

CITY OF PAMPA, TEXAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

Prepared by
Department of Finance

**CITY OF PAMPA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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INTRODUCTORY SECTION

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City of Pampa
P. O. Box 2499
Pampa, Texas 79066-2499
www.cityofpampa.org

March 27, 2012

To the Honorable Mayor, City Commission,
and Citizens of the City of Pampa:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Pampa for the fiscal year ended September 30, 2011.

This report consists of management's representations concerning the finances of the City of Pampa. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Pampa has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Pampa's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Pampa's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Pampa's financial statements have been audited by Brown, Graham and Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Pampa for the fiscal year ended September 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Pampa's financial statements for the fiscal year ended September 30, 2011, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Pampa's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Pampa's charter was approved by the voters in 1927. Located in the Panhandle of Texas in Gray County, the City of Pampa currently occupies a land area of 9 square miles and serves a population of approximately 17,994. The City of Pampa is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Pampa operates under the commission-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and four commissioners. The governing body is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring both the government's manager and attorney. The government's manager is responsible for carrying out the policies and ordinances of the governing body, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Commission members serve two-year staggered terms, with two commissioners elected every two years. The mayor is also elected to serve a two-year term. The mayor and the commission members are elected at large.

The City of Pampa provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; and recreational activities and cultural events.

The annual budget serves as the foundation for the City of Pampa's financial planning and control. All departments of the City of Pampa are required to submit requests for appropriation to the government's manager. The government's manager uses these requests as the starting point for developing a proposed budget. The government's manager then presents this proposed budget to the council for review. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City of Pampa's fiscal year. The appropriated budget is prepared by fund and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require the special approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 47 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 113.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Pampa operates.

Local economy. The City of Pampa has a diverse industrial base. The industries in the area include oil and gas production, various petroleum-based industries, cattle, and grain production. There are specialized chemical and carbon black plants as well as a carbon black research and development facility. There is also a state prison located one and one-half miles east of the City. The total labor force in Gray County is 11,452. The unemployment rate has decreased from 7.2% in January, 2011 to 5.2% as of February, 2012.

Long-term financial planning. With the economic downturn experienced by the nation, the City has seen a decrease in the growth it had been experiencing over the past few years. The City of Pampa is currently experiencing a slow, but positive upswing in economic position. When oil prices rise, the area's oil and gas production as well as the related oil field service companies and suppliers to the industry fare well. This, in turn, adds jobs and increased revenues to the area and the City. We completed and put into service a new outdoor family aquatics facility, and are still in the process of drilling wells and expanding our landfill. The City is in the planning stages for a new animal shelter facility that will be financed through long term general obligation debt, contingent on the outcome of the election to be held in May 2012. If this passes, we will issue debt around July 2012, and begin construction shortly thereafter.

Beginning with the 1986-87 fiscal year, the City instituted a five-year capital improvement and replacement plan as an enhancement of the annual operating budget and has continued the plan in subsequent years. City management has developed and implemented a program of soliciting citizen involvement and participation in formulating such plans, with a primary emphasis on citizen advisory boards.

The plan categorizes projects as (1) replacement, (2) expansion, or (3) unusual capital expenditures (improvements that enhance the quality of life in Pampa and are consistent with the City's goals, but cannot be categorized as essential for the provision of basic services or maintenance of life). Replacement projects are to be financed over the life of the improvement, with the annual debt service funded from current tax revenues. City policy directs that for unusual projects that it look to the ultimate beneficiaries of such projects in order to determine the source of the funding.

The City has a self-insured dental insurance program for its employees. This program is accounted for as an internal service fund.

The City is a member of the Texas Municipal Retirement System. The City's rate of contribution to the System for the benefit of its employees is computed by actuaries of the System.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pampa for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2010. This was the 23rd consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Pampa's finances.

Respectfully submitted,



Richard Morris
City Manager



Robin Bailey
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pampa
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



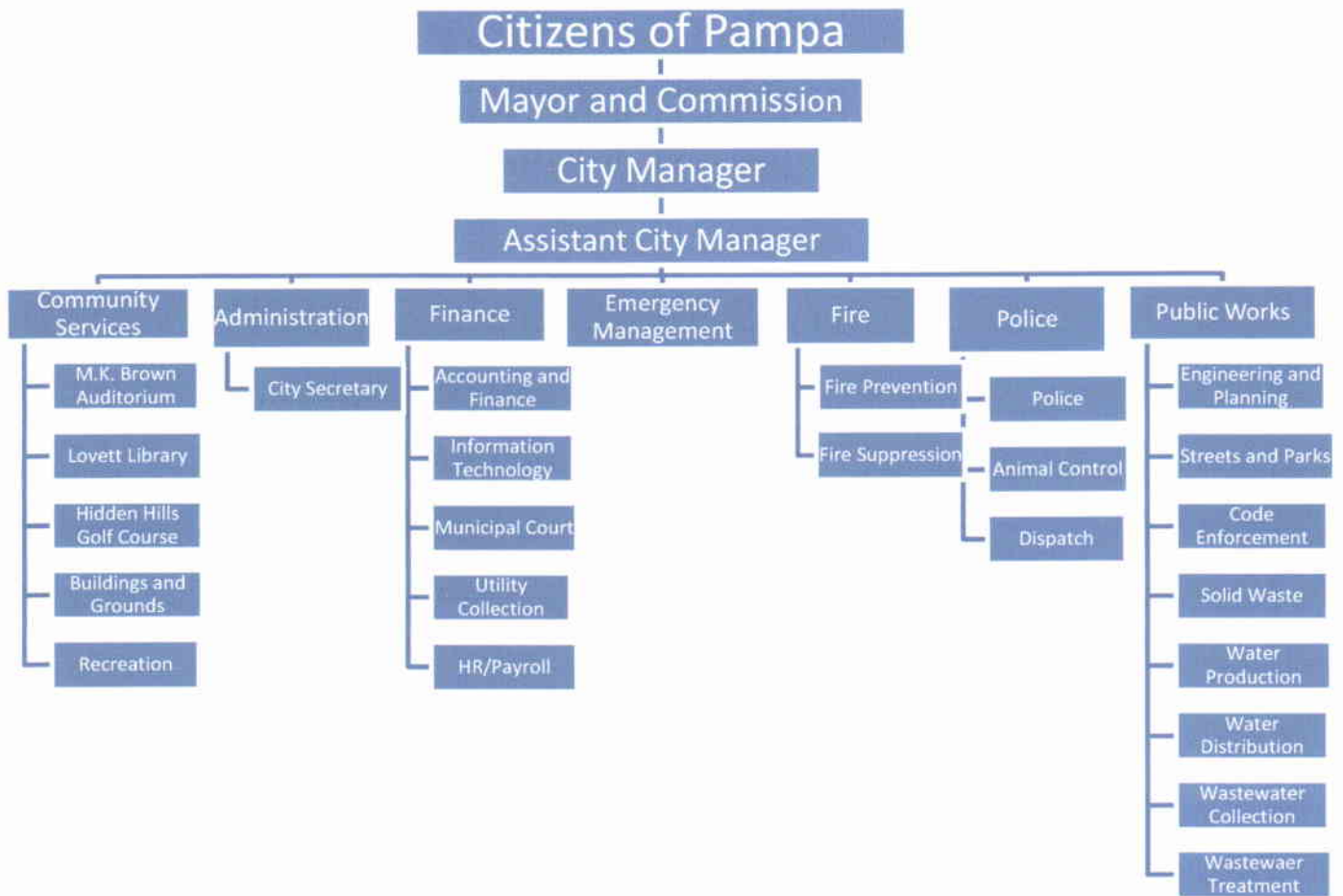
Linda C. Sandson

President

Jeffrey R. Enser

Executive Director

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CITY OF PAMPA, TEXAS

LIST OF ELECTED AND APPOINTED OFFICIALS

GOVERNING BODY:

Brad Pingel	Mayor
John Studebaker	Commissioner, Ward 1
Rebecca Holmes	Commissioner, Ward 2
Robert Dixon	Commissioner, Ward 3
Neil Fulton	Commissioner, Ward 4

OTHER PRINCIPAL OFFICIALS:

Richard Morris	City Manager
Karen Price	City Secretary
Robin Bailey	Director of Finance
Gayla Pickens	Assistant Director of Finance
Kelly Rushing	Police Chief
Kim Powell	Fire Chief
Shane Stokes	Assistant City Manager and Director of Community Services
Donny Hooper	Director of Public Works
Lee Waters	City Attorney
Kurt Curfman	Municipal Court Judge

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FINANCIAL SECTION

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BROWN, GRAHAM & COMPANY

PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

3232 Hobbs • P.O. Box 9297 • 79105-9297
Amarillo, Texas 79105 • 806-355-8241 • FAX 806-355-6415

Independent Auditor's Report

**Honorable Mayor Brad Pingel and
City Commission
Pampa, Texas**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pampa, Texas (the "City"), as of and for the year ended September 30, 2011. These financial statements collectively comprise the City's basic financial statements as listed in the table of contents and are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pampa Economic Development Corporation, which represents 100% of the discretely presented component unit reported on the City's government-wide financial statements. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it related to the amounts included for the Pampa Economic Development Corporation, is based on the report of the other auditors.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pampa, Texas, as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2012, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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**Honorable Mayor Brad Pingel and
City Commission**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for the Texas Municipal Retirement System on pages 23 through 31 and page 101, respectively, 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.

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 and individual nonmajor fund financial statements and budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of the City's management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections, which are also the responsibility of the City's management, 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.

Brown, Maham + Company, P.C.

Amarillo, Texas
March 27, 2012

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City of Pampa
P. O. Box 2499
Pampa, Texas 79066-2499
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Management's Discussion and Analysis

As management of the City of Pampa, we offer readers of the City of Pampa's financial statements this narrative overview and analysis of the financial activities of the City of Pampa for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 7 of this report. Comparable totals on changes in net assets and other schedules in the Management's Discussion and Analysis have been presented for the fiscal year ended September 30, 2010, as well.

Financial Highlights

- The assets of the City of Pampa exceeded its liabilities at the close of the most recent fiscal year by \$24,866,719 (*net assets*). Of this amount, \$4,959,922 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Pampa's governmental funds reported combined ending fund balances of \$5,247,535. Approximately 67% of this total amount, \$3,492,768 is *available for spending* at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,492,768 or 32% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Pampa's basic financial statements. The City of Pampa's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary 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 City of Pampa's finances, in a manner similar to a private-sector business. The *statement of net assets* presents information on all of the City of Pampa's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Pampa is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flow*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Pampa that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Pampa include general government, public safety, streets and traffic, solid waste management, and culture and recreation. The business-type activities of the City of Pampa include a water and sewer operation, landfill, an aquatics center, a municipal golf course, and properties being leased to outside parties.

The government-wide financial statements include not only the City of Pampa itself (known as the *primary government*), but also a legally separate economic development corporation for which the City of Pampa is financially accountable. Financial information for this *component unit* is reported separately from the financial information for the primary government itself.

The government-wide financial statements can be found on pages 37-39 of this report.

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 of Pampa, 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 of Pampa can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental 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. Such information may be useful in evaluating a government's near-term financing 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. The governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Pampa maintains eight individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the general fund, which is the City's only major governmental fund.

Data from the other governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Pampa adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 42-47 of this report.

Proprietary funds. The City of Pampa maintains two 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 of Pampa uses enterprise funds to account for its water and sewer system, solid waste

management, an aquatics center currently under construction, municipal golf course, and leased properties. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Pampa's various functions. The City of Pampa uses an internal service fund to account for its dental benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer system, the solid waste management, and aquatics center, all of which are considered to be major funds for the City of Pampa. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements. The municipal golf course and leased properties funds are reported in the form of *combining statements* elsewhere in the report.

The basic proprietary fund financial statements can be found on pages 48-50 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside 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 of Pampa's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 51 and 120 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. The notes to the financial statements can be found on pages 53-99 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Pampa's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 103 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds and nonmajor proprietary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 106-119 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Pampa, assets exceeded liabilities by \$24,866,719 at the close of the most recent fiscal year.

By far the largest portion of the City of Pampa's net assets (72%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Pampa uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City of Pampa's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In comparison with the fiscal year ended September 30, 2010, the current year shows a decline in net assets in the governmental activities and an increase in net assets in the business-type activities. Governmental activities decreased the City of Pampa's net assets by \$349,744, or 3% from the prior year. There was an increase of \$1,789,338 or 15% in net assets in the business-type activities as compared to the prior fiscal year, with the largest amount, \$1,566,837, coming from the Water and Sewer System. Water rates were increased, usage was up, and increases in expenditures were watched, which contributed to the increase in revenue and net assets of the Water and Sewer system.

An additional portion of the City of Pampa's net assets (8%) represents resources subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$4,959,922 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Pampa is able to report positive balances in all three categories of net assets for the governmental activities and business-type activities.

Financial Analysis of the Government's Funds

As noted earlier, the City of Pampa uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City of Pampa's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Pampa's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Pampa. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,492,768, while total fund balance reached \$4,362,158. These increases are due primarily to increased revenues and decreased expenditures. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 32% of total general fund expenditures, while total fund balance represents 40% of that same amount. The City's general fund liquidity ratios increased less than 1% this year. Unreserved fund balance has remained relatively constant, due mainly to increasing property tax revenue offset by the decline in sales tax revenue.

The capital projects fund balance decreased during the year as projects were completed and placed into service in general fixed assets.

Proprietary Funds. The City of Pampa's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

In the current year, the City completed construction on the new Family Aquatics Center. Planning for the facility began in 2008-09 and the facility was put into operation in the summer of 2011. The City issued Certificates of Obligation to fund the planning and construction of the aquatics center.

Unrestricted net assets in the Water and Sewer System Fund at the end of the year amounted to \$2,486,942; those for the Solid Waste Management Fund amounted to (\$1,386,057); those for the Aquatics Center amounted to (\$271,992); those for the Municipal Golf Course amounted to (\$263,481); and those for the Lease Properties Fund amounted to \$3,155. Rates were increased to help to increase fund balance in Water and Sewer, as well as Solid Waste, and the revenues from operation of the Aquatics Center increased it's

fund balance. Hidden Hills Golf Course had another slow year with a decrease in net assets of \$105,474 and the operating transfer from the general fund was less than the prior year which contributed to its decrease in net assets. Fees were increased but it didn't make up for a slow season.

General Fund Budgetary Highlights

During the year, there was a \$205,439 increase in appropriations between the original budget and the final amended budget. Actual appropriations exceeded the final budget by \$316,681. Sales tax revenue exceeded the budget by \$242,594 and other tax revenue was \$15,390 over budget. Charges for services also saw a positive budgetary variance of \$142,651 due to increased fees. Property tax revenue fell short \$86,231. In addition to these, other smaller variances combined for additional appropriations over budget of \$2,277. The overall excess can be attributed to an improved economic condition of the area. Sales and other taxes were up on a regional as well as state level. The property tax revenue was budgeted too high, based on an early estimate of the revenue generated from properties under a tax ceiling.

Capital Assets and Debt Administration

Capital Assets. The City of Pampa's investment in capital assets for its governmental and business-type activities as of September 30, 2011 amounted to \$37,034,056, net of accumulated depreciation. This excludes the unamortized landfill permit costs of \$601,675. This investment in capital assets includes land, buildings and improvements, vehicles and equipment, park facilities, roads, bridges, and infrastructure assets.

Additional information on the City of Pampa's capital assets may be found on pages 69-72 of the CAFR under Note 6 to the Notes to the Financial Statements.

Long-term Debt. At the end of the current fiscal year, the City of Pampa had total bonded debt outstanding of \$23,340,574. Of this amount, \$3,372,512 comprises debt backed by the full faith and credit of the government. The remainder of the City of Pampa's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City of Pampa's overall long-term debt decreased by \$1,450,808 as compared to the prior year. Additional information concerning long-term debt is located in Note 8 to the Notes to the Financial Statements, on pages 74-83.

Economic Factors and Next Year's Budgets and Rates

The City of Pampa's unemployment rate, currently 5.2% as of February, 2012, continues to be lower than the State (8.3) and National (9.0) unemployment rates. This rate, along with the other items discussed above, was considered in preparing the City of Pampa's budget for the 2011-12 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Pampa's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Finance Director, P.O. Box 2499, Pampa, Texas, 79066-2499.

CITY OF PAMPA'S NET ASSETS

	Governmental Activities 2011	Business-type Activities 2011	Total 2011
Current and other assets	\$ 5,826,935	\$ 9,768,426	\$ 15,595,361
Capital assets	9,191,211	27,842,845	37,034,056
Total assets	15,018,146	37,611,271	52,629,417
Long-term liabilities outstanding	3,579,596	21,898,070	25,477,666
Other liabilities	433,234	1,851,798	2,285,032
Total liabilities	4,012,830	23,749,868	27,762,698
Net assets:			
Invested in capital assets, net of related debt	6,055,828	11,851,317	17,907,145
Restricted	558,133	1,441,519	1,999,652
Unrestricted	4,391,355	568,567	4,959,922
Total net assets	\$ 11,005,316	\$ 13,861,403	\$ 24,866,719

	Governmental Activities 2010	Business-type Activities 2010	Total 2010
Current and other assets	\$ 5,769,457	\$ 12,379,608	\$ 18,149,065
Capital assets	9,997,557	23,631,305	33,628,862
Total assets	15,767,014	36,010,913	51,777,927
Long-term liabilities outstanding	3,898,158	22,610,138	26,508,296
Other liabilities	513,796	1,328,703	1,842,499
Total liabilities	4,411,954	23,938,841	28,350,795
Net assets:			
Invested in capital assets, net of related debt	6,501,325	9,896,072	16,397,397
Restricted	671,607	2,511,098	3,182,705
Unrestricted	4,182,128	(335,098)	3,847,030
Total net assets	\$ 11,355,060	\$ 12,072,072	\$ 23,427,132

**CITY OF PAMPA'S CAPITAL ASSETS
(NET OF ACCUMULATED DEPRECIATION)**

	Governmental Activities	Business-type Activities	Total
	2011	2011	2011
Land	\$ 210,849	\$ 788,941	\$ 999,790
Collection	203,500	-	203,500
Water rights	-	3,823,464	3,823,464
Buildings and improvements	4,183,159	18,364,620	22,547,779
Vehicles and equipment	3,338,150	2,119,386	5,457,536
Surface water supply contracts	-	2,677,766	2,677,766
Roads	1,249,712	29,572	1,279,284
Construction in progress	5,841	39,096	44,937
Total	<u>\$ 9,191,211</u>	<u>\$ 27,842,845</u>	<u>\$ 37,034,056</u>
	2010	2010	2010
Land	\$ 210,849	\$ 788,941	\$ 999,790
Collection	203,500	-	203,500
Water rights	-	3,911,158	3,911,158
Buildings and improvements	4,361,168	12,338,189	16,699,357
Vehicles and equipment	3,531,380	2,007,535	5,538,915
Surface water supply contracts	-	2,741,522	2,741,522
Roads	1,463,158	38,546	1,501,704
Construction in progress	227,502	1,805,414	2,032,916
Total	<u>\$ 9,997,557</u>	<u>\$ 23,631,305</u>	<u>\$ 33,628,862</u>

**CITY OF PAMPA'S OUTSTANDING DEBT
GENERAL OBLIGATION AND REVENUE BONDS**

	Governmental Activities	Business-type Activities	Total
	2011	2011	2011
General obligation bonds	\$ 3,372,512	\$ -	\$ 3,372,512
Revenue bonds	-	13,756,419	13,756,419
Total	<u>\$ 3,372,512</u>	<u>\$ 13,756,419</u>	<u>\$ 17,128,931</u>
	2010	2010	2010
General obligation bonds	\$ 3,766,207	\$ -	\$ 3,766,207
Revenue bonds	-	14,492,724	14,492,724
Total	<u>\$ 3,766,207</u>	<u>\$ 14,492,724</u>	<u>\$ 18,258,931</u>

CITY OF PAMPA CHANGES IN NET ASSETS

	Governmental Activities	Business-type Activities	Total
	2011	2011	2011
Revenues:			
Program revenues:			
Charges for services	\$ 3,780,310	\$ 9,884,258	\$ 13,664,568
Operating grants	197,328	75,000	272,328
Capital grants and contributions	-	314,590	314,590
General revenues:			
Property taxes	3,639,707	-	3,639,707
Sales taxes	3,685,594	-	3,685,594
Other taxes	1,400,968	-	1,400,968
Miscellaneous	169,620	244,178	413,798
Total revenues	<u>12,873,527</u>	<u>10,518,026</u>	<u>23,391,553</u>
Expenses:			
General government	1,915,324	-	1,915,324
Public safety	5,565,027	-	5,565,027
Streets and traffic	2,336,295	-	2,336,295
Solid waste management	1,238,104	-	1,238,104
Culture and recreation	1,495,278	-	1,495,278
Interest on long-term debt	194,127	-	194,127
Water and sewer system	-	6,231,284	6,231,284
Solid waste management	-	1,927,157	1,927,157
Aquatics center	-	444,769	444,769
Golf course	-	544,819	544,819
Leased properties	-	59,782	59,782
Total expenses	<u>12,744,155</u>	<u>9,207,811</u>	<u>21,951,966</u>
Change in net assets before transfers	129,372	1,310,215	1,439,587
Transfers	(479,116)	479,116	-
Change in net assets after transfers	<u>(349,744)</u>	<u>1,789,331</u>	<u>1,439,587</u>
Net assets - beginning of year	11,355,060	12,072,072	23,427,132
Net assets - end of year	<u>\$ 11,005,316</u>	<u>\$ 13,861,403</u>	<u>\$ 24,866,719</u>

