Activity

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 6 - CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
General government	\$ 68,225
Staff services	1,024,501
Police protection	661,165
Fire protection	1,032,210
Other public safety and health	798,390
Streets, traffic and engineering	6,874,594
Culture and recreation	5,212,340
Solid waste services	780,467
Transit services	<u>548,693</u>
Total governmental fund departments	17,000,585
Internal service fund depreciation allocable to governmental activities based on predominant usage	<u>6,016,532</u>
Total governmental activities	<u>\$ 23,017,117</u>
Business-type activities	
Water and sewer system	\$ 14,238,259
Drainage utility	97,205
Airport	<u>4,828,596</u>
Total business-type activities	<u>\$ 19,164,060</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, 2015 is \$50.3 million. The related amortized cost of these assets is \$21.3 million.

The City owns \$56,310,776 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. Due to the acquisition of the superior Roberts County and Ochiltree County rights and existing water rights in Potter, Randall and Carson counties, the City does not have plans to develop the water rights in Hartley and Dallam counties at this time. The City sold a portion of the Hartley County water rights during fiscal year 2011. Proceeds from this sale were \$7,243,227. Proceeds from the sale are being held in a separate interest-bearing account and are being held for future purchases of water rights. In fiscal year 2011/12 and fiscal year 2012/13, \$991,758 and \$15,000 of these funds, respectively, were used to assist in purchasing water rights, leaving a balance of \$6,236,919 for future purchases. The City purchased \$17,206,287 of additional water rights in fiscal year 2011/12. These rights consisted of 34,609.52 acres of water rights in Ochiltree, Roberts and Lipscomb counties. These water rights were purchased from bond proceeds and amounts being held for purchase from Hartley and Dallam county water right sales. On December 3, 2013, the City Council approved the sale of approximately 45,000 acres of groundwater rights located in Hartley County. These groundwater

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 6 - CAPITAL ASSETS (CONTINUED)

Water and Sewer System Capital Assets (Continued)

rights are in an area of competition from irrigated agricultural operations. This sale will eliminate the City's exposure in Hartley County. This sale was completed in two separate closings. The first closing on December 20, 2013 resulted in the sale of 23,664 acres for the amount of \$3,876,221 and the second closing on December 5, 2014, was for approximately 21,985 acres with receipts of \$3,603,957. The proceeds from both sales were deposited in a separate interest-bearing account being held for the future purchase of water rights.

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	\$ 6,231,500
Interest expenses capitalized	\$ 406,059

The interest expense not meeting the capitalization criteria represents the \$3,034,233 of CRMWA charges associated with that entity's bonded indebtedness and \$2,791,208 of Water and Sewer Revenue Bond interest not subject to the capitalization requirements. The City prepaid bond interest payments due October 1, 2015 of \$863,502.

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, 2015.

The City capitalized interest costs in the amount of \$248,739 applicable to its outstanding airport bonds as construction in progress in the Airport Fund. Interest and amortization expense before capitalization was \$312,034.

Drainage Capital Assets

The Drainage Utility Fund currently has \$3,731,016 in construction in progress as of September 30, 2015. It also had right of way easements of \$221,219, equipment and vehicles of \$18,908, infrastructural of \$4,799,546, and land of \$2,010. The City capitalized interest costs in the amount of \$35,983 applicable to its outstanding drainage bonds as construction in progress in the Drainage Utility Fund. Interest and amortization expense before capitalization was \$269,670.

NOTE 7 - LEASES

The City leases digital video red light camera equipment from American Traffic Solutions, Inc. under a cancelable operating lease. Total costs for the lease were \$513,000 for the year ended September 30, 2015.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 8 - 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, 2015, were as follows:

	<u>TMRS</u>	<u>FRRF</u>	<u>Total</u>
Total pension liability	\$ 414,808,902	\$ 166,498,571	\$ 581,307,473
Fiduciary net position	<u>381,991,555</u>	<u>150,465,683</u>	<u>532,457,238</u>
City's net pension liability	<u>\$ 32,817,347</u>	<u>\$ 16,032,888</u>	<u>\$ 48,850,235</u>
City's net position as a percentage of total pension liability	<u>7.91%</u>	<u>9.63%</u>	<u>8.41%</u>

The City's total payroll for the fiscal year ended September 30, 2015 was \$97,404,300 and the portion covered by the two plans was as follows:

TMRS	\$ 76,977,081
FRRF	<u>18,288,556</u>
Total covered payroll	<u>\$ 95,265,637</u>

Including current employees, annuitants and terminated employees entitled to future benefits, the City had 3,512 members of TMRS and 476 members of FRRF as of the dates of the latest actuarial evaluations.

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

Texas Municipal Retirement System (TMRS)

Plan Description

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

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

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

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

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 2014</u>	<u>Plan Year 2015</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, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	972
Inactive employees entitled to but not yet receiving benefits	776
Active employees	<u>1,764</u>
	<u>3,512</u>

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.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

Employees for the City were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.57% and 11.26% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015, were \$8,723,824 and were equal to the required contributions.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2014, 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, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, 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 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, 2014, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a mortality experience investigation study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013, valuation along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.00%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic equity	17.5%	4.80%
International equity	17.5%	6.05%
Core fixed income	30.0%	1.50%
Non-core fixed income	10.0%	3.50%
Real return	5.0%	1.75%
Real estate	10.0%	5.25%
Absolute return	5.0%	4.25%
Private equity	<u>5.0%</u>	8.50%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. 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:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balance at December 31, 2013	\$ 399,937,315	\$ 368,824,400	\$ 31,112,915
Changes for the year:			
Service cost	9,500,808	-	9,500,808
Interest	27,566,183	-	27,566,183
Change of benefit terms	-	-	-
Difference between expected and actual experience	(425,198)	-	(425,198)
Changes of assumptions	-	-	-
Contributions - employer	-	8,771,979	(8,771,979)
Contributions - employee	-	5,307,168	(5,307,168)
Net investment income	-	21,096,607	(21,096,607)
Benefit payments, including refunds of employee contributions	(21,770,206)	(21,770,206)	-
Administrative expense	-	(220,283)	220,283
Other changes	-	(18,110)	18,110
Net changes	<u>14,871,587</u>	<u>13,167,155</u>	<u>1,704,432</u>
Balance at December 31, 2014	<u>\$ 414,808,902</u>	<u>\$ 381,991,555</u>	<u>\$ 32,817,347</u>

Table 5 – TMRS Net Pension Liability

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Texas Municipal Retirement System (TMRS) (Continued)

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 7.0%, 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 (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate 6.0%	Discount Rate 7.0%	1% Increase in Discount Rate 8.0%
City's net pension liability	\$ 84,559,883	\$ 32,817,347	\$ (10,371,890)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2015, the City recognized pension expense of \$7,024,148.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ —	\$ 324,616
Changes in actuarial assumptions	—	—
Difference between projected and actual investment earnings	3,776,881	—
Contributions subsequent to the measurement date	6,626,130	—
Total	\$ 10,403,011	\$ 324,616

The \$6,626,130 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, 2016. 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,

2016	\$ 843,639
2017	843,639
2018	843,639
2019	921,348
Total	\$ 3,452,265

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Firemen's Relief and Retirement Fund (FRRF)

Plan Description

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

Benefits Provided

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

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

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

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

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

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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 TLFRA, all firefighters must be less than 36 years of age upon entering service for the City as a firefighter and must become members of the Plan, which provides them with pension, death, and disability benefits. The Plan covers current and former firefighters as well as beneficiaries of current and former firefighters. The types of employees covered, as well as Plan membership as of December 31, 2014, the measurement date, are as follows:

Active:	
Vested	41
Nonvested	<u>218</u>
	<u>259</u>
Retired:	
Vested	-
Pensioners:	
Service retirement	165
Disability retirement	17
Spouses/children	<u>35</u>
	<u>217</u>
Total participants	<u><u>476</u></u>

Contributions

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

The City employer contribution rate was 18.83% of the firefighters' gross pay starting January 2014 and 17.83% for all of 2013. The Plan is funded by a contribution by each firefighter. The firefighters' contribution rate was 12.00% of gross pay for the period January 2013 to October 2013. In October the firefighters' contribution rate increased to 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.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Net Pension Liability

The City's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial report as of January 1, 2014, with the total pension liability rolled forward to December 31, 2014.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2014, using the following actuarial assumptions applied to all prior periods included in the measurement:

Inflation	3.00%
Salary increases	4.00%
Investment rate	8.25%, net of pension plan investment expense

Mortality rates were based on the RP-2000 combined employee and healthy annuitant, projected to 2015 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	0.68%
Fixed income	3.00%
Equities	
Large-cap growth	6.40%
Large-cap value	8.00%
Mid-cap growth	7.30%
Mid-cap value	9.85%
Small-cap growth	5.60%
Small-cap value	9.00%
International equity	4.60%

Discount Rate

The discount rate used to measure the total pension liability was 8.25%. 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, 2015**

NOTE 8 - 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, 2013	\$ 159,728,004	\$ 148,585,336	\$ 11,142,668
Changes for the year:			
Service cost	3,830,597	-	3,830,597
Interest	13,071,902	-	13,071,902
Contributions - employer	-	3,311,865	(3,311,865)
Contributions - employee	-	2,286,471	(2,286,471)
Net investment income	-	6,499,411	(6,499,411)
Benefit payments, including refunds of employee contributions	(10,131,932)	(10,131,932)	-
Administrative expense	-	(90,633)	90,633
Other changes	-	5,165	(5,165)
Net changes	<u>6,770,567</u>	<u>1,880,347</u>	<u>4,890,220</u>
Balance at December 31, 2014	<u>\$ 166,498,571</u>	<u>\$ 150,465,683</u>	<u>\$ 16,032,888</u>

Table 6 – FRRF Net Pension Liability

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

The following presents the net pension liability of the City calculated using the discount rate of 8.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25%) or one percentage point higher (9.25%) than the current rate.

	1% Decrease (7.25%)	Current discount rate (8.25%)	1% Increase (9.25%)
City's net pension liability	<u>\$ 34,770,845</u>	<u>\$ 16,032,888</u>	<u>\$ 200,686</u>

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2015, the City recognized pension expense of \$3,671,917.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

At September 30, 2015, 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	\$ —	\$ —
Changes in actuarial assumptions	—	—
Difference between projected and actual investment earnings	4,530,171	—
Contributions subsequent to the measurement date	<u>2,608,884</u>	<u>—</u>
Total	<u>\$ 7,139,055</u>	<u>\$ —</u>

The \$2,608,884 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, 2016. 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,

2016	\$ 1,132,543
2017	1,132,543
2018	1,132,543
2019	<u>1,132,542</u>
Total	<u>\$ 4,530,171</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, 2015**

NOTE 9 - POSTEMPLOYMENT BENEFITS

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

As shown below, for FYE 2015 the City's total contributions (prefunding + pay-as-you-go) were less than the actuarial calculation of annual required contribution for FYE 2015. Prior to 2013, there was no prefunding, and each respective fund liquidated their respective liability on a pay-as-you-go basis. From an accrual accounting perspective, the cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future years when benefits will be paid.

Annual Other Postemployment Benefits Cost

For the fiscal year ended September 30, 2015, the City's annual OPEB cost (expense) is \$8,353,692. Considering the annual expense less pay-as-you-go cost for retirees and trust contributions of \$6,249,341, the result was an increase in the net OPEB obligation of \$2,104,351 for the year ended September 30, 2015.

Benefit Obligation and Normal Cost Fiscal Year Ended September 30, 2015

Actuarial present value of benefits	<u>\$ 99,400,654</u>
Unfunded actuarial accrued liability	
Actuarial accrued liability	\$ 70,340,783
Actuarial value of assets	<u>5,759,819</u>
Unfunded actuarial accrued liability	<u>\$ 64,580,964</u>
Present value of future normal costs	<u>\$ 34,819,690</u>
Annual required contribution	
Normal cost	\$ 2,372,207
Amortization of UAAL	5,003,142
Interest on above amounts to end of year	<u>442,521</u>
Annual required contribution	<u>\$ 7,817,870</u>
 Net OPEB Obligation	
Annual required contribution	\$ 7,817,870
Interest on net OPEB obligation	5,643,595
Adjustment to annual required contribution	<u>(5,107,773)</u>
Annual OPEB cost	\$ 8,353,692
Employer contributions with interest	<u>(6,249,341)</u>
Increase in net OPEB obligation	2,104,351
Net OPEB obligation, beginning of year	<u>94,059,914</u>
Net OPEB obligation, end of year	<u>\$ 96,164,265</u>

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 9 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
9/30/15	\$ 8,353,692	\$ 6,249,341	75%	\$ 96,164,265
9/30/14	8,250,908	6,633,081	80%	94,059,914
9/30/13	22,961,829	5,088,572	22%	92,442,087

Funding Status

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/1/15	\$ 5,759,819	\$ 70,340,783	\$ 64,580,964	8.2%	\$ 97,385,000	66.3%
10/1/14	3,657,652	69,780,405	66,122,753	5.2%	90,872,000	72.8%

The actuarial value of assets consists of \$14,818 cash and money market accounts and \$5,745,001 investments at fair value. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The current plan requires that when a retiree becomes Medicare eligible, the City-sponsored group healthcare plan becomes a supplement to Medicare. Effective January 1, 2015, all retirees, who are enrolled in Medicare, will be transitioned to a private Medicare supplement plan and will no longer be covered on the City-sponsored plan. The City intends to provide a monthly stipend of \$150 to assist retirees in the payment of the supplement premium. The unfunded actuarial accrued liability is being amortized over 30 years. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The City hired an actuary to estimate the liability of the City's retiree health program. The amounts recorded as liabilities for the fiscal year ending September 30, 2015 are based on the October 1, 2013 actuarial study. The actuarial liability was based on: 1) a 6.0% discount rate, 2) partial pre-funding and pay-as-you-go funding, 3) projected Unit Credit level percent of pay actuarial cost method, 4) 30-year closed amortization of the UAAL, and 5) payroll growth rate of 3.00% per year for Texas Municipal Retirement Fund and 5.5% per year for Amarillo Firemen's Relief and Retirement Fund participants (payroll growth rate). The healthcare cost trend rates are assumed to decrease in future years ranging from a high of 9.00% for 2014 to 5.00% beginning 2022. General inflation is assumed to be 3.00% per year.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 9 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Financial Statements

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

NOTE 10 - 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 2015-16.

However, the City has appropriated \$1,111,841 of its available Fund Balance in the City's 2015-16 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, 2015, 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, 2015	City's Remaining Committed
Governmental activities					
Street improvements	\$ 15,239,516	\$ 20,177,340	\$ 8,151,299	\$ 2,287,885	\$ 925,590
General construction	53,076,326	50,308,144	37,158,780	24,653,793	15,273,169
Solid waste improvements	6,295,945	-	-	1,938,601	4,357,344
Civic Center improvements	5,519,959	326,535	233,297	1,945,940	3,480,781
Total - governmental fund activities	80,131,746	70,812,019	45,543,376	30,826,219	24,036,884
Internal service fund projects					
Information services	3,459,297	511,340	505,340	2,324,234	1,129,063
Municipal garage	50,000	-	-	1,029	48,971
Total - all governmental-type activities	83,641,043	71,323,359	46,048,716	33,151,482	25,214,918

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 10 - COMMITMENTS (CONTINUED)

	Project Authorizations	Expected Outside Funding Sources	Outside Funding Received	Complete at September 30, 2015	City's Remaining Committed
Business-type activities					
Water and sewer system improvements	168,813,141	11,281,697	5,322,552	116,072,805	46,781,191
Airport	15,167,738	8,342,056	3,643,453	9,705,725	763,410
Drainage utility	16,434,014	500,000	500,000	8,850,465	7,583,549
Total - all business-type activities	<u>200,414,893</u>	<u>20,123,753</u>	<u>9,466,005</u>	<u>134,628,995</u>	<u>55,128,150</u>
Total - all city project	<u>\$ 284,055,936</u>	<u>\$ 91,447,112</u>	<u>\$ 55,514,721</u>	<u>\$ 167,780,477</u>	<u>\$ 80,343,068</u>

Table 7 – Unfinished Construction Projects

In prior years, funding assistance was requested in connection with the development of a new well field located in Potter County northeast of the City. The total estimated cost of this project was \$92 million. During April 2009 the City issued \$38,885,000 in the form of Combination Tax and Revenue Certificates of Obligation through the Texas Water Development Board's Water Infrastructure Fund Loan program at a favorable interest rate of two percentage points below market or 2.10%. The additional \$47.4 million needed for the project was also funded through the Texas Water Development Board's Water Infrastructure Fund Loan program at even better rates. The City issued \$47.4 million in the form of Combination Tax and Revenue Certificates of Obligations 2009B at 1.97%. Also in November 2009, the City received funding from the Texas Water Development Board as part of the America Recovery and Reinvestment Act (ARRA) for funding improvements to the City's Water Treatment Plant. The City has issued the 2009C Combination Tax and Revenue Certificates of Obligation in the amount of \$18,075,000 at 0% interest. These bonds are being issued in multiple settlements as the City continues the project. As of September 30, 2013, all of this amount had been received and was recorded as a bond payable.

The City currently has nine Public Improvement Districts (PIDs). Eight of the nine PIDs are located in residential areas of the City and the last PID is located in a business park. These PIDs were established to provide and maintain enhanced amenities beyond what the City would normally approve in a standard development. Most of these amenities take the form of linear parks with walkways, additional landscaping, special features such as bridges and clock towers and special lighting. Since the residents adjacent to these amenities benefit more than the general public, the residents adjacent to the enhanced areas pay special assessments each year for these enhanced amenities. On July 29, 2014 the City Council approved the dissolution of the Brennan Boulevard Public Improvement District No.1. Any amounts left in fund balance will be transferred to the Parks Department.

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 2015, there was approximately \$39,992 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 2015 fiscal year are \$225,000.

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 10 - COMMITMENTS (CONTINUED)

The bonds were issued during 2006 in the amount of \$585,000, \$1,500,000 during 2008 and \$1,535,000 in 2014. The special assessments paid by the residents will be used to pay the debt service associated with this issue. Through September 30, 2015 there was approximately \$2.79 million in unreimbursed cost to the developer. The City is obligated to issue debt when there are sufficient property owners to support the debt to pay the developer along with the ongoing maintenance and upkeep of the amenities. All of the enhanced amenities at the Colonies were originally estimated to be approximately \$4.6 million and estimated expenditures for the 2015 fiscal year are approximately \$1 million. The other PIDs are fully developed and there is not an amount to be paid to the developer.

The City has committed \$243,270 in the 2015/16 budget to Downtown Amarillo Inc. (DAI). The City has committed \$160,000 to Center City for downtown redevelopment. Both DAI and Center City work 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 City will own all of the facilities. 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 a performance guarantee 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.

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

The City anticipates the issuance of approximately \$36.8 million in bonds to finance the parking garage and MPEV during the next two years. This issuance will be split into two issuances based on the construction sequence of the projects as they are developed. On February 17, 2016, the LGC approved the parking garage construction project in the amount of \$15.65 million. The City anticipates the use of capital funds for these two projects, including Civic Center Improvement Fund, General Construction Fund, relocation and expansion of utilities associated with these projects, TIRZ #1, and an additional funding from Center City. At year-end the utilities project is in process. On February 2, 2016, the City Council amended the loan agreement between the City and TIRZ #1 authorizing a loan of \$1.85 million.

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 10 - COMMITMENTS (CONTINUED)

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

For the Civic Center, the net result of issuing the hotel tax revenue bonds will be fewer funds for future capital for a period of time. The Chamber has retained significant unspent hotel revenues and will use those funds to offset the reduction in future hotel tax allocation to them. The hotel tax revenue will ultimately grow to make up for the projected reductions to the Chamber and Civic Center. Fortunately, the City is already experiencing significant strength in growth of hotel tax revenues; 2012/13, 2013/14 and 2014/2015 were the City's best years yet for hotel tax, and the increased collections are beginning to offset project reductions.

NOTE 11 - 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 \$95,000 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 \$80,000 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 \$62,000 to \$88,000.

On September 3, 2009 the City issued the Series 2009 General Obligation Refunding Bonds in the amount of \$4,825,000. These bonds refunded the 2001 General Obligation Bonds, with the exception of the August 15, 2010 principal payment of \$285,000, which was paid by the City. The refunding met the requirements of an in-substance defeasance and the applicable bonds were removed from the City's books of account. The refunding was undertaken to reduce total debt service payments over the next 13 years by approximately \$287,000, and resulted in an economic gain of approximately \$231,000. Interest on the 2009 bonds is payable in semi-annual installments at rates ranging from 3.50% to 5.00%, and the serial bonds mature annually to August 15, 2022 in amounts ranging from \$390,000 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.

The City issued \$24,575,000 Combination Tax and Revenue Certificates of Obligation bonds dated September 25, 2007. The issuance of these bonds has greatly helped the City to respond to the substantial growth pressures existing in Fire, Police, Public Health, Street, and the Parks and Recreation Departments to meet public facility and infrastructure needs. Interest is payable in semi-annual installments which

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS

Tax Supported Debt (Continued)

began November 15, 2008, at rates ranging from 4.00% to 5.25%, and the serial bonds mature annually to May 15, 2027 in amounts ranging from \$1,115,000 to \$2,000,000. The City has reserved the right to redeem the bonds with maturities on or after May 15, 2018 on May 15, 2017 or any date thereafter. The bonds are insured by the MBIA Insurance Corporation.

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

Special Assessment Debt

On December 20, 2001, the City issued \$600,000 of Combination Tax and Revenue Certificates of Obligation for the purpose of financing the construction of 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. Under the terms of Certificates of Obligation, if the City did not levy the special assessment or if the revenue from the special assessments was not sufficient to pay the debt service on the Certificates of Obligations, the City would be obligated to levy a tax to make the debt service payments. Interest is payable in semi-annual installments at 4.45%, and the certificates are subject to mandatory redemption in annual amounts of \$55,000. Final maturity is August 15, 2016, and the City has reserved the right to redeem the remaining outstanding certificates on or after August 15, 2010.

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 \$28,659 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 \$25,000 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 \$65,000 to \$110,000. The final maturity is February 15, 2028.

On April 1, 2014, the City issued \$2,260,000 of Combination Tax and Revenue Certificates of Obligation, Series 2014 for the purpose of financing enhancements of the park facilities in the Greenways Public Improvement District (\$725,000) and the Colonies Public Improvement District (\$1,535,000), respectively. Debt Service is to be funded out of special assessments on properties within each District. The principal and interest are payable in semi-annual installments at rates ranging from 2.000% to 3.625%, and the certificates are subject to mandatory redemption in annual amounts ranging from \$90,000 to \$155,000. The final maturity is August 15, 2034.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Municipal Garage 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 municipal garage. Rolling stock replacement was delayed during the recent economic downturn. The 2012B issue has a five-year maturity and the proceeds will be used to purchase rolling stock with at least a five-year life. The COs have a \$1,000 limit pledge of Sanitation Revenues and a property tax pledge. The City intends to pay the COs from Municipal Garage Rental Revenues and not levy a tax for the debt. The final maturity is August 19, 2018. The COs are subject to mandatory redemption in annual amounts ranging from \$465,000 to \$475,000 and provide for interest rates ranging from 1.00% to 1.25%. On February 25, 2014 the City issued Tax Notes, Series 2014 in the amount of \$2,650,000. The Notes have a five-year life and are payable in semi-annual installments with interest rates ranging from 0.20% to 2.00%. This issue will be used to fund roll stock in the Municipal Garage fleet. The Notes are subject to mandatory redemption in annual amounts ranging from \$435,000 to \$455,000.

Summary of changes in the governmental activities debt for the year ended September 30, 2015 is as follows:

	Tax Supported Debt	Special Assessment Debt and Other Revenue Sources	Municipal Garage Debt	Total Government Activities Debt
Principal balances outstanding, October 1, 2014	\$ 24,131,000	\$ 10,244,283	\$ 4,080,000	\$ 38,455,283
Principal maturities	<u>(1,541,000)</u>	<u>(427,331)</u>	<u>(890,000)</u>	<u>(2,858,331)</u>
Balances September 30, 2015	22,590,000	9,816,952	3,190,000	35,596,952
Balance of unamortized discount/premium	<u>527,339</u>	<u>145,231</u>	<u>46,856</u>	<u>719,426</u>
Net balances, September 30, 2015	<u>\$ 23,117,339</u>	<u>\$ 9,962,183</u>	<u>\$ 3,236,856</u>	<u>\$ 36,316,378</u>

Water and Sewer Bonds

On December 28, 2006, the City issued Waterworks and Sewer System Revenue Refunding Bonds, Series 2006A of \$9,370,000 par value to refund the 1996 Waterworks and Sewer System Revenue Refunding. The advance 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 by approximately \$105,000 and resulted in an economic gain of approximately \$67,000. The 2006A bonds mature annually through 2027 in principal amounts ranging from \$1,010,000 to \$1,350,000, and the interest rates on the outstanding securities range from 4.25 % to 4.375%. In order to keep debt service payments level the City's principal payments will begin in the year 2020.

On September 7, 2005 the City issued the Waterworks and Sewer Revenue Refunding Bonds in the amount of \$13,650,000 maturing through 2019, to advance refund a portion of the 1999 Waterworks and Sewer Revenue Bond issue. The refunding was undertaken to reduce total debt service payments over the next twelve years by approximately \$917,000 and resulted in an economic gain of approximately \$769,000. The refunded bonds were removed from the City's books. The outstanding remaining principal for the 1999 issue was paid off on April 1, 2007. The outstanding 2005 bonds mature annually through 2019 with principal amounts ranging from \$1,230,000 to \$1,415,000 and provide for interest rates of 5.00%.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Bonds (Continued)

In 2003 the City issued Waterworks and Sewer System Revenue Bonds in the amount of \$9,180,000 for the purpose of funding capital projects. 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 \$475,000 to \$575,000 and provide for interest rates ranging from 2.00% to 3.125%.

On December 28, 2006, the City issued \$9,120,000 Waterworks and Sewer System Revenue bonds, Series 2006 for the improvement and expansion of the City's waterworks and sewer system. In order to keep the debt service payments level, the principal payments began in 2013 and mature annually through 2032 in principal amounts ranging from \$345,000 to \$655,000. The interest rates on the bonds will range from 4.00% to 4.50%.

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 \$2,015,000 to \$2,555,000 and provide for interest rates ranging from .338% to 3.018%.

On December 29, 2009, the City issued the Combination Tax and Revenue Certificates of Obligation Series 2009B in the amount of \$47,400,000. The Series 2009B bonds mature annually through 2029 in principal amounts ranging from \$1,960,000 to \$3,400,000 and provide for interest rates ranging from .21% 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 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 \$640,000 to \$1,150,000 and provide for interest rates ranging from 2.00% to 4.125%. The proceeds were used to fund the purchase of Ochiltree County water rights.

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

On January 22, 2014 the City issued the Waterworks and Sewer System New Series Revenue Bonds, Series 2014 in the amount of \$8,495,000. The Series 2014 bonds mature annually through 2033 in principal amounts ranging from \$365,000 to \$495,000 and provide for interest rates ranging from 0.00% to 2.62%. These funds will be used for the design and construction of Georgia Street Interceptor project. This project will eliminate a lift station and ensure proper operation of the collection system in the area. This bond issue will also fund the planning and design for the replacement of Lift Station 32. Included in this financing is an additional amount of \$441,131 of loan forgiveness for a total project of \$8.9 million.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Bonds (Continued)

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.

A summary of changes in Water and Sewer System bonded debt for the year ended September 30, 2015, is as follows:

Principal outstanding, October 1, 2014	\$ 138,195,000
Principal maturities	<u>7,940,000</u>
Principal outstanding, September 30, 2015	130,255,000
Unamortized redemption premium	<u>320,609</u>
Net balances, September 30, 2015	<u>\$ 130,575,609</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 2015 obligation is \$11,142,634. At September 30, 2015, the amount available in this account was \$3,830,354.
- 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, 2015, the combined requirement amounted to \$2,495,182 and the amount available in this account was \$2,495,182.

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, 2015. The City has maintained its tax-exempt status during 2015.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Bonds (Continued)

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, 2015, Standard & Poor's Rating Services affirmed its AAA rating, with a stable outlook, on the City of Amarillo, Texas Waterworks and Sewer System Revenue Bonds.

Water Authority Obligations

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

In 1998 a portion of CRMWA's remaining obligation to the U.S. Bureau of Reclamation in connection with the construction indebtedness was retired in exchange for a transfer of CRMWA's surface lands to the National Park Service. In 1999 CRMWA issued revenue bonds maturing in the years 2000 to 2018 in order to retire the balance of the U.S. obligation. In 2010 CRMWA issued refunding bonds maturing in 2018 in order to retire the 1999 issue. The City's share of the principal amounts range from \$510,085 to \$941,547 and provide for interest rates ranging from 3.00% to 3.50%. The bonds are secured by a lien on contract revenues, consisting of the member cities' project agreement payments. At September 30, 2015, the City's proportionate share of this indebtedness was \$2,016,521.

In May 1996, member cities of CRMWA agreed to participate in a project to develop underground water rights to supplement CRMWA's available surface water, and CRMWA then issued revenue bonds to fund phase 1 of the project, which consisted of purchasing groundwater rights in the northeastern portion of the Texas Panhandle. In the fiscal year ended September 30, 2000, the 1996 bonds were defeased by a portion of a new issue of revenue bonds (Series 1999) in the face amount of \$52,825,000. 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, 2015, the City's proportionate share of the 2010 issue is \$1,550,546. The City's share of the annual principal amount range from \$213,418 to \$521,567 providing for interest rates of 3.00% to 3.50%. At September 30, 2015, the City's portion of the 2014 refunding bonds is \$6,615,954 with principal amounts ranging from \$549,878 to \$1,623,500 providing for interest rates of 2.00% to 5.00%.

In addition to defeasing the 1996 issuance, the proceeds of the new issue were used to fund the drilling of wells and installation of pipelines from the well fields to the existing CRMWA aqueduct system. While two of the eleven member cities elected to pay for their proportionate shares of these costs from their own resources, the City elected to participate in CRMWA's bond issuance. The City also participated in the 2005 Contract Revenue Series issued in the amount of \$48,125,000. The City's portion of this bond issue was \$19,467,586. The participating member cities desired to have level debt service payments. In order to keep the CRMWA debt service payments level, the City will only pay interest for the first ten years on

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Water Authority Obligations (Continued)

the 2005 CRMWA contract revenue bonds. Thereafter, the other obligations will be paid off and the City will begin paying principal and interest on the 2005 CRMWA contract revenue bonds. 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 \$17,615,427 at September 30, 2015 with principal maturing annually through February 15, 2025 and interest ranging from 2.00% to 5.00%. In total, the payments to CRMWA will remain constant throughout the term of the various bond issues. The City's portion of the principal payments range from \$470,046 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, 2015, the City's proportionate share of the 2006 issue is \$302,855, and the City's proportionate share of the 2014 issue is \$12,143,648. The City's portion of the principal payments for the 2014 issue range from \$463,079 to \$1,368,251 with interest rates ranging from 2.00% to 5.00%.

During November 2009, CRMWA issued debt in the amount \$21,105,000. The City participated in this issue and the City's proportionate share of this indebtedness was \$8,573,062. The City's portion of the annual principal payments range from \$268,606 to \$951,547 with interest rates of 3.00% to 5.00%. The City's proportionate share of this indebtedness is \$6,736,992 at September 30, 2015. 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, 2015, the City's proportionate share of the outstanding indebtedness was \$29,050,817. Bonds are secured by a lien on the participating member cities' project payments.

As mentioned above, on November 4, 2014, CRMWA issued Subordinate Lien Contract Revenue Refunding Bonds, Series 2014 in the amount of \$42,165,000 to refund a portion of CRMWA's outstanding Contract Revenue Refunding Bonds, Series 2005 and a portion of the CRMWA's outstanding Contract Revenue Bonds, Series 2006. The 2014 Refunding Bonds will reduce total debt service payments over the next 13 years by \$5,157,098 with Amarillo's share at \$2,437,634. The refunding resulted in an economic gain of \$4,468,378 with Amarillo's share at \$2,139,336. The City's portion of this bond issue was \$20,294,781 with principal maturing annually through February 15, 2027 and interest rates ranging from 2.00% to 5.00%. In total, the payments to CRMWA will remain constant throughout the term of the various bond issues. As noted above, the City's combined proportionate share of this indebtedness is \$18,759,602 at September 30, 2015.

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.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Summary Information - Long-Term Bonds and Contracts

A summary of changes in the City's CRMWA debt for the year ended September 30, 2015, is reflected in the following table:

Principal outstanding, October 1, 2014	\$ 83,303,472
Principal maturities	(6,166,529)
New bond issue	20,294,781
Principal refunded	<u>(21,398,964)</u>
Principal outstanding, September 30, 2015	76,032,760
Unamortized redemption discount/premium	<u>8,362,507</u>
Net balances, September 30, 2015	<u>\$ 84,395,267</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 \$1,510,000 to \$1,830,000 and provide for interest rates ranging from 4.70% to 5.00%.

Principal outstanding, October 1, 2014	\$ 9,755,000
Principal maturities	<u>(1,440,000)</u>
Principal outstanding, September 30, 2015	8,315,000
Unamortized redemption premium	<u>652,258</u>
Net balances, September 30, 2015	<u>\$ 8,967,258</u>

Drainage Utility Bonds

On December 12, 2012 the City issued \$6,260,000 in Combination Tax and Drainage Utility Revenue Certificates of Obligations (COs). The 2012A issue is mainly for drainage improvements on Farmers Avenue. The 2012A bonds have a final maturity of August 15, 2032. The COs are subject to mandatory redemption in annual amounts ranging from \$425,000 to \$430,000 and provide for interest rates ranging from 1.00% to 2.00%. In addition to the tax pledge, the Drainage Utility COs have an unlimited net pledge of the Drainage Utility System of 1.25 times net revenue. The City intends to fund the debt entirely from the Drainage Utility and not levy a property tax for the COs. Thus, the debt is structured similar to the Water & Sewer revenue debt.

On April 1, 2014 the City issued \$6,080,000 in Drainage Utility Revenue Bonds. The 2014 issue is mainly for drainage improvements on Martin Road. The 2014 bonds have a final maturity of 2034. The bonds are subject to mandatory redemption in annual amounts ranging from \$250,000 to \$410,000 and provide for interest rates ranging from 2.00% to 3.75%. The bonds have an unlimited net pledge of the Drainage Utility System of 1.25 times net revenue.

Principal outstanding, October 1, 2014	\$ 11,485,000
New bond issue	
Principal maturities	<u>(620,000)</u>
Principal outstanding, September 30, 2015	10,865,000
Unamortized redemption premium	<u>104,250</u>
Net balances, September 30, 2015	<u>\$ 10,969,250</u>

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

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

Bond issues outstanding at September 30, 2015 are summarized in Table 8 below.

