

City of Amarillo

Comprehensive Annual Financial Report



Best Practices



Downtown Redevelopment



Safety Program



Community Counts



Contract Administration



Youth Athletics



Diversity Study



Infrastructure



Technology Review



Community Appearance

October 1, 2015—September 30, 2016



CITY OF AMARILLO, TEXAS

Comprehensive Annual Financial Report

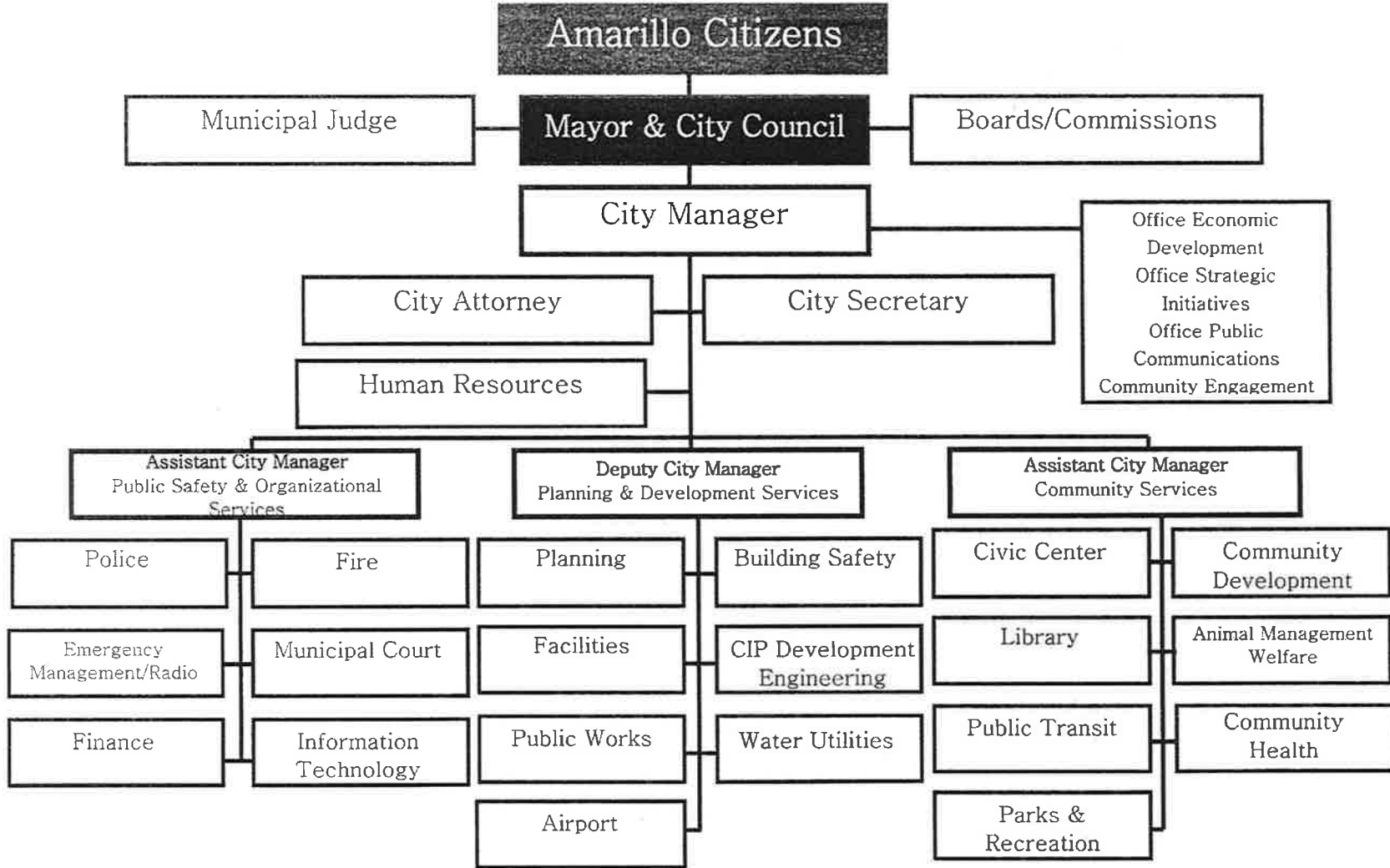
Fiscal Year Ended
September 30, 2016



Prepared by:
Finance Division

Michelle Bonner
Assistant City Manager
of Financial Services

City of Amarillo, Texas Organization Chart



**CITY OF AMARILLO, TEXAS
PRINCIPAL OFFICIALS
SEPTEMBER 30, 2016**

GOVERNING BODY:

Paul Harpole
Elisha Demerson
Lisa Blake
Randy Burkett
Mark Nair

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

OTHER PRINCIPAL OFFICIALS:

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

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



Government Finance Officers Association

**Certificate of
Achievement
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in Financial
Reporting**

Presented to

**City of Amarillo
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

Executive Director/CEO

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CITY OF AMARILLO

OFFICE OF THE
CITY MANAGER

February 21, 2017

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, 2016, 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 U.S. Office of Management and Budget Compliance Supplement. 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 2016 population is 201,430.

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, but the Boards are not substantially the same. The City, Potter County and TIRZ #1 provide funding to Amarillo Local Government 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 2014/2015 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%.

2016 Debt Issuances:

On April 13, 2016, the City issued the City of Amarillo, Texas, Hotel Occupancy Tax Revenue Bonds, Taxable Series 2016 in the amount of \$11,995,000. The bonds will be used to construct and equip a downtown Amarillo parking garage located in the vicinity of the City's convention center facilities.

2017 Debt Issuances:

On January 24, 2017, the City Council authorized the City of Amarillo, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2017 in the amount of \$6,940,000. The bonds will be used to acquire a two-way radio communications system for public safety. Concurrently, the City Council authorized \$15,110,000 of General Obligation Refunding Bonds, Series 2017 to refund the CO 2007 bonds.

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 2016 oil was down 1.7% at \$38.05 per barrel compared to September 2015 at \$38.74 per barrel⁽¹⁾. Natural gas prices increased 5.2% compared to last year. Natural gas was at \$2.70 per mmbtu last year compared to \$2.84 per mmbtu at September 2016⁽¹⁾. Since we are both a producer and a consumer of natural gas, part of our economy benefits from lower gas prices while it is detrimental to another part of our economy. Increases in natural gas prices mean higher royalty payments to landowners, but it also means higher energy costs for our area farmers that use natural gas for irrigation and other industries.

While there is some benefit to lower oil and gas prices to the economy in general, changes in oil and gas prices have a direct impact on drilling activity in the Panhandle. In September 2016⁽¹⁾, there were 9 active drilling rigs compared to 75 in 2012⁽¹⁾, 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 have dropped dramatically in 2016. Fed cattle prices are down at \$105 per hundredweight compared to \$141 at September 2015⁽¹⁾.

Dairies have become major industries in the Panhandle. September 2016 milk prices are stable at \$16 per hundredweight, the same as September 2015⁽¹⁾. While the decrease in cattle prices has hurt area feedyards, dairies are profitable after a slow start to the year⁽¹⁾. The majority of principal area crops cannot be grown without irrigation and natural gas is the main fuel used for irrigation. The major crops grown in the Panhandle are wheat and corn. Corn prices are down at \$3.15⁽¹⁾ per bushel compared to \$3.88⁽¹⁾ last year.

Wheat prices are down 27%, at \$3.23 per bushel, from September 2015. 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 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⁾.

Cotton is down 7%. Cotton was at \$61.3⁽¹⁾ at September 2016 compared to \$66.1 at September 2015 and \$66.90⁽¹⁾ cents per pound at September 2014 and \$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 the second city in Texas to approve the sales tax for economic development in the first year the program was made available through the Texas Legislature.

The mission of 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 Amarillo, Texas brand worldwide.

In 2016, the AEDC approved two new projects aimed at providing educational and job training opportunities in the fields of aviation and veterinary medicine. The AEDC will provide \$1.6 million to assist Amarillo College with a new Aviation Maintenance Facility to be outfitted with the latest avionic technology so students may achieve licensure from the Federal Aviation Administration. The AEDC also approved of \$15 million in grant funds to Texas Tech University for the development of a College of Veterinary Medicine. These funds will be used toward the construction of facilities adjacent to Texas Tech University Health Sciences Center in Amarillo. The AEDC prompted Bell Helicopter to choose Amarillo as the location for its new delivery center. The AEDC will fund \$6 million of this project and Bell will construct an ultramodern facility to supply its customers with its state-of-the-art helicopters.

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 21st Annual EnterPrize Challenge awarded seven grants totaling \$500,000 to new and emerging companies expected to create more than 39 new jobs and make substantial investments in the regional economy. To date, 83 businesses have received cash grants totaling more than \$5.6 million, resulting in 683 new jobs and \$115 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 AEDC. TPRDC provides small business financing for owner-occupied commercial

real estate. This Certified Development Company approved four Small Business Administration 504 loans totaling almost \$1 million, which leveraged \$1.2 million in bank financing and \$343,000 in owner equity. For the year, this program was responsible for the creation of nine new jobs. TPRDC also funded four loans in 2016 totaling just under \$5.6 million.

Major Industries and Employers:

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

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

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

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

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

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

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

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

Both ranching and cattle feeding are important to our area. There are several advantages to cattle feeding operations in our area. The area's central location reduces transportation costs. There are locally grown feed grains and volume shipments from the Midwest which ensure a plentiful supply of feed. Relatively mild winters and good summer weather have helped the three-state area earn its reputation as "Cattle Feeding Country." Local lenders in the area understand the industry and are willing partners. According to the Texas Cattle Feeders Association, 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 800 people across six states. 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 that ranks us in the top 10 feedyards worldwide⁽⁵⁾.

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

The Medical Center complex is home to several of our major employers: Baptist St. Anthony's Health Care System (BSA) with 2,700⁽³⁾ employees and Northwest Texas Healthcare System (NWTHS) with 1,950⁽³⁾ employees. Both BSA and NWTHS offer integrated acute care hospitals. BSA offers a full range of medical and surgical services at their 448-bed⁽¹¹⁾ 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⁽¹¹⁾. For 2016, 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⁽¹²⁾.

Our VA Medical Center employs approximately 1,000⁽³⁾ people. The Amarillo VA Health Care System, a division of the Southwest VA Health Care Network, provides primary specialty and extended care of the highest quality to veterans throughout the Texas and Oklahoma panhandles, eastern New Mexico, and southern Kansas. Approximately 25,000 patients are treated annually. The health care system maintains 55 acute care inpatient beds for general medical, surgical, and intensive care. Geriatric and extended care is provided in the 120-bed skilled nursing home care unit. A modern ambulatory care center and medical arts building facilitates the delivery of primary care, specialty care, and preventive health services. The Amarillo VA Health Care System also ensures health care is accessible to those veterans residing in rural areas through three community-based outpatient clinics located in Lubbock, Childress, 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 368⁽³⁾ employees, the Plum Creek Specialty Hospital with 187⁽³⁾ employees, Panhandle Eye Group with 170⁽³⁾ employees, the Amarillo Diagnostic Clinic with 190⁽³⁾ employees, Family Medicine Centers with 204⁽³⁾ employees, Amarillo Heart Group with 155⁽³⁾ employees, the Don & Sybil Harrington Cancer Center with 165⁽³⁾ employees, Regence Health Network with 165⁽³⁾ employees and Physicians Surgical Hospitals with 123⁽³⁾ employees.

Mild weather, excellent medical facilities, and low living costs make Amarillo an excellent location for retirement living. There are several large retirement communities in Baptist Community Services with 400⁽³⁾ employees, Park Central with 300⁽³⁾ employees, Ussery-Roan Texas State Veterans Home with 100⁽³⁾ employees, Bivins Memorial, the Craig Methodist Retirement Community with 120⁽³⁾ employees, and Vibra Acute Medical Rehabilitation Hospitals with 200⁽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⁽¹⁰⁾ 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⁽¹⁰⁾.

Major retail stores draw customers from a wide region into our city. Amarillo is currently home to four Wal-Mart supercenters, two Wal-Mart Neighborhood Markets and two Sam's Club. Wal-Mart employs a total of 1,300⁽³⁾ people and Sam's Club employs 150⁽³⁾. United Supermarkets is a large employer and employs a total of 538⁽³⁾ in their seven stores in Amarillo. Toot'n Totum has several convenience stores in Amarillo and employs 800⁽³⁾.

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

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

employs 125⁽³⁾ and Bank of America employs 105⁽³⁾.

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

Higher education is a major employer in the Amarillo area. Our community college, Amarillo College, offers both vocational training and associate degree programs and has 645⁽³⁾ employees. Texas Tech University has a large presence in our community. The Texas Tech Health Science Center in Amarillo has both a medical school and pharmacy school in Amarillo and employs 879⁽³⁾. Texas Tech University provides training in our community for medical doctors earning specialty accreditation in family medicine. West Texas A&M University in nearby Canyon, which is a part of the Texas A&M University System, employs 800 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 108⁽³⁾.

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

Today, Amarillo's airport has the third longest commercial runway in the world. There are numerous direct daily flights from Amarillo to major hub airports having direct flights to foreign countries. You can get to Dallas-Ft. Worth Regional Airport in one hour; Houston Intercontinental in about an hour and a half, Denver International in an hour, Las Vegas in two hours, and LAX in four hours. Amarillo is a hub for major highways that connect to the rest of the region: I-40 to Oklahoma City and Albuquerque, U.S. 287 to Dallas and Fort Worth, and U.S. 87 to Denver⁽⁷⁾. Because of Amarillo's location on Interstate 40, Interstate 27, and State Highway 287, along with attractions in and nearby Amarillo, hospitality and tourism are significant industries. Approximately eight million people travel through Amarillo annually, dining in almost 500 local restaurants. The Amarillo hotel industry has 65 hotels with almost 6,200 rooms to rent.

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

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

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

Current Economic Climate and Trends:

Amarillo has fared much better than most cities during the recent recession. We had neither a reduction in service nor any reduction in available hours to our citizens. In 2011, the City's Water &

Sewer revenue debt was upgraded to AAA by Standard & Poor's and in 2014 the City's Drainage Utility revenue debt was rated AAA by Standard & Poor's. Amarillo is one of the few cities that has AAA General Obligation debt, AAA Water & Sewer revenue debt AAA Drainage Utility revenue debt by the recovery has been most dramatic on our sales tax. We had another record high in 2015/16 besting the previous record in 2014/15 fiscal year. Our 2015/16 sales tax was \$56.1 million compared to \$55.5 million in 2014/15. Sales tax receipts remain very strong, with record receipts every year for six 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 2016 receipts increased from \$55.5 million to \$56.1 million. When preparing the 2016/17 budget, the sales tax estimates included a 1% increase over the anticipated 2015/2016 collections. The City's sales tax collections have tracked very close to the budgeted amounts for the first quarter of the 2016/17 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 2016/17 hotel tax revenue was over \$6.8 million compared to last year's revenue of \$6.3 million.

Employment remains stable. Amarillo's unemployment rate is 3.2% compared to 3.1% last year and 4.0% the year before⁽¹⁾. However, Amarillo's unemployment was better than the state of Texas at 4.6%, and our national unemployment at 4.6%⁽¹³⁾.

Water metered sales increased by \$7.48 million or 18.1% largely due to the City receiving record amounts of precipitation during 2015 while experiencing a more "normal" year during 2016. Calendar year 2015 was the 4th wettest year in recorded history. In contrast, the Texas Panhandle received much less precipitation during 2016. Water revenues can be significantly affected by the amount and timing of local rainfall. Rates were increased for the fourth tier structure for 2014/15 and by 3% overall for 2015/16. 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 \$23.7 million in 2013/2014 (includes \$3.8 million of gain on sale of property), \$15.0 million in 2014/2015, and \$16.4 million in 2015/16.

Our property tax base continues to grow. Moreover, the base did not decrease during the recession. As of January 2015, we had \$11.5 billion in value compared to approximately \$11.1 billion the previous year. In 2015/16, the City had \$190 million in new property values compared to \$186 million in 2014/15.

Building increased in the 2015/16 fiscal year. The City had \$353.9 million in permits compared to \$286.6 million in 2014/15. Commercial permits increased to \$192.6 million in 2015/16 compared to \$171.2 million in 2014/15. Residential permits were also increased to \$161.3 million in 2015/16 compared to \$115.4 million in 2014/15. The City experienced a significant hail storm event in May 2013, roofing permits increased significantly from \$5.3 million in 2011/12 to \$132.1 million in 2012/13 and \$112.5 million in 2013/14. For the 2014/2015 roofing permits decreased with \$25.5 million for the year, but were up again in 2015/16 to \$33.6 million.

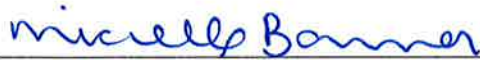
For our 2015/16 budget, property tax rate remained the same at \$0.345072 compared to 2014/15 budget. The property tax rate increased by \$0.00563 to \$0.35072 in 2015/16 as compared to 2014/15 rate of \$0.34509 per \$100 of taxable values.

Amarillo continues to enjoy strong sales tax receipts and increasing property values. Amarillo has a very good quality of life and a lot of opportunity. Amarillo has a strong diversified economy with plenty of jobs. We have major employers and industries for professionals, skilled craftsman, and laborers. Amarillo has the best-funded Economic Development Corporation in the state and Chamber of

Commerce to help attract and retain industry and support tourism. Amarillo has great public education and higher education. Amarillo has excellent medical facilities and very nice retirement facilities. We are well represented by national, regional, and local banks. Retail availability is diverse and strong in Amarillo; anything you need and most everything you want can be found in Amarillo. We have amusement parks, regional parks, and neighborhood parks. We have sports teams, museums, area lakes, and other attractions. In short, Amarillo is a great place to live and work.

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

Yours very truly,



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



Jared Miller
City Manager
City of Amarillo, Texas

Sources:

- (1) Amarillo Economic Analysis, courtesy of Amarillo National Bank
- (2) CNS Pantex
- (3) Amarillo Chamber of Commerce includes only full-time employees
- (4) Cactus Feeders
- (5) Friona Industries
- (6) Amarillo VA Health Care System
- (7) Amarillo Economic Development Corporation
- (8) 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

FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Amarillo, State of Texas (the City) as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

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discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule - General Fund, the Schedule of Changes in Net Pension Liability and Related Ratios - Texas Municipal Retirement System, the Schedule of Contributions - Texas Municipal Retirement System, Notes to Required Supplementary Information - Texas Municipal Retirement System, the Schedule of Changes in Net Pension Liability and Related Ratios - Firemen's Relief and Retirement Fund, the Schedule of Contributions Firemen's Relief and Retirement Fund, Notes to Required Supplementary Information - Firemen's Relief and Retirement Fund, the Schedule of Funding Progress on Other Postemployment Benefits on pages 5 through 21, and pages 114 through 121 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Connor McMillon Mitchell & Sherrum PLLC

Amarillo, Texas
February 21, 2017

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, 2016. 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, 2016.

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 \$838.70 million (net position). Of this amount, \$799.70 million is invested in capital assets and infrastructure net of related debt. Of this amount, \$17.87 million is restricted for debt service and other purposes. The remaining \$21.13 million is unrestricted net position.
- The City's total net position increased by \$173 thousand. Of this amount, a \$17.58 million decrease is attributable to governmental activities, and an increase of \$17.75 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 \$106.78 million. The General Fund's fund balance decreased by \$3.22 million. The increase in fund balance for capital projects funds was \$1.79 million. This increase was a result of construction that will not be completed until future years on general construction and civic improvement projects. Decreases in other governmental funds, which include many grants and special revenue funds, were approximately \$3.24 million with the largest portion being related to the compensated absences fund which is currently not being funded.
- At the end of the current fiscal year, the fund balance for the General Fund was \$48.08 million, or 28.3% of total general fund expenditures. Expenditures and transfers out of the General Fund were \$170.01 million, which amounts included transfers of general revenues to capital outlay, internal service funds, grant funds, and other funds which carry out general governmental operations. The General Fund remains in good financial condition with unassigned fund balance of \$46.33 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 2016. Total sales tax collections came in at \$56.09 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 2016 receipts increased from \$55.5 million to \$56.09 million. When preparing the 2016/17 budget, the sales tax estimates included a 1% increase over the anticipated 2015/16 collections. The City's sales tax collections have tracked very close to the budgeted amounts for the first quarter of the 2016/17 fiscal year. Management keeps a close watch on sales tax collections to assist in making changes during the year, if needed. The City has continued to see larger than normal receipts in building permits, \$1.74 million, due to continued growth in the local economy. The City also had a record year for hotel occupancy tax revenue in 2015/16, recording approximately \$6.78 million. Electricity and gas franchise fees came in lower than normal due to reduced fuel costs and a mild winter during 2015/16.

- 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).
- On April 13, 2016 the City issued the City of Amarillo, Texas, Hotel Occupancy Tax Revenue Bonds, Taxable Series 2016 in the amount of \$11,995,000. The bonds will be used to construct and equip a downtown Amarillo parking garage located in the vicinity of the City's convention center facilities.

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, 2016, compared to the prior year (in thousands):

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Percent</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Current assets	\$ 179,367	\$ 187,365	\$ 70,488	\$ 71,092	\$ 249,855	\$ 258,457	18.67%
Noncurrent assets	11,676	1,453	41,052	35,454	52,728	36,907	3.94%
Capital assets	402,785	394,877	632,759	617,228	1,035,544	1,012,105	77.38%
Total assets	<u>\$ 593,828</u>	<u>\$ 583,695</u>	<u>\$ 744,299</u>	<u>\$ 723,774</u>	<u>\$ 1,338,127</u>	<u>\$ 1,307,469</u>	<u>100.00%</u>
Deferred outflows of resources	\$ 57,149	\$ 16,125	\$ 6,109	\$ 2,320	\$ 63,258	\$ 18,445	0.00%
Current liabilities	\$ 31,617	\$ 27,942	\$ 30,596	\$ 26,683	\$ 62,213	\$ 54,625	11.06%
Noncurrent liabilities	269,939	204,791	230,314	227,652	500,253	432,443	88.94%
Total liabilities	<u>\$ 301,556</u>	<u>\$ 232,733</u>	<u>\$ 260,910</u>	<u>\$ 254,335</u>	<u>\$ 562,466</u>	<u>\$ 487,068</u>	<u>100.00%</u>
Deferred inflows of resources	\$ 194	\$ 280	\$ 31	\$ 44	\$ 225	\$ 324	100.00%
Net position:							
Net investment in capital assets	\$ 366,308	\$ 359,488	\$ 433,391	\$ 411,804	\$ 799,699	\$ 771,292	95.35%
Reserved/restricted	11,783	10,568	6,084	6,768	17,867	17,336	2.13%
Unrestricted (deficit)	(28,863)	(3,249)	49,992	53,143	21,129	49,894	2.52%
Total net position	<u>\$ 349,228</u>	<u>\$ 366,807</u>	<u>\$ 489,467</u>	<u>\$ 471,715</u>	<u>\$ 838,695</u>	<u>\$ 838,522</u>	<u>100.00%</u>

The City's net position increased by \$173 thousand during the current fiscal year. The following table reflects the elements of this change:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Percent</u> <u>2016</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
Revenues							
Program revenues							
Charges for services	\$ 45,328	\$ 47,554	\$ 88,879	\$ 83,972	\$ 134,207	\$ 131,526	45.70%
Operating grants and contributions	20,393	21,745	-	-	20,393	21,745	6.94%
Capital grants and contributions	10,481	27,847	4,908	5,765	15,389	33,612	5.24%
General revenues:							
Property taxes	43,304	40,939	-	-	43,304	40,939	14.74%
Other taxes	80,460	80,856	-	-	80,460	80,856	27.39%
Insurance recover/cost	(1,378)	1,185	-	-	(1,378)	1,185	-0.47%
Investment earnings, etc.	843	776	487	402	1,330	1,178	0.45%
Total revenues	199,431	220,902	94,274	90,139	293,705	311,041	100.00%
Expenses:							
General/staff services	17,075	15,216	-	-	17,075	15,216	5.82%
Public safety	104,181	93,807	-	-	104,181	93,807	35.49%
Streets/traffic	21,875	20,554	-	-	21,875	20,554	7.45%
Culture and recreation	26,368	24,954	-	-	26,368	24,954	8.98%
Solid waste	13,835	13,746	-	-	13,835	13,746	4.71%
Transit	5,567	5,312	-	-	5,567	5,312	1.90%
Tourism/ economic/urban development	23,381	14,030	-	-	23,381	14,030	7.97%
Information technology	3,776	3,541	-	-	3,776	3,541	1.29%
Interest on long-term debt	2,372	2,045	-	-	2,372	2,045	0.81%
Water and sewer	-	-	59,713	58,080	59,713	58,080	20.34%
Drainage utility	-	-	2,564	2,403	2,564	2,403	0.87%
Airport	-	-	12,825	11,166	12,825	11,166	4.37%
Total expenses	218,430	193,205	75,102	71,649	293,532	264,854	100.00%
Excess (deficiency) before transfers	(18,999)	27,697	19,172	18,490	173	46,187	
Transfers	1,420	2,284	(1,420)	(2,284)	-	-	
Change in net position	(17,579)	29,981	17,752	16,206	173	46,187	
Net position, beginning	366,807	361,330	471,715	458,178	838,522	819,508	
Prior period adjustment	-	(24,504)	-	(2,669)	-	(27,173)	
Net position, beginning, as restated	366,807	336,826	471,715	455,509	838,522	792,335	
Net position, ending	\$ 349,228	\$ 366,807	\$ 489,467	\$ 471,715	\$ 838,695	\$ 838,522	

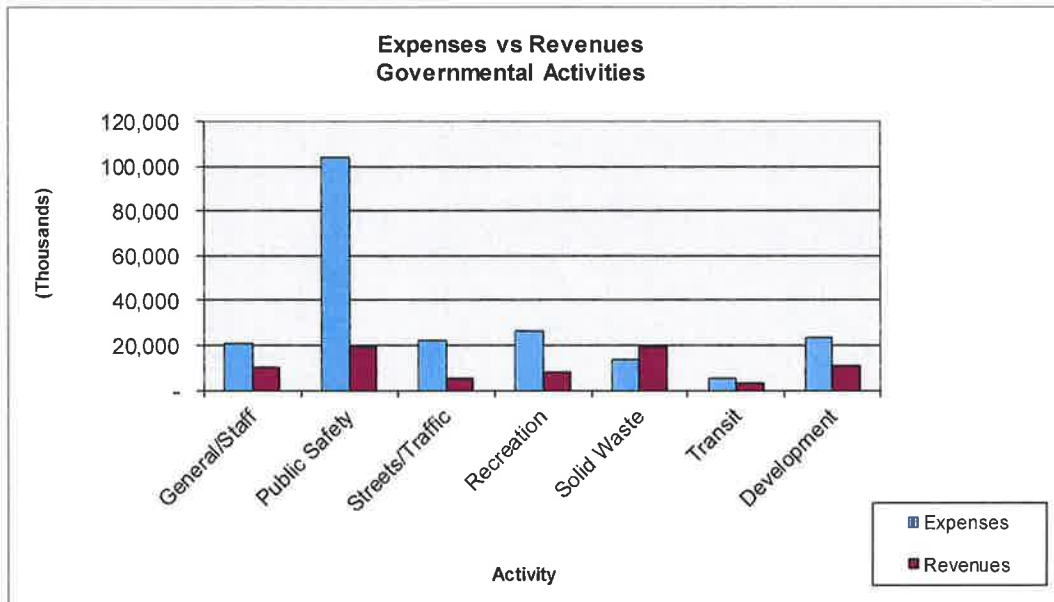
Governmental activities: The net position of the Governmental Activities was \$349.23 million. Of this amount, approximately \$366.31 million is net investment in capital assets. Restricted net position of approximately \$3.78, \$2.52 million, and \$5.48 million is restricted for debt service, tax increment financing, and other purposes, respectively. This leaves a deficit unrestricted net position for Government Activities of \$28.86 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 \$489.47 million. The unrestricted net position of the Business-type Activities is used to provide working capital and fund capital projects.

At September 30, 2016, the net position for the Governmental Activities decreased \$17.6 million. During 2016, the City issued the Hotel Occupancy Tax Revenue Bonds Series 2016 in the amount of \$11.9 million to construct and equip the downtown Amarillo parking garage. \$8.8 million of the bond proceeds were spent on funding the construction of the downtown parking garage. This increase is included in Tourism/economic development. Other increases in expense from the prior year included \$10.37 million in Public Safety primarily related to increases in pension expense. Additional increases attributable to the pension plans are reflected as an increase in deferred outflows of \$44.81 million and an increase in the pension liability of \$51.77 million. This was attributable to the difference in projected and actual earnings (actuarial losses) on the pension plan investments. Both pension plans lowered the actuarial investment

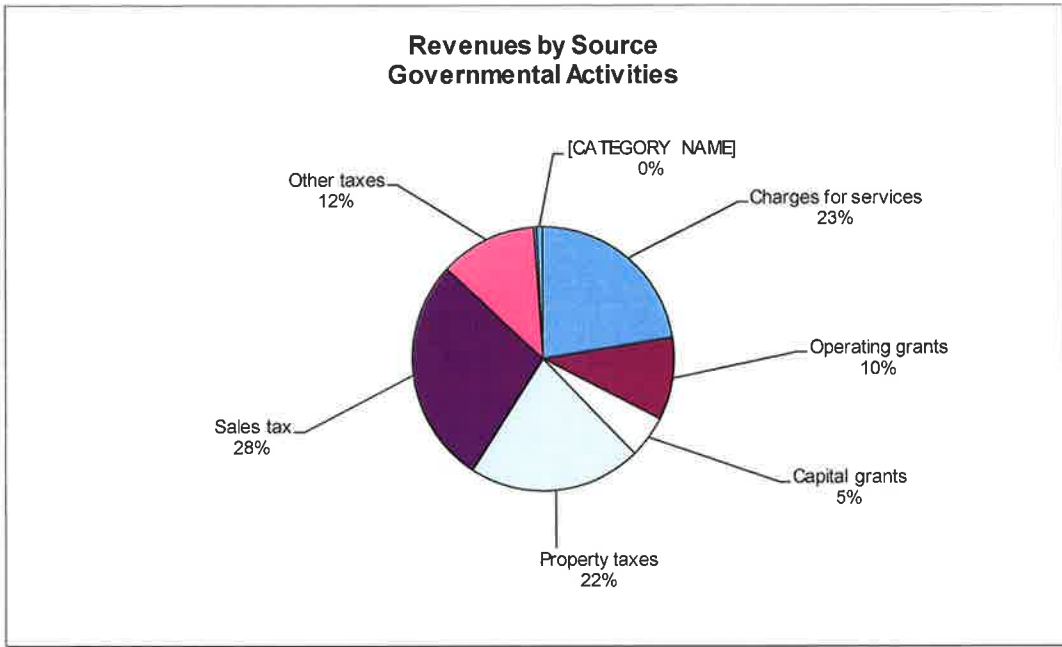
rate of return assumption during 2016—TMRS from 7.00% to 6.75% and AFRRF from 8.25% to 8.00%. The City was required to implement GASB 68 during 2014/15 which improves the financial reporting by enhancing the reporting of the net pension liability and providing a more comprehensive measure of pension expense. Through implementation of GASB 68, the City assumed its share of the net pension liability and is required to adjust it each year according to an actuarial valuation of the liability. The Governmental Activities did, however, continue to see increased sales tax collections and hotel/motel tax collections as well as a lower allocated cost of postemployment benefits required under GASB 45 due to changes made to the City's health plan during the 2013/14 and 2014/15 fiscal years.

The accompanying bar chart entitled *Expenses vs. Revenues – Governmental Activities* – reflects the extent to which each of the major governmental functions of the City is supported by revenues designated for that purpose. These revenues include charges for services, intergovernmental revenues, and citizen participations and contributions. Charges for services include fees of the solid waste disposal utility and transit system, revenues of the auditorium-coliseum complex and parks department, and permits, licenses, and fines. For the current year, expenses of the governmental functions were \$218.43 million. Program revenues consisting of charges for services, operating grants, and capital grants were in total amount of \$76.20 million, resulting in a net cost of governmental functions in the amount of \$142.23 million to be supported by general revenues of the City which include property taxes and sales tax revenue. General revenues and transfers totaled \$124.65 million. General revenues, program revenues, and transfers combined were \$200.85 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 \$199.43 million excluding transfers of \$1.42 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 \$17.75 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 \$19.49 million as compared to \$13.78 million in the previous fiscal year. The operating income remains strong. Net position for the Water and Sewer Fund increased by \$16.45 million. Airport net position decreased by \$713,985, 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 \$2.74 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 \$3.06 million for the fourth year of operation.

88.5% 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.

\$6.08 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 increased by \$7.48 million or 18.1% largely due to the City receiving record amounts of precipitation during 2015 while experiencing a more "normal" year during 2016. The below graph reflects 2015 as the 4th wettest year in recorded history. In contrast, the Texas Panhandle received much less precipitation during 2016. Water revenues can be significantly

affected by the amount and timing of local rainfall. With the increase in water volume sold due to drought conditions combined with rate increases implemented for fiscal years 2012/13, 2013/14, and 2015/16, residential customers increased water sales in each of these years. Changes in water usage have less effect on sewer revenues; however, this revenue source did increase by \$519,629 due to a 3% rate increase implemented during 2015/16. 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>
2012	12.33"	7 th driest on record
2013	15.20"	19 th driest on record
2014	19.40"	64 th driest (near normal**)
2015	34.63"	4 th wettest on record
2016	17.20"	23 rd driest 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 \$713,985. 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 2015/16, the Airport collected \$1.32 million in passenger facilities charges, which is \$37,621 less than the previous year. Airport operating revenues decreased slightly from \$8.38 million to \$8.34 million; however, operating expenses increased from \$11.11 million to \$12.75 million. Operating revenues are derived from airlines, fees and commissions, and other building rentals

Drainage Utility: The Drainage Utility Fund completed the fourth year of operation and recorded operating revenues of \$5.52 million with \$2.47 million in operating expenses resulting in net operating income of \$3.06 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 \$10.29 million. Operating income will also be used to fund drainage projects, many of which are in the design and engineering stages at the end of this fiscal year.

Financial Analysis of the City's Funds:

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$106.78 million, a decrease of approximately \$4.67 million from the prior year. Beginning in fiscal year ending September 30, 2011, the City implemented and began reporting the fund balance structure under guidelines established by GASB 54. GASB 54 requires the fund balances of governmental funds be segregated into five major components. These are: Non-spendable, Restricted, Committed, Assigned and Unassigned. Of the total fund balances, approximately half has been

designated by management for specific purposes and is being accounted for in governmental funds established to control the expenditure of the funds for designated purposes. These funds consist primarily of the Capital Projects Funds and the Compensated Absences Fund, which were established to currently fund the City's liability under its sick and annual leave policy. The balance is available to fund current expenditures or to fund future capital improvement or operating needs. All of this unassigned fund balance is accounted for in the General Fund, which is the primary operating fund of the City. At the end of the current fiscal year, the total fund balance of the General Fund was \$48.08 million, of which \$46.33 million was unassigned.

The fund balance of the General Fund decreased by \$3.22 million during the current year. The fund balance of the Capital Projects Funds increased by \$1.79 million. This increase includes dollars allocated to uncompleted projects. The capital projects funds had assigned fund balances of \$44.25 million at September 30, 2016. 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 \$52.04 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 increased in the 2015/16 fiscal year by \$3.67 million due in large part to reduced medical claims as a result of changing the administration of the City's health plan to a third party insurance company. The City's health plan had previously been self administered but rising health care costs prompted the City to seek outside administration to help secure better discounts through its network. The City is also seeing lower increases in recording the liability and related expense in compliance with GASB 45 for postemployment health benefits in the Employee Insurance Fund. The GASB 45 liability increased by \$2.1 million for the fiscal year ending September 30, 2015, and increased by \$2.02 million for the fiscal year ending September 30, 2016. 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 \$2.02 million at September 30, 2016. 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, 2016, was \$1.04 billion, net of accumulated depreciation. The following tabulation summarizes the City's capital assets at September 30, 2016:

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land, easements and water rights	\$ 34,531	\$ 31,531	\$ 85,111	\$ 85,126	\$ 119,642	\$ 116,657
Infrastructure	149,544	148,020	-	-	149,544	148,020
Library resources	4,793	4,752	-	-	4,793	4,752
Water and sewer other	-	-	417,759	419,391	417,759	419,391
Airport facilities	-	-	70,768	69,078	70,768	69,078
Drainage improvements	-	-	4,888	4,799	4,888	4,799
Buildings and other improvements	144,674	149,030	-	-	144,674	149,030
Equipment and vehicles	32,883	30,956	3,391	1,711	36,274	32,667
Construction in progress	36,360	30,588	50,841	37,123	87,201	67,711
Total capital assets	\$ 402,785	\$ 394,877	\$ 632,758	\$ 617,228	\$ 1,035,543	\$ 1,012,105

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

The City of Amarillo attempts to fund its capital needs on a pay-as-you-go basis to the extent possible. The City from time to time will borrow funds in order to complete significant infrastructure projects. The City attempts to take advantage of favorable interest rates and use debt only when conditions are favorable. Note 12 to the financial statements discloses in detail the debt activities of the City. In addition, a Combined Schedule of Outstanding Debt Issuances is provided in the supplemental section of the CAFR. The following table shows the City's total principal amounts outstanding under bond agreements as of September 30, 2016:

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

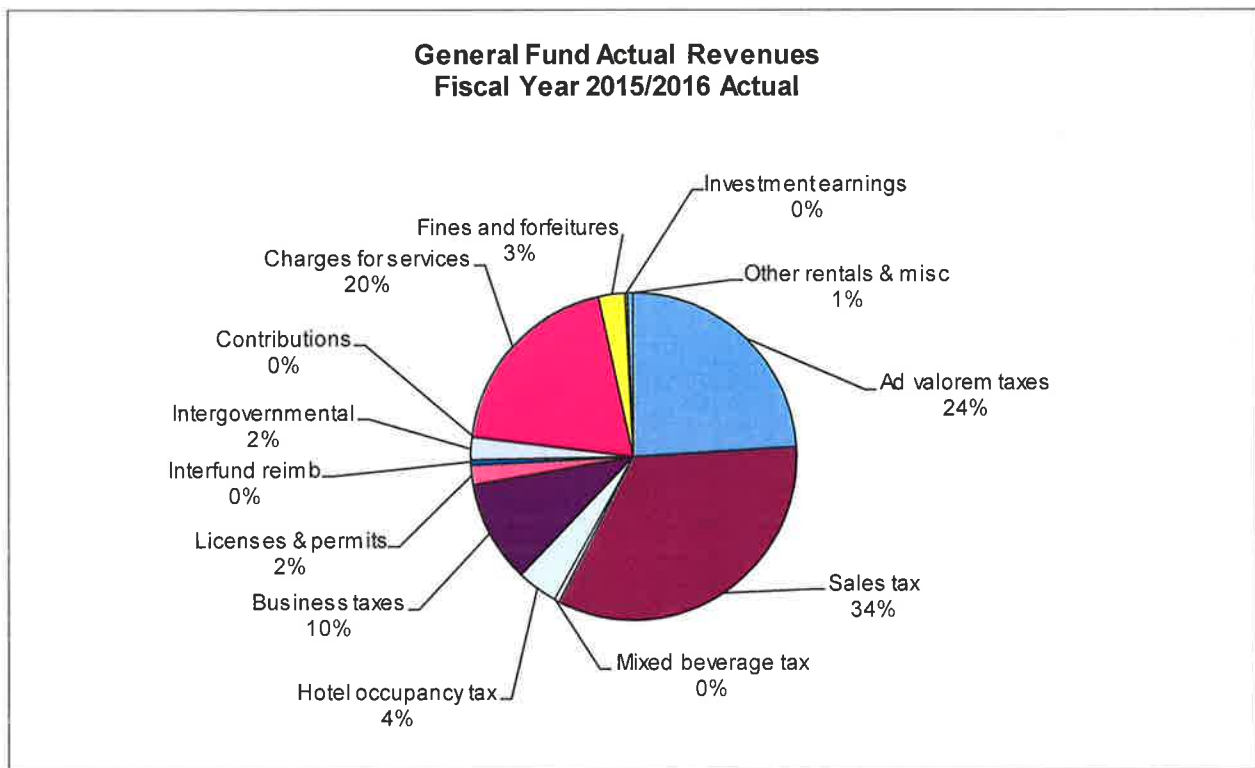
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 3,718	\$ 4,170	\$ -	\$ -	\$ 3,718	\$ 4,170
Certificates of obligation	17,265	18,420	76,080	80,960	93,345	99,380
Special assessment debt	9,343	9,817	-	-	9,343	9,817
Hotel occupancy tax debt	11,995	-	-	-	11,995	-
Municipal garage revenue bonds	2,290	3,190	-	-	2,290	3,190
Water and sewer revenue bonds	-	-	60,795	49,295	60,795	49,295
Water authority debt	-	-	70,786	76,033	70,786	76,033
Drainage utility revenue bonds	-	-	10,190	10,865	10,190	10,865
Airport	-	-	6,805	8,315	6,805	8,315
Total outstanding debt	\$ 44,611	\$ 35,597	\$ 224,656	\$ 225,468	\$ 269,267	\$ 261,065

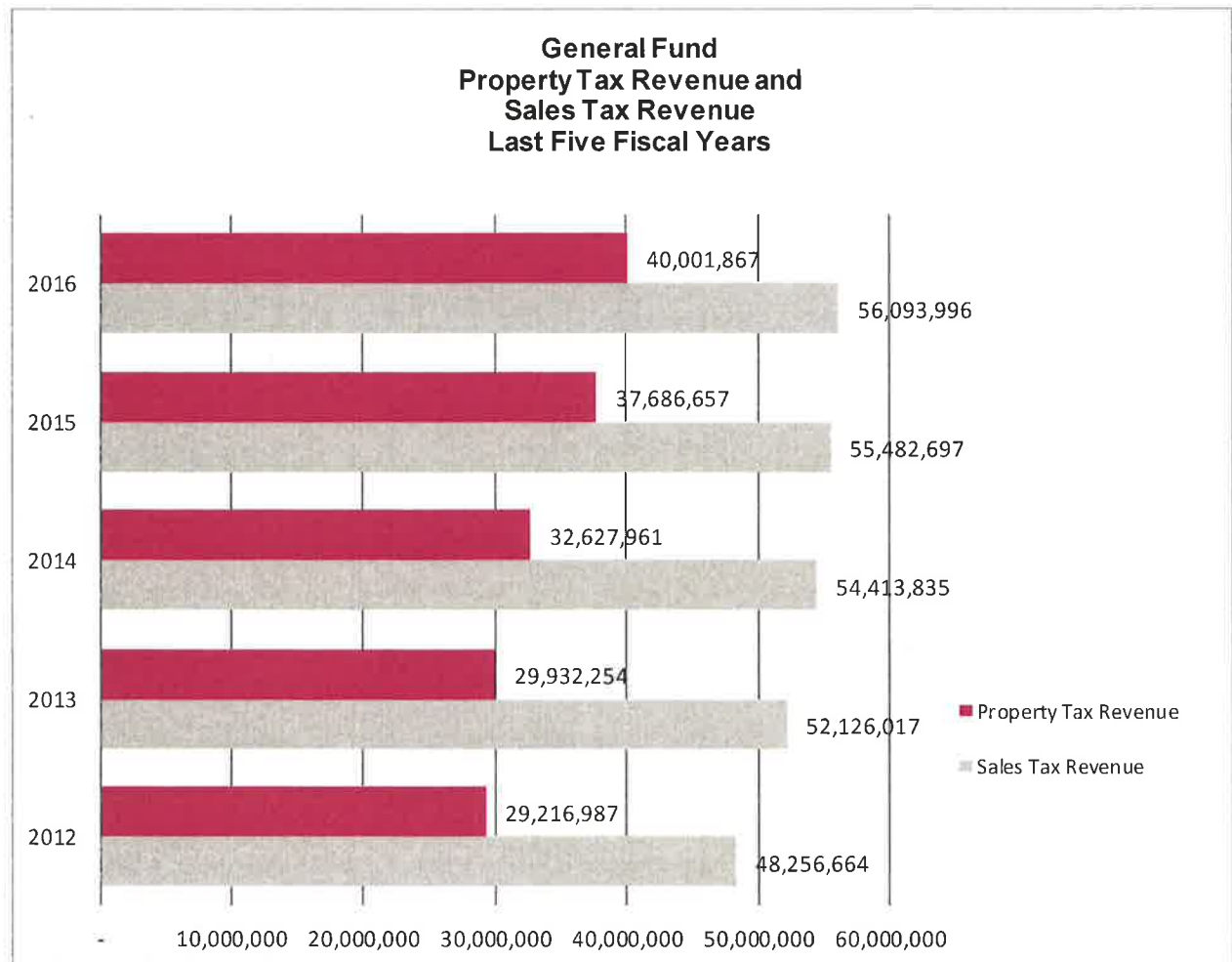
Refer to Notes 11 and 12 in the Notes to Basic Financial Statements for additional information related to long-term debt and other commitments.

General Fund Budgetary Highlights

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

General Fund Revenues: The total General Fund revenues budgeted for fiscal year 2015/16 were \$168,986,121. Certain reclassifications of interdepartmental reimbursements are made from the approved budget for financial reporting purposes. Actual sales tax revenue accounts for 33.64% of the General Fund total revenue excluding transfers. Sales tax revenues were budgeted for \$56.14 million. Actual sales tax revenues for 2015/16 were \$56.09 million. Sales tax revenues were lower than expected budgeted amounts by approximately \$48,000. Sales tax receipts have been very strong for several years; however, the 2015/16 receipts increased only slightly 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 2016/17 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 159, General Fund ad valorem tax collections were budgeted at \$39.22 million. Actual ad valorem taxes were \$40.00 million. Other General Fund revenues are comprised of charges for services, business taxes, fines and forfeitures, investment earnings, and miscellaneous revenues. In total, the actual General Fund revenues were lower than budgeted revenues by \$2.22 million mainly due to lower electricity and gas franchise fees from reduced fuel costs and a mild 2015/16 winter. The attached chart shows the major sources of total General Fund revenues as summarized on page 114:

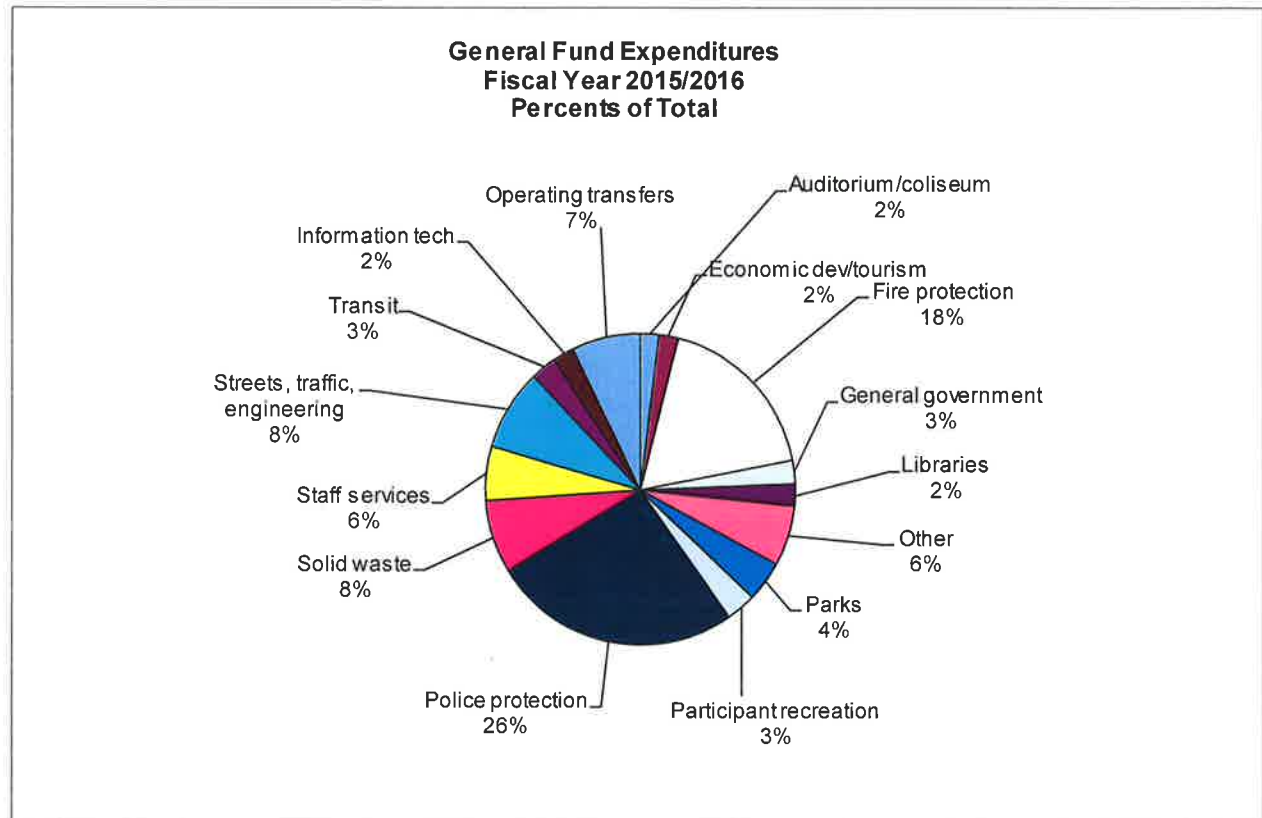




In the above graph you can see the growth rate of the General Fund property tax revenue (ad valorem tax collections) in contrast with the growth rate of sales tax revenue. The sales tax revenue, despite a nationwide slow economic recovery, has fared well and has a healthy, positive trend line. The City management keeps a watchful eye on the monthly sales tax to spot any flattening trends that might develop. Ad valorem tax revenues show an increase mainly due to increased property values. The tax rate in effect for the year ending September 30, 2016, was \$0.35072 which is a \$0.00563 increase over the prior year's rate of \$0.34509. 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 2015/16 was \$164.79 million. Total actual expenditures and appropriations against the operating budget for 2015/16 were \$157.84 million. This resulted in underspending the budget by \$6.95 million. Police and Fire protection combined account for approximately 46.2% of the General Fund expenditure budget. Operating transfers to Capital Projects Funds and other funds were budgeted for \$12.13 million.

Actual General Fund transfers during the year were \$12.10 million. The following chart shows the breakdown by functional area of the General Fund actual expenditures for 2015/16:



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

Economic Factors and Next Year's Budget and Rates

The 2016/17 budget is a balanced budget in accordance with the Amarillo City Charter and laws of the State of Texas.