CITY OF PAMPA CHANGES IN NET ASSETS

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
	<u>2010</u>	<u>2010</u>	<u>2010</u>
Revenues:			
Program revenues:			
Charges for services	\$ 3,594,339	\$ 8,439,121	\$ 12,033,460
Operating grants	259,101	-	259,101
Capital grants and contributions	-	418,204	418,204
General revenues:			
Property taxes	3,491,082	-	3,491,082
Sales taxes	3,303,194	-	3,303,194
Other taxes	1,371,252	-	1,371,252
Miscellaneous	159,652	178,927	338,579
Total revenues	<u>12,178,620</u>	<u>9,036,252</u>	<u>21,214,872</u>
Expenses:			
General government	1,726,594	-	1,726,594
Public safety	5,315,710	-	5,315,710
Streets and traffic	2,227,433	-	2,227,433
Solid waste management	1,095,529	-	1,095,529
Culture and recreation	1,410,324	-	1,410,324
Interest on long-term debt	89,587	-	89,587
Water and sewer system	-	6,278,673	6,278,673
Solid waste management	-	2,216,417	2,216,417
Aquatics center	-	138,002	138,002
Golf course	-	531,643	531,643
Leased properties	-	65,239	65,239
Total expenses	<u>11,865,177</u>	<u>9,229,974</u>	<u>21,095,151</u>
Change in net assets before transfers	313,443	(193,722)	119,721
Transfers	(1,134,174)	1,134,174	-
Change in net assets after transfers	(820,731)	940,452	119,721
Net assets - beginning of year	12,175,791	11,131,620	23,307,411
Net assets - end of year	<u>\$ 11,355,060</u>	<u>\$ 12,072,072</u>	<u>\$ 23,427,132</u>

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**CITY OF PAMPA, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011**

	Primary Government			Component Unit: Pampa Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 3,461,286	\$ 2,564,873	\$ 6,026,159	\$ 661,739
Investments	-	-	-	840,843
Receivables, net of allowance for uncollectibles	1,449,290	1,140,176	2,589,466	248,046
Internal balances	355,822	(355,822)	-	-
Inventories	54,603	446,176	500,779	-
Prepaid items	41,513	4,125	45,638	19,676
Note receivable	-	-	-	601,895
Restricted assets:				
Temporarily Restricted:				
Cash and cash equivalents	111,040	5,092,541	5,203,581	-
Accrued interest	3,381	-	3,381	-
Receivable - CRMWA	-	274,682	274,682	-
Permanently Restricted:				
Investments	350,000	-	350,000	-
Capital assets, net of accumulated depreciation and amortization:				
Land	210,849	788,941	999,790	400,000
Collection	203,500	-	203,500	-
Water rights	-	3,823,464	3,823,464	1,600,000
Buildings and improvements	4,183,159	18,364,620	22,547,779	1,019,934
Vehicles and equipment	3,338,150	2,119,386	5,457,536	69,114
Surface water supply contracts	-	2,677,766	2,677,766	-
Roads	1,249,712	29,572	1,279,284	-
Construction in progress	5,841	39,096	44,937	-
Unamortized landfill permit costs	-	601,675	601,675	-
Total assets	15,018,146	37,611,271	52,629,417	5,461,247
Liabilities:				
Accounts payable	255,997	562,905	818,902	86,051
Accrued expenses	176,439	1,287,850	1,464,289	128,540
Deferred revenue	798	1,043	1,841	-
Non-current liabilities:				
Due within one year	462,301	1,120,618	1,582,919	1,308
Due in more than one year	3,117,295	20,777,452	23,894,747	2,500,000
Total liabilities	4,012,830	23,749,868	27,762,698	2,715,899
Net assets:				
Invested in capital assets, net of related debt	6,055,828	11,851,317	17,907,145	589,048
Restricted for animal shelter construction	38,105	-	38,105	-
Restricted for municipal court	60,375	-	60,375	-
Restricted for park maintenance	9,235	-	9,235	-
Restricted for debt service	23,615	1,245,605	1,269,220	-
Restricted for capital projects	70,097	157,864	227,961	-
Restricted for M.K. Brown Auditorium:				
Expendable	6,706	-	6,706	-
Nonexpendable	350,000	-	350,000	-
Restricted for building demolition & cleanup	-	38,050	38,050	-
Unrestricted net assets	4,391,355	568,567	4,959,922	2,156,300
Total net assets	\$ 11,005,316	\$ 13,861,403	\$ 24,866,719	\$ 2,745,348

The accompanying notes are an integral part of these financial statements.

**CITY OF PAMPA, TEXAS
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,915,324	\$ 878,110	\$ -	\$ -
Public safety	5,565,027	643,129	150,945	-
Streets and traffic	2,336,295	-	-	-
Solid waste management	1,238,104	2,160,335	-	-
Culture and recreation	1,495,278	98,736	46,383	-
Interest on long-term debt	194,127	-	-	-
Total governmental activities	12,744,155	3,780,310	197,328	-
Business activities:				
Water and sewer system	6,231,284	7,435,813	-	185,477
Solid waste management	1,927,157	1,760,343	75,000	90,000
Aquatics center	444,769	336,941	-	39,113
Golf course	544,819	301,365	-	-
Leased properties	59,782	49,796	-	-
Total business activities	9,207,811	9,884,258	75,000	314,590
Total primary government	21,951,966	13,664,568	272,328	314,590
Component Unit:				
PEDC	\$ 1,320,694	\$ 20,533	\$ -	\$ -

General revenues:

Property taxes levied for general purposes
Property taxes levied for debt service
Sales taxes
Utility taxes
Hotel & motel taxes
Alcoholic beverage taxes
Investment earnings
Miscellaneous revenues
Transfers in (out)

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and
Changes in Net Assets**

Primary Government			Component Unit: Pampa Economic Development Corporation
Governmental Activities	Business-Type Activities	Total	
\$ (1,037,214)	\$ -	\$ (1,037,214)	\$ -
(4,770,953)	-	(4,770,953)	-
(2,336,295)	-	(2,336,295)	-
922,231	-	922,231	-
(1,350,159)	-	(1,350,159)	-
(194,127)	-	(194,127)	-
<u>(8,766,517)</u>	<u>-</u>	<u>(8,766,517)</u>	<u>-</u>
-	1,390,006	1,390,006	-
-	(1,814)	(1,814)	-
-	(68,715)	(68,715)	-
-	(243,454)	(243,454)	-
-	(9,986)	(9,986)	-
<u>-</u>	<u>1,066,037</u>	<u>1,066,037</u>	<u>-</u>
<u>(8,766,517)</u>	<u>1,066,037</u>	<u>(7,700,480)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,300,161)</u>
3,125,933	-	3,125,933	-
513,774	-	513,774	-
3,685,594	-	3,685,594	1,228,531
1,053,450	-	1,053,450	-
347,011	-	347,011	-
507	-	507	-
12,449	17,680	30,129	24,360
157,171	226,498	383,669	141,956
<u>(479,116)</u>	<u>479,116</u>	<u>-</u>	<u>-</u>
<u>8,416,773</u>	<u>723,294</u>	<u>9,140,067</u>	<u>1,394,847</u>
<u>(349,744)</u>	<u>1,789,331</u>	<u>1,439,587</u>	<u>94,686</u>
<u>11,355,060</u>	<u>12,072,072</u>	<u>23,427,132</u>	<u>2,650,662</u>
<u>\$ 11,005,316</u>	<u>\$ 13,861,403</u>	<u>\$ 24,866,719</u>	<u>\$ 2,745,348</u>

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FUND FINANCIAL STATEMENTS

CITY OF PAMPA, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 3,009,396	\$ 441,224	\$ 3,450,620
Receivables (net of allowance for uncollectibles)	1,306,646	142,644	1,449,290
Due from other funds	355,822	27,785	383,607
Inventories	54,603	-	54,603
Prepaid items	41,513	-	41,513
Restricted assets:			
Restricted cash	107,715	3,325	111,040
Restricted accrued interest	-	3,381	3,381
Restricted investments	-	350,000	350,000
Total assets	<u><u>\$ 4,875,695</u></u>	<u><u>\$ 968,359</u></u>	<u><u>\$ 5,844,054</u></u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ 224,041	\$ 29,384	\$ 253,425
Accrued expenditures	156,551	6,597	163,148
Due to other funds	27,785	-	27,785
Deferred revenue	105,160	47,001	152,161
Total liabilities	<u><u>513,537</u></u>	<u><u>82,982</u></u>	<u><u>596,519</u></u>
Fund balances:			
Nonspendable fund balance:			
Prepaid items	41,513	-	41,513
Inventories	54,603	-	54,603
Permanent fund principal	-	350,000	350,000
Restricted fund balance:			
Animal shelter construction	38,105	-	38,105
Municipal court security and technology	60,375	-	60,375
Park maintenance	9,235	-	9,235
Debt service	-	23,615	23,615
Capital acquisition	-	70,097	70,097
MK Brown auditorium	-	6,706	6,706
Assigned fund balance:			
Vehicle replacement	605,767	-	605,767
Dumpster replacement	57,125	-	57,125
Other expenditures	2,667	434,959	437,626
Unassigned fund balance	<u><u>3,492,768</u></u>	<u><u>-</u></u>	<u><u>3,492,768</u></u>
Total fund balances	<u><u>4,362,158</u></u>	<u><u>885,377</u></u>	<u><u>5,247,535</u></u>
Total liabilities and fund balances	<u><u>\$ 4,875,695</u></u>	<u><u>\$ 968,359</u></u>	<u><u>\$ 5,844,054</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF PAMPA, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUND'S BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2011

Total fund balances - Governmental Funds \$ 5,247,535

The City uses an internal service fund to charge the costs of providing dental benefits to its employees to appropriate functions in other funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Assets, but not in the Governmental Funds Balance Sheet.

The net effect of this consolidation is to increase net assets. 8,094

Capital assets used in the governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$39,281,496 and the accumulated depreciation was \$29,283,939. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. At the beginning of the year, the balance of long-term liabilities was \$3,898,158. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.

6,099,399

Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they are reported as increases in capital assets and reductions in long-term debt in the government-wide financial statements. For the year ended September 30, 2011, the amount of capital outlays and debt principal payments were \$542,837 and \$419,965 respectively. The net effect of including the 2011 capital outlays and debt principal payments is to increase net assets.

962,796

The 2011 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.

(1,349,183)

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 deferred revenue as revenue, eliminating inter-fund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications, eliminations, and recognitions is to increase net assets.

36,675

Net assets of Governmental Activities

\$ 11,005,316

The accompanying notes are an integral part of these financial statements.

CITY OF PAMPA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes:			
Property taxes	\$ 2,861,365	\$ 669,492	\$ 3,530,857
Sales taxes	3,685,594	-	3,685,594
Other taxes	1,053,957	347,011	1,400,968
Penalties and interest on taxes	96,153	6,410	102,563
Licenses and permits	57,328	-	57,328
Intergovernmental	144,192	5,000	149,192
Charges for services	3,323,210	36,902	3,360,112
Fines	407,710	9,571	417,281
Investment earnings	4,261	8,186	12,447
Contributions and donations	14,882	33,253	48,135
Other revenue	<u>114,629</u>	<u>42,543</u>	<u>157,172</u>
Total revenues	<u>11,763,281</u>	<u>1,158,368</u>	<u>12,921,649</u>
Expenditures:			
Current:			
General government	1,544,600	-	1,544,600
Public safety	5,411,334	500	5,411,834
Streets and traffic	1,995,004	-	1,995,004
Solid waste management	1,114,330	-	1,114,330
Culture and recreation	386,479	802,920	1,189,399
Capital outlay	512,953	29,884	542,837
Debt service:			
Principal retirement	26,270	393,695	419,965
Interest and fiscal charges	<u>6,791</u>	<u>132,665</u>	<u>139,456</u>
Total expenditures	<u>10,997,761</u>	<u>1,359,664</u>	<u>12,357,425</u>
Excess (deficiency) of revenues over (under) expenditures	<u>765,520</u>	<u>(201,296)</u>	<u>564,224</u>
Other financing sources (uses):			
Transfers in	56,650	278,968	335,618
Transfers out	<u>(405,000)</u>	<u>(409,734)</u>	<u>(814,734)</u>
Total other financing sources (uses)	<u>(348,350)</u>	<u>(130,766)</u>	<u>(479,116)</u>
Net change in fund balances	417,170	(332,062)	85,108
Fund balances at beginning of year	<u>3,944,988</u>	<u>1,217,439</u>	<u>5,162,427</u>
Fund balances at end of year	<u>\$ 4,362,158</u>	<u>\$ 885,377</u>	<u>\$ 5,247,535</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PAMPA, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUND'S STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Total net changes in fund balances - Governmental Funds	\$ 85,108
The City uses an internal service fund to charge the costs of providing dental benefits to its employees to appropriate functions in other funds. The net income of the internal service fund is reported with governmental activities in the Statement of Activities. The net effect of this consolidation is to increase net assets.	15,761
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they are reported as increases in capital assets and reductions in long-term debt in the government-wide financial statements. For the year ended September 30, 2011, the amount of capital outlays and debt principal payments were \$542,837 and \$419,965 respectively. The net effect of including the 2011 capital outlays and debt principal payments is to increase net assets.	962,796
The 2011 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(1,349,183)
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 deferred revenue as revenue, eliminating inter-fund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications, eliminations, and recognitions is to decrease net assets.	(64,226)
Change in net assets of Governmental Activities	\$ <u>(349,744)</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF PAMPA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

	<u>Budget Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Taxes:				
Property taxes	\$ 2,991,750	\$ 2,947,596	\$ 2,861,365	\$ (86,231)
Sales taxes	3,350,000	3,443,000	3,685,594	242,594
Other taxes	1,088,600	1,038,567	1,053,957	15,390
Penalties and interest on taxes	52,000	96,154	96,153	(1)
Licenses and permits	54,400	57,325	57,328	3
Intergovernmental	96,300	141,830	144,192	2,362
Charges for services	3,089,482	3,180,559	3,323,210	142,651
Fines	437,500	410,000	407,710	(2,290)
Investment earnings	10,000	4,234	4,261	27
Contributions and donations	16,800	14,110	14,882	772
Other revenue	54,329	113,225	114,629	1,404
Total revenues	<u>11,241,161</u>	<u>11,446,600</u>	<u>11,763,281</u>	<u>316,681</u>
Expenditures:				
Current:				
General government	1,517,819	1,582,725	1,544,600	38,125
Public safety	5,493,532	5,586,863	5,411,334	175,529
Streets and traffic	1,901,699	2,082,460	1,995,004	87,456
Solid waste management	1,133,985	1,118,548	1,114,330	4,218
Culture and recreation	448,936	409,868	386,479	23,389
Capital outlay	538,713	526,661	512,953	13,708
Debt service:				
Principal retirement	26,271	26,271	26,270	1
Interest and fiscal charges	6,913	6,960	6,791	169
Total expenditures	<u>11,067,868</u>	<u>11,340,356</u>	<u>10,997,761</u>	<u>342,595</u>
Excess (deficiency) of revenues over (under) expenditures	<u>173,293</u>	<u>106,244</u>	<u>765,520</u>	<u>659,276</u>
Other financing sources (uses):				
Transfers in	53,150	56,650	56,650	-
Transfers out	(405,000)	(405,000)	(405,000)	-
Total other financing sources (uses)	<u>(351,850)</u>	<u>(348,350)</u>	<u>(348,350)</u>	<u>-</u>
Net change in fund balances	(178,557)	(242,106)	417,170	659,276
Fund balances at beginning of year	<u>3,944,988</u>	<u>3,944,988</u>	<u>3,944,988</u>	<u>-</u>
Fund balances at end of year	<u>\$ 3,766,431</u>	<u>\$ 3,702,882</u>	<u>\$ 4,362,158</u>	<u>\$ 659,276</u>

The accompanying notes are an integral part of these financial statements.

CITY OF PAMPA, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer System	Solid Waste Management	Aquatics Center	Other Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Assets:						
Current assets:						
Cash and cash equivalents	\$ 1,649,834	\$ 781,953	\$ 30,641	\$ 102,445	\$ 2,564,873	\$ 10,666
Restricted assets - current:						
Cash and cash equivalents	4,035,653	1,036,925	8,433	11,530	5,092,541	-
Receivables	274,682	-	-	-	274,682	-
Receivables - net of uncollectible allowance	1,007,868	129,208	-	3,100	1,140,176	-
Due from other funds	-	-	-	-	-	-
Prepaid expense	4,125	-	-	-	4,125	-
Inventories	446,176	-	-	-	446,176	-
Total current assets	7,418,338	1,948,086	39,074	117,075	9,522,573	10,666
Non-current assets:						
Capital assets:						
Land	99,734	53,125	90,568	545,514	788,941	-
Water rights	4,384,700	-	-	-	4,384,700	-
Buildings and improvements	26,309,517	5,993,019	4,616,490	2,060,485	38,979,511	-
Vehicles and equipment	3,187,731	2,784,433	8,072	302,362	6,282,598	-
Surface water supply contracts	5,419,278	-	-	-	5,419,278	-
Roads	-	215,295	-	-	215,295	-
Construction in progress	39,096	-	-	-	39,096	-
Less: accumulated depreciation and amortization	(20,913,423)	(6,142,085)	(38,874)	(1,172,192)	(28,266,574)	-
Unamortized landfill permit costs	-	601,675	-	-	601,675	-
Total non-current assets	18,526,633	3,505,462	4,676,256	1,736,169	28,444,520	-
Total assets	25,944,971	5,453,548	4,715,330	1,853,244	37,967,093	10,666
Liabilities:						
Current liabilities:						
Accounts payable	278,433	28,244	246,182	10,046	562,905	-
Accrued expenses	18,799	7,555	-	-	26,354	-
Claims and judgments payable	-	-	-	-	-	2,572
Due to other funds	-	-	-	355,822	355,822	-
Accrued interest payable	754,776	86,422	63,137	760	905,095	-
Deferred revenue	1,043	-	-	-	1,043	-
Consumer deposits	356,401	-	-	-	356,401	-
Bonds payable - current:						
Revenue bonds and certifications of obligation	440,821	83,764	30,560	1,144	556,289	-
CRMWA obligations	332,532	-	-	-	332,532	-
Notes payable - current	81,919	-	-	-	81,919	-
Capital leases payable - current	-	80,935	-	24,488	105,423	-
Compensated absences	34,245	10,210	-	-	44,455	-
Total current liabilities	2,298,969	297,130	339,879	392,260	3,328,238	2,572
Non-current liabilities:						
Revenue bonds and certificates of obligation (net)	6,201,371	4,029,328	3,013,087	55,512	13,299,298	-
CRMWA obligations (net)	5,944,872	-	-	-	5,944,872	-
Capital leases payable	-	259,188	-	1,810	260,998	-
Compensated absences	11,415	3,403	-	-	14,818	-
Landfill closure liability	-	1,257,466	-	-	1,257,466	-
Total non-current liabilities	12,157,658	5,549,385	3,013,087	57,322	20,777,452	-
Total liabilities	14,456,627	5,846,515	3,352,966	449,582	24,105,690	2,572
Net assets:						
Invested in capital assets, net of related debt	8,250,836	312,910	1,634,356	1,653,215	11,851,317	-
Restricted for debt service	750,556	484,276	-	10,773	1,245,605	-
Restricted for capital acquisition	10	157,854	-	-	157,864	-
Restricted for building demolition and cleanup	-	38,050	-	-	38,050	-
Unrestricted	2,486,942	(1,386,057)	(271,992)	(260,326)	568,567	8,094
Total net assets	\$ 11,488,344	\$ (392,967)	\$ 1,362,364	\$ 1,403,662	\$ 13,861,403	\$ 8,094

The accompanying notes are an integral part of these financial statements.

CITY OF PAMPA, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

	Business-type activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water and Sewer System	Solid Waste Management	Aquatics Center	Other Enterprise Funds	Total Enterprise Funds	
Operating revenues:						
Charges for services	\$ 7,435,813	\$ 1,760,343	\$ 336,541	\$ 301,365	\$ 9,834,062	\$ 74,045
Rent	-	-	400	49,796	50,196	-
Other revenues	367,396	181,502	44,873	2,962	596,733	-
Total operating revenues	7,803,209	1,941,845	381,814	354,123	10,480,991	74,045
Operating expenses:						
Personnel services	1,090,573	390,148	147,607	-	1,628,328	-
Contractual services	1,947,906	317,061	23,892	358,136	2,646,995	5,760
Supplies and materials	616,435	264,672	90,781	89,689	1,061,577	-
Depreciation and amortization	1,057,332	707,911	38,874	105,082	1,909,199	-
Intercity charges	876,426	68,000	-	29,300	973,726	-
Insurance and claims	29,418	10,112	3,880	12,668	56,078	52,526
Total operating expenses	5,618,090	1,757,904	305,034	594,875	8,275,903	58,286
Operating income (loss)	2,185,119	183,941	76,780	(240,752)	2,205,088	15,759
Non-operating revenues (expenses):						
Investment earnings	10,700	1,590	5,156	234	17,680	2
Sale of materials and equipment	19,355	-	-	-	19,355	-
Interest and fiscal charges	(613,194)	(169,253)	(139,735)	(9,726)	(931,908)	-
Total non-operating revenues (expenses)	(583,139)	(167,663)	(134,579)	(9,492)	(894,873)	2
Income (loss) before transfers	1,601,980	16,278	(57,799)	(250,244)	1,310,215	15,761
Transfers in	-	-	294,266	220,000	514,266	-
Transfers out	(35,150)	-	-	-	(35,150)	-
Change in net assets	1,566,830	16,278	236,467	(30,244)	1,789,331	15,761
Total net assets - beginning of year	9,921,514	(409,245)	1,125,897	1,433,906	12,072,072	(7,667)
Total net assets - end of year	\$ 11,488,344	\$ (392,967)	\$ 1,362,364	\$ 1,403,662	\$ 13,861,403	\$ 8,094

The accompanying notes are an integral part of these financial statements.