	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>	<u>Annual Principal Installments</u>
City of Amarillo indebtedness				
General Obligation debt				
Payable from tax revenues				
General Obligation Bonds, series 2009	3.50 - 5.00%	2022	\$ 3,060,000	\$ 390,000 - \$ 485,000
Combination tax/revenue certificates of obligation, series 2007	4.00 - 5.25%	2027	18,420,000	1,115,000 - 2,000,000
Recovery Zone Build America Bonds, Series 2010	5.81%	2030	1,110,000	62,000 - 88,000
Payable from special assessments				
Combination tax/revenue certificates of obligation, series 2001	4.45%	2016	55,000	55,000 - 55,000
Combination tax/revenue certificates of obligation, series 2003	3.70%	2023	315,000	35,000 - 45,000
Combination tax/revenue certificates of obligation, series 2006	4.75%	2026	376,952	28,659 - 43,909
Combination tax/revenue certificates of obligation, series 2008A	4.28%	2028	445,000	25,000 - 45,000
Combination tax/revenue certificates of obligation, series 2008B	4.08%	2028	1,110,000	65,000 - 110,000
Combination tax/revenue certificates of obligation, series 2014	2.00 - 3.625%	2034	2,195,000	90,000 - 155,000
Payable from other sources				
Combination tax/revenue certificates of obligation, series 2011A	3.50 - 5.25%	2037	3,400,000	95,000 - 245,000
Combination tax/revenue certificates of obligation, series 2011B	3.50 - 6.00%	2032	1,920,000	80,000 - 170,000
Waterworks and Sewer Bonds				
2005 revenue issuance	5.00%	2019	5,270,000	1,230,000 - 1,415,000
2006 revenue issuance	4.00 - 4.50%	2032	8,170,000	345,000 - 655,000
2006A revenue issuance	4.25 - 4.375%	2027	9,370,000	1,010,000 - 1,350,000
2011 revenue issuance	2.00 - 4.125%	2031	13,615,000	640,000 - 1,150,000
2013 revenue issuance	0.01 - 0.85%	2023	1,055,000	130,000 - 135,000
2014 revenue issuance	0.00 - 2.62%	2033	7,665,000	365,000 - 495,000
Combination tax/revenue certificates of obligation, series 2009	3.38 - 3.018%	2028	28,855,000	2,015,000 - 2,555,000
Combination tax/revenue certificates of obligation, series 2009B	.21 - 2.587%	2029	37,625,000	1,960,000 - 3,400,000
Combination tax/revenue certificates of obligation, series 2009C	0.00%	2031	14,480,000	905,000 - 905,000
General Obligation bonds series 2011	2.00 - 3.125%	2023	4,150,000	475,000 - 575,000
Airport Bonds				
Combination tax/revenue certificates of obligation, series 2009A	4.70 - 5.00%	2020	8,315,000	1,510,000 - 1,830,000
Drainage Bonds				
2014 revenue issuance	2.00 - 3.75%	2034	5,880,000	250,000 - 410,000
Combination tax/revenue certificates of obligation, series 2012A	1.00 - 2.00%	2032	4,985,000	425,000 - 430,000
Municipal Garage Bonds				
Combination tax/revenue certificates of obligation, series 2012B	1.00 - 1.25%	2018	1,410,000	465,000 - 475,000
Tax Notes, 2014	0.20 - 2.00%	2019	1,780,000	435,000 - 455,000
Total City of Amarillo issuances			185,031,952	
Canadian River Water Authority indebtedness				
2006 revenue issuance	5.00%	2027	302,855	- - 302,855
2009 revenue issuance	3.00 - 5.00%	2029	6,736,992	268,606 - 951,547
2010 refunding issuance (Conjunctive Use Groundwater)	3.00 - 3.50%	2020	1,550,546	213,418 - 521,567
2010 refunding issuance (BUREC)	3.00 - 3.50%	2018	2,016,521	510,085 - 941,547
2011 revenue issuance	4.00 - 5.00%	2031	29,050,817	649,625 - 2,567,688
2012 refunding issuance	2.00 - 5.00%	2025	17,615,427	470,046 - 3,348,405
2014 refunding issuance	2.00 - 5.00%	2025	6,615,954	549,878 - 1,623,500
2014 refunding issuance	2.00 - 5.00%	2025	12,143,648	463,079 - 1,368,251
Total City share of Water Authority indebtedness			76,032,760	
Total bond issues outstanding			\$ 261,064,712	

Table 8 - Description of Individual Bond Issues Outstanding

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

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

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

For the Year Ended September 30,	Tax-Supported Debt		Special Assessment and Other Supported Debt		Water & Sewer Debt		Water Authority Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,607,000	\$ 1,098,945	\$ 473,659	\$ 413,769	\$ 8,065,000	\$ 3,077,633	\$ 5,246,983	\$ 3,543,929
2017	1,684,000	1,023,614	435,051	396,798	8,180,000	2,954,970	5,467,743	3,346,993
2018	1,750,000	952,719	451,509	381,636	8,335,000	2,819,029	6,062,536	3,125,230
2019	1,832,000	873,742	463,037	365,070	8,500,000	2,662,640	5,596,264	2,849,548
2020	1,919,000	786,638	474,643	347,967	8,715,000	2,485,012	5,855,554	2,590,223
2021-2025	9,482,000	2,512,270	2,610,133	1,448,329	45,875,000	9,399,023	31,211,730	8,377,814
2026-2030	4,316,000	350,427	2,518,920	882,426	37,790,000	3,320,323	15,942,325	2,166,194
2031-2035	-	-	1,910,000	335,669	4,795,000	210,304	649,625	28,383
2036-2040	-	-	480,000	25,462	-	-	-	-
	<u>\$ 22,590,000</u>	<u>\$ 7,598,355</u>	<u>\$ 9,816,952</u>	<u>\$ 4,597,126</u>	<u>\$ 130,255,000</u>	<u>\$ 26,928,934</u>	<u>\$ 76,032,760</u>	<u>\$ 26,028,314</u>

For the Year Ended September 30,	Airport Debt		Drainage Debt		Municipal Garage Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,510,000	\$ 362,025	\$ 675,000	\$ 271,794	\$ 900,000	\$ 42,138	\$ 18,477,642	\$ 8,810,233
2017	1,580,000	290,775	685,000	262,544	910,000	33,138	18,941,794	8,308,832
2018	1,655,000	215,900	500,000	253,144	925,000	24,038	19,679,045	7,771,696
2019	1,740,000	131,025	510,000	243,144	455,000	9,100	19,096,301	7,134,269
2020	1,830,000	43,762	515,000	230,344	-	-	19,309,197	6,483,946
2021-2025	-	-	2,715,000	953,220	-	-	91,893,863	22,690,656
2026-2030	-	-	3,085,000	591,994	-	-	63,652,245	7,311,364
2031-2035	-	-	2,180,000	162,832	-	-	9,534,625	737,188
2036-2040	-	-	-	-	-	-	480,000	25,462
	<u>\$ 8,315,000</u>	<u>\$ 1,043,487</u>	<u>\$ 10,865,000</u>	<u>\$ 2,969,016</u>	<u>\$ 3,190,000</u>	<u>\$ 108,414</u>	<u>\$ 261,064,712</u>	<u>\$ 69,273,646</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, 2015 under the annual leave policy was \$9,517,408, compensated time policy was \$1,141,901, and under the sick leave policy was \$6,885,377, and under the individual health retirement account policy was \$2,899,680.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

Provision for Compensated Absences (Continued)

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

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Balances at October 1, 2014	\$ 19,711,123	\$ 1,625,769
Terminations paid	(2,124,259)	(298,504)
Leave accrued	<u>1,432,615</u>	<u>97,622</u>
Balances at September 30, 2015	<u>\$ 19,019,479</u>	<u>\$ 1,424,887</u>

Of the above obligations, \$1,754,962 in the Government Funds and \$299,548 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, 2015 was \$6,690,737; \$634,123 of the obligation is funded in separate internal service funds and is accrued as a liability of these funds.

Provision for Landfill Closure and Postclosure 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 17.7% of the revised capacity was filled at September 30, 2015 and that the landfill has a projected remaining life of approximately 149 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 City's design plans divide the landfill site into 12 cells. Five cells, representing 258 acres with a total capacity of 17,541,300 tons or approximately 41% of the total site capacity, are currently open. It is estimated that at September 30, 2015, these five cells were approximately 43% full. 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 postclosure 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 postclosure care performed in the current year, and is assigned to periods based on cumulative landfill use. The City engaged an independent engineer who estimated the cost of final cover at \$8,145,871 for a 100-acre, two-cell segment. The estimated cost of monitoring the entire 662 acres during the statutory 30-year period is an additional \$1,780,200. Both computations were made in accordance with regulations of the Environmental Protection Agency, which require that the estimates be based on the current cost of hiring third parties to perform the services. The actual cost of these functions, when performed in future years, may differ because of inflation, changes in technology, changes in environmental regulations, or performance of certain of the functions by City personnel and equipment. Considering the change in the Consumer Price Index (CPI) and the addition of the Transfer

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 11 - LONG-TERM OBLIGATIONS (CONTINUED)

station, closure costs would be about \$11 million and post-closure costs would be about \$3 million for a total of \$14 million in today's dollars.

Based on the cumulative usage of 7,611,319 tons at September 30, 2015, 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	\$ 1,888,557
Cost of postclosure care and monitoring	<u>566,931</u>
Total estimated accrued liability	<u>\$ 2,455,488</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 & Poors rating of AAA, together with a ratio of total annual revenues to the gross estimated cost of environmental obligations in excess of 100/43, together with meeting certain general conditions. It fulfills the public notice component by disclosure in this footnote, and fulfills the record-keeping and reporting component by submission of reports to the Texas Commission on Environmental Quality.

Long-term liabilities activity for the year ended September 30, 2015 was as follows:

	Balance Sept. 30, 2014 (Restated)	Amortization/ Accretion	Additions	Reductions	Balance Sept. 30, 2015	Due Within One Year
Bonds payable:						
Governmental activities						
General obligation bonds	\$ 3,430,000	\$ -	\$ -	\$ (370,000)	\$ 3,060,000	\$ 390,000
Recovery Zone Build America bonds	1,171,000	-	-	(61,000)	1,110,000	62,000
Tax-supported certificates of obligation	19,530,000	-	-	(1,110,000)	18,420,000	1,155,000
Unamortized gain on refunding	-	-	-	-	-	-
Unamortized offering premium	708,981	(36,411)	-	-	672,570	-
Special assessment and other debt	10,244,283	-	-	(427,331)	9,816,952	473,659
Municipal Garage bonds	4,080,000	-	-	(890,000)	3,190,000	900,000
Premium on Municipal Garage bonds	59,636	(12,780)	-	-	46,856	-
Total governmental activities	<u>39,223,900</u>	<u>(49,191)</u>	<u>-</u>	<u>(2,858,331)</u>	<u>36,316,378</u>	<u>2,980,659</u>
Business-type activities						
Water & sewer bonds	138,195,000	-	-	(7,940,000)	130,255,000	8,065,000
Premium on Water & sewer bonds	384,582	(63,973)	-	-	320,609	-
Water authority obligations	83,303,472	-	20,294,781	(27,565,493)	76,032,760	5,246,984
Premium on Water authority obligations	8,349,985	(362,749)	2,890,224	(2,514,953)	8,362,507	-
Airport bonds	9,755,000	-	-	(1,440,000)	8,315,000	1,510,000
Premium on Airport bonds	765,217	(112,959)	-	-	652,258	-
Drainage Utility bonds	11,485,000	-	-	(620,000)	10,865,000	675,000
Premium on Drainage Utility bonds	110,596	(6,346)	-	-	104,250	-
Total business-type activities	<u>252,348,852</u>	<u>(546,027)</u>	<u>23,185,005</u>	<u>(40,080,446)</u>	<u>234,907,384</u>	<u>15,496,984</u>
Total	<u>291,572,752</u>	<u>(595,218)</u>	<u>23,185,005</u>	<u>(42,938,777)</u>	<u>271,223,762</u>	<u>18,477,643</u>
Other liabilities:						
Governmental activities						
Compensated absences	19,711,123	-	1,432,615	(2,124,259)	19,019,479	1,754,962
Self-insurance liability	17,135,847	-	27,582,779	(26,356,389)	18,362,237	7,171,431
Provision for landfill and postclosure care costs	2,341,863	-	113,625	-	2,455,488	-
Postemployment benefits	94,059,914	-	8,353,692	(6,249,341)	96,164,265	-
Net pension liability	38,018,004	-	48,845,073	(42,482,565)	44,380,512	-
Total governmental activities	<u>171,266,751</u>	<u>-</u>	<u>86,327,784</u>	<u>(77,212,554)</u>	<u>180,381,981</u>	<u>8,926,393</u>
Business-type activities						
Compensated absences	1,625,769	-	97,622	(298,504)	1,424,887	299,548
Other accrued expenses	2,783,256	-	-	(136,956)	2,646,300	-
Net pension liability	4,237,579	-	5,023,081	(4,790,937)	4,469,723	-
Total business-type activities	<u>8,646,604</u>	<u>-</u>	<u>5,120,703</u>	<u>(5,226,397)</u>	<u>8,540,910</u>	<u>299,548</u>
Total	<u>179,913,355</u>	<u>-</u>	<u>91,448,487</u>	<u>(82,438,951)</u>	<u>188,922,891</u>	<u>9,225,941</u>
Total long-term liabilities	<u>\$ 471,486,107</u>	<u>\$ (595,218)</u>	<u>\$ 114,633,492</u>	<u>\$ (125,377,728)</u>	<u>\$ 460,146,653</u>	<u>\$ 27,703,584</u>

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

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 12 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following tabulation reflects the composition of interfund balances at September 30, 2015.

<u>Receivable Fund</u>		<u>Payable Funds</u>	
General Fund	\$ 1,586,632	Nonmajor Govt. Funds	\$ 1,577,543
		Internal Service	9,089
		Proprietary Funds	
	<u>\$ 1,586,632</u>		<u>\$ 1,586,632</u>
Nonmajor Govt. Funds	\$ 31,378	Nonmajor Govt. Funds	\$ 18,750
		Internal Service	3,358
		General Fund	9,270
	<u>\$ 31,378</u>		<u>\$ 31,378</u>
Internal Service Funds	\$ 2,625,255	Internal Service	\$ 268,326
		Proprietary Funds	342,615
		Nonmajor Govt. Funds	402
		General Fund	2,013,912
	<u>\$ 2,625,255</u>		<u>\$ 2,625,255</u>

All transactions between funds represent "due to/from other funds" caused by cash from one fund paying for expenditures or expenses of another. The City did not incur transactions between funds that would represent lending/borrowing arrangements outstanding at the end of the fiscal year.

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

<u>Transfers Out Fund</u>		<u>Transfers In Fund</u>	
General Fund	\$ 17,720,511	Capital Projects	\$ 14,930,666
		Internal Service	2,671,810
		Nonmajor Govt. Funds	118,035
	<u>\$ 17,720,511</u>		<u>\$ 17,720,511</u>
Capital Projects	\$ 1,205,691	Internal Service	\$ 450,516
		Nonmajor Govt. Funds	252,025
		Proprietary Funds	500,000
		General Fund	3,150
	<u>\$ 1,205,691</u>		<u>\$ 1,205,691</u>
Nonmajor Govt. Funds	\$ 1,141,446	Nonmajor Govt. Funds	\$ 674,147
		Capital Projects	463,579
		Internal Service	1,974
		General Fund	1,746
	<u>\$ 1,141,446</u>		<u>\$ 1,141,446</u>
Proprietary Funds	\$ 2,784,911	Internal Service	\$ 1,363,953
		Capital Projects	1,419,958
		Proprietary Funds	1,000
	<u>\$ 2,784,911</u>		<u>\$ 2,784,911</u>
Internal Service	\$ 63,750	Capital Projects	\$ (32,589)
		Internal Service	96,339
	<u>\$ 63,750</u>		<u>\$ 63,750</u>

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 12 - 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 13 - 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, 2015 and for its fiscal year then ended, reflect the following:

Assets	
Cash and cash equivalents	\$ 16,518,595
Due from member cities and other receivable	10,894,477
Deferred Outflows of Resources	496,124
Debt Service Funds	
Restricted cash and cash equivalents	20,620,405
Due from cities	161,539,939
Land	4,193,221
Property, plant and equipment, net of accumulated depreciation	322,645,663
Liabilities and Deferred Revenues	
Current liabilities	14,671,035
Noncurrent liabilities	<u>186,062,853</u>
Net Position	<u>\$ 336,174,536</u>

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 13 - WATER SUPPLY CONTRACT (CONTINUED)

Operating Revenues		
User assessments for operations		\$ 13,465,083
Operating Expenses		16,916,146
Nonoperating Revenue (Expense)		
Net contributions from member cities		4,913,778
Nonoperating revenues (expenses)		<u>(8,046,904)</u>
		<u>(3,133,126)</u>
Net Increase (Decrease) in Net Position		<u>\$ (6,584,189)</u>

CRMWA's debt consists of the approximately \$4.6 million related to bonds issued to refund the construction obligation to the Bureau of Reclamation and \$192.9 million related to the underground water project. The CRMWA's annual debt services requirements, including interest, range from \$6.5 million to \$19.5 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 \$76 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 14 - HARRINGTON LIBRARY CONSORTIUM

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

The original funding for the Consortium was a grant from a local charitable organization, the Harrington Foundation. Continuing operations are financed through user fees from the members and from subscribing libraries in the region. During the year ended September 30, 2015, the Consortium served over 100 libraries. The condensed financial statements of the Consortium at September 30, 2015 and for the year then ended are summarized in the table below.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 14 - HARRINGTON LIBRARY CONSORTIUM (CONTINUED)

Balance Sheet	
Capital assets, net of depreciation	\$ 10,864
Cash and other assets, net	725,136
Current liabilities	<u>(47,158)</u>
Net position	<u>\$ 688,842</u>
Revenues	
Operating revenues	\$ 394,986
Nonoperating revenues	<u>37,657</u>
Total revenues	432,643
Expenses	
Operating expenses	<u>(476,379)</u>
Change in net position	<u>\$ (43,376)</u>

NOTE 15 - 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. The specific coverage stops at \$4,250,000.

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 the morning of June 27, 2014, a water line near the City of Amarillo Civic Center broke and flooded the Civic Center. The line was located near the east ramp and flooded the Civic Center basement with close to three feet of water. The affected areas included the coliseum, auditorium, and the basement. Physical damages occurred to building improvements and equipment in these areas due to the flooding. The City's flood insurance covered with a \$250,000 deductible. The City has received \$3.2 million from the insurance carrier. Approximately \$1.2 million of insurance proceeds, net of related cost, was received in FY 2015.

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

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 15 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

Self-Insurance and Risk Management (Continued)

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

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

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

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

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

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

The Employee Insurance Fund is used to account for the collection of employer and employee contributions, and for payments of claims and insurance premiums. The City covers most of the cost of employee only coverage and contributes to spouse and family coverage. Retirees contribute based on their service with the City and retiree rates are also subsidized by the City. Liabilities are presented at the estimated amounts of incurred losses outstanding, without discounting. The Health Plan continues to see a significant increase in claims. During July 2015, the City issued a request for proposals (RFP) for the third-party administration of the medical, dental, and flex plans. The City anticipates that a national carrier will have more favorable discounts with network providers. Effective January 1, 2016, Aetna Life Insurance Company will provide the plan administration for the medical and dental programs. Employees have up to one year after services are rendered in which to present their claims for reimbursement. The estimated current liability at September 30, 2015 related to incurred but not reported (IBNR) claims was \$3,683,722. The IBNR estimate was computed by management based on historical patterns and reference to previous actuarial estimates. An actuarial study of the IBNR claims of the employee insurance fund was done as of September 30, 2015. Management's estimate of the liability by the City was within recommended liability and funding ranges of that study. A provision is also made for estimated future costs of known loss events. This provision at September 30, 2015, was \$2,175,001 and was calculated by management based on historical costs associated with similar health conditions. The postemployment liability at September 30, 2015 was \$96,164,265. The postemployment health benefit adjustment was \$2,104,351, which includes the annual required contribution of \$7,817,870 plus interest of \$5,643,595, less an adjustment to the annual required contribution of \$5,107,743 and less the pay-as-you-go cost for retirees and trust contributions of \$6,249,341.

After providing for incurred losses, the Employee Insurance Fund had a deficit net position of \$96,301,925 at September 30, 2015. Included in the net asset calculation is the adjustment discussed in the previous paragraph for postemployment health benefits as required by Governmental Accounting Standards No. 45. This adjustment is \$2,104,351 for the 2014/15 fiscal year.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 15 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

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

	<u>2015</u>	<u>2014</u>
Estimated liabilities at beginning of year	\$ 99,248,204	\$ 97,489,510
Postemployment health benefits annual required contribution	8,353,692	8,250,908
Postemployment health benefits pay-as-you-go cost and trust contributions	(6,249,341)	(6,633,081)
Claims during year and changes in estimates	24,286,612	20,879,878
Payments during year	<u>(23,616,179)</u>	<u>(20,739,011)</u>
Estimated liabilities at end of year	<u>\$ 102,022,988</u>	<u>\$ 99,248,204</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, 2015. 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, 2015 to be \$12,503,514.

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

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

	<u>2015</u>	<u>2014</u>
Estimated liability at beginning of year	\$ 11,947,557	\$ 12,564,311
Claims during year and changes in estimates	3,296,167	2,048,510
Payments during year	<u>(2,740,210)</u>	<u>(2,665,264)</u>
Estimated liability at end of year	<u>\$ 12,503,514</u>	<u>\$ 11,947,557</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, 2015.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 15 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

Pollution Remediation Obligation

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

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

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

Management believes that GASB 49 does not apply in this instance since there has been no actual pollution by any legal definition of the term. However, the City intends to continue the practice of monitoring the plume, providing replacement wells and treatment systems and pursuing options for remediation in the future. The City has recorded a liability of \$2.8 million to continue the voluntary monitoring and well replacement program throughout this fiscal year. The estimated amount could change in the future as the City evaluates various alternatives.

Federal and State Grant Programs

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

NOTE 16 - CONDUIT DEBT OBLIGATIONS

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

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

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 17 - 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.

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, 2015 and 2014, the District recognized approximately \$5,444,000 and \$5,408,000, 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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 17 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Agreements with Respect to Hospital Sale (Continued)

November 9, 2006 through November 8, 2008 and replaced it with an almost identical agreement called the Health Care Services Agreement (HCA). The District remitted approximately \$12,712,000 on November 20, 2006 to fund the Medicaid UPL program. The original agreement has been extended twenty-five times and as of September 30, 2015 is prepaid through August 8, 2018. The District has provided \$66.6 million in funding to the Medicaid program versus \$81.6 million in indigent care payments that would have been due under the contract.

On October 27, 2015, the District extended the agreement through November 2018 with a payment of \$1,361,254.

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 fourth 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, and \$670,883 for year three. On October 27, 2015, the District approved a transfer of \$860,000 for year four.

Deposits and Investments

The District's funds are required to be invested in accordance with the Public Funds Investment Act. Bank deposits are collateralized by FDIC insurance or by pledged collateral. Governmental accounting standards require the categorization of investments to give an indication of the level of risk assumed. Based on the applicable criteria, a summary of the District's investment securities at September 30, 2015 are as follows:

	Fair Value			Weighted Average Maturity (Years) (excluding securities lending)
	Unrestricted Assets	Restricted Assets	Total	
Investment Securities				
U.S. Treasury obligations	\$ 72,904,172	\$ -	\$ 72,904,172	4.64
U.S. Government and government-sponsored agencies	93,748,428	-	93,748,428	8.53
Municipal bonds	12,264,984	-	12,264,984	6.15
Total investment securities	178,917,584	-	178,917,584	5.85
No-load U.S. Treasury-only mutual funds	5,947,414	-	5,947,414	-
Total investments	184,864,998	-	184,864,998	5.77
Deduct: Cash equivalents	(5,947,414)	-	(5,947,414)	-
Net investments for financial reporting	\$ 178,917,584	\$ -	\$ 178,917,584	5.85

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 17 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Tobacco Settlement

During 1998 the State of Texas settled litigation against certain tobacco manufacturers, which entitles political subdivisions with legal responsibility for providing indigent healthcare services to a portion of the settlement proceeds. As a result of the settlement, in 1998 the District received a distribution of approximately \$2.9 million based on a per capita calculation (1990 federal census). Subsequent distributions have been made based on each subdivision's total unreimbursed indigent healthcare expenditures for the calendar year immediately preceding the year of distribution. As the various calculations are not determinable by the District, these revenues are not accrued. In 2015 and 2014 the District received approximately \$206,000 and \$228,000, 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 implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement No. 27*, which required the District to record a prior period adjustment of \$18,453,337. Beginning net position was restated from \$214,566,364 to \$196,113,027. The District recorded a net pension liability of approximately \$9,109,000. Significant actuarial assumptions used in the valuations include a rate of return on investments of 8.0%. GASB 68 also requires the District to disclose the sensitivity of the net pension liability to changes in the discount rate by disclosing what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.0%), approximately \$11,040,000, or one percentage point higher (9.0%), approximately \$6,704,000. Compensation increases do not apply due to the plan being frozen. For the year ended September 30, 2015, the District made a contribution of \$2,000,000 to the AHD Plan.

Participants vested 100% upon completion of five years of service and vested participants are entitled to benefits upon retirement or upon termination of employment after 20 years of service. Upon sale of the Hospital, as described above, substantially all employees of the District were offered employment with the buyer or, with respect to certain public health functions, the Health Department of the City, both of which alternatives are considered to be a continuation of employment for purposes of defining retirement or termination. At October 1, 2014, the plan had 150 participants classified as "active" under this provision, although the plan was "frozen" as it relates to District participants, as well as 374 retirees and 233 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.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 17 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Commitments and Contingencies (Continued)

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 \$123,284 through September 30, 2016.

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 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION

Significant Accounting Policies

Operations

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Preparation

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

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

The maximum potential job creation credits available against loan interest are recognized as development expense in the period in which the loans are made. Development notes receivable are reported at their stated principal amounts, reduced by the estimated effect of the potential interest waivers as well as by an

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

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

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.

A summary of the AEDC's investment securities at September 30, 2015 is as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Investments		
CDARs	\$ 10,500,000	.31
Money market mutual funds	<u>5,532,913</u>	<u>—</u>
Total investments at fair value	16,032,913	.31
Deduct: Classified as cash equivalents for financial reporting	<u>(5,532,913)</u>	<u>—</u>
Net investments	<u>\$ 10,500,000</u>	<u>.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, 2015 are as follows:

Principal balances	\$ 8,722,037
Allowance for uncollectible accounts	<u>—</u>
Loans, net of allowances	<u>\$ 8,722,037</u>

Interest accrued and receivable on loans is \$370,626 at September 30, 2015.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

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, 2015, AEDC had increased the total funding capacity under the location incentive agreement to 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, 2015, AEDC's net investment in this lease was \$6,368,953.

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, 2015, AEDC's net investment, less discount for jobs credits, in this lease was \$3,693,953.

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, 2015, AEDC's net investment in this lease, less discount for jobs credits, was \$5,474,033.

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, 2015, AEDC's net investment in this lease, less discount for jobs credits, was \$5,740,829.

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, 2015, AEDC's net investment in this lease, less discount for job credits, was \$19,369,637.

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, 2015, AEDC's net investment in this lease, less discount for job credits, was \$27,997,938.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015**

NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Direct Financing Leases (Continued)

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, 2015, AEDC's net investment in this lease, less discount for jobs credits, was \$6,106,727.

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, 2015, AEDC's net investment in this lease was \$148,905.

In fiscal year 2015, a project was completed for a tenant in which a building and surrounding improvements in the Centerport complex were constructed for a total cost of \$9,607,823 with related land valued at \$390,240. As part of a location incentive agreement between the tenant and AEDC, the tenant was given a \$4,500,000 loan incentive credit, making the total lease amount \$5,498,063. Also as part this transaction, the tenant transferred ownership of a building and land property in downtown Amarillo to the City of Amarillo, and the City of Amarillo subsequently obtained an appraisal that valued the downtown property at \$5,020,000. The lease for this project commenced on March 31, 2015. The term for this project is four years, beginning on the date the lease commenced. The resulting annual rentals in the amount of \$1,374,516 could be full waived if job creation goals are met and if the tenant does not cease operations in the facility during the four-year contract term. At September 30, 2015, AEDC's net investment in this lease, less discount for job credits, is \$5,161,343.

In fiscal year 2015, approximately 48 acres of land in AEDC's Centerport complex was decided 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, 2015, AEDC's net investment in this lease, less discount for job credits, is \$1,209,790.

<u>Year ending September 30</u>	<u>Bell Helicopter</u>	<u>Other</u>
2016	\$ 8,850,890	\$ 2,034,516
2017	8,850,890	2,034,516
2018	8,850,890	2,034,516
2019	7,267,728	2,034,516
2020	6,700,603	658,905
Future years	<u>59,242,307</u>	<u>7,590,000</u>
	<u>\$ 99,763,308</u>	<u>\$ 16,386,969</u>

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

**CITY OF AMARILLO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ended September 30, 2015**

NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Operating Lease Activities

The AEDC entered into a lease agreement with the City to lease warehouse property on the northwest side of Amarillo. They sublease the property to a manufacturing company at scheduled amounts sufficient to amortize AEDC's costs over the lease term. During the year ended September 30, 2015, AEDC received rentals in the amount of \$141,351 and paid \$146,419 to the City for lease of this property.

The AEDC has other operating leases for office and warehouse space to unrelated third parties. During 2015, they received \$521,528 on those leases.

Capital Assets

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

Additionally, it holds equipment needed for administrative purposes. At September 30, 2015, the AEDC's property, plant, and equipment were as follows:

Buildings and improvements	\$ 21,163,120
Vehicles and equipment	124,793
Construction in progress	—
Accumulated depreciation	<u>(8,022,996)</u>
Total capital assets	<u>\$ 13,264,917</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, 2015 was \$69,093.

Long-Term Debt

In December 1998 the AEDC issued its taxable sales tax revenue bonds in the amount of \$23,430,000 for purposes of financing facilities being constructed for Bell Helicopter Textron. In December 2007, AEDC issued \$48,915,000 Amarillo Economic Development Corporation Taxable Sales Tax Revenue Refunding and Improvement Bonds Series 2007. These bonds were issued to refund the bonds issued in 1998 and to finance construction of an assembly space for Bell Helicopter Textron and a processing facility for Pacific Cheese and to pay costs associated with the issuance of bonds.

The 2007 bonds mature serially through 2027 and call for interest rates on the bonds currently outstanding ranging from 5.20% through 6.25%. Scheduled principal payments are as follows: 2016, \$3,040,000; 2017, \$3,200,000; 2018, \$3,365,000; 2019, \$1,620,000; 2020, \$1,720,000, and thereafter \$15,440,000. The principal outstanding at September 30, 2015 was \$28,385,000.

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 18 - AMARILLO ECONOMIC DEVELOPMENT CORPORATION (CONTINUED)

Long-Term Debt (Continued)

The 2009 bonds mature serially through 2030 and call for interest rates on the bonds currently outstanding ranging from 5.143% through 6.529%. Scheduled principal payments are as follows: 2016, \$1,410,000; 2017, \$1,480,000; 2018, \$1,555,000; 2019, \$1,635,000; 2020, \$1,720,000; and thereafter \$24,775,000. The principal outstanding at September 30, 2015 was \$32,575,000.

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

Commitments

At September 30, 2015, 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 \$13,375,000. Subsequent to year-end, AEDC approved approximately \$8,800,000 in additional grants.

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

During 2015, AEDC committed approximately \$5.2 million to a wind-energy company; \$1.9 million of land has been deeded to the company, leaving an additional \$3.3 million commitment. Another \$1.5 million grant has been committed to Xcel Energy to assist with their new downtown location. Additionally, \$3 million has been committed to Bell Helicopter as a grant for the construction of a new run stand.

In April 2014, AEDC purchased the Commerce Building for \$3,100,000. After the purchase, and as part of the purchase agreement, AEDC received approximately \$170,000 in insurance proceeds from the seller for an insurance claim on damage to the roof. The insurance proceeds of \$170,000 and the land value of the transaction of \$460,000 result in net property, plant and equipment of \$2,500,000. AEDC has committed to give this building to West Texas A&M University (WTAMU) to be used for an Amarillo Campus.

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 19 - 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, and this agreement is collateralized by the City's 7% hotel occupancy tax.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 19 - AMARILLO-POTTER EVENTS VENUE DISTRICT (CONTINUED)

Significant Accounting Policies (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Preparation

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

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

Depreciation is provided for on the straight-line method over the estimated useful lives of the facilities. The primary depreciable asset of the Venue District at September 30, 2015 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 for a refunding of \$6,340,000 of outstanding Special Tax and Lease Revenue Bonds, Series 2000. The refunding was undertaken to reduce total debt service payments over the next 30 years by approximately \$423,000 and resulted in an economic gain of approximately \$430,000. 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, 2015 on the 2005 bond issue was \$5,275,000.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 19 - AMARILLO-POTTER EVENTS VENUE DISTRICT (CONTINUED)

Financing (Continued)

In July 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, 2015 on the bond issues was \$6,435,000.

Commitments

The Venue District has entered into a management agreement with the nonprofit fair association to operate the livestock arena and the City for the operation of the portion of the project connected to the City's facility. In this connection, the Venue District is paying both the nonprofit fair association and the City a management fee. The management fees are subject to annual appropriation of the Board. On August 19, 2014, the Venue District approved an appropriation in the amount of \$328,248 (\$27,354 per month) for its management fee for operating the Amarillo National Center, and the management fee to the City of Amarillo remains unchanged at \$398,000 annually.

The Venue District's Board approved \$350,000 for capital improvements and \$267,000 for event development in its normal budgetary process.

The Amarillo Convention & Visitor Council through its partnership with American Quarter Horse Association (AQHA) is contributing to the success of the AQHA Adequan World Select World Show. The

District has committed approximately \$50,000 to offset show expenses. The District also agreed to provide up to \$56,342 of funds received from the Texas Events Trust Fund's Board to offset show expenses and up to \$18,000 for the economic impact study and application.

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 20 - 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, 2015

NOTE 20 - 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 21 - 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 and was eligible for a rebate of \$43,787 in 2015.

The TIRZ #1 Board approved approximately \$2.7 million for the streetscape improvements for the Amarillo Convention Hotel, parking structure, and multi-purpose event venue. On January 14, 2016, the TIRZ #1 Board voted to increase the participation in the downtown projects from \$2.7 million to \$4.387 million. The increase of \$1.687 million is in the form of a loan to the Amarillo Local Government Corporation with the original commitment of \$2.7 million remaining as a grant. On the same date, the Board agreed to fund the retail portion of the parking garage construction and a portion of the streetscape and amended the TIRZ #1 Project and Financing Plan accordingly. The Board also approved an amendment to the loan agreement with the City to increase the loan from the City from \$1.5 million to \$1.85 million. This loan will assist TIRZ #1 with its obligation to fund \$3.45 million for the retail space associated with the parking garage project and approximately \$930,000 of streetscape.

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

TIRZ #1 and Center City provide a grant program which provides up to \$50,000 per qualifying applicant for streetscape elements. On August 13, 2015, Herring Bank was awarded up to a \$50,000 grant for streetscape improvements. In 2015, TIRZ #1 paid out approximately \$29,000 to various qualifying applicants under this grant program.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 21 - TAX INCREMENT REINVESTMENT ZONE #1 (CONTINUED)

The TIRZ #1 has agreed to rebate 90% of the taxes of the participating taxing entities paid by the owners for 20 years on the downtown Toot'n Totum not to exceed \$494,195. The store opened in July 2013 and was eligible for a rebate of \$5,476 in 2015.

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. The taxable value of the property as of 2015 is \$437,675.

Subsequent to year-end, the TIRZ #1 Board approved: for Mays, Inc. (Lofts on 10th) a 90% rebate of real property tax excluding School for 10 years pending completion of project; for Lofty, LLC (Double R Lofts) a 90% rebate of real property tax excluding School for 20 years pending completion of project; and for a \$50,000 streetscape grant for the Vineyard Manor Townhomes.

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 22 - 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 has leased land to the LGC to build a convention hotel and parking garage. The LGC entered into a lease and development agreement with Wallace Bajjali (WB) Development Partners, LP in July 2012. In November 2014 this agreement was amended and restated as two separate development agreements. The first agreement between LGC and Supreme Bright Amarillo II, LLC is to construct a full-service convention center hotel on land owned by the City. The hotel will have 225 rooms and approximately 17,000 square feet of configurable meeting space. The City will own the hotel and lease the hotel for an eighty (80) year term to the developer. 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. On December 22, 2014 the City Council approved Addendum No. 1 to the Interlocal Agreement between the City and the LGC to provide public revenues, as necessary, to fund the hotel performance assurance. The LGC, the City, and TIRZ #1 have agreed not to incentivize another comparable hotel in the downtown area for five years.

The second agreement is between LGC and WB for the construction of a parking garage. WB has agreed to construct a 750-space parking garage adjacent to the hotel. The hotel will have reserved spaces in the garage. The hotel developer has agreed to pay \$120,000 a year in parking rent. The cost of the project is

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 22 - AMARILLO LOCAL GOVERNMENT CORPORATION (CONTINUED)

estimated to be approximately \$19.1 million (\$22.3 million including streetscape and utilities cost). To complete the project funding, the City will issue approximately \$13 million in bonds. The City will own the parking garage and the LGC will operate the parking facility and retain all parking fee revenue. The parking garage developer will operate the retail portion of the garage and retain the revenue therefrom. On January 27, 2015, LGC severed ties with WB after learning that WB's two managing partners had resigned. On September 16, 2015, LGC filed an Interpleader Suit and deposited funds of \$177,550 owed to WB with the court, asking the court to decide who is entitled to the funds. On February 3, 2016, the LGC board met and agreed to settle the suit which includes an award to LGC for \$20,000 for legal fees.

On September 29, 2015, LGC entered into an Amended and Restated Lease Agreement with Supreme Bright Amarillo II, LLC related to the closing of the tenant's financing.

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 23 - NEW GASB PRONOUNCEMENTS

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

Recently Issued and Adopted Accounting Pronouncements

In June 2012 the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, which establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. The implementation of this Statement had a significant impact on the financial reporting of the City. See Notes 1 and 8.

The GASB has issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a nonexchange financial guarantee. The City has implemented this Statement in the September 30, 2014, financial statements.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, was issued in November 2013. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The implementation of this Statement had a significant impact on the financial reporting of the City. See Notes 1 and 8.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 23 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. Under Statement No. 72, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments, which generally are measured at fair value, are defined as a security or other asset that governments hold primarily for the purpose of income or profit and the present service capacity of which are based solely on their ability to generate cash or to be sold to generate cash. Before the issuance of Statement No. 72, state and local governments have been required to disclose how they arrived at their measures of fair value if not based on quoted market prices. Under the new guidance, those disclosures have been expanded to categorize fair values according to their relative reliability and to describe positions held in many alternative investments. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*, complete the suite of pension standards. Statement 73 establishes requirements for those pensions and pension plans that are not administered through a trust meeting specified criteria (in other words, those not covered by Statements 67 and 68). The requirements in Statement 73 for reporting pensions generally are the same as in Statement 68. However, the lack of a pension plan that is administered through a trust that meets specified criteria is reflected in the measurements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2015.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting 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.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Among other things, Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2017.

GASB Statement No. 77, *Tax Abatement Disclosures*, requires state and local governments, for the first time, to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government's tax revenues. The requirements of this Statement are effective for financial statements for reporting periods beginning after December 15, 2015.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2015

NOTE 24 - SUBSEQUENT EVENTS

The City evaluated for inclusion as a subsequent event disclosure those events that occurred prior to February 23, 2016, the date the financial statements were issued.

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

REQUIRED SUPPLEMENTARY INFORMATION

Certain information that is not a part of the basic financial statements but, nevertheless, is considered to be an important part of a governmental entity's financial report, must be presented immediately after the notes to the basic financial statements. This information includes the following:

Budgetary comparison schedules for the General Fund and each major special revenue fund that has a legally adopted annual budget: Under these criteria, the budgetary comparison schedule of the General Fund is presented in this section.

Pension trend data: The City's Net Pension Liability and Required Contributions for the Texas Municipal Retirement System, as well as the Firemen's Relief and Retirement Fund for City of Amarillo firefighters, is included in this section.

Postemployment trend data: The funding progress of the City's portion of the postemployment benefit plan is included in this section.