The budget totals approximately \$328 million, with \$233 million approved for operation and maintenance functions, \$66 million in capital, and \$29 million required to support existing debt service payments. The annual Budget is the most important policy document for consideration by the Council. It identifies required funding to deliver more than 250 programs and services to the Citizens of Amarillo.

The 2016-2017 Annual Operating Budget is presented to Council as a Program Based Budget, i.e. the various programs offered by City departments is presented with program descriptions and performance measures to define the level and quality of services delivered to Amarillo citizens. It is hoped the Council will find a programmatic presentation useful in facilitating policy discussions.

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

Development of the Budget has been challenging. Our sales tax revenues are projected to be relatively flat with a 1% increase for 2016/2017. Taxable property values remain strong with a 4.3% increase for 2016. These sources of revenue make up the largest percentage of our funding for general government expenses. Every effort has been made to maintain current levels of service throughout the City with available revenues. The impact of increasing costs in several vital areas of commodities, materials, supplies, fuel, electricity and personnel have required we make some difficult choices to balance the Budget.

This budget represents an \$8.1 million decrease from the prior year. The Budget addresses the BluePrint Amarillo Council priority of Employee Compensation. Council has a stated priority of addressing employee compensation. The existing compensation was not competitive for entry level positions across the City government. The Budget addresses this deficiency through two critical proposals. First, it establishes a wage policy of being competitive with the marketplace. Second, the Budget adjusts the beginning pay for all our pay scales to reflect market rates.. The 2016/2017 Budget includes approximately \$8.3 million to implement the recommended pay schedule as proposed in the Pay and Compensation study, as well as one time 1% (average) lump sum payments corresponding with annual review dates. Out of necessity, achieving this level of funding was accomplished through the reduction of 21 vacant positions and reductions in other maintenance and operating expenses. Even with the reduction, the City will continue our current basic programs. However, there is little, if any flexibility left in the Budget to address unanticipated needs. Our current financial constraints do not permit us to purchase new programs and services. This Budget allows us to take care of what we have at current service levels with limited flexibility to address other needs.

The reductions to the Budget were also used to offset a 7% increase for employee health insurance premiums (\$1.3 million), 0.74% increase to TMRS and AFRRF rates (\$0.6 million) and the addition of 19 part-time and four full-time positions necessary to staff the North Heights Recreation Center (\$0.2 million).

Property and Sales Taxes

For the 2016/2017 fiscal year, the property tax rate remained the same at \$0.35072 per \$100 taxable value. A historical review of the rate reflects that the City Council increased the property tax rate by one cent to \$0.32009 for the 2011/2012 fiscal year after three years with the same property tax rate and by \$0.02 in the 2013/2014 fiscal year, by \$0.005 in the 2014/2015 fiscal year and by \$0.00563 to \$0.35072 for the 2015/2016 fiscal year. It is interesting to note that while the property tax rate and associated levy is often in the public eye, it raises less revenue than is required to operate only the Amarillo Police Department for the upcoming fiscal year.

The sales tax is the City's largest revenue source. Amarillo has long enjoyed a history of steadily increasing sales tax, which has offset our low property tax rate. However, for the 2008, 2009 and 2010 fiscal years, the City had seen flat or declining sales tax receipts. We were very pleased to report that the \$55.5 million sales tax receipts received for the 2014/2015 fiscal year were the highest ever at that point. We estimated an increase in sales tax receipts for the 2015/2016 fiscal year at \$56.2 million. We are beginning to see a flattening in the sales tax revenue and have estimated a 1% increase for the 2016/2017 fiscal year, to \$56.7 million. Even so, the sales tax budget of \$56.7 million for the 2016/2017 fiscal year is not sufficient alone to fund the budgets for Public Safety. The City relies on multiple revenue sources to support the General Fund operations.

Franchise Fees, User Fees and Charges

During this budget, City staff analyzed and reviewed the funding levels. During the 2010/2011 fiscal year, the City issued water and sewer bonds to fund water rights purchases, as well as 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 2011/2012 budget and we included a 5% increase to follow for the 2012/2013 fiscal year budget. In the 2013/2014 fiscal year, the City included a 2% rate increase. For the 2014/2015 fiscal year, the City included an increase in the fourth tier rates from \$4.65 to \$5.00 per 1,000 gallons. This rate increase only affected those customers that use over 50 thousand gallons a month. The City Council has approved a 3% water and sewer rate increase for both the 2015/2016 and 2016/2017 fiscal year to offset additional debt services anticipated with new bond issues. The 2016/2017 rate increase will fund year one of a \$140.0 million five year capital improvement plan. The City anticipates similar 3% rate increases over the next five years. The water rate structure is designed so that customers who only use water for domestic use still have very reasonable rates. A residential 10,000 gallon water user will have a monthly rate of \$30.37, which is very low compared to other Texas cities.

During 2015/2016 year began to see decreasing electricity and gas franchise revenue, this decrease reflects low fuel costs and a mild winter for the same time period. Revenue from the electricity and gas franchise fees is projected to remain flat for the 2016/2017 fiscal year.

CONSOLIDATED BUDGET

Our 2016/2017 fiscal year budget is \$328,113,909; which is a decrease of 2.41%, or \$8,119,495, as compared to our 2015/2016 budget of \$336,233,404.

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

	<u>FY 2015/2016</u>	<u>FY 2016/2017</u>	<u>% Change</u>
General Fund Operating	\$ 175,596,280	\$175,350,282	-0.14%
Water & Sewer Operating	46,716,807	47,193,008	1.02%
Capital Improvement Projects	79,905,669	65,983,788	-17.42%
Special Revenue Operating	21,718,548	22,166,285	2.06%
Municipal Garage Operating	9,557,967	8,849,408	-7.41%
Insurance Operating	27,772,577	28,809,109	3.73%
Debt Service	26,601,991	29,040,978	9.17%
Airport Operating	7,845,776	8,197,018	4.48%
Drainage Utility Operating	2,778,934	2,956,161	6.38%
Information Technology Operating	4,995,197	5,745,506	15.02%
Capital Transfers	306,163	966,711	215.75%
Less: Interfund Transfers	(67,562,505)	(67,144,345)	-0.62%
Total Budget	<u>\$ 336,233,404</u>	<u>\$ 328,113,909</u>	<u>-2.41%</u>

Municipal government is a service provision business and the predominant expense category in our budget is always personnel and associated employee salaries and benefit expenses. Personnel costs comprise 47% or \$154.8 million of our 2016/2017 net budget. The second largest category is Capital Improvement Projects of \$66.0 million or 20% of our budget. Debt Service, accounts for 9% or \$29.0 million of our budget. Debt service expenditures include all funds. The largest category increase in the FY 2016/2017 budget is Debt Service, which includes the new 2016 Hotel Occupancy Tax Revenue issue and an anticipated \$28.5 million Water and Sewer Revenue issue.

Employee Staffing

The 2016/2017 budget consists of 2,153 permanent and 334 part-time employee positions. Permanent positions have decreased by 10 positions over the current year and part-time positions have increased by 14. The priority for the 2016/2017 budget is the implementation of a market based pay and compensation schedule. With limited ability to fund the revised pay schedule, departments reviewed unfilled positions and reduced staffing levels in several areas. The below summary reflects that there were three departments that increased staff for the 2016/2017 budget. During 2017 the City will open the first City operated indoor recreation facility, and the staffing of four full time and 19 hourly positions are included in the 2016/2017 budget. The Environmental Health Department included fee increases in the food establishment area. The below new positions are funded by the fee increases. During 2012 the City implemented a drainage fee which allowed the City to separate this function in an enterprise fund, the Drainage Fund. The management of this function has been performed by the Public Works Director’s office. For the 2016/2017 Budget the City has included a Superintendent position to manage this operation. As reviewed below, there are several departments that reduced staffing levels to help fund the implementation of the revised pay schedules. In total, a net of 4 positions was added to the 2016/17 budget.

Below is a summary of the staffing changes for the 2016/2017 budget:

<u>Personnel Changes</u>	<u>Department</u>	<u>Full Time</u>
Accountant III	Accounting	-1
Emergency Communications Specialist	AECC	-1
Animal Management Officer Trainee	Animal Management & Welfare	-2
Messenger (Hourly)	Central Stores	-1
Civic Center Manager	Civic Center Administration	1
Administrative Assistant II	Civic Center Administration	1
Civic Center Operations Manager	Civic Center Administration	-1
Building Technician II	Civic Center Administration	-1
Civic Center Operations Manager	Civic Center Operations	1
Building Technician II	Civic Center Operations	1
Civic Center Manager	Civic Center Operations	-1
Administrative Assistant II	Civic Center Operations	-1
Building Attendant I	Civic Center Operations	-1
Administrative Assistant II	Civilian Personnel	-1
Custodian I	Custodial Operations	-1
Environmental Health Specialist I	Environmental Health	2
Administrative Assistant I	Environmental Health	1
Inspector (hourly)	Environmental Health	1
Environmental Health Investigator (hourly)	Environmental Health	-1
Building Mechanic III	Facilities	-1
Front Desk Manager	Parks and Recreation	1
Custodian I	Parks and Recreation	1
Fitness/Wellness Coordinator	Parks and Recreation	1
Pool Manager	Parks and Recreation	1
Lifeguard (hourly)	Parks and Recreation	6
Custodian I (hourly)	Parks and Recreation	2
Front Desk Attendant (hourly)	Parks and Recreation	3

Afterschool Program Attendant (hourly)	Parks and Recreation	2
Fitness Attendant (hourly)	Parks and Recreation	3
Athletic Specialist (hourly)	Parks and Recreation	1
Swimming Lesson Instructor (hourly)	Parks and Recreation	2
Utility Worker	Street	-3
Lifeguard (hourly)	Swimming Pools	-2
College Intern (hourly)	Traffic Administration	-1
Utility Worker	Traffic Field Operations	-1
Drainage Superintendent	Drainage Utility	1
Fleet Mechanic II	Fleet Services	-5
Safety Manager	Self Insurance	-1
Nurse Practitioner (hourly)	City Care Clinic	-1
Net Additions		4

Employee Compensation

- 1) Implementation of a market based pay and compensation schedule.
- 2) 1.00% pay adjustment for Police and Fire.
- 3) 1.00% pay adjustment for civilian employees as pay-for-performance, based on annual evaluations.
- 4) Continuation of the civilian Discretionary Retention Pay (DRP) program.
- 5) Continued funding of employee incentive pay programs.

The total cost of these pay plan improvements and benefits is \$8.3 million. Most of the cost (\$5.2 million) is in the General Fund.

Capital Needs

The 2016/17 capital budget is \$65,938,788. During the summer of 2016 the City of Amarillo participated in a community engagement process for capital infrastructure. Through this process City staff recommended to the City Council a five year capital program. On August 9, 2016 the City Council called for a bond election for November 8, 2016. The bond election included seven propositions totaling \$340 million which would allow the City to implement a five year general capital program. The anticipated tax increase for the bond election is \$0.20 with the issuance of the bonds over a five year period. Two of the seven propositions were approved by voters with a total capital funding of \$109.6 million to fund street improvements and public safety capital needs. The City Council has approved year one of the Water and Sewer capital improvement plan and approved the first year funding of revenue bonds with a 3% water and sewer fee increase, the first of five planned similar increases.

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, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 20,558,433	\$ 17,876,834	\$ 38,435,267	\$ 16,413,805
Investments	116,253,125	67,047,573	183,300,698	191,736,511
Receivables, net	13,961,852	10,049,339	24,011,191	14,834,026
Internal balances	25,978,440	(25,978,440)	-	-
Inventories and prepaid expenses	2,614,790	1,492,749	4,107,539	5,476,323
Other current assets	-	-	-	1,013,825
Total current assets	<u>179,366,640</u>	<u>70,488,055</u>	<u>249,854,695</u>	<u>229,474,490</u>
NONCURRENT ASSETS				
Restricted cash and cash equivalents	11,175,877	40,960,767	52,136,644	4,900,677
Restricted investments	500,000	-	500,000	-
Receivables, net	-	(1)	(1)	89,863,249
Other noncurrent assets	-	90,854	90,854	156,403
Land and building held for future incentives	-	-	-	4,660,865
Capital assets:				
Land	14,820,416	4,819,613	19,640,029	-
Contributed right of way easements	19,711,137	1,396,163	21,107,300	-
Water rights and contracts, net of amortization	-	78,894,961	78,894,961	-
Infrastructure, net of depreciation	149,543,732	4,888,288	154,432,020	-
Buildings and improvements, net of depreciation	144,674,567	488,527,061	633,201,628	25,496,793
Equipment and vehicles, net of depreciation	32,883,013	3,391,393	36,274,406	66,624
Library resources, net of depreciation	4,792,569	-	4,792,569	-
Construction in progress	36,360,017	50,841,453	87,201,470	12,488,830
Total noncurrent assets	<u>414,461,328</u>	<u>673,810,552</u>	<u>1,088,271,880</u>	<u>137,633,441</u>
TOTAL ASSETS	<u>\$ 593,827,968</u>	<u>\$ 744,298,607</u>	<u>\$ 1,338,126,575</u>	<u>\$ 367,107,931</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows	\$ 57,149,436	\$ 6,109,149	\$ 63,258,585	\$ 3,901,517
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 57,149,436</u>	<u>\$ 6,109,149</u>	<u>\$ 63,258,585</u>	<u>\$ 3,901,517</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued expenses	\$ 21,803,198	\$ 13,502,794	\$ 35,305,992	\$ 7,086,746
Current portion of long-term obligations	3,029,051	5,467,746	8,496,797	4,680,000
Estimated liability for self-insured losses, current portion	4,905,352	-	4,905,352	550,000
Bonded debt current maturity	-	11,365,000	11,365,000	-
Current portion of compensated absences	1,879,472	260,457	2,139,929	-
Total current liabilities	<u>31,617,073</u>	<u>30,595,997</u>	<u>62,213,070</u>	<u>12,316,746</u>
NONCURRENT LIABILITIES				
Liabilities payable from restricted assets	-	-	-	438,520
Noncurrent portion of long-term obligations	42,250,382	217,411,477	259,661,859	62,732,148
Other accrued expenses	-	2,615,459	2,615,459	-
Estimated liabilities for:				
Compensated absences, net	17,768,991	1,053,634	18,822,625	172,345
Self-insured losses, net of current portion	13,026,661	-	13,026,661	111,493
Landfill closure and postclosure care	2,556,616	-	2,556,616	-
Postemployment benefits	98,183,734	-	98,183,734	-
Net pension liability	96,152,865	9,233,594	105,386,459	8,995,195
Total noncurrent liabilities	<u>269,939,249</u>	<u>230,314,164</u>	<u>500,253,413</u>	<u>72,449,701</u>
TOTAL LIABILITIES	<u>\$ 301,556,322</u>	<u>\$ 260,910,161</u>	<u>\$ 562,466,483</u>	<u>\$ 84,766,447</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows	\$ 193,522	\$ 30,514	\$ 224,036	\$ -
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 193,522</u>	<u>\$ 30,514</u>	<u>\$ 224,036</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 366,307,710	\$ 433,391,146	\$ 799,698,856	\$ 23,769,411
Restricted for:				
Debt service	3,782,207	6,084,330	9,866,537	819,053
Tax increment financing	2,515,936	-	2,515,936	-
Other purposes	5,484,949	-	5,484,949	3,643,106
Unrestricted (deficit)	(28,863,242)	49,991,605	21,128,363	258,011,431
TOTAL NET POSITION	<u>\$ 349,227,560</u>	<u>\$ 489,467,081</u>	<u>\$ 838,694,641</u>	<u>\$ 286,243,001</u>

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

**CITY OF AMARILLO, TEXAS
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2016**

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
General government	\$ 6,264,326	\$ 5,236,113	\$ -	\$ 655,852
Staff services	10,810,997	3,850,692	364,046	5,000
Public safety and health				
Police protection	48,548,113	1,401,642	277,257	14,500
Fire protection	36,662,520	1,850,913	-	-
Other	18,970,934	5,667,969	5,692,993	4,287,236
Streets, traffic and engineering	21,874,716	882,924	47,000	4,303,240
Culture and recreation				
Auditorium/Coliseum	5,929,724	2,338,140	398,004	150,000
Libraries	4,535,846	171,851	39,896	-
Parks	9,055,597	1,556,778	-	742,405
Participant recreation	6,846,377	2,640,980	2,970	-
Solid waste	13,834,793	19,468,069	5,500	-
Transit	5,567,243	188,419	2,929,788	309,006
Information technology	3,775,895	-	-	-
Economic development/Tourism	12,211,918	-	-	-
Urban redevelopment/housing	11,168,871	73,079	10,635,209	13,912
Interest on long-term debt	2,371,915	-	-	-
Total governmental activities	<u>218,429,785</u>	<u>45,327,569</u>	<u>20,392,663</u>	<u>10,481,151</u>
BUSINESS-TYPE ACTIVITIES				
Water and Sewer	59,713,515	73,507,187	-	2,616,854
Drainage Utility	2,563,644	5,581,158	-	2,628
Airport	12,824,993	9,790,456	-	2,288,032
Total business-type activities	<u>75,102,152</u>	<u>88,878,801</u>	<u>-</u>	<u>4,907,514</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 293,531,937</u>	<u>\$ 134,206,370</u>	<u>\$ 20,392,663</u>	<u>\$ 15,388,665</u>
COMPONENT UNITS				
Amarillo Hospital District	\$ 8,482,393	\$ -	\$ 193,111	\$ 39,736
Amarillo Economic Development Corporation	21,490,466	10,865,721	-	-
Amarillo-Potter Events District	2,875,830	56,342	-	-
Amarillo Housing Finance Corporation	-	267	-	-
Amarillo Health Facilities Corporation	-	-	-	-
Amarillo Local Government Corporation	64,084	21,134	10,600,581	-
TOTAL COMPONENT UNITS	<u>\$ 32,912,773</u>	<u>\$ 10,943,464</u>	<u>\$ 10,793,692</u>	<u>\$ 39,736</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

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
\$ (372,361)	\$ -	\$ (372,361)	\$ -
(6,591,259)	-	(6,591,259)	-
(46,854,714)	-	(46,854,714)	-
(34,811,607)	-	(34,811,607)	-
(3,322,736)	-	(3,322,736)	-
(16,641,552)	-	(16,641,552)	-
(3,043,580)	-	(3,043,580)	-
(4,324,099)	-	(4,324,099)	-
(6,756,414)	-	(6,756,414)	-
(4,202,427)	-	(4,202,427)	-
5,638,776	-	5,638,776	-
(2,140,030)	-	(2,140,030)	-
(3,775,895)	-	(3,775,895)	-
(12,211,918)	-	(12,211,918)	-
(446,671)	-	(446,671)	-
(2,371,915)	-	(2,371,915)	-
<u>(142,228,402)</u>	<u>-</u>	<u>(142,228,402)</u>	<u>-</u>
-	16,410,526	16,410,526	-
-	3,020,142	3,020,142	-
-	(746,505)	(746,505)	-
-	<u>18,684,163</u>	<u>18,684,163</u>	-
<u>(142,228,402)</u>	<u>18,684,163</u>	<u>(123,544,239)</u>	-
-	-	-	(8,249,546)
-	-	-	(10,624,745)
-	-	-	(2,819,488)
-	-	-	267
-	-	-	-
-	-	-	10,557,631
-	-	-	<u>(11,135,881)</u>
40,480,567	-	40,480,567	-
2,822,783	-	2,822,783	-
56,093,996	-	56,093,996	18,697,999
810,426	-	810,426	-
6,777,185	-	6,777,185	-
16,778,557	-	16,778,557	2,917,154
843,358	487,381	1,330,739	5,548,637
(1,377,970)	-	(1,377,970)	-
1,420,423	(1,420,423)	-	-
<u>124,649,325</u>	<u>(933,042)</u>	<u>123,716,283</u>	<u>27,163,790</u>
<u>(17,579,077)</u>	<u>17,751,121</u>	<u>172,044</u>	<u>16,027,909</u>
<u>366,806,637</u>	<u>471,715,960</u>	<u>838,522,597</u>	<u>270,215,092</u>
<u>\$ 349,227,560</u>	<u>\$ 489,467,081</u>	<u>\$ 838,694,641</u>	<u>\$ 286,243,001</u>

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

CITY OF AMARILLO, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2016

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 417,850	\$ 5,263,256	\$ 8,648,184	\$ 14,329,290
Restricted cash and cash equivalents	107,088	10,830,584	133,580	11,071,252
Investments, at fair values	43,944,176	35,666,380	7,080,259	86,690,815
Restricted investments	-	-	500,000	500,000
Receivables, net of allowances for uncollectibles				
Property taxes	280,239	-	22,580	302,819
Accounts	1,719,051	-	126,197	1,845,248
Accrued interest	124,582	128,897	11,982	265,461
Other accrued revenue	2,041,313	-	175	2,041,488
Due from other funds unrestricted	2,554,797	308,766	97,585	2,961,148
Due from other governments	5,225,174	-	1,452,193	6,677,367
Inventory of supplies	1,681,954	-	-	1,681,954
Prepaid items	21,203	1,000	9,769	31,972
TOTAL ASSETS	\$ 58,117,427	\$ 52,198,883	\$ 18,082,504	\$ 128,398,814
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers payable	\$ 1,762,161	\$ 337,522	\$ 622,884	\$ 2,722,567
Accounts payable	2,115,214	5,408,881	531,061	8,055,156
Accrued expenses	4,801,078	1,390,502	58,298	6,249,878
Deposits	8,901	355,234	1,268,955	1,633,090
Due to other funds - unrestricted	333,207	460,000	1,020,443	1,813,650
Due to other governments	710,613	-	24,479	735,092
Unearned revenues - property taxes	234,419	-	18,762	253,181
Unearned revenues - other	71,984	-	79,858	151,842
Total liabilities	10,037,577	7,952,139	3,624,740	21,614,456
FUND BALANCES				
Nonspendable:				
Prepaid items	21,203	1,000	9,769	31,972
Inventory	1,681,954	-	-	1,681,954
Uncollected taxes	45,820	-	3,818	49,638
Restricted for:				
Debt service	-	-	904,204	904,204
Special purposes	-	-	8,624,696	8,624,696
Committed for:				
Compensated absences	-	-	4,915,277	4,915,277
Assigned for:				
Capital projects	-	44,245,744	-	44,245,744
Unassigned	46,330,873	-	-	46,330,873
Total fund balances	48,079,850	44,246,744	14,457,764	106,784,358
TOTAL LIABILITIES AND FUND BALANCES	\$ 58,117,427	\$ 52,198,883	\$ 18,082,504	\$ 128,398,814

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, 2016

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS

\$ 106,784,358

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.

(81,907,785)

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.

402,785,451

Capital assets, net October 1, 2015	\$ 394,876,994
Net current year additions	19,356,330
Net current year deletions	<u>(11,447,873)</u>
Capital assets, net September 30, 2016	<u>\$ 402,785,451</u>

(66,793,859)

Long-term liabilities, including bonds payable and compensated absence liabilities, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. In addition, long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as reductions in long-term debt in the government-wide financial statements. The net effect of including the long-term liabilities and the debt principal payments is to decrease net position. Those liabilities consist of:

Long-term debt	\$ 45,279,433
Compensated absence	18,957,810
Landfill closure and postclosure	<u>2,556,616</u>
	<u>\$ 66,793,859</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 \$92,566,542, a deferred resource outflow in the amount of \$55,143,834, and a deferred resource inflow in the amount of \$181,671.

(37,604,379)

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.

25,963,774

Unearned revenue	\$ 405,023
Accrued interest payable	(583,385)
Internal balances	25,978,440
Prepaid insurance	<u>163,696</u>
	<u>\$ 25,963,774</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 349,227,560

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, 2016**

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes				
Ad valorem taxes	\$ 40,001,867	\$ -	\$ 2,822,783	\$ 42,824,650
Sales taxes	56,093,996	-	-	56,093,996
Mixed beverage taxes	810,426	-	-	810,426
Hotel occupancy taxes	6,777,185	-	-	6,777,185
Gross receipts business taxes	16,778,557	-	-	16,778,557
License and permits	3,234,237	-	-	3,234,237
Interfund revenues	919,710	-	-	919,710
Intergovernmental revenues	3,723,787	1,521,382	16,627,544	21,872,713
Citizen contributions	22,407	-	2,457	24,864
Construction participation	-	5,064,393	13,351	5,077,744
Revenue from participating taxing entities	-	-	655,852	655,852
Other entity participations	-	-	100,000	100,000
Charges for services	32,642,435	186,518	1,849,217	34,678,170
Fines and forfeitures	4,418,020	-	1,281,944	5,699,964
Investment earnings	419,368	218,223	45,294	682,885
Other rentals and commissions	491,669	-	-	491,669
Miscellaneous	431,090	7,950	48,776	487,816
Total revenues	<u>166,764,754</u>	<u>6,998,466</u>	<u>23,447,218</u>	<u>197,210,438</u>
EXPENDITURES				
Current				
General government	4,137,134	-	1,445,188	5,582,322
Staff services	9,526,715	-	482,723	10,009,438
Public safety and health				
Police protection	43,977,886	38,695	358,120	44,374,701
Fire protection	30,483,623	-	-	30,483,623
Other	10,727,113	-	6,491,140	17,218,253
Streets, traffic and engineering	14,302,846	-	-	14,302,846
Culture and recreation				
Auditorium - Coliseum	3,301,462	-	301,044	3,602,506
Libraries	3,847,226	-	1,266	3,848,492
Parks	7,216,441	-	710,006	7,926,447
Participant recreation	5,357,120	-	41,625	5,398,745
Solid waste	13,019,526	-	-	13,019,526
Transit system	4,633,595	-	-	4,633,595
Urban redevelopment and housing	-	-	11,107,518	11,107,518
Information technology	3,775,895	-	-	3,775,895
Economic Development/Tourism	3,433,718	8,778,200	-	12,211,918
Capital outlay	168,848	17,747,395	335,237	18,251,480
Debt service				
Principal retirement	-	-	2,080,659	2,080,659
Interest and fiscal charges	-	-	1,513,688	1,513,688
Termination vacation and sick leave pay	-	-	1,857,067	1,857,067
Total expenditures	<u>157,909,148</u>	<u>26,564,290</u>	<u>26,725,281</u>	<u>211,198,719</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,855,606</u>	<u>(19,565,824)</u>	<u>(3,278,063)</u>	<u>(13,988,281)</u>
OTHER FINANCING SOURCES (USES):				
Insurance recovery/costs	-	(1,377,970)	-	(1,377,970)
Transfers from other funds	17,673	11,789,989	1,018,831	12,826,493
Transfers to other funds	(12,096,776)	(650,968)	(980,281)	(13,728,025)
Issuance of long-term debt	-	11,995,000	-	11,995,000
Bond premium less issuance costs	-	(401,232)	-	(401,232)
Total other financing sources (uses)	<u>(12,079,103)</u>	<u>21,354,819</u>	<u>38,550</u>	<u>9,314,266</u>
Net change in fund balances	<u>(3,223,497)</u>	<u>1,788,995</u>	<u>(3,239,513)</u>	<u>(4,674,015)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>51,303,347</u>	<u>42,457,749</u>	<u>17,697,277</u>	<u>111,458,373</u>
FUND BALANCES, END OF YEAR	<u>\$ 48,079,850</u>	<u>\$ 44,246,744</u>	<u>\$ 14,457,764</u>	<u>\$ 106,784,358</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, 2016**

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (4,674,015)

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. 3,674,472

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. 11,722,839

Capital outlay	\$ 18,251,480
Residual value of assets disposed of	(496,778)
Library books additions	516,604
Contributed capital	2,961,644
Assets contributed with grant funding	2,998
Issuance of long-term debt	(11,995,000)
Premium on bonds and issuance costs	401,232
Long-term debt principal payments	<u>2,080,659</u>
	<u>\$ 11,722,839</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. (17,729,983)

GASB 68 requires that certain expenditures be derecognized and recorded instead as deferred outflows of resources. Of these previously deferred outflows, (\$7,982,013) were recognized in the current year as expenditures, decreasing the change in net position. Contributions made after the measurement date of December 31, 2015 caused the change in the ending net position to increase by \$7,617,503. The City's investment gains over related pension expense were \$24,902,159, differences in expected and actual experience and changes in assumptions were \$15,112,890, and additional expense of (\$49,922,064) was recognized due to the current year changes in net pension liability. The impact of all these adjustments is to decrease the change in net position by (\$10,271,525). (10,271,525)

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. (300,865)

Compensated absences	\$ (572,454)
Unearned revenue	478,700
Assets contributed with grant funding	(2,998)
Net loss of internal service funds allocated to business-type activities	719,377
Landfill closure and post-closure care	(101,128)
Accrued interest payable	(583,385)
Deferred amount for issuance premiums/costs	<u>(238,977)</u>
	<u>\$ (300,865)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (17,579,077)

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

**CITY OF AMARILLO, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2016**

	<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	\$ 15,496,358	\$ 1,283,021	\$ 1,097,455	\$ 17,876,834	\$ 6,229,143
Investments, at fair values	50,749,952	7,531,768	8,765,853	67,047,573	29,562,310
Accounts receivable, net	5,498,742	320,105	27,382	5,846,229	1,608,818
Accrued interest receivable	132,048	-	24,348	156,396	70,651
Other accrued revenue	3,642,645	-	207,161	3,849,806	-
Due from other funds	-	-	-	-	188,059
Due from other governments	-	-	196,908	196,908	-
Inventory of supplies	-	-	-	-	200,485
Prepaid expenses	1,472,893	-	19,856	1,492,749	536,684
Total current assets	<u>76,992,638</u>	<u>9,134,894</u>	<u>10,338,963</u>	<u>96,466,495</u>	<u>38,396,150</u>
NONCURRENT ASSETS					
Restricted cash and cash equivalents	40,771,986	98,772	90,009	40,960,767	104,625
Other noncurrent receivable	(1)	-	-	(1)	-
Other noncurrent assets	90,854	-	-	90,854	-
Capital assets					
Land	2,040,262	2,010	2,777,341	4,819,613	-
Contributed right of way easements	1,172,316	223,847	-	1,396,163	-
Underground water rights	57,741,909	-	-	57,741,909	-
Accumulated depletion water rights	(7,071,535)	-	-	(7,071,535)	-
Water supply contract	50,336,389	-	-	50,336,389	-
Accumulated amortization - water supply contract	(22,111,802)	-	-	(22,111,802)	-
Pipelines and plant	616,942,368	-	-	616,942,368	-
Accumulated depreciation - pipelines and plant	(199,183,126)	-	-	(199,183,126)	-
Runways, buildings and improvements	-	-	158,665,100	158,665,100	-
Accumulated depreciation - runways, buildings and improvements	-	-	(87,897,281)	(87,897,281)	-
Improvements	-	4,888,288	-	4,888,288	5,503,671
Accumulated depreciation improvements	-	-	-	-	(4,098,779)
Equipment and vehicles	4,221,158	24,870	7,050,419	11,296,447	70,394,660
Accumulated depreciation - equipment and vehicles	(3,435,265)	(201,644)	(4,268,145)	(7,905,054)	(41,702,251)
Construction in progress	39,321,320	8,676,087	2,844,046	50,841,453	2,097,381
Total capital assets, net of accumulated depreciation	<u>539,973,994</u>	<u>13,613,458</u>	<u>79,171,480</u>	<u>632,758,932</u>	<u>32,194,682</u>
Total noncurrent assets	<u>580,836,833</u>	<u>13,712,230</u>	<u>79,261,489</u>	<u>673,810,552</u>	<u>32,299,307</u>
TOTAL ASSETS	<u>\$ 657,829,471</u>	<u>\$ 22,847,124</u>	<u>\$ 89,600,452</u>	<u>\$ 770,277,047</u>	<u>\$ 70,695,457</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows	\$ 5,032,417	\$ 219,896	\$ 856,836	\$ 6,109,149	\$ 2,005,602
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,032,417</u>	<u>\$ 219,896</u>	<u>\$ 856,836</u>	<u>\$ 6,109,149</u>	<u>\$ 2,005,602</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, 2016

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Drainage Utility</u>	<u>Airport</u>	<u>Total</u>	
LIABILITIES					
CURRENT LIABILITIES					
Vouchers payable	\$ 2,990,501	\$ 28,611	\$ 283,237	\$ 3,302,349	\$ 1,259,470
Accounts payable	1,090,247	254,298	7,203	1,351,748	270,253
Accrued expenses	3,337,958	348,884	214,764	3,901,606	294,307
Deposits	41,075	-	85,989	127,064	-
Consumer security deposits	3,670,027	-	-	3,670,027	-
Share of Water Authority debt - current	5,467,746	-	-	5,467,746	-
Due to other funds - unrestricted	1,150,000	-	-	1,150,000	185,558
Estimated liability for incurred losses	-	-	-	-	4,905,352
Bonded debt current maturity	9,100,000	685,000	1,580,000	11,365,000	910,000
Current portion of compensated absences	220,629	11,437	28,391	260,457	151,988
Total current liabilities	<u>27,068,183</u>	<u>1,328,230</u>	<u>2,199,584</u>	<u>30,595,997</u>	<u>7,976,928</u>
NONCURRENT LIABILITIES					
Bonded debt, net of current	128,872,057	9,602,436	5,758,808	144,233,301	1,413,931
Water Authority debt, net of current	73,178,176	-	-	73,178,176	-
Provision for compensated absences, net	881,816	29,785	142,033	1,053,634	538,665
Other accrued expenses	2,615,459	-	-	2,615,459	-
Estimated liabilities for incurred loss, net	-	-	-	-	13,026,661
Postemployment benefits	-	-	-	-	98,183,734
Net pension liability	7,308,233	393,208	1,532,153	9,233,594	3,586,323
Total noncurrent liabilities	<u>212,855,741</u>	<u>10,025,429</u>	<u>7,432,994</u>	<u>230,314,164</u>	<u>116,749,314</u>
TOTAL LIABILITIES	<u>\$ 239,923,924</u>	<u>\$ 11,353,659</u>	<u>\$ 9,632,578</u>	<u>\$ 260,910,161</u>	<u>\$ 124,726,242</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows	\$ 24,151	\$ 1,300	\$ 5,063	\$ 30,514	\$ 11,851
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 24,151</u>	<u>\$ 1,300</u>	<u>\$ 5,063</u>	<u>\$ 30,514</u>	<u>\$ 11,851</u>
NET POSITION					
Net investment in capital assets	\$ 358,232,452	\$ 3,326,022	\$ 71,832,672	\$ 433,391,146	\$ 29,870,751
Restricted for debt service	5,895,549	98,772	90,009	6,084,330	104,625
Unrestricted (deficit)	58,785,812	8,287,267	8,896,966	75,970,045	(82,012,410)
TOTAL NET POSITION	<u>\$ 422,913,813</u>	<u>\$ 11,712,061</u>	<u>\$ 80,819,647</u>	<u>515,445,521</u>	<u>\$ (52,037,034)</u>
Amounts due governmental activities for allocable share of net expenses of certain internal service funds				<u>(25,978,440)</u>	
TOTAL NET POSITION OF BUSINESS- TYPE ACTIVITIES IN STATEMENT OF NET POSITION				<u>\$ 489,467,081</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, 2016

	<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	\$ -	\$ -	\$ 448,526	\$ 448,526	\$ -
Charges for services	-	-	-	-	1,266,169
Employees' benefit plan contributions	-	-	-	-	5,426,457
Internal charges	-	-	-	-	42,963,038
Miscellaneous revenues	-	-	-	-	(144)
Other building and ground rentals	-	-	1,641,464	1,641,464	-
Rents and miscellaneous	35,836	-	-	35,836	-
Tap fees and frontage charges	287,895	-	-	287,895	-
Terminal building area rental	-	-	6,254,912	6,254,912	-
Utility sales and service	72,501,906	-	-	72,501,906	-
Drainage utility assessments	-	5,524,655	-	5,524,655	-
Total operating revenues	<u>72,825,637</u>	<u>5,524,655</u>	<u>8,344,902</u>	<u>86,695,194</u>	<u>49,655,520</u>
OPERATING EXPENSES					
Salaries, wages and fringe benefits	12,388,873	801,198	2,839,345	16,029,416	5,948,231
Supplies	1,440,246	141,555	471,445	2,053,246	3,567,097
Fuel and oil	-	-	-	-	1,842,874
Fuel and power	4,174,521	-	551,897	4,726,418	-
Contractual services	4,900,080	1,001,318	1,173,815	7,075,213	3,243,284
Water Authority charges	6,624,214	-	-	6,624,214	-
Other charges	9,650,197	422,951	2,293,561	12,366,709	4,317,998
Claim and loss adjustments	-	-	-	-	21,793,045
Postemployment expense	-	-	-	-	2,019,469
Depreciation	14,154,802	98,921	5,422,016	19,675,739	6,632,883
Total operating expenses	<u>53,332,933</u>	<u>2,465,943</u>	<u>12,752,079</u>	<u>68,550,955</u>	<u>49,364,881</u>
Operating income (loss)	<u>19,492,704</u>	<u>3,058,712</u>	<u>(4,407,177)</u>	<u>18,144,239</u>	<u>290,639</u>
NONOPERATING REVENUES (EXPENSES)					
Gain (loss) in disposal of property	12,669	-	-	12,669	891,661
Interfund reimbursement	668,881	56,503	-	725,384	-
Passenger facility charge	-	-	1,316,238	1,316,238	-
Interest earnings	420,213	31,913	36,861	488,987	155,647
Change in value of investments	-	-	(1,606)	(1,606)	4,826
Other miscellaneous revenues	-	-	129,316	129,316	39,209
Interest expense and fiscal charges	(5,661,205)	(97,701)	(72,914)	(5,831,820)	(29,463)
Total nonoperating revenues (expenses)	<u>(4,559,442)</u>	<u>(9,285)</u>	<u>1,407,895</u>	<u>(3,160,832)</u>	<u>1,061,880</u>
Income (loss) before contributions and transfers	14,933,262	3,049,427	(2,999,282)	14,983,407	1,352,519

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, 2016

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental Activities Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Drainage Utility</u>	<u>Airport</u>	<u>Total</u>	
NONOPERATING REVENUES (EXPENSES), CONTINUED					
Capital contributions	\$ 2,616,854	\$ 2,628	\$ 2,288,032	\$ 4,907,514	\$ -
Transfers from other funds	-	-	-	-	2,321,953
Transfers to other funds	<u>(1,101,230)</u>	<u>(316,458)</u>	<u>(2,735)</u>	<u>(1,420,423)</u>	<u>-</u>
Change in net position	16,448,886	2,735,597	(713,985)	18,470,498	3,674,472
NET POSITION, BEGINNING OF YEAR	<u>406,464,927</u>	<u>8,976,464</u>	<u>81,533,632</u>	<u>496,975,023</u>	<u>(55,711,506)</u>
NET POSITION, END OF YEAR	<u>\$ 422,913,813</u>	<u>\$ 11,712,061</u>	<u>\$ 80,819,647</u>	<u>\$ 515,445,521</u>	<u>\$ (52,037,034)</u>
Allocation of net expenses of certain internal service funds to business-type activities				<u>(25,978,440)</u>	
NET POSITION OF BUSINESS-TYPE ACTIVITIES IN STATEMENT OF NET POSITION				<u>\$ 489,467,081</u>	
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Net Position of Proprietary Funds to the Statement of Activities					
Total Net Change in Fund Balances - Proprietary Funds				\$ 18,470,498	
Internal service fund allocation for proprietary funds				<u>(719,377)</u>	
Change in net position for Primary government business-type activities				<u>\$ 17,751,121</u>	

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

CITY OF AMARILLO, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED SEPTEMBER 30, 2016

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service Funds
	Water and Sewer	Drainage Utility	Airport	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from third parties	\$ 73,938,470	\$ 5,578,913	\$ 8,324,059	\$ 87,841,442	\$ -
Cash received from City departments	-	-	-	-	49,387,796
Cash payments to suppliers for goods and services	(25,178,809)	(1,693,542)	(4,507,492)	(31,379,843)	(12,474,991)
Cash payments to employees	(11,758,665)	(1,147,598)	(2,619,630)	(15,525,893)	(5,401,037)
Cash payments for claims and loss adjustments	-	-	-	-	(22,223,269)
Net cash provided (used) by operating activities	37,000,996	2,737,773	1,196,937	40,935,706	9,288,499
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers to other funds	-	(316,458)	(2,735)	(319,193)	(48,103)
Transfers from other funds	828,546	-	-	828,546	2,321,953
Sales to other departments	-	56,503	-	56,503	-
Amounts borrowed/repaid from other funds	668,881	(21,161)	-	647,720	2,393,321
Amounts loaned to other funds	(1,101,230)	-	-	(1,101,230)	(3,237)
Cash payments received for passenger facility charge	-	-	1,316,238	1,316,238	-
Net cash provided (used) by noncapital financing activities	396,197	(281,116)	1,313,503	1,428,584	4,663,934
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(26,264,908)	(4,869,381)	(3,083,913)	(34,218,202)	(11,114,207)
Capital grants received	2,616,854	-	2,491,653	5,108,507	(900,000)
Issuance of bonds	39,202,854	-	-	39,202,854	-
Principal paid on bond maturities	(31,720,000)	(675,000)	(1,510,000)	(33,905,000)	(42,388)
Principal paid on proportionate share of Water Authority debt	(5,246,982)	-	-	(5,246,982)	-
Noncurrent receivable	15,086	-	-	15,086	-
Interest expense	(6,857,029)	(273,412)	(362,025)	(7,492,466)	-
Proceeds from insurance	-	-	-	-	39,209
Proceeds from sale of capital assets	12,669	-	-	12,669	967,499
Net cash provided (used) by capital and related financing activities	(28,241,456)	(5,817,793)	(2,464,285)	(36,523,534)	(11,049,887)

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, 2016**

	<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	\$ 36,840,000	\$ 3,855,000	\$ 5,500,000	\$ 46,195,000	\$ 25,750,000
Purchase of investment securities	(39,289,003)	(5,955,921)	(5,780,429)	(51,025,353)	(30,056,074)
Interest and gains on investments	540,326	57,846	66,035	664,207	188,275
Net cash provided (used) by investing activities	<u>(1,908,677)</u>	<u>(2,043,075)</u>	<u>(214,394)</u>	<u>(4,166,146)</u>	<u>(4,117,799)</u>
Net increase (decrease) in cash and cash equivalents	7,247,060	(5,404,211)	(168,239)	1,674,610	(1,215,253)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>49,021,284</u>	<u>6,786,004</u>	<u>1,355,703</u>	<u>57,162,991</u>	<u>7,549,021</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 56,268,344</u>	<u>\$ 1,381,793</u>	<u>\$ 1,187,464</u>	<u>\$ 58,837,601</u>	<u>\$ 6,333,768</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 19,492,704	\$ 3,058,712	\$ (4,407,177)	\$ 18,144,239	\$ 290,639
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	14,154,802	98,921	5,422,016	19,675,739	6,632,883
(Increase) decrease in accounts receivable	250,986	54,258	80,136	385,380	(134,186)
(Increase) decrease in deferred outflows	(2,965,586)	(159,558)	(621,727)	(3,746,871)	(1,455,283)
(Increase) decrease in other accrued revenue	816,301	-	(99,366)	716,935	-
(Increase) decrease in prepaid expenses	(733,803)	-	-	(733,803)	42,367
(Increase) decrease in inventories	-	-	-	-	13,435
Increase (decrease) in vouchers payable	2,402,860	5,385	(92,761)	2,315,484	658,496
Increase (decrease) in accounts payable	(898,222)	(133,103)	7,090	(1,024,235)	(351,574)
Increase (decrease) in accrued operating expenses	870,455	(388,983)	88,753	570,225	100,982
Increase (decrease) in deferred inflows	(10,842)	(583)	(2,273)	(13,698)	(5,321)
Increase (decrease) in customer deposits	45,546	-	(21,469)	24,077	-
Increase (decrease) in provision for compensated absences	(163,887)	(143)	53,234	(110,796)	56,530
Increase (decrease) in net pension liability	3,770,523	202,867	790,481	4,763,871	1,850,286
Increase (decrease) in IBNR accrual	-	-	-	-	1,001,498
Increase (decrease) in other accrued expenses	(30,841)	-	-	(30,841)	-
Increase (decrease) in estimated claims liabilities	-	-	-	-	587,747
Net cash provided (used) by operating activities	<u>\$ 37,000,996</u>	<u>\$ 2,737,773</u>	<u>\$ 1,196,937</u>	<u>\$ 40,935,706</u>	<u>\$ 9,288,499</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Amortization of bond premiums	\$ (588,771)	\$ (6,815)	\$ (118,450)	\$ (714,036)	\$ -
Decreases (increases) in fair values of investments	(3,703)	-	1,606	(2,097)	4,826
Interest expense capitalized	(653,767)	(168,896)	(161,014)	(983,677)	-
Capital contributions to/from other funds	(55,878)	3,712	-	(52,166)	-
Investment premium/discount amortization	166,593	27,649	34,542	228,784	-

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, 2016**

	<u>Private- Purpose Trust Funds</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 30,792	\$ 1,073,079
TOTAL ASSETS	<u>\$ 30,792</u>	<u>\$ 1,073,079</u>
LIABILITIES		
Due to agencies	\$ -	\$ 1,073,079
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 1,073,079</u>
NET POSITION		
Held for other governments, individuals, entities	\$ 30,792	\$ -
TOTAL NET POSITION	<u>\$ 30,792</u>	<u>\$ -</u>

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

**CITY OF AMARILLO, TEXAS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

	Private- Purpose Trust Funds
ADDITIONS	
Investment earnings	\$ 33
Total additions	33
DEDUCTIONS	
Supplies	-
Total deductions	-
Change in net position	33
NET POSITION, BEGINNING OF YEAR	30,759
NET POSITION, END OF YEAR	\$ 30,792

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

CITY OF AMARILLO, TEXAS
STATEMENT OF NET POSITION - COMPONENT UNITS
SEPTEMBER 30, 2016

	<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	\$ 4,233,155	\$ 9,905,359	\$ 1,750,502	\$ 128,333	\$ 2,826	\$ 393,630	\$ 16,413,805
Investments	174,006,493	15,950,000	1,750,000	-	30,018	-	191,736,511
Receivables, net	-	9,439,323	238,644	-	-	5,156,059	14,834,026
Inventories and prepaid expenses	5,440,000	-	36,323	-	-	-	5,476,323
Other current assets	990,047	23,778	-	-	-	-	1,013,825
Total current assets	<u>184,669,695</u>	<u>35,318,460</u>	<u>3,775,469</u>	<u>128,333</u>	<u>32,844</u>	<u>5,549,689</u>	<u>229,474,490</u>
NONCURRENT ASSETS							
Restricted cash and cash equivalents	30,782	4,050,842	819,053	-	-	-	4,900,677
Receivables, net	12,780,284	77,082,965	-	-	-	-	89,863,249
Other noncurrent assets	-	156,403	-	-	-	-	156,403
Land and building held for future incentives	-	4,660,865	-	-	-	-	4,660,865
Capital assets:							
Buildings and improvements, net of depreciation	54,339	13,324,761	12,117,693	-	-	-	25,496,793
Equipment and vehicles, net of depreciation	-	47,105	19,519	-	-	-	66,624
Construction in process	-	1,187,981	-	-	-	11,300,849	12,488,830
Total noncurrent assets	<u>12,865,405</u>	<u>100,510,922</u>	<u>12,956,265</u>	<u>-</u>	<u>-</u>	<u>11,300,849</u>	<u>137,633,441</u>
TOTAL ASSETS	<u>\$ 197,535,100</u>	<u>\$ 135,829,382</u>	<u>\$ 16,731,734</u>	<u>\$ 128,333</u>	<u>\$ 32,844</u>	<u>\$ 16,850,538</u>	<u>\$ 367,107,931</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred charge on refunding	\$ -	\$ 231,249	\$ 615,303	\$ -	\$ -	\$ -	\$ 846,552
Deferred outflows on net pension liability	3,054,965	-	-	-	-	-	3,054,965
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,054,965</u>	<u>\$ 231,249</u>	<u>\$ 615,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,901,517</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, 2016

	<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	\$ 39	\$ 807,178	\$ 416,212	\$ -	\$ -	\$ 5,863,317	\$ 7,086,746
Current portion of long-term obligations	-	4,680,000	-	-	-	-	4,680,000
Estimated liability for incurred losses - current portion	25,000	-	525,000	-	-	-	550,000
Total current liabilities	<u>25,039</u>	<u>5,487,178</u>	<u>941,212</u>	<u>-</u>	<u>-</u>	<u>5,863,317</u>	<u>12,316,746</u>
NONCURRENT LIABILITIES							
Liabilities payable from restricted assets - accrued interest	-	438,520	-	-	-	-	438,520
Noncurrent portion of long-term obligations	-	51,830,000	10,902,148	-	-	-	62,732,148
Net pension liability	8,995,195	-	-	-	-	-	8,995,195
Estimated liabilities							
Compensated absences	-	172,345	-	-	-	-	172,345
Self-insured losses, net of current portion	111,493	-	-	-	-	-	111,493
Total noncurrent liabilities	<u>9,106,688</u>	<u>52,440,865</u>	<u>10,902,148</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,449,701</u>
TOTAL LIABILITIES	<u>9,131,727</u>	<u>57,928,043</u>	<u>11,843,360</u>	<u>-</u>	<u>-</u>	<u>5,863,317</u>	<u>84,766,447</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred inflow on net pension liability	-	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION							
Net investment in capital assets	54,339	11,088,856	1,325,367	-	-	11,300,849	23,769,411
Restricted for:							
Debt service	-	-	819,053	-	-	-	819,053
Other purposes	30,784	3,612,322	-	-	-	-	3,643,106
Unrestricted	191,373,215	63,431,410	3,359,257	128,333	32,844	(313,628)	258,011,431
TOTAL NET POSITION	<u>\$ 191,458,338</u>	<u>\$ 78,132,588</u>	<u>\$ 5,503,677</u>	<u>\$ 128,333</u>	<u>\$ 32,844</u>	<u>\$ 10,987,221</u>	<u>\$ 286,243,001</u>

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, 2016

	<u>Amarillo Hospital District</u>	<u>Amarillo Economic Development Corporation</u>	<u>Amarillo- Potter Events Venue District</u>	<u>Amarillo Housing Finance Corporation</u>	<u>Amarillo Health Facilities Corporation</u>	<u>Amarillo Local Government Corporation</u>	<u>Total</u>
EXPENSES							
Functions/Programs:							
Public health	\$ 8,482,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,482,393
Economic development/industrial	-	17,663,193	-	-	-	64,084	17,727,277
Economic development/Tourism	-	-	2,875,830	-	-	-	2,875,830
Interest on long term debt	-	3,827,273	-	-	-	-	3,827,273
Total program expenses	<u>8,482,393</u>	<u>21,490,466</u>	<u>2,875,830</u>	<u>-</u>	<u>-</u>	<u>64,084</u>	<u>32,912,773</u>
PROGRAM REVENUES							
Intergovernmental revenues - operating	193,111	-	-	-	-	10,600,581	10,793,692
Charges for services	-	7,592,861	-	-	-	-	7,592,861
Gain (loss) on disposal of property	-	2,941,226	-	-	-	-	2,941,226
Miscellaneous	39,736	331,634	56,342	267	-	21,134	449,113
Total program revenues	<u>232,847</u>	<u>10,865,721</u>	<u>56,342</u>	<u>267</u>	<u>-</u>	<u>10,621,715</u>	<u>21,776,892</u>
Net (expense) revenue	<u>(8,249,546)</u>	<u>(10,624,745)</u>	<u>(2,819,488)</u>	<u>267</u>	<u>-</u>	<u>10,557,631</u>	<u>(11,135,881)</u>
GENERAL REVENUES							
Sales taxes	-	18,697,999	-	-	-	-	18,697,999
Gross receipts business taxes	-	-	2,917,154	-	-	-	2,917,154
Investment earnings (loss)	5,457,542	79,365	11,454	142	134	-	5,548,637
Total general revenues	<u>5,457,542</u>	<u>18,777,364</u>	<u>2,928,608</u>	<u>142</u>	<u>134</u>	<u>-</u>	<u>27,163,790</u>
Change in net position	<u>(2,792,004)</u>	<u>8,152,619</u>	<u>109,120</u>	<u>409</u>	<u>134</u>	<u>10,557,631</u>	<u>16,027,909</u>
NET POSITION, BEGINNING 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>
NET POSITION, END OF YEAR	<u>\$ 191,458,338</u>	<u>\$ 78,132,588</u>	<u>\$ 5,503,677</u>	<u>\$ 128,333</u>	<u>\$ 32,844</u>	<u>\$ 10,987,221</u>	<u>\$ 286,243,001</u>

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, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Definition and Scope of Reporting Entity

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

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

Discretely Presented Component Units

Amarillo Hospital District

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

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

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition and Scope of Reporting Entity (Continued)

Amarillo Hospital District (Continued)

tax levy and the total amount of the annual budget. The Boards are not substantially the same, nor does the District provide services to the City.