CITY OF PAMPA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities - Enterprise Funds				Total Enterprise Total	Governmental Activities Internal Service Fund
	Water and Sewer System	Solid Waste Management	Aquatics Center	Other Enterprise Funds		
Cash flows from operating activities:						
Receipts from customers and users	\$ 7,711,047	\$ 1,919,792	\$ 381,814	\$ 354,927	\$ 10,367,580	\$ -
Receipts from inter-fund services provided	34	-	-	66,201	66,235	69,351
Payments to employees	(1,085,933)	(384,436)	(147,607)	-	(1,617,976)	-
Payments to insurance claims	-	-	-	-	-	(53,371)
Payments to suppliers	(2,386,416)	(508,890)	121,559	(460,344)	(3,234,091)	(6,010)
Payments for inter-fund services used	(876,426)	(68,000)	-	(29,300)	(973,726)	-
Net cash flows from operating activities	<u>3,362,306</u>	<u>958,466</u>	<u>355,766</u>	<u>(68,516)</u>	<u>4,608,022</u>	<u>9,970</u>
Cash flows from non-capital financing activities:						
Transfers from other funds	-	-	294,266	220,000	514,266	-
Transfers to other funds	(35,150)	-	-	-	(35,150)	-
Net cash flows from non-capital financing activities	<u>(35,150)</u>	<u>-</u>	<u>294,266</u>	<u>220,000</u>	<u>479,116</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(1,926,209)	(664,478)	(3,411,902)	(113,317)	(6,115,906)	-
Proceeds from sale of materials and equipment	19,350	-	-	-	19,350	-
Proceeds from capital lease	-	432,283	-	-	432,283	-
Principal paid on capital debt	(960,064)	(169,442)	(28,863)	(24,985)	(1,183,354)	-
Interest paid on capital debt	(558,008)	(198,491)	(130,731)	(9,749)	(896,979)	-
Net cash flows from capital and related financing activities	<u>(3,424,931)</u>	<u>(600,128)</u>	<u>(3,571,496)</u>	<u>(148,051)</u>	<u>(7,744,606)</u>	<u>-</u>
Cash flows from investing activities:						
Purchase of investments (net of redemptions of investments)	2,972,007	370,000	800,000	7,000	4,149,007	-
Interest and dividends received	11,008	1,693	5,666	231	18,598	2
Net cash flows from investing activities	<u>2,983,015</u>	<u>371,693</u>	<u>805,666</u>	<u>7,231</u>	<u>4,167,605</u>	<u>2</u>
Net increase (decrease) in cash and cash equivalents	2,885,240	730,031	(2,115,798)	10,664	1,510,137	9,972
Cash and cash equivalents at beginning of year	<u>2,800,247</u>	<u>1,088,847</u>	<u>2,154,872</u>	<u>103,311</u>	<u>6,147,277</u>	<u>694</u>
Cash and cash equivalents at end of year	<u>\$ 5,685,487</u>	<u>\$ 1,818,878</u>	<u>\$ 39,074</u>	<u>\$ 113,975</u>	<u>\$ 7,657,414</u>	<u>\$ 10,666</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$ 2,185,119	\$ 183,941	\$ 76,780	\$ (240,752)	\$ 2,205,088	\$ 15,759
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	1,057,332	707,911	38,874	105,082	1,909,199	-
Changes in assets & liabilities:						
(Increase) decrease in:						
Receivables	(110,819)	(22,053)	-	804	(132,068)	-
Due from other funds	34	-	-	-	34	-
Inventories	32,396	-	-	-	32,396	-
Increase (decrease) in:						
Accounts payable	181,031	15,649	240,112	149	436,941	(1,095)
Accrued expenses	4,539	2,432	-	-	6,971	-
Due to other funds	-	-	-	66,201	66,201	(4,694)
Deferred revenue	1,043	-	-	-	1,043	-
Consumer deposits	11,530	-	-	-	11,530	-
Compensated absences	101	3,280	-	-	3,381	-
Landfill closure liability	-	67,306	-	-	67,306	-
Total adjustments	<u>1,177,187</u>	<u>774,525</u>	<u>278,986</u>	<u>172,236</u>	<u>2,402,934</u>	<u>(5,789)</u>
Net cash provided (used) by operating activities	<u>\$ 3,362,306</u>	<u>\$ 958,466</u>	<u>\$ 355,766</u>	<u>\$ (68,516)</u>	<u>\$ 4,608,022</u>	<u>\$ 9,970</u>
Reconciliation of total cash and cash equivalents:						
Cash and cash equivalents on statement of net assets	\$ 1,649,834	\$ 781,953	\$ 30,641	\$ 102,445	\$ 2,564,873	\$ 10,666
Restricted cash and cash equivalents on statement of net assets	<u>4,035,653</u>	<u>1,036,925</u>	<u>8,433</u>	<u>11,530</u>	<u>5,092,541</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 5,685,487</u>	<u>\$ 1,818,878</u>	<u>\$ 39,074</u>	<u>\$ 113,975</u>	<u>\$ 7,657,414</u>	<u>\$ 10,666</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF PAMPA, TEXAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2011**

	<u>Agency Fund Municipal Court Bail Bond</u>
Assets:	
Cash and cash equivalents	\$ 1,332
	<hr/>
Total assets	\$ <u>1,332</u>
Liabilities:	
Deposits	\$ <u>1,332</u>
	<hr/>
Total liabilities	\$ <u>1,332</u>

The accompanying notes are an integral part of these financial statements.

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CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Pampa, Texas (the City) operates under a Commission-Manager form of government and provides the following services, as authorized by its charter adopted in 1927: police and fire protection, streets and traffic control, planning, code enforcement, and general administrative services. In addition, the City maintains the water and sewer system and a solid waste management operation, the activities of which are accounted for as enterprise funds. The City also operates a municipal golf course, leases various properties, and operates an aquatics park, which was opened in June 2011, all of which are also accounted for in an enterprise fund.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The Financial Reporting Entity

The City of Pampa is a municipality governed by an elected five member commission made up of the Mayor and four other commissioners. As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Pampa (the primary government) and its component units. The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationship with the City.

Individual Component Unit Disclosures

Blended component units:

The Economic Development Special Revenue Fund accounts for the remaining activities of a prior Economic Development Corporation (the "Prior EDC") that has ceased operations. Originally established by charter in April, 1993, the Prior EDC had been in operation until voters of the City approved the dissolution of the Prior EDC in November, 2001. The Prior EDC had been governed by a separate board of directors up until March, 2005, when the board of directors voted to approve the final dissolution and to transfer all remaining assets and liabilities to the City. The City is the fiscal agent for the remaining activities of the Prior EDC, which includes maintaining and investing remaining funds and care and upkeep of capital assets previously owned by the Prior EDC which were transferred to the City in a prior year. In previous years, the City had reported the activities of the Prior EDC as a discretely presented component unit, but since the City now controls the activities of the Prior EDC, it is now being shown as a blended component unit, specifically reported as a special revenue fund.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

A.Reporting Entity (continued)

Individual Component Unit Disclosures (continued)

Discretely presented component units:

The component unit column in the government-wide financial statements includes the financial data of the Pampa Economic Development Corporation (the "PEDC") which was established by voters in the City in November, 2005. This PEDC was established for the promotion of business and economic development in and around the City, and is being funded by a ½ cent sales tax also approved by the voters of the City. In December, 2005, the City appointed a separate seven member board of directors that have the responsibility of managing the activities of the PEDC. The board of directors adopted a resolution approving the articles of incorporation, and adopted and approved the corporate bylaws of the PEDC in February, 2006. The PEDC also began its operations during the year ended September 30, 2006, and began receiving the ½ cent sales tax which will be used to fund future operations of the PEDC. The City is responsible for approving the operating budget of the PEDC as adopted by the seven member board of directors. The PEDC has elected to prepare separate financial statements for the year ended September 30, 2011, which include a complete set of financial statements and footnote disclosures. A copy of the annual financial statements may be obtained by contacting the PEDC at P.O. Box 2398, Pampa, Texas, 79065.

Related Organizations

The City Commission is also responsible for appointing one of the five board members of the Gray County Appraisal District and has the ability to suggest changes to the District's budget. The District assesses property valuations for all the taxing entities in Gray County. The City remits a fee to the Gray County Appraisal District for its services. The City has no authority over the District or accountability beyond that mentioned above.

Jointly Governed Organizations

The Canadian River Municipal Water Authority ("CRMWA") is a water district that was created in 1953 by the Texas Legislature to construct a dam, water reservoir and aqueduct system for the purpose of supplying water to surrounding municipalities. Its geographic area includes the surface water in the Texas Panhandle known as Lake Meredith, and the aqueduct system which supplies eleven cities. The affairs of CRMWA are governed by a board of nineteen individual members. The City, as one of the eleven cities, appoints two members. Prior to construction, each city contracted to purchase surface water and was allotted a portion of the water rights together with a proportional amount of the construction costs. On May 15, 1996, the City, along with other members, entered into a contract for the purchase and construction of a conjunctive use ground water supply, as more fully described in notes 8 and 11. Except for these contractual obligations the City has no other responsibility for the liabilities of CRMWA. The City does not appoint a significant portion of the governing board, designate management, nor have the ability to significantly influence operations. A copy of the annual financial statements may be obtained by contacting CRMWA at P.O. Box 9, Sanford, Texas, 79078.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component unit. *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 the legally separate *component unit* for which the *primary government* is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. 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 *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. 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, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Agency funds, unlike all other funds, do not have a measurement focus; rather, agency funds report only assets and liabilities.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

General Fund - 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 City reports the following major proprietary funds:

The Water and Sewer System Fund - The Water and Sewer System Fund is used to account for the provision of water and sewer services to residents and commercial enterprises of the City and proximate area. In accordance with the City's accounting policies, the City maintains a number of departments within this fund to account for water and sewer billing and collection, maintenance and operations, extensions and improvements, and consumer deposits, all of which have been consolidated for the financial statement presentation.

The Solid Waste Management Fund - The Solid Waste Management Fund is used to account for the operation of the City's solid waste landfill.

The Aquatics Center Fund - The Aquatics Center Fund is used to account for the operation of the City's newly constructed aquatics park. The aquatics park opened in June 2011.

The Dental Benefits Internal Service Fund - The Dental Benefits Fund is used to account for dental benefits provided to the City's employees that are charged to the various departments of the City on a cost reimbursement basis.

Additionally, the City reports the following fund types:

Non-major governmental funds:

Debt Service Fund - The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

Special Revenue Funds - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than the Permanent Fund or Capital Projects Fund) that are legally restricted to specific purposes. The City's Special Revenue Funds are as follows:

Controlled Substances - To account for cash or marketable properties seized during arrests. Under state statutes, such property is allowed to be used for local law enforcement activities related to the particular type of crime.

M.K. Brown Auditorium - To account for revenues derived from a 7% tax levied on gross hotel/motel receipts which may be spent on conventions, convention promotion or convention center facilities. The fund also accounts for transfers from the M.K. Brown Auditorium Permanent Fund to be used for maintenance of and improvements to the auditorium.

Lovett Memorial Library - To account for ad valorem taxes levied for the maintenance and support of the Lovett Memorial Library.

Economic Development - To account for the activities of the prior Economic Development Corporation, which is a blended component unit discussed previously in Note 1.

M.K. Brown Permanent Fund - The M.K. Brown Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the M.K. Brown Auditorium.

Nonmajor Proprietary Funds:

The Municipal Golf Course Fund - The Municipal Golf Course Fund is used to account for the operation of the City's public golf course known as Hidden Hills.

The Leased Properties Fund - The Leased Properties Fund is used to account for the activities of various property owned by the City that is being leased to outside parties.

Agency Fund - The City has one Agency Fund, the Municipal Court Bail Bond Fund, which is used to account for bail bonds received from various individuals, with the City acting only in a fiduciary capacity for these funds being held.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Applicable Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected to not follow subsequent private-sector guidance.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of the 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.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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 City's enterprise funds and of the City's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

D. Budgets

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

D. Budgets (continued)

At least 30 days prior to the time when the City Commission makes its tax levy for the upcoming 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 no less than 15 days subsequent to the time of filing. The City Commission has authority to make such changes in the budget as it deems warranted. Prior to October 1, the budget is legally enacted through passage of an ordinance.

The City's Executive Budget, Annual Operating Budget and Program of Services, are prepared annually for all governmental funds on a detailed account level (line-item) basis. However, the legal level of budgetary control is directed at total expenditures at the individual fund level. The account level basis of the annual Executive Budget is intended purely as a management planning and control device. The City Manager is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures on an individual fund basis require the City Commission's approval. Although not legally required by state or local law, the City adopts budgets for all proprietary funds to aid management in planning and internal control. The budget-to-actual comparisons in the combined financial statements are presented on a function level basis to provide information concerning the City's performance as it relates to the Executive Budget.

The City uses a flow of current financial resources method to budget for governmental funds and a flow of economic resources method to budget for proprietary funds. Governmental fund budgets are substantially on a basis consistent with GAAP. Proprietary fund budgets are not on a basis consistent with GAAP in that depreciation expense is not budgeted and capital asset purchases and debt principal payments are shown as expenses in the budget. The budgeted amounts reflected in the financial statements are as last amended by the City Commission. Appropriations lapse at year-end.

E. Encumbrances

Encumbrances are commitments related to unperformed (executory) contracts for goods or services, and are a common budgetary control device, used in conjunction with a formally integrated budget to insure that appropriations are not exceeded. Encumbrance accounting has not been employed in the financial records of the City.

F. Cash and Investments

As permitted by State statute and City ordinance, required reserves and funds held pending expenditures are invested in obligations of the U.S. Treasury as well as in certificates of deposit, savings accounts, insured money market accounts and/or NOW Accounts in the official City depository.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

F. Cash and Investments (continued)

The City maintains a cash pool that is used to transact a substantial majority of cash transactions for all funds. Interest income earned by the cash pool is allocated monthly to funds based on relative balances (of positive accounts only) at month end.

For purposes of the statement of cash flows for proprietary and similar trust funds, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Investments are stated at cost which approximates fair value.

G. Receivables

Management provides an allowance for uncollectible receivables based on an estimate of the amounts that will ultimately be uncollectible.

H. Short-Term Inter-fund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet until such time as cash is transferred in payment of these accounts.

I. Inventories and Prepaid Items

Inventories of materials and supplies are maintained in the General Fund and are managed by the central stores department of the General Fund. The Water and Sewer System maintains an inventory of pipeline and related stores. These inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when requisitioned by the various funds and departments of the City (the consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both government-wide and fund financial statements. Similar to inventory, prepaid items are recorded as expenditures when requisitioned by the various funds and departments of the City (the consumption method).

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

J. Restricted Assets

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Deposits from consumers which are to be applied to customer accounts that become uncollectible or otherwise refunded upon termination of utility service are also classified as restricted assets. Other cash funds which have been designated for a particular use are also classified as restricted assets.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Building improvements	10-50
Public domain infrastructure	20
System infrastructure	30-80
Vehicles and small equipment	5-30
Furniture and fixtures	7
Surface water supply contract	85

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

K. Capital Assets (continued)

The City has accumulated a small collection of art objects consisting of a painting and several sculptures through various donations. The City has capitalized these items, but is not depreciating them, as the collection has intrinsic value to the City and the City has deemed them to be inexhaustible. The City has the following policy pertaining to its collection items

- Items in the collection are held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- Collection items are protected, kept unencumbered, cared for, and preserved.
- Collection items are subject to the City's policy in that proceeds from the sale of collection items are to be used to acquire other items for collection.

In order to better track the collection, the City has created a separate category on its financial statements for these assets. Previously, these items had been included in either the buildings and improvements category or the equipment category on the financial statements.

L. Compensated Absences

The City provides annual vacation leave of two to five weeks (depending upon years of service). Employees accumulate up to forty-five days of vacation which will be paid upon termination or retirement. Vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Employees are provided twelve days of sick leave per year. Sick leave accumulates up to ninety days, and is paid out at termination only upon qualified retirement. Sick pay is accrued in the government-wide, governmental, proprietary, and fiduciary funds only when a liability is matured, i.e. for those employees who have reached retirement age.

M. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and unamortized bond issuance costs.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

N. Net Assets and Fund Balance

The City's fund balances for its governmental funds are presented in accordance with GASB 54, which classifies fund balance based on the level of constraints placed on the usage of fund resources. Under GASB 54, fund balances for governmental funds are reported in the following categories:

- **Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** – The restricted fund balance classification includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority, the City Commission, in the form of a resolution. Commitments may be changed or lifted only by taking the same formal action that imposed the constraints originally.
- **Assigned** – The assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The City Commission has delegated the authority to assign fund balance to the finance committee which is comprised of the City Manager, Assistant City Manager, and the City's Finance Director. In all governmental funds other than the general fund, fund balance which is not specifically restricted or committed, is assigned as it is intended to be used for the purpose of that fund.
- **Unassigned** – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When the City incurs expenditures that can be made from either restricted or unrestricted balances the expenditures are charged first to restricted balances, and then to unrestricted balances as they are needed. When the City incurs expenditures that can be made from either committed, assigned, or unassigned balances the expenditures are charged to committed resources first, then to assigned resources and then to unassigned resources as they are needed.

The City has established a goal to achieve and maintain a minimum unassigned fund balance in the general fund to ensure that there will be adequate liquid resources in the even of unanticipated circumstances and events. The minimum unassigned fund balance target is set at 20% of budgeted revenues for the most recent fiscal year, which would provide for roughly 75 days of estimated expenditures.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

O. Grants to Businesses

Grants to businesses are recognized as an expense when the Prior EDC or the PEDC makes a grant to a business that is, in substance, unconditional. Additionally, grants are considered unconditional if the chances of not meeting the specified conditions are remote.

Grants that are for reimbursement of expenses are not recorded by the Prior EDC or the PEDC as an expense until the recipient actually incurs a reimbursable expense.

NOTE 2. STEWARDSHIP, COMPLIANCE AND RESPONSIBILITY:

Other Individual Fund Disclosures

None of the City's funds had material amounts of excess of expenses/expenditures over appropriations (exclusive of depreciation) for the year ended September 30, 2011.

Management is aware of the deficit net assets balance in the Solid Waste Management fund and will continue to assess the operations of the City's landfill in the future.

NOTE 3. DEPOSITS AND INVESTMENTS:

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Throughout the year, as permitted by State statute and the City Charter, required reserves and funds held pending expenditures were invested in either certificates of deposit or a Federal Farm Credit bond. At September 30, 2011 all of the City's investments, as shown below, are reflected at cost, which approximates fair value.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 3. DEPOSITS AND INVESTMENTS (continued):

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, and to meet the reporting requirements of the Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, the City has disclosed the following information:

Interest rate risk - This is the risk that changes in interest rates will adversely affect the fair value of an investment. The City has adopted the following in response to interest rate risk:

- Structuring the investment portfolio so that investments mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell investments on the open market prior to maturity.
- Investing operating funds primarily in shorter-term investments.

Credit risk - This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has adopted the following in response to mitigate its credit risk:

Limiting investments to the safest types of investments. The City's investment policy allows the following types of investments:

- U.S. Government obligations, U.S. Government agency obligations, and U.S. Government instrumentality obligations.
- Certificates of deposit.
- Savings and Loan Association deposits.
- Investment-grade obligations of State, Provincial, and Local Governments and Public Authorities.
- Money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of domestic securities.
- Statewide investment pools.

Concentration of credit risk - This is the risk of loss attributed to the magnitude of the City's investment in a single issuer. The City has adopted the following in response to its concentration of credit risk:

- Investment will be diversified by security type and institution, unless the investment is fully collateralized.
- To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than 5 years from the date of purchase. The maximum average weighted maturity of the composite portfolio shall not exceed one year.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 3. DEPOSITS AND INVESTMENTS (continued):

Policies Governing Deposits and Investments (continued)

- Reserve funds may be invested in investments exceeding 5 years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

Custodial credit risk - deposits - This is the risk that in the event of a bank failure, the City's deposits may not be returned to the City. The City has a policy of requiring that all deposits are collateralized by either the Federal Deposit Insurance Corporation (the "FDIC") or by pledged securities that are in the name of the City.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that is in the possession of an outside party. The City has adopted the following policies to address this risk:

- Financial institutions must be approved by the City to sell investments to the City. The City has requirements that address minimum capital requirements as well as a minimum number of years the institution must have been in operation.
- Financial institutions who desire to become a qualified bidder for the City must supply information to the City as required in the City's investment policies.
- An annual review of all qualified bidders must be conducted by the Director of Finance of the City.
- All trades of investments, where applicable, will be executed by delivery vs. payment, which will help to ensure that securities are deposited in the eligible financial institution prior to the release of funds.
- Investments will be held by a third party custodian as evidence by safekeeping receipts.

Foreign currency risk - This is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The City is not exposed to foreign currency risk, as the City's investment policy prohibits the investment in foreign investments.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 3. DEPOSITS AND INVESTMENTS (continued):

Investments Held

At September 30, 2011 , the carrying amounts of the City's investments are shown below. The City did not invest in any other types of investments other than those shown below for the year ended September 30, 2011.

<u>Primary Government</u>	<u>Credit Rating</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Certificates of Deposit	N/A	\$ <u>3,581,000</u>	\$ <u>3,581,000</u>
Federal Farm Credit Bond Matures November, 2015	Moody's Aaa	\$ <u>350,000</u>	\$ <u>353,381</u>

NOTE 4. RECEIVABLES:

Receivables as of year end for the government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

<u>Governmental activities:</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Enterprise Funds</u>	<u>M.K. Brown Permanent Fund</u>	<u>Total</u>
Receivables:						
Property taxes	\$ 230,047	\$ 14,260	\$ 63,025	\$ -	\$ -	\$ 307,332
Other taxes	869,492	94,429	1,214	-	-	965,135
Accounts	275,840	-	-	1,157,246	-	1,433,086
Grants from federal, state, and local sources	59,392	-	-	-	-	59,392
Interest	-	-	-	-	3,381	3,381
CRMWA	-	-	-	274,682	-	274,682
Total receivables	<u>1,434,771</u>	<u>108,689</u>	<u>64,239</u>	<u>1,431,928</u>	<u>3,381</u>	<u>3,043,008</u>
Less allowance for uncollectibles	<u>128,125</u>	<u>7,463</u>	<u>22,821</u>	<u>17,070</u>	<u>-</u>	<u>175,479</u>
Total net receivables	<u>\$ 1,306,646</u>	<u>\$ 101,226</u>	<u>\$ 41,418</u>	<u>\$ 1,414,858</u>	<u>\$ 3,381</u>	<u>\$ 2,867,529</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 4. RECEIVABLES (continued):

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on October 1 and become delinquent after January 31. The taxes accrue interest beginning February 1. Current year property taxes are collected from the levy date October 1 through June 30, at which time the taxes are classified as delinquent and assessed penalties beginning July 1. The delinquent taxes receivable account represents past years uncollected tax levies. The allowance for estimated uncollectible amounts is 58.42% of the total delinquent taxes receivable at September 30, 2011. The City contracts with Gray County to perform the collection of its property taxes. The City's cost of this contract is accounted for in the general fund as a contractual service.

According to Article V, Section I of the City Charter, the maximum tax levy is \$2.50 per \$100 of assessed valuation; any in excess of \$1.50 is limited to debt service. The combined tax rate of the 2010 tax roll for the 2010-2011 fiscal year was \$.62693 per \$100 of assessed valuation, of which \$.5052 was designated to finance general governmental services, \$.09173 was designated for debt service and \$.03 was for the maintenance and support of the Lovett Memorial Library. The resulting tax levy was \$3,456,898 on an assessed value of \$566,068,119 (after exemptions).