CITY OF AMARILLO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Adjustments to Budgetary Basis</u>	<u>Actual on Budgetary Basis</u>	
REVENUES						
Ad valorem taxes	\$ 37,055,472	\$ 37,055,472	\$ 37,686,657	\$ -	\$ 37,686,657	\$ 631,185
Sales taxes	54,843,000	54,843,000	55,482,697	-	55,482,697	639,697
Mixed beverage taxes	687,001	687,001	805,136	-	805,136	118,135
Hotel occupancy taxes	6,315,000	6,315,000	6,341,559	-	6,341,559	26,559
Gross receipts bus. taxes	18,673,365	18,673,365	18,226,564	-	18,226,564	(446,801)
Licenses and permits	2,702,354	2,702,354	2,975,922	-	2,975,922	273,568
Interfund reimbursement	911,712	936,816	1,069,410	-	1,069,410	132,594
Intergovernmental revenue	3,388,652	3,388,652	3,573,740	-	3,573,740	185,088
Contributions from citizens	8,000	108,000	113,660	-	113,660	5,660
Charges for services	33,292,988	33,292,988	33,214,401	-	33,214,401	(78,587)
Fines and forfeitures	5,066,037	5,066,037	4,763,168	-	4,763,168	(302,869)
Investment earnings	334,298	334,298	431,557	-	431,557	97,259
Other rentals and commissions	423,610	423,610	426,880	-	426,880	3,270
Miscellaneous revenues	464,624	463,909	488,134	-	488,134	24,225
Total Revenues	164,166,113	164,290,502	165,599,485	-	165,599,485	1,308,983
EXPENDITURES						
Auditorium/Coliseum	3,582,754	3,593,953	3,306,183	14,592	3,320,775	273,178
Tourism	3,477,779	3,477,779	3,314,067	20,000	3,334,067	143,712
Fire protection	29,539,085	29,543,825	29,171,726	(17,865)	29,153,861	389,964
General government	3,977,779	3,991,031	3,774,418	4,854	3,779,272	211,759
Libraries	3,890,244	3,912,059	3,687,877	-	3,687,877	224,182
Public safety and health	10,873,091	10,812,872	10,230,923	58,821	10,289,744	523,128
Parks	7,397,824	7,428,200	6,658,322	(4,483)	6,653,839	774,361
Participant recreation	5,904,061	5,916,355	5,101,394	10,155	5,111,549	804,806
Police protection	43,204,022	43,412,227	42,041,790	39,788	42,081,578	1,330,649
Solid waste	13,397,901	13,190,621	13,043,407	31,275	13,074,682	115,939
Staff services	9,772,733	9,781,351	9,382,906	(9,494)	9,373,412	407,939
Information technology	3,541,220	3,541,220	3,541,218	-	3,541,218	2
Streets traffic and engineering	16,073,265	16,104,923	14,738,087	(591,398)	14,146,689	1,958,234
Transit	4,652,661	4,672,863	4,520,534	12,797	4,533,331	139,532
Total Expenditures	159,284,419	159,379,279	152,512,852	(430,958)	152,081,894	7,297,385
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	4,881,694	4,911,223	13,086,633	430,958	13,517,591	8,606,368
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	96,515	96,515	4,896	-	4,896	(91,619)
Transfers to other funds	(15,473,581)	(15,519,520)	(17,720,511)	-	(17,720,511)	(2,200,991)
Total Other Financing Sources (Uses)	(15,377,066)	(15,423,005)	(17,715,615)	-	(17,715,615)	(2,292,610)
Net Change in Fund Balances	(10,495,372)	(10,511,782)	(4,628,982)	430,958	(4,198,024)	6,313,758
FUND BALANCE OCTOBER 1, 2014	15,688,687	15,614,658	55,932,329	60,845	55,993,174	40,378,516
FUND BALANCE, SEPTEMBER 30, 2015	\$ 5,193,315	\$ 5,102,876	\$ 51,303,347	\$ 491,803	\$ 51,795,150	\$ 46,692,274

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, 2015**

	2014 ⁽¹⁾
Total Pension Liability	
Service cost	\$ 9,500,808
Interest (on the total pension liability)	27,566,183
Changes of benefit terms	-
Difference between expected and actual experience	(425,198)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(21,770,206)
Net change in Total Pension Liability	14,871,587
Total Pension Liability - Beginning	399,937,315
Total Pension Liability - Ending (a)	\$ 414,808,902
 Plan Fiduciary Net Position	
Contributions - employer	\$ 8,771,979
Contributions - employee	5,307,168
Net investment income	21,096,607
Benefit payments, including refunds of employee contributions	(21,770,206)
Administrative expense	(220,283)
Other	(18,110)
Net Change in Plan Fiduciary Net Position	13,167,155
Plan Fiduciary Net Position - Beginning	368,824,400
Plan Fiduciary Net Position - Ending (b)	\$ 381,991,555
Net Pension Liability - Ending (a) - (b)	\$ 32,817,347
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92.09%
Covered Employee Payroll	\$ 75,816,680
Net Position Liability as a Percentage of Covered Employee Payroll	43.29%

⁽¹⁾ Amounts are based on the Texas Municipal Retirement System Plan year end December 31, 2014
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, 2015**

	2015
Actuarially determined contribution	\$ 8,723,824
Contributions in relation to the actuarially determined contribution	8,723,824
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 76,977,081
Contributions as a percentage of covered employee payroll	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, 2015**

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	21 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	3.00%
Individual salary increases	3.50% to 12.00%, including inflation
Investment rate of return	7.00%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experienced study of the period 2005-2009
Mortality	RP2000 Combined 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, 2015**

	2014⁽¹⁾
Total Pension Liability	
Service cost	\$ 3,830,597
Interest (on the total pension liability)	13,071,902
Changes of benefit terms	-
Difference between expected and actual experience	-
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(10,131,932)
Net change in Total Pension Liability	6,770,567
Total Pension Liability - Beginning	159,728,004
Total Pension Liability - Ending (a)	\$ 166,498,571
 Plan Fiduciary Net Position	
Contributions - employer	\$ 3,311,865
Contributions - employee	2,286,471
Net investment income	6,499,411
Benefit payments, including refunds of employee contributions	(10,131,932)
Administrative expense	(90,633)
Other	5,165
Net Change in Plan Fiduciary Net Position	1,880,347
Plan Fiduciary Net Position - Beginning	148,585,336
Plan Fiduciary Net Position - Ending (b)	\$ 150,465,683
City's Net Pension Liability - Ending (a) - (b)	\$ 16,032,888
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	90.37%
Covered Employee Payroll	\$ 17,588,238
Net Position Liability as a Percentage of Covered Employee Payroll	91.16%

⁽¹⁾ Amounts are based on the Firemen's Relief and Retirement Plan year end December 31, 2014
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, 2015**

	2015
Actuarially determined contribution	\$ 3,432,058
Contributions in relation to the actuarially determined contribution	3,432,058
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 18,288,556
Contributions as a percentage of covered employee payroll	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, 2015**

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	January 1, 2014
Actuarial cost method	Individual entry age normal actuarial cost method
Amortization method	Level percent projected payroll
Remaining amortization period	28.8 years
Asset calculation method	Smoothed market value method

Actuarial assumptions:

Investment rate of return	8.25%
Inflation	3.00%
Projected salary increases	4.00%
Contribution rate:	
City of Amarillo	18.83%
Employees	13.00%
Mortality rate	RP-2000 mortality table projected to 2015 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 January 1, 2014, was approximately 28.8 years, taking into account the contributions made between January 1, 2014, and December 31, 2014. 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, 2014 and 2013 were approximately \$3,300,000 and \$3,000,000, respectively.

NOTE 3 - OTHER INFORMATION

There were no benefit changes during the year.

Covered compensation was approximately \$17,600,000 and \$16,700,000 for calendar years 2014 and 2013, respectively.

For 2014, the member contribution rate was 13.00% of pay, and the City's contribution rate was 18.83% of pay.

See Independent Auditor's Report

**CITY OF AMARILLO, TEXAS
OTHER POSTEMPLOYMENT BENEFITS
SCHEDULE OF FUNDING PROGRESS
SEPTEMBER 30, 2015**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/1/15 ⁽¹⁾	\$ 5,759,819 ⁽²⁾	\$ 70,340,783	\$ 64,580,964	8.2%	\$ 97,385,000	66.3%
10/1/14 ⁽¹⁾	3,657,652	69,780,405	66,122,753	5.2%	90,872,000	72.8%
10/1/13	1,341,136	67,640,329	66,299,193	2.0%	87,952,000	75.4%
10/1/12	-	267,069,036	267,069,036	0.0%	94,400,488	282.9%
10/1/11	-	250,000,875	250,000,875	0.0%	91,473,341	273.3%
10/1/10	-	203,259,604	203,259,604	0.0%	82,978,108	245.0%
10/1/09	-	190,216,284	190,216,284	0.0%	80,561,270	236.1%
10/1/08	-	203,630,675	203,630,675	0.0%	80,412,465	253.2%

⁽¹⁾ The liabilities and annual costs are based on the 10/01/2013 GASB 45 valuation.

⁽²⁾ The Actuarial Value of Assets at 10/1/15 consists of \$14,818 cash and money market accounts and \$5,745,001 investments at fair value.

See Independent Auditor's Report.

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. This category includes the following funds:

Grant funds: These funds are used to account for the receipt and expenditure of funds received under various federal and state assistance programs.

Public improvement districts: These funds are used to account for assessments levied against residential lots in various public improvement districts, the use of which is restricted for maintenance of beautification and recreational facilities.

Seizures funds: These funds are used, to account for crime seizure proceeds awarded to the City, the use of which is restricted to law enforcement purposes.

Other: These funds include:

Court Technology Fund: Fees collected by the Municipal Court under state laws which restrict the use of the proceeds to technological enhancements for the Court.

Court Security Fund: Fees collected by the Municipal Court under state laws which restrict the use of the proceeds to court security activities and cost for the Court.

LEOSE Training Program: Fees collected by the Municipal Court under state laws for the purpose of providing continuing education for law enforcement and fire officers.

Homeland Security Program: The homeland security programs provide the Emergency Management Department with professional services and equipment, which allows the City to be operationally equipped and trained to respond to emergencies through the purchase of equipment, training, and exercises with the goal of improving the preparedness of local responders.

Cable Capital Facilities Fund: Funds received and restricted for specific cable connectivity with Amarillo Independent School District.

Photo Enforcement: Fees collected from red-light traffic violations that are restricted by State law to be used only for traffic intersection improvements.

Public Library Bush Collection: Funds received and restricted for the purchase and maintenance of items in the William Henry Bush Collection.

Library Trust: Various funds received for the sole benefit of the Amarillo Public Library.

Flood Hazard: Fees collected for playa lake development.

Centennial Plaza Trust: Funds received for improvements at the Amarillo City Hall/Civic Center Complex.

Civic Amarillo: Funds accumulated and used by the Amarillo Civic Center for the in-house promotion of events.

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Other (Continued):

Zoo Trust: Funds received and restricted for operations and improvements at the Amarillo Zoo.

Centennial Celebration: Funds received and restricted for the City's centennial celebration.

Keep Amarillo Beautiful: Funds received for improvements to the Amarillo area.

Tax Increment Reinvestment Zone #1: Blended component unit created to promote the development of or redevelopment of certain contiguous geographic areas in the City.

Bonded Debt Service Fund

This fund currently accounts for ad valorem taxes assessed for purposes of servicing the serial debt obligations of the 2001 general obligation bonds issued for library purposes, as well as special assessments made for servicing certificates of obligation issued for the Public Improvement District.

Compensated Absences Fund

This fund accounts for the ultimate payment of termination obligations to the employees of the City.

Permanent Fund

Pavillard Endowment: This fund accounts for a contribution to the City's Library, which was to be held to provide a lifetime income to the grantor and, thereafter, to use the income therefrom for purchases of children's books.

**CITY OF AMARILLO, TEXAS
COMBINING BALANCE SHEET OF
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2015**

	Special Revenue Funds				
	Housing and Urban Development Grants	Other Grant Funds	Public Improvement Districts	Seizures Funds	Other
ASSETS					
Cash and cash equivalents	\$ 1,391,279	\$ 2,435,765	\$ 459,392	\$ 562,433	\$ 2,907,661
Investments, at fair values	-	-	-	-	3,580,228
Receivables, net of allowances for uncollectibles					
Property taxes	-	-	-	-	-
Accounts	135,621	-	437	-	-
Accrued Interest	-	-	-	-	2,019
Other accrued revenue	175	-	-	-	-
Due from other funds unrestricted	10,420	3,358	-	17,600	-
Due from other governments	590,179	1,088,517	-	-	70,119
Prepaid items	-	5,727	-	605	-
Restricted cash and cash equivalents	-	-	-	-	427,075
Restricted investments	-	-	-	-	500,000
TOTAL ASSETS	\$ 2,127,674	\$ 3,533,367	\$ 459,829	\$ 580,638	\$ 7,487,102
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Vouchers payable	\$ 110,727	\$ 181,471	\$ 13,660	\$ 1,868	\$ 52,885
Accounts payable	324,230	120,348	-	12	253,915
Accrued expenses	-	-	-	-	5,077
Deposits	-	-	-	-	1,268,954
Due to other funds - unrestricted	548,583	840,728	5,000	44,785	125,543
Due to other governments	1,674	-	-	22,110	-
Unearned revenues - other	75,416	4,441	-	-	-
Unearned revenues - property taxes	-	-	-	-	-
Total liabilities	<u>1,060,630</u>	<u>1,146,988</u>	<u>18,660</u>	<u>68,775</u>	<u>1,706,374</u>
FUND BALANCES					
Nonspendable					
Prepaid items	-	5,727	-	605	-
Uncollected taxes	-	-	-	-	-
Restricted for:					
Debt Service	-	-	-	-	-
Special purposes	1,029,088	2,380,652	441,169	511,258	5,780,728
Committed for:					
Compensated Absences	37,956	-	-	-	-
Total fund balances	<u>1,067,044</u>	<u>2,386,379</u>	<u>441,169</u>	<u>511,863</u>	<u>5,780,728</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,127,674	\$ 3,533,367	\$ 459,829	\$ 580,638	\$ 7,487,102

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>
\$ 799,627	\$ 714,974	\$ 17,694	\$ 9,288,825
-	6,001,365	-	9,581,593
21,089	-	-	21,089
-	-	-	136,058
-	6,453	-	8,472
-	-	-	175
-	-	-	31,378
-	-	-	1,748,815
-	-	-	6,332
-	-	-	427,075
-	-	-	500,000
<u>\$ 820,716</u>	<u>\$ 6,722,792</u>	<u>\$ 17,694</u>	<u>\$ 21,749,812</u>
\$ -	\$ -	\$ -	\$ 360,611
2,747	(2)	1	701,251
-	-	-	5,077
-	-	-	1,268,954
-	32,057	-	1,596,696
-	-	-	23,784
-	-	-	79,857
16,305	-	-	16,305
<u>19,052</u>	<u>32,055</u>	<u>1</u>	<u>4,052,535</u>
-	-	-	6,332
4,784	-	-	4,784
796,880	-	-	796,880
-	-	17,693	10,160,588
-	6,690,737	-	6,728,693
<u>801,664</u>	<u>6,690,737</u>	<u>17,693</u>	<u>17,697,277</u>
<u>\$ 820,716</u>	<u>\$ 6,722,792</u>	<u>\$ 17,694</u>	<u>\$ 21,749,812</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, 2015**

	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	10,011,935	7,930,407	-	-	133,697
Citizen contributions	-	-	-	-	12,188
Construction participation	88,488	-	-	-	-
Revenue from participating taxing entities	-	-	-	-	600,778
Other entity participations	-	175,000	-	-	-
Charges for services	101,855	58,867	1,210,026	-	556,229
Fines and forfeitures	-	-	-	302,506	1,186,733
Investment earnings	2,818	-	234	1,034	10,781
Miscellaneous	76,758	-	-	25,700	-
Total revenues	<u>10,281,854</u>	<u>8,164,274</u>	<u>1,210,260</u>	<u>329,240</u>	<u>2,500,406</u>
EXPENDITURES					
General government	-	-	-	-	82,377
Police protection	-	222,008	-	100,119	-
Other public safety and health	-	5,011,705	-	-	1,210,884
Staff services	-	372,952	-	-	-
Auditorium - Coliseum	-	-	-	-	276,980
Library	-	-	-	-	1,115
Parks	-	-	580,423	-	9,525
Participation recreation	-	-	-	-	64,402
Urban redevelopment and housing	10,816,542	-	-	-	-
Capital outlay	-	210,226	-	162,347	82,600
Debt service principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Termination vacation and sick leave pay	-	-	-	-	-
Total expenditures	<u>10,816,542</u>	<u>5,816,891</u>	<u>580,423</u>	<u>262,466</u>	<u>1,727,883</u>
Excess (deficiency) of revenues over (under) expenditures	(534,688)	2,347,383	629,837	66,774	772,523
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	9,745	108,291	-	-	46,243
Transfers to other funds	-	(405,794)	(454,241)	-	(281,411)
Net change in fund balances	(524,943)	2,049,880	175,596	66,774	537,355
FUND BALANCES, BEGINNING OF YEAR	<u>1,591,987</u>	<u>336,499</u>	<u>265,573</u>	<u>445,089</u>	<u>5,243,373</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,067,044</u>	<u>\$ 2,386,379</u>	<u>\$ 441,169</u>	<u>\$ 511,863</u>	<u>\$ 5,780,728</u>

See Independent Auditor's Report.

<u>Bonded Debt Service Fund</u>	<u>Compensated Absences Fund</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 2,812,468	\$ -	\$ -	\$ 2,812,468
-	-	-	18,076,039
-	-	-	12,188
-	-	-	88,488
-	-	-	600,778
-	-	-	175,000
-	-	-	1,926,977
-	-	-	1,489,239
126	28,404	7	43,404
-	-	-	102,458
<u>2,812,594</u>	<u>28,404</u>	<u>7</u>	<u>25,327,039</u>
-	-	-	82,377
-	-	-	322,127
-	-	-	6,222,589
8,885	-	-	381,837
-	-	-	276,980
-	-	-	1,115
-	-	-	589,948
-	-	-	64,402
-	-	-	10,816,542
-	-	-	455,173
1,968,331	-	-	1,968,331
1,612,507	-	-	1,612,507
-	1,964,440	-	1,964,440
<u>3,589,723</u>	<u>1,964,440</u>	<u>-</u>	<u>24,758,368</u>
(777,129)	(1,936,036)	7	568,671
879,927	-	-	1,044,206
-	-	-	(1,141,446)
<u>102,798</u>	<u>(1,936,036)</u>	<u>7</u>	<u>471,431</u>
<u>698,866</u>	<u>8,626,773</u>	<u>17,686</u>	<u>17,225,846</u>
<u>\$ 801,664</u>	<u>\$ 6,690,737</u>	<u>\$ 17,693</u>	<u>\$ 17,697,277</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
OTHER GRANT FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015**

	<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	\$ 2,108,784	\$ 16,728	\$ 310,253	\$ 2,435,765
Receivables, net of allowances for uncollectibles				
Due from other funds unrestricted	3,358	-	-	3,358
Due from other governments	940,639	42,456	105,422	1,088,517
Prepaid items	5,727	-	-	5,727
TOTAL ASSETS	<u>\$ 3,058,508</u>	<u>\$ 59,184</u>	<u>\$ 415,675</u>	<u>\$ 3,533,367</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers payable	\$ 181,471	\$ -	\$ -	\$ 181,471
Accounts payable	107,875	-	12,473	120,348
Deferred revenue	4,441	-	-	4,441
Due to other funds - unrestricted	650,000	59,184	131,544	840,728
Total liabilities	<u>943,787</u>	<u>59,184</u>	<u>144,017</u>	<u>1,146,988</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	5,727	-	-	5,727
Restricted:				
Special purposes	2,108,994	-	271,658	2,380,652
Total fund balances	<u>2,114,721</u>	<u>-</u>	<u>271,658</u>	<u>2,386,379</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,058,508</u>	<u>\$ 59,184</u>	<u>\$ 415,675</u>	<u>\$ 3,533,367</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, 2015**

	<u>Special Revenue Funds</u>			<u>Total Other Grants Funds</u>
	<u>Public Health Grants</u>	<u>Justice Funds</u>	<u>Miscellaneous Grants</u>	
REVENUES				
Intergovernmental revenues	\$ 6,933,619	\$ 156,443	\$ 840,345	\$ 7,930,407
Other entity participations	175,000	-	-	175,000
Charges for services	58,867	-	-	58,867
Total revenues	<u>7,167,486</u>	<u>156,443</u>	<u>840,345</u>	<u>8,164,274</u>
EXPENDITURES				
Other public safety and health	4,550,754	-	460,951	5,011,705
Staff services	-	-	372,952	372,952
Police protection	-	222,008	-	222,008
Capital outlay	210,226	-	-	210,226
Total expenditures	<u>4,760,980</u>	<u>222,008</u>	<u>833,903</u>	<u>5,816,891</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,406,506</u>	<u>(65,565)</u>	<u>6,442</u>	<u>2,347,383</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	210	65,565	42,516	108,291
Operating transfers to other funds	(359,551)	-	(46,243)	(405,794)
Net change in fund balances	2,047,165	-	2,715	2,049,880
FUND BALANCES, BEGINNING OF YEAR	<u>67,556</u>	<u>-</u>	<u>268,943</u>	<u>336,499</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,114,721</u>	<u>\$ -</u>	<u>\$ 271,658</u>	<u>\$ 2,386,379</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PUBLIC IMPROVEMENT DISTRICTS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015**

	<u>Greenways at Hillside</u>	<u>Brennan Boulevard</u>	<u>The Colonies</u>	<u>Tutbury</u>
ASSETS				
Cash and cash equivalents	\$ 156,395	\$ 8,952	\$ 151,181	\$ 13,646
Accounts Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 156,395</u>	<u>\$ 8,952</u>	<u>\$ 151,181</u>	<u>\$ 13,646</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds - unrestricted	\$ -	\$ -	\$ -	\$ -
Vouchers payable	<u>11,619</u>	<u>-</u>	<u>1</u>	<u>780</u>
Total liabilities	<u>11,619</u>	<u>-</u>	<u>1</u>	<u>780</u>
FUND BALANCES				
Restricted for:				
Special purposes	<u>144,776</u>	<u>8,952</u>	<u>151,180</u>	<u>12,866</u>
Total fund balances	<u>144,776</u>	<u>8,952</u>	<u>151,180</u>	<u>12,866</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 156,395</u>	<u>\$ 8,952</u>	<u>\$ 151,181</u>	<u>\$ 13,646</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>
\$ 121,852	\$ 2,564	\$ 2,689	\$ 1,121	\$ 992	\$ 459,392
-	237	200	-	-	437
<u>\$ 121,852</u>	<u>\$ 2,801</u>	<u>\$ 2,889</u>	<u>\$ 1,121</u>	<u>\$ 992</u>	<u>\$ 459,829</u>
\$ -	\$ -	\$ -	\$ 2,000	\$ 3,000	\$ 5,000
-	1,260	-	-	-	13,660
-	1,260	-	2,000	3,000	18,660
<u>121,852</u>	<u>1,541</u>	<u>2,889</u>	<u>(879)</u>	<u>(2,008)</u>	<u>441,169</u>
<u>121,852</u>	<u>1,541</u>	<u>2,889</u>	<u>(879)</u>	<u>(2,008)</u>	<u>441,169</u>
<u>\$ 121,852</u>	<u>\$ 2,801</u>	<u>\$ 2,889</u>	<u>\$ 1,121</u>	<u>\$ 992</u>	<u>\$ 459,829</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, 2015**

	<u>Greenways at Hillside</u>	<u>Brennan Boulevard</u>	<u>The Colonies</u>	<u>Tutbury</u>
REVENUES				
Charges for services	\$ 537,322	\$ -	\$ 604,408	\$ 16,296
Investment earnings	<u>94</u>	<u>4</u>	<u>128</u>	<u>6</u>
Total revenues	<u>537,416</u>	<u>4</u>	<u>604,536</u>	<u>16,302</u>
EXPENDITURES				
Parks	<u>268,653</u>	<u>-</u>	<u>264,282</u>	<u>11,113</u>
Total expenditures	<u>268,653</u>	<u>-</u>	<u>264,282</u>	<u>11,113</u>
Excess (deficiency) of revenues over (under) expenditures	<u>268,763</u>	<u>4</u>	<u>340,254</u>	<u>5,189</u>
OTHER FINANCING SOURCES				
Transfer to other funds	<u>(190,783)</u>	<u>-</u>	<u>(263,458)</u>	<u>-</u>
Net change in fund balances	77,980	4	76,796	5,189
FUND BALANCES, BEGINNING OF YEAR	<u>66,796</u>	<u>8,948</u>	<u>74,384</u>	<u>7,677</u>
FUND BALANCES, END OF YEAR	<u>\$ 144,776</u>	<u>\$ 8,952</u>	<u>\$ 151,180</u>	<u>\$ 12,866</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	\$ -	\$ -	\$ -	\$ -	\$ 1,210,026
-	2	-	-	-	234
<u>52,000</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,210,260</u>
<u>22,580</u>	<u>8,635</u>	<u>2,520</u>	<u>632</u>	<u>2,008</u>	<u>580,423</u>
<u>22,580</u>	<u>8,635</u>	<u>2,520</u>	<u>632</u>	<u>2,008</u>	<u>580,423</u>
<u>29,420</u>	<u>(8,633)</u>	<u>(2,520)</u>	<u>(632)</u>	<u>(2,008)</u>	<u>629,837</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(454,241)</u>
<u>29,420</u>	<u>(8,633)</u>	<u>(2,520)</u>	<u>(632)</u>	<u>(2,008)</u>	<u>175,596</u>
<u>92,432</u>	<u>10,174</u>	<u>5,409</u>	<u>(247)</u>	<u>-</u>	<u>265,573</u>
<u>\$ 121,852</u>	<u>\$ 1,541</u>	<u>\$ 2,889</u>	<u>\$ (879)</u>	<u>\$ (2,008)</u>	<u>\$ 441,169</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
SEIZURE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015**

	Federal APD seized property	Local seized property	Texas Narcotics seized property	Total
ASSETS				
Cash and cash equivalents	\$ 349,465	\$ 78,376	\$ 134,592	\$ 562,433
Prepaid items	-	-	605	605
Due from other funds	-	17,600	-	17,600
TOTAL ASSETS	\$ 349,465	\$ 95,976	\$ 135,197	\$ 580,638
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 12	\$ -	\$ 12
Due to other funds - unrestricted	44,785	-	-	44,785
Due to other governments	-	1,891	20,219	22,110
Vouchers payable	1	-	1,867	1,868
Total liabilities	44,786	1,903	22,086	68,775
FUND BALANCES				
Nonspendable				
Prepaid items	-	-	605	605
Restricted for:				
Special purposes	304,679	94,073	112,506	511,258
Total fund balances	304,679	94,073	113,111	511,863
TOTAL LIABILITIES AND FUND BALANCES	\$ 349,465	\$ 95,976	\$ 135,197	\$ 580,638

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, 2015**

	<u>Federal APD seized property</u>	<u>Local seized property</u>	<u>Texas Narcotics seized property</u>	<u>Total</u>
REVENUES				
Investment earnings	\$ 596	\$ 156	\$ 282	\$ 1,034
Seized property revenue	206,891	95,615	-	302,506
Miscellaneous revenues	-	25,700	-	25,700
Total revenues	<u>207,487</u>	<u>121,471</u>	<u>282</u>	<u>329,240</u>
EXPENDITURES				
Police protection	36,159	54,261	9,699	100,119
Capital outlay	67,967	94,380	-	162,347
Total expenditures	<u>104,126</u>	<u>148,641</u>	<u>9,699</u>	<u>262,466</u>
Excess (deficiency) of revenues over (under) expenditures	103,361	(27,170)	(9,417)	66,774
FUND BALANCES, BEGINNING OF YEAR	<u>201,318</u>	<u>121,243</u>	<u>122,528</u>	<u>445,089</u>
FUND BALANCES, END OF YEAR	<u>\$ 304,679</u>	<u>\$ 94,073</u>	<u>\$ 113,111</u>	<u>\$ 511,863</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
MISCELLANEOUS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2015**

	<u>Court Technology</u>	<u>Court Security</u>	<u>LEOSE Training Program</u>	<u>Homeland Security</u>	<u>Cable Capital Facilities</u>	<u>Photo Enforcement</u>
ASSETS						
Cash and cash equivalents	\$ 171,890	\$ 40,468	\$ 48,242	\$ 56,472	\$ 19,673	\$ 657,054
Accrued interest receivable	-	-	-	-	-	-
Investments, at fair values	-	-	-	-	-	-
Due from other governments	-	-	-	70,119	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 171,890</u>	<u>\$ 40,468</u>	<u>\$ 48,242</u>	<u>\$ 126,591</u>	<u>\$ 19,673</u>	<u>\$ 657,054</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Vouchers payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,783
Accounts payable	-	5,745	(2)	3,991	-	244,180
Accrued expenses	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Due to other funds - unrestricted	-	(168)	-	122,600	-	1,391
Total liabilities	<u>-</u>	<u>5,577</u>	<u>(2)</u>	<u>126,591</u>	<u>-</u>	<u>290,354</u>
FUND BALANCES						
Restricted:						
Special purposes	<u>171,890</u>	<u>34,891</u>	<u>48,244</u>	<u>-</u>	<u>19,673</u>	<u>366,700</u>
Total fund balances	<u>171,890</u>	<u>34,891</u>	<u>48,244</u>	<u>-</u>	<u>19,673</u>	<u>366,700</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 171,890</u>	<u>\$ 40,468</u>	<u>\$ 48,242</u>	<u>\$ 126,591</u>	<u>\$ 19,673</u>	<u>\$ 657,054</u>

See Independent Auditor's Report.

<u>Public Library Bush Collection</u>	<u>Library Trust</u>	<u>Flood Hazard</u>	<u>Civic Amarillo</u>	<u>Zoo Trust</u>	<u>Centennial Celebration</u>	<u>Keep Amarillo Beautiful</u>	<u>Tax Increment Reinvestment Zone #1</u>	<u>Total</u>
\$ 48,731	\$ 72,937	\$ 238,522	\$ 474,371	\$ 88,113	\$ 20,674	\$ -	\$ 970,514	\$ 2,907,661
-	-	523	-	-	-	-	1,496	2,019
-	-	1,999,882	-	-	-	-	1,580,346	3,580,228
-	-	-	-	-	-	-	-	70,119
-	-	-	-	-	-	-	427,075	427,075
-	-	-	-	-	-	-	500,000	500,000
<u>\$ 48,731</u>	<u>\$ 72,937</u>	<u>\$ 2,238,927</u>	<u>\$ 474,371</u>	<u>\$ 88,113</u>	<u>\$ 20,674</u>	<u>\$ -</u>	<u>\$ 3,479,431</u>	<u>\$ 7,487,102</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,102	\$ 52,885
(1)	-	-	-	2	-	-	-	253,915
-	-	-	5,077	-	-	-	-	5,077
-	-	1,268,954	-	-	-	-	-	1,268,954
-	-	-	1,720	-	-	-	-	125,543
<u>(1)</u>	<u>-</u>	<u>1,268,954</u>	<u>6,797</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>8,102</u>	<u>1,706,374</u>
48,732	72,937	969,973	467,574	88,111	20,674	-	3,471,329	5,780,728
48,732	72,937	969,973	467,574	88,111	20,674	-	3,471,329	5,780,728
<u>\$ 48,731</u>	<u>\$ 72,937</u>	<u>\$ 2,238,927</u>	<u>\$ 474,371</u>	<u>\$ 88,113</u>	<u>\$ 20,674</u>	<u>\$ -</u>	<u>\$ 3,479,431</u>	<u>\$ 7,487,102</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, 2015**

	<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	\$ -	\$ -	\$ -	\$ 133,697	\$ -	\$ -
Citizen contributions	-	-	-	-	-	-
Revenue from participating taxing entities	-	-	-	-	-	-
Charges for services	137,835	-	25,651	-	-	-
Fines and forfeitures	-	103,381	-	-	-	1,083,352
Investment earnings	-	-	23	-	-	-
Total revenues	<u>137,835</u>	<u>103,381</u>	<u>25,674</u>	<u>133,697</u>	<u>-</u>	<u>1,083,352</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Other public safety and health	91,049	144,244	33,396	102,526	-	839,669
Auditorium - Coliseum	-	-	-	-	-	-
Library	-	-	-	-	-	-
Parks	-	-	-	-	-	-
Participant recreation	-	-	-	-	-	-
Capital outlay	0	-	-	82,600	-	-
Total expenditures	<u>91,049</u>	<u>144,244</u>	<u>33,396</u>	<u>185,126</u>	<u>-</u>	<u>839,669</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,786</u>	<u>(40,863)</u>	<u>(7,722)</u>	<u>(51,429)</u>	<u>-</u>	<u>243,683</u>
OTHER FINANCING SOURCES (USES)						
Transfers to other funds	-	-	-	-	-	(106,002)
Transfers from other funds	-	-	-	46,243	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,243</u>	<u>-</u>	<u>(106,002)</u>
Net change in fund balances	<u>46,786</u>	<u>(40,863)</u>	<u>(7,722)</u>	<u>(5,186)</u>	<u>-</u>	<u>137,681</u>
FUND BALANCES, BEGINNING OF YEAR	<u>125,104</u>	<u>75,754</u>	<u>55,966</u>	<u>5,186</u>	<u>19,673</u>	<u>229,019</u>
FUND BALANCES, END OF YEAR	<u>\$ 171,890</u>	<u>\$ 34,891</u>	<u>\$ 48,244</u>	<u>\$ -</u>	<u>\$ 19,673</u>	<u>\$ 366,700</u>

See Independent Auditor's Report.

Public Library Bush Collection	Library Trust	Flood Hazard	Civic Amarillo	Zoo Trust	Centennial Celebration	Keep Amarillo Beautiful	Tax Increment Reinvestment Zone #1	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133,697
-	958	-	-	11,230	-	-	-	12,188
-	-	-	-	-	-	-	600,778	600,778
-	-	-	335,098	55,899	-	1,746	-	556,229
-	-	-	-	-	-	-	-	1,186,733
5	30	5,457	157	39	-	4	5,066	10,781
5	988	5,457	335,255	67,168	-	1,750	605,844	2,500,406
-	-	-	-	-	-	-	82,377	82,377
-	-	-	-	-	-	-	-	1,210,884
-	-	-	276,980	-	-	-	-	276,980
-	1,115	-	-	-	-	-	-	1,115
-	-	-	-	-	-	9,525	-	9,525
-	-	-	-	64,402	-	-	-	64,402
-	-	-	-	-	-	-	-	82,600
-	1,115	-	276,980	64,402	-	9,525	82,377	1,727,883
5	(127)	5,457	58,275	2,766	-	(7,775)	523,467	772,523
-	-	-	-	-	-	(1,746)	(173,663)	(281,411)
-	-	-	-	-	-	-	-	46,243
-	-	-	-	-	-	(1,746)	(173,663)	(235,168)
5	(127)	5,457	58,275	2,766	-	(9,521)	349,804	537,355
48,727	73,064	964,516	409,299	85,345	20,674	9,521	3,121,525	5,243,373
\$ 48,732	\$ 72,937	\$ 969,973	\$ 467,574	\$ 88,111	\$ 20,674	\$ -	\$ 3,471,329	\$ 5,780,728

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.

CITY OF AMARILLO, TEXAS
 CAPITAL PROJECTS FUND
 SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES
 SEPTEMBER 30, 2015

	General Construction Fund	Street Assessments Fund	Street Improvement Fund	Golf Course Improvement Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 7,329,686	\$ 513,570	\$ 1,149,122	\$ 130,739
Investments, at fair values	16,272,817	-	1,014,190	-
Accounts receivable	138,978	-	-	-
Accrued interest receivable	34,834	-	8,611	-
Prepaid items	1,000	-	-	-
TOTAL ASSETS	\$ 23,777,315	\$ 513,570	\$ 2,171,923	\$ 130,739
 LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Vouchers payable	\$ 941,476	\$ -	\$ 792,403	\$ -
Accounts payable	656,447	-	59,646	1
Accrued expenses	1,090,246	-	-	-
Total liabilities	2,688,169	-	852,049	1
FUND BALANCES				
Nonspendable				
Prepaid items	1,000	-	-	-
Assigned for:				
Capital projects	21,088,146	513,570	1,319,874	130,738
Total fund balances	21,089,146	513,570	1,319,874	130,738
TOTAL LIABILITIES AND FUND BALANCES	\$ 23,777,315	\$ 513,570	\$ 2,171,923	\$ 130,739

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>Total</u>
\$ 542,449	\$ 242,296	\$ 2,132,218	\$ 3,207	\$ 708,065	\$ 12,751,352
9,528,940	-	6,056,445	-	-	32,872,392
-	-	226,762	-	-	365,740
22,010	-	8,808	-	-	74,263
-	-	-	-	-	1,000
<u>\$ 10,093,399</u>	<u>\$ 242,296</u>	<u>\$ 8,424,233</u>	<u>\$ 3,207</u>	<u>\$ 708,065</u>	<u>\$ 46,064,747</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,733,879
34,497	-	31,287	-	-	781,878
995	-	-	-	-	1,091,241
<u>35,492</u>	<u>-</u>	<u>31,287</u>	<u>-</u>	<u>-</u>	<u>3,606,998</u>
-	-	-	-	-	1,000
<u>10,057,907</u>	<u>242,296</u>	<u>8,392,946</u>	<u>3,207</u>	<u>708,065</u>	<u>42,456,749</u>
<u>10,057,907</u>	<u>242,296</u>	<u>8,392,946</u>	<u>3,207</u>	<u>708,065</u>	<u>42,457,749</u>
<u>\$ 10,093,399</u>	<u>\$ 242,296</u>	<u>\$ 8,424,233</u>	<u>\$ 3,207</u>	<u>\$ 708,065</u>	<u>\$ 46,064,747</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, 2015**

	<u>General Construction Fund</u>	<u>Street Assessments Fund</u>	<u>Street Improvement Fund</u>	<u>Golf Course Improvement Fund</u>
REVENUES				
Intergovernmental revenues	\$ 4,572,389	\$ -	\$ -	\$ -
Charges for services	-	-	-	189,859
Construction participations	733,277	10,640,480	-	-
Miscellaneous	683,405	-	-	-
Investment earnings	68,922	44	2,991	30
Total revenues	<u>6,057,993</u>	<u>10,640,524</u>	<u>2,991</u>	<u>189,889</u>
EXPENDITURES				
Police protection	168,807	-	-	-
Capital outlay	16,023,107	10,778,343	977,722	-
Total expenditures	<u>16,191,914</u>	<u>10,778,343</u>	<u>977,722</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,133,921)</u>	<u>(137,819)</u>	<u>(974,731)</u>	<u>189,889</u>
OTHER FINANCING SOURCES (USES)				
Insurance recovery/cost	1,185,474	-	-	-
Transfers to other funds	(922,146)	-	-	(252,025)
Transfers from other funds	13,094,167	-	1,200,000	-
Total other financing sources and uses	<u>13,357,495</u>	<u>-</u>	<u>1,200,000</u>	<u>(252,025)</u>
Net change in fund balances	3,223,574	(137,819)	225,269	(62,136)
FUND BALANCES, BEGINNING OF YEAR	<u>17,865,572</u>	<u>651,389</u>	<u>1,094,605</u>	<u>192,874</u>
FUND BALANCES, END OF YEAR	<u>\$ 21,089,146</u>	<u>\$ 513,570</u>	<u>\$ 1,319,874</u>	<u>\$ 130,738</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>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,572,389
-	-	-	-	-	189,859
-	-	226,762	-	-	11,600,519
-	-	-	-	-	683,405
<u>38,684</u>	<u>41</u>	<u>40,391</u>	<u>-</u>	<u>55</u>	<u>151,158</u>
<u>38,684</u>	<u>41</u>	<u>267,153</u>	<u>-</u>	<u>55</u>	<u>17,197,330</u>
-	-	-	-	-	168,807
<u>911,759</u>	<u>52,548</u>	<u>1,223,129</u>	<u>-</u>	<u>-</u>	<u>29,966,608</u>
<u>911,759</u>	<u>52,548</u>	<u>1,223,129</u>	<u>-</u>	<u>-</u>	<u>30,135,415</u>
<u>(873,075)</u>	<u>(52,507)</u>	<u>(955,976)</u>	<u>-</u>	<u>55</u>	<u>(12,938,085)</u>
-	-	-	-	-	1,185,474
(31,520)	-	-	-	-	(1,205,691)
<u>200,000</u>	<u>2,800</u>	<u>2,284,647</u>	<u>-</u>	<u>-</u>	<u>16,781,614</u>
<u>168,480</u>	<u>2,800</u>	<u>2,284,647</u>	<u>-</u>	<u>-</u>	<u>16,761,397</u>
(704,595)	(49,707)	1,328,671	-	55	3,823,312
<u>10,762,502</u>	<u>292,003</u>	<u>7,064,275</u>	<u>3,207</u>	<u>708,010</u>	<u>38,634,437</u>
<u>\$ 10,057,907</u>	<u>\$ 242,296</u>	<u>\$ 8,392,946</u>	<u>\$ 3,207</u>	<u>\$ 708,065</u>	<u>\$ 42,457,749</u>

See Independent Auditor's Report.