Amarillo Economic Development Corporation

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

Amarillo-Potter Events Venue District

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

Amarillo Housing Finance Corporation

Amarillo Housing Finance Corporation (AHFC) was established to provide funding for home purchases by low- to moderate-income persons and families. Under the current program, mortgage loans are restricted to first-time homebuyers in targeted areas of the City. Beginning in April 1996, it has issued single-family mortgage revenue bonds in the principal amounts of \$15,700,000, and \$10,000,000 in 2003. The bonds are purchased by Freddie Mac, loans are made by local lending institutions, and the funding of the mortgages with the bond proceeds is handled by the trust department of a financial institution. The City serves as fiscal agent for AHFC. AHFC is considered to be a part of the City's financial reporting entity, because the City Council appoints its Board of Directors and has discretion over their terms of office as well as the programs and activities of the Corporation. The Boards are not substantially the same, nor does AHFC provide services to the City.

Amarillo Local Government Corporation

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Definition and Scope of Reporting Entity (Continued)

Amarillo Health Facilities Corporation

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

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

Blended Component 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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The City reports the following major proprietary funds:

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

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

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

Additionally, the City reports the following fund types:

Four *internal service funds* account for 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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

water and sewer system. The principal operating revenues of the *internal service funds* are charges to other funds for services and allocations of self-insurance costs. Operating expenses for these funds include the direct costs of personnel, supplies, and similar items needed to render the sales and services, including depreciation on capital assets, as well as administrative expenses. All revenues and expenses not meeting this definition, such as investment earnings and passenger facility charges, are reported as nonoperating revenues and expenses.

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

Estimates Inherent in Financial Statements

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

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

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

Deposits and Investments

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

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

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."

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Other Receivables

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

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

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

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

Inventories, Prepaid and Unearned Revenue

Inventories of supplies are reflected at cost, determined on an average-cost basis. Inventories of motor fuel and oil are maintained by 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

**CITY OF AMARILLO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ended September 30, 2016**

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)

Restricted Assets (Continued)

as repayment of its revenue bonds under applicable bond covenants. Such resources and the related liabilities payable out of those resources are reported in the financial statements as noncurrent assets and liabilities.

Capital Assets

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

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

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

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

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

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

Intangible Assets

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

Compensated Absence

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

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016**

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)

Compensated Absence (Continued)

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

Long-Term Obligations

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

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

Pensions

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At September 30, 2016, 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	\$ 945,386
Deferred outflow related to the net pension liability	
TMRS	37,913,089
FRRF	24,400,110
Total Deferred Outflows of Resources	\$ 63,258,585

**CITY OF AMARILLO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ended September 30, 2016**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred Outflows/Inflows of Resources (Continued)

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, 2016, 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	\$ 224,036
TMRS	\$ 224,036
FRRF	<u> -</u>
Total Deferred Inflows of Resources	<u> \$ 224,036</u>

Net Position

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

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

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

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

Fund Balances

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

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

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

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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Balances (Continued)

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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

Grant funds not included in the annual appropriated budget are subject to management control by means of project-length budgets authorized by the City Council in the grant application processes. Cumulative expenditures through September 30, 2016, 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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

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

Budgetary Information (Continued)

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, 2016, for General Fund are \$1,162,239, for Water and Sewer Fund are \$503,161, for Airport Fund are \$1,460,505, for Drainage Utility Fund are \$5,228, Fleet Services Fund are \$569,169, and for Information Services Fund are \$250,530.

Deficit Fund Equity

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, \$2,104,351 in 2015, \$2,019,469 in 2016, resulting in a deficit of \$96,926,106 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, 2016, demand deposit and time deposits held by the depository institution, before reduction for checks issued and not presented, were in the total amount of \$22,530,890. The accounts are collateralized by pledged securities of \$28,815,579. The City has a secondary depository institution with demand deposits of \$225,551. These amounts are secured by FDIC insurance.

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

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Under the City's policies, the maximum dollar weighted-average maturity of the investment portfolio may not exceed one year, and 80% of the portfolio must be in investments with maturities of two years or less. At September 30, 2016, the weighted-average maturity of the City's total investment securities was .81 years.

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

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

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

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

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

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

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

A summary of investment securities of the City at September 30, 2016, and the corresponding weighted average maturity is shown in Table 1 below:

	Fair Value		Total	Weighted Average Maturity (Years)
	Unrestricted Assets	Restricted Assets		
Investment Securities				
U.S. Treasury Obligations	\$ 15,042,950	\$ -	\$ 15,042,950	0.39
U.S. Government Sponsored Agencies	136,601,929	-	136,601,929	0.95
Total investment securities	151,644,879	-	151,644,879	0.89
No-load U.S. Treasury-only mutual funds	27,745,238	49,367,084	77,112,322	-
Total investments	179,390,117	49,367,084	228,757,201	0.59
Add: Time deposits with original maturities over three months	31,655,819	500,000	32,155,819	0.35
Total investments	211,045,936	49,867,084	260,913,020	0.57
Deduct: Cash equivalents	(27,745,238)	(49,367,084)	(77,112,322)	-
Net investments for financial reporting	\$ 183,300,698	\$ 500,000	\$ 183,800,698	0.81

Table 1 – Investment Securities and Corresponding Weighted Average Maturity

NOTE 4 - FAIR VALUE MEASUREMENTS

The City adopted Governmental Accounting Standards Board's (GASB) Statement No. 72, *Fair Value Measurement and Application*, during 2016. The standard established a three-level valuation hierarchy for disclosure based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). An asset's fair value measurement level within the hierarchy is based on the lowest level of input that is significant to the valuation.

The three levels are defined as follows:

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

The City uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the City measures fair value using Level 1 inputs because they generally

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016**

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

Assets Measured at Fair Value on a Recurring Basis

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
September 30, 2016:				
Certificates of Deposit	\$ 32,155,819	\$ -	\$ 32,155,819	\$ -
U.S. government and agency obligations	151,644,879	151,644,879	-	-
Mutual funds	<u>77,112,322</u>	<u>-</u>	<u>7,112,322</u>	<u>-</u>
Total	<u>\$ 260,913,020</u>	<u>\$ 151,644,879</u>	<u>\$ 109,268,141</u>	<u>\$ -</u>

For the valuation of certain U.S. government and agency obligations at September 30, 2016, the City used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

For the valuation of CDARS, certificates of deposit, and money market mutual funds at September 30, 2016, the City used significant other observable inputs as of the valuation date, particularly dealer market price for comparable investments as of the valuation date (Level 2).

Assets Measured at Fair Value on a Nonrecurring Basis

There were no fair values of assets and liabilities measured on a nonrecurring basis at September 30, 2016.

NOTE 5 - TAXES

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

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

The combined tax rate of the 2015 tax roll for the 2015/16 fiscal year was \$0.35072 per \$100 of assessed valuation, resulting in a tax levy in the amount of \$39,236,666 on taxable value of \$11,542,059,264.

Property taxes receivable at September 30, 2016, are reflected in Table 2 below:

<u>Year of Levy</u>	
2016	\$ 360,559
2015	156,550
2014	112,545
2013	84,611
2012	70,596

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016**

NOTE 5 - TAXES (CONTINUED)

<u>Year of Levy</u>	
2011	70,812
2010	64,214
2009	53,372
2008	42,104
2007	38,782
2006	32,163
2005	23,236
2004	19,708
Prior	<u>51,317</u>
Total taxes receivable	1,180,568
Less: Allowance for estimated uncollectible portion	<u>877,749</u>
Net taxes receivable	302,819
Less: Provisions for collections deferred over 60 days	<u>253,181</u>
Amount available (reserved in accordance with City ordinances)	<u>\$ 49,638</u>

Table 2 – Taxes Receivable at September 30, 2016

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

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

NOTE 6 - RESTRICTED ASSETS, LIABILITIES AND RESERVES

As required by bond indentures, the Water Sewer System, Drainage Utility, Airport, and 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	\$ 633,580	\$ 633,580	\$ -
Total bond debt service/retirement	<u>\$ 633,580</u>	<u>\$ 633,580</u>	<u>\$ -</u>
<u>Hotel Occupancy Tax</u>			
Bond proceed account	\$ 8,168,112	\$ 8,168,112	\$ -
Total bond debt service/retirement	<u>\$ 8,168,112</u>	<u>\$ 8,168,112</u>	<u>\$ -</u>
<u>Water Sewer System</u>			
Bond escrow and proceed accounts	\$ 34,876,437	\$ 34,876,437	\$ -
Revenue bond interest and redemption	4,271,575	-	4,271,575
Revenue bond reserve	<u>1,623,974</u>	<u>-</u>	<u>1,623,974</u>
Total bond debt service/retirement	<u>\$ 40,771,986</u>	<u>\$ 34,876,458</u>	<u>\$ 5,895,549</u>

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

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

	<u>Restricted Assets</u>	<u>Related Liabilities</u>	<u>Restricted Net Position</u>
<u>Airport</u>			
PFC funds	\$ 90,009	\$ -	\$ 90,009
Total bond debt service/retirement	\$ 90,009	\$ -	\$ 90,009
<u>Drainage Utility</u>			
Bond interest and redemption	\$ 98,772	\$ -	\$ 98,772
Total bond debt service/retirement	\$ 98,772	\$ -	\$ 98,772
<u>Municipal Garage</u>			
Bond interest and redemption	\$ 104,625	\$ -	\$ 104,625
Total bond debt service/retirement	\$ 104,625	\$ -	\$ 104,625

Table 3 – Restricted Funds/Reserved Retained Earnings

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

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2016, was as follows:

	Balances			Balances
	October 1, 2015	Additions	Deletions	
Capital assets used by governmental activities, at cost				
Capital assets, not being depreciated				
Land	\$ 14,780,799	\$ 39,617	\$ -	\$ 14,820,416
Contributed ROW easments	16,749,493	2,961,644	-	19,711,137
Capital projects in process	30,588,256	18,691,354	12,919,593	36,360,017
Total capital assets, not being depreciated	62,118,548	21,692,615	12,919,593	70,891,570
Capital assets, being depreciated				
Infrastructure	263,859,768	7,050,880	-	270,910,648
Building and other improvements	274,618,638	5,813,878	-	280,432,516
Equipment and vehicles	94,270,808	8,645,218	5,853,143	97,062,883
Library collections	8,030,425	516,604	463,490	8,083,539
Total capital assets, being depreciated	640,779,639	22,026,580	6,316,633	656,489,586
Less accumulated depreciation for:				
Infrastructure	115,840,030	5,526,886	-	121,366,916
Buildings and other improvements	125,588,351	10,169,598	-	135,757,949
Equipment and vehicles	63,314,714	8,190,019	7,324,863	64,179,870
Library collections	3,278,098	476,362	463,490	3,290,970
Total accumulated depreciation	308,021,193	24,362,865	7,788,353	324,595,705
Total capital assets, being depreciated, net	332,758,446	(2,336,285)	(1,471,720)	331,893,881
Net capital assets used by governmental activities	394,876,994	19,356,330	11,447,873	402,785,451
Capital assets used by business-type activities, at cost:				
Enterprise funds				
Water and sewer utility plant	745,023,544	37,576,112	10,823,934	771,775,722
Drainage utility assets	8,772,699	5,131,145	88,742	13,815,102
Airport assets	168,093,462	12,110,536	8,867,092	171,336,906
Total cost	921,889,705	54,817,793	19,779,768	956,927,730
Less accumulated depreciation for				
Water and sewer utility plant	217,817,127	14,154,802	170,201	231,801,728
Drainage utility assets	99,011	98,921	(3,712)	201,644
Airport assets	86,744,895	5,422,016	1,485	92,165,426
Total accumulated depreciation	304,661,033	19,675,739	167,974	324,168,798
Net capital assets used by business-type activities	617,228,672	35,142,054	19,611,794	632,758,932
Government-wide net capital assets	\$ 1,012,105,666	\$ 54,498,384	\$ 31,059,667	\$ 1,035,544,383

Table 4 - Capital Asset Activity

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 7 - CAPITAL ASSETS (CONTINUED)

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

Governmental activities	
General government	\$ 69,356
Staff services	982,359
Police protection	804,890
Fire protection	983,394
Other public safety and health	786,143
Streets, traffic and engineering	7,401,151
Culture and recreation	5,350,800
Solid waste services	822,268
Transit services	<u>529,622</u>
Total governmental fund departments	17,729,983
Internal service fund depreciation allocable to governmental activities based on predominant usage	<u>6,632,883</u>
Total governmental activities	<u>\$ 24,362,865</u>
Business-type activities	
Water and sewer system	\$ 14,154,802
Drainage utility	98,921
Airport	<u>5,422,016</u>
Total business-type activities	<u>\$ 19,675,739</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, 2016, is \$50.3 million. The related amortized cost of these assets is \$22.1 million.

The City owns \$57,741,909 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, 2016

NOTE 7 - 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	\$ 6,314,972
Interest expenses capitalized	\$ 653,767

The interest expense not meeting the capitalization criteria represents the \$2,761,863 of CRMWA charges associated with that entity's bonded indebtedness and \$2,899,342 of Water and Sewer Revenue Bond interest not subject to the capitalization requirements.

Airport Capital Assets

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

Certain lands and improvements not utilized by the City for airport purposes are leased to various commercial enterprises. A new terminal facility was completed prior to September 30, 2014 and total cost of \$52,499,341 was capitalized by the Airport. The Airport had various construction projects in process at September 30, 2016.

The City capitalized interest costs in the amount of \$161,014 applicable to its outstanding airport bonds as construction in progress in the Airport Fund. Interest and amortization expense before capitalization was \$233,928.

Drainage Capital Assets

The Drainage Utility Fund currently has \$8,676,087 in construction in progress as of September 30, 2016. It also had right of way easements of \$223,847, equipment and vehicles of \$24,870, infrastructural of \$4,888,288, and land of \$2,010. The City capitalized interest costs in the amount of \$168,896 applicable to its outstanding drainage bonds as construction in progress in the Drainage Utility Fund. Interest and amortization expense before capitalization was \$266,597.

NOTE 8 - LEASES

The City leases digital video red light camera equipment from American Traffic Solutions, Inc. under a cancelable operating lease. Total costs for the lease were \$513,000 for the year ended September 30, 2016.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016**

NOTE 9 - DEFINED BENEFIT PENSION PLANS

The City participates in funding two retirement plans. TRMS is an agent, multiple-employer, public-employee retirement system which is a nontraditional, joint-contributory, hybrid defined benefit plan. The FRRF Plan is a single-employer, contributory defined benefit plan. Substantially all employees of the City are eligible to participate in one of these two plans. The components of the net pension liability of the City at September 30, 2016, were as follows:

	<u>TMRS</u>	<u>FRRF</u>	<u>Total</u>
Total pension liability	\$ 438,798,598	\$ 182,249,969	\$ 621,048,567
Fiduciary net position	<u>371,004,227</u>	<u>144,657,881</u>	<u>515,662,108</u>
City's net pension liability	<u>\$ 67,794,371</u>	<u>\$ 37,592,088</u>	<u>\$ 105,386,459</u>
City's net pension liability as a percentage of total pension liability	<u>15.45%</u>	<u>20.63%</u>	<u>16.97%</u>

The City's total payroll for the fiscal year ended September 30, 2016, was \$99,149,180 and the portion covered by the two plans was as follows:

TMRS	\$ 77,629,583
FRRF	<u>18,890,426</u>
Total covered payroll	<u>\$ 96,520,009</u>

Including current employees, annuitants and terminated employees entitled to future benefits, the City had 3,781 members of TMRS and 469 members of FRRF as of the dates of the latest actuarial valuations.

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

Texas Municipal Retirement System (TMRS)

Plan Description

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

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

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, 2016**

NOTE 9 - 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 2016</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, 2015, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,032
Inactive employees entitled to but not yet receiving benefits	977
Active employees	<u>1,772</u>
Total employees	<u><u>3,781</u></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, 2016

NOTE 9 - 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 11.26% and 10.96% in calendar years 2015 and 2016, respectively. The City's contributions to TMRS for the year ended September 30, 2016, were \$8,545,939.

Net Pension Liability

The City's net pension liability was measured as of December 31, 2015, 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, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2015, 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 and 2015 valuation.

The long-term expected rate of return on pension plan investments is 6.75% which is a reduction from the prior year study of 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, 2016

NOTE 9 - 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%	4.55%
International equity	17.5%	6.10%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	3.65%
Real estate	10.0%	4.03%
Real return	10.0%	5.00%
Absolute return	10.0%	4.00%
Private equity	<u>5.0%</u>	8.00%
Total	<u>100.0%</u>	

Discount Rate

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

Changes in Net Pension Liability

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

	<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, 2014	\$ 414,808,902	\$ 381,991,555	\$ 32,817,347
Changes for the year:			
Service cost	10,715,246	-	10,715,246
Interest	28,509,723	-	28,509,723
Change of benefit terms	-	-	-
Difference between expected and actual experience	2,896,352	-	2,896,352
Changes of assumptions	7,637,919	-	7,637,919
Contributions - employer	-	8,989,606	(8,989,606)
Contributions - employee	-	5,589,314	(5,589,314)
Net investment income	-	563,574	(563,574)
Benefit payments, including refunds of employee contributions	(25,769,544)	(25,769,544)	-
Administrative expense	-	(343,321)	343,321
Other changes	-	(16,957)	16,957
Net changes	<u>23,989,696</u>	<u>(10,987,328)</u>	<u>34,977,024</u>
Balance at December 31, 2015	<u>\$ 438,798,598</u>	<u>\$ 371,004,227</u>	<u>\$ 67,794,371</u>

Table 5 – TMRS Net Pension Liability

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016**

NOTE 9 - 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 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate 5.75%	Discount Rate 6.75%	1% Increase in Discount Rate 7.75%
City's net pension liability	\$ 122,367,492	\$ 67,794,371	\$ 22,272,815

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, 2016, the City recognized pension expense of \$7,366,365.

At September 30, 2016, 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	\$ 2,186,462	\$ 224,036
Changes in actuarial assumptions	5,765,880	-
Difference between projected and actual investment earnings	23,773,329	-
Contributions subsequent to the measurement date	6,187,418	-
Total	\$ 37,913,089	\$ 224,036

The \$6,187,418 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,

2017	\$ 8,660,735
2018	8,660,735
2019	8,738,443
2020	5,441,722
Total	\$ 31,501,635

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 9 - 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, 2016**

NOTE 9 - 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 TLFFRA, all firefighters must be less than 36 years of age upon entering service for the City as a firefighter and must become members of the Plan, which provides them with pension, death, and disability benefits. The Plan covers current and former firefighters as well as beneficiaries of current and former firefighters. The types of employees covered, as well as Plan membership as of December 31, 2015, the measurement date, are as follows:

Active:	
Vested	44
Nonvested	<u>212</u>
	<u>256</u>
Retired:	
Vested	-
Pensioners:	
Service retirement	164
Disability retirement	17
Spouses/children	<u>32</u>
	<u>213</u>
Total participants	<u><u>469</u></u>

Contributions

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

The City employer contribution rate was 18.83% of the firefighters' gross pay starting January 2014 and 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, 2016**

NOTE 9 - 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, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial report as of January 1, 2015, with the total pension liability rolled forward to December 31, 2015.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2015, using the following actuarial assumptions applied to all prior periods included in the measurement:

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

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

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

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

Change in Assumptions

The discount rate assumption decreased from 8.25% to 8.00%.

Discount Rate

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Changes in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2014	\$ 166,498,571	\$ 150,465,683	\$ 16,032,888
Changes for the year:			
Service cost	3,983,821	-	3,983,821
Interest	13,596,993	-	13,596,993
Change of benefit terms	-	-	-
Difference between expected and actual experience	4,740,472	-	4,740,472
Changes of assumptions	4,770,803	-	4,770,803
Contributions - employer	-	3,559,287	(3,559,287)
Contributions - employee	-	2,456,814	(2,456,814)
Net investment income	-	12,177,834	(12,177,834)
Gain or (Loss) due to difference in projected vs. actual earnings	-	(12,274,477)	12,274,477
Benefit payments, including refunds of employee contributions	(11,340,691)	(11,340,691)	-
Administrative expense	-	(436,742)	436,742
Other changes	-	50,173	(50,173)
Net changes	15,751,398	(5,807,802)	21,559,200
Balance at December 31, 2015	\$ 182,249,969	\$ 144,657,881	\$ 37,592,088

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

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

	<u>1% Decrease (7.00%)</u>	<u>Current discount rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
City's net pension liability	<u>\$ 58,920,324</u>	<u>\$ 37,592,088</u>	<u>\$19,659,994</u>

Pension Plan Fiduciary Net Position

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

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016**

NOTE 9 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

For the year ended September 30, 2016, the City recognized pension expense of \$4,298,141.

At September 30, 2016, 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	\$ 4,277,701	\$ -
Changes in actuarial assumptions	4,305,073	-
Difference between projected and actual investment earnings	13,217,210	-
Contributions subsequent to the measurement date	<u>2,600,126</u>	<u>-</u>
Total	<u>\$ 24,400,110</u>	<u>\$ -</u>

The \$2,600,126 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended September 30,

2017	\$ 4,515,938
2018	4,515,938
2019	4,515,937
2020	3,383,397
2021	928,500
Thereafter	<u>3,940,274</u>
Total	<u>\$ 21,799,984</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, 2016**

NOTE 10 - POSTEMPLOYMENT BENEFITS

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

As shown below, for FYE 2016 the City's total contributions (prefunding + pay-as-you-go) were less than the actuarial calculation of annual required contribution for FYE 2016. 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, 2016, the City's annual OPEB cost (expense) is \$8,587,744. Considering the annual expense less pay-as-you-go cost for retirees and trust contributions of \$6,568,275 the result was an increase in the net OPEB obligation of \$2,019,469 for the year ended September 30, 2016.

Benefit Obligation and Normal Cost Fiscal Year Ended September 30, 2016

Actuarial present value of benefits	<u>\$ 101,436,124</u>
Unfunded actuarial accrued liability	
Actuarial accrued liability	\$ 73,131,575
Actuarial value of assets	<u>8,511,012</u>
Unfunded actuarial accrued liability	<u>\$ 64,620,563</u>
Present value of future normal costs	<u>\$ 36,815,561</u>
Annual required contribution	
Normal cost	\$ 2,420,296
Amortization of UAAL	5,289,894
Interest on above amounts to end of year	<u>481,887</u>
Annual required contribution	<u>\$ 8,192,077</u>
 Net OPEB Obligation	
Annual required contribution	\$ 8,192,077
Interest on net OPEB obligation	6,010,267
Adjustment to annual required contribution	<u>(5,614,600)</u>
Annual OPEB cost	8,587,744
Employer contributions with interest	<u>(6,568,275)</u>
Increase in net OPEB obligation	2,019,469
Net OPEB obligation, beginning of year	<u>96,164,265</u>
Net OPEB obligation, end of year	<u>\$ 98,183,734</u>

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 10 - POSTEMPLOYMENT BENEFITS (CONTINUED)

Schedule of Employer Contributions

Fiscal Year Ended	Annual OPEB Cost	Employer Contribution	Percentage Contributed	Net OPEB Obligation
9/30/16	\$ 8,587,744	\$ 6,568,275	76%	\$ 98,183,734
9/30/15	8,353,692	6,249,341	75%	96,164,265
9/30/14	8,250,908	6,633,081	80%	94,059,914

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]
10/1/16	\$ 8,511,012	\$ 73,131,575	\$ 64,620,563	11.6%	\$ 100,443,000	64.3%
10/1/15	5,759,819	70,340,783	64,580,964	8.2%	97,385,000	66.3%

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 10 - 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 11 - COMMITMENTS

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

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

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

Moreover, the Venue District's tax revenues currently can cover debt service payments approximately two times. Therefore, the City does not anticipate paying more than \$120 in lease payments in 2016-17.

However, the City has appropriated \$1,110,841 of its available Fund Balance in the City's 2016-17 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, 2016, 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, 2016	City's Remaining Committed
Governmental activities					
Street improvements	\$ 19,594,683	\$ 25,900,221	\$ 11,734,725	\$ 4,098,857	\$ 1,330,330
General construction	62,833,077	60,315,916	37,785,465	28,354,111	11,948,515
Solid waste improvements	5,706,690	-	-	1,267,402	4,439,288
Civic Center improvements	12,785,920	606,535	515,250	7,275,680	5,418,955
Total - governmental fund activities	<u>100,920,370</u>	<u>86,822,672</u>	<u>50,035,440</u>	<u>40,996,050</u>	<u>23,137,088</u>
Internal service fund projects					
Information services	4,229,963	783,859	760,081	3,026,019	1,180,166
Municipal garage	140,000	-	-	3,349	136,651
Total - all governmental-type activities	<u>105,290,333</u>	<u>87,606,531</u>	<u>50,795,521</u>	<u>44,025,418</u>	<u>24,453,905</u>

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 11 - COMMITMENTS (CONTINUED)

	<u>Project Authorizations</u>	<u>Expected Outside Funding Sources</u>	<u>Outside Funding Received</u>	<u>Complete at September 30, 2015</u>	<u>City's Remaining Committed</u>
Business-type activities					
Water and sewer system improvements	102,695,747	9,238,832	887,138	39,752,272	54,591,781
Airport	17,785,231	10,123,051	5,931,485	12,844,036	749,629
Drainage utility	18,028,340	500,000	500,000	13,886,285	4,142,055
Total - all business-type activities	<u>138,509,318</u>	<u>19,861,883</u>	<u>7,318,623</u>	<u>66,482,593</u>	<u>59,483,465</u>
Total - all city project	<u>\$ 243,799,651</u>	<u>\$ 107,468,414</u>	<u>\$ 58,114,144</u>	<u>\$ 110,508,011</u>	<u>\$ 83,937,370</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 2016, there was approximately \$43,859 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 2016 fiscal year are \$428,000

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, 2016

NOTE 11 - 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, 2016, there was approximately \$3.5 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 2016 fiscal year are approximately \$2 million. The other PIDs are fully developed and there is not an amount to be paid to the developer.

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

The City previously entered into a development agreement, which was assigned to the Amarillo Local Government Corporation (LGC) in 2011. The Corporation's charge is to work with a developer(s) on the following three downtown initiatives: a convention hotel, a parking garage, and a multi-purpose event venue (MPEV) that will also serve as a minor league ball park. On November 12, 2014, the LGC approved a Convention Center Hotel Agreement and a separate Convention Center Parking Garage Agreement. The developer of the convention hotel will operate the hotel and the LGC will operate the parking facility. The parking garage developer will operate the retail portion of the garage. The hotel agreement includes 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.

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. On February 2, 2016, the City Council amended the loan agreement between the City and TIRZ #1 authorizing a loan of \$1.85 million. During April 2016, the City issued approximately \$12 million in hotel occupancy tax revenue bonds to fund the parking garage. The City anticipates the issuance of approximately \$37.6 million in bonds to finance the MPEV during the next two years.

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, 2016

NOTE 11 - COMMITMENTS (CONTINUED)

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

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

NOTE 12 - LONG-TERM OBLIGATIONS

Tax Supported Debt

On February 3, 2011, the City issued the 2011A and 2011B Certificates of Obligation series. The 2011A series was issued in the amount of \$3,750,000 to fund the reconstruction of one of the City's municipal golf courses. The debt service for this issue will be funded by revenue generated from the City golf courses. The maturities range thru 2037 with annual principal payments from \$100,000 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 \$64,000 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 \$405,000 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, 2016

NOTE 12 - 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 \$1,215,000 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 was payable in semi-annual installments at 4.45%, and the certificates were subject to mandatory redemption in annual amounts of \$55,000. Final maturity was August 15, 2016.

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

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

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

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 12 - 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 \$470,000 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 \$440,000 to \$455,000.

On April 13, 2016, the City issued the Hotel Occupancy Tax Revenue Bonds, Taxable Series 2016 (Series 2016) in the amount of \$11,995,000 to construct and equip the downtown Amarillo parking garage located in the vicinity of the City's convention center facilities. Debt service is to be funded by the Hotel Occupancy Tax. Principal and interest are payable annually at rates ranging from 1.85% to 4.25% and are subject to mandatory redemption in annual amounts ranging from \$315,000 to \$740,000. Final maturity is August 15, 2043.

Summary of changes in the governmental activities debt for the year ended September 30, 2016, 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, 2015	\$ 22,590,000	\$ 9,816,952	\$ 3,190,000	\$ 35,596,952
New bond issue	-	11,995,000	-	11,995,000
Principal maturities	<u>(1,607,000)</u>	<u>(473,659)</u>	<u>(900,000)</u>	<u>(2,980,659)</u>
Balances September 30, 2016	20,983,000	21,338,293	2,290,000	44,611,293
Balance of unamortized discount/premium	<u>494,662</u>	<u>139,547</u>	<u>33,931</u>	<u>668,140</u>
Net balances, September 30, 2016	<u>\$ 21,477,662</u>	<u>\$ 21,477,840</u>	<u>\$ 2,323,931</u>	<u>\$ 45,279,433</u>

Water and Sewer Bonds

On October 2, 2015, the City issued the City of Amarillo, Texas, Waterworks & Sewer System Refunding Bonds, New Series 2015A (Series 2015A Bonds) in the amount of \$21,145,000. The Series 2015A Bonds refunded the Series 2005, 2006 and 2006A Bonds. The refunded bonds are considered defeased and have been removed from the City's books. The refunding was undertaken to reduce total debt service payments over the next sixteen years by \$4,259,179 and resulted in an economic gain of \$3,494,212 and the present value benefit of \$2,623,562. The outstanding Series 2015A Bonds mature annually thru 2032 with principal payments ranging from \$420,000 to \$1,815,000 and provide for interest rates ranging from 2.00% to 4.00%.

On 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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Bonds (Continued)

\$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. On October 2, 2015, \$5,270,000 of the Series 2005 bonds were refunded by the Series 2015A Bonds.

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. On October 2, 2015, \$8,170,000 of the Series 2006 bonds were refunded by the Series 2015A 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. On October 2, 2015, \$9,370,000 of the Series 2006A were refunded by the Series 2015A Bonds.

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 \$485,000 to \$575,000 and provide for interest rates ranging from 2.00% to 3.125%.

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 \$2,025,000 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 \$1,975,000 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 \$655,000 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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Bonds (Continued)

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 \$370,000 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.

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

A summary of changes in Water and Sewer System bonded debt for the year ended September 30, 2016, is as follows:

Principal outstanding, October 1, 2015	\$ 130,255,000
New Issues	38,340,000
Refunded Bonds	(22,810,000)
Principal maturities	<u>(8,910,000)</u>
Principal outstanding, September 30, 2016	136,875,000
Unamortized redemption premium	<u>1,097,057</u>
Net balances, September 30, 2016	<u>\$ 137,972,057</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 2016 obligation is \$11,844,260. At September 30, 2016, the amount available in this account was \$4,271,575.
- 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, 2016, the combined requirement amounted to \$1,623,974, and the amount available in this account was \$1,623,974.

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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Water and Sewer Bonds (Continued)

The City is subject to arbitrage provisions under the Internal Revenue Code, which requires that excess earnings on invested proceeds from tax-exempt bond sales over interest expense paid to bond holders be remitted to the Internal Revenue Service. The City did not have an arbitrage liability at September 30, 2016. The City has maintained its tax-exempt status during 2016.

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, 2016, 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 \$564,889 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, 2016, the City's proportionate share of this indebtedness was \$1,506,436.

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, 2016, the City's proportionate share of the 2010 issue is \$1,287,040. 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, 2016, the City's portion of the 2014 refunding bonds is \$5,192,805 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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Water Authority Obligations (Continued)

to keep the CRMWA debt service payments level, the City will only pay interest for the first ten years on 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 \$17,145,381 at September 30, 2016, 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 \$488,331 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, 2016, the City's proportionate share of the 2014 issue is \$11,568,184. 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 \$6,376,989 at September 30, 2016. 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, 2016, the City's proportionate share of the outstanding indebtedness was \$27,708,943. 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 \$16,760,989 at September 30, 2016.

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, 2016**

NOTE 12 - 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, 2016, is reflected in the following table:

Principal outstanding, October 1, 2015	\$ 76,032,760
Principal maturities	<u>(5,246,982)</u>
Principal outstanding, September 30, 2016	70,785,778
Unamortized redemption discount/premium	<u>7,860,144</u>
Net balances, September 30, 2016	<u>\$ 78,645,922</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 \$1,580,000 to \$1,830,000 and provide for interest rates ranging from 4.70% to 5.00%.

Principal outstanding, October 1, 2015	\$ 8,315,000
Principal maturities	<u>(1,510,000)</u>
Principal outstanding, September 30, 2016	6,805,000
Unamortized redemption premium	<u>533,808</u>
Net balances, September 30, 2016	<u>\$ 7,338,808</u>

Drainage Utility Bonds

On December 12, 2012, the City issued \$6,260,000 in Combination Tax and Drainage Utility Revenue Certificates of Obligations (COs). The 2012A issue is mainly for drainage improvements on Farmers Avenue. The 2012A bonds have a final maturity of August 15, 2032. The COs are subject to mandatory redemption in annual amounts ranging from \$245,000 to \$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 \$255,000 to \$410,000 and provide for interest rates ranging from 2.00% to 3.75%. The bonds have an unlimited net pledge of the Drainage Utility System of 1.25 times net revenue.

Principal outstanding, October 1, 2015	\$ 10,865,000
Principal maturities	<u>(675,000)</u>
Principal outstanding, September 30, 2016	10,190,000
Unamortized redemption premium	<u>97,434</u>
Net balances, September 30, 2016	<u>\$ 10,287,436</u>

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

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

Bond issues outstanding at September 30, 2016, are summarized in Table 8 below.

	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Principal Amount Outstanding</u>	<u>Annual Principal Installments</u>	
City of Amarillo indebtedness					
General Obligation debt					
Payable from tax revenues					
General Obligation Bonds, series 2009	3.50 - 5.00%	2022	\$ 2,670,000	\$ 405,000	-- \$ 485,000
Combination tax/revenue certificates of obligation, series 2007					
Recovery Zone Build America Bonds, Series 2010	4.00 - 5.25%	2027	17,265,000	1,215,000	-- 2,000,000
	5.81%	2030	1,048,000	64,000	-- 88,000
Payable from special assessments					
Combination tax/revenue certificates of obligation, series 2003					
	3.70	2023	280,000	35,000	-- 45,000
Combination tax/revenue certificates of obligation, series 2006					
	4.75	2026	348,293	18,920	-- 43,909
Combination tax/revenue certificates of obligation, series 2008A					
	4.28	2028	420,000	25,000	-- 45,000
Combination tax/revenue certificates of obligation, series 2008B					
	4.08	2028	1,045,000	70,000	-- 110,000
Combination tax/revenue certificates of obligation, series 2014					
	2.00 - 3.625%	2034	2,105,000	95,000	-- 155,000
Payable from other sources					
Combination tax/revenue certificates of obligation, series 2011A					
	3.50 - 5.25%	2037	3,305,000	100,000	-- 245,000
Combination tax/revenue certificates of obligation, series 2011B					
	3.50 - 6.00%	2032	1,840,000	80,000	-- 170,000
Waterworks and Sewer Bonds					
2011 revenue issuance					
	2.00 - 4.125%	2031	12,975,000	655,000	-- 1,150,000
2013 revenue issuance					
	0.01 - 0.85%	2023	925,000	130,000	-- 135,000
2014 revenue issuance					
	0.00 - 2.62%	2033	7,300,000	370,000	-- 495,000
2015 revenue issuance					
	0.50 - 1.59%	2035	16,305,000	815,000	-- 950,000
2015A revenue issuance					
	2.00 - 4.00%	2032	19,615,000	420,000	-- 1,815,000
Combination tax/revenue certificates of obligation, series 2009					
	.338 - 3.018%	2028	26,840,000	2,025,000	-- 2,555,000
Combination tax/revenue certificates of obligation, series 2009B					
	.21 - 2.587%	2029	35,665,000	1,975,000	-- 3,400,000
Combination tax/revenue certificates of obligation, series 2009C					
	0.00%	2031	13,575,000	905,000	-- 905,000
General Obligation bonds series 2011					
	2.00 - 3.125%	2023	3,675,000	485,000	-- 575,000
Airport Bonds					
Combination tax/revenue certificates of obligation, series 2009A					
	4.70 - 5.00%	2020	6,805,000	1,580,000	-- 1,830,000
Drainage Bonds					
2014 revenue issuance					
	2.00 - 3.75%	2034	5,630,000	255,000	-- 410,000
Combination tax/revenue certificates of obligation, series 2012A					
	1.00 - 2.00%	2032	4,560,000	245,000	-- 430,000
Municipal Garage Bonds					
Combination tax/revenue certificates of obligation, series 2012B					
	1.00 - 1.25%	2018	945,000	470,000	-- 475,000
Tax Notes, 2014					
	0.20 - 2.00%	2019	1,345,000	440,000	-- 455,000
Hotel Occupancy Tax					
Hotel Occupancy Tax revenue bonds, taxable series 2016					
	1.85 - 4.25%	2043	11,995,000	315,000	-- 740,000
Total City of Amarillo issuances					
			<u>198,481,293</u>		
Canadian River Water Authority indebtedness					
2009 revenue issuance					
	3.00 - 5.00%	2029	6,376,989	268,606	-- 951,547
2010 refunding issuance (Conjunctive Use Groundwater)					
	3.00 - 3.50%	2020	1,287,040	213,418	-- 521,567
2010 refunding issuance (BUREC)					
	3.00 - 3.50%	2018	1,506,436	564,889	-- 941,547
2011 revenue issuance					
	4.00 - 5.00%	2031	27,708,943	649,625	-- 2,567,688
2012 refunding issuance					
	2.00 - 5.00%	2025	17,145,381	488,331	-- 3,348,405
2014 refunding issuance					
	2.00 - 5.00%	2025	5,192,805	549,878	-- 1,623,500
2014 refunding issuance					
	2.00 - 5.00%	2025	11,568,184	463,079	-- 1,368,251
Total City share of Water Authority indebtedness					
			<u>70,785,778</u>		
Total bond issues outstanding					
			<u>\$ 269,267,071</u>		

Table 8 – Description of Individual Bond Issues Outstanding

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

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

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

For the Year Ended September 30,	Tax-Supported Debt		Special Assessment and Other Supported Debt		Water & Sewer Debt		Water Authority Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2017	\$ 1,684,000	\$ 1,023,614	\$ 435,051	\$ 396,798	\$ 9,100,000	\$ 2,744,260	\$ 5,467,743
2018	1,750,000	952,719	451,509	381,636	9,215,000	2,651,718	6,062,536	3,125,230
2019	1,832,000	873,742	463,037	365,070	9,330,000	2,541,779	5,596,264	2,849,548
2020	1,919,000	786,638	474,643	347,967	9,500,000	2,414,001	5,855,554	2,590,223
2021	2,005,000	695,270	501,325	329,964	9,660,000	2,268,913	6,084,387	2,304,539
2022-2026	9,455,000	2,035,043	2,637,728	1,342,039	50,225,000	8,212,661	29,187,460	6,840,649
2027-2031	2,338,000	132,383	2,470,000	767,350	34,735,000	2,435,001	12,531,834	1,427,204
2032-2036	-	-	1,665,000	246,100	5,110,000	197,454	-	-
2037-2041	-	-	245,000	6,431	-	-	-	-
	<u>\$ 20,983,000</u>	<u>\$ 6,499,409</u>	<u>\$ 9,343,293</u>	<u>\$ 4,183,355</u>	<u>\$ 136,875,000</u>	<u>\$ 23,465,787</u>	<u>\$ 70,785,778</u>	<u>\$ 22,484,386</u>

For the Year Ended September 30,	Airport Debt		Drainage Debt		Municipal Garage Debt		Hotel Occupancy Tax Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2017	\$ 1,580,000	\$ 290,775	\$ 685,000	\$ 262,544	\$ 910,000	\$ 33,138	\$ -	\$ 612,761	\$ 19,861,794
2018	1,655,000	215,900	500,000	253,144	925,000	24,037	-	457,664	20,559,045	8,062,048
2019	1,740,000	131,025	510,000	243,144	455,000	9,100	315,000	457,664	20,241,301	7,471,072
2020	1,830,000	43,762	515,000	230,344	-	-	320,000	451,836	20,414,197	6,864,771
2021	-	-	520,000	217,394	-	-	330,000	444,956	19,100,712	6,261,036
2022-2026	-	-	2,775,000	884,867	-	-	1,775,000	2,086,826	96,055,188	21,402,085
2027-2031	-	-	3,180,000	511,319	-	-	2,105,000	1,760,019	57,359,834	7,033,276
2032-2036	-	-	1,505,000	94,463	-	-	2,555,000	1,305,760	10,835,000	1,843,777
2037-2041	-	-	-	-	-	-	3,145,000	719,950	3,390,000	726,381
2042-2046	-	-	-	-	-	-	1,450,000	93,074	1,450,000	93,074
	<u>\$ 6,805,000</u>	<u>\$ 681,462</u>	<u>\$ 10,190,000</u>	<u>\$ 2,697,219</u>	<u>\$ 2,290,000</u>	<u>\$ 66,275</u>	<u>\$ 11,995,000</u>	<u>\$ 8,390,510</u>	<u>\$ 269,267,071</u>	<u>\$ 68,468,403</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, 2016, under the annual leave policy was \$9,813,379, compensated time policy was \$1,227,505, and under the sick leave policy was \$6,745,518, and under the individual health retirement account policy was \$3,176,152.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016**

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Provision for Compensated Absences (Continued)

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

	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
Balances at October 1, 2015	\$ 19,019,479	\$ 1,424,887
Terminations paid	(1,971,313)	(194,742)
Leave accrued	<u>2,600,297</u>	<u>83,946</u>
Balances at September 30, 2016	<u>\$ 19,648,463</u>	<u>\$ 1,314,091</u>

Of the above obligations, \$1,879,472 in the Government Funds and \$260,457 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, 2016, was \$4,858,766; \$690,653 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 18.2% of the revised capacity was filled at September 30, 2016, and that the landfill has a projected remaining life of approximately 145 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, 2016, these five cells were approximately 45% 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, 2016

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

station, closure costs would be about \$11 million and post-closure costs would be about \$3 million for a total of \$14 million in today's dollars. Based on the cumulative usage of 7,846,216 tons at September 30, 2016, 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	\$ 1,966,336
Cost of postclosure care and monitoring	<u>590,280</u>
Total estimated accrued liability	<u>\$ 2,556,616</u>

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

Long-term liabilities activity for the year ended September 30, 2016, was as follows:

	Balance Sept. 30, 2015	Amortization/ Accretion	Additions	Reductions	Balance Sept. 30, 2016	Due Within One Year
Bonds payable:						
Governmental activities						
General obligation bonds	\$ 3,060,000	\$ -	\$ -	\$ (390,000)	\$ 2,670,000	\$ 405,000
Recovery Zone Build America bonds	1,110,000	-	-	(62,000)	1,048,000	64,000
Tax-supported certificates of obligation	18,420,000	-	-	(1,155,000)	17,265,000	1,215,000
Unamortized offering premium	672,570	(38,361)	-	-	634,209	-
Special assessment and other debt	9,816,952	-	11,995,000	(473,659)	21,338,293	435,051
Municipal Garage bonds	3,190,000	-	-	(900,000)	2,290,000	910,000
Premium on Municipal Garage bonds	46,856	(12,925)	-	-	33,931	-
Total governmental activities	<u>36,316,378</u>	<u>(51,286)</u>	<u>11,995,000</u>	<u>(2,980,659)</u>	<u>45,279,433</u>	<u>3,029,051</u>
Business-type activities						
Water & sewer bonds	130,255,000	-	38,340,000	(31,720,000)	136,875,000	9,100,000
Premium on Water & sewer bonds	320,609	(86,406)	862,854	-	1,097,057	-
Water authority obligations	76,032,760	-	-	(5,246,982)	70,785,778	5,467,746
Premium on Water authority obligations	8,362,507	(502,363)	-	-	7,860,144	-
Airport bonds	8,315,000	-	-	(1,510,000)	6,805,000	1,580,000
Premium on Airport bonds	652,258	(118,450)	-	-	533,808	-
Drainage Utility bonds	10,865,000	-	-	(675,000)	10,190,000	685,000
Premium on Drainage Utility bonds	104,250	(6,816)	-	-	97,434	-
Total business-type activities	<u>234,907,384</u>	<u>(714,035)</u>	<u>39,202,854</u>	<u>(39,151,982)</u>	<u>234,244,221</u>	<u>16,832,746</u>
Total	<u>271,223,762</u>	<u>(765,321)</u>	<u>51,197,854</u>	<u>(42,132,641)</u>	<u>279,523,654</u>	<u>19,861,797</u>
Other liabilities:						
Governmental activities						
Compensated absences	19,019,479	-	2,600,297	(1,971,313)	19,648,463	1,879,472
Self-insurance liability	18,362,237	-	1,835,855	(2,266,079)	17,932,013	4,905,352
Provision for landfill and postclosure care costs	2,455,488	-	101,128	-	2,556,616	-
Postemployment benefits	96,164,265	-	8,587,744	(6,568,275)	98,183,734	-
Net pension liability	44,380,512	-	83,046,375	(31,274,022)	96,152,865	-
Total governmental activities	<u>180,381,981</u>	<u>-</u>	<u>96,171,399</u>	<u>(42,079,689)</u>	<u>234,473,691</u>	<u>6,784,824</u>
Business-type activities						
Compensated absences	1,424,887	-	83,946	(194,742)	1,314,091	260,457
Other accrued expenses	2,646,300	-	-	(30,841)	2,615,459	-
Net pension liability	4,469,723	-	6,826,279	(2,062,408)	9,233,594	-
Total business-type activities	<u>8,540,910</u>	<u>-</u>	<u>6,910,225</u>	<u>(2,287,991)</u>	<u>13,163,144</u>	<u>260,457</u>
Total	<u>188,922,891</u>	<u>-</u>	<u>103,081,624</u>	<u>(44,367,680)</u>	<u>247,636,835</u>	<u>7,045,281</u>
Total long-term liabilities	<u>\$ 460,146,653</u>	<u>\$ (765,321)</u>	<u>\$ 154,279,478</u>	<u>\$ (86,500,321)</u>	<u>\$ 527,160,489</u>	<u>\$ 26,907,078</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, 2016

NOTE 13 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The following tabulation reflects the composition of interfund balances at September 30, 2016.