Notes receivable at September 30, 2011, consisted of loans made by the Prior EDC and the PEDC to various enterprises to enhance economic development for Pampa, Texas. The loans are further discussed in Note 18.

NOTE 5. RESTRICTED ASSETS:

The City had the following restricted assets as of September 30, 2011:

	General Fund	Non-major Governmental Funds	Water and Sewer System	Solid Waste Management	Aquatics Center	Non-major Enterprise Funds	Total
Restricted cash:							
Construction and capital acquisition	\$ -	\$ -	\$ 2,563,864	\$ 390,127	\$ 1,748	\$ -	\$ 2,955,739
Animal shelter construction	38,105	-	-	-	-	-	38,105
Municipal court security & technology	60,375	-	-	-	-	-	60,375
Park maintenance	9,235	-	-	-	-	-	9,235
Building demolition and cleanup	-	-	-	38,050	-	-	38,050
M.K. Brown Auditorium	-	3,325	-	-	-	-	3,325
Revenue bond debt service	-	-	1,230,650	608,748	6,685	11,530	1,857,613
Water and sewer utility deposits	-	-	241,139	-	-	-	241,139
Total restricted cash	\$ 107,715	\$ 3,325	\$ 4,035,653	\$ 1,036,925	\$ 8,433	\$ 11,530	\$ 5,203,581
Restricted accrued interest receivable:							
M.K. Brown Auditorium	\$ -	\$ 3,381	\$ -	\$ -	\$ -	\$ -	\$ 3,381
Restricted investments:							
M.K. Brown Auditorium	-	350,000	-	-	-	-	350,000
Total restricted investments	\$ -	\$ 350,000	\$ -	\$ -	\$ -	\$ -	\$ 350,000
Restricted receivable:							
CRMWA debt service	\$ -	\$ -	\$ 274,682	\$ -	\$ -	\$ -	\$ 274,682

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 6. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2011 was as follows:

Primary Government:

	Balance Oct. 1, 2010	Additions	Sales, Retirements, and Transfers	Balance Sept. 30, 2011
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 210,849	\$ -	\$ -	\$ 210,849
Collection	203,500	-	-	203,500
Construction in progress	<u>227,502</u>	<u>-</u>	<u>(221,661)</u>	<u>5,841</u>
Total capital assets, not being depreciated	<u>641,851</u>	<u>-</u>	<u>(221,661)</u>	<u>420,190</u>
Capital assets being depreciated:				
Roads	18,809,864	-	-	18,809,864
Buildings and improvements	9,510,192	138,160	-	9,648,352
Vehicles and equipment	<u>10,319,589</u>	<u>632,706</u>	<u>(355,715)</u>	<u>10,596,580</u>
Total capital assets, being depreciated	<u>38,639,645</u>	<u>770,866</u>	<u>(355,715)</u>	<u>39,054,796</u>
Less accumulated depreciation for:				
Roads	17,346,706	213,446	-	17,560,152
Buildings and improvements	5,149,024	316,169	-	5,465,193
Vehicles and equipment	<u>6,788,209</u>	<u>819,568</u>	<u>(349,347)</u>	<u>7,258,430</u>
Total accumulated depreciation	<u>29,283,939</u>	<u>1,349,183</u>	<u>(349,347)</u>	<u>30,283,775</u>
Total capital assets, being depreciated, net	<u>9,355,706</u>	<u>(578,317)</u>	<u>(6,368)</u>	<u>8,771,021</u>
Total Governmental Activities capital assets, net	<u>\$ 9,997,557</u>	<u>\$ (578,317)</u>	<u>\$ (228,029)</u>	<u>\$ 9,191,211</u>

Construction in progress in the governmental activities consists of costs incurred related to various projects in the General Fund that were not complete as of September 30, 2011.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 6. CAPITAL ASSETS (continued):

	<u>Balance</u> <u>Oct. 1, 2010</u>	<u>Additions</u>	<u>Sales, Retirements, Adjustments & Transfers</u>	<u>Balance</u> <u>Sept. 30, 2011</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 788,941	\$ -	\$ -	\$ 788,941
Construction in progress	1,805,414	39,096	(1,805,414)	39,096
Total capital assets, not being depreciated	<u>2,594,355</u>	<u>39,096</u>	<u>(1,805,414)</u>	<u>828,037</u>
Capital assets being depreciated:				
Roads	215,295	-	-	215,295
Buildings and improvements	31,667,759	7,311,752	-	38,979,511
Vehicles and equipment	6,118,231	789,995	(625,628)	6,282,598
Water rights	4,384,700	-	-	4,384,700
Surface water supply contracts	5,419,278	-	-	5,419,278
Total capital assets, being depreciated	<u>47,805,263</u>	<u>8,101,747</u>	<u>(625,628)</u>	<u>55,281,382</u>
Less accumulated depreciation for:				
Roads	176,749	8,974	-	185,723
Buildings and improvements	19,329,570	1,285,321	-	20,614,891
Vehicles and equipment	4,110,696	458,620	(406,104)	4,163,212
Water rights	473,542	87,694	-	561,236
Surface water supply contracts	2,677,756	63,756	-	2,741,512
Total accumulated depreciation	<u>26,768,313</u>	<u>1,904,365</u>	<u>(406,104)</u>	<u>28,266,574</u>
Total capital assets, being depreciated, net	<u>21,036,950</u>	<u>6,197,382</u>	<u>(219,524)</u>	<u>27,014,808</u>
Total Business-type Activities capital assets, net	<u>\$ 23,631,305</u>	<u>\$ 6,236,478</u>	<u>\$ (2,024,938)</u>	<u>\$ 27,842,845</u>

Construction in progress in the business-type activities consists of costs incurred related to construction of water wells to support the City's water and sewer system, that were not complete as of September 30, 2011.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 6. CAPITAL ASSETS (continued):

Component Units:	Balance Oct. 1, 2010	Additions	Sales, Retirements, and Transfers	Balance Sept. 30, 2011
Capital assets, not being depreciated				
Land	\$ -	\$ 400,000	\$ -	\$ 400,000
Construction in progress	-	1,600,000	-	1,600,000
Total capital assets, not being depreciated	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
Capital assets being depreciated:				
Buildings and improvements	27,851	1,000,000	-	1,027,851
Vehicles and equipment	13,981	59,790	-	73,771
Total capital assets, being depreciated	<u>41,832</u>	<u>1,059,790</u>	<u>-</u>	<u>1,101,622</u>
Less accumulated depreciation for:				
Buildings and improvements	4,950	2,967	-	7,917
Vehicles and equipment	2,894	1,763	-	4,657
Total accumulated depreciation	<u>7,844</u>	<u>4,730</u>	<u>-</u>	<u>12,574</u>
Total capital assets, being depreciated, net	<u>33,988</u>	<u>1,055,060</u>	<u>-</u>	<u>1,089,048</u>
Total Governmental Activities capital assets, net	<u>\$ 33,988</u>	<u>\$ 3,055,060</u>	<u>\$ -</u>	<u>\$ 3,089,048</u>

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

Governmental activities:	
General government	\$ 434,816
Public safety	139,952
Streets and traffic	340,342
Solid waste management	122,594
Culture and recreation	<u>311,479</u>
Total depreciation expense - Governmental Activities	<u>\$ 1,349,183</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 6. CAPITAL ASSETS (continued):

Business-type activities:	
Water and sewer	\$ 1,057,340
Solid waste management	703,076
Aquatics center	38,874
Municipal golf course	73,246
Lease properties	<u>31,836</u>
Total depreciation expense - Business-type Activities	<u>\$ 1,904,372</u>
Pampa Economic Development Corporation	<u>\$ 4,730</u>

NOTE 7. LEASE OBLIGATIONS:

Capital Leases

The City has leased certain equipment under non-cancellable capital leases. The following summarizes the City's obligations under capital leases:

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Municipal Golf Course</u>	<u>Solid Waste Management</u>
2012	\$ 32,083	\$ 26,506	\$ 92,160
2013	32,083	2,024	92,160
2014	32,083	-	92,160
2015	32,083	-	92,160
2016	<u>-</u>	<u>-</u>	<u>1</u>
Total	128,332	28,530	368,641
Less: Amount representing interest at 3.30% to 5.60%	<u>12,104</u>	<u>2,232</u>	<u>28,517</u>
Present Value of Lease Payments	<u>\$ 116,228</u>	<u>\$ 26,298</u>	<u>\$ 340,124</u>

The following summarizes the assets acquired under capital leases:

Cost of equipment	\$ 174,584	\$ 108,490	\$ 633,388
Accumulated depreciation	<u>58,195</u>	<u>78,473</u>	<u>116,119</u>
Net leased equipment	<u>\$ 116,389</u>	<u>\$ 30,017</u>	<u>\$ 517,269</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 7. LEASE OBLIGATIONS (continued):

Operating Leases

The City is obligated under certain leases for office equipment which are accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the assets being leased under the lease agreements are not reflected in the City's capital assets. The minimum lease payments under non-cancelable operating leases for the General Fund are:

<u>Year Ending September 30,</u>	<u>General Fund</u>
2012	\$ 13,804
2013	13,804
2014	1,150
	<u>\$ 28,758</u>

Rental expenditures under all operating leases for the City have been recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance in the amount of \$13,804.

The City is also obligated under certain leases for equipment being rented for the Municipal Golf Course which are accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the assets being leased under the lease agreements are not reflected in the City's capital assets. The City paid \$76,966 in lease payments during the year which was reported on the Statement of Revenues, Expenses, and Changes in Net Assets in the contractual services category. The minimum lease payments under non-cancelable operating leases for the Municipal Golf Course are:

<u>Year Ending September 30,</u>	<u>Municipal Golf Course</u>
2012	\$ 70,117
2013	10,968
	<u>\$ 81,085</u>

The Pampa Economic Development Corporation is obligated under a lease with an individual for office space. Under the terms of the lease, the Pampa Economic Development Corporation has agreed to pay a monthly rate of \$600 for a period of 60 months. Rental expense is reported on the Statement of Activities for the year in the amount of \$6,600. The minimum future lease payments are:

<u>Year Ending September 30,</u>	<u>Component Unit</u>
2012	\$ 7,200
2013	7,200
2014	1,200
	<u>\$ 15,600</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 8. LONG-TERM DEBT:

General Obligation Bonds, Certificates of Obligation, and Revenue Bonds:

General Obligation Bonds and Certificates of Obligation are direct obligations and pledged by the full faith and credit of the City, and the principal thereof and interest thereon are typically payable from the proceeds of a continuing, direct annual ad valorem tax levied upon all taxable property within the City. Revenue Bonds also constitute direct obligations of the City, and are typically payable from an annual ad valorem tax levied against all taxable property in the City, and are secured by lien on and pledge of the surplus net revenues derived from the operation and ownership of the City's Waterworks and Sewer System or are secured by lien on and pledge of the surplus net revenues derived from the operation and ownership of the City's Solid Waste Collection and Disposal System, both of which are after payment of operation and maintenance expenses of these systems.

In October, 2001, the City issued \$2,848,931 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2001, (the "2001 Obligations"), that were used for improvements and renovations to the City's Waterworks and Sewer System and to improve and renovate portions of the City's streets. Proceeds from the 2001 Obligations were allocated between the General Fund and the Water and Sewer Fund in the amounts of \$400,000 and \$2,448,931 respectively. The outstanding balance of the 2001 Obligations as of September 30, 2011 was \$1,028,931.

In October 2001, the City also issued \$2,775,000 of General Obligation Refunding Bond Series 2001, (the "2001 Refunding Bonds") that were used by the City to provide funds for the discharge and final payment of \$2,640,000 of the City's General Obligation Bonds, Series 1992, (the "1992 Bonds"). Cash and securities sufficient to fund the 1992 Bonds were transferred into an irrevocable trust, and therefore, an in-substance defeasance of these obligations occurred. Accordingly, the 1992 Bonds are no longer reflected in the City's financial statements. The 1992 Bonds have subsequently been paid by the fiscal agent and no longer remain outstanding. The outstanding balance of the 2001 Refunding Bonds as of September 30, 2011 was \$330,000.

In October, 2005, the City issued \$2,180,000 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2005, (the "2005 Obligations"), that were used for improvements and renovations to the City's Waterworks and Sewer System, to purchase machinery and equipment for the water and sewer, street and public safety departments, and to add improvements to the M.K. Brown auditorium. Proceeds from the 2005 Obligations were allocated between the General Fund, the M.K. Brown Special Revenue Fund and the Water and Sewer Fund in the amounts of \$150,000, \$300,000 and \$1,730,000 respectively. The outstanding balance of the 2005 Obligations as of September 30, 2011 was \$1,860,000.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 8. LONG-TERM DEBT (continued):

General Obligation Bonds, Certificates of Obligation, and Revenue Bonds (continued):

In October 2005, the City also issued \$3,280,000 of Tax and Waterworks and Sewer System Surplus Revenue Refunding Bonds, (the "2005 Refunding Bonds") that were used by the City to provide funds for the discharge and final payment of \$1,560,000 of the City's Tax and Solid Waste Revenue Certificates of Obligation, Series 1997, and \$1,625,000 of the City's Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 1999. Cash and securities sufficient to fund the 1997 Obligations and the 1999 Obligations were transferred into an irrevocable trust, and therefore, an in-substance defeasance of these obligations occurred. Accordingly, the portion of the 1997 Obligations and the 1999 Obligations refunded are no longer reflected in the City's financial statements. Both the 1997 and 1999 Obligations have subsequently been paid by the fiscal agent and no longer remain outstanding. The outstanding balance of the 2005 Refunding Bonds as of September 30, 2011 was \$2,970,000.

The 2005 Refunding Bonds bear interest at rates ranging from 3.5% to 4.0% payable on June 1 and December 1 of each year. The 1997 Obligations being refunded were the 2008 through the 2017 maturities, with interest rates ranging from 5.0% to 5.5%. The 1999 Obligations being refunded were the 2011 through the 2020 maturities, with interest rates ranging from 5.2% to 5.7%. As a result of the advance refunding, the City reduced its total general obligation debt service requirements by \$8,784, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$144,695, which was recognized in a prior year.

In March, 2008, the City issued \$2,100,000 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2008, (the "2008 Obligations"), that were used for the construction of public works, improvements and renovations to the City's waterworks and sewer system, street improvements, park improvements, golf course improvements, and constructing and equipping police facilities, including a crime scene building. Proceeds from the 2008 Obligations were allocated between the General Fund, the Water and Sewer Fund, and the Golf Course Fund in the amounts of \$412,000, \$1,628,000 and \$60,000 respectively. The outstanding balance of the 2008 Obligations as of September 30, 2011 was \$1,980,000.

In March, 2009, the City issued \$9,100,000 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2009, (the "2009 Obligations"), that were used for the construction of public works, improvements and renovations to the City's waterworks and sewer system, parks and recreation improvements including the construction of the Aquatics Center, excavation and lining of a cell for the City's landfill; and costs of issuance and professional services rendered in relation to such projects. Proceeds from the 2009 Obligations were allocated between the General Fund, the Water and Sewer Fund, the Solid Waste Management Fund, and the Aquatics Center Fund in the amounts of \$250,000, \$2,518,000, \$3,242,000 and \$3,090,000 respectively. The outstanding balance of the 2009 Obligations as of September 30, 2011 was \$8,960,000.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 8. LONG-TERM DEBT (continued):

General Obligation Bonds, Certificates of Obligation, and Revenue Bonds (continued):

Governmental Activities general obligation bonds and certificates of obligation outstanding at year end that are currently being serviced with tax revenues are as follows:

Governmental activities detail:

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
2001 general obligation refunding, callable at par beginning June 1, 2011	3.50% - 4.00%	2012	\$ 330,000
2005 certificates of obligation, not subject to redemption prior to maturity	3.50% - 4.00%	2016	383,952
2005 revenue refunding bonds, callable at par beginning June 1, 2016	3.50% - 4.00%	2020	2,023,950
2008 certificates of obligation, callable at par beginning June 1, 2018	3.50% - 4.50%	2021	388,456
2009 certificates of obligation, callable at par beginning June 1, 2019, capital appreciation certificates are not subject to redemption prior to maturity	2.25% - 4.625%	2028	246,154
			\$ <u>3,372,512</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 8. LONG-TERM DEBT (continued):

General Obligation Bonds, Certificates of Obligation, and Revenue Bonds (continued):

Interest is payable semi-annually at various dates for the respective issues. The City is required by the bond covenants to maintain a sinking fund sufficient to pay each annual installment of principal as it becomes due together with the current interest thereon. Annual debt service requirements to maturity for Governmental Activities general obligation debt are as follows:

Fiscal year ending September 30,	Principal	Interest	Total
2012	\$ 408,533	\$ 116,917	\$ 525,450
2013	200,857	101,000	301,857
2014	212,744	93,481	306,225
2015	269,927	83,254	353,181
2016	344,069	70,445	414,514
2017-2021	1,729,515	297,134	2,026,649
2022-2026	141,346	44,644	185,990
2027-2031	65,521	4,573	70,094
	<u>\$ 3,372,512</u>	<u>\$ 811,448</u>	<u>\$ 4,183,960</u>

Business-type Activities revenue bonds and certificates of obligation outstanding at year end that are currently being serviced with surplus net revenues from the City's Waterworks and Sewer System or the City's Solid Waste Collection and Disposition System are as follows:

	Interest Rates	Maturity Date	Amount Outstanding
2001 certificates of obligation, callable at par beginning June 1, 2011	3.50% - 4.00%	2015	\$ 1,028,931
2005 certificates of obligation, not subject to redemption prior to maturity	3.50% - 4.00%	2016	1,476,048
2005 revenue refunding bonds, callable at par beginning June 1, 2016	3.50% - 4.00%	2017	946,050
2008 certificates of obligation, callable at par beginning June 1, 2018	3.50% - 4.50%	2021	1,591,544
2009 certificates of obligation, callable at par beginning June 1, 2019, capital appreciation certificates are not subject to redemption prior to maturity	2.25% - 4.625%	2028	8,713,846
			<u>\$ 13,756,419</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 8. LONG-TERM DEBT (continued):

General Obligation Bonds, Certificates of Obligation, and Revenue Bonds (continued):

Interest is payable semi-annually at various dates for the respective issues. The Business-Type Activities revenue bonds and certificate of obligations currently being serviced by net surplus revenues service requirements to maturity are as follows:

Fiscal year ending September 30,	Principal	Interest	Total
2012	\$ 556,289	\$ 777,226	\$ 1,333,515
2013	765,721	788,113	1,553,834
2014	763,934	787,741	1,551,675
2015	845,927	659,419	1,505,346
2016	955,931	489,208	1,445,139
2017-2021	2,545,485	2,474,350	5,019,835
2022-2026	5,003,654	1,204,135	6,207,789
2027-2031	2,319,478	161,867	2,481,345
	\$ 13,756,419	\$ 7,342,059	\$ 21,098,478

Canadian River Municipal Water Authority Obligations:

Dam and Aqueduct System Obligation. The City entered into a contract with CRMWA to reimburse it for a portion of the cost of the Canadian River Dam and Aqueduct System, completed in 1968, in exchange for surface water rights. The City's allocation of the project cost was \$5,419,278 plus interest at 2.632% per annum, which was being paid over a period of 50 years that began in 1969. On October 29, 1999, CRMWA was allowed to prepay its debt to the United States Bureau of Reclamation at a reduced amount by an act of Congress. This resulted in a reduction of the City's debt to CRMWA of \$1,461,084 which was recorded as contributed capital in previous years in the water and sewer fund. The terms of the contract specify that these payments are to be made solely out of the water system revenues and are not a general obligation of the City. For further explanation of this relationship, see Note 11. During 2010, CRMWA issued Canadian River Municipal Water Authority Contract Revenue Refunding Bonds, Series 2010 (Bureau of Reclamation Prepayment Project) to refund the remaining balance of the 1999 issuance, as further discussed later in Note 8.

Conjunctive Use Groundwater Project Obligation. The City entered into a contract with CRMWA to reimburse it for a portion of the cost of acquiring water rights on 42,765 acres of land in Hutchinson and Roberts counties in the Texas Panhandle, developing a well field of 29 wells to produce underground water from these water rights, and constructing an aqueduct from these wells to the existing aqueduct. This project will allow for the blending of underground water with Lake Meredith water to produce a higher quality water supply.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations (continued):

In 1999 CRMWA issued debt to refund the 1996 debt that was used to purchase water rights and to provide funding for the completions of the conjunctive use groundwater project. The City is obligated to CRMWA for their portion of the project. The original portion of the 1999 debt that the City is obligated for was \$2,353,354. During the year ended September 30, 2005, a portion of this debt was refunded by the issuance of new debt, as described below. During 2010 CRMWA issued Canadian River Municipal Water Authority Contract Revenue Refunding Bonds, Series 2010 (Conjunctive Use Groundwater Supply Project) to refund the remaining balance of the 1999 issuance, as further discussed later in Note 8.

During the year ended September 30, 2005, CRMWA issued new debt, the Canadian River Municipal Water Authority Contract Revenue Bonds, Series 2005 for the purpose of acquiring additional water rights for its member cities. Each of the member cities has a proportional interest in the debt, with the City's portion of the debt issuance being \$1,725,438, which is 5.720% of the total. The bonds were issued at a premium, with the City's portion being \$116,869, which along with issuance costs of \$22,136, are being amortized by the City over the life of the bonds using the effective interest method. The balance of the bonds as of September 30, 2011 was \$1,725,438.

Also during the year ended September 30, 2005, CRMWA issued the Canadian River Municipal Water Authority Contract Revenue Refunding Bonds, Series 2005, (the "2005 Refunding Bonds") to refund a portion of the 2010 through 2020 maturities of the Canadian River Municipal Water Authority Contract Revenue and Refunding Bonds, Series 1999, (the "1999 Refunding Bonds"), in order to achieve debt service savings and to pay costs related to the issuance of the bonds. The 2005 Refunding Bonds bear interest at a rate of 3% to 5%, payable beginning in 2006 through 2020. The City's portion of the 2005 Refunding Bonds was 4.455%, which amounted to \$1,258,983. The bonds were issued at a premium of \$99,701 to the City, which along with issuance costs of \$17,121 are being amortized over the life of the bonds using the effective interest method. The City's portion of the amount contributed by CRMWA to advance refund the debt was \$24,503. The net difference in the carrying amount of the refunded debt and the newly issued debt was a loss of \$115,594, which is also being amortized over the life of the bonds using the effective interest method. Cash and securities sufficient to fund the 1999 Refunding Bonds have been transferred into an irrevocable trust, and therefore, an in-substance defeasance of these obligations has occurred. Accordingly, the 1999 Refunding Bonds that were advance refunded are no longer reflected on the City's financial statements. This advance refunding resulted in a reduction of future debt service payments to the City of \$84,305, and resulted in an economic gain of \$67,083. The balance of the 2005 refunding bonds as of September 30, 2011 was \$1,041,802.