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INTERNAL SERVICE FUNDS

Municipal Garage 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 the Municipal Garage 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 the Garage's 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, 2015**

	<u>Municipal Garage</u>	<u>Information Services</u>	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Total</u>
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 2,006,594	\$ 922,570	\$ 1,252,338	\$ 2,841,280	\$ 7,022,782
Investments at fair value	7,757,885	3,011,148	14,037,083	500,000	25,306,116
Receivables (net of allowances for uncollectibles)					
Accounts	28	137	719,850	753,267	1,473,282
Accrued interest	5,807	8,113	34,116	537	48,573
Due from other funds	-	756	-	2,624,499	2,625,255
Inventory of supplies at cost	207,174	8,096	-	-	215,270
Prepaid expenses	-	-	579,051	-	579,051
Total current assets	<u>9,977,488</u>	<u>3,950,820</u>	<u>16,622,438</u>	<u>6,719,583</u>	<u>37,270,329</u>
NONCURRENT ASSETS					
Restricted cash and cash equivalents	526,239	-	-	-	526,239
Capital assets					
Improvements	768,005	4,728,666	-	-	5,496,671
Accumulated depreciation	(180,195)	(3,740,390)	-	-	(3,920,585)
Equipment	339,208	5,318,291	62,819	4,975	5,725,293
Accumulated depreciation	(257,765)	(4,732,647)	(54,563)	(3,257)	(5,048,232)
Vehicles	60,831,705	-	-	-	60,831,705
Accumulated depreciation	(36,449,079)	-	-	-	(36,449,079)
Construction in progress	1,029	1,152,394	-	-	1,153,423
Total capital assets, net of accumulated depreciation	<u>25,052,908</u>	<u>2,726,314</u>	<u>8,256</u>	<u>1,718</u>	<u>27,789,196</u>
Total noncurrent assets	<u>25,579,147</u>	<u>2,726,314</u>	<u>8,256</u>	<u>1,718</u>	<u>28,315,435</u>
TOTAL ASSETS	<u>\$ 35,556,635</u>	<u>\$ 6,677,134</u>	<u>\$ 16,630,694</u>	<u>\$ 6,721,301</u>	<u>\$ 65,585,764</u>
DEFERRED OUTFLOWS	<u>\$ 221,584</u>	<u>\$ 279,841</u>	<u>\$ -</u>	<u>\$ 48,894</u>	<u>\$ 550,319</u>
LIABILITIES					
CURRENT LIABILITIES					
Vouchers payable	\$ 273,325	\$ 127,330	\$ 155,495	\$ 44,824	\$ 600,974
Accounts payable	-	-	4	621,823	621,827
Accrued expenses	84,604	88,692	-	20,029	193,325
Due to other funds	48,410	47,112	-	185,251	280,773
Bonded debt current maturity	900,000	-	-	-	900,000
Estimated liability for incurred losses	-	-	3,487,709	3,683,722	7,171,431
Current portion of compensated absences	35,501	94,077	-	6,767	136,345
Total current liabilities	<u>1,341,840</u>	<u>357,211</u>	<u>3,643,208</u>	<u>4,562,416</u>	<u>9,904,675</u>
NONCURRENT LIABILITIES					
Provision for compensated absences, net	213,538	269,569	-	14,671	497,778
Estimated liability for incurred losses, net of current portion	-	-	9,015,805	2,175,001	11,190,806
Bonded debt, net of current	2,336,856	-	-	-	2,336,856
Postemployment benefit	-	-	-	96,164,265	96,164,265
Net pension liability	699,009	882,786	-	154,242	1,736,037
Total noncurrent liabilities	<u>3,249,403</u>	<u>1,152,355</u>	<u>9,015,805</u>	<u>98,508,179</u>	<u>111,925,742</u>
TOTAL LIABILITIES	<u>\$ 4,591,243</u>	<u>\$ 1,509,566</u>	<u>\$ 12,659,013</u>	<u>\$ 103,070,595</u>	<u>\$ 121,830,417</u>
DEFERRED INFLOWS	<u>\$ 6,915</u>	<u>\$ 8,732</u>	<u>\$ -</u>	<u>\$ 1,525</u>	<u>\$ 17,172</u>
NET POSITION					
Net investment in capital assets	\$ 21,816,052	\$ 2,726,314	\$ 8,256	\$ 1,718	\$ 24,552,340
Restricted for debt service	526,239	-	-	-	526,239
Unrestricted	8,837,770	2,712,363	3,963,425	(96,303,643)	(80,790,085)
TOTAL NET POSITION	<u>\$ 31,180,061</u>	<u>\$ 5,438,677</u>	<u>\$ 3,971,681</u>	<u>\$ (96,301,925)</u>	<u>\$ (55,711,506)</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, 2015**

	<u>Municipal Garage</u>	<u>Information Services</u>	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$ -	\$ -	\$ -	\$ 1,346,534	\$ 1,346,534
Internal charges	15,155,088	5,270,702	4,872,948	14,105,748	39,404,486
Employee contributions	-	-	-	5,009,211	5,009,211
Miscellaneous	-	-	-	(3,867)	(3,867)
Total operating revenues	<u>15,155,088</u>	<u>5,270,702</u>	<u>4,872,948</u>	<u>20,457,626</u>	<u>45,756,364</u>
OPERATING EXPENSES					
Salaries, wages, fringes	2,012,962	2,649,293	-	450,698	5,112,953
Supplies	2,019,121	303,456	621,936	105,234	3,049,747
Fuel and oil	2,598,860	-	-	-	2,598,860
Contractual services	108,895	1,482,520	140,593	250,153	1,982,161
Claims, net of settlements	-	-	3,296,167	24,286,612	27,582,779
Postemployment expense	-	-	-	2,104,351	2,104,351
Other charges	1,054,944	209,741	1,078,955	1,326,638	3,670,278
Depreciation	5,368,810	645,400	2,256	66	6,016,532
Total operating expenses	<u>13,163,592</u>	<u>5,290,410</u>	<u>5,139,907</u>	<u>28,523,752</u>	<u>52,117,661</u>
Operating income (loss)	<u>1,991,496</u>	<u>(19,708)</u>	<u>(266,959)</u>	<u>(8,066,126)</u>	<u>(6,361,297)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest earnings	26,991	10,903	74,290	21,568	133,752
Changes in value of investments	5,972	1,751	4,299	3,792	15,814
Interest and fiscal charges	(31,955)	-	-	-	(31,955)
Gain (loss) on property sales	139,412	83,149	-	-	222,561
Miscellaneous revenues	118,482	-	-	-	118,482
Total nonoperating revenues (expenses)	<u>258,902</u>	<u>95,803</u>	<u>78,589</u>	<u>25,360</u>	<u>458,654</u>
Income (loss) before contributions and transfers	2,250,398	76,095	(188,370)	(8,040,766)	(5,902,643)
TRANSFERS					
TO MUNICIPALITY - CASH	(48,410)	(47,112)	32,589	(817)	(63,750)
FROM MUNICIPALITY - CASH	1,772,231	360,312	-	2,452,049	4,584,592
Change in net position	<u>3,974,219</u>	<u>389,295</u>	<u>(155,781)</u>	<u>(5,589,534)</u>	<u>(1,381,801)</u>
NET POSITION AT BEGINNING OF YEAR					
	27,619,811	5,589,540	4,127,462	(90,617,885)	(53,281,072)
PRIOR PERIOD ADJUSTMENT					
	(413,969)	(540,158)	-	(94,506)	(1,048,633)
TOTAL NET POSITION AT BEGINNING OF YEAR, RESTATED					
	<u>27,205,842</u>	<u>5,049,382</u>	<u>4,127,462</u>	<u>(90,712,391)</u>	<u>(54,329,705)</u>
NET POSITION AT END OF YEAR					
	<u>\$ 31,180,061</u>	<u>\$ 5,438,677</u>	<u>\$ 3,971,681</u>	<u>\$ (96,301,925)</u>	<u>\$ (55,711,506)</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Municipal Garage</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	\$ 15,155,088	\$ 5,270,565	\$ 4,675,631	\$ 20,565,764	\$ 45,667,048
Cash payments to suppliers for goods and services	(5,694,597)	(2,139,534)	(1,785,940)	(1,214,908)	(10,834,979)
Cash payments to employees	(2,087,022)	(2,703,062)	-	(505,801)	(5,295,885)
Cash payments for claims and loss adjustments	-	-	(2,740,210)	(23,616,179)	(26,356,389)
Net cash provided (used) by operating activities	<u>7,373,469</u>	<u>427,969</u>	<u>149,481</u>	<u>(4,771,124)</u>	<u>3,179,795</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	1,772,231	360,312	-	2,452,049	4,584,592
Transfers to other funds	(48,410)	47,112	32,589	(817)	30,474
Amounts borrowed from other funds	48,410	(47,112)	-	(751,593)	(750,295)
Amounts loaned to other funds	1,900	9,087	3,909	(2,449,873)	(2,434,977)
Net cash provided (used) by noncapital financing activities	<u>1,774,131</u>	<u>369,399</u>	<u>36,498</u>	<u>(750,234)</u>	<u>1,429,794</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(6,864,177)	(711,432)	-	-	(7,575,609)
Principal paid on bond maturities	(890,000)	-	-	-	(890,000)
Proceeds from issuance of bonds	-	-	-	-	-
Interest expense	(44,735)	-	-	-	(44,735)
Insurance proceeds	118,482	-	-	-	118,482
Proceeds from sale of equipment	559,692	92,144	-	-	651,836
Net cash provided (used) by capital financing activities	<u>(7,120,738)</u>	<u>(619,288)</u>	<u>-</u>	<u>-</u>	<u>(7,740,026)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investment securities	5,000,000	2,249,922	10,995,963	5,999,679	24,245,564
Purchase of investment securities	(7,751,679)	(3,263,644)	(15,295,531)	(1,500,000)	(27,810,854)
Interest and gains (losses) on investments	27,249	14,210	78,658	24,608	144,725
Net cash provided (used) by investing activities	<u>(2,724,430)</u>	<u>(999,512)</u>	<u>(4,220,910)</u>	<u>4,524,287</u>	<u>(3,420,565)</u>
Net increase (decrease) in cash and cash equivalents	(697,568)	(821,432)	(4,034,931)	(997,071)	(6,551,002)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>3,230,401</u>	<u>1,744,002</u>	<u>5,287,269</u>	<u>3,838,351</u>	<u>14,100,023</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 2,532,833</u>	<u>\$ 922,570</u>	<u>\$ 1,252,338</u>	<u>\$ 2,841,280</u>	<u>\$ 7,549,021</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS, CONTINUED
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Municipal Garage</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)	\$ 1,991,496	\$ (19,708)	\$ (266,959)	\$ (8,066,126)	\$ (6,361,297)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	5,368,810	645,400	2,256	66	6,016,532
(Increase) decrease in accounts receivable	-	(137)	(197,317)	108,138	(89,316)
(Increase) decrease in deferred outflows	(79,422)	(100,303)		(17,525)	(197,250)
(Increase) decrease in inventories	154,079	(2,168)	-	-	151,911
(Increase) decrease in prepaid expenses	-	-	(41,285)	-	(41,285)
Increase (decrease) in vouchers payable	(66,851)	(141,649)	102,736	7,516	(98,248)
Increase (decrease) in accounts payable	(5)	-	(5,907)	459,601	453,689
Increase (decrease) in accrued expenses	(8,504)	(4,081)	-	(15,004)	(27,589)
Increase (decrease) in deferred inflows	6,915	8,732		1,525	17,172
Increase (decrease) in provision for compensated absences	(29,353)	(3,966)	-	(32,110)	(65,429)
Increase (decrease) in estimated claims liabilities	-	-	-	2,774,784	2,774,784
Increase (decrease) in net pension obligation	36,304	45,849	-	8,011	90,164
Increase (decrease) in IBNR accrual	-	-	555,957	-	555,957
Net cash provided (used) by operating activities	<u>\$ 7,373,469</u>	<u>\$ 427,969</u>	<u>\$ 149,481</u>	<u>\$ (4,771,124)</u>	<u>\$ 3,179,795</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Decreases (increases) in fair values of investments	\$ 5,972	\$ 1,751	\$ 4,299	\$ 3,792	\$ 15,814

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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, 2015**

ASSETS

Cash and cash equivalents	\$ 3,207,990
Investments at fair value	46,021,435
Receivables (net of allowances for uncollectibles)	
Property taxes	266,394
Solid waste and other	2,021,250
Accrued interest	126,536
Other accrued revenue	1,833,782
Due from other funds	1,586,632
Due from other governments	4,834,611
Inventory of supplies	1,902,433
Prepaid items	7,727
TOTAL ASSETS	<u>\$ 61,808,790</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Vouchers payable	\$ 1,584,193
Accounts payable	1,914,524
Accrued expenses	3,991,760
Due to other funds - unrestricted	2,023,182
Due to other governments	728,955
Unearned revenue property taxes	211,249
Unearned revenues other	51,580
Total liabilities	<u>10,505,443</u>

FUND BALANCE

Nonspendable:	
Inventory	1,902,433
Prepaid items	7,727
Uncollected taxes	55,145
Unassigned	49,338,042
Total fund balance	<u>51,303,347</u>

TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 61,808,790</u>
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See Independent Auditor's Report.

**CITY OF AMARILLO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SEPTEMBER 30, 2015**

REVENUES	
Taxes	\$ 118,542,613
License and permits	2,975,922
Interfund revenues	1,069,410
Intergovernmental revenues	3,573,740
Contributions - citizens	113,660
Charges for services	33,214,401
Fines and forfeitures	4,763,168
Investment earnings	431,557
Other rentals and commissions	426,880
Miscellaneous	488,134
	<hr/>
Total revenues	165,599,485
	<hr/>
EXPENDITURES	
Current	
General government	3,774,418
Staff services	9,382,906
Public safety and health	
Police protection	41,986,535
Fire protection	29,171,726
Other	10,167,257
Streets, traffic and engineering	13,447,312
Culture and recreation	
Auditorium-colliseum	3,306,183
Libraries	3,670,179
Parks	6,652,333
Participant recreation	5,083,499
Solid waste	13,043,407
Transit system	4,520,534
Information technology	3,541,218
Tourism	3,314,067
Capital outlay	1,451,278
	<hr/>
Total expenditures	152,512,852
	<hr/>
EXCESS OF REVENUES OVER EXPENDITURES	13,086,633
OTHER FINANCING SOURCES (USES)	
Transfers from other funds	4,896
Transfers to other funds	(17,720,511)
	<hr/>
Net change in fund balance	(4,628,982)
	<hr/>
FUND BALANCE, BEGINNING OF YEAR	55,932,329
	<hr/>
FUND BALANCE, END OF YEAR	\$ 51,303,347
	<hr/> <hr/>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Actual revenue</u>	<u>Budget</u>	<u>Variance with final budget positive (negative)</u>
TAXES			
General property taxes			
Ad valorem tax collections	\$ 34,205,525	\$ 33,549,273	\$ 656,252
Penalty and interest on delinquent taxes	266,927	291,999	(25,072)
Water & sewer utility	3,214,205	3,214,200	5
General sales tax	55,482,697	54,843,000	639,697
Mixed beverage tax	805,136	687,001	118,135
Hotel occupancy tax	6,341,559	6,315,000	26,559
Gross receipts business taxes:			
Electric utility	8,584,097	8,925,000	(340,903)
Telephone utility	1,172,305	1,280,000	(107,695)
Gas utility	3,108,617	3,450,002	(341,385)
Cable television	2,133,949	1,820,004	313,945
Water & Sewer utility	3,227,596	3,198,359	29,237
Total taxes	<u>118,542,613</u>	<u>117,573,838</u>	<u>968,775</u>
LICENSES AND PERMITS			
Food and beverage establishments			
Liquor, beer and wine licenses	89,477	87,915	1,562
Restaurant permits	460,774	516,972	(56,198)
Food handler permits	31,171	56,359	(25,188)
Miscellaneous occupational			
Occupational and business	62,066	85,995	(23,929)
Transient bus licenses	475	781	(306)
Solicitation permits	7,720	4,650	3,070
Building and structures			
Building permits	1,604,922	1,333,473	271,449
Electrical permits	106,373	104,999	1,374
Plumbing and gas permits	372,639	301,770	70,869
Heating and air permits	119,250	89,999	29,251
Sewage disposal permits	91,655	82,991	8,664
Mobile home parks	29,400	36,450	(7,050)
Total licenses and permits	<u>2,975,922</u>	<u>2,702,354</u>	<u>273,568</u>
INTERFUND REVENUES			
Airport animal control	18,000	12,000	6,000
Communication services	2,486	9,996	(7,510)
Sales to other funds	863,043	807,096	55,947
Other interfund reimbursements	185,881	107,724	78,157
Total interfund revenue	<u>1,069,410</u>	<u>936,816</u>	<u>132,594</u>
INTERGOVERNMENTAL REVENUES			
General government			
Auditorium Operating Assistance	398,004	398,002	2
Public safety and health			
Emergency Management Participations	267,071	261,093	5,978
Other	21,450	13,500	7,950
State shared revenues	52,474	53,900	(1,426)
Transit			
Federal/state operating assistance	2,834,741	2,662,157	172,584
Total intergovernmental revenues	<u>3,573,740</u>	<u>3,388,652</u>	<u>185,088</u>
CONTRIBUTIONS FROM CITIZENS			
Donations unrestricted	113,660	108,000	5,660

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES, CONTINUED
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Actual revenue</u>	<u>Budget</u>	<u>Variance with final budget positive (negative)</u>
CHARGES FOR SERVICES			
General government			
Zoning, planning application fees	67,145	52,275	14,870
Sale of city publications	188	130	58
Staff services			
Indirect cost reimbursement	1,839,711	1,720,380	119,331
Business type fund administrative fees			
Water & sewer administrative	1,212,406	1,212,404	2
Airport	128,083	128,081	2
Other administrative fees			
Weed mowing contract	236,344	310,002	(73,658)
Weed bad debt adjustment	(196,777)	(368,870)	172,093
Wrecker service contract	46,219	69,996	(23,777)
Fiscal agent fees	118,212	129,432	(11,220)
Public safety and health			
Police liaison officer	888,494	891,344	(2,850)
AECC participations	800,148	798,000	2,148
EMS Support	177,900	158,200	19,700
Warrant fees	635,856	666,705	(30,849)
Traffic accident reports	45,100	48,000	(2,900)
Airport fire service fee	1,716,147	1,716,147	-
Fire inspections	38,640	37,998	642
Animal shelter fees	78,523	105,801	(27,278)
Vital statistics fee	286,313	280,000	6,313
Miscellaneous health department fees	4,760	6,652	(1,892)
Culture & recreation			
Auditorium rentals	1,420,163	1,272,821	147,342
Auditorium concessions	310,517	314,530	(4,013)
Auditorium advertising	-	2,500	(2,500)
Auditorium Box Office	281,975	337,996	(56,021)
Library late fees	104,645	117,002	(12,357)
Library copy charges	28,481	26,502	1,979
Nonresident library fees	12,791	11,999	792
Baseball field rentals	56,267	73,264	(16,997)
Golf green fees	989,955	1,158,877	(168,922)
Golf membership fees	248,752	236,060	12,692
Golf other	494,205	541,309	(47,104)
Swimming pool fees	169,716	161,373	8,343
Tennis center fees	9,082	5,569	3,513
Zoo admission fees	231,694	218,996	12,698
Rifle range fees	107,167	130,000	(22,833)
Entry and tournament fees	363,412	437,344	(73,932)
Solid waste			
Collection & disposal fees	17,405,937	17,447,195	(41,258)
Landfill charges	2,278,380	2,190,004	88,376
Recyclable materials	61,360	105,000	(43,640)
Forfeited discounts	321,785	380,000	(58,215)
Transit			
Passenger revenue	135,241	113,514	21,727
Demand response	30,206	24,228	5,978
Miscellaneous transit revenue	29,258	24,228	5,030
Total charges for services	<u>33,214,401</u>	<u>33,292,988</u>	<u>(78,587)</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES, CONTINUED
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Actual revenue</u>	<u>Budget</u>	<u>Variance with final budget positive (negative)</u>
FINES AND FORFEITURES			
Traffic fines	3,358,945	3,434,000	(75,055)
Misdemeanor fees	486,939	611,052	(124,113)
Parking fines	172,413	174,000	(1,587)
Court Fees	9,842	9,039	803
Other court revenue	94,398	115,235	(20,837)
Miscellaneous fines	128,800	176,300	(47,500)
State court costs	511,831	546,411	(34,580)
Total fines and forfeitures	<u>4,763,168</u>	<u>5,066,037</u>	<u>(302,869)</u>
INVESTMENT EARNINGS			
Interest earnings	431,557	334,298	97,259
Total investment earnings	<u>431,557</u>	<u>334,298</u>	<u>97,259</u>
OTHER RENTALS AND COMMISSIONS			
Amusement park commissions	106,237	109,000	(2,763)
Municipal building rents	234,819	238,619	(3,800)
Surface land rents	20,575	15,096	5,479
Miscellaneous concessions	65,249	60,895	4,354
Total rental/commissions	<u>426,880</u>	<u>423,610</u>	<u>3,270</u>
MISCELLANEOUS			
Use of money and property:			
Miscellaneous revenues	368,954	298,210	70,744
Sales to outside utilities	84,548	64,003	20,545
PID reimbursements	39,339	60,000	(20,661)
Appraisal District refunds	17,298	22,300	(5,002)
Discounts earned	4,147	899	3,248
Sale of property and gains	(20,805)	18,497	(39,302)
Bad debt/exp recovery	(5,347)	-	(5,347)
Total miscellaneous	<u>488,134</u>	<u>463,909</u>	<u>24,225</u>
TOTAL REVENUES	<u>\$ 165,599,485</u>	<u>\$ 164,290,502</u>	<u>\$ 1,308,983</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT (GAAP BASIS)
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Salaries, wages and fringe benefits</u>	<u>Supplies</u>	<u>Contractual services</u>
GENERAL GOVERNMENT			
Mayor and commission	\$ 4,795	\$ 11,754	\$ 24,120
City manager	1,065,966	17,915	94,906
City secretary	282,358	106,167	7,260
Municipal court	951,565	43,818	43,248
Judicial	475,348	3,611	8,049
Teen court	47,303	499	431
Planning and zoning	440,432	6,401	13,268
Total general government	<u>3,267,767</u>	<u>190,165</u>	<u>191,282</u>
STAFF SERVICES			
Financial administration			
Director of Finance	359,318	36,079	512,918
Accounting	997,846	42,245	168,925
Benefits	331,413	4,769	-
Purchasing	468,353	14,280	34,743
Central stores	345,655	5,142	18,018
Information technology	-	-	-
Legal	883,674	49,728	184,398
Personnel			
Human Resources	452,972	185,816	160,598
Safety and training	350,234	10,152	15,779
Communications	305,838	14,363	47,325
Occupancy			
Custodial operations	818,695	481,029	22,811
Building maintenance	1,362,216	51,809	474,473
Total staff services	<u>6,676,214</u>	<u>895,412</u>	<u>1,639,988</u>
PUBLIC SAFETY AND HEALTH			
Police			
Police	33,187,547	1,445,249	2,788,203
Civilian personnel	2,198,743	2,058	1,911,010
Miscellaneous police programs	19,206	-	-
Total police protection	<u>35,405,496</u>	<u>1,447,307</u>	<u>4,699,213</u>
Fire protection			
Fire operations	24,450,100	34,070	52,533
Civilian personnel	1,280,756	33,746	39,974
Fire support	670,506	1,393,218	1,046,658
Total fire protection	<u>26,401,362</u>	<u>1,461,034</u>	<u>1,139,165</u>
Other			
Building safety	2,010,197	51,935	387,399
Animal management and welfare	1,628,848	427,596	212,950
Emergency services	266,039	31,358	36,561
AECC	3,510,939	21,050	230,065
Environmental health	681,123	27,563	122,835
Vital statistics	28,373	2,987	1,328
Total other	<u>8,125,519</u>	<u>562,489</u>	<u>991,138</u>
Total public safety and health	<u>69,932,377</u>	<u>3,470,830</u>	<u>6,829,516</u>

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Other charges	Total	Capital outlay	Total (GAAP) basis
\$ 28,902	\$ 69,571	\$ -	\$ 69,571
28,069	1,206,856	-	1,206,856
15,898	411,683	-	411,683
22,975	1,061,606	-	1,061,606
5,528	492,536	-	492,536
1,130	49,363	-	49,363
22,702	482,803	-	482,803
<u>125,204</u>	<u>3,774,418</u>	<u>-</u>	<u>3,774,418</u>
8,576	916,891	-	916,891
5,027	1,214,043	-	1,214,043
74	336,256	-	336,256
5,857	523,233	-	523,233
16,611	385,426	-	385,426
3,541,218	3,541,218	-	3,541,218
26,732	1,144,532	-	1,144,532
16,892	816,278	-	816,278
9,954	386,119	-	386,119
12,841	380,367	-	380,367
7,268	1,329,803	-	1,329,803
61,460	1,949,958	-	1,949,958
<u>3,712,510</u>	<u>12,924,124</u>	<u>-</u>	<u>12,924,124</u>
416,907	37,837,906	55,255	37,893,161
17,612	4,129,423	-	4,129,423
-	19,206	-	19,206
<u>434,519</u>	<u>41,986,535</u>	<u>55,255</u>	<u>42,041,790</u>
95,873	24,632,576	-	24,632,576
12,659	1,367,135	-	1,367,135
61,633	3,172,015	-	3,172,015
<u>170,165</u>	<u>29,171,726</u>	<u>-</u>	<u>29,171,726</u>
50,609	2,500,140	-	2,500,140
24,821	2,294,215	63,666	2,357,881
174,883	508,841	-	508,841
227,466	3,989,520	-	3,989,520
6,661	838,182	-	838,182
3,671	36,359	-	36,359
<u>488,111</u>	<u>10,167,257</u>	<u>63,666</u>	<u>10,230,923</u>
<u>1,092,795</u>	<u>81,325,518</u>	<u>118,921</u>	<u>81,444,439</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT (GAAP BASIS), CONTINUED
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Salaries, wages and fringe benefits</u>	<u>Supplies</u>	<u>Contractual services</u>
STREETS, TRAFFIC & ENGINEERING			
Street maintenance	3,302,639	266,179	4,226,129
Traffic engineering	512,569	12,002	41,418
Traffic field operations	806,485	1,837,265	653,165
Engineering	1,489,896	33,687	146,363
Total streets, traffic, engineering	<u>6,111,589</u>	<u>2,149,133</u>	<u>5,067,075</u>
CULTURE & RECREATION			
Auditorium - Coliseum			
Civic Center operations	1,057,926	592,053	119,059
Civic Center promotions	228,463	54,154	39,281
Box office operations	258,736	5,500	36,090
Civic Center sports	76,820	250,205	88,522
Globe News Center	69,296	126,571	23,531
Library operations	2,627,365	786,208	137,438
Parks			
Parks administration	460,565	27,763	17,023
Park maintenance	3,430,147	1,322,354	1,334,406
Participant recreation			
Ross Rogers Golf Course	724,378	508,336	612,094
Comanche Trail Golf Course	712,804	251,484	354,729
Zoo	290,883	95,814	36,613
Swimming pools	238,054	122,390	52,657
Tennis center	17,572	25,421	45,784
Parks and recreation programs	687,455	81,623	117,734
Total culture and recreation	<u>10,880,464</u>	<u>4,249,876</u>	<u>3,014,961</u>
SOLID WASTE			
Solid waste collection	4,611,574	301,049	4,221,589
Solid waste disposal	1,511,267	119,180	1,920,416
Total solid waste	<u>6,122,841</u>	<u>420,229</u>	<u>6,142,005</u>
TRANSIT			
Fixed route	1,554,669	765,217	39,049
Demand response	942,805	271,255	48,411
Transit maintenance	495,238	3,174	-
Total transit	<u>2,992,712</u>	<u>1,039,646</u>	<u>87,460</u>
ECONOMIC DEVELOPMENT			
Tourism support	-	-	3,314,067
Total economic development	<u>-</u>	<u>-</u>	<u>3,314,067</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 105,983,964</u>	<u>\$ 12,415,291</u>	<u>\$ 26,286,354</u>

See Independent Auditor's Report.

<u>Other charges</u>	<u>Total</u>	<u>Capital outlay</u>	<u>Total (GAAP) basis</u>
26,107	7,821,054	1,274,000	9,095,054
16,998	582,987	-	582,987
50,895	3,347,810	9,140	3,356,950
25,515	1,695,461	7,635	1,703,096
<u>119,515</u>	<u>13,447,312</u>	<u>1,290,775</u>	<u>14,738,087</u>
160,850	1,929,888	-	1,929,888
37,648	359,546	-	359,546
39,036	339,362	-	339,362
2,774	418,321	-	418,321
39,668	259,066	-	259,066
119,168	3,670,179	17,698	3,687,877
6,294	511,645	-	511,645
53,781	6,140,688	5,989	6,146,677
17,251	1,862,059	17,895	1,879,954
9,087	1,328,104	-	1,328,104
4,978	428,288	-	428,288
19,024	432,125	-	432,125
2,933	91,710	-	91,710
54,401	941,213	-	941,213
<u>566,893</u>	<u>18,712,194</u>	<u>41,582</u>	<u>18,753,776</u>
42,517	9,176,729	-	9,176,729
315,815	3,866,678	-	3,866,678
<u>358,332</u>	<u>13,043,407</u>	<u>-</u>	<u>13,043,407</u>
278,096	2,637,031	-	2,637,031
92,868	1,355,339	-	1,355,339
29,752	528,164	-	528,164
<u>400,716</u>	<u>4,520,534</u>	<u>-</u>	<u>4,520,534</u>
-	3,314,067	-	3,314,067
-	3,314,067	-	3,314,067
<u>\$ 6,375,965</u>	<u>\$ 151,061,574</u>	<u>\$ 1,451,278</u>	<u>\$ 152,512,852</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2015**

	<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 Commission	\$ 69,571	\$ -	\$ 69,571	\$ -
City manager	1,206,856	-	1,206,856	-
City secretary	411,683	-	411,683	-
Municipal court	1,061,606	-	1,061,606	5,807
Judicial	492,536	-	492,536	-
Teen court	49,363	-	49,363	-
Planning and zoning	482,803	-	482,803	-
Total general government	<u>3,774,418</u>	<u>-</u>	<u>3,774,418</u>	<u>5,807</u>
STAFF SERVICES				
Financial administration				
Director of Finance	916,891	-	916,891	5,371
Accounting	1,214,043	-	1,214,043	-
Payroll	-	-	-	-
Benefits	336,256	-	336,256	342
Purchasing	523,233	-	523,233	-
Central stores	385,426	-	385,426	-
Information technology	3,541,218	-	3,541,218	-
Legal	1,144,532	-	1,144,532	-
Personnel				
Human Resources	816,278	-	816,278	4,458
Safety and training	386,119	-	386,119	-
Communications	380,367	-	380,367	-
Occupancy				
Custodial operations	1,329,803	-	1,329,803	-
Building maintenance	1,949,958	-	1,949,958	-
Total staff services	<u>12,924,124</u>	<u>-</u>	<u>12,924,124</u>	<u>10,171</u>
PUBLIC SAFETY AND HEALTH				
Police				
Police	37,837,906	55,255	37,893,161	80,578
Civilian personnel	4,129,423	-	4,129,423	-
Tobacco Senate Bill	19,206	-	19,206	-
Total police protection	<u>41,986,535</u>	<u>55,255</u>	<u>42,041,790</u>	<u>80,578</u>
Fire Protection				
Fire operations	24,632,576	-	24,632,576	4,809
Civilian personnel	1,367,135	-	1,367,135	718
Fire support	3,172,015	-	3,172,015	59,625
Total fire protection	<u>29,171,726</u>	<u>-</u>	<u>29,171,726</u>	<u>65,152</u>
Other				
Building safety	2,500,140	-	2,500,140	-
Animal management and welfare	2,294,215	63,666	2,357,881	-
Emergency services	508,841	-	508,841	-
AECC	3,989,520	-	3,989,520	2,005
Environmental health	838,182	-	838,182	-
Vital statistics	36,359	-	36,359	-
Total other	<u>10,167,257</u>	<u>63,666</u>	<u>10,230,923</u>	<u>2,005</u>
Total public safety and health	<u>81,325,518</u>	<u>118,921</u>	<u>81,444,439</u>	<u>147,735</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>
\$ -	\$ 69,571	\$ 103,983	\$ 103,983	\$ 34,412
-	1,206,856	1,234,658	1,234,953	28,097
-	411,683	361,073	362,444	(49,239)
6,774	1,062,573	1,207,009	1,214,571	151,998
462	492,998	488,702	489,341	(3,657)
-	49,363	52,574	52,819	3,456
3,425	486,228	529,780	532,920	46,692
<u>10,661</u>	<u>3,779,272</u>	<u>3,977,779</u>	<u>3,991,031</u>	<u>211,759</u>
677	912,197	923,140	924,809	12,612
-	1,214,043	1,349,561	1,351,243	137,200
-	-	-	-	-
-	335,914	327,510	329,038	(6,876)
-	523,233	546,122	550,243	27,010
-	385,426	369,562	373,006	(12,420)
-	3,541,218	3,541,220	3,541,220	2
-	1,144,532	996,677	999,617	(144,915)
-	811,820	904,986	885,825	74,005
-	386,119	399,199	401,067	14,948
-	380,367	415,238	417,230	36,863
-	1,329,803	1,532,908	1,541,813	212,010
-	1,949,958	2,007,830	2,007,460	57,502
<u>677</u>	<u>12,914,630</u>	<u>13,313,953</u>	<u>13,322,571</u>	<u>407,941</u>
118,624	37,931,207	39,008,493	39,125,386	1,194,179
1,742	4,131,165	4,186,073	4,277,385	146,220
-	19,206	9,456	9,456	(9,750)
<u>120,366</u>	<u>42,081,578</u>	<u>43,204,022</u>	<u>43,412,227</u>	<u>1,330,649</u>
7,138	24,634,905	24,653,602	24,653,411	18,506
40,149	1,406,566	1,397,948	1,402,880	(3,686)
-	3,112,390	3,487,535	3,487,534	375,144
<u>47,287</u>	<u>29,153,861</u>	<u>29,539,085</u>	<u>29,543,825</u>	<u>389,964</u>
1,525	2,501,665	2,487,239	2,484,381	(17,284)
56,499	2,414,380	2,390,623	2,345,211	(69,169)
-	508,841	458,564	440,154	(68,687)
-	3,987,515	4,373,806	4,387,576	400,061
-	838,182	1,105,819	1,098,116	259,934
2,802	39,161	57,040	57,434	18,273
<u>60,826</u>	<u>10,289,744</u>	<u>10,873,091</u>	<u>10,812,872</u>	<u>523,128</u>
<u>228,479</u>	<u>81,525,183</u>	<u>83,616,198</u>	<u>83,768,924</u>	<u>2,243,741</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS, CONTINUED
YEAR ENDED SEPTEMBER 30, 2015**