<u>Receivable Fund</u>		<u>Payable Funds</u>	
General Fund	\$ 2,554,797	Capital	\$ 460,000
		Nonmajor Govt. Funds	944,345
		Internal Service	452
		Proprietary Funds	<u>1,150,000</u>
	<u>\$ 2,554,797</u>		<u>\$ 2,554,797</u>
Capital Projects	\$ 308,766	General Fund	\$ 308,766
	<u>\$ 308,766</u>		<u>\$ 308,766</u>
Nonmajor Govt. Funds	\$ 97,585	Nonmajor Govt. Funds	\$ 69,311
		Internal Service	12,617
		General Fund	<u>15,657</u>
	<u>\$ 97,585</u>		<u>\$ 97,585</u>
Internal Service Funds	\$ 188,059	Internal Service	\$ 172,489
		Nonmajor Govt. Funds	6,786
		General Fund	<u>8,784</u>
	<u>\$ 188,059</u>		<u>\$ 188,059</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	\$ 12,096,776	Capital Projects	\$ 11,457,365
		Internal Service	505,463
		Nonmajor Govt. Funds	<u>133,948</u>
	<u>\$ 12,096,776</u>		<u>\$ 12,096,776</u>
Capital Projects	\$ 650,968	Internal Service	\$ 399,105
		Nonmajor Govt. Funds	<u>251,863</u>
	<u>\$ 650,968</u>		<u>\$ 650,968</u>
Nonmajor Govt. Funds	\$ 980,281	Nonmajor Govt. Funds	\$ 633,022
		Capital Projects	332,624
		Internal Service	2,735
		General Fund	<u>11,900</u>
	<u>\$ 980,281</u>		<u>\$ 980,281</u>
Proprietary Funds	\$ 1,420,423	Internal Service	\$ 1,414,650
		General Fund	<u>5,773</u>
	<u>\$ 1,420,423</u>		<u>\$ 1,420,423</u>

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016**

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

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

NOTE 14 - WATER SUPPLY CONTRACT

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

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

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

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

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

The last audited financial statements of CRMWA, as of September 30, 2016, and for its fiscal year then ended, reflect the following:

Assets	
Cash and cash equivalents	\$ 15,589,006
Due from member cities and other receivable	12,245,717
Deferred Outflows of Resources	
	-
Debt Service Funds	
Restricted cash and cash equivalents	20,225,002
Due from cities	149,568,691
Land	4,225,960
Property, plant and equipment, net of accumulated depreciation	326,731,216
Liabilities and Deferred Revenues	
Current liabilities	15,229,292
Noncurrent liabilities	172,641,310
Net Position	<u>\$ 340,714,990</u>

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016**

NOTE 14 - WATER SUPPLY CONTRACT (CONTINUED)

Operating Revenues		
User assessments for operations		\$ 20,659,003
Operating Expenses		16,593,924
Nonoperating Revenue (Expense)		
Net contributions from member cities		8,091,061
Nonoperating revenues (expenses)		<u>(7,615,686)</u>
		<u>475,375</u>
Net Increase (Decrease) in Net Position		<u>\$ 4,540,454</u>

CRMWA's debt consists of the approximately \$3.4 million related to bonds issued to refund the construction obligation to the Bureau of Reclamation and \$180.9 million related to the underground water project. The CRMWA's annual debt services requirements, including interest, range from \$6.5 million to \$20.4 million with final repayment in 2031. Because certain member cities elected to fund their proportionate shares of these costs on a separate basis, and the City's contractual share of the available lake water is 37.058% and 40.621% of well water. The City's share of this debt is approximately \$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 15 - HARRINGTON LIBRARY CONSORTIUM

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

The original funding for the Consortium was a grant from a local charitable organization, the Harrington Foundation. Continuing operations are financed through user fees from the members and from subscribing libraries in the region. During the year ended September 30, 2016, the Consortium served over 100 libraries. The condensed financial statements of the Consortium at September 30, 2016, 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, 2016

NOTE 15 - HARRINGTON LIBRARY CONSORTIUM (CONTINUED)

Balance Sheet

Capital assets, net of depreciation	\$ 7,560
Cash and other assets, net	693,875
Current liabilities	<u>(49,587)</u>
Net position	<u>\$ 651,848</u>

Revenues

Operating revenues	\$ 387,170
Nonoperating revenues	<u>2,072</u>
Total revenues	389,242

Expenses

Operating expenses	<u>(422,130)</u>
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Change in net position

\$ (32,888)

NOTE 16 - CONTINGENCIES AND RISK MANAGEMENT

Self-Insurance and Risk Management

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

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

Health and Accident: The City self-insures medical benefits for employees, retirees, and their covered dependents. The City purchases stop-loss coverage for specific claims over \$750,000. 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 and approximately \$1.4 million of cost was reported in FY 2016.

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, 2016

NOTE 16 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

Self-Insurance and Risk Management (Continued)

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

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

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

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

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

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

The Employee Insurance Fund is used to account for the collection of employer and employee contributions, and for payments of claims and insurance premiums. The City covers most of the cost of employee only coverage and contributes to spouse and family coverage. Retirees contribute based on their service with the City and retiree rates are also subsidized by the City. Liabilities are presented at the estimated amounts of incurred losses outstanding, without discounting. The Health Plan continues to see a significant increase in claims. During July 2015, the City issued a request for proposals (RFP) for the third-party administration of the medical, dental, and flex plans. The City anticipates that a national carrier will have more favorable discounts with network providers. Effective January 1, 2016, Aetna Life Insurance Company 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, 2016, related to incurred but not reported (IBNR) claims was \$2,252,000. The IBNR estimate was computed by management based on historical patterns and reference to previous actuarial estimates. An actuarial study of the IBNR claims of the employee insurance fund was done as of September 30, 2016. 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, 2016, was \$2,175,001 and was calculated by management based on historical costs associated with similar health conditions. The postemployment liability at September 30, 2016, was \$98,183,734. The postemployment health benefit adjustment was \$2,019,469, which includes the annual required contribution of \$8,192,077 plus interest of \$6,010,267, less an adjustment to the annual required contribution of \$5,614,600 less the pay-as-you-go cost for retirees and trust contributions of \$6,568,275.

After providing for incurred losses, the Employee Insurance Fund had a deficit net position of \$96,926,106 at September 30, 2016. 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 \$2,019,469 for the 2015/16 fiscal year.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 16 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

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

	<u>2016</u>	<u>2015</u>
Estimated liabilities at beginning of year	\$ 102,022,988	\$ 99,248,204
Postemployment health benefits annual required contribution	8,587,744	8,353,692
Postemployment health benefits pay-as-you-go cost and trust contributions	(6,568,275)	(6,249,341)
Claims during year and changes in estimates	17,962,513	24,286,612
Payments during year	<u>(19,394,235)</u>	<u>(23,616,179)</u>
Estimated liabilities at end of year	<u>\$ 102,610,735</u>	<u>\$ 102,022,988</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, 2016. 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, 2016, to be \$13,505,012.

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>2016</u>	<u>2015</u>
Estimated liability at beginning of year	\$ 12,503,514	\$ 11,947,557
Claims during year and changes in estimates	3,830,532	3,296,167
Payments during year	<u>(2,829,034)</u>	<u>(2,740,210)</u>
Estimated liability at end of year	<u>\$ 13,505,012</u>	<u>\$ 12,503,514</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, 2016.

**CITY OF AMARILLO, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS
 Year Ended September 30, 2016**

NOTE 16 - CONTINGENCIES AND RISK MANAGEMENT (CONTINUED)

Pollution Remediation Obligation

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

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

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

Management believes that GASB 49 does not apply in this instance since there has been no actual pollution by any legal definition of the term. However, the City intends to continue the practice of monitoring the plume, providing replacement wells and treatment systems and pursuing options for remediation in the future. The City has recorded a liability of \$2.8 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 17 - CONDUIT DEBT OBLIGATIONS

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

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

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 18 - 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, 2016, and 2015, the District recognized approximately \$5,440,000 and \$5,444,000, respectively, in indigent care expenses relating to the agreement.

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 18 - AMARILLO HOSPITAL DISTRICT (CONTINUED)

Agreements with Respect to Hospital Sale (Continued)

From November 9, 2006 through November 8, 2008, and replaced it with an almost identical agreement called the Health Care Services Agreement (HCA). The District remitted approximately \$12,712,000 on November 20, 2006 to fund the Medicaid UPL program. The original agreement has been extended twenty-five times and as of September 30, 2016, is prepaid through February 8, 2020. 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 May 3, 2016, the District received written notice from UHS dated April 28, 2016, pursuant to Section 7(b) of the Indigent Care Agreement (the Agreement) between UHS and the District, UHS elected to exercise its Extension Option (as defined in the Agreement) extending the term of the Agreement until May 7, 2036

Waiver under Section 1115 of the Social Security Act

The District agreed to participate in a waiver under Section 1115 of the Social Security Act that is designed to build on existing Texas health care reforms and to redesign health care delivery in the state administered through the Amarillo Department of Public Health. The waiver consists of two components: the Uncompensated Care (UC) program and the Delivery System Reform Incentive Payments (DSRIP) program, which is a five-year program and is currently in its fifth year. The only requirement in year one was to submit a plan, while years two through five required process and outcome metrics. Public Health received \$423,000 for year one, \$129,213 for year two, \$670,883 for year three, and \$860,000 for year four. On October 25, 2016, the District approved a transfer of \$1,575,000 for year five.

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, 2016, are as follows:

	Fair Value			Weighted Average Maturity (Years) (excluding securities lending)
	Unrestricted Assets	Restricted Assets	Total	
Investment Securities				
U.S. Treasury obligations	\$ 54,557,656	\$ -	\$ 54,557,656	1.31
U.S. Government and government-sponsored agencies	104,078,913	-	104,078,913	5.21
Municipal bonds	15,369,924	-	15,369,924	0.53
Total investment securities	174,006,493	-	174,006,493	7.05
No-load U.S. Treasury-only mutual funds	3,990,387	-	3,990,387	-
Total investments	177,996,880	-	177,996,880	6.90
Deduct: Cash equivalents	(3,990,387)	-	(3,990,387)	-
Net investments for financial reporting	\$ 174,006,493	\$ -	\$ 174,006,493	7.05

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 18 - 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 2016 and 2015, the District received approximately \$195,000 and \$206,000, respectively, in tobacco settlement funds.

Employee Retirement Benefits

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

The District recorded a net pension liability of approximately \$8,995,195. 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 \$11,539,172, or one percentage point higher (9.0%), approximately \$6,799,932. Compensation increases do not apply due to the plan being frozen. For the year ended September 30, 2016, the District made a contribution of \$2,000,000 to the AHD Plan.

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

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

Commitments and Contingencies

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

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

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 18 - 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 \$123,000 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 19 - 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, 2016

NOTE 19 - 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, 2016, is as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Investments		
CDARs	\$ 15,950,000	.34
Money market mutual funds	<u>11,044,128</u>	<u>-</u>
Total investments at fair value	26,994,128	.34
Deduct: Classified as cash equivalents for financial reporting	<u>(11,044,128)</u>	<u>-</u>
Net investments	<u>\$ 15,950,000</u>	<u>.34</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, 2016, are as follows:

Principal balances	\$ 9,672,405
Allowance for uncollectible accounts	<u>-</u>
Loans, net of allowances	<u>\$ 9,672,405</u>

Interest accrued and receivable on loans is \$338,037 at September 30, 2016.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 19 - 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, 2016, the total funding capacity under the location incentive agreement is approximately \$120 million.

In the 1999 fiscal year, approximately 65 acres of land adjacent to the City's airport were acquired for Phase I of this project, and construction of a hangar and an aircraft assembly building was begun. The first building was completed in May 1999, and the second building was completed in March 2000. The rental term for this phase of the project is 20 years, coinciding with the term of sales tax revenue bonds in face amount of \$23,430,000 sold in order to fund the construction. The rental amount is to be the levelized debt service on the bonds. The resulting annual rentals, in the amount of \$2,163,503, were waived during the first year and, as noted above, subsequent annual rentals could be fully waived if job creation goals are met. At the end of the 20-year lease term, Bell Helicopter has the option to purchase the buildings and underlying land for \$1. At September 30, 2016, AEDC's net investment in this lease was \$4,531,283.

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, 2016, AEDC's net investment, less discount for jobs credits, in this lease was \$3,378,509.

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, 2016, AEDC's net investment in this lease, less discount for jobs credits, was \$5,058,730.

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, 2016, AEDC's net investment in this lease, less discount for jobs credits, was \$5,308,704.

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, 2016, AEDC's net investment in this lease, less discount for job credits, was \$18,523,654.

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, 2016, AEDC's net investment in this lease, less discount for job credits, was \$26,950,577.

**CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016**

NOTE 19 - 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, 2016, AEDC's net investment in this lease, less discount for jobs credits, was \$5,811,699.

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, 2016, AEDC's net investment in this lease was \$118,905.

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, 2016, AEDC's net investment in this lease, less discount for job credits, was \$3,932,235.

In fiscal year 2015, approximately 48 acres of land in AEDC's Centerport complex was deeded to a wind tower manufacturer. The lease for this project commences on November 15, 2021. The rental term for this project is seven years, beginning on the date that the lease commences. The resulting annual rental of \$274,286 could be fully or partially waived if job creation goals are met. At September 30, 2016, 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>
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
2021	6,687,387	630,000
Future years	<u>52,554,922</u>	<u>6,960,000</u>
	<u>\$ 90,912,420</u>	<u>\$ 14,352,453</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, 2016

NOTE 19 - 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, 2016, AEDC received rentals in the amount of \$146,790 and paid \$115,683 to the City for lease of this property.

The AEDC has other operating leases for office and warehouse space to unrelated third parties. During 2016, they received \$548,384 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, 2016, the AEDC's property, plant, and equipment were as follows:

Buildings and improvements	\$ 22,137,969
Vehicles and equipment	27,889
Construction in progress	1,187,981
Accumulated depreciation	<u>(8,793,992)</u>
Total capital assets	<u>\$ 14,559,847</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, 2016, was \$74,528.

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 5.30% through 6.25%. Scheduled principal payments are as follows: 2017, \$3,200,000; 2018, \$3,365,000; 2019, \$1,620,000; 2020, \$1,720,000; 2021, \$1,825,000; and thereafter \$13,615,000. The principal outstanding at September 30, 2016, was \$25,345,000.

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, 2016

NOTE 19 - 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: 2017, \$1,480,000; 2018, \$1,555,000; 2019, \$1,635,000; 2020, \$1,720,000; 2021, \$1,835,000; and thereafter \$22,940,000. The principal outstanding at September 30, 2016, was \$31,165,000.

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

Commitments

At September 30, 2016, 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 \$36,000,000.

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

During 2016, AEDC committed approximately \$15.0 million to a university. An additional \$6.0 million has been committed to Bell Helicopter for a delivery center. Additionally, they have a 3.3 million commitment to a wind energy company pending from 2015. Another .4 million is still owed on a commitment to Xcel Energy to assist in their new downtown location. There is an outstanding commitment to Bell Helicopter of \$3.0 million for the construction of a new run stand. They amended a commitment to Amarillo College from \$2.8 million to \$1.6 million. There is currently \$1.25 million outstanding on this commitment. Other various commitments outstanding are approximately \$3.7 million.

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 20 - 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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 20 - AMARILLO-POTTER EVENTS VENUE DISTRICT (CONTINUED)

Significant Accounting Policies (Continued)

cover any shortfall in the tax revenues available for the debt service.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Preparation

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

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

Depreciation is provided for on the straight-line method over the estimated useful lives of the facilities. The primary depreciable asset of the Venue District at September 30, 2016, was a livestock arena, and its estimated useful life is 40 years.

Physical Facilities

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

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

Financing

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

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 20 - AMARILLO-POTTER EVENTS VENUE DISTRICT (CONTINUED)

Financing (Continued)

considered defeased and, therefore, removed as a liability from the Venue District's financial statements. The principal amount outstanding at September 30, 2016, on the 2016 bond issue was \$5,085,000.

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, 2016, on the bond issues was \$6,085,000.

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. 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 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 in the budgetary process approximately \$50,000 to AQHA to offset show expense and \$65,000 to other events.

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 21 - 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, 2016

NOTE 21 - 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 22 - 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 \$48,654 in 2016.

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, as of September 30, 2016, TIRZ #1 had paid out \$0.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 22 - 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.

On February 12, 2015, TIRZ #1 agreed to provide annual reimbursement to SPS Amarillo TX Landlord, LLC of 90% of the annual ad valorem tax increment from participating taxing entities that is generated by the Property's ad valorem tax revenue until the expiration of TIRZ #1 (2036). The term "tax increment" means the difference in tax revenue generated by the increase in the Property's taxable value between the year in which the City approved this Agreement and January 1 of each subsequent tax year during the term of this Agreement.

During 2016, the TIRZ #1 Board approved: for Mays, Inc. (Lofts on 10th) a 90% rebate of real property tax excluding School for 10 years pending completion of project; and a \$50,000 streetscape grant for the Vineyard Manor Townhomes.

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 - 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.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 23 - AMARILLO LOCAL GOVERNMENT CORPORATION (CONTINUED)

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 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.

On February 17, 2016, the LGC Board awarded the construction contract for the Downtown Parking Garage to Western Builders for \$15,650,000. As of September 30, 2016, LGC has recorded retainage payable of \$527,416 and has an outstanding commitment of approximately \$5,132,000.

Financial Statements

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

NOTE 24 - 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 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 implementation of this pronouncement enhanced footnote disclosures related to fair value measurements.

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 implementation of this pronouncement did not have a material effect on the financial statements.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 24 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, replaces GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2016.

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.

GASB Statement No. 78, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers; and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. GASB 78 is effective for financial statements for reporting periods beginning after December 15, 2015.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes and provides guidance that will allow many pools to continue to qualify for amortized cost accounting. Existing standards provide that external investment pools may measure their investments at amortized cost for financial reporting purposes, if they follow substantially all of the provisions of the SEC's Rule 2a-7. Likewise, participants in those pools are able to report their investments in the pool at amortized cost per share. GASB 79 replaces the reference in existing GASB literature to Rule 2a-7 with criteria that are similar in many respects to those in Rule 2a-7. GASB 79 is effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

CITY OF AMARILLO, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
Year Ended September 30, 2016

NOTE 24 - NEW GASB PRONOUNCEMENTS (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

GASB Statement No. 80, *Blending Requirement for Certain Component Units*, clarifies the display requirements in GASB Statement No. 14, *The Financial Reporting Entity*, by requiring these component units to be blended into the primary state or local government's financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member. Although GASB 80 applies to a limited number of governmental units, such as, for example, public hospitals, the GASB intends for it to enhance the comparability of financial statements among those units and improve the value of this information for users of state and local government financial statements. GASB 80 is effective for financial statements for reporting periods beginning after June 15, 2016.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. GASB 81 requires that a government recognize revenue when the resources become applicable to the reporting period. GASB 81 is effective for financial statements for reporting periods beginning after June 15, 2016.

GASB Statement No. 82, *Pension Issues*, is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance. Specifically, the practice issues raised by stakeholders during implementation relate to GASB 67, 68, and 73. GASB 82 is effective for financial statements for reporting periods beginning after June 15, 2016.

NOTE 25 - SUBSEQUENT EVENTS

The City evaluated for inclusion as a subsequent event disclosure those events that occurred prior to February 21, 2017, the date the financial statements were issued.

On January 24, 2017, the City Council authorized the City of Amarillo, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2017 in the amount of \$6,940,000. The bonds will be used to acquire a two-way radio communications system for public safety. Concurrently, the City Council authorized \$15,110,000 of General Obligation Refunding Bonds, Series 2017 to refund the outstanding Certificates of Obligation, Series 2007 bonds.

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

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REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

CITY OF AMARILLO, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2016

	<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>	
REVENUES					
Ad valorem taxes	\$ 39,220,845	\$ 39,220,845	\$ 40,001,867	\$ -	\$ 781,022
Sales taxes	56,141,897	56,141,897	56,093,996	-	(47,901)
Mixed beverage taxes	775,000	775,000	810,426	-	35,426
Hotel occupancy taxes	6,521,481	6,521,481	6,777,185	-	255,704
Gross receipts bus. taxes	18,867,088	18,867,088	16,778,557	-	(2,088,531)
Licenses and permits	3,148,661	3,148,661	3,234,237	-	85,576
Interfund reimbursement	969,208	969,208	919,710	-	(49,498)
Intergovernmental revenue	3,740,741	3,740,741	3,723,787	-	(16,954)
Contributions from citizens	11,000	11,000	22,407	-	11,407
Charges for services	33,537,403	33,537,403	32,642,435	-	(894,968)
Fines and forfeitures	4,730,980	4,730,980	4,418,020	-	(312,960)
Investment earnings	445,300	445,300	419,368	-	(25,932)
Other rentals and commissions	431,775	431,775	491,669	-	59,894
Miscellaneous revenues	444,742	444,742	431,090	-	(13,652)
Total Revenues	168,986,121	168,986,121	166,764,754	-	(2,221,367)
EXPENDITURES					
Auditorium/Coliseum	3,610,201	3,622,801	3,312,008	(14,592)	325,385
Tourism	3,647,371	3,647,371	3,433,718	(27,830)	241,483
Fire protection	30,431,842	30,523,766	30,483,623	37,083	3,060
General government	4,031,217	4,326,509	4,137,134	(1,346)	190,721
Libraries	3,900,004	3,921,370	3,847,226	624	73,520
Public safety and health	11,148,181	11,114,441	10,772,134	(55,395)	397,702
Parks	7,551,750	7,581,837	7,216,441	5,530	359,866
Participant recreation	5,888,093	5,902,640	5,357,120	(1,140)	546,660
Police protection	45,389,746	45,577,479	44,008,330	24,962	1,544,187
Solid waste	14,014,251	13,771,762	13,051,491	15,035	705,236
Staff services	9,827,014	10,059,410	9,537,207	(677)	522,880
Information technology	3,775,895	3,775,895	3,775,895	-	-
Streets traffic and engineering	16,191,615	16,208,347	14,343,226	(1,625)	1,866,746
Transit	4,878,105	4,899,041	4,633,595	(49,553)	314,999
Total Expenditures	164,285,285	164,932,669	157,909,148	(68,924)	7,092,445
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,700,836	4,053,452	8,855,606	68,924	4,871,078
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	96,515	114,188	17,673	-	(96,515)
Transfers to other funds	(12,395,206)	(12,130,247)	(12,096,776)	-	33,471
Total Other Financing Sources (Uses)	(12,298,691)	(12,016,059)	(12,079,103)	-	(63,044)
Net Change in Fund Balances	(7,597,855)	(7,962,607)	(3,223,497)	68,924	4,808,034
FUND BALANCE OCTOBER 1, 2015	5,193,315	5,102,876	51,303,347	491,803	46,692,274
FUND BALANCE, SEPTEMBER 30, 2016	\$ (2,404,540)	\$ (2,859,731)	\$ 48,079,850	\$ 560,727	\$ 51,500,308

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, 2016

	2015 ⁽¹⁾	2014 ⁽¹⁾
Total Pension Liability		
Service cost	\$ 10,715,246	\$ 9,500,808
Interest (on the total pension liability)	28,509,723	27,566,183
Changes of benefit terms	-	-
Difference between expected and actual experience	2,896,352	(425,198)
Change of assumptions	7,637,919	-
Benefit payments, including refunds of employee contributions	(25,769,544)	(21,770,206)
Net change in Total Pension Liability	23,989,696	14,871,587
Total Pension Liability - Beginning	414,808,902	399,937,315
Total Pension Liability - Ending (a)	<u>\$ 438,798,598</u>	<u>\$ 414,808,902</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 8,989,606	\$ 8,771,979
Contributions - employee	5,589,314	5,307,168
Net investment income	563,574	21,096,607
Benefit payments, including refunds of employee contributions	(25,769,544)	(21,770,206)
Administrative expense	(343,321)	(220,283)
Other	(16,957)	(18,110)
Net Change in Plan Fiduciary Net Position	(10,987,328)	13,167,155
Plan Fiduciary Net Position - Beginning	381,991,555	368,824,400
Plan Fiduciary Net Position - Ending (b)	<u>\$ 371,004,227</u>	<u>\$ 381,991,555</u>
Net Pension Liability - Ending (a) - (b)	\$ 67,794,371	\$ 32,817,347
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	84.55%	92.09%
Covered Employee Payroll	\$ 79,785,899	\$ 75,816,680
Net Position Liability as a Percentage of Covered Employee Payroll	84.97%	43.29%

⁽¹⁾ Amounts are based on the Texas Municipal Retirement System Plan year end December 31
 Information to present a ten-year history is not readily available.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
 TEXAS MUNICIPAL RETIREMENT SYSTEM
 SCHEDULE OF CONTRIBUTIONS
 SEPTEMBER 30, 2016

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 8,571,738	\$ 8,723,824
Contributions in relation to the actuarially determined contribution	<u>8,545,939</u>	<u>8,723,824</u>
Contribution deficiency (excess)	<u>\$ 25,799</u>	<u>\$ -</u>
Covered employee payroll	<u>\$ 77,629,583</u>	<u>\$ 76,977,081</u>
Contributions as a percentage of covered employee payroll	11.01%	11.33%

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

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
TEXAS MUNICIPAL RETIREMENT SYSTEM
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2016**

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	30 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Individual salary increases	3.00% to 10.5%, including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experienced study of the period 2010-2014
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 - CHANGE IN ASSUMPTION

The investment rate of return assumption was decreased from 7.00% to 6.75%.

NOTE 4 - 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, 2016**

	2015 ⁽¹⁾	2014 ⁽¹⁾
Total Pension Liability		
Service cost	\$ 3,983,821	\$ 3,830,597
Interest (on the total pension liability)	13,596,993	13,071,902
Changes of benefit terms	-	-
Difference between expected and actual experience	4,740,472	-
Change of assumptions	4,770,803	-
Benefit payments, including refunds of employee contributions	(11,340,691)	(10,131,932)
Net change in Total Pension Liability	15,751,398	6,770,567
Total Pension Liability - Beginning	166,498,571	159,728,004
Total Pension Liability - Ending (a)	\$ 182,249,969	\$ 166,498,571
 Plan Fiduciary Net Position		
Contributions - employer	\$ 3,559,287	\$ 3,311,865
Contributions - employee	2,456,814	2,286,471
Net investment income	12,177,834	6,499,411
Gain (loss) due to difference in projected vs. actual earnings	(12,274,477)	-
Benefit payments, including refunds of employee contributions	(11,340,691)	(10,131,932)
Administrative expense	(436,742)	(90,633)
Other	50,173	5,165
Net Change in Plan Fiduciary Net Position	(5,807,802)	1,880,347
Plan Fiduciary Net Position - Beginning	150,465,683	148,585,336
Plan Fiduciary Net Position - Ending (b)	\$ 144,657,881	\$ 150,465,683
City's Net Pension Liability - Ending (a) - (b)	\$ 37,592,088	\$ 16,032,888
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79.37%	90.37%
Covered Employee Payroll	\$ 18,902,215	\$ 17,588,238
Net Position Liability as a Percentage of Covered Employee Payroll	198.88%	91.16%

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

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

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
 FIREMEN'S RELIEF AND RETIREMENT FUND
 SCHEDULE OF CONTRIBUTIONS
 SEPTEMBER 30, 2016**

	2016	2015
Actuarially determined contribution	\$ 3,576,216	\$ 3,432,058
Contributions in relation to the actuarially determined contribution	3,576,216	3,432,058
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 18,890,426	\$ 18,288,556
Contributions as a percentage of covered employee payroll	18.91%	18.77%

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

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
SEPTEMBER 30, 2016**

NOTE 1 - ACTUARIAL METHODS AND ASSUMPTIONS

The information presented in the required supplementary schedules was determined as part of the biennial actuarial valuations. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2015
Actuarial cost method	Individual entry age normal actuarial cost method
Amortization method	Level percentage of pay, open
Remaining amortization period	34.5 years
Asset calculation method	5-yr smoothed market; 20% of market value corridor

Actuarial assumptions:

Investment rate of return	8.00%
Inflation	3.00%
Projected salary increases	4.00% to 12.10%, including inflation
Contribution rate:	
City of Amarillo	18.83%
Employees	13.00%
Mortality rate	RP-2000 mortality table projected to 2024 using scale AA, male and female rates

NOTE 2 - EMPLOYER CONTRIBUTIONS

Employer fiscal year contributions are actuarially determined in the preceding valuation. The range of recommended contributions was based on amortization of the actuarial accrued liability over a period ranging from 10 to 30 years. The amortization period as of December 31, 2015, was approximately 34.5 years, taking into account the contributions made between January 1, 2015, and December 31, 2015. 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, 2015 and 2014 were approximately \$3,600,000 and \$3,300,000, respectively.

NOTE 3 – CHANGE IN ASSUMPTIONS

The investment rate of return assumption was decreased from 8.25% to 8.00%.

NOTE 4 - OTHER INFORMATION

There were no benefit changes during the year.

Covered compensation was approximately \$18,900,000 and \$17,600,000 for calendar years 2015 and 2014, respectively.

For 2015, 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, 2016**

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]
10/1/16 ⁽¹⁾	\$ 8,511,012 ⁽²⁾	\$ 73,131,575	\$ 64,620,563	11.6%	\$ 100,443,000	64.3%
10/1/15	5,759,819	70,340,783	64,580,964	8.2%	97,385,000	66.3%
10/1/14	3,657,652	69,780,405	66,122,753	5.2%	90,872,000	72.8%
10/1/13	1,341,136	67,640,329	66,299,193	2.0%	87,952,000	75.4%
10/1/12	-	267,069,036	267,069,036	0.0%	94,400,488	282.9%
10/1/11	-	250,000,875	250,000,875	0.0%	91,473,341	273.3%
10/1/10	-	203,259,604	203,259,604	0.0%	82,978,108	245.0%
10/1/09	-	190,216,284	190,216,284	0.0%	80,561,270	236.1%
10/1/08	-	203,630,675	203,630,675	0.0%	80,412,465	253.2%

⁽¹⁾ The liabilities and annual costs and covered payroll are based on the 10/01/2015 GASB 45 valuation.

⁽²⁾ The Actuarial Value of Assets at 10/1/16 are based on the 10/1/2015 Actuarial Valuation Report. The fair value of the assets at September 30, 2016 was \$8,750,914 and consist of \$1,205 cash and \$8,749,709 of equity and fixed income securities.

See Independent Auditor's Report.

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

Other: These funds include:

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

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

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

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

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

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

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

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

Flood Hazard: Fees collected for playa lake development.

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

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

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Other (Continued):

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

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

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

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

Bonded Debt Service Fund

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

Compensated Absences Fund

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

Permanent Fund

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

**CITY OF AMARILLO, TEXAS
COMBINING BALANCE SHEET OF
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2016**

	Special Revenue Funds				
	Housing and Urban Development Grants	Other Grant Funds	Public Improvement Districts	Seizures Funds	Other
ASSETS					
Cash and cash equivalents	\$ 774,932	\$ 2,129,408	\$ 554,154	\$ 582,008	\$ 3,084,849
Investments, at fair values	-	-	-	-	2,829,844
Receivables, net of allowances for uncollectibles					
Property taxes	-	-	-	-	-
Accounts	124,388	671	1,138	-	-
Accrued Interest	-	-	-	-	1,822
Other accrued revenue	175	-	-	-	-
Due from other funds unrestricted	33,001	12,617	-	51,967	-
Due from other governments	600,448	849,253	-	2,492	-
Prepaid items	1,755	7,409	-	605	-
Restricted cash and cash equivalents	-	-	-	-	133,580
Restricted investments	-	-	-	-	500,000
TOTAL ASSETS	\$ 1,534,699	\$ 2,999,358	\$ 555,292	\$ 637,072	\$ 6,550,095
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Vouchers payable	\$ 283,912	\$ 137,975	\$ 29,209	\$ 127,377	\$ 44,411
Accounts payable	88,833	169,537	252	12	269,682
Accrued expenditures	18,110	29,580	1,047	-	9,561
Deposits	-	-	-	-	1,268,955
Due to other funds - unrestricted	340,211	590,000	7,000	83,232	-
Due to other governments	2,369	-	-	22,110	-
Unearned revenues - other	75,417	4,441	-	-	-
Unearned revenues - property taxes	-	-	-	-	-
Total liabilities	808,852	931,533	37,508	232,731	1,592,609
FUND BALANCES					
Nonspendable					
Prepaid items	1,755	7,409	-	605	-
Uncollected taxes	-	-	-	-	-
Restricted for:					
Debt Service	-	-	-	-	-
Special purposes	667,581	2,060,416	517,784	403,736	4,957,486
Committed for:					
Compensated Absences	56,511	-	-	-	-
Total fund balances	725,847	2,067,825	517,784	404,341	4,957,486
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,534,699	\$ 2,999,358	\$ 555,292	\$ 637,072	\$ 6,550,095

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>
\$ 906,952	\$ 598,187	\$ 17,694	\$ 8,648,184
-	4,250,415	-	7,080,259
22,580	-	-	22,580
-	-	-	126,197
-	10,160	-	11,982
-	-	-	175
-	-	-	97,585
-	-	-	1,452,193
-	-	-	9,769
-	-	-	133,580
-	-	-	500,000
<u>\$ 929,532</u>	<u>\$ 4,858,762</u>	<u>\$ 17,694</u>	<u>\$ 18,082,504</u>
\$ -	\$ -	\$ -	\$ 622,884
2,748	(4)	1	531,061
-	-	-	58,298
-	-	-	1,268,955
-	-	-	1,020,443
-	-	-	24,479
-	-	-	79,858
18,762	-	-	18,762
<u>21,510</u>	<u>(4)</u>	<u>1</u>	<u>3,624,740</u>
-	-	-	9,769
3,818	-	-	3,818
904,204	-	-	904,204
-	-	17,693	8,624,696
-	4,858,766	-	4,915,277
<u>908,022</u>	<u>4,858,766</u>	<u>17,693</u>	<u>14,457,764</u>
<u>\$ 929,532</u>	<u>\$ 4,858,762</u>	<u>\$ 17,694</u>	<u>\$ 18,082,504</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, 2016**

	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	10,638,209	5,749,454	-	-	239,881
Citizen contributions	-	-	-	-	2,457
Construction participation	13,351	-	-	-	-
Revenue from participating taxing entities	-	-	-	-	655,852
Other entity participations	-	100,000	-	-	-
Charges for services	30,051	44,892	1,244,178	-	530,096
Fines and forfeitures	-	-	-	106,228	1,175,716
Investment earnings	2,070	-	40	1,080	16,499
Miscellaneous	42,873	-	-	5,903	-
Total revenues	<u>10,726,554</u>	<u>5,894,346</u>	<u>1,244,218</u>	<u>113,211</u>	<u>2,620,501</u>
EXPENDITURES					
General government	-	-	-	-	1,445,188
Police protection	-	265,620	-	92,500	-
Other public safety and health	-	5,276,491	-	-	1,214,649
Staff services	-	475,253	-	-	-
Auditorium - Coliseum	-	-	-	-	301,044
Library	-	-	-	-	1,266
Parks	-	-	710,006	-	-
Participation recreation	-	-	-	-	41,625
Urban redevelopment and housing	11,107,518	-	-	-	-
Capital outlay	-	50,725	-	128,233	156,279
Debt service principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Termination vacation and sick leave pay	-	-	-	-	-
Total expenditures	<u>11,107,518</u>	<u>6,068,089</u>	<u>710,006</u>	<u>220,733</u>	<u>3,160,051</u>
Excess (deficiency) of revenues over (under) expenditures	(380,964)	(173,743)	534,212	(107,522)	(539,550)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	39,767	64,826	-	-	29,355
Transfers to other funds	-	(209,637)	(457,597)	-	(313,047)
Net change in fund balances	(341,197)	(318,554)	76,615	(107,522)	(823,242)
FUND BALANCES, BEGINNING 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>
FUND BALANCES, END OF YEAR	<u>\$ 725,847</u>	<u>\$ 2,067,825</u>	<u>\$ 517,784</u>	<u>\$ 404,341</u>	<u>\$ 4,957,486</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>
\$ 2,822,783	\$ -	\$ -	\$ 2,822,783
-	-	-	16,627,544
-	-	-	2,457
-	-	-	13,351
-	-	-	655,852
-	-	-	100,000
-	-	-	1,849,217
-	-	-	1,281,944
509	25,096	-	45,294
-	-	-	48,776
<u>2,823,292</u>	<u>25,096</u>	<u>-</u>	<u>23,447,218</u>
-	-	-	1,445,188
-	-	-	358,120
7,470	-	-	6,491,140
-	-	-	482,723
-	-	-	301,044
-	-	-	1,266
-	-	-	710,006
-	-	-	41,625
-	-	-	11,107,518
-	-	-	335,237
2,080,659	-	-	2,080,659
1,513,688	-	-	1,513,688
-	1,857,067	-	1,857,067
<u>3,601,817</u>	<u>1,857,067</u>	<u>-</u>	<u>26,725,281</u>
(778,525)	(1,831,971)	-	(3,278,063)
884,883	-	-	1,018,831
-	-	-	(980,281)
<u>106,358</u>	<u>(1,831,971)</u>	<u>-</u>	<u>(3,239,513)</u>
<u>801,664</u>	<u>6,690,737</u>	<u>17,693</u>	<u>17,697,277</u>
<u>\$ 908,022</u>	<u>\$ 4,858,766</u>	<u>\$ 17,693</u>	<u>\$ 14,457,764</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
OTHER GRANT FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016**

	Special Revenue Funds			Total Other Grant Funds
	Public Health Grants	Justice Grants	Miscellaneous Grants	
ASSETS				
Cash and cash equivalents	\$ 1,915,330	\$ 7,689	\$ 206,389	\$ 2,129,408
Receivables, net of allowances for uncollectibles				
Accounts	671	-	-	671
Due from other funds unrestricted	12,617	-	-	12,617
Due from other governments	680,073	27,312	141,868	849,253
Prepaid items	7,409	-	-	7,409
TOTAL ASSETS	\$ 2,616,100	\$ 35,001	\$ 348,257	\$ 2,999,358
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Vouchers payable	\$ 62,918	\$ -	\$ 75,057	\$ 137,975
Accounts payable	139,722	1	29,814	169,537
Accrued expense	28,975		605	29,580
Deferred revenue	4,441	-	-	4,441
Due to other funds - unrestricted	450,000	35,000	105,000	590,000
Total liabilities	686,056	35,001	210,476	931,533
FUND BALANCES				
Nonspendable:				
Prepaid items	7,409	-	-	7,409
Restricted:				
Special purposes	1,922,635	-	137,781	2,060,416
Total fund balances	1,930,044	-	137,781	2,067,825
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,616,100	\$ 35,001	\$ 348,257	\$ 2,999,358

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, 2016**

	<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	\$ 4,695,081	\$ 251,643	\$ 802,730	\$ 5,749,454
Other entity participations	100,000	-	-	100,000
Charges for services	44,892	-	-	44,892
Total revenues	<u>4,839,973</u>	<u>251,643</u>	<u>802,730</u>	<u>5,894,346</u>
EXPENDITURES				
Other public safety and health	4,815,137	-	461,354	5,276,491
Staff services	-	-	475,253	475,253
Police protection	-	265,620	-	265,620
Capital outlay	-	50,725	-	50,725
Total expenditures	<u>4,815,137</u>	<u>316,345</u>	<u>936,607</u>	<u>6,068,089</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24,836</u>	<u>(64,702)</u>	<u>(133,877)</u>	<u>(173,743)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	124	64,702	-	64,826
Operating transfers to other funds	(209,637)	-	-	(209,637)
Net change in fund balances	<u>(184,677)</u>	<u>-</u>	<u>(133,877)</u>	<u>(318,554)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>2,114,721</u>	<u>-</u>	<u>271,658</u>	<u>2,386,379</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,930,044</u>	<u>\$ -</u>	<u>\$ 137,781</u>	<u>\$ 2,067,825</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PUBLIC IMPROVEMENT DISTRICTS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016**

	<u>Greenways at Hillside</u>	<u>Brennan Boulevard</u>	<u>The Colonies</u>	<u>Tutbury</u>
ASSETS				
Cash and cash equivalents	\$ 163,537	\$ 8,952	\$ 215,401	\$ 17,536
Accounts Receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 163,537</u>	<u>\$ 8,952</u>	<u>\$ 215,401</u>	<u>\$ 17,536</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds - unrestricted	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Accrued expenses	-	-	1,047	-
Vouchers payable	<u>461</u>	<u>-</u>	<u>25,307</u>	<u>2,115</u>
Total liabilities	<u>461</u>	<u>-</u>	<u>26,354</u>	<u>2,115</u>
FUND BALANCES				
Restricted for:				
Special purposes	<u>163,076</u>	<u>8,952</u>	<u>189,047</u>	<u>15,421</u>
Total fund balances	<u>163,076</u>	<u>8,952</u>	<u>189,047</u>	<u>15,421</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 163,537</u>	<u>\$ 8,952</u>	<u>\$ 215,401</u>	<u>\$ 17,536</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>
\$ 137,872	\$ 3,051	\$ 3,660	\$ 1,157	\$ 2,988	\$ 554,154
-	938	200	-	-	1,138
<u>\$ 137,872</u>	<u>\$ 3,989</u>	<u>\$ 3,860</u>	<u>\$ 1,157</u>	<u>\$ 2,988</u>	<u>\$ 555,292</u>
\$ -	\$ -	\$ -	\$ 2,000	\$ 5,000	\$ 7,000
-	252	-	-	-	252
-	-	-	-	-	1,047
1,226	-	100	-	-	29,209
<u>1,226</u>	<u>252</u>	<u>100</u>	<u>2,000</u>	<u>5,000</u>	<u>37,508</u>
<u>136,646</u>	<u>3,737</u>	<u>3,760</u>	<u>(843)</u>	<u>(2,012)</u>	<u>517,784</u>
<u>136,646</u>	<u>3,737</u>	<u>3,760</u>	<u>(843)</u>	<u>(2,012)</u>	<u>517,784</u>
<u>\$ 137,872</u>	<u>\$ 3,989</u>	<u>\$ 3,860</u>	<u>\$ 1,157</u>	<u>\$ 2,988</u>	<u>\$ 555,292</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, 2016**

	Greenways at Hillside	Brennan Boulevard	The Colonies	Tutbury
REVENUES				
Charges for services	\$ 550,743	\$ -	\$ 611,362	\$ 16,296
Investment earnings	39	-	1	-
Total revenues	<u>550,782</u>	<u>-</u>	<u>611,363</u>	<u>16,296</u>
EXPENDITURES				
Parks	<u>333,975</u>	<u>-</u>	<u>314,406</u>	<u>13,741</u>
Total expenditures	<u>333,975</u>	<u>-</u>	<u>314,406</u>	<u>13,741</u>
Excess (deficiency) of revenues over (under) expenditures	<u>216,807</u>	<u>-</u>	<u>296,957</u>	<u>2,555</u>
OTHER FINANCING SOURCES				
Transfer to other funds	<u>(198,507)</u>	<u>-</u>	<u>(259,090)</u>	<u>-</u>
Net change in fund balances	18,300	-	37,867	2,555
FUND BALANCES, BEGINNING OF YEAR	<u>144,776</u>	<u>8,952</u>	<u>151,180</u>	<u>12,866</u>
FUND BALANCES, END OF YEAR	<u>\$ 163,076</u>	<u>\$ 8,952</u>	<u>\$ 189,047</u>	<u>\$ 15,421</u>

See Independent Auditor's Report.

<u>Point West</u>	<u>Quail Creek</u>	<u>Vineyards</u>	<u>Redstone</u>	<u>Townsquare</u>	<u>Total</u>
\$ 52,000	\$ 10,150	\$ 3,300	\$ 327	\$ -	\$ 1,244,178
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40</u>
<u>52,000</u>	<u>10,150</u>	<u>3,300</u>	<u>327</u>	<u>-</u>	<u>1,244,218</u>
<u>37,206</u>	<u>7,954</u>	<u>2,429</u>	<u>291</u>	<u>4</u>	<u>710,006</u>
<u>37,206</u>	<u>7,954</u>	<u>2,429</u>	<u>291</u>	<u>4</u>	<u>710,006</u>
<u>14,794</u>	<u>2,196</u>	<u>871</u>	<u>36</u>	<u>(4)</u>	<u>534,212</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(457,597)</u>
<u>14,794</u>	<u>2,196</u>	<u>871</u>	<u>36</u>	<u>(4)</u>	<u>76,615</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>\$ 136,646</u>	<u>\$ 3,737</u>	<u>\$ 3,760</u>	<u>\$ (843)</u>	<u>\$ (2,012)</u>	<u>\$ 517,784</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
SEIZURE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016**

	<u>Federal APD seized property</u>	<u>Local seized property</u>	<u>Texas Narcotics seized property</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 313,193	\$ 121,745	\$ 147,070	\$ 582,008
Prepaid items	-	-	605	605
Due from other governments	2,492	-	-	2,492
Due from other funds	51,967	-	-	51,967
TOTAL ASSETS	<u>\$ 367,652</u>	<u>\$ 121,745</u>	<u>\$ 147,675</u>	<u>\$ 637,072</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ 12	\$ -	\$ 12
Due to other funds - unrestricted	31,265	-	51,967	83,232
Due to other governments	-	1,891	20,219	22,110
Vouchers payable	51,967	-	75,410	127,377
Total liabilities	<u>83,232</u>	<u>1,903</u>	<u>147,596</u>	<u>232,731</u>
FUND BALANCES				
Nonspendable				
Prepaid items	-	-	605	605
Restricted for:				
Special purposes	284,420	119,842	(526)	403,736
Total fund balances	<u>284,420</u>	<u>119,842</u>	<u>79</u>	<u>404,341</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 367,652</u>	<u>\$ 121,745</u>	<u>\$ 147,675</u>	<u>\$ 637,072</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
SEIZURE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Federal APD seized property</u>	<u>Local seized property</u>	<u>Texas Narcotics seized property</u>	<u>Total</u>
REVENUES				
Investment earnings	\$ 711	\$ 156	\$ 213	\$ 1,080
Seized property revenue	30,797	75,431	-	106,228
Miscellaneous revenues	-	5,903	-	5,903
Total revenues	<u>31,508</u>	<u>81,490</u>	<u>213</u>	<u>113,211</u>
EXPENDITURES				
Police protection	1,248	55,721	35,531	92,500
Capital outlay	50,519	-	77,714	128,233
Total expenditures	<u>51,767</u>	<u>55,721</u>	<u>113,245</u>	<u>220,733</u>
Excess (deficiency) of revenues over (under) expenditures	(20,259)	25,769	(113,032)	(107,522)
FUND BALANCES, BEGINNING OF YEAR				
	<u>304,679</u>	<u>94,073</u>	<u>113,111</u>	<u>511,863</u>
FUND BALANCES, END OF YEAR				
	<u>\$ 284,420</u>	<u>\$ 119,842</u>	<u>\$ 79</u>	<u>\$ 404,341</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
MISCELLANEOUS SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2016**

	<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	\$ 191,490	\$ 10,920	\$ 34,430	\$ 13,432	\$ 19,673	\$ 775,764
Accrued interest receivable	-	-	-	-	-	-
Investments, at fair values	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Restricted investments	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 191,490</u>	<u>\$ 10,920</u>	<u>\$ 34,430</u>	<u>\$ 13,432</u>	<u>\$ 19,673</u>	<u>\$ 775,764</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Vouchers payable	\$ -	\$ -	\$ -	\$ 67	\$ -	\$ 44,344
Accounts payable	-	5,713	(2)	12,481	-	251,492
Accrued expenses	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Due to other funds - unrestricted	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>5,713</u>	<u>(2)</u>	<u>12,548</u>	<u>-</u>	<u>295,836</u>
FUND BALANCES						
Restricted:						
Special purposes	<u>191,490</u>	<u>5,207</u>	<u>34,432</u>	<u>884</u>	<u>19,673</u>	<u>479,928</u>
Total fund balances	<u>191,490</u>	<u>5,207</u>	<u>34,432</u>	<u>884</u>	<u>19,673</u>	<u>479,928</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 191,490</u>	<u>\$ 10,920</u>	<u>\$ 34,430</u>	<u>\$ 13,432</u>	<u>\$ 19,673</u>	<u>\$ 775,764</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>Tax Increment Reinvestment Zone #1</u>	<u>Total</u>
\$ 48,800	\$ 72,838	\$ 745,841	\$ 524,367	\$ 75,782	\$ 20,674	\$ 550,838	\$ 3,084,849
-	-	305	-	-	-	1,517	1,822
-	-	1,499,844	-	-	-	1,330,000	2,829,844
-	-	-	-	-	-	-	-
-	-	-	-	-	-	133,580	133,580
-	-	-	-	-	-	500,000	500,000
<u>\$ 48,800</u>	<u>\$ 72,838</u>	<u>\$ 2,245,990</u>	<u>\$ 524,367</u>	<u>\$ 75,782</u>	<u>\$ 20,674</u>	<u>\$ 2,515,935</u>	<u>\$ 6,550,095</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,411
(1)	-	-	-	-	-	(1)	269,682
-	-	-	9,561	-	-	-	9,561
-	-	1,268,955	-	-	-	-	1,268,955
-	-	-	-	-	-	-	-
<u>(1)</u>	<u>-</u>	<u>1,268,955</u>	<u>9,561</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>1,592,609</u>
<u>48,801</u>	<u>72,838</u>	<u>977,035</u>	<u>514,806</u>	<u>75,782</u>	<u>20,674</u>	<u>2,515,936</u>	<u>4,957,486</u>
<u>48,801</u>	<u>72,838</u>	<u>977,035</u>	<u>514,806</u>	<u>75,782</u>	<u>20,674</u>	<u>2,515,936</u>	<u>4,957,486</u>
<u>\$ 48,800</u>	<u>\$ 72,838</u>	<u>\$ 2,245,990</u>	<u>\$ 524,367</u>	<u>\$ 75,782</u>	<u>\$ 20,674</u>	<u>\$ 2,515,935</u>	<u>\$ 6,550,095</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, 2016

	<u>Court Technology</u>	<u>Court Security</u>	<u>LEOSE Training Program</u>	<u>Homeland Security</u>	<u>Cable Capital Facilities</u>	<u>Photo Enforcement</u>
REVENUES						
Intergovernmental revenues - operating	\$ -	\$ -	\$ 22,972	\$ 216,909	\$ -	\$ -
Citizen contributions	-	-	-	-	-	-
Revenue from participating taxing entities	-	-	-	-	-	-
Charges for services	126,015	-	2,370	-	-	-
Fines and forfeitures	-	94,510	-	-	-	1,081,206
Investment earnings	-	-	-	-	-	-
Total revenues	<u>126,015</u>	<u>94,510</u>	<u>25,342</u>	<u>216,909</u>	<u>-</u>	<u>1,081,206</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Other public safety and health	85,565	144,194	39,154	115,380	-	830,356
Auditorium - Coliseum	-	-	-	-	-	-
Library	-	-	-	-	-	-
Parks	-	-	-	-	-	-
Participant recreation	-	-	-	-	-	-
Capital outlay	20,850	-	-	110,000	-	-
Total expenditures	<u>106,415</u>	<u>144,194</u>	<u>39,154</u>	<u>225,380</u>	<u>-</u>	<u>830,356</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,600</u>	<u>(49,684)</u>	<u>(13,812)</u>	<u>(8,471)</u>	<u>-</u>	<u>250,850</u>
OTHER FINANCING SOURCES (USES)						
Transfers to other funds	-	-	-	-	-	(137,622)
Transfers from other funds	-	20,000	-	9,355	-	-
Total other financing sources and uses	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>9,355</u>	<u>-</u>	<u>(137,622)</u>
Net change in fund balances	<u>19,600</u>	<u>(29,684)</u>	<u>(13,812)</u>	<u>884</u>	<u>-</u>	<u>113,228</u>
FUND BALANCES, BEGINNING OF YEAR	<u>171,890</u>	<u>34,891</u>	<u>48,244</u>	<u>-</u>	<u>19,673</u>	<u>366,700</u>
FUND BALANCES, END OF YEAR	<u>\$ 191,490</u>	<u>\$ 5,207</u>	<u>\$ 34,432</u>	<u>\$ 884</u>	<u>\$ 19,673</u>	<u>\$ 479,928</u>

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>Tax Increment Reinvestment Zone #1</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 239,881
-	1,167	-	-	1,290	-	-	2,457
-	-	-	-	-	-	655,852	655,852
-	-	-	348,276	53,435	-	-	530,096
-	-	-	-	-	-	-	1,175,716
69	-	7,062	-	-	-	9,368	16,499
<u>69</u>	<u>1,167</u>	<u>7,062</u>	<u>348,276</u>	<u>54,725</u>	<u>-</u>	<u>665,220</u>	<u>2,620,501</u>
-	-	-	-	-	-	1,445,188	1,445,188
-	-	-	-	-	-	-	1,214,649
-	-	-	301,044	-	-	-	301,044
-	1,266	-	-	-	-	-	1,266
-	-	-	-	-	-	-	-
-	-	-	-	41,625	-	-	41,625
-	-	-	-	25,429	-	-	156,279
-	1,266	-	301,044	67,054	-	1,445,188	3,160,051
<u>69</u>	<u>(99)</u>	<u>7,062</u>	<u>47,232</u>	<u>(12,329)</u>	<u>-</u>	<u>(779,968)</u>	<u>(539,550)</u>
-	-	-	-	-	-	(175,425)	(313,047)
-	-	-	-	-	-	-	29,355
-	-	-	-	-	-	(175,425)	(283,692)
<u>69</u>	<u>(99)</u>	<u>7,062</u>	<u>47,232</u>	<u>(12,329)</u>	<u>-</u>	<u>(955,393)</u>	<u>(823,242)</u>
<u>48,732</u>	<u>72,937</u>	<u>969,973</u>	<u>467,574</u>	<u>88,111</u>	<u>20,674</u>	<u>3,471,329</u>	<u>5,780,728</u>
<u>\$ 48,801</u>	<u>\$ 72,838</u>	<u>\$ 977,035</u>	<u>\$ 514,806</u>	<u>\$ 75,782</u>	<u>\$ 20,674</u>	<u>\$ 2,515,936</u>	<u>\$ 4,957,486</u>

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, 2016**

	<u>General Construction Fund</u>	<u>Street Assessments Fund</u>	<u>Street Improvement Fund</u>	<u>Golf Course Improvement Fund</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,671,438	\$ 868,433	\$ 139,263	\$ 65,424
Restricted cash and cash equivalents	-	-	-	-
Investments, at fair values	17,621,113	-	1,500,385	-
Due from other funds	-	-	-	-
Accounts receivable	-	-	-	-
Accrued interest receivable	76,384	-	2,057	-
Prepaid items	1,000	-	-	-
TOTAL ASSETS	<u>\$ 19,369,935</u>	<u>\$ 868,433</u>	<u>\$ 1,641,705</u>	<u>\$ 65,424</u>
 LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Vouchers payable	\$ 315,257	\$ -	\$ -	\$ -
Accounts payable	149,204	-	63,751	2
Accrued expenses	634,833	-	704,773	-
Refundable security deposit	-	355,234	-	-
Due to other funds - unrestricted	460,000	-	-	-
Total liabilities	<u>1,559,294</u>	<u>355,234</u>	<u>768,524</u>	<u>2</u>
 FUND BALANCES				
Nonspendable				
Prepaid items	1,000	-	-	-
Assigned for:				
Capital projects	<u>17,809,641</u>	<u>513,199</u>	<u>873,181</u>	<u>65,422</u>
Total fund balances	<u>17,810,641</u>	<u>513,199</u>	<u>873,181</u>	<u>65,422</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,369,935</u>	<u>\$ 868,433</u>	<u>\$ 1,641,705</u>	<u>\$ 65,424</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>
\$ 1,579,509	\$ 227,138	\$ -	\$ 3,207	\$ 708,844	\$ 5,263,256
-	-	10,830,584	-	-	10,830,584
8,269,327	-	8,275,555	-	-	35,666,380
-	-	308,766	-	-	308,766
-	-	-	-	-	-
23,486	-	26,970	-	-	128,897
-	-	-	-	-	1,000
<u>\$ 9,872,322</u>	<u>\$ 227,138</u>	<u>\$ 19,441,875</u>	<u>\$ 3,207</u>	<u>\$ 708,844</u>	<u>\$ 52,198,883</u>
\$ -	\$ -	\$ 22,266	\$ -	\$ (1)	\$ 337,522
39,865	-	5,156,059	-	-	5,408,881
37,670	-	13,226	-	-	1,390,502
-	-	-	-	-	355,234
-	-	-	-	-	460,000
<u>77,535</u>	<u>-</u>	<u>5,191,551</u>	<u>-</u>	<u>(1)</u>	<u>7,952,139</u>
-	-	-	-	-	1,000
<u>9,794,787</u>	<u>227,138</u>	<u>14,250,324</u>	<u>3,207</u>	<u>708,845</u>	<u>44,245,744</u>
<u>9,794,787</u>	<u>227,138</u>	<u>14,250,324</u>	<u>3,207</u>	<u>708,845</u>	<u>44,246,744</u>
<u>\$ 9,872,322</u>	<u>\$ 227,138</u>	<u>\$ 19,441,875</u>	<u>\$ 3,207</u>	<u>\$ 708,844</u>	<u>\$ 52,198,883</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, 2016**

	<u>General Construction Fund</u>	<u>Street Assessments Fund</u>	<u>Street Improvement Fund</u>	<u>Golf Course Improvement Fund</u>
REVENUES				
Intergovernmental revenues	\$ 1,521,382	\$ -	\$ -	\$ -
Charges for services	-	-	-	186,518
Construction participations	472,699	4,441,694	-	-
Miscellaneous	7,950	-	-	-
Investment earnings	116,300	345	2,866	29
Total revenues	<u>2,118,331</u>	<u>4,442,039</u>	<u>2,866</u>	<u>186,547</u>
EXPENDITURES				
Police protection	38,695	-	-	-
Fire protection	-	-	-	-
Parks	-	-	-	-
Solid waste	-	-	-	-
Streets traffic and engineer	-	-	-	-
Staff services	-	-	-	-
Economic Development/Tourism	-	-	-	-
Capital outlay	10,794,757	4,442,410	1,949,559	-
Total expenditures	<u>10,833,452</u>	<u>4,442,410</u>	<u>1,949,559</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,715,121)</u>	<u>(371)</u>	<u>(1,946,693)</u>	<u>186,547</u>
OTHER FINANCING SOURCES (USES)				
Insurance recovery/cost	(1,707,970)	-	-	-
Transfers to other funds	(399,105)	-	-	(251,863)
Transfers from other funds	7,543,691	-	1,500,000	-
Proceeds from issuance of long-term debt	-	-	-	-
Bond premium/issuance cost	-	-	-	-
Total other financing sources and uses	<u>5,436,616</u>	<u>-</u>	<u>1,500,000</u>	<u>(251,863)</u>
Net change in fund balances	(3,278,505)	(371)	(446,693)	(65,316)
FUND BALANCES, BEGINNING OF YEAR	<u>21,089,146</u>	<u>513,570</u>	<u>1,319,874</u>	<u>130,738</u>
FUND BALANCES, END OF YEAR	<u>\$ 17,810,641</u>	<u>\$ 513,199</u>	<u>\$ 873,181</u>	<u>\$ 65,422</u>

See Independent Auditor's Report.