During the year ended September 30, 2006, CRMWA issued new debt, the Canadian River Municipal Water Authority Contract Revenue Bonds, Series 2006 (the "2006 Revenue Bonds") for the purpose of acquiring additional water rights for its member cities. Each of the member cities has a proportional interest in the debt, with the City's portion of the debt issuance being \$1,804,488, which is 3.677% of the total. The bonds were issued at a premium, with the City's portion being \$68,316, which along with issuance costs of \$34,303, are being amortized by the City over the life of the bonds using the effective interest method. The balance of the 2006 Revenue Bonds as of September 30, 2011 was \$1,567,137.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations (continued):

During the year ended September 30, 2010, CRMWA issued \$21,105,000 in Canadian River Municipal Water Authority Contract Revenue Bonds, Series 2009 Conjunctive Use Groundwater Supply Project, (the "2009 Conjunctive Use Obligations"). Proceeds from the sale of the 2009 Conjunctive Use Obligations will be used (1) to pay acquisition costs for Project Expansion of the Conjunctive Use Groundwater Supply Project; (2) to fund a Reserve Fund; and (3) to pay professional fees; and (4) to pay costs of issuance of the 2009 Conjunctive Use Obligations. Interest on the 2009 Conjunctive Use Obligations will be from 3.0% to 5.0%, with maturities ranging from 2011 to 2029. CRMWA expects to finance the debt service requirements of the 2009 Conjunctive Use Obligations from each of the member cities of CRMWA, which includes the City of Pampa. The City's share of the 2009 Conjunctive Use Obligations is 3.60%, or approximately \$759,780. The balance of the 2009 Revenue Bonds as of September 30, 2011 was \$733,500.

Also during the year ended September 30, 2010, CRMWA issued \$5,235,000 in Canadian River Municipal Water Authority Contract Revenue Refunding Bonds, Series 2010 Conjunctive Use Groundwater Supply Project, (the "2010 Conjunctive Use Obligations"). Proceeds from the sale of the 2010 Conjunctive Use Obligations will be used (1) to refund a portion of CRMWA's Contract Revenue and Refunding Bonds, Series 1999 Conjunctive Use Groundwater Supply Project Refunding Bonds; (2) to fund a Reserve Fund; and (3) to pay costs of issuance of the 2010 Conjunctive Use Obligations. Interest on the 2010 Conjunctive Use Obligations will be from 3.0% to 3.5%, with maturities ranging from 2011 to 2020. CRMWA expects to finance the debt service requirements of the 2010 Conjunctive Use Obligations from each of the member cities of CRMWA, which includes the City of Pampa. The City's share of the 2010 Conjunctive Use Obligations is 4.455%, or approximately \$233,219. The balance of the 2010 Refunding Conjunctive Use Obligations Refunding Bonds as of September 30, 2011 was \$211,390.

Also during the year ended September 30, 2010, CRMWA issued \$10,520,000 in Canadian River Municipal Water Authority Contract Revenue Refunding Bonds, Series 2010 Bureau of Reclamation Prepayment Project, (the "2010 Reclamation Obligations"). Proceeds from the sale of the 2010 Reclamation Obligations will be used (1) to refund all of CRMWA's Contract Revenue and Refunding Bonds, Series 1999 Reclamation Prepayment Project Refunding Bonds; (2) to fund a Reserve Fund; and (3) to pay professional fees; and (4) to pay costs of issuance of the 2010 Reclamation Obligations. Interest on the 2010 Reclamation Obligations will be from 2.0% to 3.5%, with maturities ranging from 2010 to 2018. CRMWA expects to finance the debt service requirements of the 2010 Reclamation Obligations from each of the member cities of CRMWA, which includes the City of Pampa. The City's share of the 2010 Reclamation Obligations is 11.021%, or approximately \$1,159,409. The balance of the 2010 Reclamation Obligations Refunding Bonds as of September 30, 2011 was \$932,377.

During the year ended September 30, 2009, the City entered into a note with CRMWA for repayment of general maintenance and operations expenses. The original amount of the note was \$102,399, and under the terms of the agreement, the City would repay the note in 10 equal payments of \$10,240, plus accrued interest, with the note maturing in 2019. The interest rate of the note was variable, and was set to CRMWA's certificate of deposit earnings rate. The balance of the note as of September 30, 2011 was \$81,919. During January 2012, the City extinguished the remaining balance of the note.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations (continued):

The following is a summary of the Business-type Activities CRMWA long term debt maturities:

Fiscal year ending September 30,	Principal	Interest	Total
2012	\$ 332,532	\$ 279,626	\$ 612,158
2013	346,613	266,379	612,992
2014	360,698	251,931	612,629
2015	376,886	236,143	613,029
2016	400,975	219,797	620,772
2017-2021	2,055,961	817,954	2,873,915
2022-2026	2,004,075	303,447	2,307,522
2027-2031	333,903	18,682	352,585
	<u>\$ 6,211,643</u>	<u>\$ 2,393,959</u>	<u>\$ 8,605,602</u>

As discussed above, as CRMWA issues Revenue Bonds in its name for the various stages of the project each member city will be obligated to CRMWA for their portion of the bond. This obligation will be payable over a 20 year life plus interest. It is estimated that no additional costs are due from the City as of September 30, 2011.

Accreted Interest on Capital Appreciation Certificates:

The City's 2001 Obligations and 2009 Obligations both included capital appreciation certificates when issued. The accreted interest on these portions of the outstanding bond obligations are included in accrued expenses on the City's financial statements. As of September 30, 2011 the accumulated accreted interest included in accrued expenses for the City's governmental and business-type activities were \$1,635 and \$684,265 respectively.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 8. LONG-TERM DEBT (continued):

Long-term liability activity for the year ended September 30, 2011 was as follows:

	Balance October 1, 2010	Additions	Reductions	Balance September 30, 2011	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 3,766,207	\$ -	\$ 393,695	\$ 3,372,512	\$ 408,533
Add: Unamortized bond premiums	116,686	-	13,867	102,819	-
Less: Deferred gain (loss) on refunding	(439,394)	-	(60,922)	(378,472)	-
Less: Unamortized bond issuance costs	(89,765)	-	(12,061)	(77,704)	-
Capital leases	142,498	-	26,270	116,228	27,329
Compensated absences	401,926	444,213	401,926	444,213	26,439
Total Governmental Activities long-term liabilities	<u>\$ 3,898,158</u>	<u>\$ 444,213</u>	<u>\$ 762,775</u>	<u>\$ 3,579,596</u>	<u>\$ 462,301</u>
Business-type activities:					
Bonds payable:					
Revenue bonds and Certificates of obligation	\$ 14,492,724	\$ -	\$ 736,305	\$ 13,756,419	\$ 556,289
CRMWA obligations	6,532,451	-	320,808	6,211,643	332,532
Add: Unamortized bond premiums	507,502	-	56,387	451,115	-
Less: Deferred gain (loss) on refunding	50,160	-	8,355	41,805	-
Less: Unamortized bond issuance costs	(361,047)	-	(33,055)	(327,992)	-
Total bonds payable	21,221,790	-	1,088,800	20,132,990	888,821
Landfill closure liability	1,190,160	67,306	-	1,257,466	-
Capital leases	50,138	432,283	115,999	366,422	105,423
Compensated absences	55,891	59,273	55,891	59,273	44,455
CRMWA note	92,159	-	10,240	81,919	81,919
Total Business-type Activities long-term liabilities	<u>\$ 22,610,138</u>	<u>\$ 558,862</u>	<u>\$ 1,270,930</u>	<u>\$ 21,898,070</u>	<u>\$ 1,120,618</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 8. LONG-TERM DEBT (continued):

In prior years, compensated absences have been typically liquidated by the General Fund for governmental activities and by the Proprietary Fund in which the liability has been incurred for all business activities. The City does not anticipate any changes in the future for liquidation of these types of liabilities from how they have been liquidated in the past.

On May 11, 2011 the PEDC entered into a note agreement in the amount of \$2,500,000 for a portion of the cost to purchase the Pampa Energy Center, LLC. The note bears interest at prime (as published by the Wall Street Journal), with a stated minimum rate of 4%. The note is due on May 11, 2013, and is collateralized by the assets of the entity. For the year ended September 30, 2011, interest expense related to this note was \$37,865.

Long term liability activity for the PEDC for the year ended September 30, 2011 was as follows:

Component Unit:	Balance October 1, 2010	Additions	Reductions	Balance September 30, 2011	Due Within One Year
Notes payable	\$ -	\$ 2,500,000	\$ -	\$ 2,500,000	\$ -
Compensated absences	-	5,962	4,654	1,308	1,308
	<u>\$ -</u>	<u>\$ 2,505,962</u>	<u>\$ 4,654</u>	<u>\$ 2,501,308</u>	<u>\$ 1,308</u>

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

The composition of interfund balances as of September 30, 2011, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>			<u>Total</u>
	<u>General Fund</u>	<u>Municipal Golf Course</u>	<u>Leased Properties</u>	
General Fund	\$ -	\$ 254,587	\$ 101,235	\$ 355,822
Capital Projects	<u>27,785</u>	<u>-</u>	<u>-</u>	<u>27,785</u>
	<u>\$ 27,785</u>	<u>\$ 254,587</u>	<u>\$ 101,235</u>	<u>\$ 383,607</u>

Outstanding balances between funds result mainly from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued):

Inter-fund transfers of cash occurred during the year as follows:

			<u>Transfers In</u>		
	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Aquatics Center Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
<u>Transfers out</u>					
General fund	\$ -	\$ 270,000	\$ -	\$ 135,000	\$ 405,000
Nonmajor governmental funds	21,500	8,968	294,266	85,000	409,734
Water and Sewer Fund	35,150	-	-	-	35,150
Total	<u>\$ 56,650</u>	<u>\$ 278,968</u>	<u>\$ 294,266</u>	<u>\$ 220,000</u>	<u>\$ 849,884</u>

Inter-fund transfers were done in order to supplement the operations of the M.K. Brown Auditorium, the Lovett Memorial Library, the Aquatics Center, the Leased Properties, the Municipal Golf Course; to transfer funds in order to fund debt service payments; and to transfer funds to clear out inter-fund receivables and payables between various funds. In addition to the above cash transfers, a capital asset with a net book value of \$0 was transferred between the Solid Waste Management Fund and the Governmental Activities. Capital asset transfers are reported on the fund financial statements for the enterprise funds, but are excluded from the governmental activities' fund financial statements under GAAP.

NOTE 10. GRANTS, COMMITMENTS, AND CONTINGENCIES:

The following grants, commitments and contingencies apply to the PEDC, whose financial statements were audited by another auditor. The following information was included in the Annual Financial Report of the Pampa Economic Development Corporation.

At September 30, 2011, the PEDC had the following commitments and contingencies:

During the year ended September 30, 2009, the PEDC first entered into a cooperative agreement with The Entrepreneur Alliance, Inc. to help existing and new businesses succeed in retail. Under the cooperative agreement, the PEDC agreed to pay one-third of the total cost of \$105,000 of the program. The PEDC's share is \$35,000. The remaining two-thirds of the project will be paid \$35,000 by the Borger Economic Development Corporation and \$35,000 by either The Entrepreneur Alliance, Inc. or another community. The contract will come up for renewal annually. During the year ended September 30, 2011, the PEDC paid \$35,000 for renewal under the cooperative agreement.

During the year ended September 30, 2010, the PEDC's board of directors approved a grant for \$9,999 to the Top O' Texas Rodeo Association for the purchase of supplies for construction of 60 horse stalls at the Rodeo Arena. The PEDC funded the grant in September 2011 and there are no further obligations under the grant.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

NOTE 10. GRANTS, COMMITMENTS, AND CONTINGENCIES (continued):

In September 2010 the PEDC board approved a \$150,000 grant to the Clarendon College - Pampa Center for the purchase of EMS equipment and training materials, SimMan plus software and maintenance for an EMS class starting the fall 2010 semester. The equipment, including the SimMan is required for the Course. The grant was funded in December 2010, and it appears that there is no further obligation for the PEDC under the grant. The grant includes both a time restriction and a purpose restriction placed upon it. The time restriction is for the fall semester, which does not begin until the PEDC's 2011 fiscal year and the purpose restriction is for the purchase of equipment, software, and training materials. Under GASB 33 – *Accounting and Financial Reporting for Non-exchange Transactions*, all required restrictions have been met and the transaction has been recognized during the year ended September 30, 2011.

In April 2011 the PEDC board approved a \$75,000 grant to the City of Pampa for the purpose of destruction and clean-up of run-down houses in the City as part of the City's clean-up project. The EDC funded the project in April 2011 and there are no further obligations under the grant.

On May 13, 2011 the PEDC entered into an operating and maintenance agreement with a company to handle the day to day operations of the Pampa Energy Center, LLC. For the year ended September 30, 2011 the total expenses related to this contract totaled \$433,165.

Additional commitments and contingencies were approved by the PEDC subsequent to year end, and are discussed under Note 20 – Subsequent Events.

NOTE 11. SURFACE WATER SUPPLY CONTRACT:

The City's water is supplied by a series of underground wells and surface water purchased from CRMWA. As discussed in Note 1, CRMWA is a water district created in 1953 by the State of Texas to construct and operate a dam, water reservoir, and aqueduct system to supply water to surrounding municipalities. Prior to construction, the municipalities contracted to purchase surface water and were allotted a portion of the water rights and construction costs. The debt related to these rights is owed to the U.S. Bureau of Reclamation and the City's share is reported as long-term debt within the Water and Sewer System enterprise fund. According to the terms of the contract, payments are to be made solely out of water system revenues and are not a general obligation of the City. The City's rights under this arrangement are recorded in the same fund as part of the utility plant and are being amortized over 85 years, which is the estimated useful life of the major facilities, including the water basin. The City sells part of its rights under the contract to other member cities, as allowed under the contract, and records the revenue in the water and sewer system fund.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 12. EMPLOYEE RETIREMENT SYSTEM:

Plan Description

The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing State statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the TMRS. This report may be obtained by writing TMRS at P.O. Box 149153, Austin, Texas 78714-9153, or by call 1-800-924-8677; in addition, the report is available on TMRS's website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the State statutes governing TMRS. Plan provisions for the City were as follows:

	<u>Plan Year 2011</u>	<u>Plan Year 2010</u>	<u>Plan Year 2009</u>
Employee deposit rate	5.0%	5.0%	5.0%
Matching ratio (City to employee)	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI, Repeating	70% of CPI, Repeating	70% of CPI, Repeating

Contributions

Under the State law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that services as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligations/(asset) are as follows:

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 12. EMPLOYEE RETIREMENT SYSTEM (continued):

	Fiscal Year Ending 2011	Fiscal Year Ending 2010	Fiscal Year Ending 2009
Annual pension cost (APC)	\$ 1,128,171	\$ 1,044,313	\$ 951,738
Actual contributions made	\$ 1,128,171	\$ 1,044,313	\$ 951,738
Percentage of APC contributed	100%	100%	100%
Net pension obligation/(asset)	\$ -	\$ -	\$ -
Annual required contribution rate	18.00%	18.04%	17.91%

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuation. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

Valuation Date	12/31/2010	12/31/2009	12/31/2008
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 equivalent single amortization period	27 years- closed period	28 years - closed period	29 years - closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year Smoothed Market	10-year Smoothed Market	Amortized cost
Assumptions:			
Investment rate of return	7.0%	7.5%	7.5%
Projected salary increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 12. EMPLOYEE RETIREMENT SYSTEM (continued):

Funded Status and Funding Progress

In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2010, the most recent actuarial valuation date, is as follows:

Actuarial valuation date	12/31/2010	12/31/2009	12/31/2008
Actuarial value of assets	\$ 21,018,413	\$ 7,619,527	\$ 7,285,575
Actuarial accrued liability (AAL)	\$ 29,252,273	\$ 17,859,548	\$ 17,345,276
Funded ratio	71.9%	42.7%	42.0%
Unfunded AAL (UAAL)	\$ 8,233,860	\$ 10,240,021	\$ 10,059,701
Covered payroll	\$ 5,828,360	\$ 5,718,132	\$ 5,554,397
UAAL as % of covered payroll	141.3%	179.1%	181.1%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. 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.

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.

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 12. EMPLOYEE RETIREMENT SYSTEM (continued):

The death benefits for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributed to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2011, 2010, and 2009 were \$18,006, \$16,869, and \$19,175, respectively, which equaled the required contributions each year.

The City's contributions rates for the last three years were as follows:

Calendar year	2010	2009	2008
Annual required contribution rate (ARC)	0.12%	0.13%	0.16%
Actual contribution rate made	0.12%	0.13%	0.16%
Percentage of ARC contributed	100%	100%	100%

NOTE 13. OTHER POSTEMPLOYMENT BENEFIT DISCLOSURES:

In addition to the pension benefits described in Note 12, the City provides post-employment health care benefits, in accordance with the City's Health Benefits Plan, to all employees who retire at age 55 or older with a minimum 15 years of service or to an employee who retires at any age and has had a minimum of 25 years of service. As of September 30, 2011, 17 retirees meet those eligibility requirements. The City is also required to provide health insurance coverage to employees who are separated from service (other than retirement) under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA). Under COBRA an employee has coverage on himself and dependents for up to eighteen months and dependents only that lose coverage due to separation of employee from service up to thirty-six months. Those employees who separate from the City while disabled, are covered for up to twenty-nine months under the COBRA provisions. As of September 30, 2011, no former employees were covered under the COBRA provisions.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 13. OTHER POSTEMPLOYMENT BENEFIT DISCLOSURES (continued):

The City finances the post-employment health care benefits on a pay-as-you-go basis. Participants who receive post-employment benefits are required to pay 100% of the premiums for themselves and dependent coverage based on rates set by the City. To help ease the burden of providing these benefits to retirees, the City has adopted a policy where retirees eligible for Medicare are provided a Medicare supplement insurance policy in place of the previous coverage. The costs of these benefits for the fiscal year are:

	<u>Expenditures</u>	<u>Retiree Reimbursements</u>	<u>Net Cost to City</u>
Retirees	\$ 61,232	\$ 35,447	\$ 25,785

NOTE 14. RISK MANAGEMENT:

The City's risk management activities consist of administering employee life, health, property and liability insurance, worker's compensation and unemployment and disability insurance programs. All risk management activities are managed by the general fund except the City's self-insured dental insurance program, which is accounted for in an internal service fund.

All risk management programs of the general fund with inherent risk of significant loss are covered by commercial insurance funded through general fund operations. There have not been any settlements in excess of commercial insurance coverage for the current fiscal year or in any of the past three fiscal years.

Beginning October 1, 2004, the City began contracting with Blue Cross Blue Shield to provide health insurance benefits for its employees. Under the terms of the contract, the City's liability is limited to the monthly premiums for its employees. For employees electing the standard plan option, the City pays 100% of the employee's premium. For employees choosing the health insurance plan with increased benefits, the employee is liable for the difference between the higher plan and the standard plan. Employees must also pay 100% of the premiums for dependent coverage.

The City self-insures its employees and their covered dependents for dental benefits under an "administrative services" contract with an independent insurance company. Dental benefits are fully self-insured with a \$1,000 per year, per individual limit on benefits.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 14. RISK MANAGEMENT (continued):

Premiums paid by employees and the City for dental coverage are recorded as revenues (charges for services) in the internal service fund. Benefit disbursements and claims are recorded as expenses. The City records an estimated claims liability for dental claims and worker's compensation claims against the City. The accrued liability for estimated claims is based on estimates of the eventual loss on claims arising and reported prior to year end, and an estimate of claims incurred but not reported based on historical experience.

Unpaid claims liabilities are recorded in the dental benefit internal service fund for dental care claims. The following represents the changes in estimated aggregate liabilities for the City from October 1, 2009 to September 30, 2011:

	Dental Benefits
Liability balance, October 1, 2009	\$ 3,151
Claims and changes in estimates	73,092
Claims payments	<u>(72,826)</u>
Liability balance, September 30, 2010	3,417
Claims and changes in estimates	52,624
Claims payments	<u>(53,469)</u>
Liability balance, September 30, 2011	<u><u>\$ 2,572</u></u>

NOTE 15. DEFERRED COMPENSATION PLAN:

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The City funds all amounts of compensation deferred under the Plan, at the direction of the covered employee, through various types of funds concentrating on investments in growth stocks, bonds, fixed rate securities, etc. as underwritten by the International City Manager Association (ICMA) Retirement Corporation, or by Hartford.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by ICMA or Hartford for the exclusive benefit of the participating employees and are not accessible by the City or its creditors.

Since the assets are held in trust for the exclusive benefit of the participating employees and not the City or its general creditors, none of the assets are reported in the City's financial statements, in accordance with GASB Statement No. 32.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 16. LANDFILL PERMIT:

The City was approved for additional permitting for the City's landfill with the State of Texas on December 29, 1995. The additional permitting should increase capacity of the City's landfill to a level which will meet the needs of the City for at least 64 years. The City has incurred costs to date to obtain the permit of \$690,786. On October 8, 1998, the new landfill opened and the City began to amortize the costs as a charge to operations based on an estimate of capacity used to total capacity of the new landfill. The estimated usage to date is 12.9%, resulting in \$89,111 of permit costs being amortized through September 30, 2011.

NOTE 17. LANDFILL CLOSURE AND POSTCLOSURE CARE COST AND RELATED FINANCIAL ASSURANCE:

In response to criteria adopted by the U.S. Environmental Protection Agency which established closure requirements for all municipal solid waste landfills that receive solid waste after October 9, 1993, the Governmental Accounting Standards Board issued Statement No. 18 *"Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs."* State and federal laws and regulations require the City to place a final cover on its existing landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, GASB Statement 18 requires the City to report a portion of these closure and post-closure care costs as an operating expense in each period the landfill is open based on landfill capacity used as of each balance sheet date. These closure and post-closure costs are updated annually based upon what it would cost to perform all closure and post-closure care in 2011.