	<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	7,821,054	1,274,000	9,095,054	637,000
Traffic engineering	582,987	-	582,987	-
Traffic field operations	3,347,810	9,140	3,356,950	97,127
Engineering	1,695,461	7,635	1,703,096	3,462
Total streets, traffic, engineering	<u>13,447,312</u>	<u>1,290,775</u>	<u>14,738,087</u>	<u>737,589</u>
CULTURE & RECREATION				
Auditorium - Coliseum				
Civic Center operations	1,929,888	-	1,929,888	-
Civic Center promotions	359,546	-	359,546	-
Box office operations	339,362	-	339,362	-
Civic Center Sports	418,321	-	418,321	-
Globe News Center	259,066	-	259,066	-
Library operations	3,670,179	17,698	3,687,877	-
Parks				
Parks administration	511,645	-	511,645	2,423
Park maintenance	6,140,688	5,989	6,146,677	2,060
Participant Recreation				
Ross Rogers Golf Course	1,862,059	17,895	1,879,954	5,090
Comanche Trail Golf Course	1,328,104	-	1,328,104	-
Zoo	428,288	-	428,288	-
Swimming pools	432,125	-	432,125	-
Tennis center	91,710	-	91,710	-
Parks and recreation programs	941,213	-	941,213	-
Total culture and recreation	<u>18,712,194</u>	<u>41,582</u>	<u>18,753,776</u>	<u>9,573</u>
SOLID WASTE				
Solid waste collection	9,176,729	-	9,176,729	-
Solid waste disposal	3,866,678	-	3,866,678	690
Total solid waste	<u>13,043,407</u>	<u>-</u>	<u>13,043,407</u>	<u>690</u>
TRANSIT				
Fixed route	2,637,031	-	2,637,031	36,756
Demand response	1,355,339	-	1,355,339	-
Transit maintenance	528,164	-	528,164	-
Total transit	<u>4,520,534</u>	<u>-</u>	<u>4,520,534</u>	<u>36,756</u>
ECONOMIC DEVELOPMENT				
Tourism support	3,314,067	-	3,314,067	40,000
Total economic development	<u>3,314,067</u>	<u>-</u>	<u>3,314,067</u>	<u>40,000</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 151,061,574</u>	<u>\$ 1,451,278</u>	<u>\$ 152,512,852</u>	<u>\$ 988,321</u>
OPERATING TRANSFERS:				
Operating Transfers to Other Funds	\$ 17,720,511	\$ -	\$ 17,720,511	\$ -
Operating Transfers from Other Funds	(4,896)	-	(4,896)	-
TOTALS INCLUDING TRANSFERS	<u>\$ 168,777,189</u>	<u>\$ 1,451,278</u>	<u>\$ 170,228,467</u>	<u>\$ 988,321</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>
6,217	8,464,271	9,914,015	9,936,472	1,472,201
-	582,987	685,580	688,498	105,511
127,664	3,387,487	3,668,713	3,676,039	288,552
12,310	1,711,944	1,804,957	1,803,914	91,970
<u>146,191</u>	<u>14,146,689</u>	<u>16,073,265</u>	<u>16,104,923</u>	<u>1,958,234</u>
-	1,929,888	2,106,414	2,115,424	185,536
-	359,546	454,301	455,820	96,274
-	339,362	342,104	343,284	3,922
-	418,321	361,736	362,312	(56,009)
14,592	273,658	318,199	317,113	43,455
-	3,687,877	3,890,244	3,912,059	224,182
-	509,222	513,309	514,680	5,458
-	6,144,617	6,884,515	6,913,520	768,903
9,513	1,884,377	2,375,595	2,380,208	495,831
1,810	1,329,914	1,436,195	1,440,159	110,245
-	428,288	428,538	429,936	1,648
-	432,125	486,144	486,392	54,267
3,922	95,632	100,040	100,040	4,408
-	941,213	1,077,549	1,079,620	138,407
<u>29,837</u>	<u>18,774,040</u>	<u>20,774,883</u>	<u>20,850,567</u>	<u>2,076,527</u>
-	9,176,729	9,399,149	9,179,047	2,318
31,965	3,897,953	3,998,752	4,011,574	113,621
<u>31,965</u>	<u>13,074,682</u>	<u>13,397,901</u>	<u>13,190,621</u>	<u>115,939</u>
49,553	2,649,828	2,778,031	2,787,964	138,136
-	1,355,339	1,397,470	1,404,507	49,168
-	528,164	477,160	480,392	(47,772)
<u>49,553</u>	<u>4,533,331</u>	<u>4,652,661</u>	<u>4,672,863</u>	<u>139,532</u>
60,000	3,334,067	3,477,779	3,477,779	143,712
<u>60,000</u>	<u>3,334,067</u>	<u>3,477,779</u>	<u>3,477,779</u>	<u>143,712</u>
<u>\$ 557,363</u>	<u>\$ 152,081,894</u>	<u>\$ 159,284,419</u>	<u>\$ 159,379,279</u>	<u>\$ 7,297,385</u>
\$ -	\$ 17,720,511	\$ 15,473,581	\$ 15,519,520	\$ (2,200,991)
-	(4,896)	(96,515)	(96,515)	(91,619)
<u>\$ 557,363</u>	<u>\$ 169,797,509</u>	<u>\$ 174,661,485</u>	<u>\$ 174,802,284</u>	<u>\$ 5,004,775</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, 2015**

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	\$	19,471,699
Investments, at fair values		48,461,977
Accounts receivable, net of allowances		5,749,728
Accrued interest receivable		94,835
Other accrued revenue		4,458,946
Prepaid expenses		<u>893,326</u>
Total current assets		<u>79,130,511</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents		29,549,585
Other noncurrent receivable		7,902
Other noncurrent asset		98,037
Capital assets		
Land		2,040,262
Contributed right of way easements		1,093,953
Underground water rights		56,310,776
Accumulated depletion - water rights		(6,310,311)
Water supply contract		50,336,389
Accumulated amortization - water supply contract		(21,345,694)
Pipelines and plant		606,102,721
Accumulated depreciation - pipelines and plant		(186,711,321)
Equipment and vehicles		4,252,824
Accumulated depreciation - equipment and vehicles		(3,449,801)
Construction in progress		<u>24,886,619</u>
Total capital assets net of accumulated depreciation		<u>527,206,417</u>
Total noncurrent assets		<u>556,861,941</u>
TOTAL ASSETS	\$	<u>635,992,452</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows	\$	2,024,929
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$	<u>2,024,929</u>
		LIABILITIES
CURRENT LIABILITIES		
Vouchers payable	\$	587,641
Accounts payable		1,988,469
Accrued expenses		2,533,123
Due to Other Funds		321,454
Deposits		43,353
Consumer security deposits		3,622,203
Share of Water Authority debt, current		5,246,984
Bonded debt current maturity		8,065,000
Current portion of provision for compensated absences		<u>253,107</u>
Total current liabilities		<u>22,661,334</u>
NONCURRENT LIABILITIES		
Bonded debt, net of current		122,510,609
Water authority debt, net of current		79,148,283
Other accrued expenses		2,646,300
Provision for compensated absences, net		1,013,225
Net pension obligation		<u>3,537,710</u>
Total noncurrent liabilities		<u>208,856,127</u>
TOTAL LIABILITIES	\$	<u>231,517,461</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows	\$	34,993
TOTAL DEFERRED INFLOWS OF RESOURCES	\$	<u>34,993</u>
NET POSITION		
Net investment in capital assets	\$	336,363,074
Restricted for debt service		6,325,536
Unrestricted		<u>63,776,317</u>
TOTAL NET POSITION	\$	<u>406,464,927</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
YEAR ENDED SEPTEMBER 30, 2015**

OPERATING REVENUES	
Utility sales and service	\$ 64,016,482
Tap fees and frontage charges	267,432
Rents and miscellaneous	<u>153,054</u>
Total operating revenues	<u>64,436,968</u>
OPERATING EXPENSES	
Salaries, wages and fringe benefits	11,472,684
Supplies	1,472,230
Fuel and power	4,246,205
Contractual services	4,703,899
Water Authority charges	5,347,061
Other charges	9,173,530
Depreciation	<u>14,238,259</u>
Total operating expenses	<u>50,653,868</u>
Operating income	<u>13,783,100</u>
NONOPERATING REVENUES (EXPENSES)	
Gain on disposal of property	3,417,620
Interfund reimbursement	673,849
Interest earnings	356,274
Interest and fiscal charges	<u>(5,825,441)</u>
Total nonoperating revenue (expenses)	<u>(1,377,698)</u>
Income before contributions and transfers	12,405,402
Capital contributions	5,105,521
Transfers from other funds	1,000
Transfers to other funds	<u>(2,500,153)</u>
Change in net position	15,011,770
TOTAL NET POSITION, BEGINNING OF YEAR	393,532,420
PRIOR PERIOD ADJUSTMENT	<u>(2,079,263)</u>
TOTAL NET POSITION, BEGINNING OF YEAR, RESTATED	<u>391,453,157</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 406,464,927</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from third parties	\$ 63,722,460
Cash payments to suppliers for goods and services	(24,636,897)
Cash payments to employees	(11,740,514)
Net cash provided (used) by operating activities	<u>27,345,049</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	1,000
Transfers from other funds	(2,500,153)
Interfund reimbursements	673,849
Amounts loaned to other funds	271,454
Net cash provided (used) by noncapital financing activities	<u>(1,553,850)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(26,724,806)
Capital grants received	4,750,790
Principal paid on bond maturities	(7,940,000)
Principal paid on proportionate share of Water Authority debt	(6,166,529)
Noncurrent receivable	311,298
Interest expense	(6,226,325)
Proceeds from sale of capital assets	3,417,620
Net cash provided (used) by capital and related financing activities	<u>(38,577,952)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investment securities	45,420,016
Purchase of investment securities	(40,985,738)
Interest and gains on investments	361,923
Net cash provided (used) by investing activities	<u>4,796,201</u>
Net decrease in cash and cash equivalents	(7,990,552)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>57,011,836</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 49,021,284</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 13,783,100
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	14,238,259
(Increase) decrease in accounts receivable	(552,027)
(Increase) decrease in deferred outflows	(401,957)
(Increase) decrease in other accrued revenue	(306,085)
(Increase) decrease in prepaid expenses	35,089
Increase (decrease) in vouchers payable	(960,630)
Increase (decrease) in accounts payable	1,251,166
Increase (decrease) in accrued operating expenses	117,359
Increase (decrease) in deferred inflows	34,993
Increase (decrease) in customer deposits	143,604
Increase (decrease) in provision for compensated absences	(84,604)
Increase (decrease) in net pension liability	183,738
Increase (decrease) in other accrued expenses	(136,956)
Net cash provided (used) by operating activities	<u>\$ 27,345,049</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Amortization of bond premiums	\$ (354,006)
Increases in fair values of investments	52,053
Interest expense capitalized	406,059
Capital contributions	5,105,521

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
SCHEDULE OF OPERATING REVENUES
YEAR ENDED SEPTEMBER 30, 2015**

UTILITY SALES AND SERVICE	
Water metered sales	\$ 41,199,939
Sewer charges	20,340,925
Industrial waste charges	202,769
Forfeited discounts	862,854
Sale of reclaimed water	622,529
Water service charges	991,326
Net loss on bad debts	(420,863)
Lab fees	148,168
Liquid waste disposal	68,835
	<hr/>
Total utility sales and service	64,016,482
	<hr/>
TAP FEES AND FRONTAGE CHARGES	
Water tap fees	165,887
Sewer tap fees	46,177
Water frontage charges	37,288
Sewer frontage charges	18,080
	<hr/>
Total tap fees and frontage charges	267,432
	<hr/>
RENTS AND MISCELLANEOUS	
Rents and miscellaneous	153,054
	<hr/>
Total rents and miscellaneous	153,054
	<hr/>
TOTAL OPERATING REVENUE	\$ 64,436,968
	<hr/> <hr/>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
YEAR ENDED SEPTEMBER 30, 2015**

WATER AND SEWER SYSTEM FUND DEPARTMENT	Salaries, Wages & Fringe Benefits	Supplies	Fuel and Power
Water production	\$ 278,669	\$ 30,409	\$ 1,507,676
Water transmission	308,377	24,081	1,244,044
Surface water treatment	1,390,092	449,982	96,036
Water distribution	2,399,072	119,414	2,048
Water - general	-	-	-
Wastewater collection	1,480,016	231,171	192,322
Wastewater treatment	2,084,559	339,772	1,181,486
Environmental laboratory	1,074,942	153,725	22,593
Sewer - general	-	-	-
Utility billing	962,469	73,642	-
Director of utilites - admin.	1,494,488	50,034	-
Total operating expenses	<u>\$ 11,472,684</u>	<u>\$ 1,472,230</u>	<u>\$ 4,246,205</u>

See Independent Auditor's Report.

<u>Water Authority Charges</u>	<u>Contractual Services</u>	<u>Other Charges</u>	<u>Depreciation/ Amortization</u>	<u>Total Current Year</u>
\$ -	\$ 470,361	\$ 79,808	\$ 3,773,590	\$ 6,140,513
-	181,494	52,844	2,685,800	4,496,640
5,347,061	527,514	207,294	1,156,595	9,174,574
-	1,035,231	43,630	2,542,908	6,142,303
-	134,750	5,782,972	-	5,917,722
-	792,322	36,748	1,676,453	4,409,032
-	696,848	343,397	2,116,769	6,762,831
-	140,390	(18,685)	98,982	1,471,947
-	-	2,609,588	-	2,609,588
-	652,935	8,911	165,425	1,863,382
-	72,054	27,023	21,737	1,665,336
<u>\$ 5,347,061</u>	<u>\$ 4,703,899</u>	<u>\$ 9,173,530</u>	<u>\$ 14,238,259</u>	<u>\$ 50,653,868</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, 2015**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,099,533
Investments, at fair values	5,459,716
Accounts receivable	370,394
	6,929,643
Total current assets	6,929,643

NONCURRENT ASSETS

Restricted cash and cash equivalents	5,686,471
Capital assets	
Land	2,010
Accumulated depreciation	(99,011)
Equipment under capital lease, net	18,908
Contributed right of way easements	221,219
Infrastructure	4,799,546
Construction in progress	3,731,016
	14,360,159
Total noncurrent assets	14,360,159

TOTAL ASSETS

\$ 21,289,802

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows	\$ 60,338
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TOTAL DEFERRED OUTFLOWS OF RESOURCES

\$ 60,338

LIABILITIES

CURRENT LIABILITIES

Vouchers payable	\$ 23,226
Accounts payable	387,401
Accrued expenses	704,320
Accrued interest	34,729
Due to other funds	21,161
Bonded debt current maturity	675,000
Current portion of provision for compensated absences	13,682
	1,859,519
Total current liabilities	1,859,519

NONCURRENT LIABILITIES

Bonded debt net of current	10,294,250
Provision for compensated absences, net	27,683
Net pension liability	190,341
	10,512,274
Total noncurrent liabilities	10,512,274

TOTAL LIABILITIES

\$ 12,371,793

DEFERRED INFLOWS OF RESOURCES

Deferred inflows	\$ 1,883
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TOTAL DEFERRED INFLOWS OF RESOURCES

\$ 1,883

NET POSITION

Net investment in capital assets	\$ 3,060,075
Restricted for debt service	330,834
Unrestricted	5,585,555
	8,976,464

TOTAL NET POSITION

\$ 8,976,464

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, 2015**

OPERATING REVENUES	
Drainage utility assessments	\$ 5,392,627
Forfeited discounts	67,718
	<u>5,460,345</u>
Total operating revenues	<u>5,460,345</u>
OPERATING EXPENSES	
Salaries, wages and fringe benefits	688,868
Supplies	193,957
Contractual services	884,299
Other charges	305,297
Depreciation	97,205
	<u>2,169,626</u>
Total operating expenses	<u>2,169,626</u>
Operating income (loss)	<u>3,290,719</u>
NONOPERATING REVENUES (EXPENSES)	
Interest earnings	17,922
Sales to other departments	93,012
Interest and fiscal charges	<u>(233,687)</u>
Total nonoperating revenue (expenses)	<u>(122,753)</u>
Income before contributions and transfers	3,167,966
Capital contributions	133,765
Transfers from other funds	500,000
Transfers to other funds	<u>(206,849)</u>
Change in net position	3,594,882
TOTAL NET POSITION, BEGINNING OF YEAR	<u>5,526,655</u>
PRIOR PERIOD ADJUSTMENT	<u>(145,073)</u>
TOTAL NET POSITION, BEGINNING OF YEAR, RESTATED	<u>5,381,582</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 8,976,464</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
DRAINAGE UTILITY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from third parties	\$ 5,340,927
Cash payments to suppliers for goods and services	(452,540)
Cash payments to employees	<u>(720,713)</u>
Net cash provided (used) by operating activities	<u>4,167,674</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	500,000
Sales to other departments	93,012
Transfers to other funds	(206,849)
Amounts borrowed from other funds	<u>21,161</u>
Net cash provided (used) by noncapital financing activities	<u>407,324</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(2,996,470)
Principal paid on bond maturities	(620,000)
Interest expense	<u>(195,559)</u>
Net cash provided (used) by capital and related financing activities	<u>(3,812,029)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investment securities	1,499,892
Purchase of investment securities	(3,840,160)
Interest and gains on investments	<u>69,647</u>
Net cash provided (used) by investing activities	<u>(2,270,621)</u>
Net increase (decrease) in cash and cash equivalents	(1,507,652)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>8,293,656</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u><u>\$ 6,786,004</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 3,290,719
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	97,205
(Increase) decrease in accounts receivable	(119,418)
(Increase) decrease in deferred outflows	(21,627)
Increase (decrease) in vouchers payable	(2,698)
Increase (decrease) in accounts payable	384,388
Increase (decrease) in accrued operating expenses	549,323
Increase (decrease) in deferred inflows	1,883
Increase (decrease) in provision for compensated absences	(21,988)
Increase (decrease) in net pension liability	<u>9,887</u>
Net cash provided (used) by operating activities	<u><u>\$ 4,167,674</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Capital contributions	\$ 133,765
Interest expense capitalized	35,983

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, 2015**

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 1,243,803
Investments at fair value	8,523,180
Receivables (net of allowances for uncollectibles)	
Accounts	107,518
Accrued interest	17,374
Other accrued revenue	127,651
Due from other governments	271,213
Total current assets	<u>10,290,739</u>
NONCURRENT ASSETS	
Restricted cash and cash equivalents	111,900
Capital assets	
Land	2,777,341
Runways, buildings and improvements	152,028,750
Accumulated depreciation	(82,950,658)
Equipment and vehicles	4,782,178
Accumulated depreciation	(3,794,237)
Construction in progress	8,505,193
Total capital assets, net of accumulated depreciation	<u>81,348,567</u>
Total noncurrent assets	<u>81,460,467</u>
TOTAL ASSETS	<u>\$ 91,751,206</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows	\$ 235,109
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 235,109</u>
LIABILITIES	
CURRENT LIABILITIES	
Vouchers payable	\$ 375,998
Accounts payable	113
Accrued expenses	135,658
Deposits	107,458
Bonded debt current maturity	1,510,000
Current portion of provision for compensated absences	32,759
Total current liabilities	<u>2,161,986</u>
NONCURRENT LIABILITIES	
Bonded debt, net of current portion	7,457,258
Provision for compensated absences, net	84,431
Net pension obligation	741,672
Total noncurrent liabilities	<u>8,283,361</u>
TOTAL LIABILITIES	<u>\$ 10,445,347</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows	\$ 7,336
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 7,336</u>
NET POSITION	
Net investment in capital assets	\$ 72,381,309
Restricted for debt service	111,900
Unrestricted	9,040,423
TOTAL NET POSITION	<u>\$ 81,533,632</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, 2015**

OPERATING REVENUES	
Airfield fees and commissions	\$ 446,391
Terminal building revenue	6,338,372
Other building revenue	1,592,520
Total operating revenues	8,377,283
OPERATING EXPENSES	
Salaries, wages and fringes	2,200,338
Supplies	452,647
Fuel and power	603,525
Contractual services	787,121
Other charges	2,237,308
Depreciation	4,828,596
Total operating expenses	11,109,535
Operating loss	(2,732,252)
NONOPERATING REVENUES (EXPENSES)	
Passenger facility charge	1,353,859
Interest earnings	29,521
Change in value of investments	(937)
Gain (loss) on sale of property	7,208
Interest expense	(63,295)
Other miscellaneous revenue	158,889
Net nonoperating revenues (expenses)	1,485,245
Net loss before contributions	(1,247,007)
CAPITAL CONTRIBUTIONS	525,885
TRANSFERS TO OTHER FUNDS	(77,909)
Change in net position	(799,031)
NET POSITION AT BEGINNING OF YEAR	82,777,457
PRIOR PERIOD ADJUSTMENT	(444,794)
TOTAL NET POSITION, BEGINNING OF YEAR, RESTATED	82,332,663
NET POSITION AT END OF YEAR	\$ 81,533,632

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
AIRPORT FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from third parties	\$ 8,584,625
Cash payments to suppliers for goods and services	(4,614,032)
Cash payments to employees	<u>(2,333,042)</u>
Net cash provided (used) by operating activities	<u>1,637,551</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash payments received for passenger facility charge	1,353,859
Transfers to other funds	<u>(77,909)</u>
Net cash provided (used) by noncapital financing activities	<u>1,275,950</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(1,554,209)
Principal paid on bond maturities	(1,440,000)
Capital grants received	184,485
Interest expense	(176,254)
Proceeds from sale of equipment	<u>8,425</u>
Net cash provided (used) by capital and related financing activities	<u>(2,977,553)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investment securities	4,589,783
Purchase of investment securities	(7,491,433)
Interest and gains on investments	<u>28,220</u>
Net cash provided (used) by investing activities	<u>(2,873,430)</u>
Net increase (decrease) in cash and cash equivalents	(2,937,482)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>4,293,185</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 1,355,703</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (2,732,252)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	4,828,596
(Increase) decrease in accounts receivable	37,844
(Increase) decrease in other accrued revenue	162,601
(Increase) decrease in deferred outflows	(84,270)
Increase (decrease) in vouchers payable	252,090
Increase (decrease) in accounts payable	(436,329)
Increase (decrease) in accrued operating expenses	(349,192)
Increase (decrease) in deposits received	6,897
(Increase) decrease in deferred inflows	7,336
Increase (decrease) in provision for compensated absences	(94,290)
Increase (decrease) in net pension obligation	<u>38,520</u>
Net cash provided (used) by operating activities	<u>\$ 1,637,551</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
(Increase) decrease in fair values of investments	\$ (937)
Interest expense capitalized	248,739
Capital contributions	525,885

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
AIRPORT FUND
SCHEDULE OF OPERATING REVENUES
YEAR ENDED SEPTEMBER 30, 2015**

AIRFIELD FEES AND COMMISSIONS	
Landing fees	\$ 312,140
Military fuel flowage commission	132,333
Fuel and oil commissions--other	<u>1,918</u>
Total airfield fees and commissions	<u>446,391</u>
TERMINAL BUILDING REVENUES	
Airline rentals	1,536,434
Restaurant commissions	210,330
Other terminal building rentals	96,449
Car rental agencies	2,094,505
Auto parking concession	<u>2,400,654</u>
Total terminal building revenues	<u>6,338,372</u>
OTHER BUILDING REVENUES	
Lease rentals	
Bell Helicopter	460,409
Krams, Inc.	277,363
Leading Edge	392,795
Fixed base operator	92,118
Other building rentals	182,777
Ground rentals	146,526
Advertising commissions	<u>40,532</u>
Total other building revenues	<u>1,592,520</u>
TOTAL OPERATING REVENUES	<u><u>\$ 8,377,283</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 nutrition, immunization, education, and similar public health purposes within the city-bi-county public health district, received primarily through the Texas Department of Health.

Justice: These grants are received from the Texas Criminal Justice Division 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 library administers grants received from the Texas State Library and the Texas Committee for the Humanities for services as an area resource center, as well as for local purposes. The City's transportation planning department administers grants from the U. S. Department of Transportation and the Texas Highway Commission for both general transportation planning and for planning with respect to the Department of Energy's Pantex plant east of the City. 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, 2015**

	<u>Community Development Block Grant</u>	<u>Housing Assistance Payments Program</u>	<u>Home Investment Partnership Program</u>	<u>Shelter Plus Care/ Permanent Housing</u>
ASSETS				
Cash and cash equivalents	\$ 59,230	\$ 1,203,521	\$ 45,347	\$ 27,259
Accounts receivable	60,649	681	74,291	-
Due from other funds	13,633	0	1,150	-
Due from other governments	305,981	22,656	29,825	102,769
Other accrued revenue	175	-	-	-
TOTAL ASSETS	<u>\$ 439,668</u>	<u>\$ 1,226,858</u>	<u>\$ 150,613</u>	<u>\$ 130,028</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 130,090	\$ 189,158	\$ 2,742	\$ -
Due to other funds - unrestricted	213,763	3,405	31,386	130,028
Due to other governments	1,674	-	-	-
Unearned revenue	-	-	74,416	-
Vouchers payable	89,368	17	15,877	-
Total liabilities	<u>434,895</u>	<u>192,580</u>	<u>124,421</u>	<u>130,028</u>
FUND BALANCES				
Restricted for:				
Special purposes	4,773	996,322	26,192	-
Committed for:				
Compensated absences	-	37,956	-	-
Total fund balances	<u>4,773</u>	<u>1,034,278</u>	<u>26,192</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 439,668</u>	<u>\$ 1,226,858</u>	<u>\$ 150,613</u>	<u>\$ 130,028</u>

See Independent Auditor's Report.

<u>Supportive/ Transitional Housing</u>	<u>Affordable Housing</u>	<u>Emergency Shelter</u>	<u>HMIS</u>	<u>Total</u>
\$ 28,801	\$ 1,148	\$ 10,674	\$ 15,299	\$ 1,391,279
-	-	-	-	135,621
(4,363)	-	-	-	10,420
114,773	-	6,925	7,250	590,179
-	-	-	-	175
<u>\$ 139,211</u>	<u>\$ 1,148</u>	<u>\$ 17,599</u>	<u>\$ 22,549</u>	<u>\$ 2,127,674</u>
\$ -	\$ -	\$ (1)	\$ 2,241	\$ 324,230
135,001	-	15,000	20,000	548,583
-	-	-	-	1,674
-	1,000	-	-	75,416
2,557	-	2,599	309	110,727
<u>137,558</u>	<u>1,000</u>	<u>17,598</u>	<u>22,550</u>	<u>1,060,630</u>
1,653	148	1	(1)	1,029,088
-	-	-	-	37,956
<u>1,653</u>	<u>148</u>	<u>1</u>	<u>(1)</u>	<u>1,067,044</u>
<u>\$ 139,211</u>	<u>\$ 1,148</u>	<u>\$ 17,599</u>	<u>\$ 22,549</u>	<u>\$ 2,127,674</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, 2015**

	Community Development Block Grant	Housing Assistance Payments Program	Home Investment Partnership Program
REVENUES			
Grants-in-aid - capital	\$ 1,464,864	\$ 7,364,070	\$ 440,180
Charges for services	85,521	-	16,334
Construction participations	88,488	-	-
Investment earnings	-	2,806	-
Miscellaneous revenues	5,000	55,385	-
Total revenues	<u>1,643,873</u>	<u>7,422,261</u>	<u>456,514</u>
EXPENDITURES			
Urban redevelopment/housing	<u>1,642,772</u>	<u>7,936,596</u>	<u>470,884</u>
Total expenditures	<u>1,642,772</u>	<u>7,936,596</u>	<u>470,884</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,101</u>	<u>(514,335)</u>	<u>(14,370)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfer from other fund	<u>3,670</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>3,670</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,771	(514,335)	(14,370)
FUND BALANCES, BEGINNING OF YEAR	<u>2</u>	<u>1,548,613</u>	<u>40,562</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,773</u>	<u>\$ 1,034,278</u>	<u>\$ 26,192</u>

See Independent Auditor's Report.

Shelter Plus Care/ Permanent Housing	Supportive/ Transitional Housing	Affordable Housing	Emergency Shelter	HMIS	Total
\$ 329,877	\$ 238,386	\$ -	\$ 92,024	\$ 82,534	\$ 10,011,935
-	-	-	-	-	101,855
-	-	-	-	-	88,488
-	-	12	-	-	2,818
-	16,373	-	-	-	76,758
<u>329,877</u>	<u>254,759</u>	<u>12</u>	<u>92,024</u>	<u>82,534</u>	<u>10,281,854</u>
<u>330,900</u>	<u>254,756</u>	<u>-</u>	<u>92,515</u>	<u>88,119</u>	<u>10,816,542</u>
<u>330,900</u>	<u>254,756</u>	<u>-</u>	<u>92,515</u>	<u>88,119</u>	<u>10,816,542</u>
<u>(1,023)</u>	<u>3</u>	<u>12</u>	<u>(491)</u>	<u>(5,585)</u>	<u>(534,688)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>491</u>	<u>5,584</u>	<u>9,745</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>491</u>	<u>5,584</u>	<u>9,745</u>
<u>(1,023)</u>	<u>3</u>	<u>12</u>	<u>-</u>	<u>(1)</u>	<u>(524,943)</u>
<u>1,023</u>	<u>1,650</u>	<u>136</u>	<u>1</u>	<u>-</u>	<u>1,591,987</u>
<u>\$ -</u>	<u>\$ 1,653</u>	<u>\$ 148</u>	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ 1,067,044</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PUBLIC HEALTH GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
SEPTEMBER 30, 2015**

	Public Health	Women, Infants & Children	Total
ASSETS			
Cash and cash equivalents	\$ 2,095,654	\$ 13,130	\$ 2,108,784
Other prepaid expenses	-	5,727	5,727
Due from other funds - unrestricted	3,358	-	3,358
Due from other governments	258,254	682,385	940,639
TOTAL ASSETS	\$ 2,357,266	\$ 701,242	\$ 3,058,508
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 67,055	\$ 40,820	\$ 107,875
Due to other funds - unrestricted	-	650,000	650,000
Deferred Revenue	-	4,441	4,441
Vouchers payable	175,489	5,982	181,471
Total liabilities	242,544	701,243	943,787
FUND BALANCES			
Nonspendable:			
Prepaid items	-	5,727	5,727
Restricted:			
Special purposes	2,114,722	(5,728)	2,108,994
Total fund balances	2,114,722	(1)	2,114,721
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,357,266	\$ 701,242	\$ 3,058,508

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, 2015**

	<u>Public Health</u>	<u>Women, Infants & Children</u>	<u>Total</u>
REVENUES			
Other entity participation	\$ 175,000	\$ -	\$ 175,000
Intergovernmental revenues	5,019,238	1,914,381	6,933,619
Charges for services	58,867	-	58,867
Total revenues	<u>5,253,105</u>	<u>1,914,381</u>	<u>7,167,486</u>
EXPENDITURES			
Other public safety and health	3,203,965	1,346,789	4,550,754
Capital outlay	-	210,226	210,226
Total expenditures	<u>3,203,965</u>	<u>1,557,015</u>	<u>4,760,980</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,049,140</u>	<u>357,366</u>	<u>2,406,506</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers to other fund	(1,974)	(357,577)	(359,551)
Transfers from other fund	-	210	210
Total other financing sources and uses	<u>(1,974)</u>	<u>(357,367)</u>	<u>(359,341)</u>
Net change in fund balances	2,047,166	(1)	2,047,165
FUND BALANCES, AT BEGINNING OF YEAR	<u>67,556</u>	<u>-</u>	<u>67,556</u>
FUND BALANCES, AT END OF YEAR	<u>\$ 2,114,722</u>	<u>\$ (1)</u>	<u>\$ 2,114,721</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
JUSTICE GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
SEPTEMBER 30, 2015**

	<u>Selective Traffic Enforcement Program</u>	<u>Total</u>
ASSETS		
Cash and cash equivalents	\$ 16,728	\$ 16,728
Due from other governments	42,456	42,456
TOTAL ASSETS	<u>\$ 59,184</u>	<u>\$ 59,184</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Due to other funds - unrestricted	\$ 59,184	\$ 59,184
Total liabilities	<u>59,184</u>	<u>59,184</u>
FUND BALANCES		
Restricted:		
Special purposes	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 59,184</u>	<u>\$ 59,184</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, 2015**

	<u>Selective Traffic Enforcement Program</u>	<u>Total</u>
REVENUES		
Intergovernmental revenues	<u>\$ 156,443</u>	<u>\$ 156,443</u>
Total revenues	<u>156,443</u>	<u>156,443</u>
EXPENDITURES		
Police protection	<u>222,008</u>	<u>222,008</u>
Total expenditures	<u>222,008</u>	<u>222,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(65,565)</u>	<u>(65,565)</u>
OTHER FINANCING SOURCES (USES)		
Transfers from other fund	<u>65,565</u>	<u>65,565</u>
Total other financing sources and uses	<u>65,565</u>	<u>65,565</u>
Net change in fund balances	-	-
FUND BALANCES, AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>
FUND BALANCES, AT END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
 MISCELLANEOUS GRANTS
 COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES
 SEPTEMBER 30, 2015**

	<u>Urban Transportation Planning</u>	<u>Hazardous Materials Transportation Planning</u>
ASSETS		
Cash and cash equivalents	\$ 8,683	\$ 222,702
Due from other governments	<u>66,378</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 75,061</u>	<u>\$ 222,702</u>
LIABILITIES AND FUND BALANCES		
Accounts payable	\$ 8,518	\$ -
Due to other funds - unrestricted	<u>66,544</u>	<u>-</u>
Total liabilities	<u>75,062</u>	<u>-</u>
FUND BALANCES		
Restricted:		
Special purposes	<u>(1)</u>	<u>222,702</u>
Total fund balances	<u>(1)</u>	<u>222,702</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 75,061</u>	<u>\$ 222,702</u>

See Independent Auditor's Report.

<u>Pantex Plant Environmental Oversight</u>	<u>Summer Lunch Program</u>	<u>Total</u>
\$ 29,909	\$ 48,959	\$ 310,253
<u>39,044</u>	<u>-</u>	<u>105,422</u>
<u>\$ 68,953</u>	<u>\$ 48,959</u>	<u>\$ 415,675</u>
\$ 3,952	\$ 3	\$ 12,473
<u>65,000</u>	<u>-</u>	<u>131,544</u>
<u>68,952</u>	<u>3</u>	<u>144,017</u>
<u>1</u>	<u>48,956</u>	<u>271,658</u>
<u>1</u>	<u>48,956</u>	<u>271,658</u>
<u>\$ 68,953</u>	<u>\$ 48,959</u>	<u>\$ 415,675</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, 2015**

	<u>Urban Transportation Planning</u>	<u>Hazardous Materials Transportation Planning</u>
REVENUES		
Intergovernmental revenues	\$ 372,912	\$ -
Total revenues	<u>372,912</u>	<u>-</u>
EXPENDITURES		
Other public safety and health	-	-
Staff services	372,952	-
Total expenditures	<u>372,952</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(40)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)		
Transfers to other fund	-	(46,243)
Operating transfers from other fund	40	-
Total other financing sources and uses	<u>40</u>	<u>(46,243)</u>
Net change in fund balances	-	(46,243)
FUND BALANCES, AT BEGINNING OF YEAR	<u>(1)</u>	<u>268,945</u>
FUND BALANCES, AT END OF YEAR	<u>\$ (1)</u>	<u>\$ 222,702</u>

See Independent Auditor's Report.

<u>Pantex Plant Environmental Oversight</u>	<u>Summer Lunch Program</u>	<u>Total</u>
\$ 131,021	\$ 336,412	\$ 840,345
<u>131,021</u>	<u>336,412</u>	<u>840,345</u>
131,020	329,931	460,951
<u>-</u>	<u>-</u>	<u>372,952</u>
<u>131,020</u>	<u>329,931</u>	<u>833,903</u>
<u>1</u>	<u>6,481</u>	<u>6,442</u>
-	-	(46,243)
<u>-</u>	<u>42,476</u>	<u>42,516</u>
<u>-</u>	<u>42,476</u>	<u>(3,727)</u>
<u>1</u>	<u>48,957</u>	<u>2,715</u>
<u>-</u>	<u>(1)</u>	<u>268,943</u>
<u>\$ 1</u>	<u>\$ 48,956</u>	<u>\$ 271,658</u>

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
COMBINING STATEMENT OF FIDUCIARY FUNDS
SEPTEMBER 30, 2015

	<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	<u>\$ 2,472</u>	<u>\$ 5,008</u>	<u>\$ 23,279</u>	<u>\$ 30,759</u>
TOTAL ASSETS	<u><u>\$ 2,472</u></u>	<u><u>\$ 5,008</u></u>	<u><u>\$ 23,279</u></u>	<u><u>\$ 30,759</u></u>
NET POSITION				
Held in trust for private purposes	<u>\$ 2,472</u>	<u>\$ 5,008</u>	<u>\$ 23,279</u>	<u>\$ 30,759</u>
TOTAL NET POSITION	<u><u>\$ 2,472</u></u>	<u><u>\$ 5,008</u></u>	<u><u>\$ 23,279</u></u>	<u><u>\$ 30,759</u></u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY FUNDS
 SEPTEMBER 30, 2015**

	Centennial Parkway	Indigent Dog Bite Victim	Amarillo Industrial Development Corporation	Total Private-Purpose Trust Funds
ADDITIONS:				
Investment earnings	\$ 1	\$ 2	\$ 3	\$ 6
Total additions	<u>1</u>	<u>2</u>	<u>3</u>	<u>6</u>
DEDUCTIONS:				
Supplies	-	-	-	-
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>1</u>	<u>2</u>	<u>3</u>	<u>6</u>
NET POSITION, BEGINNING OF YEAR	<u>2,471</u>	<u>5,006</u>	<u>23,276</u>	<u>30,753</u>
NET POSITION, END OF YEAR	<u>\$ 2,472</u>	<u>\$ 5,008</u>	<u>\$ 23,279</u>	<u>\$ 30,759</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, 2015

	<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	<u>\$ 739,016</u>	<u>\$ 3,856,948</u>	<u>\$ 3,818,051</u>	<u>\$ 777,913</u>
Total assets	<u>\$ 739,016</u>	<u>\$ 3,856,948</u>	<u>\$ 3,818,051</u>	<u>\$ 777,913</u>
Liabilities				
Due to other agencies	<u>\$ 739,016</u>	<u>\$ 3,856,948</u>	<u>\$ 3,818,051</u>	<u>\$ 777,913</u>
Total liabilities	<u>\$ 739,016</u>	<u>\$ 3,856,948</u>	<u>\$ 3,818,051</u>	<u>\$ 777,913</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, 2015**

	No-Load Mutual Funds	U.S. Treasury Obligations		
		Amortized Cost	Par Value	Fair Values
GOVERNMENTAL FUNDS				
Unrestricted:				
General Fund	\$ 556,192	\$ 2,001,187	\$ 2,000,000	\$ 2,001,560
Housing and Urban Development Grants Funds	2,080	-	-	-
Seizure Funds	6,591	-	-	-
Tax Increment Reinvestment Zone #1	758,471	-	-	-
Compensated Absences	456,744	-	-	-
General Obligation Debt	843,342	-	-	-
Public Improvement Districts	28,327	-	-	-
Capital Projects Funds	1,776,153	-	-	-
Miscellaneous special revenue	193,996	-	-	-
Total Unrestricted	<u>4,621,896</u>	<u>2,001,187</u>	<u>2,000,000</u>	<u>2,001,560</u>
Restricted:				
Tax Increment Reinvestment Zone #1	-	-	-	-
Total Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Funds	<u>4,621,896</u>	<u>2,001,187</u>	<u>2,000,000</u>	<u>2,001,560</u>
PROPRIETARY FUNDS				
ENTERPRISE FUNDS				
Unrestricted:				
Water and Sewer Fund	361,976	-	-	-
Airport Fund	152,849	-	-	-
Drainage Utility	-	-	-	-
Total Unrestricted	<u>514,825</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted:				
Water and Sewer Fund	43,266,254	-	-	-
Drainage Utility	5,686,530	-	-	-
Total Restricted	<u>48,952,784</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Enterprise Funds	<u>49,467,609</u>	<u>-</u>	<u>-</u>	<u>-</u>
INTERNAL SERVICE FUNDS				
Unrestricted:				
Municipal Garage	372,045	-	-	-
Information Services	350,847	-	-	-
Risk Management	718,505	-	-	-
Employee Insurance	160,046	-	-	-
Total Unrestricted	<u>1,601,443</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted:				
Municipal Garage	526,239	-	-	-
Total Internal Service Funds	<u>2,127,682</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS - ALL FUNDS	<u>\$ 56,217,187</u>	<u>\$ 2,001,187</u>	<u>\$ 2,000,000</u>	<u>\$ 2,001,560</u>

See Independent Auditor's Report.