Solid Waste Disposal Improvement Fund	T-Anchor Bivins Improvement Fund	Civic Center Improvement Fund	Animal Shelter Improvement Fund	Park Improvement Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,521,382
-	-	-	-	-	186,518
-	-	150,000	-	-	5,064,393
-	-	-	-	-	7,950
49,732	217	47,954	-	780	218,223
<u>49,732</u>	<u>217</u>	<u>197,954</u>	<u>-</u>	<u>780</u>	<u>6,998,466</u>
-	-	-	-	-	38,695
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
312,852	15,375	8,778,200	-	-	8,778,200
<u>312,852</u>	<u>15,375</u>	<u>232,442</u>	<u>-</u>	<u>-</u>	<u>17,747,395</u>
<u>312,852</u>	<u>15,375</u>	<u>9,010,642</u>	<u>-</u>	<u>-</u>	<u>26,564,290</u>
<u>(263,120)</u>	<u>(15,158)</u>	<u>(8,812,688)</u>	<u>-</u>	<u>780</u>	<u>(19,565,824)</u>
-	-	330,000	-	-	(1,377,970)
-	-	-	-	-	(650,968)
-	-	2,746,298	-	-	11,789,989
-	-	11,995,000	-	-	11,995,000
-	-	(401,232)	-	-	(401,232)
-	-	<u>14,670,066</u>	<u>-</u>	<u>-</u>	<u>21,354,819</u>
(263,120)	(15,158)	5,857,378	-	780	1,788,995
<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>\$ 9,794,787</u>	<u>\$ 227,138</u>	<u>\$ 14,250,324</u>	<u>\$ 3,207</u>	<u>\$ 708,845</u>	<u>\$ 44,246,744</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, 2016**

	<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	\$ 1,262,597	\$ 1,171,141	\$ 1,245,596	\$ 2,549,809	\$ 6,229,143
Investments at fair value	9,529,188	2,751,349	14,273,898	3,007,875	29,562,310
Receivables (net of allowances for uncollectibles)					
Accounts	28	1,994	741,223	865,573	1,608,818
Accrued interest	26,279	5,648	34,195	4,529	70,651
Due from other funds	2,832	3,721	272	181,234	188,059
Inventory of supplies at cost	193,739	6,746	-	-	200,485
Prepaid expenses	-	-	536,684	-	536,684
Total current assets	<u>11,014,663</u>	<u>3,940,599</u>	<u>16,831,868</u>	<u>6,609,020</u>	<u>38,396,150</u>
NONCURRENT ASSETS					
Restricted cash and cash equivalents	104,625	-	-	-	104,625
Capital assets					
Improvements	768,005	4,735,666	-	-	5,503,671
Accumulated depreciation	(203,756)	(3,895,023)	-	-	(4,098,779)
Equipment	465,308	3,949,940	62,819	4,975	4,483,042
Accumulated depreciation	(265,918)	(3,798,133)	(56,819)	(3,323)	(4,124,193)
Vehicles	65,911,618	-	-	-	65,911,618
Accumulated depreciation	(37,578,058)	-	-	-	(37,578,058)
Construction in progress	3,349	2,094,032	-	-	2,097,381
Total capital assets, net of accumulated depreciation	<u>29,100,548</u>	<u>3,086,482</u>	<u>6,000</u>	<u>1,652</u>	<u>32,194,682</u>
Total noncurrent assets	<u>29,205,173</u>	<u>3,086,482</u>	<u>6,000</u>	<u>1,652</u>	<u>32,299,307</u>
TOTAL ASSETS	<u>\$ 40,219,836</u>	<u>\$ 7,027,081</u>	<u>\$ 16,837,868</u>	<u>\$ 6,610,672</u>	<u>\$ 70,695,457</u>
DEFERRED OUTFLOWS	<u>\$ 807,549</u>	<u>\$ 1,019,862</u>	<u>\$ -</u>	<u>\$ 178,191</u>	<u>\$ 2,005,602</u>
LIABILITIES					
CURRENT LIABILITIES					
Vouchers payable	\$ 416,389	\$ 273,184	\$ 184,254	\$ 385,643	\$ 1,259,470
Accounts payable	-	-	134,194	136,059	270,253
Accrued expenses	103,988	131,292	4,358	54,669	294,307
Due to other funds	-	-	-	185,558	185,558
Bonded debt current maturity	910,000	-	-	-	910,000
Estimated liability for incurred losses	-	-	2,653,352	2,252,000	4,905,352
Current portion of compensated absences	34,168	107,868	2,829	7,123	151,988
Total current liabilities	<u>1,464,545</u>	<u>512,344</u>	<u>2,978,987</u>	<u>3,021,052</u>	<u>7,976,928</u>
NONCURRENT LIABILITIES					
Provision for compensated absences, net	255,179	251,382	16,609	15,495	538,665
Estimated liability for incurred losses, net of current portion	-	-	10,851,660	2,175,001	13,026,661
Bonded debt, net of current	1,413,931	-	-	-	1,413,931
Postemployment benefit	-	-	-	98,183,734	98,183,734
Net pension liability	1,444,020	1,823,669	-	318,634	3,586,323
Total noncurrent liabilities	<u>3,113,130</u>	<u>2,075,051</u>	<u>10,868,269</u>	<u>100,692,864</u>	<u>116,749,314</u>
TOTAL LIABILITIES	<u>\$ 4,577,675</u>	<u>\$ 2,587,395</u>	<u>\$ 13,847,256</u>	<u>\$ 103,713,916</u>	<u>\$ 124,726,242</u>
DEFERRED INFLOWS	<u>\$ 4,772</u>	<u>\$ 6,026</u>	<u>\$ -</u>	<u>\$ 1,053</u>	<u>\$ 11,851</u>
NET POSITION					
Net investment in capital assets	\$ 26,776,617	\$ 3,086,482	\$ 6,000	\$ 1,652	\$ 29,870,751
Restricted for debt service	104,625	-	-	-	104,625
Unrestricted	9,563,696	2,367,040	2,984,612	(96,927,758)	(82,012,410)
TOTAL NET POSITION	<u>\$ 36,444,938</u>	<u>\$ 5,453,522</u>	<u>\$ 2,990,612</u>	<u>\$ (96,926,106)</u>	<u>\$ (52,037,034)</u>

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, 2016**

	<u>Municipal Garage</u>	<u>Information Services</u>	<u>Risk Management</u>	<u>Employee Insurance</u>	<u>Total</u>
OPERATING REVENUES					
Charges for services	\$ -	\$ -	\$ (79)	\$ 1,266,248	\$ 1,266,169
Internal charges	16,074,583	5,591,428	5,193,550	16,103,477	42,963,038
Employee contributions	-	-	-	5,426,457	5,426,457
Miscellaneous	-	-	-	(144)	(144)
Total operating revenues	<u>16,074,583</u>	<u>5,591,428</u>	<u>5,193,471</u>	<u>22,796,038</u>	<u>49,655,520</u>
OPERATING EXPENSES					
Salaries, wages, fringes	2,227,796	3,019,059	196,311	505,065	5,948,231
Supplies	2,319,462	386,464	760,084	101,087	3,567,097
Fuel and oil	1,842,874	-	-	-	1,842,874
Contractual services	118,878	1,606,601	173,375	1,344,430	3,243,284
Claims, net of settlements	-	-	3,830,532	17,962,513	21,793,045
Postemployment expense	-	-	-	2,019,469	2,019,469
Other charges	1,097,201	236,407	1,482,106	1,502,284	4,317,998
Depreciation	6,150,193	480,368	2,256	66	6,632,883
Total operating expenses	<u>13,756,404</u>	<u>5,728,899</u>	<u>6,444,664</u>	<u>23,434,914</u>	<u>49,364,881</u>
Operating income (loss)	<u>2,318,179</u>	<u>(137,471)</u>	<u>(1,251,193)</u>	<u>(638,876)</u>	<u>290,639</u>
NONOPERATING REVENUES (EXPENSES)					
Interest earnings	50,176	12,607	78,776	14,088	155,647
Changes in value of investments	7,938	662	(4,381)	607	4,826
Interest and fiscal charges	(29,463)	-	-	-	(29,463)
Gain (loss) on property sales	1,009,858	(118,197)	-	-	891,661
Miscellaneous revenues	39,209	-	-	-	39,209
Total nonoperating revenues (expenses)	<u>1,077,718</u>	<u>(104,928)</u>	<u>74,395</u>	<u>14,695</u>	<u>1,061,880</u>
Income (loss) before contributions and transfers	3,395,897	(242,399)	(1,176,798)	(624,181)	1,352,519
TRANSFERS					
TO MUNICIPALITY - CASH	-	-	-	-	-
FROM MUNICIPALITY - CASH	1,868,980	257,244	195,729	-	2,321,953
Change in net position	<u>5,264,877</u>	<u>14,845</u>	<u>(981,069)</u>	<u>(624,181)</u>	<u>3,674,472</u>
NET POSITION AT BEGINNING 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>
NET POSITION AT END OF YEAR					
	<u>\$ 36,444,938</u>	<u>\$ 5,453,522</u>	<u>\$ 2,990,612</u>	<u>\$ (96,926,106)</u>	<u>\$ (52,037,034)</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016**

	<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	\$ 16,074,583	\$ 5,589,571	\$ 5,039,910	\$ 22,683,732	\$ 49,387,796
Cash payments to suppliers for goods and services	(5,221,916)	(2,082,268)	(2,078,061)	(3,092,746)	(12,474,991)
Cash payments to employees	(2,011,201)	(2,782,699)	(172,515)	(434,622)	(5,401,037)
Cash payments for claims and loss adjustments	-	-	(2,829,034)	(19,394,235)	(22,223,269)
Net cash provided (used) by operating activities	<u>8,841,466</u>	<u>724,604</u>	<u>(39,700)</u>	<u>(237,871)</u>	<u>9,288,499</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	1,868,980	257,244	195,729	-	2,321,953
Transfers to other funds	(48,410)	-	-	307	(48,103)
Amounts borrowed/repaid from other funds	(2,832)	(47,112)	-	2,443,265	2,393,321
Amounts loaned to other funds	-	(2,965)	(272)	-	(3,237)
Net cash provided (used) by noncapital financing activities	<u>1,817,738</u>	<u>207,167</u>	<u>195,457</u>	<u>2,443,572</u>	<u>4,663,934</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(10,155,474)	(958,733)	-	-	(11,114,207)
Principal paid on bond maturities	(900,000)	-	-	-	(900,000)
Interest expense	(42,388)	-	-	-	(42,388)
Insurance proceeds	39,209	-	-	-	39,209
Proceeds from sale of equipment	967,499	-	-	-	967,499
Net cash provided (used) by capital financing activities	<u>(10,091,154)</u>	<u>(958,733)</u>	<u>-</u>	<u>-</u>	<u>(11,049,887)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sales and maturities of investment securities	7,750,000	2,750,000	13,750,000	1,500,000	25,750,000
Purchase of investment securities	(9,532,064)	(2,497,705)	(14,017,232)	(4,009,073)	(30,056,074)
Interest and gains (losses) on investments	48,403	23,238	104,733	11,901	188,275
Net cash provided (used) by investing activities	<u>(1,733,661)</u>	<u>275,533</u>	<u>(162,499)</u>	<u>(2,497,172)</u>	<u>(4,117,799)</u>
Net increase (decrease) in cash and cash equivalents	(1,165,611)	248,571	(6,742)	(291,471)	(1,215,253)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>2,532,833</u>	<u>922,570</u>	<u>1,252,338</u>	<u>2,841,280</u>	<u>7,549,021</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 1,367,222</u>	<u>\$ 1,171,141</u>	<u>\$ 1,245,596</u>	<u>\$ 2,549,809</u>	<u>\$ 6,333,768</u>

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS, CONTINUED
YEAR ENDED SEPTEMBER 30, 2016

	<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)	\$ 2,318,179	\$ (137,471)	\$ (1,251,193)	\$ (638,876)	\$ 290,639
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	6,150,193	480,368	2,256	66	6,632,883
(Increase) decrease in accounts receivable	-	(507)	(21,373)	(112,306)	(134,186)
(Increase) decrease in deferred outflows	(585,965)	(740,021)	-	(129,297)	(1,455,283)
(Increase) decrease in inventories	13,435	-	-	-	13,435
(Increase) decrease in prepaid expenses	-	-	42,367	-	42,367
Increase (decrease) in vouchers payable	143,064	145,854	28,759	340,819	658,496
Increase (decrease) in accounts payable	-	-	134,190	(485,764)	(351,574)
Increase (decrease) in accrued expenses	19,384	42,600	4,358	34,640	100,982
Increase (decrease) in deferred inflows	(2,143)	(2,706)	-	(472)	(5,321)
Increase (decrease) in provision for compensated absences	40,308	(4,396)	19,438	1,180	56,530
Increase (decrease) in estimated claims liabilities	-	-	-	587,747	587,747
Increase (decrease) in net pension liability	745,011	940,883	-	164,392	1,850,286
Increase (decrease) in IBNR accrual	-	-	1,001,498	-	1,001,498
Net cash provided (used) by operating activities	<u>\$ 8,841,466</u>	<u>\$ 724,604</u>	<u>\$ (39,700)</u>	<u>\$ (237,871)</u>	<u>\$ 9,288,499</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Decreases (increases) in fair values of investments	\$ 7,938	\$ 662	\$ (4,381)	\$ 607	\$ 4,826

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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, 2016**

ASSETS

Cash and cash equivalents	\$ 417,850
Restricted cash and cash equivalents	107,088
Investments at fair value	43,944,176
Receivables (net of allowances for uncollectibles)	
Property taxes	280,239
Solid waste and other	1,719,051
Accrued interest	124,582
Other accrued revenue	2,041,313
Due from other funds	2,554,797
Due from other governments	5,225,174
Inventory of supplies	1,681,954
Prepaid items	21,203
TOTAL ASSETS	<u>\$ 58,117,427</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Vouchers payable	\$ 1,762,161
Accounts payable	2,115,214
Accrued expenses	4,801,078
Deposits	8,901
Due to other funds - unrestricted	333,207
Due to other governments	710,613
Unearned revenue property taxes	234,419
Unearned revenues other	71,984
Total liabilities	<u>10,037,577</u>

FUND BALANCE

Nonspendable:	
Inventory	1,681,954
Prepaid items	21,203
Uncollected taxes	45,820
Unassigned	46,330,873
Total fund balance	<u>48,079,850</u>

TOTAL LIABILITIES AND FUND BALANCE

\$ 58,117,427

**CITY OF AMARILLO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
SEPTEMBER 30, 2016**

REVENUES

Taxes	\$ 120,462,031
License and permits	3,234,237
Interfund revenues	919,710
Intergovernmental revenues	3,723,787
Contributions - citizens	22,407
Charges for services	32,642,435
Fines and forfeitures	4,418,020
Investment earnings	419,368
Other rentals and commissions	491,669
Miscellaneous	431,090
	<u>166,764,754</u>
Total revenues	<u>166,764,754</u>

EXPENDITURES

Current	
General government	4,137,134
Staff services	9,526,715
Public safety and health	
Police protection	43,977,886
Fire protection	30,483,623
Other	10,727,113
Streets, traffic and engineering	14,302,846
Culture and recreation	
Auditorium-colliseum	3,301,462
Libraries	3,847,226
Parks	7,216,441
Participant recreation	5,357,120
Solid waste	13,019,526
Transit system	4,633,595
Information technology	3,775,895
Economic Development/Tourism	3,433,718
Capital outlay	168,848
	<u>157,909,148</u>
Total expenditures	<u>157,909,148</u>

**EXCESS OF REVENUES OVER
EXPENDITURES**

8,855,606

OTHER FINANCING SOURCES (USES)

Transfers from other funds	17,673
Transfers to other funds	(12,096,776)
	<u>(3,223,497)</u>
Net change in fund balance	<u>(3,223,497)</u>

FUND BALANCE, BEGINNING OF YEAR

51,303,347

FUND BALANCE, END OF YEAR

\$ 48,079,850

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Actual revenue</u>	<u>Budget</u>	<u>Variance with final budget positive (negative)</u>
TAXES			
General property taxes			
Ad valorem tax collections	\$ 36,232,348	\$ 35,433,401	\$ 798,947
Penalty and interest on delinquent taxes	274,075	292,000	(17,925)
Water & sewer utility	3,495,444	3,495,444	-
General sales tax	56,093,996	56,141,897	(47,901)
Mixed beverage tax	810,426	775,000	35,426
Hotel occupancy tax	6,777,185	6,521,481	255,704
Gross receipts business taxes:			
Electric utility	7,745,095	8,813,944	(1,068,849)
Telephone utility	1,080,156	1,280,000	(199,844)
Gas utility	2,540,409	3,414,491	(874,082)
Cable television	2,155,243	2,120,000	35,243
Water & Sewer utility	3,257,654	3,238,653	19,001
Total taxes	<u>120,462,031</u>	<u>121,526,311</u>	<u>(1,064,280)</u>
LICENSES AND PERMITS			
Food and beverage establishments			
Liquor, beer and wine licenses	93,287	90,799	2,488
Restaurant permits	470,660	495,506	(24,846)
Food handler permits	34,007	29,492	4,515
Miscellaneous occupational			
Occupational and business	82,123	110,622	(28,499)
Transient bus licenses	1,000	780	220
Solicitation permits	5,250	7,200	(1,950)
Building and structures			
Building permits	1,735,663	1,736,660	(997)
Electrical permits	130,932	105,000	25,932
Plumbing and gas permits	420,272	345,959	74,313
Heating and air permits	126,990	100,000	26,990
Sewage disposal permits	103,353	90,193	13,160
Mobile home parks	30,700	36,450	(5,750)
Total licenses and permits	<u>3,234,237</u>	<u>3,148,661</u>	<u>85,576</u>
INTERFUND REVENUES			
Airport animal control	18,000	18,000	-
Communication services	3,686	10,000	(6,314)
Sales to other funds	758,308	833,500	(75,192)
Other interfund reimbursements	139,716	107,708	32,008
Total interfund revenue	<u>919,710</u>	<u>969,208</u>	<u>(49,498)</u>
INTERGOVERNMENTAL REVENUES			
General government			
Auditorium Operating Assistance	398,004	398,004	-
Public safety and health			
Emergency Management Participations	303,341	276,500	26,841
Other	57,929	20,000	37,929
Solid Waste	5,500	-	5,500
State shared revenues	52,134	53,900	(1,766)
Transit			
Federal/state operating assistance	2,906,879	2,992,337	(85,458)
Total intergovernmental revenues	<u>3,723,787</u>	<u>3,740,741</u>	<u>(16,954)</u>
CONTRIBUTIONS FROM CITIZENS			
Donations unrestricted	22,407	11,000	11,407

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
COMPARATIVE SCHEDULE OF REVENUES, CONTINUED
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Actual revenue</u>	<u>Budget</u>	<u>Variance with final budget positive (negative)</u>
CHARGES FOR SERVICES			
General government			
Zoning, planning application fees	89,866	60,280	29,586
Sale of city publications	48	130	(82)
Staff services			
Indirect cost reimbursement	2,048,873	1,839,559	209,314
Business type fund administrative fees			
Water & sewer administrative	1,239,828	1,239,827	1
Airport	161,084	161,084	-
Other administrative fees			
Weed mowing contract	476,611	310,000	166,611
Weed bad debt adjustment	(390,943)	(338,870)	(52,073)
Wrecker service contract	57,169	53,000	4,169
Fiscal agent fees	100,772	122,006	(21,234)
Public safety and health			
Police liaison officer	993,262	982,858	10,404
AECC participations	752,559	798,000	(45,441)
EMS Support	141,014	158,200	(17,186)
Warrant fees	529,758	678,300	(148,542)
Traffic accident reports	31,090	43,000	(11,910)
Airport fire service fee	1,702,201	1,813,357	(111,156)
Fire inspections	41,675	38,000	3,675
Animal shelter fees	57,317	117,324	(60,007)
Vital statistics fee	272,660	275,000	(2,340)
Miscellaneous health department fees	3,800	5,757	(1,957)
Culture & recreation			
Auditorium rentals	1,384,408	1,305,628	78,780
Auditorium concessions	340,947	313,967	26,980
Auditorium advertising	-	-	-
Auditorium Box Office	255,913	321,600	(65,687)
Library late fees	104,297	117,000	(12,703)
Library copy charges	32,214	26,500	5,714
Nonresident library fees	13,305	12,000	1,305
Baseball field rentals	69,315	72,970	(3,655)
Golf green fees	919,514	1,019,654	(100,140)
Golf membership fees	241,696	238,641	3,055
Golf other	465,321	504,163	(38,842)
Swimming pool fees	160,185	144,330	15,855
Tennis center fees	7,353	8,703	(1,350)
Zoo admission fees	231,343	234,000	(2,657)
Rifle range fees	116,169	123,500	(7,331)
Entry and tournament fees	324,180	437,465	(113,285)
Admission fees	1,675	-	1,675
Solid waste			
Collection & disposal fees	16,915,730	17,484,000	(568,270)
Landfill charges	2,104,694	2,160,000	(55,306)
Recyclable materials	26,484	97,500	(71,016)
Forfeited discounts	430,637	397,000	33,637
Transit			
Passenger revenue	127,726	113,514	14,212
Demand response	31,131	24,228	6,903
Miscellaneous transit revenue	29,554	24,228	5,326
Total charges for services	<u>32,642,435</u>	<u>33,537,403</u>	<u>(894,968)</u>

See Independent Auditor's Report.

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

	Actual revenue	Budget	Variance with final budget positive (negative)
FINES AND FORFEITURES			
Traffic fines	3,130,432	3,315,000	(184,568)
Misdemeanor fees	460,059	440,100	19,959
Parking fines	153,340	206,800	(53,460)
Court Fees	9,010	8,100	910
Other court revenue	82,556	89,220	(6,664)
Miscellaneous fines	108,297	147,460	(39,163)
State court costs	474,326	524,300	(49,974)
Total fines and forfeitures	<u>4,418,020</u>	<u>4,730,980</u>	<u>(312,960)</u>
INVESTMENT EARNINGS			
Interest earnings	419,368	445,300	(25,932)
Total investment earnings	<u>419,368</u>	<u>445,300</u>	<u>(25,932)</u>
OTHER RENTALS AND COMMISSIONS			
Amusement park commissions	94,864	109,000	(14,136)
Municipal building rents	287,051	241,115	45,936
Surface land rents	35,840	19,720	16,120
Miscellaneous concessions	73,914	61,940	11,974
Total rental/commissions	<u>491,669</u>	<u>431,775</u>	<u>59,894</u>
MISCELLANEOUS			
Use of money and property:			
Miscellaneous revenues	340,114	338,442	1,672
Discount card sales	691	-	691
Sales to outside utilities	41,391	73,000	(31,609)
PID reimbursements	-	-	-
Appraisal District refunds	17,301	17,300	1
Discounts earned	1,359	1,500	(141)
Telephone commissions	-	-	-
Sale of property and gains	30,443	14,500	15,943
Bad debt/exp recovery	(209)	-	(209)
Total miscellaneous	<u>431,090</u>	<u>444,742</u>	<u>(13,652)</u>
TOTAL REVENUES	<u>\$ 166,764,754</u>	<u>\$ 168,986,121</u>	<u>\$ (2,221,367)</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT (GAAP BASIS)
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Salaries, wages and fringe benefits</u>	<u>Supplies</u>	<u>Contractual services</u>
GENERAL GOVERNMENT			
Mayor and commission	\$ 6,003	\$ 8,598	\$ 83,957
City manager	667,424	12,253	779,297
City secretary	276,888	69,315	10,355
Municipal court	1,007,768	58,143	51,490
Judicial	502,243	2,814	1,360
Teen court	55,306	2,065	491
Planning and zoning	378,856	12,669	23,995
Total general government	<u>2,894,488</u>	<u>165,857</u>	<u>950,945</u>
STAFF SERVICES			
Financial administration			
Director of Finance	389,936	15,366	534,506
Accounting	960,841	51,003	167,454
Benefits	306,982	2,783	-
Purchasing	517,377	16,924	44,356
Central stores	336,694	4,605	18,058
Information technology	-	-	-
Legal	655,152	54,190	296,737
Personnel			
Human Resources	582,773	178,396	259,366
Safety and training	248,831	9,022	6,822
Communications	320,409	17,175	57,278
Occupancy			
Custodial operations	867,890	455,302	25,370
Building maintenance	1,477,523	49,757	440,192
Total staff services	<u>6,664,408</u>	<u>854,523</u>	<u>1,850,139</u>
PUBLIC SAFETY AND HEALTH			
Police			
Police	34,501,941	1,325,134	3,412,377
Civilian personnel	2,343,037	14,247	1,908,500
Miscellaneous police programs	10,729	-	-
Total police protection	<u>36,855,707</u>	<u>1,339,381</u>	<u>5,320,877</u>
Fire protection			
Fire operations	25,698,045	21,945	92,689
Civilian personnel	1,310,887	27,050	34,462
Fire support	783,567	1,255,227	1,044,460
Total fire protection	<u>27,792,499</u>	<u>1,304,222</u>	<u>1,171,611</u>
Other			
Building safety	2,008,544	46,909	471,768
Animal management and welfare	1,853,126	387,365	249,696
Emergency services	283,190	34,783	27,891
AECC	3,563,569	32,005	283,603
Environmental health	757,054	23,013	90,038
Vital statistics	44,422	16,375	1,057
Total other	<u>8,509,905</u>	<u>540,450</u>	<u>1,124,053</u>
Total public safety and health	<u>73,158,111</u>	<u>3,184,053</u>	<u>7,616,541</u>

See Independent Auditor's Report.

Other charges	Total	Capital outlay	Total (GAAP) basis
\$ 33,196	\$ 131,754	\$ -	\$ 131,754
26,961	1,485,935	-	1,485,935
11,562	368,120	-	368,120
36,777	1,154,178	-	1,154,178
4,295	510,712	-	510,712
1,169	59,031	-	59,031
11,884	427,404	-	427,404
<u>125,844</u>	<u>4,137,134</u>	<u>-</u>	<u>4,137,134</u>
6,589	946,397	-	946,397
9,547	1,188,845	-	1,188,845
145	309,910	-	309,910
6,159	584,816	-	584,816
(1,240)	358,117	-	358,117
3,775,895	3,775,895	-	3,775,895
48,126	1,054,205	-	1,054,205
20,664	1,041,199	-	1,041,199
4,517	269,192	-	269,192
(11,353)	383,509	-	383,509
9,079	1,357,641	-	1,357,641
65,412	2,032,884	10,492	2,043,376
<u>3,933,540</u>	<u>13,302,610</u>	<u>10,492</u>	<u>13,313,102</u>
439,096	39,678,548	30,444	39,708,992
22,825	4,288,609	-	4,288,609
-	10,729	-	10,729
<u>461,921</u>	<u>43,977,886</u>	<u>30,444</u>	<u>44,008,330</u>
121,177	25,933,856	-	25,933,856
18,803	1,391,202	-	1,391,202
75,311	3,158,565	-	3,158,565
<u>215,291</u>	<u>30,483,623</u>	<u>-</u>	<u>30,483,623</u>
77,154	2,604,375	5,991	2,610,366
21,924	2,512,111	39,030	2,551,141
202,098	547,962	-	547,962
231,664	4,110,841	-	4,110,841
15,891	885,996	-	885,996
3,974	65,828	-	65,828
<u>552,705</u>	<u>10,727,113</u>	<u>45,021</u>	<u>10,772,134</u>
<u>1,229,917</u>	<u>85,188,622</u>	<u>75,465</u>	<u>85,264,087</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT (GAAP BASIS), CONTINUED
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Salaries, wages and fringe benefits</u>	<u>Supplies</u>	<u>Contractual services</u>
STREETS, TRAFFIC & ENGINEERING			
Street maintenance	3,612,273	274,222	4,949,982
Traffic engineering	373,431	9,884	23,115
Traffic field operations	838,584	2,017,924	607,008
Engineering	702,826	25,092	91,415
Capital projects and development	659,019	10,151	25,724
Total streets, traffic, engineering	<u>6,186,133</u>	<u>2,337,273</u>	<u>5,697,244</u>
CULTURE & RECREATION			
Auditorium - Coliseum			
Civic Center operations	1,028,400	479,294	137,933
Civic Center promotions	258,795	47,312	61,387
Box office operations	266,549	824	33,337
Civic Center sports	88,703	265,096	52,073
Globe News Center	113,151	114,574	47,669
Library operations	2,818,634	734,926	140,651
Parks			
Parks administration	474,473	29,344	9,898
Park maintenance	3,494,406	1,726,046	1,399,405
Participant recreation			
Ross Rogers Golf Course	792,730	596,417	606,535
Comanche Trail Golf Course	749,125	284,178	401,363
Zoo	322,546	101,262	40,829
Swimming pools	223,805	123,321	53,242
Tennis center	20,780	26,306	48,023
Parks and recreation programs	663,175	85,646	105,643
Total culture and recreation	<u>11,315,272</u>	<u>4,614,546</u>	<u>3,137,988</u>
SOLID WASTE			
Solid waste collection	4,504,472	309,726	4,142,111
Solid waste disposal	1,639,643	119,386	1,984,075
Total solid waste	<u>6,144,115</u>	<u>429,112</u>	<u>6,126,186</u>
TRANSIT			
Fixed route	1,563,603	725,742	61,787
Demand response	1,074,914	235,791	49,944
Transit maintenance	509,511	-	-
Total transit	<u>3,148,028</u>	<u>961,533</u>	<u>111,731</u>
ECONOMIC DEVELOPMENT			
Tourism support	-	-	3,433,718
Total economic development	<u>-</u>	<u>-</u>	<u>3,433,718</u>
TOTAL GENERAL FUND EXPENDITURES	<u><u>\$ 109,510,555</u></u>	<u><u>\$ 12,546,897</u></u>	<u><u>\$ 28,924,492</u></u>

See Independent Auditor's Report.

<u>Other charges</u>	<u>Total</u>	<u>Capital outlay</u>	<u>Total (GAAP) basis</u>
32,732	8,869,209	-	8,869,209
24,138	430,568	-	430,568
10,755	3,474,271	-	3,474,271
11,231	830,564	40,380	870,944
3,340	698,234	-	698,234
82,196	14,302,846	40,380	14,343,226
180,120	1,825,747	-	1,825,747
45,064	412,558	10,546	423,104
35,598	336,308	-	336,308
725	406,597	-	406,597
44,858	320,252	-	320,252
153,015	3,847,226	-	3,847,226
8,299	522,014	-	522,014
74,570	6,694,427	-	6,694,427
17,851	2,013,533	-	2,013,533
10,175	1,444,841	-	1,444,841
6,940	471,577	-	471,577
18,069	418,437	-	418,437
3,343	98,452	-	98,452
55,816	910,280	-	910,280
654,443	19,722,249	10,546	19,732,795
47,729	9,004,038	-	9,004,038
272,384	4,015,488	31,965	4,047,453
320,113	13,019,526	31,965	13,051,491
294,271	2,645,403	-	2,645,403
89,044	1,449,693	-	1,449,693
28,988	538,499	-	538,499
412,303	4,633,595	-	4,633,595
-	3,433,718	-	3,433,718
-	3,433,718	-	3,433,718
\$ 6,758,356	\$ 157,740,300	\$ 168,848	\$ 157,909,148

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES BY DEPARTMENT - BUDGETARY BASIS
YEAR ENDED SEPTEMBER 30, 2016

	<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	\$ 131,754	\$ -	\$ 131,754	\$ -
City manager	1,485,935	-	1,485,935	-
City secretary	368,120	-	368,120	-
Municipal court	1,154,178	-	1,154,178	6,774
Judicial	510,712	-	510,712	462
Teen court	59,031	-	59,031	-
Planning and zoning	427,404	-	427,404	3,425
Total general government	<u>4,137,134</u>	<u>-</u>	<u>4,137,134</u>	<u>10,661</u>
STAFF SERVICES				
Financial administration				
Director of Finance	946,397	-	946,397	677
Accounting	1,188,845	-	1,188,845	-
Payroll	-	-	-	-
Benefits	309,910	-	309,910	-
Purchasing	584,816	-	584,816	-
Central stores	358,117	-	358,117	-
Information technology	3,775,895	-	3,775,895	-
Legal	1,054,205	-	1,054,205	-
Personnel				
Human Resources	1,041,199	-	1,041,199	-
Safety and training	269,192	-	269,192	-
Communications	383,509	-	383,509	-
Occupancy				
Custodial operations	1,357,641	-	1,357,641	-
Building maintenance	2,032,884	10,492	2,043,376	-
Total staff services	<u>13,302,610</u>	<u>10,492</u>	<u>13,313,102</u>	<u>677</u>
PUBLIC SAFETY AND HEALTH				
Police				
Police	39,678,548	30,444	39,708,992	118,624
Civilian personnel	4,288,609	-	4,288,609	1,742
Tobacco Senate Bill	10,729	-	10,729	-
Total police protection	<u>43,977,886</u>	<u>30,444</u>	<u>44,008,330</u>	<u>120,366</u>
Fire Protection				
Fire operations	25,933,856	-	25,933,856	7,138
Civilian personnel	1,391,202	-	1,391,202	40,149
Fire support	3,158,565	-	3,158,565	-
Total fire protection	<u>30,483,623</u>	<u>-</u>	<u>30,483,623</u>	<u>47,287</u>
Other				
Building safety	2,604,375	5,991	2,610,366	1,525
Animal management and welfare	2,512,111	39,030	2,551,141	56,499
Emergency services	547,962	-	547,962	-
AECC	4,110,841	-	4,110,841	-
Environmental health	885,996	-	885,996	-
Vital statistics	65,828	-	65,828	2,802
Total other	<u>10,727,113</u>	<u>45,021</u>	<u>10,772,134</u>	<u>60,826</u>
Total public safety and health	<u>85,188,622</u>	<u>75,465</u>	<u>85,264,087</u>	<u>228,479</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>
\$ -	\$ 131,754	\$ 105,626	\$ 132,626	\$ 872
-	1,485,935	1,232,813	1,486,204	269
-	368,120	374,742	376,110	7,990
7,340	1,154,744	1,221,029	1,229,551	74,807
-	510,250	510,938	511,624	1,374
-	59,031	53,585	53,880	(5,151)
1,975	425,954	532,484	536,514	110,560
<u>9,315</u>	<u>4,135,788</u>	<u>4,031,217</u>	<u>4,326,509</u>	<u>190,721</u>
-	945,720	908,069	946,734	1,014
-	1,188,845	1,324,797	1,291,329	102,484
-	-	-	-	-
-	309,910	164,090	309,955	45
-	584,816	590,874	594,545	9,729
-	358,117	384,175	387,610	29,493
-	3,775,895	3,775,895	3,775,895	-
-	1,054,205	1,029,466	1,032,546	(21,659)
-	1,041,199	966,423	1,104,274	63,075
-	269,192	401,970	306,339	37,147
-	383,509	417,933	420,272	36,763
-	1,357,641	1,558,163	1,566,069	208,428
-	2,043,376	2,081,054	2,099,737	56,361
<u>-</u>	<u>13,312,425</u>	<u>13,602,909</u>	<u>13,835,305</u>	<u>522,880</u>
145,328	39,735,696	41,034,737	41,181,401	1,445,705
-	4,286,867	4,345,553	4,386,622	99,755
-	10,729	9,456	9,456	(1,273)
<u>145,328</u>	<u>44,033,292</u>	<u>45,389,746</u>	<u>45,577,479</u>	<u>1,544,187</u>
84,370	26,011,088	25,546,741	25,611,741	(399,347)
-	1,351,053	1,474,591	1,439,785	88,732
-	3,158,565	3,410,510	3,472,240	313,675
<u>84,370</u>	<u>30,520,706</u>	<u>30,431,842</u>	<u>30,523,766</u>	<u>3,060</u>
-	2,608,841	2,632,402	2,781,869	173,028
2,755	2,497,397	2,513,664	2,523,702	26,305
-	547,962	543,936	544,573	(3,389)
481	4,111,322	4,270,871	4,237,896	126,574
-	885,996	1,131,127	969,631	83,635
2,195	65,221	56,181	56,770	(8,451)
<u>5,431</u>	<u>10,716,739</u>	<u>11,148,181</u>	<u>11,114,441</u>	<u>397,702</u>
<u>235,129</u>	<u>85,270,737</u>	<u>86,969,769</u>	<u>87,215,686</u>	<u>1,944,949</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	8,869,209	-	8,869,209	6,217
Traffic engineering	430,568	-	430,568	-
Traffic field operations	3,474,271	-	3,474,271	127,664
Engineering	830,564	40,380	870,944	12,310
Capital Projects and development	698,234	-	698,234	-
Total streets, traffic, engineering	<u>14,302,846</u>	<u>40,380</u>	<u>14,343,226</u>	<u>146,191</u>
CULTURE & RECREATION				
Auditorium - Coliseum				
Civic Center operations	1,825,747	-	1,825,747	-
Civic Center promotions	412,558	10,546	423,104	-
Box office operations	336,308	-	336,308	-
Civic Center Sports	406,597	-	406,597	-
Globe News Center	320,252	-	320,252	14,592
Library operations	3,847,226	-	3,847,226	-
Parks				
Parks administration	522,014	-	522,014	-
Park maintenance	6,694,427	-	6,694,427	-
Participant Recreation				
Ross Rogers Golf Course	2,013,533	-	2,013,533	9,513
Comanche Trail Golf Course	1,444,841	-	1,444,841	1,810
Zoo	471,577	-	471,577	-
Swimming pools	418,437	-	418,437	-
Tennis center	98,452	-	98,452	3,922
Parks and recreation programs	910,280	-	910,280	-
Total culture and recreation	<u>19,722,249</u>	<u>10,546</u>	<u>19,732,795</u>	<u>29,837</u>
SOLID WASTE				
Solid waste collection	9,004,038	-	9,004,038	-
Solid waste disposal	4,015,488	31,965	4,047,453	31,965
Total solid waste	<u>13,019,526</u>	<u>31,965</u>	<u>13,051,491</u>	<u>31,965</u>
TRANSIT				
Fixed route	2,645,403	-	2,645,403	49,553
Demand response	1,449,693	-	1,449,693	-
Transit maintenance	538,499	-	538,499	-
Total transit	<u>4,633,595</u>	<u>-</u>	<u>4,633,595</u>	<u>49,553</u>
ECONOMIC DEVELOPMENT				
Tourism support	3,433,718	-	3,433,718	60,000
Total economic development	<u>3,433,718</u>	<u>-</u>	<u>3,433,718</u>	<u>60,000</u>
TOTAL GENERAL FUND EXPENDITURES	<u>\$ 157,740,300</u>	<u>\$ 168,848</u>	<u>\$ 157,909,148</u>	<u>\$ 557,363</u>
OPERATING TRANSFERS:				
Operating Transfers to Other Funds	\$ 12,096,776	\$ -	\$ 12,096,776	\$ -
Operating Transfers from Other Funds	(17,673)	-	(17,673)	-
TOTALS INCLUDING TRANSFERS	<u>\$ 169,819,403</u>	<u>\$ 168,848</u>	<u>\$ 169,988,251</u>	<u>\$ 557,363</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>
702	8,863,694	10,065,178	10,070,705	1,207,011
-	430,568	663,014	665,202	234,634
115,524	3,462,131	3,680,296	3,686,099	223,968
-	858,634	1,783,127	1,786,341	927,707
28,340	726,574	-	-	(726,574)
<u>144,566</u>	<u>14,341,601</u>	<u>16,191,615</u>	<u>16,208,347</u>	<u>1,866,746</u>
-	1,825,747	2,069,794	2,078,158	252,411
-	423,104	466,634	468,395	45,291
-	336,308	355,234	356,509	20,201
-	406,597	383,285	383,809	(22,788)
-	305,660	335,254	335,930	30,270
624	3,847,850	3,900,004	3,921,370	73,520
-	522,014	535,433	537,095	15,081
5,530	6,699,957	7,016,317	7,044,742	344,785
2,320	2,006,340	2,276,462	2,280,962	274,622
2,445	1,445,476	1,465,968	1,472,500	27,024
-	471,577	487,011	488,455	16,878
-	418,437	481,085	481,384	62,947
7,100	101,630	99,063	99,063	(2,567)
2,240	912,520	1,078,504	1,080,276	167,756
<u>20,259</u>	<u>19,723,217</u>	<u>20,950,048</u>	<u>21,028,648</u>	<u>1,305,431</u>
41,800	9,045,838	9,949,985	9,693,871	648,033
5,200	4,020,688	4,064,266	4,077,891	57,203
<u>47,000</u>	<u>13,066,526</u>	<u>14,014,251</u>	<u>13,771,762</u>	<u>705,236</u>
-	2,595,850	2,948,378	2,958,327	362,477
-	1,449,693	1,426,050	1,434,325	(15,368)
-	538,499	503,677	506,389	(32,110)
-	4,584,042	4,878,105	4,899,041	314,999
32,170	3,405,888	3,647,371	3,647,371	241,483
<u>32,170</u>	<u>3,405,888</u>	<u>3,647,371</u>	<u>3,647,371</u>	<u>241,483</u>
<u>\$ 488,439</u>	<u>\$ 157,840,224</u>	<u>\$ 164,285,285</u>	<u>\$ 164,932,669</u>	<u>\$ 7,092,445</u>
\$ -	\$ 12,096,776	\$ 12,395,206	\$ 12,130,247	\$ 33,471
-	(17,673)	(96,515)	(114,188)	(96,515)
<u>\$ 488,439</u>	<u>\$ 169,919,327</u>	<u>\$ 176,583,976</u>	<u>\$ 176,948,728</u>	<u>\$ 7,029,401</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, 2016**

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 15,496,358
Investments, at fair values	50,749,952
Accounts receivable, net of allowances	5,498,742
Accrued interest receivable	132,048
Other accrued revenue	3,642,645
Prepaid expenses	1,472,893
Total current assets	<u>76,992,638</u>
NONCURRENT ASSETS	
Restricted cash and cash equivalents	40,771,986
Other noncurrent receivable	(1)
Other noncurrent asset	90,854
Capital assets	
Land	2,040,262
Contributed right of way easements	1,172,316
Underground water rights	57,741,909
Accumulated depletion - water rights	(7,071,535)
Water supply contract	50,336,389
Accumulated amortization - water supply contract	(22,111,802)
Pipelines and plant	616,942,368
Accumulated depreciation - pipelines and plant	(199,183,126)
Equipment and vehicles	4,221,158
Accumulated depreciation - equipment and vehicles	(3,435,265)
Construction in progress	39,321,320
Total capital assets net of accumulated depreciation	<u>539,973,994</u>
Total noncurrent assets	<u>580,836,833</u>
TOTAL ASSETS	<u>\$ 657,829,471</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows	\$ 5,032,417
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,032,417</u>
LIABILITIES	
CURRENT LIABILITIES	
Vouchers payable	\$ 2,990,501
Accounts payable	1,090,247
Accrued expenses	3,337,958
Due to Other Funds	1,150,000
Deposits	41,075
Consumer security deposits	3,670,027
Share of Water Authority debt, current	5,467,746
Bonded debt current maturity	9,100,000
Current portion of provision for compensated absences	220,629
Total current liabilities	<u>27,068,183</u>
NONCURRENT LIABILITIES	
Bonded debt, net of current	128,872,057
Water authority debt, net of current	73,178,176
Other accrued expenses	2,615,459
Provision for compensated absences, net	881,816
Net pension obligation	7,308,233
Total noncurrent liabilities	<u>212,855,741</u>
TOTAL LIABILITIES	<u>\$ 239,923,924</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows	\$ 24,151
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 24,151</u>
NET POSITION	
Net investment in capital assets	\$ 358,232,452
Restricted for debt service	5,895,549
Unrestricted	58,785,812
TOTAL NET POSITION	<u>\$ 422,913,813</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, 2016**