The City currently operates under two permits granted by the Texas Commission on Environmental Quality (TCEQ) known as landfill permit numbers 589A and 2238. Permit 589A covers an area approximately 61 acres in size, while permit 2238 covers an area approximately 146 acres in size.

Landfill permit 589A had originally been estimated to have a total of eight cells, but in recent years has been able to be expanded to include a total of ten cells. Cells one through four had been filled in previous years and covered in accordance with both State and Federal regulations. During the year ended September 30, 2009, the City completed usage of cells five through eight and covered these cells also in accordance with State and Federal regulations. In November, 2009, the City was notified by the TCEQ that they had approved the closure activities of cells five through eight.

In addition, as mentioned above, the City is going to be able to utilize additional space in permit 589A, which is known as cells nine and ten. Through consultations between its outside engineers and the public works department the City was able to estimate closure and post-closure costs for permit 589A. Based upon these estimates the future closure and post-closure costs for permit 589A were determined to be \$189,079 and \$401,256 respectively. These estimates are subjected to annual inflation adjustments based on the inflation factor published by the Texas Commission on Environmental Quality.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

**NOTE 17. LANDFILL CLOSURE AND POSTCLOSURE CARE COST AND RELATED
FINANCIAL ASSURANCE (continued):**

As of the September 30, 2011 the inflation adjusted estimated closure and post-closure costs for permit 589A were \$193,050 and \$409,682 respectively. In accordance with GASB Statement No. 18, the City records the incurred liability for closure and post-closure costs based on the filled portion of the landfill's estimated total capacity. As of September 30, 2011, the capacity used to date for permit 589A was estimated to be 81.1 %, resulting in estimated liabilities for closure and post-closure costs of \$156,563 and 332,253 respectively.

Landfill permit 2238 has been estimated to have a total of sixteen cells, with an estimated life of approximately 64 years. Through September 30, 2011, the City had constructed and was using cells one through four of permit 2238. Consistent with Permit 589A the City, along with its landfill engineering consultant was able to determine closure and post-closure cost estimates for Permit 2238. Based upon these estimates the future closure and post-closure costs for permit 2238 were determined to be \$3,400,162 and \$2,435,812 respectively. These estimates are subject to annual inflation adjustments based on the inflation factor published by the Texas Commission on Environmental Quality.

As of September 30, 2011 the inflation adjusted estimated closure and post-closure costs for permit 2238 were \$3,471,565 and \$2,486,964 respectively. The capacity used to date for permit 2238 was estimated to be 12.9%, resulting in estimated liabilities for closure and post-closure costs of \$447,832 and 320,818 respectively.

The recording of change in estimated closure and post-closure liability based on the inflation adjustment and change in capacity filled for both of the City's landfill permits discussed above resulted in \$67,306 being recorded as landfill closure cost expense on the City's financial statements.

The City is required by state and federal laws and regulations to meet certain financial responsibility requirements in connection with the City's exposure to liability for the closure and post-closure care costs. The City has elected to meet financial assurance responsibility by complying with one option called the Local Government Financial Test and Government Guarantee. To meet this test the City must satisfy three components:

- 1) To meet specific ratio or bond rating criteria.
- 2) Public notice of the financial assurance costs.
- 3) Record keeping and reporting requirements.

The City has met the financial component (1) listed above by maintaining an "A+" bond rating on its general obligation bonds and having a ratio of current estimated closure and post-closure costs as compared to total revenue of less than or equal to 43%. The financial assurance costs required by the State of Texas to be identified and reported in the accompanying financial statements have been obtained by Biggs & Matthews, Mansfield, Texas (environmental engineers) and can be summarized as follows:

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 17. LANDFILL CLOSURE AND POSTCLOSURE CARE COST AND RELATED FINANCIAL ASSURANCE (continued):

<u>Type of Expenditure</u>	<u>Cost Estimate</u>		
	<u>Old</u>	<u>New</u>	<u>Total</u>
	<u>Landfill</u>	<u>Landfill</u>	
Closure costs	\$ 193,050	\$ 3,471,565	\$ 3,664,615
Post-closure care costs	409,682	2,486,964	2,896,646
	<u>\$ 602,732</u>	<u>\$ 5,958,529</u>	<u>\$ 6,561,261</u>

The City's financial ratio is as follows:

$$\frac{\text{Total closure and post-closure costs}}{\text{Total City revenue}} = \frac{6,561,261}{23,439,679} = 27.99\%$$

The public notice component (2) listed above has been met by the City through disclosure in this footnote of the required financial assurance costs and related information. The record keeping and reporting component (3) listed above will be met through submittal to the State of Texas of required documentation including:

- 1) A letter signed by the City's chief financial officer which certifies that the City has met the conditions of the test.
- 2) Copy of the City's independently audited year-end financial statements.
- 3) A special report from the independent certified public accountant.

NOTE 18. NOTES RECEIVABLE:

The following notes receivable apply to the PEDC. The information was reported in the annual financial report of the Pampa Economic Development Corporation for the year ended September 30, 2011:

On August 3, 2009, the PEDC entered into a loan agreement with an individual. Under the terms of the note agreement, the PEDC has loaned the individual \$60,000 at an interest rate of 5%. Payments on the note began on September 3, 2009, and are to be paid monthly in the amount of \$500 until the time the entire amount of principal and accrued, unpaid interest are exhausted. The note is secured by security agreement and a lien reservation on various equipment. As of September 30, 2011, the outstanding balance of the loan was \$46,895.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 18. NOTES RECEIVABLE (continued):

On August 13, 2007, the PEDC entered into a loan agreement with a partnership. The agreement was amended on February 21, 2011, and under the new terms of the note agreement, the PEDC has loaned the partnership \$525,000 at an interest rate of 4.5%. This agreement stipulated that the PEDC would advance the funding upon the certification from the Gray county Appraisal district that at least 80% of the proposed improvements on the project had been completed. During the fiscal year ended September 30, 2011, the PEDC received certification that the project was at 80% completion and funded the loan to the partnership. As of September 30, 2011, the outstanding balance of the loan was \$525,000.

On April 21, 2011 the PEDC entered into a forgivable loan agreement with a company. Under the terms of the agreement, the PEDC has loaned the company \$30,000 at an interest rate of 5% beginning on June 1, 2016. The forgiveness of the loan will be contingent on the number of full time employees hired in a given year by the company. For each full time employee hired in the first year \$5,000 of the loan will be forgiven. Additional loan forgiveness is as follows: \$4,000 per employee in the second year, \$3,000 per employee in the third year, and \$2,000 per employee in the fourth year. Forgiveness shall not exceed \$30,000. The company's tax records will be provided to the PEDC to validate current employees at the time of the agreement and additional full time employees hired and the related hours worked. If the company fails to hire the additional and anticipated employees per the agreement, payments on the loan will begin on June 1, 2016, not exceeding \$500 per month including principal and interest. Upon the hiring of the additional employee or payment in full of the loan there will be no further obligations to the PEDC under the agreement.

Based upon the terms of the various notes described above, the loan schedule expected to be repaid to the PEDC is as follows:

Fiscal year ending September 30,	Principal	Interest	Total		
2012	\$ 3,740	\$ 2,260	\$ 6,000		
2013	528,932	2,068	531,000		
2014	4,133	1,867	6,000		
2015	4,344	1,656	6,000		
2016	5,696	1,804	7,500		
2017-2022	55,050	7,639	62,689		
	\$ 601,895	\$ 17,294	\$ 619,189		
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes Receivable	\$ 49,167	\$ 555,000	\$ (2,272)	\$ 601,895	\$ 3,740

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

NOTE 19. INVESTMENT IN PAMPA ENERGY CENTER, LLC:

The investment in the Pampa Energy Center, LLC is held by the PEDC, whose financial statements were audited by another auditor. The following information was included in the Annual Financial Report of the Pampa Economic Development Corporation.

On March 1, 2011, the PEDC board of directors approved a project to develop an industrial park in Gray County, Texas. Included in this project the board authorized the PEDC to enter into a membership purchase agreement to acquire 100% of the membership interest in Pampa Energy Center, LLC. The board authorized the use of \$500,000 of reserve cash, and authorized the borrowing of \$2,500,000 from local lending institutions to complete this purchase transaction, as well as authorizing a \$600,000 capital contribution to the Pampa Energy Center, LLC for operating and administrative purposes upon closing of the membership interest purchase agreement. Additionally, the PEDC was authorized to enter into a project outside of the city limits of Pampa, Texas.

The activities for the year ended September 30, 2011 for the Pampa Energy Center, LLC have been separately tracked by the PEDC's management, but were combined with the PEDC's other activities for financial reporting purposes.

NOTE 20. SUBSEQUENT EVENTS:

The City's management has evaluated subsequent events through March 27, 2012, which is the date the financial statements were available to be issued. The following were the items noted by the City's management:

On February 28, 2012, the City Commission approved the placing of a bond proposal on the May 12, 2012 election ballot, with the proceeds of this bond issuance to be used for construction of a new animal shelter. The proposed bond issuance authorizes the issuance of \$3,000,000 in bond debt for this project. Preliminary cost estimates for the project are approximately \$2,945,000. The City has entered into a phase contract with GH2 architects, for planning and design of the project. If approved, the City plans to start construction immediately, and anticipates completion of construction in the summer of 2013. In the instance the bond issuance is not approved, the City is under no further obligation in regards to the project.

In February of 2012 the City entered into a lease purchase agreement with PNC Equipment Finance, LLC for the leasing of golf carts for the City's golf course. Under the terms of this agreement annual payments of \$30,640 (including principal and interest) will be made each October from 2012 through 2015. At the conclusion of the lease term, the City has the option to purchase the leased equipment for \$1.

In February of 2012 the City entered into a contract with Layne Christensen Company for the construction of municipal water wells. The amount of the executed contract is \$1,052,728, with a contract completion timeframe of 120 days. The City estimates the project will be completed in June 2012.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 20. SUBSEQUENT EVENTS (continued):

During November 2011, the City issued \$2,065,000 in General Obligation Refunding Bonds, Series 2011 (the "Series 2011 Refunding Bonds"). Proceeds from the sale of the Series 2011 Refunding Bonds was used to redeem all of the City's remaining outstanding Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2001 and General Obligation Refunding Bonds, Series 2001. Interest on the Series 2011 Refunding Bonds will range from 0.80% to 1.56%, and will mature in 2015.

Based upon these facts, the City anticipates the following debt service requirements after the General Obligation Refunding Bonds, Series 2011 have been issued:

Debt service requirements for Governmental Activities:

Fiscal year ending September 30	Principal	Interest	Total
2012	\$ 408,533	\$ 108,280	\$ 516,813
2013	200,857	101,000	301,857
2014	212,744	93,481	306,225
2015	269,927	83,254	353,181
2016	344,069	70,445	414,514
2017-2021	1,729,515	241,719	1,971,234
2022-2026	141,346	34,015	175,361
2027-2031	65,521	4,572	70,093
	<u>\$ 3,372,512</u>	<u>\$ 736,766</u>	<u>\$ 4,109,278</u>

Debt service requirements for Business-Type Activities (Revenue & C.O.'s):

Fiscal year ending September 30	Principal	Interest	Total
2012	\$ 766,467	\$ 574,306	\$ 1,340,773
2013	944,143	574,563	1,518,706
2014	967,256	551,754	1,519,010
2015	960,073	524,251	1,484,324
2016	955,931	489,208	1,445,139
2017-2021	2,545,485	2,474,350	5,019,835
2022-2026	5,003,654	1,204,135	6,207,789
2027-2031	2,319,479	161,868	2,481,347
	<u>\$ 14,462,488</u>	<u>\$ 6,554,435</u>	<u>\$ 21,016,923</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 20. SUBSEQUENT EVENTS (continued):

During December 2011, CRMWA issued \$81,630,000 in Canadian River Municipal Water Authority Subordinate Line Contract Revenue Bonds, Series 2011, (the "2011 Conjunctive Use Ground Water Supply Project Bonds"). Proceeds from the sale of the 2011 Conjunctive Use Ground Water Supply Project Bonds will be used (1) to pay acquisition costs for a Project Expansion consisting of additional Water Rights for the Conjunctive Use Groundwater Supply Project, (2) to pay professional fees, and (3) to pay costs of issuance of the bonds. Interest on the 2011 Conjunctive Use Ground Water Supply Project Bonds will be from 3.0% to 5.0%, with maturities ranging from 2013 to 2031. CRMWA expects to finance the debt service requirements of the 2011 Conjunctive Use Ground Water Supply Project Bonds from each of the member cities of CRMWA, which includes the City of Pampa. The City's share of the 2011 Conjunctive Use Ground Water Supply Project Bonds is 3.641%, or approximately \$2,972,148.

Based on these facts, the City anticipates the following debt service requirements after the 2011 Conjunctive Use Ground Water Supply Project bonds have been issued:

Debt service requirements for Business-Type Activities (CRMWA):

Fiscal year ending September 30	Principal	Interest	Total
2012	\$ 332,532	\$ 371,114	\$ 703,646
2013	444,920	405,276	850,196
2014	464,648	385,772	850,420
2015	486,116	364,654	850,770
2016	515,667	342,710	858,377
2017-2021	2,715,710	1,345,118	4,060,828
2022-2026	2,835,862	653,030	3,488,892
2027-2031	1,388,337	142,147	1,530,484
	<u>\$ 9,183,792</u>	<u>\$ 4,009,821</u>	<u>\$ 13,193,613</u>

The PEDC's management has evaluated subsequent events. The following were the items noted by the PEDC's management on their financial statements for the year ended September 30, 2011:

In October 2011, the PEDC's board of directors approved the renewal of the cooperative agreement between the Leading EDG (formerly Entrepreneur Alliance, Inc.) and the PEDC in the amount of \$35,000 to help existing and new business. The cooperative agreement is also included in Note 10 above. After the \$35,000 renewal is paid, the PEDC has no further obligations under the agreement.

On December 7, 2011, the outstanding loan receivable with a balance of \$525,000 described above in Note 18 was repaid to the PEDC with interest.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

NOTE 20. SUBSEQUENT EVENTS (continued):

On September 30, 2011 the EDC board of directors approved a grant to Hidden Hills Golf Course in the amount of \$9,975 for the purpose of constructing a concrete cart path for the golf course. Due to the EDC's policy on recognizing outstanding grants at year end, this grant has not met the requirements to be included in the current year and will be recognized in the year ended September 30, 2012.

On December 16, 2011 the PEDC entered into a sale and lease agreement with a company for a portion of the Pampa Energy Center, LLC. Under the terms of this agreement, the PEDC sold the company a pipeline and leased the "liquids terminal area" of the Pampa Energy Center. The terms of the lease are for 40 years to which the company has paid the full amount up front.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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**CITY OF PAMPA, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
ANALYSIS OF FUNDING PROGRESS**

Fiscal Year			(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Liability (2) - (1)		(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll (4)/(5)
	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability					
2011	\$ 21,018,413	\$ 29,252,273	71.9%	\$ 8,233,860	\$ 5,828,360		141.3%
2010	7,619,527	17,859,548	42.7%	10,240,021	5,718,132		179.1%
2009	7,285,575	17,345,276	42.0%	10,059,701	5,554,397		181.1%
2008	7,798,790	17,620,563	44.3%	9,821,773	4,923,175		199.5%
2007	8,572,667	15,389,182	55.7%	6,816,515	4,756,521		143.3%
2006	8,850,675	15,222,288	58.1%	6,371,613	4,450,556		143.2%
2005	9,521,192	15,618,041	61.0%	6,096,849	4,058,614		150.2%
2004	9,660,372	15,615,024	61.9%	5,954,652	3,972,995		149.9%
2003	9,525,566	14,810,780	64.3%	5,285,214	3,676,983		143.7%
2002	9,602,655	14,564,941	65.9%	4,962,286	3,739,277		132.7%

Data above is as of December 31, of the preceding year, which is the date of the actuarial valuation.

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULE**

**CITY OF PAMPA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2011**

	<u>Special Revenue Funds</u>			
	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Controlled Substances</u>	<u>M.K. Brown Auditorium</u>
Assets:				
Cash and cash equivalents	\$ 22,401	\$ 42,312	\$ 11,261	\$ 59,222
Receivables, net of allowance for uncollectibles	41,418	-	-	94,429
Due from other funds	-	27,785	-	-
Restricted cash	-	-	-	-
Restricted accrued interest	-	-	-	-
Restricted investments	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 63,819</u>	<u>\$ 70,097</u>	<u>\$ 11,261</u>	<u>\$ 153,651</u>
Liabilities and Fund balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 28,155
Accrued expenditures	-	-	-	785
Deferred revenue	40,204	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>40,204</u>	<u>-</u>	<u>-</u>	<u>28,940</u>
Fund balances:				
Nonspendable:				
Permanent fund principal	-	-	-	-
Restricted fund balance:				
Debt service	23,615	-	-	-
Capital acquisition	-	70,097	-	-
MK Brown Auditorium	-	-	-	-
Assigned fund balance:				
Other expenditures	-	-	11,261	124,711
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>23,615</u>	<u>70,097</u>	<u>11,261</u>	<u>124,711</u>
Total liabilities and fund balances	<u>\$ 63,819</u>	<u>\$ 70,097</u>	<u>\$ 11,261</u>	<u>\$ 153,651</u>

<u>Special Revenue Funds</u>		<u>Total Nonmajor Special Revenue Funds</u>	<u>M.K. Brown Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Lovett Memorial Library</u>	<u>Economic Development</u>			
\$ 150,806	\$ 155,222	\$ 376,511	\$ -	\$ 441,224
6,797	-	101,226	-	142,644
-	-	-	-	27,785
-	-	-	3,325	3,325
-	-	-	3,381	3,381
-	-	-	350,000	350,000
<u>\$ 157,603</u>	<u>\$ 155,222</u>	<u>\$ 477,737</u>	<u>\$ 356,706</u>	<u>\$ 968,359</u>
\$ 1,229	\$ -	\$ 29,384	\$ -	\$ 29,384
5,812	-	6,597	-	6,597
6,797	-	6,797	-	47,001
<u>13,838</u>	<u>-</u>	<u>42,778</u>	<u>-</u>	<u>82,982</u>
-	-	-	350,000	350,000
-	-	-	-	23,615
-	-	-	-	70,097
-	-	-	6,706	6,706
<u>143,765</u>	<u>155,222</u>	<u>434,959</u>	<u>-</u>	<u>434,959</u>
<u>143,765</u>	<u>155,222</u>	<u>434,959</u>	<u>356,706</u>	<u>885,377</u>
<u>\$ 157,603</u>	<u>\$ 155,222</u>	<u>\$ 477,737</u>	<u>\$ 356,706</u>	<u>\$ 968,359</u>

CITY OF PAMPA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

	<u>Special Revenue Funds</u>			
	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Controlled Substances</u>	<u>M.K. Brown Auditorium</u>
Revenues:				
Taxes:				
Property taxes	\$ 499,497	\$ -	\$ -	\$ -
Other taxes	-	-	-	347,011
Penalties and interest on taxes	1,068	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	36,887
Fines	-	-	-	-
Investment earnings	18	52	11	10
Contributions and donations	-	-	4,019	-
Other revenue	-	-	-	20,205
Total revenues	<u>500,583</u>	<u>52</u>	<u>4,030</u>	<u>404,113</u>
Expenditures:				
Current:				
Public safety	-	-	500	-
Culture and recreation	-	-	-	322,194
Capital outlay	-	-	17,493	-
Debt service:				
Principal retirement	393,695	-	-	-
Interest and fiscal charges	132,665	-	-	-
Total expenditures	<u>526,360</u>	<u>-</u>	<u>17,993</u>	<u>322,194</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,777)</u>	<u>52</u>	<u>(13,963)</u>	<u>81,919</u>
Other financing sources (uses):				
Transfers in	-	-	-	8,968
Transfers out	-	(194,266)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(194,266)</u>	<u>-</u>	<u>8,968</u>
Net change in fund balances	(25,777)	(194,214)	(13,963)	90,887
Fund balances at beginning of year	<u>49,392</u>	<u>264,311</u>	<u>25,224</u>	<u>33,824</u>
Fund balances at end of year	<u>\$ 23,615</u>	<u>\$ 70,097</u>	<u>\$ 11,261</u>	<u>\$ 124,711</u>

<u>Special Revenue Funds</u>		<u>Total Nonmajor Special Revenue Funds</u>	<u>M.K. Brown Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Lovett Memorial Library</u>	<u>Economic Development</u>			
\$ 169,995	\$ -	\$ 169,995	\$ -	\$ 669,492
-	-	347,011	-	347,011
5,342	-	5,342	-	6,410
5,000	-	5,000	-	5,000
15	-	36,902	-	36,902
9,571	-	9,571	-	9,571
167	158	346	7,770	8,186
29,234	-	33,253	-	33,253
22,338	-	42,543	-	42,543
<u>241,662</u>	<u>158</u>	<u>649,963</u>	<u>7,770</u>	<u>1,158,368</u>
-	-	500	-	500
480,726	-	802,920	-	802,920
12,391	-	29,884	-	29,884
-	-	-	-	393,695
-	-	-	-	132,665
<u>493,117</u>	<u>-</u>	<u>833,304</u>	<u>-</u>	<u>1,359,664</u>
<u>(251,455)</u>	<u>158</u>	<u>(183,341)</u>	<u>7,770</u>	<u>(201,296)</u>
270,000	-	278,968	-	278,968
-	(206,500)	(206,500)	(8,968)	(409,734)
<u>270,000</u>	<u>(206,500)</u>	<u>72,468</u>	<u>(8,968)</u>	<u>(130,766)</u>
18,545	(206,342)	(110,873)	(1,198)	(332,062)
<u>125,220</u>	<u>361,564</u>	<u>545,832</u>	<u>357,904</u>	<u>1,217,439</u>
<u>\$ 143,765</u>	<u>\$ 155,222</u>	<u>\$ 434,959</u>	<u>\$ 356,706</u>	<u>\$ 885,377</u>