U.S. Government and Government-Sponsored Agencies		Total Investments at Fair Values	Add Time Deposits	Less Cash Equivalents	Total Investments
Interest Bearing Obligations Par Values	Fair Values				
\$ 39,995,000	\$ 40,217,693	\$ 42,775,445	\$ 3,802,182	\$ (556,192)	\$ 46,021,435
-	-	2,080	-	(2,080)	-
-	-	6,591	-	(6,591)	-
500,000	500,346	1,258,817	1,080,000	(758,471)	1,580,346
1,750,000	1,751,365	2,208,109	4,250,000	(456,744)	6,001,365
-	-	843,342	-	(843,342)	-
-	-	28,327	-	(28,327)	-
18,500,000	18,672,392	20,448,546	14,200,000	(1,776,153)	32,872,392
1,000,000	999,882	1,193,878	1,000,000	(193,996)	1,999,882
<u>61,745,000</u>	<u>62,141,678</u>	<u>68,765,135</u>	<u>24,332,182</u>	<u>(4,621,896)</u>	<u>88,475,420</u>
-	-	-	500,000	-	500,000
-	-	-	500,000	-	500,000
<u>61,745,000</u>	<u>62,141,678</u>	<u>68,765,135</u>	<u>24,832,182</u>	<u>(4,621,896)</u>	<u>88,975,420</u>
37,090,000	37,211,977	37,573,953	11,250,000	(361,976)	48,461,977
6,750,000	6,773,180	6,926,029	1,750,000	(152,849)	8,523,180
5,195,000	5,209,716	5,209,716	250,000	-	5,459,716
<u>49,035,000</u>	<u>49,194,873</u>	<u>49,709,698</u>	<u>13,250,000</u>	<u>(514,825)</u>	<u>62,444,873</u>
-	-	43,266,254	-	(43,266,254)	-
-	-	5,686,530	-	(5,686,530)	-
-	-	48,952,784	-	(48,952,784)	-
<u>49,035,000</u>	<u>49,194,873</u>	<u>98,662,482</u>	<u>13,250,000</u>	<u>(49,467,609)</u>	<u>62,444,873</u>
4,500,000	4,507,885	4,879,930	3,250,000	(372,045)	7,757,885
2,000,000	2,011,148	2,361,995	1,000,000	(350,847)	3,011,148
11,750,000	11,787,083	12,505,588	2,250,000	(718,505)	14,037,083
-	-	160,046	500,000	(160,046)	500,000
<u>18,250,000</u>	<u>18,306,116</u>	<u>19,907,559</u>	<u>7,000,000</u>	<u>(1,601,443)</u>	<u>25,306,116</u>
-	-	526,239	-	(526,239)	-
<u>18,250,000</u>	<u>18,306,116</u>	<u>20,433,798</u>	<u>7,000,000</u>	<u>(2,127,682)</u>	<u>25,306,116</u>
\$ 129,030,000	\$ 129,642,667	\$ 187,861,415	\$ 45,082,182	\$ (56,217,187)	\$ 176,726,409

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
AD VALOREM TAXES RECEIVABLE BY ROLL YEAR
SEPTEMBER 30, 2015

<u>Roll Year</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
2015	\$ 309,406	\$ 25,148	\$ 334,554
2014	147,589	12,595	160,184
2013	99,542	9,293	108,835
2012	78,477	7,461	85,938
2011	75,586	7,697	83,283
2010	68,336	6,959	75,295
2009	56,207	5,724	61,931
2008	44,638	938	45,576
2007	40,699	932	41,631
2006	39,141	945	40,086
2005	24,919	625	25,544
2004	21,319	558	21,877
2003	42,546	1,530	44,076
2002 & Prior	50,664	-	50,664
Total taxes receivable	1,099,069	80,405	1,179,474
Allowance for uncollectible taxes	832,675	59,316	891,991
Net taxes receivable	266,394	21,089	287,483
Provision for deferred collections	211,249	16,305	227,554
Net taxes available for current expenditure	\$ 55,145	\$ 4,784	\$ 59,929

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
SCHEDULE OF CHANGES IN TAXES AVAILABLE
YEAR ENDED SEPTEMBER 30, 2015**

TAXES AVAILABLE, BEGINNING, Net	<u>\$ 87,773</u>
REVENUES	
Taxes levied	37,270,434
Adjustments	<u>(94,680)</u>
Tax levy net of adjustments	37,175,754
Increase in allowance for uncollectible taxes	(2,601)
Increase in provision for deferred collections	<u>(13,746)</u>
Net revenues	37,159,407
COLLECTIONS	<u>(37,187,251)</u>
Net increase (decrease) in taxes available	<u>(27,844)</u>
TAXES AVAILABLE, ENDING, Net	<u><u>\$ 59,929</u></u>
TOTAL AD VALOREM TAXES:	
Ad valorem taxes - property tax rolls	\$ 34,205,525
Penalty and interest	266,927
Payment in lieu of property tax	<u>3,214,205</u>
Total General Fund tax revenues	37,686,657
Debt Service	<u>2,812,468</u>
TOTAL TAX REVENUES	<u><u>\$ 40,499,125</u></u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
COMBINED SCHEDULE OF OUTSTANDING DEBT ISSUANCES
SEPTEMBER 30, 2015**

	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rates on Outstanding Maturities</u>
GENERAL OBLIGATION DEBT:			
<i>Serviced by Tax Revenues:</i>			
General Obligation Bonds, Series 2009	09/03/09	08/15/22	3.50 - 5.00%
Combination Tax and Revenue Certificate of Obligation Bonds, Series 2007	09/25/07	05/15/27	4.00 - 5.25%
Recovery Zone Build America Bonds, Series 2010	04/15/10	08/15/30	5.81%
<i>Serviced by special assessments and other revenue sources:</i>			
Public Improvement Districts:			
Combination Tax and Revenues Certificates of Obligation			
Series 2001 Greenways	12/20/01	08/15/16	4.45%
Series 2003 Greenways	11/26/03	08/15/23	3.70%
Series 2006 Colonies	05/24/06	02/15/26	4.75%
Series 2008A Greenways	07/17/08	02/15/28	4.28%
Series 2008B Colonies	07/17/08	02/15/28	4.08%
Series 2014 (\$725,000 Greenways, \$1,535,000 Colonies)	04/01/14	08/15/34	2.000 - 3.625%
Golf Course Supported:			
Series 2011A	02/03/11	02/15/37	3.50 - 5.25%
Tax Increment Reinvestment Zone #1 Supported:			
Series 2011B	02/03/11	02/15/32	3.50 - 6.00%
Total debt serviced by property taxes, including special assessment and other revenue sources			
<i>Serviced by Municipal Garage Fund Revenue (an Internal Service Fund):</i>			
Combination Tax and Revenue Certificates of Obligation, 2012B	12/12/12	08/15/18	1.00 - 1.250%
Tax Notes, Series 2014	02/25/14	08/15/19	0.20 - 2.00%
Total debt serviced by Municipal Garage Funds revenue			
REVENUE OBLIGATION DEBT:			
<i>Serviced by Water and Sewer Revenues:</i>			
Waterworks and Sewer Revenue, 2005	09/07/05	04/01/19	5.00%
Waterworks and Sewer Revenue, 2006	12/28/06	04/01/32	4.00 - 4.50%
Waterworks and Sewer Revenue, 2006A	01/18/07	04/01/27	4.25 - 4.375%
Waterworks and Sewer Revenue, 2011	08/30/11	04/01/31	2.00 - 4.125%
General Obligation Bonds, Series 2011	08/30/11	04/01/23	2.00 - 3.125%
Waterworks and Sewer Revenue, 2013	07/10/13	04/01/23	0.010 - 0.850%
Waterworks and Sewer Revenue, 2014	01/22/14	04/01/33	0.00 - 2.62%
Combination Tax and Revenues Certificates of Obligation			
Waterworks and Sewer Tax and Revenue, 2009	04/01/09	05/15/28	0.338 - 3.018%
Waterworks and Sewer Tax and Revenue 2009B	12/29/09	05/15/29	0.21 - 2.587%
Waterworks and Sewer Tax and Revenue 2009C	02/02/10	05/15/31	0.00%
Total bonds serviced by Water and Sewer revenues			
<i>Serviced by Airport Revenue:</i>			
Airport Tax and Revenue, 2009A	09/03/09	02/15/20	4.70 - 5.00%
<i>Serviced by Drainage Fund Revenue:</i>			
Combination Tax and Revenue Certificates of Obligation, 2012A	12/12/12	08/15/32	1.00 - 2.00%
Drainage Revenue, 2014	04/01/14	08/15/34	2.00 - 3.75%
Total debt serviced by Drainage Fund revenue			
Total bonds payable*			

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

** Total interest of \$61,491 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/pdf/9_30_15_Debt_Schedule.pdf.

See Independent Auditor's Report.

Bond Issuances				2015-16 Maturities		
Authorized	Issued	Retired	Outstanding	Principal	Interest	Total
\$ 4,825,000	\$ 4,825,000	\$ 1,765,000	\$ 3,060,000	\$ 390,000	\$ 117,663	\$ 507,663
24,575,000	24,575,000	6,155,000	18,420,000	1,155,000	948,813	2,103,813
1,392,000	1,392,000	282,000	1,110,000	62,000	32,470 **	94,470
600,000	600,000	545,000	55,000	55,000	2,448	57,448
620,000	620,000	305,000	315,000	35,000	11,655	46,655
585,000	585,000	208,048	376,952	28,659	17,287	45,946
600,000	600,000	155,000	445,000	25,000	18,511	43,511
1,500,000	1,500,000	390,000	1,110,000	65,000	43,962	108,962
2,260,000	2,260,000	65,000	2,195,000	90,000	67,619	157,619
3,750,000	3,750,000	350,000	3,400,000	95,000	156,862	251,862
<u>2,210,000</u>	<u>2,210,000</u>	<u>290,000</u>	<u>1,920,000</u>	<u>80,000</u>	<u>95,425</u>	<u>175,425</u>
<u>42,917,000</u>	<u>42,917,000</u>	<u>10,510,048</u>	<u>32,406,952</u>	<u>2,080,659</u>	<u>1,512,715</u>	<u>3,593,374</u>
2,790,000	2,790,000	1,380,000	1,410,000	465,000	15,288	480,288
2,650,000	2,650,000	870,000	1,780,000	435,000	26,850	461,850
<u>5,440,000</u>	<u>5,440,000</u>	<u>2,250,000</u>	<u>3,190,000</u>	<u>900,000</u>	<u>42,138</u>	<u>942,138</u>
13,650,000	13,650,000	8,380,000	5,270,000	1,230,000	263,500	1,493,500
9,120,000	9,120,000	950,000	8,170,000	345,000	342,713	687,713
9,370,000	9,370,000	-	9,370,000	-	401,531	401,531
16,300,000	16,300,000	2,685,000	13,615,000	640,000	487,838	1,127,838
5,605,000	5,605,000	1,455,000	4,150,000	475,000	106,175	581,175
1,310,000	1,310,000	255,000	1,055,000	130,000	3,173	133,173
8,495,000	8,495,000	830,000	7,665,000	365,000	121,476	486,476
38,885,000	38,885,000	10,030,000	28,855,000	2,015,000	614,556	2,629,556
47,400,000	47,400,000	9,775,000	37,625,000	1,960,000	736,671	2,696,671
18,075,000	18,075,000	3,595,000	14,480,000	905,000	-	905,000
<u>168,210,000</u>	<u>168,210,000</u>	<u>37,955,000</u>	<u>130,255,000</u>	<u>8,065,000</u>	<u>3,077,633</u>	<u>11,142,633</u>
16,140,000	16,140,000	7,825,000	8,315,000	1,510,000	362,025	1,872,025
6,260,000	6,260,000	1,275,000	4,985,000	425,000	91,150	516,150
6,080,000	6,080,000	200,000	5,880,000	250,000	180,644	430,644
<u>12,340,000</u>	<u>12,340,000</u>	<u>1,475,000</u>	<u>10,865,000</u>	<u>675,000</u>	<u>271,794</u>	<u>946,794</u>
<u>\$ 245,047,000</u>	<u>\$ 245,047,000</u>	<u>\$ 60,015,048</u>	<u>\$ 185,031,952</u>	<u>\$ 13,230,659</u>	<u>\$ 5,266,305</u>	<u>\$ 18,496,964</u>

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
COMBINED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
SEPTEMBER 30, 2015

	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
2015-2016	1,607,000	1,127,966	(29,021)	2,705,945	473,659	413,769	887,428	8,065,000	3,077,633	11,142,633
2016-2017	1,684,000	1,051,014	(27,400)	2,707,614	435,051	396,798	831,849	8,180,000	2,954,970	11,134,970
2017-2018	1,750,000	978,445	(25,726)	2,702,719	451,509	381,636	833,145	8,335,000	2,819,029	11,154,029
2018-2019	1,832,000	897,769	(24,027)	2,705,742	463,037	365,070	828,107	8,500,000	2,662,640	11,162,640
2019-2020	1,919,000	808,913	(22,275)	2,705,638	474,643	347,967	822,610	8,715,000	2,485,012	11,200,012
2020-2021	2,005,000	715,742	(20,472)	2,700,270	501,325	329,964	831,289	8,905,000	2,309,006	11,214,006
2021-2022	2,102,000	617,065	(18,641)	2,700,424	523,088	310,619	833,707	9,120,000	2,111,479	11,231,479
2022-2023	1,703,000	512,367	(16,759)	2,198,608	539,936	290,874	830,810	9,330,000	1,895,659	11,225,659
2023-2024	1,790,000	422,553	(14,850)	2,197,703	511,875	269,458	781,333	9,140,000	1,658,924	10,798,924
2024-2025	1,882,000	328,155	(12,890)	2,197,265	533,909	247,414	781,323	9,380,000	1,423,955	10,803,955
2025-2026	1,978,000	228,920	(10,876)	2,196,044	528,920	223,675	752,595	9,635,000	1,172,428	10,807,428
2026-2027	2,081,000	124,638	(8,837)	2,196,801	540,000	200,193	740,193	9,910,000	905,806	10,815,806
2027-2028	83,000	14,932	(6,720)	91,212	570,000	175,345	745,345	8,780,000	626,212	9,406,212
2028-2029	86,000	10,109	(4,550)	91,559	430,000	152,175	582,175	6,390,000	391,122	6,781,122
2029-2030	88,000	5,112	(2,301)	90,811	450,000	131,038	581,038	3,075,000	224,755	3,299,755
2030-2031	-	-	-	-	480,000	108,600	588,600	3,160,000	142,475	3,302,475
2031-2032	-	-	-	-	500,000	84,313	584,313	1,140,000	54,860	1,194,860
2032-2033	-	-	-	-	345,000	63,900	408,900	495,000	12,969	507,969
2033-2034	-	-	-	-	365,000	47,881	412,881	-	-	-
2034-2035	-	-	-	-	220,000	30,975	250,975	-	-	-
2035-2036	-	-	-	-	235,000	19,031	254,031	-	-	-
2036-2037	-	-	-	-	245,000	6,431	251,431	-	-	-
Totals	\$ 22,590,000	\$ 7,843,700	\$ (245,345)	\$ 30,188,355	\$ 9,816,952	\$ 4,597,126	\$ 14,414,078	\$ 130,255,000	\$ 26,928,934	\$ 157,183,934

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, 2015

	Airport Bonds (Debt Serviced by Airport Revenues)			Drainage Utility Bonds (Debt Serviced by Drainage Revenues)			Municipal Garage Bonds (Debt Serviced by Municipal Garage Revenues)		
	<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>
2015-2016	1,510,000	362,025	1,872,025	675,000	271,794	946,794	900,000	42,138	942,138
2016-2017	1,580,000	290,775	1,870,775	685,000	262,544	947,544	910,000	33,138	943,138
2017-2018	1,655,000	215,900	1,870,900	500,000	253,144	753,144	925,000	24,038	949,038
2018-2019	1,740,000	131,025	1,871,025	510,000	243,144	753,144	455,000	9,100	464,100
2019-2020	1,830,000	43,762	1,873,762	515,000	230,344	745,344	-	-	-
2020-2021	-	-	-	520,000	217,394	737,394	-	-	-
2021-2022	-	-	-	535,000	204,344	739,344	-	-	-
2022-2023	-	-	-	540,000	190,894	730,894	-	-	-
2023-2024	-	-	-	555,000	177,294	732,294	-	-	-
2024-2025	-	-	-	565,000	163,294	728,294	-	-	-
2025-2026	-	-	-	580,000	149,044	729,044	-	-	-
2026-2027	-	-	-	600,000	134,394	734,394	-	-	-
2027-2028	-	-	-	620,000	119,244	739,244	-	-	-
2028-2029	-	-	-	635,000	103,131	738,131	-	-	-
2029-2030	-	-	-	650,000	86,181	736,181	-	-	-
2030-2031	-	-	-	675,000	68,369	743,369	-	-	-
2031-2032	-	-	-	700,000	49,394	749,394	-	-	-
2032-2033	-	-	-	395,000	29,694	424,694	-	-	-
2033-2034	-	-	-	410,000	15,375	425,375	-	-	-
2034-2035	-	-	-	-	-	-	-	-	-
2035-2036	-	-	-	-	-	-	-	-	-
2036-2037	-	-	-	-	-	-	-	-	-
Totals	<u>\$ 8,315,000</u>	<u>\$ 1,043,487</u>	<u>\$ 9,358,487</u>	<u>\$ 10,865,000</u>	<u>\$ 2,969,016</u>	<u>\$ 13,834,016</u>	<u>\$ 3,190,000</u>	<u>\$ 108,414</u>	<u>\$ 3,298,414</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
BOND PRINCIPAL REPAYMENT SCHEDULE
SEPTEMBER 30, 2015**

<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>
2016	\$ 8,065,000	\$ 122,190,000	11.58%
2017	8,180,000	114,010,000	17.50%
2018	8,335,000	105,675,000	23.53%
2019	8,500,000	97,175,000	29.68%
2020	8,715,000	88,460,000	35.99%
2021	8,905,000	79,555,000	42.43%
2022	9,120,000	70,435,000	49.03%
2023	9,330,000	61,105,000	55.78%
2024	9,140,000	51,965,000	62.40%
2025	9,380,000	42,585,000	69.18%
2026	9,635,000	32,950,000	76.16%
2027	9,910,000	23,040,000	83.33%
2028	8,780,000	14,260,000	89.68%
2029	6,390,000	7,870,000	94.31%
2030	3,075,000	4,795,000	96.53%
2031	3,160,000	1,635,000	98.82%
2032	1,140,000	495,000	99.64%
2033	495,000	-	100.00%
	<u>\$ 130,255,000</u>		

See Independent Auditor's Report.

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

Fiscal Years Ended September 30

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
OPERATING REVENUES	\$ 64,436,968	\$ 72,343,366	\$ 70,809,219	\$ 69,656,085	\$ 69,118,868	\$ 54,601,904	\$ 50,253,220
OPERATING EXPENSES ⁽¹⁾							
Personal Services	11,472,684	11,594,856	11,646,845	11,394,284	11,204,778	11,912,936	11,688,167
Supplies	1,472,230	1,428,923	1,408,294	1,303,399	1,340,547	1,223,082	1,265,460
Contractual & Other Services	23,470,695	23,818,470	22,080,097	21,419,337	21,593,837	21,300,695	21,487,366
Total expenses	<u>36,415,609</u>	<u>36,842,249</u>	<u>35,135,236</u>	<u>34,117,020</u>	<u>34,139,162</u>	<u>34,436,713</u>	<u>34,440,993</u>
NONOPERATING REVENUES (EXPENSES) ⁽²⁾	<u>1,413,510</u>	<u>1,182,273</u>	<u>(3,401,054)</u>	<u>(3,665,377)</u>	<u>4,696,784</u>	<u>(2,272,491)</u>	<u>(1,789,663)</u>
NET AVAILABLE FOR DEBT SERVICE	<u>\$ 29,434,869</u>	<u>\$ 36,683,390</u>	<u>\$ 32,272,929</u>	<u>\$ 31,873,688</u>	<u>\$ 39,676,490</u>	<u>\$ 17,892,700</u>	<u>\$ 14,022,564</u>
ANNUAL DEBT SERVICE							
Principal	\$ 8,065,000	\$ 7,940,000	\$ 7,490,000	\$ 7,290,000	\$ 7,210,000	\$ 5,350,000	\$ 1,290,000
Interest	<u>3,077,633</u>	<u>3,186,396</u>	<u>3,157,712</u>	<u>3,232,174</u>	<u>2,998,168</u>	<u>2,884,844</u>	<u>2,017,904</u>
TOTAL DEBT SERVICE	<u>\$ 11,142,633</u>	<u>\$ 11,126,396</u>	<u>\$ 10,647,712</u>	<u>\$ 10,522,174</u>	<u>\$ 10,208,168</u>	<u>\$ 8,234,844</u>	<u>\$ 3,307,904</u>
Coverage	2.64x	3.30x	3.03x	3.03x	3.89x	2.17x	4.24x

(1) Excludes depreciation

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

**NET POSITION
(As of SEPTEMBER 30, 2015)**

Net Investment in Capital Assets	\$ 336,363,074
Restricted for Revenue Bond Debt Retirement	6,325,536
Unrestricted	<u>63,776,317</u>
Total Net Position	<u>\$ 406,464,927</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL FINANCIAL DATA
CITY'S EQUITY IN SYSTEM**

	Fiscal Years Ended September 30						
	2015	2014	2013	2012	2011	2010	2009
Waterworks and sewer system in service	\$ 720,136,925	\$ 705,779,908	\$ 668,716,261	\$ 658,740,846	\$ 596,302,019	\$ 507,674,625	\$ 491,036,495
Reserve for depreciation	(217,817,127)	(203,635,685)	(190,129,416)	(176,837,047)	(163,814,038)	(153,617,168)	(143,615,988)
Net plant in service	502,319,798	502,144,223	478,586,845	481,903,799	432,487,981	354,057,457	347,420,507
Plus construction in progress	24,886,619	12,169,588	34,064,799	36,349,481	16,228,356	30,597,915	11,655,875
Net plant in service and coming on line	527,206,417	514,313,811	512,651,644	518,253,280	448,716,337	384,655,372	359,076,382
Plus restricted assets and other noncurrent assets and deferred items	31,645,460	34,446,021	24,000,067	27,143,194	57,987,789	87,258,165	44,080,326
Plus working capital	64,534,177	74,220,979	66,127,977	51,196,475	45,089,347	28,518,711	29,781,899
Total assets	<u>623,386,054</u>	<u>622,980,811</u>	<u>602,779,688</u>	<u>596,592,949</u>	<u>551,793,473</u>	<u>500,432,248</u>	<u>432,938,607</u>
Other noncurrent liabilities	208,856,127	221,508,391	222,216,207	232,759,820	208,225,418	190,492,089	139,031,888
Plus liabilities payable from restricted assets	8,065,000	7,940,000	7,490,000	7,290,000	7,210,000	5,350,000	1,335,000
Total obligations	<u>216,921,127</u>	<u>229,448,391</u>	<u>229,706,207</u>	<u>240,049,820</u>	<u>215,435,418</u>	<u>195,842,089</u>	<u>140,366,888</u>
City's equity in system	<u>\$ 406,464,927</u>	<u>\$ 393,532,420</u>	<u>\$ 373,073,481</u>	<u>\$ 356,543,129</u>	<u>\$ 336,358,055</u>	<u>\$ 304,590,159</u>	<u>\$ 292,571,719</u>

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						
	2015	2014	2013	2012	2011	2010	2009
OPERATING REVENUES							
Water sales	\$ 41,199,939	\$ 47,606,516	\$ 46,968,390	\$ 46,807,157	\$ 47,322,272	\$ 35,062,958	\$ 32,260,187
Sewer charges	20,340,925	21,024,451	20,419,533	19,377,899	18,555,334	16,295,031	15,132,268
Industrial surcharges	271,604	265,140	316,450	226,620	187,398	114,904	70,470
Forfeited discounts - water	862,854	1,242,531	1,168,146	1,171,110	1,114,010	923,777	842,068
Sale of reclaimed water	622,529	574,786	598,131	670,041	767,589	772,639	761,885
Water service charges	991,326	1,240,897	1,184,191	1,176,520	1,109,047	883,873	847,347
Water tap fees	165,887	177,324	153,754	130,810	129,425	136,410	133,100
Sewer tap fees	46,177	63,596	61,124	71,993	50,210	59,387	50,509
Water frontage charges	37,288	1,925	16,628	14,855	7,123	15,920	17,214
Sewer frontage charges	18,080	4,928	8,208	25,074	9,723	12,345	3,750
Net loss on bad debts	(420,863)	(88,378)	(503,962)	(502,057)	(552,113)	(258,377)	(284,457)
Lab fees	148,168	156,239	143,814	175,921	157,710	118,412	86,264
Miscellaneous	153,054	73,411	274,812	310,142	261,140	464,625	332,615
Total operating revenues	<u>64,436,968</u>	<u>72,343,366</u>	<u>70,809,219</u>	<u>69,656,085</u>	<u>69,118,868</u>	<u>54,601,904</u>	<u>50,253,220</u>
OPERATING EXPENSES							
Salaries, wages and fringe benefits	11,472,684	11,594,856	11,646,845	11,394,284	11,204,778	11,912,936	11,688,167
Supplies	1,472,230	1,428,923	1,408,294	1,303,399	1,340,547	1,223,082	1,265,460
Fuel and power	4,246,205	4,933,966	4,398,162	4,476,328	4,896,302	4,013,217	4,535,483
Surface water	5,347,061	5,427,970	4,851,074	4,682,183	4,772,154	3,949,399	4,000,658
Other contractual charges	4,703,899	4,554,358	4,329,654	4,216,512	4,271,613	6,046,353	4,803,561
Other charges	9,173,530	8,902,176	8,501,207	8,044,314	7,653,768	7,291,726	8,147,664
Depreciation	14,238,259	13,637,200	13,378,612	13,110,658	10,492,183	10,097,129	9,505,120
Less: interfund reimbursements	(673,849)	(568,755)	(651,429)	(577,802)	(509,369)	(487,504)	(412,322)
Total operating expenses	<u>49,980,019</u>	<u>49,910,694</u>	<u>47,862,419</u>	<u>46,649,876</u>	<u>44,121,976</u>	<u>44,046,338</u>	<u>43,533,791</u>
Operating income	<u>14,456,949</u>	<u>22,432,672</u>	<u>22,946,800</u>	<u>23,006,209</u>	<u>24,996,892</u>	<u>10,555,566</u>	<u>6,719,429</u>
NONOPERATING REVENUES (EXPENSES)							
Capital contributions	5,105,521	3,603,324	369,472	4,587,476	4,206,347	6,657,116	353,948
Interest earnings	356,274	259,941	209,901	170,434	191,138	398,055	881,453
Disposition of property	3,417,620	3,816,207	57,883	(161,536)	6,974,932	14,646	20,351
Interest expense & fiscal charges	(5,825,441)	(6,190,969)	(6,881,192)	(7,030,181)	(4,600,102)	(5,568,544)	(4,459,891)
Total nonoperating revenues (expenses)	<u>3,053,974</u>	<u>1,488,503</u>	<u>(6,243,936)</u>	<u>(2,433,807)</u>	<u>6,772,315</u>	<u>1,501,273</u>	<u>(3,204,139)</u>
Total income before transfers	17,510,923	23,921,175	16,702,864	20,572,402	31,769,207	12,056,839	3,515,290
TRANSFERS FROM (TO) OTHER FUNDS	<u>(2,499,153)</u>	<u>(250,456)</u>	<u>(172,512)</u>	<u>(387,328)</u>	<u>(1,311)</u>	<u>(38,400)</u>	<u>(90,864)</u>
NET INCOME	<u>\$ 15,011,770</u>	<u>\$ 23,670,719</u>	<u>\$ 16,530,352</u>	<u>\$ 20,185,074</u>	<u>\$ 31,767,896</u>	<u>\$ 12,018,439</u>	<u>\$ 3,424,426</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						
	2015	2014	2013	2012	2011	2010	2009
ASSETS							
CURRENT ASSETS							
Cash	\$ 19,471,699	\$ 24,640,561	\$ 26,378,742	\$ 19,588,927	\$ 20,183,545	\$ 2,815,848	\$ 1,735,136
Investments - at fair market value	48,461,977	52,948,308	40,279,863	35,148,563	30,501,543	28,323,250	36,579,772
Receivables (net of allowance for uncollectibles):							
Accounts	5,749,728	5,197,701	5,969,328	5,602,192	4,647,849	4,409,223	3,560,095
Accrued interest	94,835	100,484	71,974	60,022	74,346	250,099	166,365
Other accrued revenue	4,458,946	4,152,861	4,489,465	3,788,401	3,888,645	3,079,289	2,829,096
Prepaid expenses	893,326	928,415	933,853	963,535	24,496	90,534	93,060
Total current assets	<u>79,130,511</u>	<u>87,968,330</u>	<u>78,123,225</u>	<u>65,151,640</u>	<u>59,320,424</u>	<u>38,968,243</u>	<u>44,963,524</u>
NONCURRENT ASSETS							
Restricted cash	29,549,585	32,371,275	23,672,965	26,799,244	57,627,797	59,213,925	44,080,326
Restricted investments at fair value	-	-	-	-	-	28,044,240	-
Other noncurrent receivable	7,902	309,407	327,102	343,950	359,992	-	-
Other noncurrent asset	98,037	153,385	-	-	-	-	-
Capital assets							
Land, easements and water rights	59,444,991	58,993,887	59,163,418	59,023,252	41,513,892	38,622,957	38,459,728
Accumulated depletion water rights	(6,310,311)	(5,588,870)	(4,863,498)	(4,107,495)	(3,390,564)	(2,882,654)	(2,393,228)
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	(21,345,694)	(20,581,680)	(19,817,665)	(19,053,650)	(18,287,542)	(17,523,528)	(16,759,513)
Pipelines and other improvements	606,102,721	592,221,300	554,949,517	545,610,923	500,590,181	414,863,547	398,448,386
Accumulated depreciation	(186,711,321)	(174,143,586)	(162,185,069)	(150,524,679)	(139,007,092)	(130,173,118)	(121,455,798)
Equipment	4,252,824	4,228,332	4,266,937	3,770,282	3,861,557	3,851,732	3,791,992
Accumulated depreciation	(3,449,801)	(3,321,549)	(3,263,184)	(3,151,223)	(3,128,840)	(3,037,868)	(3,007,449)
Construction in progress	24,886,619	12,169,588	34,064,799	36,349,481	16,228,356	30,597,915	11,655,875
Total capital assets, net	<u>527,206,417</u>	<u>514,313,811</u>	<u>512,651,644</u>	<u>518,253,280</u>	<u>448,716,337</u>	<u>384,655,372</u>	<u>359,076,382</u>
Total noncurrent assets	<u>556,861,941</u>	<u>547,147,878</u>	<u>536,651,711</u>	<u>545,396,474</u>	<u>506,704,126</u>	<u>471,913,537</u>	<u>403,156,708</u>
TOTAL ASSETS	<u>\$ 635,992,452</u>	<u>\$ 635,116,208</u>	<u>\$ 614,774,936</u>	<u>\$ 610,548,114</u>	<u>\$ 566,024,550</u>	<u>\$ 510,881,780</u>	<u>\$ 448,120,232</u>
DEFERRED OUTFLOW OF RESOURCES							
Deferred outflow of resources	\$ 2,024,929	\$ 1,966,685	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL DEFERRED OUTFLOWS	<u>\$ 2,024,929</u>	<u>\$ 1,966,685</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

	2015	2014	2013	2012	2011	2010	2009
LIABILITIES							
CURRENT LIABILITIES							
Vouchers payable	\$ 587,641	\$ 1,548,271	\$ 683,404	\$ 1,753,994	\$ 2,528,424	\$ 1,238,357	\$ 1,133,500
Accounts payable	1,988,469	737,303	448,080	1,630,633	3,473,670	705,089	305,704
Accrued expenses	2,533,123	2,415,764	2,142,244	2,339,336	1,193,893	1,963,363	1,341,568
Securities lending collateral	-	-	-	-	230,595	-	6,375,189
Deposits	43,353	43,758	36,899	32,740	31,662	31,548	30,512
Consumer security deposits	3,622,203	3,478,194	3,361,020	3,144,653	3,047,063	2,948,429	2,866,116
Compensated absences, current	253,107	237,424	228,074	187,561	168,340	148,137	134,195
Proportionate share of Water Authority indebtedness - current installments	5,246,984	5,236,637	5,095,527	4,866,248	3,557,430	3,414,609	2,994,841
Due to other funds	321,454	50,000	-	-	-	-	-
Revenue bonds - current maturities	8,065,000	7,940,000	7,490,000	7,290,000	7,210,000	5,350,000	1,335,000
Total current liabilities	22,661,334	21,687,351	19,485,248	21,245,165	21,441,077	15,799,532	16,516,625
NONCURRENT LIABILITIES							
Revenue bonds - less current maturities and unamortized issuance costs	122,510,609	130,639,582	128,779,108	133,829,981	139,432,250	118,201,627	73,360,035
Proportionate share of Water Authority indebtedness - less current installments	79,148,283	86,416,820	88,758,210	93,936,161	63,736,522	67,501,999	62,686,378
Other accrued expenses	2,646,300	2,783,256	2,979,023	3,109,196	3,150,000	2,718,836	1,316,942
Provision for accrued sick and annual leave	1,013,225	1,113,512	1,148,127	1,249,273	1,275,330	1,305,751	1,340,334
Net pension obligation	3,537,710	555,221	551,739	635,209	631,316	763,876	328,199
Total noncurrent liabilities	208,856,127	221,508,391	222,216,207	232,759,820	208,225,418	190,492,089	139,031,888
TOTAL LIABILITIES	\$ 231,517,461	\$ 243,195,742	\$ 241,701,455	\$ 254,004,985	\$ 229,666,495	\$ 206,291,621	\$ 155,548,513
DEFERRED INFLOWS OF RESOURCES							
Deferred outflow of resources	\$ 34,993	\$ 354,734	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL DEFERRED INFLOWS	\$ 34,993	\$ 354,734	\$ -				
NET POSITION							
Net investment in capital assets	\$ 336,363,074	\$ 312,096,698	\$ 300,642,476	\$ 299,800,814	\$ 286,963,208	\$ 272,063,445	\$ 258,921,318
Restricted for debt service	6,325,536	6,322,034	5,559,288	5,329,320	5,444,724	31,857	2,524,136
Unrestricted	63,776,317	75,113,688	66,871,717	51,412,995	43,950,123	32,494,857	31,126,265
TOTAL NET POSITION	\$ 406,464,927	\$ 393,532,420	\$ 373,073,481	\$ 356,543,129	\$ 336,358,055	\$ 304,590,159	\$ 292,571,719

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
DRAINAGE UTILITY
CONDENSED SCHEDULE OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2015**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
OPERATING REVENUES	\$ 5,460,345	\$ 5,469,629	\$ 4,990,113	\$ -
OPERATING EXPENSES				
Personal Services	688,868	671,575	553,212	26,714
Contractual & Other Services	884,299	900,228	645,280	18,170
Other Supplies and Expenses	193,957	128,371	102,203	1,704
Other Charges	305,297	515,919	425,868	-
Depreciation	97,205	212	-	-
Total expenses	<u>2,169,626</u>	<u>2,216,305</u>	<u>1,726,563</u>	<u>46,588</u>
NONOPERATING REVENUES (EXPENSES)	<u>110,934</u>	<u>98,922</u>	<u>83,822</u>	<u>-</u>
NET AVAILABLE FOR DEBT SERVICE	<u>\$ 3,401,653</u>	<u>\$ 3,352,246</u>	<u>\$ 3,347,372</u>	<u>\$ (46,588)</u>
NUMBER OF CUSTOMERS	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>2015</u>	<u>2014</u>	<u>2013</u>
Net System Income Available for Debt Service	\$ 3,401,653	\$ 3,352,246	\$ 3,347,372
Average Annual Principal and Interest Requirements	728,104	739,393	420,988
Coverage of Average Annual Requirements	4.67 X	4.53 X	7.95 X
Maximum Principal and Interest Requirements	947,544	953,848	438,498
Coverage of Maximum Requirements	3.59 X	3.51 X	7.63 X

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
SCHEDULE OF INSURANCE COVERAGE--ALL FUNDS
SEPTEMBER 30, 2015**

<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	* \$419,446,910
Water and Sewer Utility: Buildings & Contents	Fire and extended coverage	\$250,000	* \$315,209,424
Airport: Buildings & Contents	Fire and extended coverage	\$250,000	* \$195,439,510
Amarillo Hopital District Buildings & Contents	Fire and extended coverage	\$250,000	* \$745,693
Polygraph Examiners	Bond		\$5,000
Police Officer's Liability Insurance	Police Liability Coverage	\$100,000	\$16,000,000/16,000,000
City Council, City Manager, City Attorney, and Selected Division Directors & Department Heads	24 hour accident protection for business travel		\$250,000/1,250,000
Boiler and Machinery (Included with fire and extended coverage policy)	Explosion and damage	\$25,000	\$50,000,000
Professional liability	Med Mal and Gen Liability Public Health and Clinic	\$25,000	\$2,000,000/5,000,000
Cyber Security	Stored data security	\$15,000	\$3,000,000
Worker's Compensation All City Employees	Injury to City Workers	\$1,000,000	Statutory
Individual Stop Loss Health Plan Participants	Health Insurance	\$750,000	\$4,250,000

SURETY BONDS OF PRINCIPAL OFFICIALS

BONDS REQUIRED BY CITY CHARTER:

<u>Official</u>	<u>Title</u>	<u>Amount of Surety Bond</u>
Terry Childers	Interim City Manager	\$50,000
Bob Cowell	Deputy 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.