OPERATING REVENUES	
Utility sales and service	\$ 72,501,906
Tap fees and frontage charges	287,895
Rents and miscellaneous	35,836
	<hr/>
Total operating revenues	72,825,637
	<hr/>
OPERATING EXPENSES	
Salaries, wages and fringe benefits	12,388,873
Supplies	1,440,246
Fuel and power	4,174,521
Contractual services	4,900,080
Water Authority charges	6,624,214
Other charges	9,650,197
Depreciation	14,154,802
	<hr/>
Total operating expenses	53,332,933
	<hr/>
Operating income	19,492,704
	<hr/>
NONOPERATING REVENUES (EXPENSES)	
Gain on disposal of property	12,669
Interfund reimbursement	668,881
Interest earnings	420,213
Interest and fiscal charges	(5,661,205)
	<hr/>
Total nonoperating revenue (expenses)	(4,559,442)
	<hr/>
Income before contributions and transfers	14,933,262
	<hr/>
Capital contributions	2,616,854
Transfers to other funds	(1,101,230)
	<hr/>
Change in net position	16,448,886
	<hr/>
TOTAL NET POSITION, BEGINNING OF YEAR	406,464,927
	<hr/>
TOTAL NET POSITION, END OF YEAR	\$ 422,913,813
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See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from third parties	\$ 73,938,470
Cash payments to suppliers for goods and services	(25,178,809)
Cash payments to employees	(11,758,665)
Net cash provided (used) by operating activities	<u>37,000,996</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	828,546
Interfund reimbursements	668,881
Amounts loaned to other funds	(1,101,230)
Net cash provided (used) by noncapital financing activities	<u>396,197</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(26,264,908)
Capital grants received	2,616,854
Principal paid on bond maturities	(31,720,000)
Principal paid on proportionate share of Water Authority debt	(5,246,982)
Noncurrent receivable	15,086
Proceeds from issuance of bonds	39,202,854
Interest expense	(6,857,029)
Proceeds from sale of capital assets	12,669
Net cash provided (used) by capital and related financing activities	<u>(28,241,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investment securities	36,840,000
Purchase of investment securities	(39,289,003)
Interest and gains on investments	540,326
Net cash provided (used) by investing activities	<u>(1,908,677)</u>
Net increase in cash and cash equivalents	7,247,060
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>49,021,284</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u>\$ 56,268,344</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 19,492,704
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	14,154,802
(Increase) decrease in accounts receivable	250,986
(Increase) decrease in deferred outflows	(2,965,586)
(Increase) decrease in other accrued revenue	816,301
(Increase) decrease in prepaid expenses	(733,803)
Increase (decrease) in vouchers payable	2,402,860
Increase (decrease) in accounts payable	(898,222)
Increase (decrease) in accrued operating expenses	870,455
Increase (decrease) in deferred inflows	(10,842)
Increase (decrease) in customer deposits	45,546
Increase (decrease) in provision for compensated absences	(163,887)
Increase (decrease) in net pension liability	3,770,523
Increase (decrease) in other accrued expenses	(30,841)
Net cash provided (used) by operating activities	<u>\$ 37,000,996</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Amortization of bond premiums	\$ (588,771)
Increases in fair values of investments	(3,703)
Interest expense capitalized	(653,767)
Capital contributions	(55,878)
Investment premium/discount amortization	166,593

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
SCHEDULE OF OPERATING REVENUES
YEAR ENDED SEPTEMBER 30, 2016**

UTILITY SALES AND SERVICE	
Water metered sales	\$ 48,676,840
Sewer charges	20,860,554
Industrial waste charges	190,719
Forfeited discounts	1,300,605
Sale of reclaimed water	529,786
Water service charges	1,270,238
Net loss on bad debts	(535,164)
Lab fees	148,173
Liquid waste disposal	60,155
Total utility sales and service	<u>72,501,906</u>
TAP FEES AND FRONTAGE CHARGES	
Water tap fees	206,829
Sewer tap fees	72,057
Water frontage charges	6,283
Sewer frontage charges	2,726
Total tap fees and frontage charges	<u>287,895</u>
RENTS AND MISCELLANEOUS	
Rents and miscellaneous	<u>35,836</u>
Total rents and miscellaneous	<u>35,836</u>
TOTAL OPERATING REVENUE	<u><u>\$ 72,825,637</u></u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATER AND SEWER SYSTEM FUND
SCHEDULE OF OPERATING EXPENSES BY DEPARTMENT
YEAR ENDED SEPTEMBER 30, 2016**

WATER AND SEWER SYSTEM FUND DEPARTMENT	Salaries, Wages & Fringe Benefits	Supplies	Fuel and Power
Water production	\$ 345,529	\$ 36,090	\$ 1,569,500
Water transmission	316,624	35,285	1,284,961
Surface water treatment	1,487,236	430,562	143,530
Water distribution	2,598,581	79,785	941
Water - general	-	-	-
Wastewater collection	1,516,993	232,613	178,663
Wastewater treatment	2,325,329	347,384	976,479
Environmental laboratory	1,107,546	147,984	20,447
Sewer - general	-	-	-
Utility billing	1,456,314	83,429	-
Director of utilities - admin.	502,199	35,829	-
Capital Project and Development	732,522	11,285	-
	<u>\$ 12,388,873</u>	<u>\$ 1,440,246</u>	<u>\$ 4,174,521</u>
Total operating expenses	<u>\$ 12,388,873</u>	<u>\$ 1,440,246</u>	<u>\$ 4,174,521</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>
\$ -	\$ 461,924	\$ 92,313	\$ 3,805,566	\$ 6,310,922
-	256,238	62,415	2,646,295	4,601,818
6,624,214	488,647	213,109	1,002,871	10,390,169
-	1,233,210	40,010	2,651,815	6,604,342
-	104,750	6,052,438	-	6,157,188
-	857,952	38,128	1,746,415	4,570,764
-	638,309	405,508	2,137,865	6,830,874
-	122,411	5,106	85,480	1,488,974
-	-	2,709,926	-	2,709,926
-	632,987	11,813	54,196	2,238,739
-	74,947	15,009	24,299	652,283
-	28,705	4,422	-	776,934
<u>\$ 6,624,214</u>	<u>\$ 4,900,080</u>	<u>\$ 9,650,197</u>	<u>\$ 14,154,802</u>	<u>\$ 53,332,933</u>

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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, 2016**

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	\$ 1,283,021
Investments, at fair values	7,531,768
Accounts receivable	<u>320,105</u>
Total current assets	<u>9,134,894</u>
NONCURRENT ASSETS	
Restricted cash and cash equivalents	98,772
Capital assets	
Land	2,010
Accumulated depreciation	(201,644)
Equipment under capital lease, net	24,870
Contributed right of way easements	223,847
Infrastructure	4,888,288
Construction in progress	<u>8,676,087</u>
Total noncurrent assets	<u>13,712,230</u>
TOTAL ASSETS	<u><u>\$ 22,847,124</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows	<u>\$ 219,896</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 219,896</u></u>
LIABILITIES	
CURRENT LIABILITIES	
Vouchers payable	28,611
Accounts payable	254,298
Accrued expenses	315,337
Accrued interest	33,547
Bonded debt current maturity	685,000
Current portion of provision for compensated absences	<u>11,437</u>
Total current liabilities	<u>1,328,230</u>
NONCURRENT LIABILITIES	
Bonded debt net of current	9,602,436
Provision for compensated absences, net	29,785
Net pension liability	<u>393,208</u>
Total noncurrent liabilities	<u>10,025,429</u>
TOTAL LIABILITIES	<u>\$ 11,353,659</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows	<u>1,300</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>\$ 1,300</u></u>
NET POSITION	
Net investment in capital assets	\$ 3,326,022
Restricted for debt service	98,772
Unrestricted	<u>8,287,267</u>
TOTAL NET POSITION	<u><u>\$ 11,712,061</u></u>

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, 2016**

OPERATING REVENUES	
Drainage utility assessments	\$ 5,431,722
Forfeited discounts	92,933
	<u>5,524,655</u>
Total operating revenues	
OPERATING EXPENSES	
Salaries, wages and fringe benefits	801,198
Supplies	141,555
Contractual services	1,001,318
Other charges	422,951
Depreciation	98,921
	<u>2,465,943</u>
Total operating expenses	
Operating income (loss)	<u>3,058,712</u>
NONOPERATING REVENUES (EXPENSES)	
Interest earnings	31,913
Sales to other departments	56,503
Interest and fiscal charges	(97,701)
	<u>(9,285)</u>
Total nonoperating revenue (expenses)	
Income before contributions and transfers	3,049,427
Capital contributions	2,628
Transfers to other funds	(316,458)
	<u>2,735,597</u>
Change in net position	
TOTAL NET POSITION, BEGINNING OF YEAR	<u>8,976,464</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 11,712,061</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
DRAINAGE UTILITY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from third parties	\$ 5,578,913
Cash payments to suppliers for goods and services	(1,693,542)
Cash payments to employees	(1,147,598)
Net cash provided (used) by operating activities	<u>2,737,773</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Sales to other departments	56,503
Transfers to other funds	(316,458)
Amounts borrowed from other funds	(21,161)
Net cash provided (used) by noncapital financing activities	<u>(281,116)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(4,869,381)
Principal paid on bond maturities	(675,000)
Interest expense	(273,412)
Net cash provided (used) by capital and related financing activities	<u>(5,817,793)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investment securities	3,855,000
Purchase of investment securities	(5,955,921)
Interest and gains on investments	57,846
Net cash provided (used) by investing activities	<u>(2,043,075)</u>
Net increase (decrease) in cash and cash equivalents	(5,404,211)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>6,786,004</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u><u>\$ 1,381,793</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 3,058,712
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	98,921
(Increase) decrease in accounts receivable	54,258
(Increase) decrease in deferred outflows	(159,558)
Increase (decrease) in vouchers payable	5,385
Increase (decrease) in accounts payable	(133,103)
Increase (decrease) in accrued operating expenses	(388,983)
Increase (decrease) in deferred inflows	(583)
Increase (decrease) in provision for compensated absences	(143)
Increase (decrease) in net pension liability	202,867
Net cash provided (used) by operating activities	<u>\$ 2,737,773</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Amortization of bond premiums	\$ (6,815)
Capital contributions	3,712
Interest expense capitalized	(168,896)
Investment premium/discount amortization	27,649

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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, 2016**

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	\$ 1,097,455	
Investments at fair value	8,765,853	
Receivables (net of allowances for uncollectibles)		
Accounts	27,382	
Accrued interest	24,348	
Other accrued revenue	207,161	
Prepaid expenses	19,856	
Due from other governments	196,908	
Total current assets	<u>10,338,963</u>	
NONCURRENT ASSETS		
Restricted cash and cash equivalents	90,009	
Capital assets		
Land	2,777,341	
Runways, buildings and improvements	158,665,100	
Accumulated depreciation	(87,897,281)	
Equipment and vehicles	7,050,419	
Accumulated depreciation	(4,268,145)	
Construction in progress	2,844,046	
Total capital assets, net of accumulated depreciation	<u>79,171,480</u>	
Total noncurrent assets	<u>79,261,489</u>	
TOTAL ASSETS	<u>\$ 89,600,452</u>	
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows	<u>\$ 856,836</u>	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 856,836</u>	
LIABILITIES		
CURRENT LIABILITIES		
Vouchers payable	\$ 283,237	
Accounts payable	7,203	
Accrued expenses	214,764	
Deposits	85,989	
Bonded debt current maturity	1,580,000	
Current portion of provision for compensated absences	28,391	
Total current liabilities	<u>2,199,584</u>	
NONCURRENT LIABILITIES		
Bonded debt, net of current portion	5,758,808	
Provision for compensated absences, net	142,033	
Net pension obligation	1,532,153	
Total noncurrent liabilities	<u>7,432,994</u>	
TOTAL LIABILITIES	<u>\$ 9,632,578</u>	
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows	<u>\$ 5,063</u>	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 5,063</u>	
NET POSITION		
Net investment in capital assets	\$ 71,832,672	
Restricted for debt service	90,009	
Unrestricted	8,896,966	
TOTAL NET POSITION	<u>\$ 80,819,647</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, 2016**

OPERATING REVENUES	
Airfield fees and commissions	\$ 448,526
Terminal building revenue	6,254,912
Other building revenue	<u>1,641,464</u>
Total operating revenues	<u>8,344,902</u>
OPERATING EXPENSES	
Salaries, wages and fringes	2,839,345
Supplies	471,445
Fuel and power	551,897
Contractual services	1,173,815
Other charges	2,293,561
Depreciation	<u>5,422,016</u>
Total operating expenses	<u>12,752,079</u>
Operating loss	<u>(4,407,177)</u>
NONOPERATING REVENUES (EXPENSES)	
Passenger facility charge	1,316,238
Interest earnings	36,861
Change in value of investments	(1,606)
Interest expense	(72,914)
Other miscellaneous revenue	<u>129,316</u>
Net nonoperating revenues (expenses)	<u>1,407,895</u>
Net loss before contributions	(2,999,282)
CAPITAL CONTRIBUTIONS	2,288,032
TRANSFERS TO OTHER FUNDS	<u>(2,735)</u>
Change in net position	(713,985)
NET POSITION AT BEGINNING OF YEAR	<u>81,533,632</u>
NET POSITION AT END OF YEAR	<u><u>\$ 80,819,647</u></u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
AIRPORT FUND
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from third parties	\$ 8,324,059
Cash payments to suppliers for goods and services	(4,507,492)
Cash payments to employees	<u>(2,619,630)</u>
Net cash provided (used) by operating activities	<u>1,196,937</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash payments received for passenger facility charge	1,316,238
Transfers to other funds	<u>(2,735)</u>
Net cash provided (used) by noncapital financing activities	<u>1,313,503</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(3,083,913)
Principal paid on bond maturities	(1,510,000)
Capital grants received	2,491,653
Interest expense	<u>(362,025)</u>
Net cash provided (used) by capital and related financing activities	<u>(2,464,285)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investment securities	5,500,000
Purchase of investment securities	(5,780,429)
Interest and gains on investments	<u>66,035</u>
Net cash provided (used) by investing activities	<u>(214,394)</u>
Net increase (decrease) in cash and cash equivalents	(168,239)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	<u>1,355,703</u>
CASH AND CASH EQUIVALENTS, AT END OF YEAR (RESTRICTED AND UNRESTRICTED)	<u><u>\$ 1,187,464</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (4,407,177)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	5,422,016
(Increase) decrease in accounts receivable	80,136
(Increase) decrease in other accrued	(99,366)
(Increase) decrease in deferred outflows	(621,727)
Increase (decrease) in vouchers payable	(92,761)
Increase (decrease) in accounts payable	7,090
Increase (decrease) in accrued operating expenses	88,753
Increase (decrease) in deposits received	(21,469)
(Increase) decrease in deferred inflows	(2,273)
Increase (decrease) in provision for compensated absences	53,234
Increase (decrease) in net pension obligation	<u>790,481</u>
Net cash provided (used) by operating activities	<u><u>\$ 1,196,937</u></u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
(Increase) decrease in fair values of investments	\$ 1,606
Interest expense capitalized	(161,014)
Bond premium amortization	(118,450)
Investment premium/discount amortization	34,542
Capital contributions	-

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**CITY OF AMARILLO, TEXAS
AIRPORT FUND
SCHEDULE OF OPERATING REVENUES
YEAR ENDED SEPTEMBER 30, 2016**

AIRFIELD FEES AND COMMISSIONS	
Landing fees	\$ 314,940
Military fuel flowage commission	133,586
Total airfield fees and commissions	<u>448,526</u>
TERMINAL BUILDING REVENUES	
Airline rentals	1,570,991
Restaurant commissions	190,355
Other terminal building rentals	84,025
Car rental agencies	1,950,592
Auto parking concession	2,458,949
Total terminal building revenues	<u>6,254,912</u>
OTHER BUILDING REVENUES	
Lease rentals	
Bell Helicopter	462,564
Krams, Inc.	302,577
Leading Edge	427,772
Fixed base operator	93,711
Other building rentals	188,007
Ground rentals	124,900
Advertising commissions	41,933
Total other building revenues	<u>1,641,464</u>
TOTAL OPERATING REVENUES	<u><u>\$ 8,344,902</u></u>

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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, 2016**

	<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	\$ 91,044	\$ 629,931	\$ 26,534	\$ 12,830
Accounts receivable	50,526	681	73,181	-
Due from other funds	13,647	-	4,324	110
Due from other governments	83,677	300,469	26,262	61,603
Other accrued revenue	175	-	-	-
Prepaid items	-	-	1,755	-
TOTAL ASSETS	<u>\$ 239,069</u>	<u>\$ 931,081</u>	<u>\$ 132,056</u>	<u>\$ 74,543</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 82,134	\$ -	\$ 4,039	-
Accrued expense	5,550	-	-	-
Due to other funds - unrestricted	118,018	22,190	-	75,000
Due to other governments	2,369	-	-	-
Unearned revenue	-	-	74,416	-
Vouchers payable	26,224	219,873	23,850	(457)
Total liabilities	<u>234,295</u>	<u>242,063</u>	<u>102,305</u>	<u>74,543</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	-	-	1,755	-
Restricted for:				
Special purposes	4,774	632,507	27,996	-
Committed for:				
Compensated absences	-	56,511	-	-
Total fund balances	<u>4,774</u>	<u>689,018</u>	<u>29,751</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 239,069</u>	<u>\$ 931,081</u>	<u>\$ 132,056</u>	<u>\$ 74,543</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>
\$ 6,517	\$ 1,151	\$ 2,333	\$ 4,592	\$ 774,932
-	-	-	-	124,388
-	-	-	14,920	33,001
40,645	-	19,644	68,148	600,448
-	-	-	-	175
-	-	-	-	1,755
<u>\$ 47,162</u>	<u>\$ 1,151</u>	<u>\$ 21,977</u>	<u>\$ 87,660</u>	<u>\$ 1,534,699</u>
\$ -	\$ -	\$ -	\$ 2,660	\$ 88,833
12,560	-	-	-	18,110
35,003	-	5,000	85,000	340,211
-	-	-	-	2,369
-	1,001	-	-	75,417
(2,055)	-	16,477	-	283,912
<u>45,508</u>	<u>1,001</u>	<u>21,477</u>	<u>87,660</u>	<u>808,852</u>
-	-	-	-	1,755
1,654	150	500	-	667,581
-	-	-	-	56,511
<u>1,654</u>	<u>150</u>	<u>500</u>	<u>-</u>	<u>725,847</u>
<u>\$ 47,162</u>	<u>\$ 1,151</u>	<u>\$ 21,977</u>	<u>\$ 87,660</u>	<u>\$ 1,534,699</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, 2016**

	<u>Community Development Block Grant</u>	<u>Housing Assistance Payments Program</u>	<u>Home Investment Partnership Program</u>
REVENUES			
Grants-in-aid - capital	\$ 1,223,344	\$ 7,735,078	\$ 918,465
Charges for services	28,043	-	2,008
Construction participations	13,351	-	-
Investment earnings	-	2,068	-
Miscellaneous revenues	-	42,874	(1)
Total revenues	<u>1,264,738</u>	<u>7,780,020</u>	<u>920,472</u>
EXPENDITURES			
Urban redevelopment/housing	<u>1,294,309</u>	<u>8,125,280</u>	<u>918,751</u>
Total expenditures	<u>1,294,309</u>	<u>8,125,280</u>	<u>918,751</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,571)</u>	<u>(345,260)</u>	<u>1,721</u>
OTHER FINANCING SOURCES (USES)			
Operating transfer from other fund	<u>29,572</u>	<u>-</u>	<u>1,838</u>
Total other financing sources (uses)	<u>29,572</u>	<u>-</u>	<u>1,838</u>
Net change in fund balances	1	(345,260)	3,559
FUND BALANCES, BEGINNING OF YEAR	<u>4,773</u>	<u>1,034,278</u>	<u>26,192</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,774</u>	<u>\$ 689,018</u>	<u>\$ 29,751</u>

See Independent Auditor's Report.

<u>Shelter Plus Care/ Permanent Housing</u>	<u>Supportive/ Transitional Housing</u>	<u>Affordable Housing</u>	<u>Emergency Shelter</u>	<u>HMIS</u>	<u>Total</u>
\$ 346,354	\$ 224,342	\$ -	\$ 122,477	\$ 68,149	\$ 10,638,209
-	-	-	-	-	30,051
-	-	-	-	-	13,351
-	-	2	-	-	2,070
-	-	-	-	-	42,873
<u>346,354</u>	<u>224,342</u>	<u>2</u>	<u>122,477</u>	<u>68,149</u>	<u>10,726,554</u>
<u>346,354</u>	<u>224,801</u>	<u>-</u>	<u>121,978</u>	<u>76,045</u>	<u>11,107,518</u>
<u>346,354</u>	<u>224,801</u>	<u>-</u>	<u>121,978</u>	<u>76,045</u>	<u>11,107,518</u>
<u>-</u>	<u>(459)</u>	<u>2</u>	<u>499</u>	<u>(7,896)</u>	<u>(380,964)</u>
<u>-</u>	<u>460</u>	<u>-</u>	<u>-</u>	<u>7,897</u>	<u>39,767</u>
<u>-</u>	<u>460</u>	<u>-</u>	<u>-</u>	<u>7,897</u>	<u>39,767</u>
<u>-</u>	<u>1</u>	<u>2</u>	<u>499</u>	<u>1</u>	<u>(341,197)</u>
<u>-</u>	<u>1,653</u>	<u>148</u>	<u>1</u>	<u>(1)</u>	<u>1,067,044</u>
<u>\$ -</u>	<u>\$ 1,654</u>	<u>\$ 150</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 725,847</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
PUBLIC HEALTH GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
SEPTEMBER 30, 2016**

	Public Health	Women, Infants & Children	Total
ASSETS			
Cash and cash equivalents	\$ 1,838,001	\$ 77,329	\$ 1,915,330
Accounts receivable	671	-	671
Other prepaid expenses	4,728	2,681	7,409
Due from other funds - unrestricted	12,617	-	12,617
Due from other governments	242,958	437,115	680,073
TOTAL ASSETS	\$ 2,098,975	\$ 517,125	\$ 2,616,100
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 84,107	\$ 55,615	\$ 139,722
Due to other funds - unrestricted	-	450,000	450,000
Accrued Expenses	28,975	-	28,975
Deferred Revenue	-	4,441	4,441
Vouchers payable	55,849	7,069	62,918
Total liabilities	168,931	517,125	686,056
FUND BALANCES			
Nonspendable:			
Prepaid items	4,728	2,681	7,409
Restricted:			
Special purposes	1,925,316	(2,681)	1,922,635
Total fund balances	1,930,044	-	1,930,044
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,098,975	\$ 517,125	\$ 2,616,100

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, 2016**

	Public Health	Women, Infants & Children	Total
REVENUES			
Other entity participation	\$ 100,000	\$ -	\$ 100,000
Intergovernmental revenues	3,156,284	1,538,797	4,695,081
Charges for services	44,892	-	44,892
Total revenues	3,301,176	1,538,797	4,839,973
EXPENDITURES			
Other public safety and health	3,476,459	1,338,678	4,815,137
Capital outlay	-	-	-
Total expenditures	3,476,459	1,338,678	4,815,137
Excess (deficiency) of revenues over (under) expenditures	(175,283)	200,119	24,836
OTHER FINANCING SOURCES (USES)			
Operating transfers to other fund	(9,394)	(200,243)	(209,637)
Transfers from other fund	-	124	124
Total other financing sources and uses	(9,394)	(200,119)	(209,513)
Net change in fund balances	(184,677)	-	(184,677)
FUND BALANCES, AT BEGINNING OF YEAR	2,114,721	-	2,114,721
FUND BALANCES, AT END OF YEAR	\$ 1,930,044	\$ -	\$ 1,930,044

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
JUSTICE GRANTS
COMBINING SCHEDULE OF ASSETS, LIABILITIES AND FUND BALANCES
SEPTEMBER 30, 2016**

	<u>Justice Assistant Grant</u>	<u>Selective Traffic Enforcement Program</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 7,689	\$ 7,689
Due from other governments	-	27,312	27,312
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 35,001</u>	<u>\$ 35,001</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 1	\$ 1
Due to other funds - unrestricted	-	35,000	35,000
Total liabilities	<u>-</u>	<u>35,001</u>	<u>35,001</u>
FUND BALANCES			
Restricted:			
Special purposes	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 35,001</u>	<u>\$ 35,001</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, 2016**

	<u>Justice Assistance Grant</u>	<u>Selective Traffic Enforcement Program</u>	<u>Total</u>
REVENUES			
Intergovernmental revenues	\$ 98,128	\$ 153,515	\$ 251,643
Total revenues	<u>98,128</u>	<u>153,515</u>	<u>251,643</u>
EXPENDITURES			
Police protection	47,403	218,217	265,620
Capital outlay	<u>50,725</u>	<u>-</u>	<u>50,725</u>
Total expenditures	<u>98,128</u>	<u>218,217</u>	<u>316,345</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(64,702)</u>	<u>(64,702)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other fund	<u>-</u>	<u>64,702</u>	<u>64,702</u>
Total other financing sources and uses	<u>-</u>	<u>64,702</u>	<u>64,702</u>
Net change in fund balances	-	-	-
FUND BALANCES, AT BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, AT END OF YEAR	<u><u>\$ -</u></u>	<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, 2016**

	<u>Urban Transportation Planning</u>	<u>Hazardous Materials Transportation Planning</u>
ASSETS		
Cash and cash equivalents	\$ 6,924	\$ 115,862
Due from other governments	<u>87,840</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 94,764</u></u>	<u><u>\$ 115,862</u></u>
LIABILITIES AND FUND BALANCES		
Accounts payable	\$ 9,764	\$ 4,691
Due to other funds - unrestricted	85,000	-
Accrued expenses	-	-
Vouchers payable	<u>-</u>	<u>-</u>
Total liabilities	<u>94,764</u>	<u>4,691</u>
FUND BALANCES		
Restricted:		
Special purposes	<u>-</u>	<u>111,171</u>
Total fund balances	<u>-</u>	<u>111,171</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 94,764</u></u>	<u><u>\$ 115,862</u></u>

See Independent Auditor's Report.

<u>Pantex Plant Environmental Oversight</u>	<u>Summer Lunch Program</u>	<u>Total</u>
\$ 11,650	\$ 71,953	\$ 206,389
<u>54,028</u>	<u>-</u>	<u>141,868</u>
<u>\$ 65,678</u>	<u>\$ 71,953</u>	<u>\$ 348,257</u>
\$ 15,356	\$ 3	\$ 29,814
20,000	-	105,000
605	-	605
<u>29,717</u>	<u>45,340</u>	<u>75,057</u>
<u>65,678</u>	<u>45,343</u>	<u>210,476</u>
<u>-</u>	<u>26,610</u>	<u>137,781</u>
<u>-</u>	<u>26,610</u>	<u>137,781</u>
<u>\$ 65,678</u>	<u>\$ 71,953</u>	<u>\$ 348,257</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, 2016**

	<u>Urban Transportation Planning</u>	<u>Hazardous Materials Transportation Planning</u>
REVENUES		
Intergovernmental revenues	\$ 363,723	\$ -
Total revenues	<u>363,723</u>	<u>-</u>
EXPENDITURES		
Other public safety and health	-	-
Staff services	363,722	111,531
Total expenditures	<u>363,722</u>	<u>111,531</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1</u>	<u>(111,531)</u>
OTHER FINANCING SOURCES (USES)		
Transfers to other fund	-	-
Operating transfers from other fund	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>
Net change in fund balances	1	(111,531)
FUND BALANCES, AT BEGINNING OF YEAR	<u>(1)</u>	<u>222,702</u>
FUND BALANCES, AT END OF YEAR	<u>\$ -</u>	<u>\$ 111,171</u>

See Independent Auditor's Report.

Pantex Plant Environmental Oversight	Summer Lunch Program	Total
\$ 162,804	\$ 276,203	\$ 802,730
<u>162,804</u>	<u>276,203</u>	<u>802,730</u>
162,805	298,549	461,354
<u>-</u>	<u>-</u>	<u>475,253</u>
<u>162,805</u>	<u>298,549</u>	<u>936,607</u>
<u>(1)</u>	<u>(22,346)</u>	<u>(133,877)</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>(1)</u>	<u>(22,346)</u>	<u>(133,877)</u>
<u>1</u>	<u>48,956</u>	<u>271,658</u>
<u>\$ -</u>	<u>\$ 26,610</u>	<u>\$ 137,781</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
 COMBINING STATEMENT OF FIDUCIARY FUNDS
 SEPTEMBER 30, 2016**

	<u>Centennial Parkway</u>	<u>Indigent Dog Bite Victim</u>	<u>Amarillo Industrial Development Corporation</u>	<u>Total Private-Purpose Trust Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,472	\$ 5,008	\$ 23,312	\$ 30,792
TOTAL ASSETS	<u>\$ 2,472</u>	<u>\$ 5,008</u>	<u>\$ 23,312</u>	<u>\$ 30,792</u>
NET POSITION				
Held in trust for private purposes	\$ 2,472	\$ 5,008	\$ 23,312	\$ 30,792
TOTAL NET POSITION	<u>\$ 2,472</u>	<u>\$ 5,008</u>	<u>\$ 23,312</u>	<u>\$ 30,792</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY FUNDS
SEPTEMBER 30, 2016**

	<u>Centennial Parkway</u>	<u>Indigent Dog Bite Victim</u>	<u>Amarillo Industrial Development Corporation</u>	<u>Total Private-Purpose Trust Funds</u>
ADDITIONS:				
Investment earnings	\$ -	\$ -	\$ 33	\$ 33
Total additions	<u>-</u>	<u>-</u>	<u>33</u>	<u>33</u>
DEDUCTIONS:				
Supplies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>-</u>	<u>-</u>	<u>33</u>	<u>33</u>
NET POSITION, BEGINNING OF YEAR	<u>2,472</u>	<u>5,008</u>	<u>23,279</u>	<u>30,759</u>
NET POSITION, END OF YEAR	<u>\$ 2,472</u>	<u>\$ 5,008</u>	<u>\$ 23,312</u>	<u>\$ 30,792</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, 2016**

	<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	\$ 777,913	\$ 3,963,731	\$ 3,668,565	\$ 1,073,079
Total assets	<u>\$ 777,913</u>	<u>\$ 3,963,731</u>	<u>\$ 3,668,565</u>	<u>\$ 1,073,079</u>
Liabilities				
Due to other agencies	\$ 777,913	\$ 3,963,731	\$ 3,668,565	\$ 1,073,079
Total liabilities	<u>\$ 777,913</u>	<u>\$ 3,963,731</u>	<u>\$ 3,668,565</u>	<u>\$ 1,073,079</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, 2016**

	No-Load Mutual Funds	U.S. Treasury Obligations		
		Amortized Cost	Par Value	Fair Values
GOVERNMENTAL FUNDS				
Unrestricted:				
General Fund	\$ 58,904	\$ 1,009,581	\$ 1,000,000	\$ 1,010,770
Housing and Urban Development Grants Funds	2,083	-	-	-
Seizure Funds	6,600	-	-	-
Tax Increment Reinvestment Zone #1	159,555	-	-	-
Compensated Absences	7,642	1,000,232	1,000,000	1,000,660
General Obligation Debt	902,165	-	-	-
Public Improvement Districts	28,368	-	-	-
Capital Projects Funds	5,681,115	3,505,485	3,500,000	3,507,365
Miscellaneous special revenue	360,941	-	-	-
Total Unrestricted	<u>7,207,373</u>	<u>5,515,298</u>	<u>5,500,000</u>	<u>5,518,795</u>
Restricted:				
Civic Center Improvement Fund	8,168,112	-	-	-
Tax Increment Reinvestment Zone #1	133,580	-	-	-
Total Restricted	<u>8,301,692</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Funds	<u>15,509,065</u>	<u>5,515,298</u>	<u>5,500,000</u>	<u>5,518,795</u>
PROPRIETARY FUNDS				
ENTERPRISE FUNDS				
Unrestricted:				
Water and Sewer Fund	15,367,792	7,505,632	7,500,000	7,519,615
Airport Fund	353,749	1,503,354	1,500,000	1,504,295
Drainage Utility	1,000,200	500,098	500,000	500,245
Total Unrestricted	<u>16,721,741</u>	<u>9,509,084</u>	<u>9,500,000</u>	<u>9,524,155</u>
Restricted:				
Water and Sewer Fund	40,771,987	-	-	-
Airport Fund	-	-	-	-
Drainage Utility	98,772	-	-	-
Total Restricted	<u>40,870,759</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Enterprise Funds	<u>57,592,500</u>	<u>9,509,084</u>	<u>9,500,000</u>	<u>9,524,155</u>
INTERNAL SERVICE FUNDS				
Unrestricted:				
Municipal Garage	1,072,945	-	-	-
Information Services	601,759	-	-	-
Risk Management	870,236	-	-	-
Employee Insurance	1,361,191	-	-	-
Total Unrestricted	<u>3,906,131</u>	<u>-</u>	<u>-</u>	<u>-</u>
Restricted:				
Municipal Garage	104,626	-	-	-
Total Internal Service Funds	<u>4,010,757</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTALS - ALL FUNDS	<u>\$ 77,112,322</u>	<u>\$ 15,024,382</u>	<u>\$ 15,000,000</u>	<u>\$ 15,042,950</u>

See Independent Auditor's Report.

U.S. Government and Government-Sponsored Agencies		Total Investments at Fair Values	Add Time Deposits	Less Cash Equivalents	Total Investments
Interest Bearing Obligations Par Values	Fair Values				
\$ 42,510,000	\$ 42,607,587	\$ 43,677,261	\$ 325,819	\$ (58,904)	\$ 43,944,176
-	-	2,083	-	(2,083)	-
-	-	6,600	-	(6,600)	-
-	-	159,555	1,330,000	(159,555)	1,330,000
1,000,000	999,755	2,008,057	2,250,000	(7,642)	4,250,415
-	-	902,165	-	(902,165)	-
-	-	28,368	-	(28,368)	-
20,782,000	20,909,015	30,097,495	11,250,000	(5,681,115)	35,666,380
250,000	249,844	610,785	1,250,000	(360,941)	1,499,844
64,542,000	64,766,201	77,492,369	16,405,819	(7,207,373)	86,690,815
-	-	8,168,112	-	(8,168,112)	-
-	-	133,580	500,000	(133,580)	500,000
-	-	8,301,692	500,000	(8,301,692)	500,000
64,542,000	64,766,201	85,794,061	16,905,819	(15,509,065)	87,190,815
36,929,000	36,980,337	59,867,744	6,250,000	(15,367,792)	50,749,952
6,500,000	6,511,558	8,369,602	750,000	(353,749)	8,765,853
6,254,000	6,281,523	7,781,968	750,000	(1,000,200)	7,531,768
49,683,000	49,773,418	76,019,314	7,750,000	(16,721,741)	67,047,573
-	-	40,771,987	-	(40,771,987)	-
-	-	-	-	-	-
-	-	98,772	-	(98,772)	-
-	-	40,870,759	-	(40,870,759)	-
49,683,000	49,773,418	116,890,073	7,750,000	(57,592,500)	67,047,573
7,250,000	7,279,188	8,352,133	2,250,000	(1,072,945)	9,529,188
2,500,000	2,501,349	3,103,108	250,000	(601,759)	2,751,349
10,750,000	10,773,898	11,644,134	3,500,000	(870,236)	14,273,898
1,500,000	1,507,875	2,869,066	1,500,000	(1,361,191)	3,007,875
22,000,000	22,062,310	25,968,441	7,500,000	(3,906,131)	29,562,310
-	-	104,626	-	(104,626)	-
22,000,000	22,062,310	26,073,067	7,500,000	(4,010,757)	29,562,310
\$ 136,225,000	\$ 136,601,929	\$ 228,757,201	\$ 32,155,819	\$ (77,112,322)	\$ 183,800,698

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
AD VALOREM TAXES RECEIVABLE BY ROLL YEAR
SEPTEMBER 30, 2016

<u>Roll Year</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
2016	\$ 334,796	\$ 25,763	\$ 360,559
2015	144,782	11,768	156,550
2014	103,696	8,849	112,545
2013	77,386	7,224	84,611
2012	64,467	6,129	70,596
2011	64,267	6,545	70,812
2010	58,279	5,935	64,214
2009	48,439	4,933	53,372
2008	41,237	867	42,104
2007	37,914	868	38,782
2006	31,404	758	32,163
2005	22,668	568	23,236
2004	19,205	503	19,708
2003 & Prior	<u>50,674</u>	<u>643</u>	<u>51,317</u>
Total taxes receivable	1,099,215	81,353	1,180,568
Allowance for uncollectible taxes	<u>818,976</u>	<u>58,773</u>	<u>877,749</u>
Net taxes receivable	280,239	22,580	302,819
Provision for deferred collections	<u>234,419</u>	<u>18,762</u>	<u>253,181</u>
Net taxes available for current expenditure	<u><u>\$ 45,820</u></u>	<u><u>\$ 3,818</u></u>	<u><u>\$ 49,638</u></u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
SCHEDULE OF CHANGES IN TAXES AVAILABLE
YEAR ENDED SEPTEMBER 30, 2016**

TAXES AVAILABLE, BEGINNING, Net	<u>\$ 59,929</u>
REVENUES	
Taxes levied	39,236,666
Adjustments	<u>(42,151)</u>
Tax levy net of adjustments	39,194,515
Decrease in allowance for uncollectible taxes	14,242
Increase in provision for deferred collections	<u>(25,626)</u>
Net revenues	39,183,131
COLLECTIONS	<u>(39,193,422)</u>
Net increase (decrease) in taxes available	<u>(10,291)</u>
TAXES AVAILABLE, ENDING, Net	<u><u>\$ 49,638</u></u>
TOTAL AD VALOREM TAXES:	
Ad valorem taxes - property tax rolls	\$ 36,232,348
Penalty and interest	274,075
Payment in lieu of property tax	<u>3,495,444</u>
Total General Fund tax revenues	40,001,867
Debt Service	<u>2,822,783</u>
TOTAL TAX REVENUES	<u><u>\$ 42,824,650</u></u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
COMBINED SCHEDULE OF OUTSTANDING DEBT ISSUANCES
SEPTEMBER 30, 2016**

	<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, 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%
Waterworks and Sewer Revenue, 2015	10/02/15	04/01/35	0.50 - 1.59%
Waterworks and Sewer Revenue, 2015A	10/02/15	04/01/32	2.00 - 4.00%
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			
<i>Serviced by Hotel Occupancy Tax :</i>			
Hotel Occupancy Tax Revenue Bonds, Taxable Series 2016	04/13/16	08/15/43	1.85 - 4.25%
Total bonds payable*			

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

** Total interest of \$60,888 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				2016-17 Maturities		
Authorized	Issued	Retired	Outstanding	Principal	Interest	Total
\$ 4,825,000	\$ 4,825,000	\$ 2,155,000	\$ 2,670,000	\$ 405,000	\$ 102,063	\$ 507,063
24,575,000	24,575,000	7,310,000	17,265,000	1,215,000	888,063	2,103,063
1,392,000	1,392,000	344,000	1,048,000	64,000	33,488 **	97,488
600,000	600,000	600,000	-	-	-	-
620,000	620,000	340,000	280,000	35,000	10,360	45,360
585,000	585,000	236,707	348,293	30,051	15,895	45,946
600,000	600,000	180,000	420,000	25,000	17,441	42,441
1,500,000	1,500,000	455,000	1,045,000	70,000	41,208	111,208
2,260,000	2,260,000	155,000	2,105,000	95,000	65,819	160,819
3,750,000	3,750,000	445,000	3,305,000	100,000	153,450	253,450
2,210,000	2,210,000	370,000	1,840,000	80,000	92,625	172,625
42,917,000	42,917,000	12,590,707	30,326,293	2,119,051	1,420,412	3,539,463
2,790,000	2,790,000	1,845,000	945,000	470,000	10,638	480,638
2,650,000	2,650,000	1,305,000	1,345,000	440,000	22,500	462,500
5,440,000	5,440,000	3,150,000	2,290,000	910,000	33,138	943,138
16,300,000	16,300,000	3,325,000	12,975,000	655,000	475,038	1,130,038
5,605,000	5,605,000	1,930,000	3,675,000	485,000	96,675	581,675
1,310,000	1,310,000	385,000	925,000	130,000	3,173	133,173
8,495,000	8,495,000	1,195,000	7,300,000	370,000	121,476	491,476
17,195,000	17,195,000	890,000	16,305,000	815,000	147,102	962,102
21,145,000	21,145,000	1,530,000	19,615,000	1,740,000	573,768	2,313,768
38,885,000	38,885,000	12,045,000	26,840,000	2,025,000	603,312	2,628,312
47,400,000	47,400,000	11,735,000	35,665,000	1,975,000	723,716	2,698,716
18,075,000	18,075,000	4,500,000	13,575,000	905,000	-	905,000
174,410,000	174,410,000	37,535,000	136,875,000	9,100,000	2,744,260	11,844,260
16,140,000	16,140,000	9,335,000	6,805,000	1,580,000	290,775	1,870,775
6,260,000	6,260,000	1,700,000	4,560,000	430,000	86,900	516,900
6,080,000	6,080,000	450,000	5,630,000	255,000	175,644	430,644
12,340,000	12,340,000	2,150,000	10,190,000	685,000	262,544	947,544
11,995,000	11,995,000	-	11,995,000	-	612,761	612,761
\$ 263,242,000	\$ 263,242,000	\$ 64,760,707	\$ 198,481,293	\$ 14,394,051	\$ 5,363,890	\$ 19,757,941

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
COMBINED SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY
SEPTEMBER 30, 2016

	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
2016-2017	\$ 1,684,000	\$ 1,051,014	\$ (27,400)	\$ 2,707,614	\$ 435,051	\$ 396,798	\$ 831,849	\$ 9,100,000	\$ 2,744,260	\$ 11,844,260
2017-2018	1,750,000	978,445	(25,726)	2,702,719	451,509	381,636	833,145	9,215,000	2,651,718	11,866,718
2018-2019	1,832,000	897,769	(24,027)	2,705,742	463,037	365,070	828,107	9,330,000	2,541,779	11,871,779
2019-2020	1,919,000	808,913	(22,275)	2,705,638	474,643	347,967	822,610	9,500,000	2,414,001	11,914,001
2020-2021	2,005,000	715,742	(20,472)	2,700,270	501,325	329,964	831,289	9,660,000	2,268,913	11,928,913
2021-2022	2,102,000	617,065	(18,641)	2,700,424	523,088	310,617	833,705	9,845,000	2,098,492	11,943,492
2022-2023	1,703,000	512,367	(16,759)	2,198,608	539,936	290,874	830,810	10,055,000	1,884,864	11,939,864
2023-2024	1,790,000	422,553	(14,850)	2,197,703	511,875	269,458	781,333	9,865,000	1,649,616	11,514,616
2024-2025	1,882,000	328,155	(12,890)	2,197,265	533,909	247,414	781,323	10,100,000	1,415,432	11,515,432
2025-2026	1,978,000	228,920	(10,876)	2,196,044	528,920	223,675	752,595	10,360,000	1,164,257	11,524,257
2026-2027	2,081,000	124,638	(8,837)	2,196,801	540,000	200,193	740,193	10,610,000	915,607	11,525,607
2027-2028	83,000	14,932	(6,720)	91,212	570,000	175,345	745,345	9,465,000	655,025	10,120,025
2028-2029	86,000	10,109	(4,550)	91,559	430,000	152,175	582,175	7,070,000	423,287	7,493,287
2029-2030	88,000	5,112	(2,300)	90,812	450,000	131,038	581,038	3,755,000	260,283	4,015,283
2030-2031	-	-	-	-	480,000	108,600	588,600	3,835,000	180,800	4,015,800
2031-2032	-	-	-	-	500,000	84,313	584,313	1,810,000	96,014	1,906,014
2032-2033	-	-	-	-	345,000	63,900	408,900	1,415,000	56,644	1,471,644
2033-2034	-	-	-	-	365,000	47,881	412,881	935,000	29,691	964,691
2034-2035	-	-	-	-	220,000	30,975	250,975	950,000	15,104	965,104
2035-2036	-	-	-	-	235,000	19,031	254,031	-	-	-
2036-2037	-	-	-	-	245,000	6,431	251,431	-	-	-
2037-2038	-	-	-	-	-	-	-	-	-	-
2038-2039	-	-	-	-	-	-	-	-	-	-
2039-2040	-	-	-	-	-	-	-	-	-	-
2040-2041	-	-	-	-	-	-	-	-	-	-
2041-2042	-	-	-	-	-	-	-	-	-	-
2042-2043	-	-	-	-	-	-	-	-	-	-
Totals	\$ 20,983,000	\$ 6,715,734	\$ (216,323)	\$ 27,482,411	\$ 9,343,293	\$ 4,183,355	\$ 13,526,648	\$ 136,875,000	\$ 23,465,787	\$ 160,340,787

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, 2016

	Airport Bonds (Debt Serviced by Airport Revenues)			Drainage Utility Bonds (Debt Serviced by Drainage Revenues)			Municipal Garage Bonds (Debt Serviced by Municipal Garage Revenues)			Hotel Occupancy Tax (Revenue Bonds)		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2016-2017	\$ 1,580,000	\$ 290,775	\$ 1,870,775	\$ 685,000	\$ 262,544	\$ 947,544	\$ 910,000	\$ 33,138	\$ 943,138	\$ -	\$ 612,761	\$ 612,761
2017-2018	1,655,000	215,900	1,870,900	500,000	253,144	753,144	925,000	24,037	949,037	-	457,664	457,664
2018-2019	1,740,000	131,025	1,871,025	510,000	243,144	753,144	455,000	9,100	464,100	315,000	457,664	772,664
2019-2020	1,830,000	43,762	1,873,762	515,000	230,344	745,344	-	-	-	320,000	451,836	771,836
2020-2021	-	-	-	520,000	217,394	737,394	-	-	-	330,000	444,956	774,956
2021-2022	-	-	-	535,000	204,344	739,344	-	-	-	335,000	437,201	772,201
2022-2023	-	-	-	540,000	190,894	730,894	-	-	-	345,000	428,357	773,357
2023-2024	-	-	-	555,000	177,294	732,294	-	-	-	355,000	418,248	773,248
2024-2025	-	-	-	565,000	163,294	728,294	-	-	-	365,000	407,350	772,350
2025-2026	-	-	-	580,000	149,044	729,044	-	-	-	375,000	395,670	770,670
2026-2027	-	-	-	600,000	134,394	734,394	-	-	-	390,000	383,108	773,108
2027-2028	-	-	-	620,000	119,244	739,244	-	-	-	405,000	368,132	773,132
2028-2029	-	-	-	635,000	103,131	738,131	-	-	-	420,000	352,580	772,580
2029-2030	-	-	-	650,000	86,181	736,181	-	-	-	435,000	336,451	771,451
2030-2031	-	-	-	675,000	68,369	743,369	-	-	-	455,000	319,748	774,748
2031-2032	-	-	-	700,000	49,394	749,394	-	-	-	470,000	301,229	771,229
2032-2033	-	-	-	395,000	29,694	424,694	-	-	-	490,000	282,100	772,100
2033-2034	-	-	-	410,000	15,372	425,372	-	-	-	510,000	262,157	772,157
2034-2035	-	-	-	-	-	-	-	-	-	530,000	241,400	771,400
2035-2036	-	-	-	-	-	-	-	-	-	555,000	218,875	773,875
2036-2037	-	-	-	-	-	-	-	-	-	580,000	195,288	775,288
2037-2038	-	-	-	-	-	-	-	-	-	600,000	170,637	770,637
2038-2039	-	-	-	-	-	-	-	-	-	630,000	145,137	775,137
2039-2040	-	-	-	-	-	-	-	-	-	655,000	118,362	773,362
2040-2041	-	-	-	-	-	-	-	-	-	680,000	90,525	770,525
2041-2042	-	-	-	-	-	-	-	-	-	710,000	61,624	771,624
2042-2043	-	-	-	-	-	-	-	-	-	740,000	31,450	771,450
Totals	\$ 6,805,000	\$ 681,462	\$ 7,486,462	\$ 10,190,000	\$ 2,697,219	\$ 12,887,219	\$ 2,290,000	\$ 66,275	\$ 2,356,275	\$ 11,995,000	\$ 8,390,510	\$ 20,385,510

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
DEBT OBLIGATION INFORMATION AT SEPTEMBER 30, 2016
AS REQUIRED BY SECTION 140.008 TEXAS LOCAL GOVERNMENT CODE

	Final Maturity Date	Bond Issuances		
		Authorized	Issued	Outstanding
GENERAL OBLIGATION DEBT:				
<i>Serviced by Tax Revenues:</i>				
General Obligation Bonds, Series 2001****	08/15/22	\$ 6,913,000	\$ 6,910,000	\$ -
General Obligation Bonds, Series 2009	08/15/22	4,825,000	4,825,000	2,670,000
Combination Tax and Revenue Certificate of Obligation Bonds, Series 2007	05/15/27	24,575,000	24,575,000	17,265,000
Recovery Zone Build America Bonds, Series 2010	08/15/30	1,392,000	1,392,000	1,048,000
Total debt serviced by ad valorem taxes		<u>37,705,000</u>	<u>37,702,000</u>	<u>20,983,000</u>
<i>Serviced by special assessments and other revenue sources:</i>				
Public Improvement Districts:				
Combination Tax and Revenues Certificates of Obligation				
Series 2001 Greenways	08/15/16	600,000	600,000	-
Series 2003 Greenways	08/15/23	620,000	620,000	280,000
Series 2006 Colonies	02/15/26	585,000	585,000	348,293
Series 2008A Greenways	02/15/28	600,000	600,000	420,000
Series 2008B Colonies	02/15/28	1,500,000	1,500,000	1,045,000
Series 2014 (\$725,000 Greenways, \$1,535,000 Colonies)	08/15/34	2,260,000	2,260,000	2,105,000
Golf Course Supported:				
Series 2011A	02/15/37	3,750,000	3,750,000	3,305,000
Tax Increment Reinvestment Zone #1 Supported:				
Series 2011B	02/15/32	<u>2,210,000</u>	<u>2,210,000</u>	<u>1,840,000</u>
Total debt serviced by special assessment and other revenue sources		<u>12,125,000</u>	<u>12,125,000</u>	<u>9,343,293</u>
<i>Serviced by Municipal Garage Fund Revenue (an Internal Service Fund):</i>				
Combination Tax and Revenue Certificates of Obligation, 2012B	08/15/18	2,790,000	2,790,000	945,000
Tax Notes, Series 2014	08/15/19	<u>2,650,000</u>	<u>2,650,000</u>	<u>1,345,000</u>
Total debt serviced by Municipal Garage Funds revenue		<u>5,440,000</u>	<u>5,440,000</u>	<u>2,290,000</u>
REVENUE OBLIGATION DEBT:				
<i>Serviced by Water and Sewer Revenues:</i>				
Waterworks and Sewer Revenue, 2011	04/01/31	16,300,000	16,300,000	12,975,000
General Obligation Bonds, Series 2011	04/01/23	5,605,000	5,605,000	3,675,000
Waterworks and Sewer Revenue, 2013	04/01/23	1,310,000	1,310,000	925,000
Waterworks and Sewer Revenue, 2014	04/01/33	8,495,000	8,495,000	7,300,000
Waterworks and Sewer Revenue, 2015	04/01/35	17,195,000	17,195,000	16,305,000
Waterworks and Sewer Revenue, 2015A	04/01/32	21,145,000	21,145,000	19,615,000
Combination Tax and Revenues Certificates of Obligation				
Waterworks and Sewer Tax and Revenue, 2009	05/15/28	38,885,000	38,885,000	26,840,000
Waterworks and Sewer Tax and Revenue 2009B	05/15/29	47,400,000	47,400,000	35,665,000
Waterworks and Sewer Tax and Revenue 2009C	05/15/31	<u>18,075,000</u>	<u>18,075,000</u>	<u>13,575,000</u>
Total bonds serviced by Water and Sewer revenues		<u>174,410,000</u>	<u>174,410,000</u>	<u>136,875,000</u>
<i>Serviced by Airport Revenue:</i>				
Airport Tax and Revenue, 2009A	02/15/20	16,140,000	16,140,000	6,805,000
<i>Serviced by Drainage Fund Revenue:</i>				
Combination Tax and Revenue Certificates of Obligation, 2012A	08/15/32	6,260,000	6,260,000	4,560,000
Drainage Revenue, 2014	08/15/34	<u>6,080,000</u>	<u>6,080,000</u>	<u>5,630,000</u>
Total debt serviced by Drainage Fund revenue		<u>12,340,000</u>	<u>12,340,000</u>	<u>10,190,000</u>
<i>Serviced by Hotel Occupancy Tax :</i>				
Hotel Occupancy Tax Revenue Bonds, Taxable Series 2016	08/15/43	<u>11,995,000</u>	<u>11,995,000</u>	<u>11,995,000</u>
Total bonds payable*		<u>\$ 270,155,000</u>	<u>\$ 270,152,000</u>	<u>\$ 198,481,293</u>
DEBT PER CAPITA				
Total debt serviced by ad valorem taxes				\$ 20,983,000
Total debt serviced by ad valorem taxes per capita				104
CREDIT RATINGS				
General Obligation Debt - Standard & Poor's AAA				
Waterworks and Sewer System Bonds - Standard & Poor's AAA, Moody's Aa1				
Drainage Utility System Revenue Bonds - Standard & Poor's AAA				
Hotel Occupancy Tax Revenue Bonds - Standard & Poor's A+/Stable				
* Does not include the City's proportionate share of the Canadian River Water Authority indebtedness.				
** Total interest of \$60,888 less 45% offset subsidy from the United States Treasury.				
*** Includes acquisition of land and rights of way				
**** Refunded by the GO 2009 Issue				

See Independent Auditor's Report.