CITY OF PAMPA, TEXAS
COMBINING STATEMENT OF NET ASSETS
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2011

	Business-type Activities - Enterprise Funds		Total Nonmajor Enterprise Funds
	Municipal Golf Course	Leased Properties	
Assets:			
Current assets:			
Cash and cash equivalents	\$ -	\$ 102,445	\$ 102,445
Restricted assets - current:			
Cash and cash equivalents	11,530	-	11,530
Receivables - net of uncollectible allowance	887	2,213	3,100
Total current assets	12,417	104,658	117,075
Non-current assets:			
Capital assets:			
Land	545,514	-	545,514
Buildings and improvements	1,236,893	823,592	2,060,485
Vehicles and equipment	302,362	-	302,362
Less: accumulated depreciation and amortization	(865,086)	(307,106)	(1,172,192)
Total non-current assets	1,219,683	516,486	1,736,169
Total assets	1,232,100	621,144	1,853,244
Liabilities:			
Current liabilities:			
Accounts payable	9,778	268	10,046
Due to other funds	254,587	101,235	355,822
Accrued interest payable	760	-	760
Bonds payable - current:			
Revenue bonds and certifications of obligation	1,144	-	1,144
Capital leases payable - current	24,488	-	24,488
Total current liabilities	290,757	101,503	392,260
Non-current liabilities:			
Revenue bonds and certificates of obligation (net)	55,512	-	55,512
Capital leases payable	1,810	-	1,810
Total non-current liabilities	57,322	-	57,322
Total liabilities	348,079	101,503	449,582
Net assets:			
Invested in capital assets, net of related debt	1,136,729	516,486	1,653,215
Restricted for debt service	10,773	-	10,773
Unrestricted	(263,481)	3,155	(260,326)
Total net assets	\$ 884,021	\$ 519,641	\$ 1,403,662

CITY OF PAMPA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND NET ASSETS
NONMAJOR PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

	Business-type Activities - Enterprise Funds		Total Nonmajor Enterprise Funds
	Municipal Golf Course	Leased Properties	
Operating revenues:			
Charges for services	\$ 301,365	\$ -	\$ 301,365
Rent	-	49,796	49,796
Other revenues	2,962	-	2,962
Total operating revenues	304,327	49,796	354,123
Operating expenses:			
Contractual services	339,736	18,400	358,136
Supplies and materials	89,689	-	89,689
Depreciation and amortization	73,246	31,836	105,082
Intercity charges	29,300	-	29,300
Insurance and claims	3,122	9,546	12,668
Total operating expenses	535,093	59,782	594,875
Operating income (loss)	(230,766)	(9,986)	(240,752)
Non-operating revenues (expenses):			
Investment earnings	18	216	234
Interest and fiscal charges	(9,726)	-	(9,726)
Total non-operating revenues (expenses)	(9,708)	216	(9,492)
Income (loss) before transfers	(240,474)	(9,770)	(250,244)
Transfers in	135,000	85,000	220,000
Change in net assets	(105,474)	75,230	(30,244)
Total net assets - beginning of year	989,495	444,411	1,433,906
Total net assets - end of year	\$ 884,021	\$ 519,641	\$ 1,403,662

CITY OF PAMPA
STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	Business-type Activities Enterprise Funds		Total Nonmajor Enterprise Funds
	Municipal Golf Course	Leased Properties	
Cash flows from operating activities:			
Receipts from customers and users	\$ 306,793	\$ 48,134	\$ 354,927
Receipts from inter-fund services provided	86,279	(20,078)	66,201
Payments to suppliers	(432,286)	(28,058)	(460,344)
Payments for inter-fund services used	(29,300)	-	(29,300)
Net cash flows from operating activities	<u>(68,514)</u>	<u>(2)</u>	<u>(68,516)</u>
Cash flows from non-capital financing activities:			
Transfers from other funds	135,000	85,000	220,000
Net cash flows from non-capital financing activities	<u>135,000</u>	<u>85,000</u>	<u>220,000</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(28,317)	(85,000)	(113,317)
Principal paid on capital debt	(24,985)	-	(24,985)
Interest paid on capital debt	(9,749)	-	(9,749)
Net cash flows from capital and related financing activities	<u>(63,051)</u>	<u>(85,000)</u>	<u>(148,051)</u>
Cash flows from investing activities:			
Interest and dividends received	16	215	231
Purchases of investments(net of redemptions of investments)	7,000	-	7,000
Net cash flows from investing activities	<u>7,016</u>	<u>215</u>	<u>7,231</u>
Net increase (decrease) in cash and cash equivalents	10,451	213	10,664
Cash and cash equivalents at beginning of year	<u>1,079</u>	<u>102,232</u>	<u>103,311</u>
Cash and cash equivalents at end of year	<u>\$ 11,530</u>	<u>\$ 102,445</u>	<u>\$ 113,975</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$ (230,766)	\$ (9,986)	\$ (240,752)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	73,246	31,836	105,082
Changes in assets & liabilities:			
(Increase) decrease in:			
Receivables	2,466	(1,662)	804
Increase (decrease) in:			
Accounts payable	261	(112)	149
Due to other funds	86,279	(20,078)	66,201
Total adjustments	<u>162,252</u>	<u>9,984</u>	<u>172,236</u>
Net cash provided (used) by operating activities	<u>\$ (68,514)</u>	<u>\$ (2)</u>	<u>\$ (68,516)</u>
Reconciliation of total cash and cash equivalents:			
Cash and cash equivalents on balance sheet	\$ -	\$ 102,445	\$ 102,445
Restricted cash and cash equivalents on balance sheet	<u>11,530</u>	<u>-</u>	<u>11,530</u>
Total cash and cash equivalents	<u>\$ 11,530</u>	<u>\$ 102,445</u>	<u>\$ 113,975</u>

CITY OF PAMPA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

	<u>Budget Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Property taxes	\$ 528,538	\$ 527,968	\$ 499,497	\$ (28,471)
Penalties and interest on taxes	-	1,070	1,068	(2)
Interest	500	-	18	18
Total revenues	529,038	529,038	500,583	(28,455)
Expenditures:				
Debt service:				
Principal retirement	132,268	393,696	393,695	1
Interest and fiscal charges	393,696	132,268	132,665	(397)
Total expenditures	525,964	525,964	526,360	(396)
Excess (deficiency) of revenues over (under) expenditures	3,074	3,074	(25,777)	(28,851)
Net change in fund balances	3,074	3,074	(25,777)	(28,851)
Fund balance at beginning of year	49,392	49,392	49,392	-
Fund balance at end of year	\$ 52,466	\$ 52,466	\$ 23,615	\$ (28,851)

CITY OF PAMPA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 52	\$ 52
Total revenues	-	-	52	52
Expenditures:				
Capital outlay:	70,000	70,000	-	70,000
Total expenditures	70,000	70,000	-	70,000
Excess (deficiency) of revenues over (under) expenditures	(70,000)	(70,000)	52	70,052
Other financing sources (uses):				
Transfers out	(194,266)	(194,266)	(194,266)	-
Total other financing sources (uses)	(194,266)	(194,266)	(194,266)	-
Net change in fund balances	(264,266)	(264,266)	(194,214)	70,052
Fund balances at beginning of year	264,311	264,311	264,311	-
Fund balances at end of year	\$ 45	\$ 45	\$ 70,097	\$ 70,052

CITY OF PAMPA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTROLLED SUBSTANCES
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Contributions and donations	\$ -	\$ 4,019	\$ 4,019	\$ -
Investment earnings	-	-	11	11
Total revenues	-	4,019	4,030	11
Expenditures:				
Current:				
Public safety	4,800	500	500	-
Capital outlay	-	17,500	17,493	7
Total expenditures	4,800	18,000	17,993	7
Net change in fund balances	(4,800)	(13,981)	(13,963)	18
Fund balances at beginning of year	25,224	25,224	25,224	-
Fund balances at end of year	<u>\$ 20,424</u>	<u>\$ 11,243</u>	<u>\$ 11,261</u>	<u>\$ 18</u>

CITY OF PAMPA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - M.K. BROWN AUDITORIUM
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

	<u>Budget Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Other taxes	\$ 269,000	\$ 269,000	\$ 347,011	\$ 78,011
Charges for services	30,000	30,032	36,887	6,855
Investment earnings	-	-	10	10
Other revenue	-	20,205	20,205	-
	<u>299,000</u>	<u>319,237</u>	<u>404,113</u>	<u>84,876</u>
Total revenues				
Expenditures:				
Current:				
Culture and recreation	292,027	325,300	322,194	3,106
Capital outlay	15,000	1,932	-	1,932
	<u>307,027</u>	<u>327,232</u>	<u>322,194</u>	<u>5,038</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(8,027)</u>	<u>(7,995)</u>	<u>81,919</u>	<u>89,914</u>
Other financing sources (uses):				
Transfers in	<u>9,000</u>	<u>8,968</u>	<u>8,968</u>	<u>-</u>
Total other financing sources (uses)	<u>9,000</u>	<u>8,968</u>	<u>8,968</u>	<u>-</u>
Net change in fund balances	973	973	90,887	89,914
Fund balances at beginning of year	<u>33,824</u>	<u>33,824</u>	<u>33,824</u>	<u>-</u>
Fund balances at end of year	<u>\$ 34,797</u>	<u>\$ 34,797</u>	<u>\$ 124,711</u>	<u>\$ 89,914</u>

CITY OF PAMPA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - LOVETT MEMORIAL LIBRARY
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Taxes:				
Property taxes	\$ 178,016	\$ 177,176	\$ 169,995	\$ (7,181)
Penalties and interest on taxes	4,500	5,340	5,342	2
Intergovernmental	5,000	5,000	5,000	-
Charges for services	150	15	15	-
Fines	10,200	9,700	9,571	(129)
Investment earnings	-	-	167	167
Contributions and donations	20,000	29,363	29,234	(129)
Other revenue	1,350	21,135	22,338	1,203
	<u>219,216</u>	<u>247,729</u>	<u>241,662</u>	<u>(6,067)</u>
Total revenues				
Expenditures:				
Current:				
Culture and recreation	467,881	487,039	480,726	6,313
Capital outlay	10,500	15,855	12,391	3,464
	<u>478,381</u>	<u>502,894</u>	<u>493,117</u>	<u>9,777</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(259,165)</u>	<u>(255,165)</u>	<u>(251,455)</u>	<u>3,710</u>
Other financing sources (uses):				
Transfers in	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>-</u>
Total other financing sources (uses)	<u>270,000</u>	<u>270,000</u>	<u>270,000</u>	<u>-</u>
Net change in fund balances	10,835	14,835	18,545	3,710
Fund balances at beginning of year	<u>125,220</u>	<u>125,220</u>	<u>125,220</u>	<u>-</u>
Fund balances at end of year	<u>\$ 136,055</u>	<u>\$ 140,055</u>	<u>\$ 143,765</u>	<u>\$ 3,710</u>

CITY OF PAMPA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

	<u>Budget Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ -
Investment earnings	<u>200</u>	<u>200</u>	<u>158</u>	<u>(42)</u>
Total revenues	<u>200</u>	<u>200</u>	<u>158</u>	<u>(42)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>200</u>	<u>200</u>	<u>158</u>	<u>(42)</u>
Other financing sources (uses):				
Transfers out	<u>(100,000)</u>	<u>(206,500)</u>	<u>(206,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>(206,500)</u>	<u>(206,500)</u>	<u>-</u>
Net change in fund balances	(99,800)	(206,300)	(206,342)	(42)
Fund balances at beginning of year	<u>361,564</u>	<u>361,564</u>	<u>361,564</u>	<u>-</u>
Fund balances at end of year	<u>\$ 261,764</u>	<u>\$ 155,264</u>	<u>\$ 155,222</u>	<u>\$ (42)</u>

CITY OF PAMPA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - M.K. BROWN PERMANENT FUND
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2011

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ <u>9,000</u>	\$ <u>9,000</u>	\$ <u>7,770</u>	\$ <u>(1,230)</u>
Total revenues	<u>9,000</u>	<u>9,000</u>	<u>7,770</u>	<u>(1,230)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,000</u>	<u>9,000</u>	<u>7,770</u>	<u>(1,230)</u>
Other financing sources (uses):				
Transfers out	<u>(9,000)</u>	<u>(9,000)</u>	<u>(8,968)</u>	<u>32</u>
Total other financing sources (uses)	<u>(9,000)</u>	<u>(9,000)</u>	<u>(8,968)</u>	<u>32</u>
Net change in fund balances	-	-	(1,198)	(1,198)
Fund balances at beginning of year	<u>357,904</u>	<u>357,904</u>	<u>357,904</u>	<u>-</u>
Fund balances at end of year	\$ <u><u>357,904</u></u>	\$ <u><u>357,904</u></u>	\$ <u><u>356,706</u></u>	\$ <u><u>(1,198)</u></u>

CITY OF PAMPA, TEXAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
MUNICIPAL COURT BAIL BOND AGENCY FUND
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

	<u>Balance October 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2011</u>
Municipal Court Bail Bond Fund:				
Assets:				
Cash and cash equivalents	\$ 1,657	\$ 4,827	\$ 5,152	\$ 1,332
Total assets	\$ <u>1,657</u>	\$ <u>4,827</u>	\$ <u>5,152</u>	\$ <u>1,332</u>
Liabilities:				
Deposits	\$ 1,657	\$ 4,827	\$ 5,152	\$ 1,332
Total liabilities	\$ <u>1,657</u>	\$ <u>4,827</u>	\$ <u>5,152</u>	\$ <u>1,332</u>

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY SOURCE
SEPTEMBER 30, 2011

Governmental funds capital assets (net of
accumulated depreciation):

Land	\$ 210,849
Collection	203,500
Roads	1,249,712
Buildings & improvements	4,183,159
Equipment	3,338,150
Construction in progress	<u>5,841</u>

Total governmental activities capital assets, net	\$ <u>9,191,211</u>
---	---------------------

Investment in governmental activities capital assets
by source (net of accumulated depreciation):

General fund	\$ 6,675,857
M.K. Brown Auditorium special revenue fund	1,419,170
Lovett Memorial Library special revenue fund	648,169
Economic Development special revenue fund	<u>448,015</u>

Total investment in governmental activities capital assets by source (net of accumulated depreciation)	\$ <u>9,191,211</u>
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CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2011

	<u>Land</u>	<u>Collection</u>	<u>Roads</u>	<u>Buildings & Improvements</u>	<u>Construction in Progress</u>	<u>Equipment</u>	<u>Total</u>
General government:							
Mayor and commission	\$ 3,306	\$ -	\$ -	\$ -	\$ -	\$ 14,790	\$ 18,096
Administrative services	-	-	-	-	-	35,515	35,515
Building & grounds	2,163	-	-	2,751,254	-	372,900	3,126,317
Data processing	-	-	-	-	-	213,965	213,965
Purchasing & central stores	-	-	-	4,632	-	19,047	23,679
Central garage	-	-	-	150,198	-	2,596,508	2,746,706
Subtotal	<u>5,469</u>	<u>-</u>	<u>-</u>	<u>2,906,084</u>	<u>-</u>	<u>3,252,725</u>	<u>6,164,278</u>
Culture and recreation:							
Parks	43,360	95,000	-	371,777	2,061	510,090	1,022,288
Recreation	-	-	151,789	1,620,801	-	373,767	2,146,357
M.K. Brown Auditorium	-	108,500	-	3,024,776	-	223,901	3,357,177
Lovett Memorial Library	-	-	-	970,470	-	106,165	1,076,635
Subtotal	<u>43,360</u>	<u>203,500</u>	<u>151,789</u>	<u>5,987,824</u>	<u>2,061</u>	<u>1,213,923</u>	<u>7,602,457</u>
Solid waste collection	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>859,936</u>	<u>859,936</u>
Streets and traffic:							
Planning and engineering	-	-	-	-	-	340,488	340,488
Streets & traffic control	-	-	18,658,075	126,569	3,780	2,241,567	21,029,991
Subtotal	<u>-</u>	<u>-</u>	<u>18,658,075</u>	<u>126,569</u>	<u>3,780</u>	<u>2,582,055</u>	<u>21,370,479</u>
Public safety:							
Animal control	-	-	-	18,019	-	29,734	47,753
Police	-	-	-	35,769	-	751,157	786,926
Fire suppression	-	-	-	148,938	-	1,401,826	1,550,764
Fire prevention	-	-	-	-	-	21,602	21,602
Dispatch	-	-	-	-	-	74,070	74,070
Emergency management & civil defense	-	-	-	-	-	391,638	391,638
Code enforcement	-	-	-	-	-	17,914	17,914
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,726</u>	<u>-</u>	<u>2,687,941</u>	<u>2,890,667</u>
Economic development	<u>162,020</u>	<u>-</u>	<u>-</u>	<u>425,149</u>	<u>-</u>	<u>-</u>	<u>587,169</u>
Total governmental activities capital assets	210,849	203,500	18,809,864	9,648,352	5,841	10,596,580	39,474,986
Less: accumulated depreciation	<u>-</u>	<u>-</u>	<u>17,560,152</u>	<u>5,465,193</u>	<u>-</u>	<u>7,258,430</u>	<u>30,283,775</u>
Total governmental activities capital assets net of accumulated depreciation	<u>\$ 210,849</u>	<u>\$ 203,500</u>	<u>\$ 1,249,712</u>	<u>\$ 4,183,159</u>	<u>\$ 5,841</u>	<u>\$ 3,338,150</u>	<u>\$ 9,191,211</u>

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2011

	<u>Governmental Fund Capital Assets Oct. 1, 2010</u>	<u>Additions and Transfers In</u>	<u>Deletions and Transfers Out</u>	<u>Governmental Fund Capital Assets Sept. 30, 2011</u>
General government:				
Mayor and commission	\$ 18,096	\$ -	\$ -	\$ 18,096
Administrative services	35,515	-	-	35,515
Building & grounds	3,088,706	37,611	-	3,126,317
Data processing	183,084	30,881	-	213,965
Purchasing & central stores	23,679	-	-	23,679
Central garage	2,959,872	144,953	(358,119)	2,746,706
Subtotal	<u>6,308,952</u>	<u>213,445</u>	<u>(358,119)</u>	<u>6,164,278</u>
Culture and recreation:				
Parks	890,327	131,961	-	1,022,288
Recreation	2,146,357	-	-	2,146,357
M.K. Brown Auditorium	3,357,177	-	-	3,357,177
Lovett Memorial Library	1,064,244	12,391	-	1,076,635
Subtotal	<u>7,458,105</u>	<u>144,352</u>	<u>-</u>	<u>7,602,457</u>
Solid waste collection	<u>859,936</u>	<u>-</u>	<u>-</u>	<u>859,936</u>
Streets and traffic:				
Planning and engineering	325,988	14,500	-	340,488
Streets & traffic control	20,935,322	94,669	-	21,029,991
Subtotal	<u>21,261,310</u>	<u>109,169</u>	<u>-</u>	<u>21,370,479</u>
Public safety:				
Animal control	47,753	-	-	47,753
Police	736,580	76,281	(25,935)	786,926
Fire suppression	1,516,467	56,392	(22,095)	1,550,764
Fire prevention	21,602	-	-	21,602
Dispatch	74,070	-	-	74,070
Emergency management & civil defense	391,638	-	-	391,638
Code enforcement	17,914	-	-	17,914
Subtotal	<u>2,806,024</u>	<u>132,673</u>	<u>(48,030)</u>	<u>2,890,667</u>
Economic development	<u>587,169</u>	<u>-</u>	<u>-</u>	<u>587,169</u>
Total governmental activities capital assets	<u>\$ 39,281,496</u>	<u>\$ 599,639</u>	<u>\$ (406,149)</u>	<u>\$ 39,474,986</u>

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STATISTICAL DATA

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Statistical Section Summary:

This part of the City of Pampa'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 performance and well-being have changed over time.	128 - 135
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	137 - 141
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.	142 - 151
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.	152 - 153
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	154 - 156

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years. The City implemented GASB Statement 34 for the fiscal year ending September 30, 2003; schedules presenting government-wide information include information beginning in that year.

City of Pampa, Texas
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
Invested in capital assets, net of related debt	\$ 3,681,389	\$ 2,948,557	\$ 3,327,459	\$ 4,290,099
Restricted	469,413	512,832	545,083	761,909
Unrestricted	<u>2,939,947</u>	<u>3,799,603</u>	<u>3,472,065</u>	<u>3,786,774</u>
Total governmental activities net assets	<u>7,090,749</u>	<u>7,260,992</u>	<u>7,344,607</u>	<u>8,838,782</u>
Business-type activities				
Invested in capital assets, net of related debt	10,190,376	11,252,454	11,137,640	8,279,157
Restricted	370,206	398,668	1,046,052	2,300,172
Unrestricted	<u>1,899,967</u>	<u>1,349,691</u>	<u>1,156,647</u>	<u>676,342</u>
Total business-type activities net assets	<u>12,460,549</u>	<u>13,000,813</u>	<u>13,340,339</u>	<u>11,255,671</u>
Primary government:				
Invested in capital assets, net of related debt	13,871,765	14,201,011	14,465,099	12,569,256
Restricted	839,619	911,500	1,591,135	3,062,081
Unrestricted	<u>4,839,914</u>	<u>5,149,294</u>	<u>4,628,712</u>	<u>4,463,116</u>
Total primary government net assets	<u>\$ 19,551,298</u>	<u>\$ 20,261,805</u>	<u>\$ 20,684,946</u>	<u>\$ 20,094,453</u>

Note: Under GASB Statement Number 44, the City is required to show the above information for ten years prospectively beginning with their fiscal year ending September 30, 2006. However, the City has chosen to report retroactively back to the year GASB Statement Number 34 was implemented, which was the fiscal year ending September 30, 2003. As more years become available, the City will continue to add additional years to this schedule until the required full ten years is presented.