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, 2015**

	<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	\$ 5,253,105	\$ -	\$ 5,253,105	\$ -	\$ -	\$ 5,253,105	\$ 4,921,894	\$ 4,921,894	\$ 331,211
	<u>\$ 5,253,105</u>	<u>\$ -</u>	<u>\$ 5,253,105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,253,105</u>	<u>\$ 4,921,894</u>	<u>\$ 4,921,894</u>	<u>\$ 331,211</u>
Expenditures:									
Public Health	\$ 3,203,965	\$ -	\$ 3,203,965	\$ -	\$ 16,014	\$ 3,219,979	\$ 3,579,546	\$ 3,577,571	\$ 357,592
	<u>\$ 3,203,965</u>	<u>\$ -</u>	<u>\$ 3,203,965</u>	<u>\$ -</u>	<u>\$ 16,014</u>	<u>\$ 3,219,979</u>	<u>\$ 3,579,546</u>	<u>\$ 3,577,571</u>	<u>\$ 357,592</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, 2015

	<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	\$ 25,674	\$ -	\$ 25,674	\$ -	\$ -	\$ 25,674	\$ 1,010	\$ 1,010	\$ 24,664
	<u>\$ 25,674</u>	<u>\$ -</u>	<u>\$ 25,674</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,674</u>	<u>\$ 1,010</u>	<u>\$ 1,010</u>	<u>\$ 24,664</u>
Expenditures:									
LEOSE Training	\$ 33,396	\$ -	\$ 33,396	\$ -	\$ -	\$ 33,396	\$ 22,500	\$ 22,500	\$ (10,896)
	<u>\$ 33,396</u>	<u>\$ -</u>	<u>\$ 33,396</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,396</u>	<u>\$ 22,500</u>	<u>\$ 22,500</u>	<u>\$ (10,896)</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, 2015**

	<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	\$ 121,471	\$ -	\$ 121,471	\$ -	\$ -	\$ 121,471	\$ -	\$ -	\$ 121,471
	<u>\$ 121,471</u>	<u>\$ -</u>	<u>\$ 121,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,471</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,471</u>
Expenditures:									
Local Seized Property	\$ 54,261	\$ 94,380	\$ 148,641	\$ -	\$ 2,636	\$ 151,277	\$ 100,359	\$ 100,359	\$ (50,918)
	<u>\$ 54,261</u>	<u>\$ 94,380</u>	<u>\$ 148,641</u>	<u>\$ -</u>	<u>\$ 2,636</u>	<u>\$ 151,277</u>	<u>\$ 100,359</u>	<u>\$ 100,359</u>	<u>\$ (50,918)</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, 2015**

	<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	\$ 28,404	\$ -	\$ 28,404	\$ -	\$ -	\$ 28,404	\$ 82,000	\$ 82,000	\$ (53,596)
	<u>\$ 28,404</u>	<u>\$ -</u>	<u>\$ 28,404</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,404</u>	<u>\$ 82,000</u>	<u>\$ 82,000</u>	<u>\$ (53,596)</u>
Expenditures:									
Compensated Absences	\$ 1,964,440	\$ -	\$ 1,964,440	\$ -	\$ -	\$ 1,964,440	\$ 1,700,700	\$ 2,025,700	\$ 61,260
	<u>\$ 1,964,440</u>	<u>\$ -</u>	<u>\$ 1,964,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,964,440</u>	<u>\$ 1,700,700</u>	<u>\$ 2,025,700</u>	<u>\$ 61,260</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, 2015

	<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	\$ 137,835	\$ -	\$ 137,835	\$ -	\$ -	\$ 137,835	\$ 151,500	\$ 151,500	\$ (13,665)
Court Security	103,381	-	103,381	-	-	103,381	116,150	103,150	231
	<u>\$ 241,216</u>	<u>\$ -</u>	<u>\$ 241,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 241,216</u>	<u>\$ 267,650</u>	<u>\$ 254,650</u>	<u>\$ (13,434)</u>
Expenditures:									
Court Technology	\$ 91,049	\$ -	\$ 91,049	\$ -	\$ -	\$ 91,049	\$ 104,790	\$ 104,790	\$ 13,741
Court Security	144,244	-	144,244	-	-	144,244	142,014	145,014	770
	<u>\$ 235,293</u>	<u>\$ -</u>	<u>\$ 235,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,293</u>	<u>\$ 246,804</u>	<u>\$ 249,804</u>	<u>\$ 14,511</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, 2015**

	<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	\$ 537,416	\$ -	\$ 537,416	\$ -	\$ -	\$ 537,416	\$ 528,206	\$ 528,206	\$ 9,210
Brennan Boulevard	4	-	4	-	-	4	-	-	4
The Colonies	604,536	-	604,536	-	-	604,536	605,202	605,202	(666)
Tutbury	16,302	-	16,302	-	-	16,302	16,318	16,318	(16)
Point West	52,000	-	52,000	-	-	52,000	52,000	52,000	-
Quail Creek	2	-	2	-	-	2	6,880	6,880	(6,878)
Vineyards	-	-	-	-	-	-	3,324	3,324	(3,324)
Redstone	-	-	-	-	-	-	2,458	2,458	(2,458)
Townsquare	-	-	-	-	-	-	-	-	-
	<u>\$ 1,210,260</u>	<u>\$ -</u>	<u>\$ 1,210,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,210,260</u>	<u>\$ 1,214,388</u>	<u>\$ 1,214,388</u>	<u>\$ (4,128)</u>
Expenditures:									
Greenways at Hillside	\$ 459,436	\$ -	\$ 459,436	\$ -	\$ -	\$ 459,436	\$ 537,624	\$ 537,624	\$ 78,188
Brennan Boulevard	-	-	-	-	-	-	-	-	-
The Colonies	527,740	-	527,740	-	-	527,740	605,544	605,544	77,804
Tutbury	11,113	-	11,113	-	-	11,113	15,460	15,460	4,347
Point West	22,580	-	22,580	-	-	22,580	28,409	28,409	5,829
Quail Creek	8,635	-	8,635	-	-	8,635	7,415	7,415	(1,220)
Vineyards	2,520	-	2,520	-	-	2,520	2,673	2,673	153
Redstone	632	-	632	-	-	632	380	380	(252)
Townsquare	2,008	-	2,008	-	-	2,008	-	-	(2,008)
	<u>\$ 1,034,664</u>	<u>\$ -</u>	<u>\$ 1,034,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,034,664</u>	<u>\$ 1,197,505</u>	<u>\$ 1,197,505</u>	<u>\$ 162,841</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, 2015**

	<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	\$ 3,692,521	\$ -	\$ 3,692,521	\$ -	\$ -	\$ 3,692,521	\$ 3,694,229	\$ 3,694,229	\$ (1,708)
	<u>\$ 3,692,521</u>	<u>\$ -</u>	<u>\$ 3,692,521</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,692,521</u>	<u>\$ 3,694,229</u>	<u>\$ 3,694,229</u>	<u>\$ (1,708)</u>
Expenditures:									
Bonded Debt Service	\$ 3,589,723	\$ -	\$ 3,589,723	\$ -	\$ -	\$ 3,589,723	\$ 3,601,129	\$ 3,601,129	\$ 11,406
	<u>\$ 3,589,723</u>	<u>\$ -</u>	<u>\$ 3,589,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,589,723</u>	<u>\$ 3,601,129</u>	<u>\$ 3,601,129</u>	<u>\$ 11,406</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.	229-234
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.	235-240
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.	241-246
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.	247-248
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.	249-253
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.	254-257
Drainage Utility Information These schedules contain information about how the City's Drainage Utility financial information relates to services and activities provided.	258

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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental Activities										
Net investment in capital assets	\$ 359,487,691	\$ 330,139,447	\$ 329,550,783	\$ 320,390,991	\$ 308,957,310	\$ 309,160,316	\$ 301,783,034	\$ 289,264,232	\$ 265,774,557	\$ 257,206,882
Restricted for										
Debt service	526,239	340,688	2,364,008	1,763,860	1,706,708	1,476,611	1,371,563	555,566	344,615	328,705
Tax increment financing	2,544,254	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	17,586,769	24,476,393	-
Other purposes	7,497,255	8,519,242	6,673,794	3,812,464	-	-	-	-	-	-
Unrestricted	(3,248,802)	22,331,048	16,714,594	35,119,387	55,475,614	69,367,279	85,762,657	90,992,936	80,514,311	93,548,849
Total governmental activities net position	<u>\$ 366,806,637</u>	<u>\$ 361,330,425</u>	<u>\$ 355,303,179</u>	<u>\$ 361,086,702</u>	<u>\$ 366,139,632</u>	<u>\$ 380,004,206</u>	<u>\$ 388,917,254</u>	<u>\$ 398,399,503</u>	<u>\$ 371,109,876</u>	<u>\$ 351,084,436</u>
Business-type Activities										
Net investment in capital assets	\$ 411,804,458	\$ 387,227,804	\$ 371,302,208	\$ 369,612,040	\$ 355,790,591	\$ 325,209,714	\$ 310,139,595	\$ 300,175,147	\$ 285,682,252	\$ 280,490,179
Restricted for										
Debt service	6,768,270	6,931,523	5,879,001	5,702,750	6,020,692	436,303	3,683,013	3,365,463	4,008,485	2,728,508
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Unrestricted	53,143,232	64,018,501	57,194,184	42,852,895	38,722,071	43,205,956	39,181,048	42,722,033	57,263,547	58,637,634
Total business-type activities net position	<u>\$ 471,715,960</u>	<u>\$ 458,177,828</u>	<u>\$ 434,375,393</u>	<u>\$ 418,167,685</u>	<u>\$ 400,533,354</u>	<u>\$ 368,851,973</u>	<u>\$ 353,003,656</u>	<u>\$ 346,262,643</u>	<u>\$ 346,954,284</u>	<u>\$ 341,856,321</u>
Primary Government										
Net investment in capital assets	\$ 771,292,149	\$ 717,367,251	\$ 700,852,991	\$ 690,003,031	\$ 664,747,901	\$ 634,370,030	\$ 611,922,629	\$ 589,439,379	\$ 551,456,809	\$ 537,697,061
Restricted for										
Debt service	7,294,509	7,272,211	8,243,009	7,466,610	7,727,400	1,912,914	5,054,576	3,921,029	4,353,100	3,057,213
Tax increment financing	2,544,254	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	17,586,769	24,476,393	-
Other purposes	7,497,255	8,519,242	6,673,794	3,812,464	-	-	-	-	-	-
Unrestricted	49,894,430	86,349,549	73,908,778	77,972,282	94,197,685	112,573,235	124,943,705	133,714,969	137,777,858	152,186,483
Total primary government net assets	<u>\$ 838,522,597</u>	<u>\$ 819,508,253</u>	<u>\$ 789,678,572</u>	<u>\$ 779,254,387</u>	<u>\$ 766,672,986</u>	<u>\$ 748,856,179</u>	<u>\$ 741,920,910</u>	<u>\$ 744,662,146</u>	<u>\$ 718,064,160</u>	<u>\$ 692,940,757</u>
Component Units										
Net investment in capital assets	\$ 13,044,463	\$ 13,283,298	\$ 21,800,738	\$ 13,340,320	\$ 14,778,882	\$ 16,057,848	\$ 22,180,482	\$ 35,404,607	\$ 13,587,578	\$ 12,444,477
Restricted for:										
Debt service	1,017,858	979,502	1,097,604	1,079,681	1,064,112	860,609	652,663	784,333	724,440	849,282
Other purposes	3,389,316	3,389,240	3,542,472	4,611,677	5,356,212	11,099,766	52,103	21,677,079	51,164	50,701
Unrestricted	252,763,455	284,447,722	270,147,996	295,372,581	290,751,762	279,771,608	284,569,397	250,182,352	282,799,795	278,721,748
Total component units activities net position	<u>\$ 270,215,092</u>	<u>\$ 302,099,762</u>	<u>\$ 296,588,810</u>	<u>\$ 314,404,259</u>	<u>\$ 311,950,968</u>	<u>\$ 307,789,831</u>	<u>\$ 307,454,645</u>	<u>\$ 308,048,371</u>	<u>\$ 297,162,977</u>	<u>\$ 292,066,208</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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities:										
General government and administration	\$ 18,757,862	\$ 17,893,464	\$ 19,044,399	\$ 18,230,072	\$ 17,568,368	\$ 18,553,336	\$ 18,608,757	\$ 15,990,458	\$ 13,652,969	\$ 12,819,831
Public safety and health	93,806,629	92,148,544	93,496,408	87,643,282	82,193,776	80,634,623	78,657,042	73,157,814	61,157,972	57,848,228
Streets, traffic and engineering	20,553,851	20,235,525	20,897,358	21,680,105	20,357,268	20,189,342	20,029,456	20,565,144	17,296,398	17,712,608
Culture and recreation	24,954,457	25,225,798	26,495,404	25,807,855	24,380,362	24,297,915	23,912,234	22,673,994	18,814,509	18,337,247
Solid waste	13,746,125	13,812,405	13,950,138	13,734,078	13,212,467	12,960,933	13,002,330	12,878,205	9,107,259	10,411,481
Transit	5,312,266	5,073,359	5,614,558	5,121,742	4,702,836	4,919,193	4,848,218	4,920,015	4,054,201	4,269,932
Economic development	3,314,067	3,006,491	3,083,969	2,847,958	5,269,868	2,586,912	2,798,810	2,280,629	2,017,045	1,955,590
Urban redevelopment/housing	10,716,405	11,294,368	12,504,610	11,779,399	11,667,515	11,611,626	11,968,993	10,204,054	10,471,645	9,992,339
Interest on long-term debt	2,045,175	2,045,764	2,138,731	2,217,767	2,350,205	1,532,615	2,359,313	326,813	340,063	336,232
Total governmental activities expenses	<u>193,206,837</u>	<u>190,735,718</u>	<u>197,225,575</u>	<u>189,062,258</u>	<u>181,702,665</u>	<u>177,286,495</u>	<u>176,185,153</u>	<u>162,997,126</u>	<u>136,912,061</u>	<u>133,683,488</u>
Business-type activities										
Water and Sewer	58,079,668	56,986,587	60,199,606	58,290,626	52,872,999	52,401,135	50,118,642	51,853,812	43,531,289	43,812,434
Drainage Utility	2,403,313	2,384,447	1,745,262	46,588	-	-	-	-	-	-
Airport	11,165,622	11,196,882	10,563,835	10,388,942	8,479,899	8,803,465	8,593,388	8,512,889	8,016,692	7,923,094
Total business-type activities expenses	<u>71,648,603</u>	<u>70,567,916</u>	<u>72,508,703</u>	<u>68,726,156</u>	<u>61,352,898</u>	<u>61,204,600</u>	<u>58,712,030</u>	<u>60,366,701</u>	<u>51,547,981</u>	<u>51,735,528</u>
Total primary government expenses	<u>\$ 264,855,440</u>	<u>\$ 261,303,634</u>	<u>\$ 269,734,278</u>	<u>\$ 257,788,414</u>	<u>\$ 243,055,563</u>	<u>\$ 238,491,095</u>	<u>\$ 234,897,183</u>	<u>\$ 223,363,827</u>	<u>\$ 188,460,042</u>	<u>\$ 185,419,016</u>
Component units										
Amarillo Hospital District	\$ 9,731,182	\$ 8,350,267	\$ 8,739,162	\$ 8,510,747	\$ 9,333,545	\$ 9,956,490	\$ 10,680,305	\$ 10,901,435	\$ 10,374,050	\$ 11,746,855
Amarillo Economic Development Corporation	28,156,467	19,201,869	24,134,763	20,091,297	16,939,339	18,705,551	22,589,356	9,463,914	15,632,514	23,453,229
Amarillo-Potter Events District	2,792,003	2,358,525	3,268,540	3,102,810	2,345,524	2,363,221	2,501,146	2,540,572	2,375,946	2,097,826
Amarillo Housing Finance Corporation	-	-	-	-	1,576	1,653	11,400	2,466	1,952	4,391
Amarillo Health Facilities Corporation	-	-	-	-	-	-	-	-	-	-
Tax Increment Reinvestment Zone #1	-	-	-	1,270,527	204,518	34,414	8,528	10,421	20,990	-
Amarillo Local Government Corporation	125,610	34,253	16,353	90,985	1,500	-	-	-	-	-
Total component units activities expenses	<u>\$ 40,805,262</u>	<u>\$ 29,944,914</u>	<u>\$ 36,158,818</u>	<u>\$ 33,066,366</u>	<u>\$ 28,826,002</u>	<u>\$ 31,061,329</u>	<u>\$ 35,790,735</u>	<u>\$ 22,918,808</u>	<u>\$ 28,405,452</u>	<u>\$ 37,302,301</u>
Program Revenues										
Governmental activities:										
Fees, Fines, and Charges for Services:										
General government and administration	\$ 10,277,354	\$ 9,632,962	\$ 10,071,778	\$ 10,023,088	\$ 10,235,745	\$ 10,725,176	\$ 10,964,850	\$ 9,415,044	\$ 8,558,541	\$ 9,238,878
Public safety and health	9,033,256	9,589,994	8,880,952	7,503,497	7,552,299	7,764,312	6,173,574	5,866,957	5,215,652	5,110,619
Streets, traffic and engineering	972,519	921,593	737,912	804,886	748,018	618,399	445,833	472,726	474,423	437,469
Culture and recreation	6,823,312	6,661,622	6,639,290	5,823,416	5,289,633	5,058,308	5,248,389	4,870,910	4,789,381	4,909,794
Solid waste	20,078,845	20,562,446	19,638,691	18,644,949	18,234,773	17,226,650	16,741,863	16,110,978	16,114,975	14,685,610
Transit	194,725	211,575	207,492	213,849	214,665	203,175	185,176	197,306	201,984	213,039
Economic development	-	30,076	20,500	-	-	-	-	-	-	-
Urban redevelopment/housing	174,352	119,859	119,742	95,458	296,074	188,392	114,695	163,512	265,235	141,707
Operating grants and contributions	21,744,742	20,748,100	20,149,589	19,723,706	19,858,342	21,439,450	20,135,506	18,384,040	18,141,143	17,945,138
Capital grants and contributions	27,847,438	8,032,159	9,572,638	12,681,594	3,444,571	7,298,406	8,227,527	6,881,414	9,519,713	14,046,785
Total governmental activities program revenues	<u>97,146,543</u>	<u>76,510,386</u>	<u>76,038,584</u>	<u>75,514,443</u>	<u>65,874,120</u>	<u>70,522,268</u>	<u>68,237,413</u>	<u>62,362,887</u>	<u>63,281,047</u>	<u>66,729,039</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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Business-type activities										
Water and Sewer	68,528,437	76,728,328	71,518,531	70,233,887	69,628,237	55,089,408	50,665,542	48,941,541	43,116,864	41,890,142
Drainage Utility	5,553,357	5,556,487	5,073,594	-	-	-	-	-	-	-
Airport	9,890,031	9,532,883	9,115,320	8,398,066	7,815,827	7,568,658	7,127,466	6,067,346	6,085,678	5,851,653
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	5,765,171	6,406,495	2,745,466	7,898,835	8,410,304	13,903,432	6,434,413	2,483,503	3,926,383	2,500,179
Total business-type activities program revenues	89,736,996	98,224,193	88,452,911	86,530,788	85,854,368	76,561,498	64,227,421	57,492,390	53,128,925	50,241,974
Total primary government revenues	\$ 186,883,539	\$ 174,734,579	\$ 164,491,495	\$ 162,045,231	\$ 151,728,488	\$ 147,083,766	\$ 132,464,834	\$ 119,855,277	\$ 116,409,972	\$ 116,971,013
Component units										
Amarillo Hospital District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 219,085
Amarillo Economic Development Corporation	4,616,898	5,819,504	6,222,671	7,777,947	4,745,415	2,905,176	3,140,213	2,686,833	2,641,826	2,721,730
Amarillo-Potter Events District	67,366	86,937	82,982	47,192	1,320	-	-	-	-	-
Amarillo Housing Finance Corporation	-	207	299	338	388	24,632	32,936	1,776	2,723	-
Amarillo Health Facilities Corporation	-	79	-	-	-	-	-	-	-	-
Tax Increment Reinvestment Zone #1	-	-	-	-	2,232,500	34,414	8,528	10,421	20,990	-
Amarillo Local Government Corporation	466,461	-	-	-	-	-	-	-	-	-
Operating grants and contributions	206,218	228,068	208,998	278,842	239,737	441,057	1,920,040	1,591,851	1,419,283	1,359,709
Capital grants and contributions	97,087	268,755	362,109	28,667	29,837	6,381	9,181	10,866	-	139,722
Total component units revenue	\$ 5,454,030	\$ 6,403,550	\$ 6,877,059	\$ 8,132,986	\$ 7,249,197	\$ 3,411,660	\$ 5,110,898	\$ 4,301,747	\$ 4,084,822	\$ 4,440,246
Net (Expense) Revenue										
Governmental activities	\$ (96,060,294)	\$ (114,225,332)	\$ (121,186,991)	\$ (113,547,815)	\$ (115,828,545)	\$ (106,764,227)	\$ (107,947,740)	\$ (100,634,239)	\$ (73,631,015)	\$ (66,954,449)
Business-type activities	18,088,393	27,656,277	15,944,208	17,804,632	24,501,470	15,356,898	5,515,391	(2,874,311)	1,580,944	(1,493,554)
Total primary government net expense	\$ (77,971,901)	\$ (86,569,055)	\$ (105,242,783)	\$ (95,743,183)	\$ (91,327,075)	\$ (91,407,329)	\$ (102,432,349)	\$ (103,508,550)	\$ (72,050,071)	\$ (68,448,003)
Component units										
Amarillo Hospital District	\$ (9,489,516)	\$ (8,093,155)	\$ (8,497,101)	\$ (8,203,238)	\$ (9,063,971)	\$ (9,509,052)	\$ (8,751,084)	\$ (9,298,718)	\$ (8,954,767)	\$ (10,028,339)
Amarillo Economic Development Corporation	(23,477,930)	(13,142,654)	(17,583,046)	(11,762,554)	(12,193,924)	(15,800,375)	(19,449,143)	(6,777,081)	(12,990,688)	(20,731,499)
Amarillo-Potter Events District	(2,724,637)	(2,271,588)	(3,185,558)	(3,055,618)	(2,344,204)	(2,363,221)	(2,501,146)	(2,540,572)	(2,375,946)	(2,097,826)
Amarillo Housing Finance Corporation	-	207	299	338	(1,188)	22,979	21,536	(690)	771	(4,391)
Amarillo Health Facilities Corporation	-	79	-	-	-	-	-	-	-	-
Tax Increment Reinvestment Zone #1	-	-	-	(1,270,527)	2,027,982	(34,414)	(8,528)	(10,421)	(20,990)	-
Amarillo Local Government Corporation	340,851	(34,253)	(16,353)	(90,985)	(1,500)	-	-	-	-	-
Total component units net expense	\$ (35,351,232)	\$ (23,541,364)	\$ (29,281,759)	\$ (24,382,584)	\$ (21,576,805)	\$ (27,684,083)	\$ (30,688,365)	\$ (18,627,482)	\$ (24,341,620)	\$ (32,862,055)
General Revenues										
and Other Changes in Net Assets										
Governmental activities:										
Property taxes, levied for general purposes	\$ 38,126,812	\$ 36,463,697	\$ 33,548,566	\$ 33,255,011	\$ 30,599,301	\$ 30,638,635	\$ 29,569,613	\$ 28,061,014	\$ 25,772,013	\$ 24,190,472
Property taxes, levied for debt services	2,812,468	2,865,530	2,875,654	2,846,831	2,750,167	2,737,072	2,706,352	532,309	529,784	526,912
Sales taxes	55,482,697	54,413,835	52,126,017	48,256,664	46,033,627	42,171,836	43,241,228	44,060,343	41,774,872	40,036,037
Mixed beverage taxes	805,136	751,825	595,016	533,575	602,075	585,729	589,894	570,334	520,653	472,305

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Governmental activities (continued):										
Hotel occupancy taxes	6,341,559	5,937,402	5,691,118	5,002,181	4,782,868	4,399,887	4,232,250	4,331,449	4,326,640	3,814,257
Gross receipts business taxes	18,226,564	18,284,594	16,712,223	16,100,508	15,912,628	15,302,905	14,318,526	16,144,044	12,844,804	11,865,951
Unrestricted investment earnings	775,685	674,798	567,298	735,449	1,111,192	1,288,039	3,568,427	6,006,138	7,707,207	5,072,520
Income (expense) from use and disposition of property	-	-	-	-	(272,849)	480,281	148,337	294,710	(9,674)	131,935
Other	3,469,385	1,383,230	672,355	387,328	444,962	246,795	90,864	27,923,525	190,156	(89,689)
Total governmental activities	126,040,306	120,774,911	112,788,247	107,117,547	101,963,971	97,851,179	98,465,491	127,923,866	93,656,455	86,020,700
Business-type activities										
Unrestricted investment earnings	402,780	304,150	238,073	217,027	273,550	536,222	1,292,227	2,241,158	3,661,826	3,026,487
Income (expense) from use and disposition of property	-	-	-	-	6,974,932	14,646	24,259	30,888	45,349	14,673
Other	(2,283,911)	(740,430)	25,427	(387,328)	(68,571)	(59,449)	(90,864)	(89,376)	(190,156)	89,689
Total business-type activities	(1,881,131)	(436,280)	263,500	(170,301)	7,179,911	491,419	1,225,622	2,182,670	3,517,019	3,130,849
Total primary government	124,159,175	120,338,631	113,051,747	106,947,246	109,143,882	98,342,598	99,691,113	130,106,536	97,173,474	89,151,549
Component Units										
Property taxes, levied for general purposes	-	71,400	76,810	589,735	460,051	437,846	324,433	231,844	10,808	13,909
Property taxes, levied for debt services	-	-	-	-	-	-	-	-	-	-
Sales taxes	18,494,232	18,137,944	17,375,339	16,085,554	15,344,542	14,057,279	14,413,743	14,686,781	13,924,958	13,345,346
Gross receipts business taxes	2,758,826	2,650,714	2,589,164	2,295,432	2,159,203	2,009,281	1,952,359	2,070,185	2,052,011	1,808,263
Unrestricted investment earnings	7,667,923	6,864,063	(5,992,233)	7,865,154	7,774,146	11,514,863	13,404,104	12,524,066	13,450,612	9,875,113
Other	-	-	-	-	-	-	-	-	-	-
Total component units activities	28,920,981	27,724,121	14,049,080	26,835,875	25,737,942	28,019,269	30,094,639	29,512,876	29,438,389	25,042,631
Change in Net Position										
Governmental activities	29,980,012	6,549,579	(8,398,744)	(6,430,268)	(13,864,574)	(8,913,048)	(9,482,249)	27,289,627	20,025,440	19,066,251
Business-type activities	16,207,262	27,219,997	16,207,708	17,634,331	31,681,381	15,848,317	6,741,013	(691,641)	5,096,769	1,637,295
Total primary government	\$ 46,187,274	\$ 33,769,576	\$ 7,808,964	\$ 11,204,063	\$ 17,816,807	\$ 6,935,269	\$ (2,741,236)	\$ 26,597,986	\$ 25,122,209	\$ 20,703,546
Total component units	\$ (6,430,251)	\$ 4,182,757	\$ (15,232,679)	\$ 2,453,291	\$ 4,161,137	\$ 335,186	\$ (593,726)	\$ 10,885,394	\$ 5,096,769	\$ (7,819,424)

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)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,680	\$ 209,187	\$ 518,108	\$ 369,642	\$ 333,150
Nonspendable:										
Prepaid items	7,727	7,742	7,742	7,742	6,742	-	-	-	-	-
Inventory	1,902,433	1,402,375	1,553,581	1,546,717	1,804,245	-	-	-	-	-
Uncollected taxes	55,145	80,686	94,493	70,967	81,905	-	-	-	-	-
Committed for:										
Encumbrances	-	-	-	295,059	147,740	-	-	-	-	-
Unreserved/unassigned	<u>49,338,042</u>	<u>54,441,526</u>	<u>50,057,344</u>	<u>44,344,080</u>	<u>41,767,102</u>	<u>41,301,934</u>	<u>37,163,472</u>	<u>36,673,773</u>	<u>37,304,407</u>	<u>37,840,494</u>
Total general fund	<u>\$ 51,303,347</u>	<u>\$ 55,932,329</u>	<u>\$ 51,713,160</u>	<u>\$ 46,264,565</u>	<u>\$ 43,807,734</u>	<u>\$ 41,600,614</u>	<u>\$ 37,372,659</u>	<u>\$ 37,191,881</u>	<u>\$ 37,674,049</u>	<u>\$ 38,173,644</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,010,434	\$ 1,017,324	\$ 1,135,941	\$ 1,173,096	\$ 1,225,402
Unreserved, reported in:										
Debt service fund	-	-	-	-	-	210,081	101,259	10,167	12,521	232
Capital projects	-	-	-	-	-	39,348,787	48,335,396	57,437,304	65,723,873	33,324,183
Special revenue funds	-	-	-	-	-	2,656,334	2,680,946	4,037,138	3,134,224	3,187,240
Compensated absences fund	-	-	-	-	-	14,222,386	15,053,260	14,850,723	14,660,177	14,211,648
Undesignated	-	-	-	-	-	-	-	-	-	-
Nonexpendable:										
Prepaid items	7,332	29,855	628,029	652,712	639,354	-	-	-	-	-
Uncollected taxes	4,784	7,087	12,727	6,509	5,740	-	-	-	-	-
Restricted for:										
Debt service fund	796,880	691,778	534,276	375,156	246,574	-	-	-	-	-
Capital projects	-	-	-	3,671,462	-	-	-	-	-	-
Special purposes	10,160,588	7,827,464	6,673,794	3,812,464	2,824,678	-	-	-	-	-
Committed for:										
Compensated absences	6,728,693	8,670,659	10,003,888	11,500,973	12,779,761	-	-	-	-	-
Assigned for:										
Capital projects	<u>42,456,749</u>	<u>38,633,437</u>	<u>32,781,310</u>	<u>33,889,784</u>	<u>38,271,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 60,155,026</u>	<u>\$ 55,860,280</u>	<u>\$ 50,634,024</u>	<u>\$ 53,909,060</u>	<u>\$ 54,767,888</u>	<u>\$ 57,448,022</u>	<u>\$ 67,188,185</u>	<u>\$ 77,471,273</u>	<u>\$ 84,703,891</u>	<u>\$ 51,948,705</u>

Effective FY 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which resulted in a change in the presentation from prior years.

Source: Information obtained from the City's Comprehensive Annual Financial Reports.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GOVERNMENTAL FUNDS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS, LAST TEN FISCAL YEARS**
(modified accrual basis of accounting)
(unaudited)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues										
Taxes	\$ 121,355,081	\$ 118,344,966	\$ 111,212,385	\$ 105,101,533	\$ 100,984,407	\$ 95,672,000	\$ 94,530,658	\$ 93,677,610	\$ 85,758,232	\$ 81,018,597
License and permits	2,975,922	3,799,014	3,514,170	2,315,185	2,284,564	2,260,499	1,758,303	2,015,135	1,727,536	1,916,299
Interfund revenues	1,069,410	943,522	1,675,119	1,584,965	1,557,653	1,478,752	1,373,441	1,320,395	1,270,941	1,231,060
Intergovernmental revenues	26,222,168	19,960,514	21,945,515	24,719,942	20,510,802	25,396,992	20,693,196	18,681,299	17,433,057	19,850,636
Grants-in-aid	-	-	-	-	-	-	-	-	-	-
Citizen contributions	125,848	208,255	45,638	10,144	22,898	6,000	31,000	7,300	6,000	5,000
Construction participation	11,689,007	2,698,222	3,976,610	4,685,053	1,761,885	2,816,377	6,241,042	5,816,556	9,393,844	11,540,373
Revenue from participating taxing entities	600,778	622,483	594,974	-	-	-	-	-	-	-
Other entity participations	175,000	797,009	820,676	808,345	944,425	856,721	786,670	690,382	824,023	595,839
Charges for services	35,331,237	35,168,838	34,034,663	31,985,474	31,291,822	30,025,565	28,672,632	27,514,707	27,422,759	25,939,174
Fines and forfeitures	6,252,407	6,484,937	5,937,467	6,160,381	5,846,225	6,235,025	6,634,542	5,104,849	4,199,581	4,398,745
Investment earnings	626,119	560,545	448,256	566,680	890,296	1,007,601	2,665,718	4,677,492	5,902,783	4,056,915
Other rentals and commissions	426,880	421,119	418,222	382,306	839,170	858,951	867,160	469,613	249,409	239,192
Miscellaneous	1,273,997	820,390	671,097	671,563	814,676	526,107	1,179,434	694,338	749,919	980,841
Total revenues	208,123,854	190,829,814	185,294,792	178,991,571	167,748,823	167,140,590	165,433,796	160,669,676	154,938,084	151,772,671
Expenditures										
General government and administration	17,162,756	16,573,732	16,107,002	15,098,294	14,875,816	14,925,037	15,252,845	13,074,117	12,325,695	11,573,762
Public safety and health	101,486,353	98,724,098	92,887,532	89,501,953	86,844,050	83,263,087	81,699,196	77,852,041	71,204,891	68,295,871
Culture and recreation	19,644,639	19,823,954	19,333,878	19,010,912	18,154,024	17,765,568	17,607,384	17,426,501	16,516,821	15,911,599
Solid waste	13,043,407	12,258,612	11,311,765	11,063,271	10,532,391	10,970,380	11,296,793	10,881,683	10,307,975	9,596,852
Transit system	4,520,534	4,402,888	4,267,016	3,957,318	3,506,527	3,762,267	4,061,190	3,937,106	3,687,600	3,422,653
Urban redevelopment and housing	10,816,542	11,635,914	12,261,800	11,942,850	11,578,796	11,694,748	11,921,285	10,009,916	10,473,891	9,994,020
Tourism	3,314,067	3,006,491	3,083,969	2,847,958	5,269,868	2,586,912	2,798,810	2,280,629	2,017,045	1,955,590
Capital outlay	31,873,059	12,663,897	20,736,329	20,385,363	18,503,130	24,381,672	26,590,979	31,499,119	18,739,343	21,078,954
Debt service										
Principal retirement	1,968,331	1,841,067	1,763,860	1,706,708	1,476,611	1,371,563	555,566	344,615	328,705	301,519
Interest and fiscal charges	1,612,507	1,600,512	1,673,168	1,730,024	1,662,908	1,532,615	2,359,312	326,813	340,063	336,232
Termination vacation and sick leave pay	1,964,440	1,363,313	1,552,850	1,313,015	1,591,569	1,457,052	1,379,825	1,753,114	1,306,089	1,238,756
Total expenditures	207,406,635	183,894,478	184,979,169	178,557,666	173,995,690	173,710,901	175,523,185	169,385,654	147,248,118	143,705,808
Excess of revenues over (under) expenditures	717,219	6,935,336	315,623	433,905	(6,246,867)	(6,570,311)	(10,089,389)	(8,715,978)	7,689,966	8,066,863
Other Financing Sources (Uses):										
Transfers from other funds	17,830,716	13,954,164	11,308,054	10,120,249	10,266,422	7,274,581	9,448,299	16,474,780	22,639,094	11,483,105
Transfers to other funds	(20,067,648)	(14,271,713)	(12,065,339)	(10,333,489)	(10,375,070)	(7,583,483)	(9,461,220)	(17,538,013)	(23,075,481)	(15,108,353)
Other	1,185,474	622,640	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(4,680,000)	-	-	-
Bond premium less issuance cost	-	(55,000)	-	-	(77,500)	-	(145,000)	-	-	-
Issuance of refunding debt	-	-	-	-	-	-	4,825,000	-	427,012	-
Issuance of long-term debt	-	2,260,000	-	-	5,960,000	1,367,000	-	2,064,425	24,575,000	570,000
Total other financing sources (uses)	(1,051,458)	2,510,091	(757,285)	(213,240)	5,773,852	1,058,098	(12,921)	1,001,192	24,565,625	(3,055,248)
Net change in fund balances	\$ (334,239)	\$ 9,445,427	\$ (441,662)	\$ 220,665	\$ (473,015)	\$ (5,512,213)	\$ (10,102,310)	\$ (7,714,786)	\$ 32,255,591	\$ 5,011,615
Debt service as a percentage of noncapital expenditures	2.040%	2.010%	2.093%	2.173%	2.019%	1.945%	1.957%	0.487%	0.520%	0.520%

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>					
2006	24,303,135	526,912	40,036,037	472,305	3,814,257	11,865,951	81,018,597
2007	25,761,479	529,784	41,774,872	520,653	4,326,640	12,844,804	85,758,232
2008	28,039,131	532,309	44,060,343	570,334	4,331,449	16,144,044	93,677,610
2009	29,442,408	2,706,352	43,241,228	589,894	4,232,250	14,318,526	94,530,658
2010	30,474,571	2,737,072	42,171,836	585,729	4,399,887	15,302,905	95,672,000
2011	30,903,042	2,750,167	46,033,627	602,075	4,782,868	15,912,628	100,984,407
2012	32,361,774	2,846,831	48,256,664	533,575	5,002,181	16,100,508	105,101,533
2013	33,212,357	2,875,654	52,126,017	595,016	5,691,118	16,712,223	111,212,385
2014	36,091,780	2,865,530	54,413,835	751,825	5,937,402	18,284,594	118,344,966
2015	37,686,657	2,812,468	55,482,697	805,136	6,341,559	18,226,564	121,355,081
<u>Change</u>							
2006-2015	55.1%	433.8%	38.6%	70.5%	66.3%	53.6%	49.8%

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.)