Total Principal and Interest Requirement			Bond Proceeds		Stated Purpose
Principal	Interest	Total	Spent	Unspent	
\$ -	\$ -	\$ -	\$ 6,910,000	\$ -	Acquiring, constructing, improving and equipping library facilities
405,000	102,063	507,063	4,825,000	-	Refund outstanding debt
1,215,000	888,063	2,103,063	24,575,000	-	Constructing and equipping facilities ***
64,000	33,488 **	97,488	1,392,000	-	Public infrastructure and construction of public facilities
<u>1,684,000</u>	<u>1,023,614</u>	<u>2,707,614</u>	<u>37,702,000</u>	<u>-</u>	
-	-	-	600,000	-	Acquiring, constructing, improving and equipping park facilities
35,000	10,360	45,360	620,000	-	Acquiring, constructing, improving and equipping park facilities
30,051	15,895	45,946	585,000	-	Acquiring, constructing, improving and equipping park facilities
25,000	17,441	42,441	600,000	-	Acquiring, constructing, improving and equipping park facilities
70,000	41,208	111,208	1,500,000	-	Acquiring, constructing, improving and equipping park facilities
95,000	65,819	160,819	2,260,000	-	Acquiring, constructing, improving and equipping park facilities
100,000	153,450	253,450	3,750,000	-	Improvements, renovations and equipping of the Ross Rodgers Golf Course
80,000	92,625	172,625	1,576,420	633,580	Acquiring, construction, improving, renovating and equipping street improvements
<u>435,051</u>	<u>396,798</u>	<u>831,849</u>	<u>11,491,420</u>	<u>633,580</u>	
470,000	10,638	480,638	2,790,000	-	Acquiring rolling stock, equipment and vehicles for the municipal garage department
440,000	22,500	462,500	2,650,000	-	Acquiring rolling stock, equipment and vehicles for the municipal garage department
910,000	33,138	943,138	5,440,000	-	
655,000	475,038	1,130,038	16,300,000	-	Purchase of 32,000 acre feet of water rights
485,000	96,675	581,675	5,605,000	-	Refund outstanding debt
130,000	3,173	133,173	901,435	408,565	Improvement and extension of the City's waterworks and sewer system
370,000	121,476	491,476	4,886,480	3,608,520	Improvement and extension of the City's waterworks and sewer system
815,000	147,102	962,102	2,599,553	14,595,447	Improvement and extension of the City's waterworks and sewer system
1,740,000	573,768	2,313,768	21,145,000	-	Refund outstanding debt
2,025,000	603,312	2,628,312	37,992,835	892,165	Improvement and extension of the City's waterworks and sewer system
1,975,000	723,716	2,698,716	32,028,260	15,371,740	Improvement and extension of the City's waterworks and sewer system
905,000	-	905,000	18,075,000	-	Improvement and extension of the City's waterworks and sewer system
<u>9,100,000</u>	<u>2,744,260</u>	<u>11,844,260</u>	<u>139,533,563</u>	<u>34,876,437</u>	
1,580,000	290,775	1,870,775	16,140,000	-	Improvements to the Rick Husband International Airport
430,000	86,900	516,900	6,260,000	-	Acquiring, improving, constructing and equipping municipal drainage facilities
255,000	175,644	430,644	6,080,000	-	Acquiring, improving, constructing and equipping municipal drainage facilities***
685,000	262,544	947,544	12,340,000	-	
-	612,761	612,761	3,826,888	8,168,112	Construct and equip a downtown Amarillo parking garage
<u>\$ 14,394,051</u>	<u>\$ 5,363,890</u>	<u>\$ 19,757,941</u>	<u>\$ 226,473,871</u>	<u>\$ 43,678,129</u>	

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
BOND PRINCIPAL REPAYMENT SCHEDULE
SEPTEMBER 30, 2016**

<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>
2017	\$ 9,100,000	\$ 127,775,000	6.65%
2018	9,215,000	118,560,000	13.38%
2019	9,330,000	109,230,000	20.20%
2020	9,500,000	99,730,000	27.14%
2021	9,660,000	90,070,000	34.20%
2022	9,845,000	80,225,000	41.39%
2023	10,055,000	70,170,000	48.73%
2024	9,865,000	60,305,000	55.94%
2025	10,100,000	50,205,000	63.32%
2026	10,360,000	39,845,000	70.89%
2027	10,610,000	29,235,000	78.64%
2028	9,465,000	19,770,000	85.56%
2029	7,070,000	12,700,000	90.72%
2030	3,755,000	8,945,000	93.46%
2031	3,835,000	5,110,000	96.27%
2032	1,810,000	3,300,000	97.59%
2033	1,415,000	1,885,000	98.62%
2034	935,000	950,000	99.31%
2035	950,000	-	100.00%
	<u>\$ 136,875,000</u>		

See Independent Auditor's Report.

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

Fiscal Years Ended September 30

	2016	2015	2014	2013	2012	2011	2010
OPERATING REVENUES	\$ 72,825,637	\$ 64,436,968	\$ 72,343,366	\$ 70,809,219	\$ 69,656,085	\$ 69,118,868	\$ 54,601,904
OPERATING EXPENSES ⁽¹⁾							
Personal Services	12,388,873	11,472,684	11,594,856	11,646,845	11,394,284	11,204,778	11,912,936
Supplies	1,440,246	1,472,230	1,428,923	1,408,294	1,303,399	1,340,547	1,223,082
Contractual & Other Services	25,349,012	23,470,695	23,818,470	22,080,097	21,419,337	21,593,837	21,300,695
Total expenses	39,178,131	36,415,609	36,842,249	35,135,236	34,117,020	34,139,162	34,436,713
NONOPERATING REVENUES (EXPENSES) ⁽²⁾	(1,660,100)	1,413,510	1,182,273	(3,401,054)	(3,665,377)	4,696,784	(2,272,491)
NET AVAILABLE FOR DEBT SERVICE	\$ 31,987,406	\$ 29,434,869	\$ 36,683,390	\$ 32,272,929	\$ 31,873,688	\$ 39,676,490	\$ 17,892,700
ANNUAL DEBT SERVICE							
Principal	\$ 9,100,000	\$ 8,065,000	\$ 7,940,000	\$ 7,490,000	\$ 7,290,000	\$ 7,210,000	\$ 5,350,000
Interest	2,744,260	3,077,633	3,186,396	3,157,712	3,232,174	2,998,168	2,884,844
TOTAL DEBT SERVICE	\$ 11,844,260	\$ 11,142,633	\$ 11,126,396	\$ 10,647,712	\$ 10,522,174	\$ 10,208,168	\$ 8,234,844
Coverage	2.70x	2.64x	3.30x	3.03x	3.03x	3.89x	2.17x

(1) Excludes depreciation

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

**NET POSITION
(As of SEPTEMBER 30, 2016)**

Net Investment in Capital Assets	\$ 358,232,452
Restricted for Revenue Bond Debt Retirement	5,895,549
Unrestricted	58,785,812
Total Net Position	\$ 422,913,813

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

	2016	2015	2014	2013	2012	2011	2010
Waterworks and sewer system in service	\$ 732,454,402	\$ 720,136,925	\$ 705,779,908	\$ 668,716,261	\$ 658,740,846	\$ 596,302,019	\$ 507,674,625
Reserve for depreciation	(231,801,728)	(217,817,127)	(203,635,685)	(190,129,416)	(176,837,047)	(163,814,038)	(153,617,168)
Net plant in service	500,652,674	502,319,798	502,144,223	478,586,845	481,903,799	432,487,981	354,057,457
Plus construction in progress	39,321,320	24,886,619	12,169,588	34,064,799	36,349,481	16,228,356	30,597,915
Net plant in service and coming on line	539,973,994	527,206,417	514,313,811	512,651,644	518,253,280	448,716,337	384,655,372
Plus restricted assets and other noncurrent assets and deferred items	45,871,105	31,645,460	34,446,021	24,000,067	27,143,194	57,987,789	87,258,165
Plus working capital	59,024,455	64,534,177	74,220,979	66,127,977	51,196,475	45,089,347	28,518,711
Total assets	644,869,554	623,386,054	623,386,054	602,779,688	596,592,949	551,793,473	500,432,248
Other noncurrent liabilities	212,855,741	208,856,127	221,508,391	222,216,207	232,759,820	208,225,418	190,492,089
Plus liabilities payable from restricted assets	9,100,000	8,065,000	7,940,000	7,490,000	7,290,000	7,210,000	5,350,000
Total obligations	221,955,741	216,921,127	229,448,391	229,706,207	240,049,820	215,435,418	195,842,089
City's equity in system	\$ 422,913,813	\$ 406,464,927	393,937,663	373,073,481	\$ 356,543,129	\$ 336,358,055	\$ 304,590,159

COVERAGE OF DEBT SERVICE REQUIREMENT

Net System Income Available for Debt Service for Fiscal Year Ended 9/30/2016	31,987,406
Average Annual Principal and Interest Requirements (2017-2035)	8,438,989
Coverage of Average Annual Requirements by 2016 Net Revenues	3.79 x
Maximum Principal and Interest Requirements, 2022	11,943,492
Coverage of Maximum Requirements by 2016 Net Revenues	2.68 x

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

	2016	2015	2014	2013	2012	2011	2010
OPERATING REVENUES							
Water sales	\$ 48,676,840	\$ 41,199,939	\$ 47,606,516	\$ 46,968,390	\$ 46,807,157	\$ 47,322,272	\$ 35,062,958
Sewer charges	20,860,554	20,340,925	21,024,451	20,419,533	19,377,899	18,555,334	16,295,031
Industrial surcharges	250,874	271,604	265,140	316,450	226,620	187,398	114,904
Forfeited discounts - water	1,300,605	862,854	1,242,531	1,168,146	1,171,110	1,114,010	923,777
Sale of reclaimed water	529,786	622,529	574,786	598,131	670,041	767,589	772,639
Water service charges	1,270,238	991,326	1,240,897	1,184,191	1,176,520	1,109,047	883,873
Water tap fees	206,829	165,887	177,324	153,754	130,810	129,425	136,410
Sewer tap fees	72,057	46,177	63,596	61,124	71,993	50,210	59,387
Water frontage charges	6,283	37,288	1,925	16,628	14,855	7,123	15,920
Sewer frontage charges	2,726	18,080	4,928	8,208	25,074	9,723	12,345
Net loss on bad debts	(535,164)	(420,863)	(88,378)	(503,962)	(502,057)	(552,113)	(258,377)
Lab fees	148,173	148,168	156,239	143,814	175,921	157,710	118,412
Miscellaneous	35,836	153,054	73,411	274,812	310,142	261,140	464,625
Total operating revenues	72,825,637	64,436,968	72,343,366	70,809,219	69,656,085	69,118,868	54,601,904
OPERATING EXPENSES							
Salaries, wages and fringe benefits	12,388,873	11,472,684	11,594,856	11,646,845	11,394,284	11,204,778	11,912,936
Supplies	1,440,246	1,472,230	1,428,923	1,408,294	1,303,399	1,340,547	1,223,082
Fuel and power	4,174,521	4,246,205	4,933,966	4,398,162	4,476,328	4,896,302	4,013,217
Surface water	6,624,214	5,347,061	5,427,970	4,851,074	4,682,183	4,772,154	3,949,399
Other contractual charges	4,900,080	4,703,899	4,554,358	4,329,654	4,216,512	4,271,613	6,046,353
Other charges	9,650,197	9,173,530	8,902,176	8,501,207	8,044,314	7,653,768	7,291,726
Depreciation	14,154,802	14,238,259	13,637,200	13,378,612	13,110,658	10,492,183	10,097,129
Less: interfund reimbursements	(668,881)	(673,849)	(568,755)	(651,429)	(577,802)	(509,369)	(487,504)
Total operating expenses	52,664,052	49,980,019	49,910,694	47,862,419	46,649,876	44,121,976	44,046,338
Operating income	20,161,585	14,456,949	22,432,672	22,946,800	23,006,209	24,996,892	10,555,566
NONOPERATING REVENUES (EXPENSES)							
Capital contributions	2,616,854	5,105,521	3,603,324	369,472	4,587,476	4,206,347	6,657,116
Interest earnings	420,213	356,274	259,941	209,901	170,434	191,138	398,055
Disposition of property	12,669	3,417,620	3,816,207	57,883	(161,536)	6,974,932	14,646
Interest expense & fiscal charges	(5,661,205)	(5,825,441)	(6,190,969)	(6,881,192)	(7,030,181)	(4,600,102)	(5,568,544)
Total nonoperating revenues (expenses)	(2,611,469)	3,053,974	1,488,503	(6,243,936)	(2,433,807)	6,772,315	1,501,273
Total income before transfers	17,550,116	17,510,923	23,921,175	16,702,864	20,572,402	31,769,207	12,056,839
TRANSFERS FROM (TO) OTHER FUNDS	(1,101,230)	(2,499,153)	(250,456)	(172,512)	(387,328)	(1,311)	(38,400)
NET INCOME	\$ 16,448,886	\$ 15,011,770	\$ 23,670,719	\$ 16,530,352	\$ 20,185,074	\$ 31,767,896	\$ 12,018,439

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						
	2016	2015	2014	2013	2012	2011	2010
ASSETS							
CURRENT ASSETS							
Cash	\$ 15,496,358	\$ 19,471,699	\$ 24,640,561	\$ 26,378,742	\$ 19,588,927	\$ 20,183,545	\$ 2,815,848
Investments - at fair market value	50,749,952	48,461,977	52,948,308	40,279,863	35,148,563	30,501,543	28,323,250
Receivables (net of allowance for uncollectibles):							
Accounts	5,498,742	5,749,728	5,197,701	5,969,328	5,602,192	4,647,849	4,409,223
Accrued interest	132,048	94,835	100,484	71,974	60,022	74,346	250,099
Other accrued revenue	3,642,645	4,458,946	4,152,861	4,489,465	3,788,401	3,888,645	3,079,289
Prepaid expenses	1,472,893	893,326	928,415	933,853	963,535	24,496	90,534
Total current assets	<u>76,992,638</u>	<u>79,130,511</u>	<u>87,968,330</u>	<u>78,123,225</u>	<u>65,151,640</u>	<u>59,320,424</u>	<u>38,968,243</u>
NONCURRENT ASSETS							
Restricted cash	40,771,986	29,549,585	32,371,275	23,672,965	26,799,244	57,627,797	59,213,925
Restricted investments at fair value	-	-	-	-	-	-	28,044,240
Other noncurrent receivable	(1)	7,902	309,407	327,102	343,950	359,992	-
Other noncurrent asset	90,854	98,037	153,385	-	-	-	-
Capital assets							
Land, easements and water rights	60,954,487	59,444,991	58,993,887	59,163,418	59,023,252	41,513,892	38,622,957
Accumulated depletion water rights	(7,071,535)	(6,310,311)	(5,588,870)	(4,863,498)	(4,107,495)	(3,390,564)	(2,882,654)
Supply contract	50,336,389	50,336,389	50,336,389	50,336,389	50,336,389	50,336,389	50,336,389
Accumulated amortization	(22,111,802)	(21,345,694)	(20,581,680)	(19,817,665)	(19,053,650)	(18,287,542)	(17,523,528)
Pipelines and other improvements	616,942,368	606,102,721	592,221,300	554,949,517	545,610,923	500,590,181	414,863,547
Accumulated depreciation	(199,183,126)	(186,711,321)	(174,143,586)	(162,185,069)	(150,524,679)	(139,007,092)	(130,173,118)
Equipment	4,221,158	4,252,824	4,228,332	4,266,937	3,770,282	3,861,557	3,851,732
Accumulated depreciation	(3,435,265)	(3,449,801)	(3,321,549)	(3,263,184)	(3,151,223)	(3,128,840)	(3,037,868)
Construction in progress	39,321,320	24,886,619	12,169,588	34,064,799	36,349,481	16,228,356	30,597,915
Total capital assets, net	<u>539,973,994</u>	<u>527,206,417</u>	<u>514,313,811</u>	<u>512,651,644</u>	<u>518,253,280</u>	<u>448,716,337</u>	<u>384,655,372</u>
Total noncurrent assets	<u>580,836,833</u>	<u>556,861,941</u>	<u>547,147,878</u>	<u>536,651,711</u>	<u>545,396,474</u>	<u>506,704,126</u>	<u>471,913,537</u>
TOTAL ASSETS	<u>\$ 657,829,471</u>	<u>\$ 635,992,452</u>	<u>\$ 635,116,208</u>	<u>\$ 614,774,936</u>	<u>\$ 610,548,114</u>	<u>\$ 566,024,550</u>	<u>\$ 510,881,780</u>
DEFERRED OUTFLOW OF RESOURCES							
Deferred outflow of resources	\$ 5,032,417	\$ 2,024,929	\$ 1,966,685	\$ -	\$ -	\$ -	\$ -
TOTAL DEFERRED OUTFLOWS	<u>\$ 5,032,417</u>	<u>\$ 2,024,929</u>	<u>\$ 1,966,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
HISTORICAL FINANCIAL DATA
WATER AND SEWER FUND NET POSITION, CONTINUED**

	Fiscal Years Ended September 30						
	2016	2015	2014	2013	2012	2011	2010
LIABILITIES							
CURRENT LIABILITIES							
Vouchers payable	\$ 2,990,501	\$ 587,641	\$ 1,548,271	\$ 683,404	\$ 1,753,994	\$ 2,528,424	\$ 1,238,357
Accounts payable	1,090,247	1,988,469	737,303	448,080	1,630,633	3,473,670	705,089
Accrued expenses	3,337,958	2,533,123	2,415,764	2,142,244	2,339,336	1,193,893	1,963,363
Securities lending collateral	-	-	-	-	-	230,595	-
Deposits	41,075	43,353	43,758	36,899	32,740	31,662	31,548
Consumer security deposits	3,670,027	3,622,203	3,478,194	3,361,020	3,144,653	3,047,063	2,948,429
Compensated absences, current	220,629	253,107	237,424	228,074	187,561	168,340	148,137
Proportionate share of Water Authority indebtedness - current installments	5,467,746	5,246,984	5,236,637	5,095,527	4,866,248	3,557,430	3,414,609
Due to other funds	1,150,000	321,454	50,000	-	-	-	-
Revenue bonds - current maturities	9,100,000	8,065,000	7,940,000	7,490,000	7,290,000	7,210,000	5,350,000
Total current liabilities	27,068,183	22,661,334	21,687,351	19,485,248	21,245,165	21,441,077	15,799,532
NONCURRENT LIABILITIES							
Revenue bonds - less current maturities and unamortized issuance costs	128,872,057	122,510,609	130,639,582	128,779,108	133,829,981	139,432,250	118,201,627
Proportionate share of Water Authority indebtedness - less current installments	73,178,176	79,148,283	86,416,820	88,758,210	93,936,161	63,736,522	67,501,999
Other accrued expenses	2,615,459	2,646,300	2,783,256	2,979,023	3,109,196	3,150,000	2,718,836
Provision for accrued sick and annual leave	881,816	1,013,225	1,113,512	1,148,127	1,249,273	1,275,330	1,305,751
Net pension obligation	7,308,233	3,537,710	555,221	551,739	635,209	631,316	763,876
Total noncurrent liabilities	212,855,741	208,856,127	221,508,391	222,216,207	232,759,820	208,225,418	190,492,089
TOTAL LIABILITIES	\$ 239,923,924	\$ 231,517,461	\$ 243,195,742	\$ 241,701,455	\$ 254,004,985	\$ 229,666,495	\$ 206,291,621
DEFERRED INFLOWS OF RESOURCES							
Deferred outflow of resources	\$ 24,151	\$ 34,993	\$ 354,734	\$ -	\$ -	\$ -	\$ -
TOTAL DEFERRED INFLOWS	\$ 24,151	\$ 34,993	\$ 354,734	\$ -	\$ -	\$ -	\$ -
NET POSITION							
Net investment in capital assets	\$ 358,232,452	\$ 336,363,074	\$ 312,096,698	\$ 300,642,476	\$ 299,800,814	\$ 286,963,208	\$ 272,063,445
Restricted for debt service	5,895,549	6,325,536	6,322,034	5,559,288	5,329,320	5,444,724	31,857
Unrestricted	58,785,812	63,776,317	75,113,688	66,871,717	51,412,995	43,950,123	32,494,857
TOTAL NET POSITION	\$ 422,913,813	\$ 406,464,927	\$ 393,532,420	\$ 373,073,481	\$ 356,543,129	\$ 336,358,055	\$ 304,590,159

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
DRAINAGE UTILITY
CONDENSED SCHEDULE OF OPERATIONS
YEAR ENDED SEPTEMBER 30, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
OPERATING REVENUES	\$ 5,524,655	\$ 5,460,345	\$ 5,469,629	\$ 4,990,113	\$ -
OPERATING EXPENSES					
Personal Services	801,198	688,868	671,575	553,212	26,714
Contractual & Other Services	1,001,318	884,299	900,228	645,280	18,170
Other Supplies and Expenses	141,555	193,957	128,371	102,203	1,704
Other Charges	422,951	305,297	515,919	425,868	-
Depreciation	98,921	97,205	212	-	-
Total expenses	<u>2,465,943</u>	<u>2,169,626</u>	<u>2,216,305</u>	<u>1,726,563</u>	<u>46,588</u>
NONOPERATING REVENUES (EXPENSES)	<u>88,416</u>	<u>110,934</u>	<u>98,922</u>	<u>83,822</u>	<u>-</u>
NET AVAILABLE FOR DEBT SERVICE	\$ 3,147,128	\$ 3,401,653	\$ 3,352,246	\$ 3,347,372	\$ (46,588)
NUMBER OF CUSTOMERS	69,315	69,861	69,769	69,474	N/A

(1 Nonoperating revenues (expenses) exclude bond interest expense, capital contributions and transfers.

COVERAGE AND FUND BALANCE

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net System Income Available for Debt Service	\$ 3,147,128	\$ 3,401,653	\$ 3,352,246	\$ 3,347,372
Average Annual Principal and Interest Requirements	715,957	728,104	739,393	420,988
Coverage of Average Annual Requirements	4.40 X	4.67 X	4.53 X	7.95 X
Maximum Principal and Interest Requirements	947,544	947,544	953,848	438,498
Coverage of Maximum Requirements	3.32 X	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, 2016**

<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	* \$412,847,558
Water and Sewer Utility: Buildings & Contents	Fire and extended coverage	\$250,000	* \$312,748,513
Airport: Buildings & Contents	Fire and extended coverage	\$250,000	* \$199,696,788
Amarillo Hopital District Buildings & Contents	Fire and extended coverage	\$250,000	* \$619,311
Polygraph Examiners	Bond		\$5,000
Police Officer's Liability Insurance	Police Liability Coverage	\$100,000	\$16,000,000/16,000,000
City Council, City Manager, City Attorney, and Selected Division Directors & Department Heads	24 hour accident protection for business travel		\$250,000/1,250,000
Boiler and Machinery (Included with fire and extended coverage policy)	Explosion and damage	\$25,000	\$50,000,000
Professional liability	Med Mal and Gen Liability Public Health and Clinic	\$25,000	\$2,000,000/5,000,000
Cyber Security	Stored data security	\$15,000	\$3,000,000
Worker's Compensation All City Employees	Injury to City Workers	\$1,000,000	Statutory
Individual Stop Loss Health Plan Participants	Health Insurance	\$750,000	\$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>
Bob Cowell	Acting City Manager	\$50,000
<i>OTHER</i>		
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, 2016

	<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	\$ 3,301,176	\$ -	\$ 3,301,176	\$ -	\$ -	\$ 3,301,176	\$ 3,378,351	\$ 3,378,351	\$ (77,175)
	<u>\$ 3,301,176</u>	<u>\$ -</u>	<u>\$ 3,301,176</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,301,176</u>	<u>\$ 3,378,351</u>	<u>\$ 3,378,351</u>	<u>\$ (77,175)</u>
Expenditures:									
Public Health	\$ 3,476,459	\$ -	\$ 3,476,459	\$ -	\$ -	\$ 3,476,459	\$ 3,925,026	\$ 3,922,291	\$ 445,832
	<u>\$ 3,476,459</u>	<u>\$ -</u>	<u>\$ 3,476,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,476,459</u>	<u>\$ 3,925,026</u>	<u>\$ 3,922,291</u>	<u>\$ 445,832</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, 2016

	Net Current	Capital Outlay	Total Current Year (GAAP Basis)	Paid Prior Year Encumbrances	Encumbrances at End of Year	Total Actual Budgetary Basis	Original Budget	Final Budget	Variance with Final Budget
Revenues:									
LEOSE Training	\$ 25,342	\$ -	\$ 25,342	\$ -	\$ -	\$ 25,342	\$ 4,010	\$ 4,010	\$ 21,332
	<u>\$ 25,342</u>	<u>\$ -</u>	<u>\$ 25,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,342</u>	<u>\$ 4,010</u>	<u>\$ 4,010</u>	<u>\$ 21,332</u>
Expenditures:									
LEOSE Training	\$ 39,154	\$ -	\$ 39,154	\$ -	\$ -	\$ 39,154	\$ 22,500	\$ 22,500	\$ (16,654)
	<u>\$ 39,154</u>	<u>\$ -</u>	<u>\$ 39,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,154</u>	<u>\$ 22,500</u>	<u>\$ 22,500</u>	<u>\$ (16,654)</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, 2016**

	<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	\$ 81,490	\$ -	\$ 81,490	\$ -	\$ -	\$ 81,490	\$ -	\$ -	\$ 81,490
	<u>\$ 81,490</u>	<u>\$ -</u>	<u>\$ 81,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,490</u>
Expenditures:									
Local Seized Property	\$ 55,721	\$ -	\$ 55,721	\$ -	\$ -	\$ 55,721	\$ 103,385	\$ 103,385	\$ 47,664
	<u>\$ 55,721</u>	<u>\$ -</u>	<u>\$ 55,721</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,721</u>	<u>\$ 103,385</u>	<u>\$ 103,385</u>	<u>\$ 47,664</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, 2016

	<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	\$ 25,096	\$ -	\$ 25,096	\$ -	\$ -	\$ 25,096	\$ 82,000	\$ 22,000	\$ 3,096
	<u>\$ 25,096</u>	<u>\$ -</u>	<u>\$ 25,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,096</u>	<u>\$ 82,000</u>	<u>\$ 22,000</u>	<u>\$ 3,096</u>
Expenditures:									
Compensated Absences	\$ 1,857,067	\$ -	\$ 1,857,067	\$ -	\$ -	\$ 1,857,067	\$ 1,700,700	\$ 1,860,700	\$ 3,633
	<u>\$ 1,857,067</u>	<u>\$ -</u>	<u>\$ 1,857,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,857,067</u>	<u>\$ 1,700,700</u>	<u>\$ 1,860,700</u>	<u>\$ 3,633</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, 2016**

	<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	\$ 126,015	\$ -	\$ 126,015	\$ -	\$ -	\$ 126,015	\$ 135,300	\$ 135,300	\$ (9,285)
Court Security	94,510	-	94,510	-	-	94,510	101,500	101,500	(6,990)
	<u>\$ 220,525</u>	<u>\$ -</u>	<u>\$ 220,525</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,525</u>	<u>\$ 236,800</u>	<u>\$ 236,800</u>	<u>\$ (16,275)</u>
Expenditures:									
Court Technology	\$ 85,565	\$ 20,850	\$ 106,415	\$ -	\$ -	\$ 106,415	\$ 134,790	\$ 134,790	\$ 28,375
Court Security	144,194	-	144,194	-	-	144,194	139,810	139,810	(4,384)
	<u>\$ 229,759</u>	<u>\$ 20,850</u>	<u>\$ 250,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,609</u>	<u>\$ 274,600</u>	<u>\$ 274,600</u>	<u>\$ 23,991</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, 2016**

	<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	\$ 550,782	\$ -	\$ 550,782	\$ -	\$ -	\$ 550,782	\$ 528,206	\$ 528,206	\$ 22,576
Brennan Boulevard	-	-	-	-	-	-	-	-	-
The Colonies	611,363	-	611,363	-	-	611,363	605,202	605,202	6,161
Tutbury	16,296	-	16,296	-	-	16,296	16,318	16,318	(22)
Point West	52,000	-	52,000	-	-	52,000	52,000	52,000	-
Quail Creek	10,150	-	10,150	-	-	10,150	6,880	6,880	3,270
Vineyards	3,300	-	3,300	-	-	3,300	3,324	3,324	(24)
Redstone	327	-	327	-	-	327	2,458	327	-
Townsquare	-	-	-	-	-	-	-	-	-
	<u>\$ 1,244,218</u>	<u>\$ -</u>	<u>\$ 1,244,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,244,218</u>	<u>\$ 1,214,388</u>	<u>\$ 1,212,257</u>	<u>\$ 31,961</u>
Expenditures:									
Greenways at Hillside	\$ 532,482	\$ -	\$ 532,482	\$ -	\$ -	\$ 532,482	\$ 542,547	\$ 542,547	\$ 10,065
Brennan Boulevard	-	-	-	-	-	-	-	-	-
The Colonies	573,496	-	573,496	-	-	573,496	533,393	578,393	4,897
Tutbury	13,741	-	13,741	-	-	13,741	14,481	14,481	740
Point West	37,206	-	37,206	-	-	37,206	28,526	38,526	1,320
Quail Creek	7,954	-	7,954	-	-	7,954	9,141	9,141	1,187
Vineyards	2,429	-	2,429	-	-	2,429	3,123	3,123	694
Redstone	291	-	291	-	-	291	327	327	36
Townsquare	4	-	4	-	-	4	-	-	(4)
	<u>\$ 1,167,603</u>	<u>\$ -</u>	<u>\$ 1,167,603</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,167,603</u>	<u>\$ 1,131,538</u>	<u>\$ 1,186,538</u>	<u>\$ 18,935</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, 2016**

	<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	\$ 3,708,175	\$ -	\$ 3,708,175	\$ -	\$ -	\$ 3,708,175	\$ 3,695,473	\$ 3,695,473	\$ 12,702
	<u>\$ 3,708,175</u>	<u>\$ -</u>	<u>\$ 3,708,175</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,708,175</u>	<u>\$ 3,695,473</u>	<u>\$ 3,695,473</u>	<u>\$ 12,702</u>
Expenditures:									
Bonded Debt Service	\$ 3,601,817	\$ -	\$ 3,601,817	\$ -	\$ -	\$ 3,601,817	\$ 3,608,370	\$ 3,608,370	\$ 6,553
	<u>\$ 3,601,817</u>	<u>\$ -</u>	<u>\$ 3,601,817</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,601,817</u>	<u>\$ 3,608,370</u>	<u>\$ 3,608,370</u>	<u>\$ 6,553</u>

See Independent Auditor's Report.

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial information and well-being have changed over time.	232-235
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	239-244
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	245-250
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time.	251-252
Operating Information These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	253-257
Waterworks and Sewer System Information These schedules contain information about how the City's Waterworks and Sewer System financial information relates to services and activities provided.	258-261
Drainage Utility Information These schedules contain information about how the City's Drainage Utility financial information relates to services and activities provided.	262
Hotel Occupancy Tax Information These schedules contains information about how the City's Hotel Occupancy Tax financial information relates to services and activities provided.	263-264

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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CITY OF AMARILLO, TEXAS
NET POSITION BY COMPONENT, LAST TEN FISCAL YEARS
 (accrual basis of accounting)
 (unaudited)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental Activities										
Net investment in capital assets	\$ 366,307,710	\$ 359,487,691	\$ 330,139,447	\$ 329,550,783	\$ 320,390,991	\$ 308,957,310	\$ 309,160,316	\$ 301,783,034	\$ 289,264,232	\$ 265,774,557
Restricted for										
Debt service	3,782,207	526,239	340,688	2,364,008	1,763,860	1,706,708	1,476,611	1,371,563	555,566	344,615
Tax increment financing	2,515,936	2,544,254	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	17,586,769	24,476,393
Other purposes	5,484,949	7,497,255	8,519,242	6,673,794	3,812,464	-	-	-	-	-
Unrestricted	(28,863,242)	(3,248,802)	22,331,048	16,714,594	35,119,387	55,475,614	69,367,279	85,762,657	90,992,936	80,514,311
Total governmental activities net position	<u>\$ 349,227,560</u>	<u>\$ 366,806,637</u>	<u>\$ 361,330,425</u>	<u>\$ 355,303,179</u>	<u>\$ 361,086,702</u>	<u>\$ 366,139,632</u>	<u>\$ 380,004,206</u>	<u>\$ 388,917,254</u>	<u>\$ 398,399,503</u>	<u>\$ 371,109,876</u>
Business-type Activities										
Net investment in capital assets	\$ 433,391,146	\$ 411,804,458	\$ 387,227,804	\$ 371,302,208	\$ 369,612,040	\$ 355,790,591	\$ 325,209,714	\$ 310,139,595	\$ 300,175,147	\$ 285,682,252
Restricted for										
Debt service	6,084,330	6,768,270	6,931,523	5,879,001	5,702,750	6,020,692	436,303	3,683,013	3,365,463	4,008,485
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	-	-
Unrestricted	49,991,605	53,143,232	64,018,501	57,194,184	42,852,895	38,722,071	43,205,956	39,181,048	42,722,033	57,263,547
Total business-type activities net position	<u>\$ 489,467,081</u>	<u>\$ 471,715,960</u>	<u>\$ 458,177,828</u>	<u>\$ 434,375,393</u>	<u>\$ 418,167,685</u>	<u>\$ 400,533,354</u>	<u>\$ 368,851,973</u>	<u>\$ 353,003,656</u>	<u>\$ 346,262,643</u>	<u>\$ 346,954,284</u>
Primary Government										
Net investment in capital assets	\$ 799,698,856	\$ 771,292,149	\$ 717,367,251	\$ 700,852,991	\$ 690,003,031	\$ 664,747,901	\$ 634,370,030	\$ 611,922,629	\$ 589,439,379	\$ 551,456,809
Restricted for										
Debt service	9,866,537	7,294,509	7,272,211	8,243,009	7,466,610	7,727,400	1,912,914	5,054,576	3,921,029	4,353,100
Tax increment financing	2,515,936	2,544,254	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	17,586,769	24,476,393
Other purposes	5,484,949	7,497,255	8,519,242	6,673,794	3,812,464	-	-	-	-	-
Unrestricted	21,128,363	49,894,430	86,349,549	73,908,778	77,972,282	94,197,685	112,573,235	124,943,705	133,714,969	137,777,858
Total primary government net assets	<u>\$ 838,694,641</u>	<u>\$ 838,522,597</u>	<u>\$ 819,508,253</u>	<u>\$ 789,678,572</u>	<u>\$ 779,254,387</u>	<u>\$ 766,672,986</u>	<u>\$ 748,856,179</u>	<u>\$ 741,920,910</u>	<u>\$ 744,662,146</u>	<u>\$ 718,064,160</u>
Component Units										
Net investment in capital assets	\$ 12,468,562	\$ 13,044,463	\$ 13,283,298	\$ 21,800,738	\$ 13,340,320	\$ 14,778,882	\$ 16,057,848	\$ 22,180,482	\$ 35,404,607	\$ 13,587,578
Restricted for:										
Debt service	12,119,902	1,017,858	979,502	1,097,604	1,079,681	1,064,112	860,609	652,663	784,333	724,440
Other purposes	3,643,106	3,389,316	3,389,240	3,542,472	4,611,677	5,356,212	11,099,766	52,103	21,677,079	51,164
Unrestricted	258,011,431	252,763,455	284,447,722	270,147,996	295,372,581	290,751,762	279,771,608	284,569,397	250,182,352	282,799,795
Total component units activities net position	<u>\$ 286,243,001</u>	<u>\$ 270,215,092</u>	<u>\$ 302,099,762</u>	<u>\$ 296,588,810</u>	<u>\$ 314,404,259</u>	<u>\$ 311,950,968</u>	<u>\$ 307,789,831</u>	<u>\$ 307,454,645</u>	<u>\$ 308,048,371</u>	<u>\$ 297,162,977</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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
General government and administration	\$ 20,851,218	\$ 18,757,862	\$ 17,893,464	\$ 19,044,399	\$ 18,230,072	\$ 17,568,368	\$ 18,553,336	\$ 18,608,757	\$ 15,990,458	\$ 13,652,969
Public safety and health	104,181,567	93,806,629	92,148,544	93,496,408	87,643,282	82,193,776	80,634,623	78,657,042	73,157,814	61,157,972
Streets, traffic and engineering	21,874,716	20,553,851	20,235,525	20,897,358	21,680,105	20,357,268	20,189,342	20,029,456	20,565,144	17,296,398
Culture and recreation	26,367,544	24,954,457	25,225,798	26,495,404	25,807,855	24,380,362	24,297,915	23,912,234	22,673,994	18,814,509
Solid waste	13,834,793	13,746,125	13,812,405	13,950,138	13,734,078	13,212,467	12,960,933	13,002,330	12,878,205	9,107,259
Transit	5,567,243	5,312,266	5,073,359	5,614,558	5,121,742	4,702,836	4,919,193	4,848,218	4,920,015	4,054,201
Economic development	12,211,918	3,314,067	3,006,491	3,083,969	2,847,958	5,269,868	2,586,912	2,798,810	2,280,629	2,017,045
Urban redevelopment/housing	11,168,871	10,716,405	11,294,368	12,504,610	11,779,399	11,667,515	11,611,626	11,968,993	10,204,054	10,471,645
Interest on long-term debt	2,371,915	2,045,175	2,045,764	2,138,731	2,217,767	2,350,205	1,532,615	2,359,313	326,813	340,063
Total governmental activities expenses	<u>218,429,785</u>	<u>193,206,837</u>	<u>190,735,718</u>	<u>197,225,575</u>	<u>189,062,258</u>	<u>181,702,665</u>	<u>177,286,495</u>	<u>176,185,153</u>	<u>162,997,126</u>	<u>136,912,061</u>
Business-type activities										
Water and Sewer	59,713,515	58,079,668	56,986,587	60,199,606	58,290,626	52,872,999	52,401,135	50,118,642	51,853,812	43,531,289
Drainage Utility	2,563,644	2,403,313	2,384,447	1,745,262	46,588	-	-	-	-	-
Airport	12,824,993	11,165,622	11,196,882	10,563,835	10,388,942	8,479,899	8,803,465	8,593,388	8,512,889	8,016,692
Total business-type activities expenses	<u>75,102,152</u>	<u>71,648,603</u>	<u>70,567,916</u>	<u>72,508,703</u>	<u>68,726,156</u>	<u>61,352,898</u>	<u>61,204,600</u>	<u>58,712,030</u>	<u>60,366,701</u>	<u>51,547,981</u>
Total primary government expenses	<u>\$ 293,531,937</u>	<u>\$ 264,855,440</u>	<u>\$ 261,303,634</u>	<u>\$ 269,734,278</u>	<u>\$ 257,788,414</u>	<u>\$ 243,055,563</u>	<u>\$ 238,491,095</u>	<u>\$ 234,897,183</u>	<u>\$ 223,363,827</u>	<u>\$ 188,460,042</u>
Component units										
Amarillo Hospital District	\$ 8,482,393	\$ 9,731,182	\$ 8,350,267	\$ 8,739,162	\$ 8,510,747	\$ 9,333,545	\$ 9,956,490	\$ 10,680,305	\$ 10,901,435	\$ 10,374,050
Amarillo Economic Development Corporation	21,490,466	28,156,467	19,201,869	24,134,763	20,091,297	16,939,339	18,705,551	22,589,356	9,463,914	15,632,514
Amarillo-Potter Events District	2,875,830	2,792,003	2,358,525	3,268,540	3,102,810	2,345,524	2,363,221	2,501,146	2,540,572	2,375,946
Amarillo Housing Finance Corporation	-	-	-	-	-	1,576	1,653	11,400	2,466	1,952
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	64,084	125,610	34,253	16,353	90,985	1,500	-	-	-	-
Total component units activities expenses	<u>\$ 32,912,773</u>	<u>\$ 40,805,262</u>	<u>\$ 29,944,914</u>	<u>\$ 36,158,818</u>	<u>\$ 33,066,366</u>	<u>\$ 28,826,002</u>	<u>\$ 31,061,329</u>	<u>\$ 35,790,735</u>	<u>\$ 22,918,808</u>	<u>\$ 28,405,452</u>
Program Revenues										
Governmental activities:										
Fees, Fines, and Charges for Services:										
General government and administration	\$ 9,086,805	\$ 10,277,354	\$ 9,632,962	\$ 10,071,778	\$ 10,023,088	\$ 10,235,745	\$ 10,725,176	\$ 10,964,850	\$ 9,415,044	\$ 8,558,541
Public safety and health	8,920,524	9,033,256	9,589,994	8,880,952	7,503,497	7,552,299	7,764,312	6,173,574	5,866,957	5,215,652
Streets, traffic and engineering	882,924	972,519	921,593	737,912	804,886	748,018	618,399	445,833	472,726	474,423
Culture and recreation	6,707,749	6,823,312	6,661,622	6,639,290	5,823,416	5,289,633	5,058,308	5,248,389	4,870,910	4,789,381
Solid waste	19,468,069	20,078,845	20,562,446	19,638,691	18,644,949	18,234,773	17,226,650	16,741,863	16,110,978	16,114,975
Transit	188,419	194,725	211,575	207,492	213,849	214,665	203,175	185,176	197,306	201,984
Economic development	-	-	30,076	20,500	-	-	-	-	-	-
Urban redevelopment/housing	73,079	174,352	119,859	119,742	95,458	296,074	188,392	114,695	163,512	265,235
Operating grants and contributions	20,392,663	21,744,742	20,748,100	20,149,589	19,723,706	19,858,342	21,439,450	20,135,506	18,384,040	18,141,143
Capital grants and contributions	10,481,151	27,847,438	8,032,159	9,572,638	12,681,594	3,444,571	7,298,406	8,227,527	6,881,414	9,519,713
Total governmental activities program revenues	<u>76,201,383</u>	<u>97,146,543</u>	<u>76,510,386</u>	<u>76,038,584</u>	<u>75,514,443</u>	<u>65,874,120</u>	<u>70,522,268</u>	<u>68,237,413</u>	<u>62,362,887</u>	<u>63,281,047</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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Business-type activities										
Water and Sewer	73,507,187	68,528,437	76,728,328	71,518,531	70,233,887	69,628,237	55,089,408	50,665,542	48,941,541	43,116,864
Drainage Utility	5,581,158	5,553,357	5,556,487	5,073,594	-	-	-	-	-	-
Airport	9,790,456	9,890,031	9,532,883	9,115,320	8,398,066	7,815,827	7,568,658	7,127,466	6,067,346	6,085,678
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	4,907,514	5,765,171	6,406,495	2,745,466	7,898,835	8,410,304	13,903,432	6,434,413	2,483,503	3,926,383
Total business-type activities program revenues	93,786,315	89,736,996	98,224,193	88,452,911	86,530,788	85,854,368	76,561,498	64,227,421	57,492,390	53,128,925
Total primary government revenues	\$ 169,987,698	\$ 186,883,539	\$ 174,734,579	\$ 164,491,495	\$ 162,045,231	\$ 151,728,488	\$ 147,083,766	\$ 132,464,834	\$ 119,855,277	\$ 116,409,972
Component units										
Amarillo Hospital District	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amarillo Economic Development Corporation	10,865,721	4,616,898	5,819,504	6,222,671	7,777,947	4,745,415	2,905,176	3,140,213	2,686,833	2,641,826
Amarillo-Potter Events District	56,342	67,366	86,937	82,982	47,192	1,320	-	-	-	-
Amarillo Housing Finance Corporation	267	-	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	10,621,715	466,461	-	-	-	-	-	-	-	-
Operating grants and contributions	193,111	206,218	228,068	208,998	278,842	239,737	441,057	1,920,040	1,591,851	1,419,283
Capital grants and contributions	39,736	97,087	268,755	362,109	28,667	29,837	6,381	9,181	10,866	-
Total component units revenue	\$ 21,776,892	\$ 5,454,030	\$ 6,403,550	\$ 6,877,059	\$ 8,132,986	\$ 7,249,197	\$ 3,411,660	\$ 5,110,898	\$ 4,301,747	\$ 4,084,822
Net (Expense) Revenue										
Governmental activities	\$ (142,228,402)	\$ (96,060,294)	\$ (114,225,332)	\$ (121,186,991)	\$ (113,547,815)	\$ (115,828,545)	\$ (106,764,227)	\$ (107,947,740)	\$ (100,634,239)	\$ (73,631,014)
Business-type activities	18,684,163	18,088,393	27,656,277	15,944,208	17,804,632	24,501,470	15,356,898	5,515,391	(2,874,311)	1,580,944
Total primary government net expense	\$ (123,544,239)	\$ (77,971,901)	\$ (86,569,055)	\$ (105,242,783)	\$ (95,743,183)	\$ (91,327,075)	\$ (91,407,329)	\$ (102,432,349)	\$ (103,508,550)	\$ (72,050,070)
Component units										
Amarillo Hospital District	\$ (8,249,546)	\$ (9,489,516)	\$ (8,093,155)	\$ (8,497,101)	\$ (8,203,238)	\$ (9,063,971)	\$ (9,509,052)	\$ (8,751,084)	\$ (9,298,718)	\$ (8,954,767)
Amarillo Economic Development Corporation	(10,624,745)	(23,477,930)	(13,142,654)	(17,583,046)	(11,762,554)	(12,193,924)	(15,800,375)	(19,449,143)	(6,777,081)	(12,990,688)
Amarillo-Potter Events District	(2,819,488)	(2,724,637)	(2,271,588)	(3,185,558)	(3,055,618)	(2,344,204)	(2,363,221)	(2,501,146)	(2,540,572)	(2,375,946)
Amarillo Housing Finance Corporation	267	-	207	299	338	(1,188)	22,979	21,536	(690)	771
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	10,557,631	340,851	(34,253)	(16,353)	(90,985)	(1,500)	-	-	-	-
Total component units net expense	\$ (11,135,881)	\$ (35,351,232)	\$ (23,541,364)	\$ (29,281,759)	\$ (24,382,584)	\$ (21,576,805)	\$ (27,684,083)	\$ (30,688,365)	\$ (18,627,482)	\$ (24,341,620)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes, levied for general purposes	\$ 40,480,567	\$ 38,126,812	\$ 36,463,697	\$ 33,548,566	\$ 33,255,011	\$ 30,599,301	\$ 30,638,635	\$ 29,569,613	\$ 28,061,014	\$ 25,772,013
Property taxes, levied for debt services	2,822,783	2,812,468	2,865,530	2,875,654	2,846,831	2,750,167	2,737,072	2,706,352	532,309	529,784
Sales taxes	56,093,996	55,482,697	54,413,835	52,126,017	48,256,664	46,033,627	42,171,836	43,241,228	44,060,343	41,774,872
Mixed beverage taxes	810,426	805,136	751,825	595,016	533,575	602,075	585,729	589,894	570,334	520,653

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities (continued):										
Hotel occupancy taxes	6,777,185	6,341,559	5,937,402	5,691,118	5,002,181	4,782,868	4,399,887	4,232,250	4,331,449	4,326,640
Gross receipts business taxes	16,778,557	18,226,564	18,284,594	16,712,223	16,100,508	15,912,628	15,302,905	14,318,526	16,144,044	12,844,804
Unrestricted investment earnings	843,358	775,685	674,798	567,298	735,449	1,111,192	1,288,039	3,568,427	6,006,138	7,707,207
Income (expense) from use and disposition of property	-	-	-	-	-	(272,849)	480,281	148,337	294,710	(9,674)
Other	42,453	3,469,385	1,383,230	672,355	387,328	444,962	246,795	90,864	27,923,525	190,156
Total governmental activities	124,649,325	126,040,306	120,774,911	112,788,247	107,117,547	101,963,971	97,851,179	98,465,491	127,923,866	93,656,455
Business-type activities										
Unrestricted investment earnings	487,381	402,780	304,150	238,073	217,027	273,550	536,222	1,292,227	2,241,158	3,661,826
Income (expense) from use and disposition of property	-	-	-	-	-	6,974,932	14,646	24,259	30,888	45,349
Other	(1,420,423)	(2,283,911)	(740,430)	25,427	(387,328)	(68,571)	(59,449)	(90,864)	(89,376)	(190,156)
Total business-type activities	(933,042)	(1,881,131)	(436,280)	263,500	(170,301)	7,179,911	491,419	1,225,622	2,182,670	3,517,019
Total primary government	123,716,283	124,159,175	120,338,631	113,051,747	106,947,246	109,143,882	98,342,598	99,691,113	130,106,536	97,173,474
Component Units										
Property taxes, levied for general purposes	-	-	71,400	76,810	589,735	460,051	437,846	324,433	231,844	10,808
Property taxes, levied for debt services	-	-	-	-	-	-	-	-	-	-
Sales taxes	18,697,999	18,494,232	18,137,944	17,375,339	16,085,554	15,344,542	14,057,279	14,413,743	14,686,781	13,924,958
Gross receipts business taxes	2,917,154	2,758,826	2,650,714	2,589,164	2,295,432	2,159,203	2,009,281	1,952,359	2,070,185	2,052,011
Unrestricted investment earnings	5,548,637	7,667,923	6,864,063	(5,992,233)	7,865,154	7,774,146	11,514,863	13,404,104	12,524,066	13,450,612
Other	-	-	-	-	-	-	-	-	-	-
Total component units activities	27,163,790	28,920,981	27,724,121	14,049,080	26,835,875	25,737,942	28,019,269	30,094,639	29,512,876	29,438,389
Change in Net Position										
Governmental activities	(17,579,077)	29,980,012	6,549,579	(8,398,744)	(6,430,268)	(13,864,574)	(8,913,048)	(9,482,249)	27,289,627	20,025,440
Business-type activities	17,751,121	16,207,262	27,219,997	16,207,708	17,634,331	31,681,381	15,848,317	6,741,013	(691,641)	5,096,769
Total primary government	\$ 172,044	\$ 46,187,274	\$ 33,769,576	\$ 7,808,964	\$ 11,204,063	\$ 17,816,807	\$ 6,935,269	\$ (2,741,236)	\$ 26,597,986	\$ 25,122,209
Total component units	\$ 16,027,909	\$ (6,430,251)	\$ 4,182,757	\$ (15,232,679)	\$ 2,453,291	\$ 4,161,137	\$ 335,186	\$ (593,726)	\$ 10,885,394	\$ 5,096,769

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)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298,680	\$ 209,187	\$ 518,108	\$ 369,642
Nonspendable:										
Prepaid items	21,203	7,727	7,742	7,742	7,742	6,742	-	-	-	-
Inventory	1,681,954	1,902,433	1,402,375	1,553,581	1,546,717	1,804,245	-	-	-	-
Uncollected taxes	45,820	55,145	80,686	94,493	70,967	81,905	-	-	-	-
Committed for:										
Encumbrances	-	-	-	-	295,059	147,740	-	-	-	-
Unreserved/unassigned	46,330,873	49,338,042	54,441,526	50,057,344	44,344,080	41,767,102	41,301,934	37,163,472	36,673,773	37,304,407
Total general fund	\$ 48,079,850	\$ 51,303,347	\$ 55,932,329	\$ 51,713,160	\$ 46,264,565	\$ 43,807,734	\$ 41,600,614	\$ 37,372,659	\$ 37,191,881	\$ 37,674,049
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,010,434	\$ 1,017,324	\$ 1,135,941	\$ 1,173,096
Unreserved, reported in:										
Debt service fund	-	-	-	-	-	-	210,081	101,259	10,167	12,521
Capital projects	-	-	-	-	-	-	39,348,787	48,335,396	57,437,304	65,723,873
Special revenue funds	-	-	-	-	-	-	2,656,334	2,680,946	4,037,138	3,134,224
Compensated absences fund	-	-	-	-	-	-	14,222,386	15,053,260	14,850,723	14,660,177
Undesignated	-	-	-	-	-	-	-	-	-	-
Nonexpendable:										
Prepaid items	10,769	7,332	29,855	628,029	652,712	639,354	-	-	-	-
Uncollected taxes	3,818	4,784	7,087	12,727	6,509	5,740	-	-	-	-
Restricted for:										
Debt service fund	904,204	796,880	691,778	534,276	375,156	246,574	-	-	-	-
Capital projects	-	-	-	-	3,671,462	-	-	-	-	-
Special purposes	8,624,696	10,160,588	7,827,464	6,673,794	3,812,464	2,824,678	-	-	-	-
Committed for:										
Compensated absences	4,915,277	6,728,693	8,670,659	10,003,888	11,500,973	12,779,761	-	-	-	-
Assigned for:										
Capital projects	44,245,744	42,456,749	38,633,437	32,781,310	33,889,784	38,271,781	-	-	-	-
Total all other governmental funds	\$ 58,704,508	\$ 60,155,026	\$ 55,860,280	\$ 50,634,024	\$ 53,909,060	\$ 54,767,888	\$ 57,448,022	\$ 67,188,185	\$ 77,471,273	\$ 84,703,891

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)**

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Taxes	\$ 123,284,814	\$ 121,355,081	\$ 118,344,966	\$ 111,212,385	\$ 105,101,533	\$ 100,984,407	\$ 95,672,000	94,530,658	\$ 93,677,610	\$ 85,758,232
License and permits	3,234,237	2,975,922	3,799,014	3,514,170	2,315,185	2,284,564	2,260,499	\$ 1,758,303	2,015,135	1,727,536
Interfund revenues	919,710	1,069,410	943,522	1,675,119	1,584,965	1,557,653	1,478,752	\$ 1,373,441	1,320,395	1,270,941
Intergovernmental revenues	21,872,713	26,222,168	19,960,514	21,945,515	24,719,942	20,510,802	25,396,992	20,693,196	18,681,299	17,433,057
Grants-in-aid	-	-	-	-	-	-	-	-	-	-
Citizen contributions	24,864	125,848	208,255	45,638	10,144	22,898	6,000	31,000	7,300	6,000
Construction participation	5,077,744	11,689,007	2,698,222	3,976,610	4,685,053	1,761,885	2,816,377	6,241,042	5,816,556	9,393,844
Revenue from participating taxing entities	655,852	600,778	622,483	594,974	-	-	-	-	-	-
Other entity participations	100,000	175,000	797,009	820,676	808,345	944,425	856,721	786,670	690,382	824,023
Charges for services	34,678,170	35,331,237	35,168,838	34,034,663	31,985,474	31,291,822	30,025,565	28,672,632	27,514,707	27,422,759
Fines and forfeitures	5,699,964	6,252,407	6,484,937	5,937,467	6,160,381	5,846,225	6,235,025	6,634,542	5,104,849	4,199,581
Investment earnings	682,885	626,119	560,545	448,256	566,680	890,296	1,007,601	2,665,718	4,677,492	5,902,783
Other rentals and commissions	491,669	426,880	421,119	418,222	382,306	839,170	858,951	867,160	469,613	249,409
Miscellaneous	487,816	1,273,997	820,390	671,097	671,563	814,676	526,107	1,179,434	694,338	749,919
Total revenues	197,210,438	208,123,854	190,829,814	185,294,792	178,991,571	167,748,823	167,140,590	165,433,796	160,669,676	154,938,084
Expenditures										
General government and administration	19,367,655	17,162,756	16,573,732	16,107,002	15,098,294	14,875,816	14,925,037	15,252,845	13,074,117	12,325,695
Public safety and health	106,379,423	101,486,353	98,724,098	92,887,532	89,501,953	86,844,050	83,263,087	81,699,196	77,852,041	71,204,891
Culture and recreation	20,776,190	19,644,639	19,823,954	19,333,878	19,010,912	18,154,024	17,765,568	17,607,384	17,426,501	16,516,821
Solid waste	13,019,526	13,043,407	12,258,612	11,311,765	11,063,271	10,532,391	10,970,380	11,296,793	10,881,683	10,307,975
Transit system	4,633,595	4,520,534	4,402,888	4,267,016	3,957,318	3,506,527	3,762,267	4,061,190	3,937,106	3,687,600
Urban redevelopment and housing	11,107,518	10,816,542	11,635,914	12,261,800	11,942,850	11,578,796	11,694,748	11,921,285	10,009,916	10,473,891
Tourism	12,211,918	3,314,067	3,006,491	3,083,969	2,847,958	5,269,868	2,586,912	2,798,810	2,280,629	2,017,045
Capital outlay	18,251,480	31,873,059	12,663,897	20,736,329	20,385,363	18,503,130	24,381,672	26,590,979	31,499,119	18,739,343
Debt service										
Principal retirement	2,080,659	1,968,331	1,841,067	1,763,860	1,706,708	1,476,611	1,371,563	555,566	344,615	328,705
Interest and fiscal charges	1,513,688	1,612,507	1,600,512	1,673,168	1,730,024	1,662,908	1,532,615	2,359,312	326,813	340,063
Termination vacation and sick leave pay	1,857,067	1,964,440	1,363,313	1,552,850	1,313,015	1,591,569	1,457,052	1,379,825	1,753,114	1,306,089
Total expenditures	211,198,719	207,406,635	183,894,478	184,979,169	178,557,666	173,995,690	173,710,901	175,523,185	169,385,654	147,248,118
Excess of revenues over (under) expenditures	(13,988,281)	717,219	6,935,336	315,623	433,905	(6,246,867)	(6,570,311)	(10,089,389)	(8,715,978)	7,689,966
Other Financing Sources (Uses):										
Transfers from other funds	12,826,493	17,830,716	13,954,164	11,308,054	10,120,249	10,266,422	7,274,581	9,448,299	16,474,780	22,639,094
Transfers to other funds	(13,728,025)	(20,067,648)	(14,271,713)	(12,065,339)	(10,333,489)	(10,375,070)	(7,583,483)	(9,461,220)	(17,538,013)	(23,075,481)
Other	(1,377,970)	1,185,474	622,640	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(4,680,000)	-	-
Bond premium less issuance cost	(401,232)	-	(55,000)	-	-	(77,500)	-	(145,000)	-	-
Issuance of refunding debt	-	-	-	-	-	-	-	4,825,000	-	-
Issuance of long-term debt	11,995,000	-	2,260,000	-	-	5,960,000	1,367,000	-	2,064,425	24,575,000
Total other financing sources (uses)	9,314,266	(1,051,458)	2,510,091	(757,285)	(213,240)	5,773,852	1,058,098	(12,921)	1,001,192	24,565,625
Net change in fund balances	\$ (4,674,015)	\$ (334,239)	\$ 9,445,427	\$ (441,662)	\$ 220,665	\$ (473,015)	\$ (5,512,213)	\$ (10,102,310)	\$ (7,714,786)	\$ 32,255,591
Debt service as a percentage of noncapital expenditures	1.863%	2.040%	2.010%	2.093%	2.173%	2.019%	1.945%	1.957%	0.487%	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)

Fiscal Year	Property Taxes*		Sales Taxes	Mixed Beverage Taxes	Hotel Occupancy Taxes	Gross Receipts Business Taxes	Total Taxes
	General Fund	Debt Service					
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
2016	40,001,867	2,822,783	56,093,996	810,426	6,777,185	16,778,557	123,284,814
Change							
2007-2016	55.3%	432.8%	34.3%	55.7%	56.6%	30.6%	43.8%

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)

Fiscal Year	Real Estate	Business Personal	Total Assessed Value	Less: Tax-Exempt Property	Taxable Value	Total Direct Tax Rate
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
2016	11,896,261,823	1,650,461,901	13,546,723,724	2,004,664,460	11,542,059,264	0.35072

Source: Potter and Randall Counties

Notes: Property in Potter County and Randall County is reassessed annually. The counties assess property at approximately 100% of actual value for business personal property and 100% for real estate property. Tax rates are per \$100 of taxable value.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES, LAST TEN FISCAL YEARS
 (rate per \$100 of assessed value)
 (unaudited)

Fiscal Year	City Direct Rates			Overlapping Rates							
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Amarillo Independent School District and County Education District 20	Amarillo College District	Canyon Independent School District	River Road Independent School District	Potter County	Randall County	Highland Park Independent School District	Bushland Independent School District
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
2016	0.32566	0.02506	0.35072	1.18900	0.20750	1.26000	1.35000	0.66402	0.40605	1.16190	1.26804

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 enti

See Independent Auditor's Report.

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

Taxpayer	2016			2007		
	Taxable Value	Rank	Percent of Total City Taxable Value	Taxable Value	Rank	Percent of Total City Taxable Value
Southwestern Public Service	\$ 115,863,982	1	1.004%	\$ 82,700,138	2	0.989%
BSA Hospital, LLC	105,866,750	2	0.917%	-	-	-
Northwest Texas Healthcare	93,916,813	3	0.814%	84,286,914	1	1.008%
Walmart Real Estate	88,569,247	4	0.767%	80,832,091	3	0.967%
BNSF Railway Company	70,851,872	5	0.614%	34,865,803	6	0.417%
Amarillo Mall, LLC	63,835,317	6	0.553%	-	-	-
Atmos Energy	54,998,098	7	0.477%	26,151,721	8	0.313%
Toot N Totum, Inc.	41,550,047	8	0.360%	-	-	-
Amarillo National Bank	39,348,964	9	0.341%	30,056,744	7	0.360%
Case Newport	38,680,935	10	0.335%	-	-	-
Southwestern Bell Telephone Company	-	-	-	44,752,104	5	0.535%
Amarillo Partners LLP	-	-	-	60,532,667	4	0.724%
Auto Nation	-	-	-	19,267,330	9	0.230%
TCA Cable Partners	-	-	-	18,535,432	10	0.222%
Total taxable value of ten largest taxpayers	713,482,025		6.182%	481,980,944		5.765%
Total taxable value of other taxpayers	10,828,577,239		93.818%	7,877,400,716		94.235%
Total taxable value of all taxpayers	\$ 11,542,059,264		100.000%	\$ 8,359,381,660		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
2007	\$ 23,716,401	\$ 23,359,468	98.49	\$ 292,575	\$ 23,652,043	99.73
2008	25,933,603	25,517,113	98.39	338,154	25,855,267	99.70
2009	29,523,733	29,021,939	98.30	413,763	29,435,702	99.70
2010	30,409,776	29,913,203	98.37	382,450	30,295,653	99.62
2011	30,639,878	30,277,693	98.82	329,781	30,607,474	99.89
2012	32,159,248	31,738,183	98.69	364,192	32,102,375	99.82
2013	32,832,489	32,397,075	98.67	383,016	32,780,091	99.84
2014	35,664,675	35,179,859	98.64	303,906	35,483,765	99.49
2015	37,270,434	36,762,612	98.64	225,871	36,988,483	99.24
2016	39,236,666	38,751,501	98.76		38,751,501	98.76

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									
	2016*	2015	2014	2013	2012	2011	2010	2009	2008	2007
Agriculture/Forestry/Fishing/Hunting	\$ 2,419	\$ 1,367	\$ 1,476	\$ 1,071	\$ 1,334	\$ 1,217	\$ 1,397	\$ 1,120	\$ 1,421	\$ 835
Mining/Quarrying/Oil and Gas	9,000	11,988	8,200	5,868	8,995	8,828	1,453	1,074	168,441	835
Utilities	149,903	156,120	150,770	137,345	148,600	156,654	157,575	199,995	168,441	168,441
Construction	122,327	110,173	89,718	81,497	83,862	66,604	60,378	75,775	78,916	78,916
Manufacturing	90,534	82,295	77,664	77,449	70,539	65,543	71,250	79,628	76,683	76,683
Wholesale Trade	188,942	208,636	236,453	186,694	161,328	145,841	128,518	163,070	144,283	144,283
Retail Trade	1,696,032	1,671,704	1,638,624	1,553,612	1,477,297	1,420,094	1,392,979	1,461,374	1,412,115	1,412,115
Transportation/Warehousing	1,869	2,172	2,515	2,984	3,109	3,030	2,567	3,008	2,430	2,430
Information	120,784	114,629	90,646	82,132	82,826	74,283	71,685	68,129	65,839	65,839
Finance/Insurance	18,717	11,743	12,400	11,606	13,495	9,152	10,427	11,792	11,201	11,201
Real Estate/Rental Leasing	45,984	49,989	46,176	47,476	37,928	29,209	26,258	29,400	27,078	27,078
Professional/Scientific/Technical Services	50,199	52,731	43,229	45,820	38,356	34,318	35,134	34,824	35,639	35,639
Management of Companies/Enterprises	63	55	87	78	53	1,064	2,166	2,909	3,259	3,259
Admin/Support/Waste Mgmt/Remediation	75,056	75,386	70,433	65,733	49,585	47,502	45,853	45,583	44,309	44,309
Educational Services	5,066	5,215	5,718	5,752	5,843	5,566	4,864	4,380	4,254	4,254
Health Care/Social Assistance	12,071	14,855	16,032	2,565	2,576	2,366	2,902	4,580	4,771	4,771
Arts/Entertainment/Recreation	25,915	24,343	22,781	25,854	25,972	22,939	23,187	24,846	23,453	23,453
Accommodation/Food Services	427,280	407,862	391,312	381,756	360,977	339,900	329,042	332,340	313,292	313,292
Other Services	101,633	103,099	101,357	95,569	86,502	80,946	78,969	81,764	77,211	77,211
Public Administration	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
Other	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
All Industries **	\$ 3,144,331	\$ 3,104,918	\$ 2,811,806	\$ 2,868,621	\$ 2,674,728	\$ 2,515,459	\$ 2,446,951	\$ 2,626,021	\$ 2,495,701	\$ 2,495,701
City direct sales tax rate	0.02	2%	2%	2%	2%	2%	2%	2%	2%	2%

*Note: Retail sales information is not available for the 2016 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>
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
2016	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, 2016
(unaudited)

	<u>Net Debt Outstanding</u>	<u>Percent Applicable</u>	<u>Applicable Debt Outstanding</u>
Amarillo Independent School District	\$ 148,049,939	98.87%	\$ 146,376,975
Amarillo College District	60,549,552	99.05%	59,974,331
Amarillo Hospital District	-	100.00%	-
Canyon Independent School District	70,959,967	37.76%	26,794,484
River Road Independent School District	11,281,607	23.28%	2,626,358
Potter County	22,441,950	74.90%	16,809,021
Randall County	43,679,423	64.82%	28,313,002
Highland Park Independent School District	8,240,000	42.69%	3,517,656
Bushland Independent School District	24,430,000	24.64%	<u>6,019,552</u>
Total overlapping debt			290,431,379
City of Amarillo*			<u>326,163,933</u>
Total direct and overlapping debt			<u><u>\$ 323,047,772</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Municipal Advisory Council, October 2016.
Debt outstanding data provided by each governmental unit.

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

* City of Amarillo outstanding debt includes debt serviced by tax revenues of \$20,983,000, and debt serviced by special assessment and other revenue of \$9,343,293, and debt serviced by Municipal Garage revenue of \$2,290,000.

See Independent Auditor's Report.

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

Fiscal Year	Governmental Activities				Business-type Activities							
	General Bonded Debt											
	Tax-Supported Debt	Special Assessment/Other Debt	Percentage of Actual Taxable Value of Property	Per Capita	Municipal Garage Debt	Water & Sewer Revenue Debt	Water Authority Debt	Airport Debt	Drainage Utility Debt	Total Primary Government	Percentage of Personal Income	Per Capita
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	2,358,459	136,269,108	93,853,737	11,870,892	5,819,993	284,260,870	2.75%	1,447.83
2014	24,689,792	10,394,472	0.33%	176.83	4,139,636	138,579,582	91,653,457	10,520,217	11,595,596	291,572,752	2.71%	1,469.61
2015	23,117,340	9,962,182	0.30%	165.61	3,236,856	130,575,609	84,395,267	8,967,258	10,969,250	271,223,762	2.42%	1,357.86
2016	21,477,662	21,477,840	0.39%	213.25	2,323,931	137,972,057	78,645,922	7,338,808	10,287,436	279,523,656	2.44%	1,387.70

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General bonded debt outstanding*										
Tax supported debt	\$ 21,477,662	\$ 23,117,340	\$ 24,689,792	\$ 25,863,061	\$ 27,295,528	\$ 28,681,635	\$ 30,003,761	\$ 29,856,710	\$ 30,264,086	\$ 30,507,012
Special assessment/other debt	21,477,840	9,962,182	10,394,472	8,225,620	8,561,848	8,887,123	3,165,383	3,320,207	3,518,658	1,498,273
Water & Sewer bonds	137,972,057	130,575,609	138,579,582	136,269,108	141,119,981	146,642,250	123,551,627	74,695,035	37,110,349	38,257,208
Airport Bonds	7,338,808	8,967,258	10,520,217	11,870,892	13,288,789	14,653,382	15,964,670	17,204,905	-	-
Drainage Utility Bonds	10,287,436	10,969,250	11,595,596	5,819,993	-	-	-	-	-	-
Municipal Garage Bonds	2,323,931	3,236,856	4,139,636	2,358,459	-	-	-	-	-	-
Total	200,877,734	186,828,495	199,919,295	190,407,133	190,266,146	198,864,390	172,685,441	125,076,857	70,893,093	70,262,493
Percentage of estimated actual property value	1.81%	1.68%	1.86%	1.82%	1.85%	1.98%	1.73%	1.29%	0.78%	0.84%
Per capita	997.26	935.34	1,007.65	969.80	978.86	1,016.35	905.56	653.10	373.04	374.52
Less: Amounts set aside to repay general debt	908,022	801,664	698,865	547,003	381,665	252,314	216,923	102,939	11,862	10,931
Total net debt applicable to debt limit	199,969,712	186,026,831	199,220,430	189,860,130	189,884,481	198,612,076	172,468,518	124,973,918	70,881,231	70,251,562
Legal debt limit	1,354,672,372	1,306,843,359	1,257,398,201	1,235,891,293	1,211,673,220	1,165,069,489	1,156,105,288	1,124,793,092	1,077,382,596	980,215,077
Legal debt margin	\$ 1,154,702,660	\$ 1,120,816,528	\$ 1,058,177,771	\$ 1,046,031,163	\$ 1,021,788,739	\$ 966,457,413	\$ 983,636,770	\$ 999,819,174	\$ 1,006,501,365	\$ 909,963,515
Debt service as a percentage of noncapital expenditures	2.91%	3.26%	2.89%	3.13%	3.10%	3.14%	3.01%	2.97%	1.79%	1.56%

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

* Excludes Water Authority Debt

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
LEGAL DEBT MARGIN INFORMATION, LAST TEN FISCAL YEARS
(Unaudited)

	9/30/2016 (2015 Tax Roll)	9/30/2015 (2014 Tax Roll)	9/30/2014 (2013 Tax Roll)	9/30/2013 (2012 Tax Roll)	9/30/2012 (2011 Tax Roll)	9/30/2011 (2010 Tax Roll)	9/30/2010 (2009 Tax Roll)	9/30/2009 (2008 Tax Roll)	9/30/2008 (2007 Tax Roll)	9/30/2007 (2006 Tax Roll)
Assessed value, tax roll	\$ 13,546,723,724	\$ 13,068,433,590	\$ 12,573,982,012	\$ 12,358,912,927	\$ 12,116,732,199	\$ 11,650,694,893	\$ 11,561,052,883	\$ 11,247,930,916	\$ 10,773,825,956	\$ 9,802,150,770
Debt limit -10% of assessed roll	\$ 1,354,672,372	\$ 1,306,843,359	\$ 1,257,398,201	\$ 1,235,891,293	\$ 1,211,673,220	\$ 1,165,069,489	\$ 1,156,105,288	\$ 1,124,793,092	\$ 1,077,382,596	\$ 980,215,077
Amount of debt applicable to debt limit:										
Total bonded debt	200,877,734	186,828,495	197,890,283	190,906,350	190,770,210	199,371,918	172,718,529	124,618,092	71,578,658	71,068,273
Less: Assets in Debt Service Funds (net)	908,022	801,664	698,865	547,003	381,665	252,314	216,923	102,939	11,862	10,931
Waterworks revenue bonds	57,120,000	45,145,000	47,750,000	41,900,000	42,565,000	44,850,000	35,620,000	36,955,000	38,245,000	39,490,000
	<u>58,028,022</u>	<u>45,946,664</u>	<u>48,448,865</u>	<u>42,447,003</u>	<u>42,946,665</u>	<u>45,102,314</u>	<u>35,836,923</u>	<u>37,057,939</u>	<u>38,256,862</u>	<u>39,500,931</u>
Total amount of debt applicable to debt limit	<u>142,849,712</u>	<u>140,881,831</u>	<u>149,441,418</u>	<u>148,459,347</u>	<u>147,823,545</u>	<u>154,269,604</u>	<u>136,881,606</u>	<u>87,560,153</u>	<u>33,321,796</u>	<u>31,567,342</u>
Pro forma legal debt margin	<u>\$ 1,211,822,660</u>	<u>\$ 1,165,961,528</u>	<u>\$ 1,107,956,783</u>	<u>\$ 1,087,431,946</u>	<u>\$ 1,063,849,675</u>	<u>\$ 1,010,799,885</u>	<u>\$ 1,019,223,682</u>	<u>\$ 1,037,232,939</u>	<u>\$ 1,044,060,800</u>	<u>\$ 948,647,735</u>

Note: Article 835p of the State of Texas Civil Statutes, effective March 17, 1967, provides that this limitation applies only to cities having a population of 600,000 or more according to the then last preceding Federal Census.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
PLEDGED-REVENUE COVERAGE, LAST TEN FISCAL YEARS
(unaudited)

Water Revenue Bonds							
Fiscal Year	Total Revenue	Less: Operating Expenses	Less: CRMWA Interest	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
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	3.44
2015	68,884,711	36,415,609	3,034,233	29,434,869	8,065,000	3,077,633	2.64
2016	73,927,400	39,178,131	2,761,863	31,987,406	9,100,000	2,744,260	2.70

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation

See Independent Auditor's Report.

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (in \$1,000s)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
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%
2016	201,430	11,438,105		*	33,615	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 2007 through 2015 figures were updated based on new estimates during November 2016. To calculate 2016 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 2015 is based on the August 2016 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	2016			2007		
	Employees	Rank	Percent of Total City MSA* Employment	Employees	Rank	Percent of Total City MSA Employment
Tyson Foods	3,700	1	2.958%	3,615	1	2.868%
Baptist/St. Anthony's Health Systems	2,700	2	2.158%	2,900	2	2.301%
Northwest Texas Healthcare	1,950	3	1.559%	1,797	3	1.426%
Xcel Energy	1,430	4	1.143%	1,068	8	0.847%
Bell Helicopter, Inc	1,251	5	1.000%	1,068	7	0.847%
Affiliated Foods	1,250	6	0.999%	1,125	6	0.893%
Walmart Supercenters	939	7	0.751%	1,605	4	1.273%
Toot 'n Totum	815	8	0.651%	-	-	-
Burlington Northern Santa Fe	805	9	0.643%	860	10	0.682%
Amarillo National Bank	660	10	0.528%	-	-	-
United Supermarkets	-	-	-	1,307	5	1.037%
AIG	-	-	-	972	9	0.771%
Total employees of the principal employers	15,500		12.390%	16,317		12.946%
Total employees of other employers	109,599		87.610%	109,723		87.054%
Total Amarillo MSA* employment	125,099		100.000%	126,040		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 2016.

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
GENERAL GOVERNMENT										
Mayor and commission	5	5	5	5	5	5	5	5	5	5
City manager	7	6	6	6	6	6	6	6	3	3
City secretary	5	4	4	3	3	2	2	2	2	2
Judicial	5	4	4	4	-	-	-	-	-	-
Municipal court and Teen court	26	26	25	25	29	29	29	29	28	28
Planning and zoning	8	7	7	7	7	7	7	7	8	8
STAFF SERVICES										
Financial administration										
Director of Finance	5	5	5	5	5	5	5	5	6	6
Accounting	18	18	16	16	16	14	14	14	15	15
Payroll	-	-	3	3	3	3	3	3	-	-
Health Plan Administration	4	5	5	5	5	5	5	5	-	-
Purchasing	9	9	9	9	9	8	8	8	8	6
Central stores	8	8	8	7	7	8	8	8	8	8
Municipal office services	-	-	-	-	-	3	3	3	3	4
Legal	10	9	9	9	9	8	8	8	8	7
Human Resources and Risk Management	13	14	12	12	12	12	12	12	22	21
Emergency Management and Communications	9	9	9	13	13	12	12	12	12	12
Occupancy										
Custodial operations	27	28	27	27	27	25	25	25	25	25
Building maintenance	27	26	26	25	25	24	24	24	24	23
PUBLIC SAFETY AND HEALTH										
Police										
Police	375	365	358	345	335	317	317	317	312	302
Civilian personnel	60	58	57	57	56	56	71	109	109	102
Fire Protection										
Fire	263	259	259	251	247	244	244	244	229	221
Civilian personnel	18	18	18	18	17	15	15	28	29	21
Other										
Building safety	35	34	34	34	33	32	32	32	31	29
Animal control	39	38	33	26	26	26	26	27	27	27
Emergency services	-	-	-	-	-	1	-	-	-	-
Amarillo Emergency Comm. Center	67	70	71	71	71	65	66	1	-	-
Environmental health	14	14	14	14	14	14	14	14	13	11
Vital statistics	1	1	1	1	1	1	1	1	1	1
STREETS, TRAFFIC & ENGINEERING										
Street maintenance	100	101	99	99	108	108	108	108	108	100
Traffic engineering	45	46	46	46	46	46	46	46	46	45
Traffic field operations	23	22	22	22	22	22	22	22	22	22
Public works	3	-	-	-	-	-	-	-	-	-
Engineering	19	23	23	21	21	21	21	21	22	22
CULTURE & RECREATION										
Auditorium Coliseum										
Civic Center operations	23	23	23	23	23	23	23	23	23	23
Civic Center promotions	5	5	5	4	4	4	4	4	4	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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Box office operations	12	12	12	12	12	12	12	12	12	12
Civic Center Sports	2	2	2	2	2	2	2	2	2	2
Globe News Center	3	3	3	3	3	3	3	3	3	3
Library operations	77	78	78	78	78	78	78	78	78	78
Parks and Recreation	271	268	267	268	264	257	257	258	258	253
Golf	51	56	56	56	56	47	47	47	48	48
SOLID WASTE										
Solid waste collection	110	110	110	110	110	107	108	108	107	105
Solid waste disposal	35	35	37	37	37	36	36	36	36	36
TRANSIT										
Fixed Route and Demand Response	67	66	65	63	62	59	59	59	61	61
Total General Fund	1,904	1,890	1,873	1,842	1,829	1,772	1,788	1,776	1,758	1,700
WATER & SEWER SYSTEM										
Water Production	9	9	9	9	8	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	65	63	59	59	58	58	58	58	58	58
Wastewater Collection	38	38	38	36	34	34	34	34	34	34
Wastewater Treatment	55	54	54	54	54	52	52	52	52	50
Environmental Laboratory	19	20	20	20	20	20	19	19	20	21
Utility Billing	34	32	32	31	31	29	29	29	29	29
Director of Utilities	3	21	21	20	19	19	17	17	16	16
Engineering	20	-	-	-	-	-	-	-	-	-
Total Water & Sewer System	281	275	271	267	262	257	254	254	254	253
AIRPORT	57	57	59	58	59	62	62	62	62	50
DRAINAGE UTILITY	28	26	22	17	-	-	-	-	-	-
INFORMATION SERVICES	41	40	40	34	34	29	28	28	27	27
MUNICIPAL GARAGE	50	53	53	53	53	53	53	53	53	51
SELF INSURANCE	2	-	-	-	-	-	-	-	-	-
CITY CARE CLINIC	7	8	8	8	8	8	8	8	-	-
SPECIAL REVENUE										
Library	-	-	-	-	2	5	5	5	6	6
Police Grant	-	-	-	-	-	-	6	7	-	-
Urban Planning/Traffic Grants	7	7	7	7	7	7	7	7	7	6
Health Grants	83	81	79	81	81	76	72	72	73	74
Court Security Fund	3	3	-	-	-	2	2	2	2	2
Community Development and Housing	17	18	21	20	20	18	18	18	18	18
Emergency Management	3	3	3	4	5	7	7	-	7	6
Total Special Revenue	113	112	110	112	115	115	117	111	113	112
Total	2,481	2,461	2,436	2,391	2,360	2,296	2,310	2,292	2,267	2,193

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Staff services:										
Annual number of purchase orders	2,516	2,487	2,315	2,300	2,258	2,235	2,593	3,554	3,605	3,382
Public safety and health:										
Annual calls for police services	126,628	125,747	126,888	128,704	135,381	132,509	137,405	130,862	126,176	127,990
Annual calls for fire services	18,516	17,905	19,820	18,182	19,556	18,832	16,495	15,313	12,774	12,167
Permits:										
Residential - new	639	423	494	611	556	600	535	516	582	641
Residential - additions & repairs	1,341	3,874	11,121	15,033	1,686	2,173	2,030	1,507	1,624	1,628
Commercial - new	81	68	59	51	56	51	54	40	92	74
Commercial - additions & repairs	351	370	484	367	296	359	354	289	336	321
Mobile homes	99	37	45	45	39	29	41	39	41	51
Roof	2,049	2,390	9,367	13,594	868	1,329	1,185	937	942	336
Value of construction:										
Residential - new	161,251,256	115,421,577	125,256,568	147,498,017	136,045,085	143,974,309	128,042,161	124,991,767	189,507,406	186,508,133
Residential - additions & repairs	20,323,224	45,172,631	132,112,253	150,002,607	18,676,854	25,752,823	24,136,709	23,025,345	23,269,814	28,541,979
Commercial - new	192,613,720	171,237,650	112,400,600	66,384,691	56,715,644	48,331,131	109,596,401	54,552,931	90,950,995	81,067,524
Commercial - additions & repairs	65,319,537	56,305,643	98,010,940	54,900,626	50,067,552	79,922,243	96,129,977	117,491,080	68,402,515	56,147,219
Mobile homes	4,465,117	2,005,600	1,917,724	1,078,432	1,043,758	935,288	1,296,730	3,255,543	6,266,747	4,296,872
Roof	33,572,908	25,457,433	112,455,900	132,120,404	5,271,512	9,732,006	7,913,915	5,922,164	7,844,282	5,799,608
Culture and recreation:										
Civic Center event days	1,582	1,640	1,626	1,665	1,811	1,986	2,244	2,229	2,578	2,369
Civic Center annual attendance	607,909	572,382	603,276	656,239	607,940	656,523	672,178	635,553	700,515	700,000
Library volumes loaned annually	1,582,208	1,507,588	1,376,801	1,577,915	1,294,367	1,752,006	1,495,169	1,752,006	1,805,566	2,110,369
Annual swimming pool attendance	55,506	54,388	41,321	53,450	56,338	60,981	58,485	57,983	66,133	75,659
Tennis Center attendance	33,305	31,086	31,086	28,546	32,078	32,859	30,096	34,321	31,193	40,161
Rounds of golf played annually (2 courses)	88,316	90,329	90,122	97,153	90,201	88,089	86,177	105,932	107,726	104,381
Rifle range attendance		7,541	7,802	9,000	7,857	6,548	4,468	2,489	3,663	3,198
Solid Waste:										
Tons of waste collected		161,190	158,402	158,500	166,750	154,900	150,000	157,000	168,000	188,000
Tons of waste landfill		243,339	262,678	258,000	220,000	212,350	213,500	223,000	224,000	237,600
Transit:										
Fixed transit route--in miles	541,121	586,212	688,498	675,549	672,524	686,118	674,307	665,036	651,690	658,077
Passengers served--fixed route services	302,010	332,206	371,656	372,533	386,042	367,480	330,647	328,605	343,404	371,316
Demand response passengers	47,403	35,317	39,606	39,737	39,774	35,362	29,709	23,324	29,712	28,644
Water and Sewer:										
Active water accounts	72,272	71,029	70,441	70,161	70,151	69,754	69,358	68,586	68,306	67,452
Average daily production--gallons	43,058,000	37,627,170	43,702,583	44,174,721	46,148,634	51,308,710	42,921,918	42,461,096	43,752,000	41,062,041
Plant capacity--gallons:										
Bonham:										
Pumping	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000	54,000,000
Storage	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
24th Street:										
Pumping	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000	37,000,000
Storage	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
34th Street:										
Pumping	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000	55,000,000
Storage	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Arden Road:										
Pumping	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Storage	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	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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Purification Plant:										
Pumping	120,000,000	120,000,000	120,000,000	120,000,000	120,000,000	116,000,000	116,000,000	116,000,000	116,000,000	116,000,000
Storage	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Overhead Storage	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	8,500,000	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
Roberts County (CRMWA) Allocation	9,133,110,000	9,133,110,000	8,603,656,000	8,603,656,000	8,603,656,000	8,827,731,000	7,280,016,000	5,956,377,000	5,956,158,358	6,618,197,000
Active sewer accounts	69,999	69,166	69,039	68,111	68,020	67,654	67,281	66,539	66,294	65,513
Plant capacity--gallons:										
North treatment--per day	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Southeast treatment--per day	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000	12,000,000
Daily average of sewage treated--gallons	16,149,175	15,464,118	16,340,652	16,349,951	16,121,705	17,887,000	17,653,660	17,439,096	17,226,046	17,601,452
Daily average of reclaimed water sold to industry--gallons	9,671,427	9,872,674	9,065,214	9,763,656	10,750,432	13,150,184	12,678,301	12,624,641	14,061,315	12,795,430
Airport:										
Major airlines	3	3	3	3	3	4	4	3	4	4
Scheduled daily flights	32	37	37	42	42	42	41	46	58	58
Airline passengers enplaned	341,359	334,635	375,268	401,200	404,032	413,775	403,752	413,767	461,251	454,514
Airplanes cleared daily--average	169	148	165	172	178	229	226	236	226	243
Total tower operations (24 hours FAA Control Tower)	61,364	54,271	60,099	62,784	70,642	79,541	82,441	86,140	82,648	88,825

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Public Safety and Health:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	13	13	13	13	12	12	11	10	10	10
Number of fire hydrants	4,102	4,024	3,940	3,864	3,761	3,732	3,671	3,698	3,587	3,469
Number of outdoor warning sirens	89	88	88	90	90	89	86	85	85	85
Streets, traffic and engineering:										
Streets - paved (miles)	939.87	936.22	930.40	923.50	920.99	912.86	911.12	905.80	902.00	889.97
Streets - unpaved (miles)	83.13	83.13	83.13	83.13	83.13	83.13	83.13	83.13	83.00	83.13
Alleys (miles)	496.18	493.08	488.66	483.90	480.70	476.59	476.01	472.42	468.00	463.67
Miles of storm sewers	130.85	129.95	125.39	124.86	125.35	119.46	118.99	116.87	116.00	112.66
Number of street lights	10,624	10,594	10,578	10,547	10,496	10,765	10,742	10,657	10,657	10,590
Number of signalized locations	269	268	267	265	264	261	261	260	258	255
Number of traffic signs installed	8,857	8,767	8,706	8,596	8,375	8,293	7,559	7,515	7,447	7,367
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	414,840	499,738	463,918	467,149	484,478	544,719	516,281	602,724	705,033	711,295
Number of parks and playgrounds	64	64	64	64	64	65	65	65	64	62
Parks--number of acres	2,936	2,936	2,936	2,935	2,935	2,927	2,927	2,907	2,839	2,827
Number of swimming pools	3	3	3	3	3	3	3	3	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	44	65	65	65	65	65
Jogging trails (miles)	39.14	39.14	39.14	39.14	39.14	38.45	38.45	37.67	43.97	42
Baseball and softball fields	26	26	32	32	32	30	30	30	30	30
Tennis courts	32	32	32	32	32	37	37	37	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
Number of solid waste customers, commercial		3,861	3,730	3,716	3,708	3,747	3,718	3,692	3,655	3,614
Landfill acreage		662	662	662	662	662	662	662	662	662
Transit:										
Number of buses in service	17	17	17	17	17	19	17	17	17	17
Number of vans in service	11	11	13	13	13	11	13	11	7	7
Water and Sewer:										
Miles of water mains:										
Transmission, well collection, and transfer	181.41	181.41	178.94	178.40	138.00	138.00	120.00	120.00	120.00	120.00
Distribution	1,165.53	1,135.82	1,129.75	1,120.31	1,109.66	1,106.00	1,082.00	1,082.00	1,080.00	1,063.00
Number of water wells	126	126	126	122	120	117	106	106	99	94
Miles of sanitary sewers	984.73	967.85	963.48	955.00	944.26	943.36	931.90	929.30	926.33	911.00
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)**

<u>Fiscal Year Ended September 30</u>	<u>Number of Customers</u>	
	<u>Water</u>	<u>Sewer</u>
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
2016	72,272	69,999

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	
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	37,590,000	65,970,000	1,136	968	4,024
2016	39,826,296	80,123,000	1,166	985	4,102

Maximum Water Production Capacity (from Water Plant and Wells)	85.7 million gallons per day
Maximum or Peak Usage to Date	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 (thousand gallons)

1. Tyson Fresh Meats	156,905
2. Texas Department of Corrections	29,885
3. City of Canyon	29,534
4. Owens Corning	15,101
5. Asarco	12,383
6. Xcel Energy	11,009
7. J Lee Milligan	8,355
8. Amarillo Public Schools	6,502
9. Plains Dairy	4,458
10. City of Amarillo	4,207

CAPACITY OF SEWER TREATMENT PLANTS

(Two plants combined)	28.00 million gallons per day
Average daily sewage treated	16.15 million gallons per day

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
WATER RATES
SEPTEMBER 30, 2016
(Unaudited)**

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

Meter Size	Rates Per Month	
	Inside City	Outside City
5/8"	\$ 13.11	\$ 19.67
1"	17.60	26.40
1-1/2"	22.55	33.83
2"	35.04	52.56
3"	128.89	193.34
4"	163.57	245.36
6"	244.57	366.86
8" and larger	337.18	505.77

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

	Inside City	Outside City
<i>Residential</i>		
3,001-10,000	2.34	3.51
Over 10,000	3.06	4.59
Over 30,000	4.53	6.80
Over 50,000	5.15	7.73
<i>Commercial</i>		
Over 3,000	2.67	4.01

Source: City of Amarillo Ordinance Number 7549 effective October 1, 2015.

See Independent Auditor's Report.

**CITY OF AMARILLO, TEXAS
WATERWORKS AND SEWER SYSTEM
SEWER RATES
SEPTEMBER 30, 2016
(Unaudited)**

<u>Base Amount</u>	<u>Rates Per Month</u>
Meter Size	
3/4"	\$ 14.85
1"	15.34
1-1/2"	15.74
2"	17.09
3"	19.32
4"	28.24
6"	41.56
8" and larger	54.93

Additional Charge by Volume

Commercial accounts are charged on total water used with a rate of \$1.92 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 \$1.77 per 1,000 gallons of water consumed over the initial allotment of 3,000 gallons.

Source: City of Amarillo Ordinance Number 7549 effective October 1, 2015.

See Independent Auditor's Report.

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

<u>Customer Name</u>	2016		
	<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.

CITY OF AMARILLO, TEXAS
HOTEL OCCUPANCY TAX
(unaudited)

HISTORICAL TAX COLLECTIONS

<u>Fiscal Year</u>	<u>Total 7%</u>
2007	4,326,640
2008	4,331,449
2009	4,232,250
2010	4,399,887
2011	4,782,868
2012	5,002,181
2013	5,691,118
2014	5,937,402
2015	6,341,559
2016	6,777,185

CONDENSED STATEMENT OF OPERATIONS OF HOTEL OCCUPANCY TAX FUND

	<u>Fiscal Year Ended September 30,</u>				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:					
Pledged Hotel Taxes	\$ 6,777,185	\$ 6,341,559	\$ 5,937,402	\$ 5,691,118	\$ 5,002,181
Number of Rooms	6,690	6,007	6,123	6,108	5,942
Maximum Annual Debt Service	\$ 775,288	\$ 775,288	\$ 775,288	\$ 775,288	\$ 775,288
Debt Service Coverage (x)	8.74	8.18 x	7.66 x	7.34 x	6.45 x

Note: The maximum annual debt service and Debt Service Coverage for FY 2015-2012 are presented as comparative information only. The Hotel Occupancy Tax Bonds were issued April 13, 2016.

See Independent Auditor's Report.

CITY OF AMARILLO, TEXAS
HOTEL TAXPAYERS
(unaudited)

NAME OF TAXPAYER	TOTAL 2016 COLLECTIONS	CAPACITY	% OF TOTAL COLLECTIONS
ADABERRY INN	\$ 3,163	9	0.05%
AMARILLO COURTYARD INN	16,396	89	0.24%
AMARILLO FAIRFIELD INN	147,408	74	2.17%
AMARILLO INN & SUITES	84,434	130	1.25%
AMARILLO LODGING LTD (MICROTEL INN & SUITES)	51,787	46	0.76%
AMARILLO MY PLACE HOTEL	12,129	63	0.18%
AMARILLO MOTEL	8,951	22	0.13%
AMARILLO RESIDENCE INN	165,171	78	2.44%
AMARILLO SUPER 8 MOTEL	66,480	59	0.98%
AMARILLO VALUE INN	9,038	96	0.13%
AMERICAN MOTOR INN	1,852	40	0.03%
AMERICA'S BEST VALUE INN & SUITES	52,462	105	0.77%
ASHMORE INN	133,847	138	1.97%
ASTRO MOTEL	3,775	20	0.06%
BAYMONT INN & SUITES	118,762	110	1.75%
BAYMONT SUITES AMARILLO	82,511	112	1.22%
BEST WESTERN - SANTA FE INN	102,384	57	1.51%
BEST WESTERN - AMARILLO INN	6,635	100	0.10%
BIG TEXAN INN	39,938	54	0.59%
BRIZZOLARA KAY	285	2	0.00%
BUDGET INN & SUITES	1,503	40	0.02%
CANDLEWOOD SUITES	102,707	96	1.52%
CANYON VIEW HOTEL & SUITES (DAYS INN)	2,596	57	0.04%
CIVIC CENTER INN	6,366	58	0.09%
CLARION HOTEL	7,386	248	0.11%
COMFORT INN & SUITES (I-40)	156,450	87	2.31%
COMFORT INN & SUITES (SONCY)	153,059	72	2.26%
COMFORT SUITES	135,083	83	1.99%
COMFORT SUITES SOUTH	94,135	70	1.39%
COUNTRY INN & SUITES	164,126	82	2.42%
COURTYARD BY MARRIOTT WEST	176,877	86	2.61%
COURTYARD MARRIOTT AMARILLO DOWNTOWN	288,696	110	4.26%
COWBOY MOTEL	4,168	19	0.06%
CRAIG RETIREMENT COMMUNITY	321	2	0.00%
DAYS INN (MEDICAL CENTER)	46,967	50	0.69%
DAYS INN EAST	94,849	119	1.40%
DELUXE INN (WAS SHALOM)	1,462	20	0.02%
DRURY INN	349,020	164	5.15%
ECONOMY INN (WAS SKYLINE)	1,476	20	0.02%
ESTESS MOTEL	1,138	12	0.02%
EXECUTIVE INN	38,382	100	0.57%
EXPRESS INN	5,793	16	0.09%
EXTENDED STAY AMERICA #6172	49,132	86	0.72%
FAIRFIELD INN & SUITES AMARILLO AIRPORT	211,122	79	3.11%
FIESTA MOTEL	4,276	21	0.06%
FIFTH SEASONS	136,017	103	2.01%
HAMPTON INN & SUITES	180,439	64	2.66%
HILLCREST MOTEL	2,702	16	0.04%
HILTON GARDEN INN	236,027	90	3.49%
HOLIDAY INN AMARILLO	296,515	248	4.37%
HOLIDAY INN EXPRESS	229,659	128	3.39%
HOLIDAY INN EXPRESS & SUITES (I-40)	192,169	69	2.84%
HOLIDAY INN EXPRESS & SUITES (HOLLYWOOD)	130,343	68	1.92%
HOLIDAY INN EXPRESS AMARILLO WEST	332,522	63	4.91%
HOME2 SUITES	185,916	92	2.74%
HOMEWOOD SUITES	136,725	92	2.02%
INTERSTATE MOTEL	6,955	22	0.10%
LA KIVA HOTEL	9,529	118	0.14%
LA CASITA DEL SOL	559	4	0.01%
LA QUINTA MOTOR INN # 454	96,334	130	1.42%
LA QUINTA MOTOR INN # 639	119,401	100	1.76%
LUXURY INN SUITES	21,608	90	0.32%
MARTHA'S MIDTOWN B & B	-	2	0.00%
MCKASKLE KATHY	399	1	0.01%
MOTEL 6 - CANYON DR.	29,655	63	0.44%
MOTEL 6 #1358	96,196	118	1.42%
MOTEL 6 WEST	75,154	116	1.11%
NEW CAMELOT INN	47,889	71	0.71%
PALO DURO MOTEL	924	10	0.01%
PARKVIEW HOUSE (B & B)	-	2	0.00%
QUALITY INN & SUITES	91,570	112	1.35%
QUALITY INN EAST	39,259	100	0.58%
RAMA MOTEL	3,736	32	0.06%
RED ROOF INN	75,192	104	1.11%
RED ROOF INN AMARILLO EAST	5,100	106	0.08%
RED ROOF INN WEST	79,292	100	1.17%
REDWOOD MOTEL	2,068	19	0.03%
RELAX INN	34,583	96	0.51%
ROUTE 66 INN	4,676	35	0.07%
ROYAL INN	1,443	18	0.02%
SILVER SPUR MOTEL	2,348	22	0.03%
SLEEP INN & SUITES	56,812	63	0.84%
SLEEP INN OF AMARILLO	110,431	55	1.63%
STAR LODGE	1,177	18	0.02%
STAYBRIDGE SUITES	156,203	83	2.30%
SUNDOWN MOTEL	2,593	24	0.04%
SUPER 8 AMARILLO WEST	37,811	50	0.58%
SUPER 8 CENTRAL	39,256	72	0.55%
TOWNHOUSE MOTEL	3,082	21	0.05%
TRAVELODGE AMARILLO	39,307	95	0.58%
VALUE PLACE AMARILLO	35,411	105	0.52%
WAGON WHEEL MOTEL	1,499	20	0.02%
WYNDHAM GARDEN AMARILLO	186,079	259	2.75%
	\$ 6,777,963	6,690	100.00%

Note: Total Receipts obtained from City of Amarillo's Financial System - Account 1315.30470 for Fiscal Year Ended 9/30/16
Total # of Rooms from the Texas Comptroller of Public Accounts Website for HOT Receipts, which might include banquet rooms or restaurant.
The City of Amarillo does not request hotel owners to submit the rooms information on their HOT returns.

See Independent Auditor's Report