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>
2006	7,938,381,440	1,240,508,943	9,178,890,383	1,335,511,280	7,843,379,103	0.28712
2007	8,518,092,297	1,284,058,473	9,802,150,770	1,442,769,110	8,359,381,660	0.28371
2008	9,437,359,663	1,336,466,293	10,773,825,956	1,632,941,441	9,140,884,515	0.28371
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	0.31009
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	0.32009
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

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
2006	0.28035	0.00677	0.28712	1.64500	0.16043	1.69141	1.77980	0.60704	0.34518	1.64760	1.61993
2007	0.27736	0.00635	0.28371	1.47500	0.16043	1.50982	1.64980	0.59973	0.35136	1.49566	1.47945
2008	0.27787	0.00584	0.28371	1.17200	0.16043	1.29000	1.32300	0.59674	0.34957	1.19421	1.18795
2009	0.28143	0.02866	0.31009	1.17000	0.18395	1.29000	1.32300	0.59674	0.36062	1.19081	1.18300
2010	0.28239	0.02770	0.31009	1.17000	0.18413	1.29000	1.31700	0.59627	0.36062	1.18544	1.24950
2011	0.28279	0.02730	0.31009	1.17000	0.18996	1.29000	1.36000	0.59911	0.36890	1.18252	1.26862
2012	0.29230	0.02779	0.32009	1.17000	0.18938	1.29000	1.35000	0.63350	0.37756	1.17289	1.26960
2013	0.29276	0.02733	0.32009	1.17000	0.19950	1.26500	1.35000	0.62707	0.38430	1.16744	1.26960
2014	0.31335	0.02674	0.34009	1.18900	0.19950	1.22800	1.35000	0.63402	0.39241	1.16750	1.29440
2015	0.31915	0.02594	0.34509	1.18900	0.20750	1.21500	1.35000	0.63402	0.39914	1.16190	1.29000

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 within their boundaries. Taxes are due October 1, and become delinquent February 1. Delinquent taxes are subject to 12% to 18% per annum interest plus a penalty of 5% to 10% in accordance with statutes.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
PRINCIPAL PROPERTY TAXPAYERS, CURRENT YEAR AND NINE YEARS AGO
(unaudited)

Taxpayer	2015			2006		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
BSA Hospital, LLC	\$ 103,239,611	1	0.930%	\$ -	-	-
Southwestern Public Service	99,067,385	2	0.892%	103,730,243	1	1.323%
Northwest Texas Healthcare	91,013,625	3	0.820%	84,456,755	2	1.077%
Walmart Real Estate	81,821,389	4	0.737%	63,757,339	3	0.813%
BNSF Railway Company	69,407,350	5	0.625%	31,210,133	6	0.398%
Amarillo Mall, LLC	63,960,519	6	0.576%	-	-	-
Atmos Energy	52,774,944	7	0.475%	23,960,921	8	0.305%
Toot N Totum, Inc.	42,773,640	8	0.385%	-	-	-
Amarillo National Bank	39,715,251	9	0.358%	29,340,964	7	0.374%
Case Newport	38,112,756	10	0.343%	-	-	-
Southwestern Bell Telephone Company	-	-	-	46,987,928	5	0.599%
Amarillo Partners LLP	-	-	-	60,540,129	4	0.772%
United Supermarkets	-	-	-	16,412,419	10	0.209%
TCA Cable Partners	-	-	-	16,793,894	9	0.214%
Total taxable value of ten largest taxpayers	681,886,470		6.143%	477,190,725		6.084%
Total taxable value of other taxpayers	10,418,168,248		93.857%	7,366,188,378		93.916%
Total taxable value of all taxpayers	\$ 11,100,054,718		100.000%	\$ 7,843,379,103		100.000%

Source: Potter Randall Appraisal District

*Amarillo Economic Development Corporation owns and leases property to Bell Helicopter.

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
2006	\$ 22,519,911	\$ 22,101,623	98.14	\$ 323,606	\$ 22,425,229	99.58
2007	23,716,401	23,359,468	98.49	286,180	23,645,648	99.70
2008	25,933,603	25,517,113	98.39	334,915	25,852,028	99.69
2009	29,523,733	29,021,939	98.30	404,511	29,426,450	99.67
2010	30,409,776	29,913,203	98.37	370,172	30,283,375	99.58
2011	30,639,878	30,277,693	98.82	315,823	30,593,516	99.85
2012	32,159,248	31,738,183	98.69	346,585	32,084,768	99.77
2013	32,832,489	32,397,075	98.67	355,590	32,752,665	99.76
2014	35,664,675	35,179,859	98.64	247,552	35,427,411	99.33
2015	37,270,434	36,762,612	98.64	-	36,762,612	98.64

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									
	2015*	2014	2013	2012	2011	2010	2009	2008	2007	2006
Agriculture/Forestry/Fishing/Hunting	\$ 1,367	\$ 1,476	\$ 1,071	\$ 1,334	\$ 1,217	\$ 1,397	\$ 1,120	\$ 1,421	\$ 1,571	
Mining/Quarrying/Oil and Gas	11,988	8,200	5,868	8,995	8,828	1,453	1,074	835	813	
Utilities	156,120	150,770	137,345	148,600	156,654	157,575	199,995	168,441	171,922	
Construction	110,173	89,718	81,497	83,862	66,604	60,378	75,775	78,916	77,077	
Manufacturing	82,295	77,664	77,449	70,539	65,543	71,250	79,628	76,683	78,798	
Wholesale Trade	208,636	236,453	186,694	161,328	145,841	128,518	163,070	144,283	153,236	
Retail Trade	1,671,704	1,638,624	1,553,612	1,477,297	1,420,094	1,392,979	1,461,374	1,412,115	1,331,076	
Transportation/Warehousing	2,172	2,515	2,984	3,109	3,030	2,567	3,008	2,430	2,206	
Information	114,629	90,646	82,132	82,826	74,283	71,685	68,129	65,839	75,812	
Finance/Insurance	11,743	12,400	11,606	13,495	9,152	10,427	11,792	11,201	9,944	
Real Estate/Rental Leasing	49,989	46,176	47,476	37,928	29,209	26,258	29,400	27,078	26,679	
Professional/Scientific/Technical Services	52,731	43,229	45,820	38,356	34,318	35,134	34,824	35,639	29,189	
Management of Companies/Enterprises	55	87	78	53	1,064	2,166	2,909	3,259	3,649	
Admin/Support/Waste Mgmt/Remediation	75,386	70,433	65,733	49,585	47,502	45,853	45,583	44,309	43,579	
Educational Services	5,215	5,718	5,752	5,843	5,566	4,864	4,380	4,254	4,046	
Health Care/Social Assistance	14,855	16,032	2,565	2,576	2,366	2,902	4,580	4,771	4,025	
Arts/Entertainment/Recreation	24,343	22,781	25,854	25,972	22,939	23,187	24,846	23,453	21,881	
Accomodation/Food Services	407,862	391,312	381,756	360,977	339,900	329,042	332,340	313,292	299,451	
Other Services	103,099	101,357	95,569	86,502	80,946	78,969	81,764	77,211	74,657	
Public Administration	Not reported									
Other	Not reported									
All Industries **	\$ 3,104,918	\$ 2,811,806	\$ 2,868,621	\$ 2,674,728	\$ 2,515,459	\$ 2,446,951	\$ 2,626,021	\$ 2,495,701	\$ 2,409,870	
City direct sales tax rate	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%

*Note: Retail sales information is not available for the 2015 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>
2006	2.0	6.25
2007	2.0	6.25
2008	2.0	6.25
2009	2.0	6.25
2010	2.0	6.25
2011	2.0	6.25
2012	2.0	6.25
2013	2.0	6.25
2014	2.0	6.25
2015	2.0	6.25

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, 2014
(unaudited)

	<u>Net Debt Outstanding</u>	<u>Percent Applicable</u>	<u>Applicable Debt Outstanding</u>
Amarillo Independent School District	\$ 163,507,516	98.87%	\$ 161,659,881
Amarillo College District	64,470,000	100.00%	64,470,000
Amarillo Hospital District	-	100.00%	-
Canyon Independent School District	70,985,715	37.76%	26,804,206
River Road Independent School District	12,097,768	23.28%	2,816,360
Potter County	4,835,000	74.90%	3,621,415
Randall County	37,445,000	64.80%	24,264,360
Highland Park Independent School District	9,100,000	42.69%	3,884,790
Bushland Independent School District	26,070,000	24.64%	<u>6,423,648</u>
Total overlapping debt			293,944,660
City of Amarillo*			<u>35,514,714</u>
Total direct and overlapping debt			<u><u>\$ 329,459,374</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Municipal Advisory Council, October 2015.
Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Amarillo. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

* City of Amarillo outstanding debt includes debt serviced by tax revenues of \$23,117,340, and debt serviced by special assessment and other revenue of \$9,962,182, and debt serviced by Municipal Garage revenue of \$3,236,856 less sinking fund assets of \$801,664.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE, LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year	General Bonded Debt				Business-type Activities						Total Primary Government	Percentage of Personal Income	
	Tax-Supported Debt	Special Assessment/Other Debt	Percentage of Actual Taxable Value of Property	Per Capita	Water & Sewer Revenue Debt	Water Authority Debt	Airport Debt	Drainage Utility Debt	Municipal Garage Debt	Per Capita			
2006	5,760,000	1,571,978	0.09%	39.64	31,909,783	74,447,424	-	-	-	113,689,185	1.49%	614.73	
2007	30,507,012	1,498,273	0.38%	170.60	38,257,208	71,746,062	-	-	-	142,008,555	1.76%	756.94	
2008	30,264,086	3,518,658	0.37%	177.76	37,110,349	68,780,364	-	-	-	139,673,457	1.58%	734.96	
2009	29,856,710	3,320,207	0.34%	173.23	74,695,035	65,681,219	17,204,905	-	-	190,758,076	2.23%	996.05	
2010	30,003,761	3,165,383	0.33%	173.94	123,551,627	70,916,608	15,964,670	-	-	243,602,049	2.71%	1,277.44	
2011	28,681,635	8,887,123	0.37%	192.00	146,642,250	67,293,952	14,653,382	-	-	266,158,342	2.78%	1,360.27	
2012	27,295,528	8,561,848	0.35%	184.48	141,119,981	98,802,409	13,288,789	-	-	289,068,555	2.93%	1,487.17	
2013	25,863,061	8,225,620	0.33%	173.62	136,269,108	93,853,737	11,870,892	5,819,993	2,358,459	284,260,870	2.75%	1,447.83	
2014	24,689,792	10,394,472	0.33%	176.83	138,579,582	91,653,457	10,520,217	11,595,596	4,139,636	291,572,752	2.71%	1,469.61	
2015	23,117,340	9,962,182	0.30%	165.61	130,575,609	84,395,267	8,967,258	10,969,250	3,236,856	271,223,762	2.42%	1,357.86	

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General bonded debt outstanding*										
Tax supported debt	\$ 23,117,340	\$ 24,689,792	\$ 25,863,061	\$ 27,295,528	\$ 28,681,635	\$ 30,003,761	\$ 29,856,710	\$ 30,264,086	\$ 30,507,012	\$ 5,760,000
Special assessment/other debt	9,962,182	10,394,472	8,225,620	8,561,848	8,887,123	3,165,383	3,320,207	3,518,658	1,498,273	1,571,978
Water & Sewer bonds	130,575,609	138,579,582	136,269,108	141,119,981	146,642,250	123,551,627	74,695,035	37,110,349	38,257,208	31,909,783
Airport Bonds	8,967,258	10,520,217	11,870,892	13,288,789	14,653,382	15,964,670	17,204,905	-	-	-
Drainage Utility Bonds	10,969,250	11,595,596	5,819,993	-	-	-	-	-	-	-
Municipal Garage Bonds	3,236,856	4,139,636	2,358,459	-	-	-	-	-	-	-
Total	186,828,495	199,919,295	190,407,133	190,266,146	198,864,390	172,685,441	125,076,857	70,893,093	70,262,493	39,241,761
Percentage of estimated actual property value	1.68%	1.86%	1.82%	1.85%	1.98%	1.73%	1.29%	0.78%	0.84%	0.50%
Per capita	935.34	1,007.65	969.80	978.86	1,016.35	905.56	653.10	373.04	374.52	212.19
Less: Amounts set aside to repay general debt	801,664	698,865	547,003	381,665	252,314	216,923	102,939	11,862	10,931	1,107
Total net debt applicable to debt limit	186,026,831	199,220,430	189,860,130	189,884,481	198,612,076	172,468,518	124,973,918	70,881,231	70,251,562	39,240,654
Legal debt limit	1,306,843,359	1,257,398,201	1,235,891,293	1,211,673,220	1,165,069,489	1,156,105,288	1,124,793,092	1,077,382,596	980,215,077	917,889,038
Legal debt margin	\$ 1,120,816,528	\$ 1,058,177,771	\$ 1,046,031,163	\$ 1,021,788,739	\$ 966,457,413	\$ 983,636,770	\$ 999,819,174	\$ 1,006,501,365	\$ 909,963,515	\$ 878,648,384
Debt service as a percentage of noncapital expenditures	3.26%	2.89%	3.13%	3.10%	3.14%	3.01%	2.97%	1.79%	1.56%	1.55%

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>9/30/2015</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>	<u>9/30/2008</u> <u>(2007 Tax Roll)</u>	<u>9/30/2007</u> <u>(2006 Tax Roll)</u>	<u>9/30/2006</u> <u>(2005 Tax Roll)</u>
Assessed value, tax roll	\$ 13,068,433,590	\$ 12,573,982,012	\$ 12,358,912,927	\$ 12,116,732,199	\$ 11,650,694,893	\$ 11,561,052,883	\$ 11,247,930,916	\$ 10,773,825,956	\$ 9,802,150,770	\$ 9,178,890,383
Debt limit -10% of assessed roll	\$ 1,306,843,359	\$ 1,257,398,201	\$ 1,235,891,293	\$ 1,211,673,220	\$ 1,165,069,489	\$ 1,156,105,288	\$ 1,124,793,092	\$ 1,077,382,596	\$ 980,215,077	\$ 917,889,038
Amount of debt applicable to debt limit:										
Total bonded debt	186,828,495	197,890,283	190,906,350	190,770,210	199,371,918	172,718,529	124,618,092	71,578,658	71,068,273	40,021,978
Less: Assets in Debt Service Funds (net)	801,664	698,865	547,003	381,665	252,314	216,923	102,939	11,862	10,931	1,107
Waterworks revenue bonds	45,145,000	47,750,000	41,900,000	42,565,000	44,850,000	35,620,000	36,955,000	38,245,000	39,490,000	32,690,000
	<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>	<u>38,256,862</u>	<u>39,500,931</u>	<u>32,691,107</u>
Total amount of debt applicable to debt limit	<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>	<u>33,321,796</u>	<u>31,567,342</u>	<u>7,330,871</u>
Pro forma legal debt margin	<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>	<u>\$ 1,044,060,800</u>	<u>\$ 948,647,735</u>	<u>\$ 910,558,167</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:	Less:	Net Available Revenue	Debt Service		Coverage
		Operating Expenses	CRMWA Interest		Principal	Interest	
2006	44,311,449	31,874,749	2,585,579	9,851,121	2,850,000	1,626,919	2.20
2007	45,946,496	31,646,674	3,539,176	10,760,646	2,770,000	1,626,605	2.45
2008	50,562,805	33,800,615	3,277,990	13,484,200	1,245,000	1,765,242	4.48
2009	51,567,346	34,440,993	3,103,789	14,022,564	1,290,000	2,017,904	4.24
2010	55,502,109	34,436,713	3,172,696	17,892,700	5,350,000	2,884,844	2.17
2011	76,794,307	34,139,162	2,978,655	39,676,490	7,210,000	2,998,168	3.89
2012	70,242,785	34,117,020	4,252,077	31,873,688	7,290,000	3,232,174	3.03
2013	71,728,432	35,135,236	4,320,267	32,272,929	7,490,000	3,157,712	3.03
2014	76,988,269	36,842,249	3,462,630	36,683,390	7,490,000	3,186,396	3.30
2015	68,884,711	36,415,609	3,034,233	29,434,869	8,065,000	3,077,633	2.64

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)

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (in \$1,000s)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2006	184,941	7,611,450	31,367	*	30,750	3.7%
2007	187,609	8,078,500	33,026	*	30,613	3.4%
2008	190,042	8,855,735	35,932	32.7	30,969	3.6%
2009	191,514	8,553,870	34,302	*	31,920	5.2%
2010	190,695	9,003,940	35,633	33.4	32,704	5.7%
2011	195,666	9,582,655	37,464	*	33,043	5.5%
2012	194,375	9,875,509	38,340	*	33,306	4.4%
2013	196,336	10,343,608	39,774	33.4	33,419	5.1%
2014	198,402	10,746,806	40,983	*	33,591	4.1%
2015	199,744	11,210,963	42,372	33.5	33,695	3.1%

Sources:

1. Population estimates prepared by City of Amarillo Planning Department (2010 provided by Census 2010). (Amarillo grows by an average of 1% or 2% annually.)
2. Personal income and per capita income figures obtained from U.S. Department of Commerce's Bureau of Economic Analysis, MSA Area Income Summary. The 2006 through 2014 figures were updated based on new estimates during November 2015. To calculate 2015 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 2014 is based on the August 2015 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	2015			2005		
	Employees	Rank	Percent of Total City MSA* Employment	Employees	Rank	Percent of Total City MSA Employment
Tyson Foods	3,678	1	2.938%	3,700	1	2.930%
Baptist/St. Anthony's Health Systems	2,900	2	2.316%	2,900	2	2.296%
Northwest Texas Healthcare	1,490	3	1.190%	1,797	3	1.423%
Xcel Energy	1,431	4	1.143%	1,000	8	0.792%
Walmart Supercenters	1,300	5	1.038%	1,605	4	1.271%
Western National Life Insurance	1,135	6	0.906%	-	-	-
Bell Helicopter, Inc	1,000	7	0.799%	1,068	7	0.846%
Affiliated Foods	960	8	0.767%	1,179	5	0.933%
Burlington Northern Santa Fe	900	9	0.719%	887	9	0.702%
Toot 'n Totum	815	10	0.651%	-	-	-
United Supermarkets	-	-	-	1,164	6	0.922%
AIG	-	-	-	748	10	0.592%
Total employees of the principal employers	15,609		12.466%	16,048		12.706%
Total employees of other employers	109,599		87.534%	110,252		87.294%
Total Amarillo MSA* employment	125,208		100.000%	126,300		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 2015.

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
GENERAL GOVERNMENT										
Mayor and commission	5	5	5	5	5	5	5	5	5	5
City manager	6	6	6	6	6	6	6	3	3	4
City secretary	4	4	3	3	2	2	2	2	2	3
Judicial	4	4	4	-	-	-	-	-	-	-
Municipal court and Teen court	26	25	25	29	29	29	29	28	28	28
Planning and zoning	7	7	7	7	7	7	7	8	8	8
STAFF SERVICES										
Financial administration										
Director of Finance	5	5	5	5	5	5	5	6	6	6
Accounting	18	16	16	16	14	14	14	15	15	15
Payroll	0	3	3	3	3	3	3	-	-	-
Health Plan Administration	5	5	5	5	5	5	5	-	-	-
Purchasing	9	9	9	9	8	8	8	8	6	6
Central stores	8	8	7	7	8	8	8	8	8	8
Municipal office services	-	-	-	-	3	3	3	3	4	4
Legal	9	9	9	9	8	8	8	8	7	7
Human Resources and Risk Management	14	12	12	12	12	12	12	22	21	18
Emergency Management and Communications	9	9	13	13	12	12	12	12	12	12
Occupancy										
Custodial operations	28	27	27	27	25	25	25	25	25	25
Building maintenance	26	26	25	25	24	24	24	24	23	23
PUBLIC SAFETY AND HEALTH										
Police										
Police	365	358	345	335	317	317	317	312	302	302
Civilian personnel	58	57	57	56	56	71	109	109	102	102
Fire Protection										
Fire	259	259	251	247	244	244	244	229	221	221
Civilian personnel	18	18	18	17	15	15	28	29	21	21
Other										
Building safety	34	34	34	33	32	32	32	31	29	29
Animal control	38	33	26	26	26	26	27	27	27	27
Emergency services	-	-	-	-	1	-	-	-	-	-
Amarillo Emergency Comm. Center	70	71	71	71	65	66	1	-	-	-
Environmental health	14	14	14	14	14	14	14	13	11	11
Vital statistics	1	1	1	1	1	1	1	1	1	1
STREETS, TRAFFIC & ENGINEERING										
Street maintenance	101	99	99	108	108	108	108	108	100	100
Traffic engineering	46	46	46	46	46	46	46	46	45	45
Traffic field operations	22	22	22	22	22	22	22	22	22	22
Engineering	23	23	21	21	21	21	21	22	22	22
CULTURE & RECREATION										
Auditorium Coliseum										
Civic Center operations	23	23	23	23	23	23	23	23	23	23
Civic Center promotions	5	5	4	4	4	4	4	4	3	3

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
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	78	78	78	78	78	78	78	78	78	78
Parks and Recreation	268	267	268	264	257	257	258	258	253	275
Golf	56	56	56	56	47	47	47	48	48	48
SOLID WASTE										
Solid waste collection	110	110	110	110	107	108	108	107	105	105
Solid waste disposal	35	37	37	37	36	36	36	36	36	36
TRANSIT										
Fixed Route and Demand Response	66	65	63	62	59	59	59	61	61	61
Total General Fund	1,890	1,873	1,842	1,829	1,772	1,788	1,776	1,758	1,700	1,721
WATER & SEWER SYSTEM										
Water Production	9	9	9	8	7	7	7	7	7	7
Water Transmission	9	9	9	9	9	9	9	9	9	9
Surface Water Treatment	29	29	29	29	29	29	29	29	29	29
Water Distribution	63	59	59	58	58	58	58	58	58	58
Wastewater Collection	38	38	36	34	34	34	34	34	34	34
Wastewater Treatment	54	54	54	54	52	52	52	52	50	50
Environmental Laboratory	20	20	20	20	20	19	19	20	21	21
Utility Billing	32	32	31	31	29	29	29	29	29	29
Director of Utilities	21	21	20	19	19	17	17	16	16	16
Total Water & Sewer System	275	271	267	262	257	254	254	254	253	253
AIRPORT	57	59	58	59	62	62	62	62	50	49
DRAINAGE UTILITY	26	22	17	-	-	-	-	-	-	-
INFORMATION SERVICES	40	40	34	34	29	28	28	27	27	27
MUNICIPAL GARAGE	53	53	53	53	53	53	53	53	51	51
CITY CARE CLINIC	8	8	8	8	8	8	8	-	-	-
SPECIAL REVENUE										
Library	-	-	-	2	5	5	5	6	6	7
Police Grant	-	-	-	-	-	6	7	-	-	-
Urban Planning/Traffic Grants	7	7	7	7	7	7	7	7	6	6
Health Grants	81	79	81	81	76	72	72	73	74	74
Court Security Fund	3	-	-	-	2	2	2	2	2	2
Community Development and Housing	18	21	20	20	18	18	18	18	18	20
Emergency Management	3	3	4	5	7	7	-	7	6	6
Total Special Revenue	112	110	112	115	115	117	111	113	112	115
Total	2,461	2,436	2,391	2,360	2,296	2,310	2,292	2,267	2,193	2,216

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Staff services:										
Annual number of purchase orders	2,487	2,315	2,300	2,258	2,235	2,593	3,554	3,605	3,382	3,815
Public safety and health:										
Annual calls for police services	125,747	126,888	128,704	135,381	132,509	137,405	130,862	126,176	127,990	135,989
Annual calls for fire services	17,905	19,820	18,182	19,556	18,832	16,495	15,313	12,774	12,167	10,776
Permits:										
Residential - new	423	494	611	556	600	535	516	582	641	772
Residential - additions & repairs	3,874	11,121	15,033	1,686	2,173	2,030	1,507	1,624	1,628	885
Commercial - new	68	59	51	56	51	54	40	92	74	116
Commercial - additions & repairs	370	484	367	296	359	354	289	336	321	366
Mobile homes	37	45	45	39	29	41	39	41	51	56
Roof	2,390	9,367	13,594	868	1,329	1,185	937	942	336	1,149
Value of construction:										
Residential - new	115,421,577	125,256,568	147,498,017	136,045,085	143,974,309	128,042,161	124,991,767	189,507,406	186,508,133	170,644,851
Residential - additions & repairs	45,172,631	132,112,253	150,002,607	18,676,854	25,752,823	24,136,709	23,025,345	23,269,814	28,541,979	16,568,993
Commercial - new	171,237,650	112,400,600	66,384,691	56,715,644	48,331,131	109,596,401	54,552,931	90,950,995	81,067,524	111,957,825
Commercial - additions & repairs	56,305,643	98,010,940	54,900,626	50,067,552	79,922,243	96,129,977	117,491,080	68,402,515	56,147,219	112,542,681
Mobile homes	2,005,600	1,917,724	1,078,432	1,043,758	935,288	1,296,730	3,255,543	6,266,747	4,296,872	3,893,346
Roof	25,457,433	112,455,900	132,120,404	5,271,512	9,732,006	7,913,915	5,922,164	7,844,282	5,799,608	11,789,696
Culture and recreation:										
Civic Center event days	1,640	1,626	1,665	1,811	1,986	2,244	2,229	2,578	2,369	2,060
Civic Center annual attendance	572,382	603,276	656,239	607,940	656,523	672,178	635,553	700,515	700,000	738,000
Library volumes loaned annually	1,507,588	1,376,801	1,577,915	1,294,367	1,752,006	1,495,169	1,752,006	1,805,566	2,110,369	2,147,905
Annual swimming pool attendance	54,388	41,321	53,450	56,338	60,981	58,485	57,983	66,133	75,659	72,935
Tennis Center attendance	31,086	31,086	28,546	32,078	32,859	30,096	34,321	31,193	40,161	31,145
Rounds of golf played annually (2 courses)		90,122	97,153	90,201	88,089	86,177	105,932	107,726	104,381	113,166
Rifle range attendance	7,541	7,802	9,000	7,857	6,548	4,468	2,489	3,663	3,198	2,804
Solid Waste:										
Tons of waste collected	161,190	158,402	158,500	166,750	154,900	150,000	157,000	168,000	188,000	164,000
Tons of waste landfill	243,339	262,678	258,000	220,000	212,350	213,500	223,000	224,000	237,600	248,700
Transit:										
Fixed transit route--in miles	586,212	688,498	675,549	672,524	686,118	674,307	665,036	651,690	658,077	656,459
Passengers served--fixed route services	332,206	371,656	372,533	386,042	367,480	330,647	328,605	343,404	371,316	365,156
Demand response passengers	35,317	39,606	39,737	39,774	35,362	29,709	23,324	29,712	28,644	28,701
Water and Sewer:										
Active water accounts	71,029	70,441	70,161	70,151	69,754	69,358	68,586	68,306	67,452	66,833
Average daily production--gallons	37,627,170	43,702,583	44,174,721	46,148,634	51,308,710	42,921,918	42,461,096	43,752,000	41,062,041	47,707,877
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	-
Storage	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	-

See Independent Auditor's Report.

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

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Purification Plant:										
Pumping	120,000,000	120,000,000	120,000,000	120,000,000	116,000,000	116,000,000	116,000,000	116,000,000	116,000,000	116,000,000
Storage	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Overhead Storage	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	6,500,000	6,500,000
Surface water allocation--gallons			-	-	1,885,254,000	3,018,347,000	4,226,385,000	3,662,482,893	4,226,385,000	6,037,696,000
Roberts County (CRMWA) Allocation	9,133,110,000	8,603,656,000	8,603,656,000	8,603,656,000	8,827,731,000	7,280,016,000	5,956,377,000	5,956,158,358	6,618,197,000	5,294,557,000
Active sewer accounts	69,166	69,039	68,111	68,020	67,654	67,281	66,539	66,294	65,513	64,939
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	15,464,118	16,340,652	16,349,951	16,121,705	17,887,000	17,653,660	17,439,096	17,226,046	17,601,452	17,350,967
Daily average of reclaimed water sold to industry--gallons	9,872,674	9,065,214	9,763,656	10,750,432	13,150,184	12,678,301	12,624,641	14,061,315	12,795,430	12,957,562
Airport:										
Major airlines	3	3	3	3	4	4	3	4	4	4
Scheduled daily flights	37	37	42	42	42	41	46	58	58	49
Airline passengers enplaned	334,635	375,268	401,200	404,032	413,775	403,752	413,767	461,251	454,514	445,618
Airplanes cleared daily--average	148	165	172	178	229	226	236	226	243	267
Total tower operations (24 hours FAA Control Tower)	54,271	60,099	62,784	70,642	79,541	82,441	86,140	82,648	88,825	97,523

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Public Safety and Health:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	13	13	13	12	12	11	10	10	10	10
Number of fire hydrants	4,024	3,940	3,864	3,761	3,732	3,671	3,698	3,587	3,469	3,441
Number of outdoor warning sirens	88	88	90	90	89	86	85	85	85	83
Streets, traffic and engineering:										
Streets - paved (miles)	936.22	930.40	923.50	920.99	912.86	911.12	905.80	902.00	889.97	883.64
Streets - unpaved (miles)	83.13	83.13	83.13	83.13	83.13	83.13	83.13	83.00	83.13	83.84
Alleys (miles)	493.08	488.66	483.90	480.70	476.59	476.01	472.42	468.00	463.67	458.86
Miles of storm sewers	129.95	125.39	124.86	125.35	119.46	118.99	116.87	116.00	112.66	111.79
Number of street lights	10,594	10,578	10,547	10,496	10,765	10,742	10,657	10,657	10,590	10,491
Number of signalized locations	268	267	265	264	261	261	260	258	255	254
Number of traffic signs installed	8,767	8,706	8,596	8,375	8,293	7,559	7,515	7,447	7,367	7,263
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	499,738	463,918	467,149	484,478	544,719	516,281	602,724	705,033	711,295	807,535
Number of parks and playgrounds	64	64	64	64	65	65	65	64	62	62
Parks--number of acres	2,936	2,936	2,935	2,935	2,927	2,927	2,907	2,839	2,827	2,827
Number of swimming pools	3	3	3	3	3	3	3	4	4	4
Number of golf courses--36 holes	2	2	2	2	2	2	2	2	2	2
Number of golf courses--18 holes	2	2	2	2	2	2	2	2	2	2
Other recreational facilities:										
Soccer fields	44	44	44	44	65	65	65	65	65	65
Jogging trails (miles)	39.14	39.14	39.14	39.14	38.45	38.45	37.67	43.97	42	41.38
Baseball and softball fields	26	32	32	32	30	30	30	30	30	30
Tennis courts	32	32	32	32	37	37	37	41	41	41
Solid waste:										
Number of solid waste customers, residential	63,016	62,715	62,351	61,919	61,459	61,267	60,602	60,037	59,394	58,324
Number of solid waste customers, commercial	3,861	3,730	3,716	3,708	3,747	3,718	3,692	3,655	3,614	3,501
Landfill acreage	662	662	662	662	662	662	662	662	662	661
Transit:										
Number of buses in service	17	17	17	17	19	17	17	17	17	17
Number of vans in service	11	13	13	13	11	13	11	7	7	7
Water and Sewer:										
Miles of water mains:										
Transmission, well collection, and transfer	181.41	178.94	178.40	138.00	138.00	120.00	120.00	120.00	120.00	118.63
Distribution	1,135.82	1,129.75	1,120.31	1,109.66	1,106.00	1,082.00	1,082.00	1,080.00	1,063.00	1,050.79
Number of water wells	126	126	122	120	117	106	106	99	94	91
Miles of sanitary sewers	967.85	963.48	955.00	944.26	943.36	931.90	929.30	926.33	911.00	884.82
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
2006	66,833	64,939
2007	67,452	65,513
2008	68,306	66,294
2009	68,586	66,539
2010	69,358	67,281
2011	69,754	67,654
2012	70,151	68,020
2013	70,161	68,111
2014	70,441	69,039
2015	71,029	69,166

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	
2006	47,707,877	80,200,000	1,051	885	3,441
2007	41,062,000	72,000,000	1,063	911	3,469
2008	43,752,000	83,000,000	1,080	926	3,587
2009	42,461,096	82,000,000	1,082	929	3,698
2010	42,921,918	79,300,000	1,091	932	3,671
2011	51,308,710	88,700,000	1,106	943	3,732
2012	46,103,000	92,100,000	1,110	944	3,761
2013	44,131,039	84,500,000	1,120	955	3,864
2014	43,702,583	80,400,000	1,130	963	3,940
2015	37,627,170	65,970,000	1,136	968	4,024

Maximum Water Production Capacity (from Water Plant and Wells)	138 million gallons per day
Maximum or Peak Usage to Date	92.1 million gallons
Overhead Storage Capacity	8.5 million gallons
Ground Storage Capacity	74.3 million gallons

TEN LARGEST WATER CUSTOMERS AND AVERAGE MONTHLY USE

1. Tyson Fresh Meats	140,255,583
2. Texas Department of Corrections	33,388,971
3. City of Canyon	24,344,167
4. Owens Corning	16,642,334
5. Asarco	12,587,667
6. Xcel Energy	9,139,750
7. Plains Dairy	4,940,334
8. Baptist Saint Anthony's Hospital	4,064,167
9. Northwest Texas Healthcare	3,496,250
10. Texas Industrial Services	2,152,750

CAPACITY OF SEWER TREATMENT PLANTS

(Two plants combined)	28.00 million gallons per day
Average daily sewage treated	15.46 million gallons per day

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
 WATERWORKS AND SEWER SYSTEM
 WATER RATES
 SEPTEMBER 30, 2015
 (Unaudited)**

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

Meter Size	Rates Per Month	
	Inside City	Outside City
5/8"	\$ 12.73	\$ 19.10
1"	17.09	25.62
1-1/2"	21.89	32.84
2"	34.02	51.03
3"	125.14	187.72
4"	158.81	238.23
6"	237.45	356.16
8" and larger	327.36	491.03

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

	Inside City	Outside City
<i>Residential</i>		
3,001-10,000	2.27	3.41
Over 10,000	2.97	4.46
Over 30,000	4.40	6.60
Over 50,000	5.00	7.50
<i>Commercial</i>		
Over 3,000	2.59	3.87

Source: City of Amarillo Ordinance Number 7484 effective October 1, 2014.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
 WATERWORKS AND SEWER SYSTEM
 SEWER RATES
 SEPTEMBER 30, 2015
 (Unaudited)**

Base Amount	Rates Per Month
Meter Size	
3/4"	\$ 14.42
1"	14.89
1-1/2"	15.28
2"	16.59
3"	18.76
4"	27.42
6"	40.35
8" and larger	53.33

Additional Charge by Volume

Commercial accounts are charged on total water used with a rate of \$1.86 per 1,000 gallons of water consumed over the initial allotment of 3,000 gallons. Residential accounts are charged based on the average water consumed in December, January and February, but in no event shall residential customers be charged for more than 20,000 gallons of sewage. The volume charge for sewer accounts is \$1.72 per 1,000 gallons of water consumed over the initial allotment of 3,000 gallons.

Source: City of Amarillo Ordinance Number 7484 effective October 1, 2014.

See Independent Auditor's Report.

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

<u>Customer Name</u>	2015		
	<u>Total ERUs</u>	<u>Rank</u>	<u>Monthly Drainage Fee</u>
City of Amarillo	7,102	1	\$ 17,825
Amarillo Independent School District	4,657	2	11,688
Wal-Mart	1,449	3	3,639
Excel Energy	1,450	4	3,638
Amarillo Tri-State Fair	1,279	5	3,209
Progressive Rail Services	1,004	6	2,521
Toot'n Totum, Inc.	919	7	2,307
Westgate Mall DBA	784	8	1,967
Hastings Books & Records	762	9	1,911
UHS of Amarillo, Inc.	759	10	1,905
Total	20,165		\$ 50,610

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.