Exhibit B-1

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 5,481,656	\$ 6,474,128	\$ 6,537,106	\$ 6,501,325	\$ 6,055,828
960,218	1,388,162	1,824,406	671,607	558,133
<u>3,487,348</u>	<u>3,674,527</u>	<u>3,814,279</u>	<u>4,182,128</u>	<u>4,391,355</u>
<u>9,929,222</u>	<u>11,536,817</u>	<u>12,175,791</u>	<u>11,355,060</u>	<u>11,005,316</u>
9,105,903	7,687,577	10,086,334	9,896,072	11,851,317
1,263,650	3,218,900	1,147,388	2,511,098	1,441,519
<u>1,104,497</u>	<u>(224,532)</u>	<u>(102,102)</u>	<u>(335,098)</u>	<u>568,567</u>
<u>11,474,050</u>	<u>10,681,945</u>	<u>11,131,620</u>	<u>12,072,072</u>	<u>13,861,403</u>
14,587,559	14,161,705	16,623,440	16,397,397	17,907,145
2,223,868	4,607,062	2,971,794	3,182,705	1,999,652
<u>4,591,845</u>	<u>3,449,995</u>	<u>3,712,177</u>	<u>3,847,030</u>	<u>4,959,922</u>
<u>\$ 21,403,272</u>	<u>\$ 22,218,762</u>	<u>\$ 23,307,411</u>	<u>\$ 23,427,132</u>	<u>\$ 24,866,719</u>

City of Pampa, Texas

Changes in Net Assets - Last Nine Fiscal Years (accrual basis of accounting)

Expenses:	2003	2004	2005	2006
Governmental activities:				
General government	\$ 1,339,565	\$ 1,363,422	\$ 1,422,179	\$ 1,613,280
Public safety	3,516,613	3,616,906	3,947,074	4,246,117
Streets and traffic	2,357,384	2,490,111	2,703,528	2,511,235
Solid waste	653,535	688,313	790,163	909,961
Culture and recreation	1,039,549	1,078,459	1,135,171	1,221,086
Interest on long-term debt and bond costs	375,404	235,964	256,866	181,109
Total governmental activities expenses	<u>9,282,050</u>	<u>9,473,175</u>	<u>10,254,981</u>	<u>10,682,788</u>
Business-type activities:				
Water and sewer system	4,618,236	4,550,176	4,788,747	5,355,617
Solid waste management	858,489	755,331	774,484	1,256,059
Aquatics center	-	-	-	-
Golf course	396,431	391,951	445,262	437,110
Leased properties	6,139	32,086	32,683	71,753
Total business-type activities expenses	<u>5,879,295</u>	<u>5,729,544</u>	<u>6,041,176</u>	<u>7,120,539</u>
Total primary government expenses	<u>\$ 15,161,345</u>	<u>\$ 15,202,719</u>	<u>\$ 16,296,157</u>	<u>\$ 17,803,327</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 846,967	\$ 825,094	\$ 840,715	\$ 840,787
Public safety	442,400	600,624	540,642	556,804
Streets and traffic	-	-	-	-
Solid waste	1,419,246	1,446,030	1,516,195	1,559,405
Culture and recreation	111,373	118,795	97,498	90,831
Operating grants and contributions	235,753	267,486	360,395	180,228
Capital grants and contributions	-	-	201,162	193,500
Total governmental activities program revenues	<u>3,055,739</u>	<u>3,258,029</u>	<u>3,556,607</u>	<u>3,421,555</u>
Business-type activities:				
Charges for services:				
Water and sewer system	4,235,610	4,471,049	4,643,795	5,334,033
Solid waste management	1,170,788	1,141,091	1,160,473	1,239,269
Aquatics center	-	-	-	-
Golf course	280,053	296,505	283,943	326,739
Leased properties	3,150	33,270	-	3,612
Operating grants and contributions	-	131,368	-	-
Capital grants and contributions	-	-	-	622,136
Total business-type activities program revenues	<u>5,689,601</u>	<u>6,073,283</u>	<u>6,088,211</u>	<u>7,525,789</u>
Total primary government program revenues	<u>\$ 8,745,340</u>	<u>\$ 9,331,312</u>	<u>\$ 9,644,818</u>	<u>\$ 10,947,344</u>
Net (Expense) Revenue				
Governmental activities	\$ (6,226,311)	\$ (6,215,146)	\$ (6,698,374)	\$ (7,261,233)
Business-type activities	(189,694)	343,739	47,035	405,250
Total primary government net (expense) revenue	<u>\$ (6,416,005)</u>	<u>\$ (5,871,407)</u>	<u>\$ (6,651,339)</u>	<u>\$ (6,855,983)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	\$ 2,768,969	\$ 2,848,745	\$ 2,881,006	\$ 2,882,932
Sales taxes	2,091,778	2,401,756	2,764,192	3,307,308
Other taxes	1,083,456	1,102,590	1,186,675	1,335,485
Investment earnings	37,401	42,115	76,227	115,536
Miscellaneous revenues	(23,349)	25,919	(45)	46,761
Transfers in (out)	(2,460,229)	(35,736)	(126,066)	(32,797)
Special items - transfers of assets	-	-	-	1,100,183
Total governmental activities	<u>3,498,026</u>	<u>6,385,389</u>	<u>6,781,989</u>	<u>8,755,408</u>
Business-type activities:				
Investment earnings	23,932	18,564	27,644	73,862
Miscellaneous revenues	-	142,225	63,286	200,316
Transfers in (out)	2,945,869	35,736	126,066	32,797
Total business-type activities	<u>2,969,801</u>	<u>196,525</u>	<u>216,996</u>	<u>306,975</u>
Total primary government	<u>\$ 6,467,827</u>	<u>\$ 6,581,914</u>	<u>\$ 6,998,985</u>	<u>\$ 9,062,383</u>
Change in Net Assets				
Governmental activities	\$ (2,728,285)	\$ 170,243	\$ 83,615	\$ 1,494,175
Business-type activities	2,780,107	540,264	264,031	712,225
Total primary government	<u>\$ 51,822</u>	<u>\$ 710,507</u>	<u>\$ 347,646</u>	<u>\$ 2,206,400</u>

Note: Under GASB Statement Number 44, the City is required to show the above information for ten years prospectively beginning with their fiscal year ending September 30, 2006. However, the City has chosen to report retroactively back to the year GASB Statement Number 34 was implemented, which was the fiscal year ending September 30, 2003. As more years become available, the City will continue to add additional years to this schedule until the required full ten years is presented.

Exhibit B-2

2007	2008	2009	2010	2011
\$ 1,625,296	\$ 1,696,033	\$ 1,729,688	\$ 1,726,594	\$ 1,915,324
4,613,920	4,873,940	5,284,691	5,315,710	5,565,027
1,859,807	2,037,076	2,528,096	2,227,433	2,336,295
1,091,092	1,021,191	1,138,792	1,095,529	1,238,104
1,329,075	1,344,516	1,413,423	1,410,324	1,495,278
156,840	109,164	107,960	89,587	194,127
<u>10,676,030</u>	<u>11,081,920</u>	<u>12,202,650</u>	<u>11,865,177</u>	<u>12,744,155</u>
5,341,194	6,015,574	6,179,224	6,278,673	6,231,284
1,364,944	1,551,281	1,801,196	2,216,417	1,927,157
-	-	78,259	138,002	444,769
431,835	458,651	534,736	531,643	544,819
86,753	99,641	58,399	65,239	59,782
<u>7,224,726</u>	<u>8,125,147</u>	<u>8,651,814</u>	<u>9,229,974</u>	<u>9,207,811</u>
<u>\$ 17,900,756</u>	<u>\$ 19,207,067</u>	<u>\$ 20,854,464</u>	<u>\$ 21,095,151</u>	<u>\$ 21,951,966</u>
\$ 868,156	\$ 888,903	\$ 893,195	\$ 877,752	\$ 878,110
563,027	733,560	697,040	562,400	643,129
-	-	-	-	-
1,626,841	1,663,875	1,915,718	2,043,726	2,160,335
112,870	120,789	127,744	110,461	98,736
148,947	223,617	195,221	259,101	197,328
81,195	19,900	-	-	-
<u>3,401,036</u>	<u>3,650,644</u>	<u>3,828,918</u>	<u>3,853,440</u>	<u>3,977,638</u>
5,198,529	5,418,964	6,292,352	6,523,001	7,435,813
1,406,146	1,372,124	1,602,156	1,625,931	1,760,343
-	-	-	-	336,941
318,094	323,528	289,132	282,796	301,363
-	-	3,612	7,393	49,795
-	-	-	-	75,000
-	-	622,136	418,204	314,590
<u>6,922,769</u>	<u>7,114,616</u>	<u>8,809,388</u>	<u>8,857,325</u>	<u>10,273,845</u>
<u>\$ 10,323,805</u>	<u>\$ 10,765,260</u>	<u>\$ 12,638,306</u>	<u>\$ 12,710,765</u>	<u>\$ 14,251,483</u>
\$ (7,274,994)	\$ (7,431,276)	\$ (8,373,732)	\$ (8,011,737)	\$ (8,766,517)
(301,957)	(1,010,531)	157,574	(372,649)	1,066,034
<u>(7,576,951)</u>	<u>(8,441,807)</u>	<u>(8,216,158)</u>	<u>(8,384,386)</u>	<u>(7,700,483)</u>
\$ 3,162,567	\$ 3,357,458	\$ 3,568,870	\$ 3,491,082	\$ 3,639,707
3,725,658	3,928,810	3,459,719	3,303,194	3,685,594
1,448,350	1,579,574	1,317,121	1,371,252	1,400,968
141,486	91,410	27,199	15,051	12,449
56,719	127,436	309,773	144,601	157,171
(169,346)	(45,817)	(117,016)	(1,134,174)	(479,116)
-	-	-	-	-
<u>8,365,434</u>	<u>9,038,871</u>	<u>8,565,666</u>	<u>7,191,006</u>	<u>8,416,773</u>
152,911	80,322	54,196	17,681	17,680
198,079	92,287	120,889	161,246	226,505
169,346	45,817	117,016	1,134,174	479,116
<u>520,336</u>	<u>218,426</u>	<u>292,101</u>	<u>1,313,101</u>	<u>723,301</u>
<u>\$ 8,885,770</u>	<u>\$ 9,257,297</u>	<u>\$ 8,857,767</u>	<u>\$ 8,504,107</u>	<u>\$ 9,140,074</u>
\$ 1,090,440	\$ 1,607,595	\$ 191,934	\$ (820,731)	\$ (349,744)
218,379	(792,105)	449,675	940,452	1,789,335
<u>\$ 1,308,819</u>	<u>\$ 815,490</u>	<u>\$ 641,609</u>	<u>\$ 119,721</u>	<u>\$ 1,439,591</u>

City of Pampa, Texas
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
General fund:				
Non-spendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	558,604	719,768	972,075	1,075,448
Unreserved	<u>1,915,721</u>	<u>2,274,400</u>	<u>2,556,061</u>	<u>2,335,395</u>
Total general fund	<u>2,474,325</u>	<u>2,994,168</u>	<u>3,528,136</u>	<u>3,410,843</u>
All other governmental funds:				
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved for:				
Debt service	37,728	95,184	136,518	171,695
M.K. Brown Auditorium	357,816	357,998	360,070	357,114
Unreserved, reported in :				
Capital projects fund	217,479	16,231	16,244	137,146
Special revenue funds	<u>109,265</u>	<u>118,130</u>	<u>364,164</u>	<u>16,274</u>
Total all other governmental funds	<u>722,288</u>	<u>587,543</u>	<u>876,996</u>	<u>682,229</u>
Total all governmental funds	\$ <u>3,196,613</u>	\$ <u>3,581,711</u>	\$ <u>4,405,132</u>	\$ <u>4,093,072</u>

Note: The City of Pampa implemented GASB 54 in fiscal year 2011 which changed fund balance classifications.

Exhibit B-3

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,116
-	-	-	-	-	107,715
-	-	-	-	-	665,559
-	-	-	-	-	3,492,768
943,694	856,583	544,982	773,401	322,697	-
<u>2,326,241</u>	<u>2,085,383</u>	<u>2,766,388</u>	<u>2,776,600</u>	<u>3,622,291</u>	-
<u>3,269,935</u>	<u>2,941,966</u>	<u>3,311,370</u>	<u>3,550,001</u>	<u>3,944,988</u>	<u>4,362,158</u>
-	-	-	-	-	350,000
-	-	-	-	-	100,418
-	-	-	-	-	434,959
-	-	-	-	-	-
390,547	585,156	1,015,687	1,206,210	49,392	-
355,011	358,292	355,480	351,871	357,904	-
16,351	16,770	16,995	266,324	264,311	-
<u>535,985</u>	<u>593,099</u>	<u>561,212</u>	<u>550,340</u>	<u>545,832</u>	-
<u>1,297,894</u>	<u>1,553,317</u>	<u>1,949,374</u>	<u>2,374,745</u>	<u>1,217,439</u>	<u>885,377</u>
\$ <u>4,567,829</u>	\$ <u>4,495,283</u>	\$ <u>5,260,744</u>	\$ <u>5,924,746</u>	\$ <u>5,162,427</u>	\$ <u>5,247,535</u>

City of Pampa, Texas

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2002	2003	2004	2005
Revenues				
Taxes	\$ 5,836,287	\$ 5,990,229	\$ 6,338,042	\$ 6,760,822
Charges for services	2,376,750	2,443,732	2,468,371	2,585,039
Fines & forfeitures	219,465	300,203	355,330	344,555
Interest	48,360	37,401	42,115	76,227
Intergovernmental	228,055	213,434	353,293	327,518
Licenses & permits	24,895	19,555	43,494	46,982
Miscellaneous	57,474	117,352	94,881	293,878
Total revenues	<u>8,791,286</u>	<u>9,121,906</u>	<u>9,695,526</u>	<u>10,435,021</u>
Expenditures				
General government	1,539,367	1,085,722	1,149,982	1,142,833
Public safety	3,087,272	3,393,357	3,489,623	3,829,780
Streets & traffic	1,367,860	1,248,727	1,418,593	1,655,490
Solid waste management	652,149	651,578	688,353	768,086
Culture & recreation	665,332	905,365	951,259	996,433
Capital outlay	687,658	384,365	196,499	1,455,714
Debt service:				
Interest and fiscal charges	265,432	323,359	289,548	262,095
Principal	1,005,686	710,672	662,502	649,696
Total expenditures	<u>9,270,756</u>	<u>8,703,145</u>	<u>8,846,359</u>	<u>10,760,127</u>
Excess of revenues over (under) expenditures	<u>(479,470)</u>	<u>418,761</u>	<u>849,167</u>	<u>(325,106)</u>
Other Financing Sources (Uses)				
Proceeds from borrowing	3,731,920	-	-	139,113
Payments to escrow agent	(2,768,935)	-	-	-
Sale of assets	76,505	2,073	9,989	-
Transfers in	299,150	292,736	424,736	352,085
Transfers out	(360,886)	(328,472)	(460,472)	(478,151)
Total other financing sources (uses)	<u>977,754</u>	<u>(33,663)</u>	<u>(25,747)</u>	<u>13,047</u>
Special item - Transfer of assets	-	-	-	-
Net change in fund balances	<u>\$ 498,284</u>	<u>\$ 385,098</u>	<u>\$ 823,420</u>	<u>\$ (312,059)</u>
Debt service as a percentage of non-capital expenditures	<u>14.81%</u>	<u>12.43%</u>	<u>11.01%</u>	<u>9.80%</u>

Exhibit B-4

2006	2007	2008	2009	2010	2011
\$ 7,542,429	\$ 8,357,972	\$ 9,003,564	\$ 8,361,560	\$ 8,162,945	\$ 8,719,982
2,683,810	2,772,483	2,873,142	3,152,090	3,269,010	3,360,112
390,166	380,748	516,236	495,386	342,124	417,281
115,536	141,486	91,396	27,194	15,048	12,447
283,696	191,245	118,200	115,271	167,866	149,192
40,261	59,120	87,919	55,870	69,035	57,328
125,718	136,721	252,753	395,476	290,063	205,307
<u>11,181,616</u>	<u>12,039,775</u>	<u>12,943,210</u>	<u>12,602,847</u>	<u>12,316,091</u>	<u>12,921,649</u>
1,330,461	1,340,681	1,326,259	1,366,487	1,421,703	1,544,600
4,123,268	4,464,962	4,702,906	5,055,916	5,128,780	5,411,834
1,532,716	1,503,454	1,729,595	2,245,070	1,903,806	1,995,004
895,823	1,036,806	959,851	1,050,281	997,336	1,114,330
1,087,183	1,154,552	1,168,576	1,193,793	1,117,380	1,189,399
1,900,327	1,674,685	1,990,161	939,946	994,215	542,837
210,925	136,953	121,385	117,474	93,970	139,456
683,364	630,882	555,231	573,036	468,187	419,965
<u>11,764,067</u>	<u>11,942,975</u>	<u>12,553,964</u>	<u>12,542,003</u>	<u>12,125,377</u>	<u>12,357,425</u>
(582,451)	96,800	389,246	60,844	190,714	564,224
2,604,237	-	422,029	256,641	142,498	-
(2,102,414)	-	-	-	-	-
-	-	-	-	-	-
674,900	529,907	758,939	464,131	475,183	335,618
<u>(707,788)</u>	<u>(699,253)</u>	<u>(804,756)</u>	<u>(564,654)</u>	<u>(1,570,714)</u>	<u>(814,734)</u>
468,935	(169,346)	376,212	156,118	(953,033)	(479,116)
-	(511,911)	-	-	-	-
<u>\$ (113,516)</u>	<u>\$ (584,457)</u>	<u>\$ 765,458</u>	<u>\$ 216,962</u>	<u>\$ (762,319)</u>	<u>\$ 85,108</u>
<u>9.07%</u>	<u>7.48%</u>	<u>6.41%</u>	<u>5.95%</u>	<u>5.05%</u>	<u>4.74%</u>

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City of Pampa, Texas**Exhibit C-1****Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Tax Roll For Year Jan. 1	Fiscal Year	Assessed Value		Total Value*	Total Direct Tax Rate
		Real Property Value	Personal Property Value		
2001	2002	\$ 362,546,049	53,990,600	416,536,649	0.6950
2002	2003	374,543,737	63,903,951	438,447,688	0.6950
2003	2004	396,255,464	81,826,491	478,081,955	0.6950
2004	2005	371,746,415	53,397,117	425,143,532	0.6950
2005	2006	366,575,796	77,971,814	444,547,610	0.6950
2006	2007	391,654,982	81,921,180	473,576,162	0.6950
2007	2008	421,951,543	87,781,115	509,732,658	0.6900
2008	2009	433,383,804	93,880,760	527,264,564	0.6650
2009	2010	509,262,355	90,600,967	599,863,322	0.6269
2010	2011	511,204,700	92,231,494	603,436,194	0.6269

Note: Above assessed values reflected are before allowable exemptions are applied. Tax rates are per \$1,000 of assessed value.

* Taxes assess on October 1 of each year based on January 1 valuations.

City of Pampa, Texas**Exhibit C-2****Direct and Overlapping Property Tax Rates****Last Ten Fiscal Years****(rate per \$1,000 of assessed property)**

Fiscal Year	City of Pampa Direct Rates				Overlapping Rates*	
	General Maintenance	Debt Service	Library Maintenance	Total Direct	Pampa Independent School District	Gray County
2002	0.443100	0.221900	0.030000	0.695000	1.545	0.475833
2003	0.458300	0.206700	0.030000	0.695000	1.554	0.495631
2004	0.462500	0.202500	0.030000	0.695000	1.561	0.522267
2005	0.459500	0.205500	0.030000	0.695000	1.556	0.488926
2006	0.466700	0.198300	0.030000	0.695000	1.435	0.445623
2007	0.473271	0.191729	0.030000	0.695000	1.325	0.473260
2008	0.468700	0.191300	0.030000	0.690000	1.375	0.446730
2009	0.463237	0.171763	0.030000	0.665000	1.369	0.432740
2010	0.501156	0.095774	0.030000	0.626930	1.369	0.446262
2011	0.505200	0.091730	0.030000	0.626930	1.369	0.529612

* Note: Analysis indicates approximately 33% of assessed values of Gray County are within the City Limits.

The maximum tax rate provided by City charter is \$2.50 of which the amount to be used for general purposes and the maintenance of streets is restricted to \$1.50

Taxes are assessed and collected by the Gray County Tax Assessor/Collector. Taxes are due October 1, and become delinquent February 1. Delinquent taxes are subject to 12% interest per annum plus a penalty of 6% to 12% in accordance with statutes.

City of Pampa, Texas
Principal Property Taxpayers
Current year and nine years ago

Exhibit C-3

Taxpayer	2011			2002		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Signature Pampa Hospital	\$ 9,494,210	1	1.57%	\$		
Wal-Mart Real Estate	8,814,240	2	1.46%			
Pampa Regional Medical Center	8,090,023	3	1.34%			
Southwestern Public Service	6,619,643	4	1.10%	9,918,168	1	2.38%
Wal-Mart Stores East	6,175,068	5	1.02%	2,996,310	5	0.72%
Daniel Weingarten	5,790,350	6	0.96%	2,400,690	9	0.58%
Fluid Compressor Partners	4,403,182	7	0.73%			
PMP Duncan	3,266,910	8	0.54%			
SBC Texas	3,239,495	9	0.54%	6,564,213	3	1.58%
Shreedhi Krupa Hotels	2,954,520	10	0.49%			
Pampa Hospital LP				7,710,920	2	1.85%
Coronado Community Hospital				3,500,000	4	0.84%
Albertson's				2,581,619	6	0.62%
American Energy				2,515,347	7	0.60%
Nickle's Industrial				2,431,403	8	0.58%
Energas Company				2,079,720	10	0.50%
Total	\$ 58,847,641		9.76%	\$ 42,698,390		10.25%

Source: Gray County Appraisal District

City of Pampa, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Roll Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>
2002	\$ 2,689,947	\$ 2,570,985	95.6%	\$ 86,820
2003	2,803,641	2,693,355	96.1%	71,602
2004	2,803,611	2,699,492	96.3%	80,172
2005	2,788,311	2,660,991	95.4%	87,857
2006	2,897,766	2,754,962	95.1%	84,870
2007	3,100,752	2,963,548	95.6%	129,387
2008	3,339,992	3,210,630	96.1%	172,528
2009	3,504,650	3,393,819	96.8%	105,384
2010	3,452,386	3,304,156	95.7%	105,913
2011	\$ 3,546,898	\$ 3,387,338	95.5%	\$ 146,951

Exhibit C-4

Total Tax Collections	Total Collections as a Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
\$ 2,657,805	98.8%	\$ 430,184	16.0%
2,764,957	98.6%	463,271	16.5%
2,779,664	99.1%	487,380	17.4%
2,748,848	98.6%	499,807	17.9%
2,839,832	98.0%	539,381	18.6%
3,092,935	99.7%	498,101	16.1%
3,383,158	101.3%	368,921	11.0%
3,499,203	99.8%	352,909	10.1%
3,410,069	98.8%	350,421	10.2%
\$ 3,534,289	99.6%	\$ 307,332	8.7%

City of Pampa, Texas
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities		
	General Obligation Bonds	Capital Leases	Revenue Bonds & Certificates of Obligation	CRMWA Obligations	Capital Leases
2002	\$ 3,880,000	\$ 723,922	\$ 9,783,931	\$ 4,079,668	\$ 151,420
2003	5,830,000	463,280	6,463,931	3,899,400	102,020
2004	5,355,000	275,779	5,908,931	3,711,393	130,040
2005	4,850,000	270,196	5,328,931	5,175,545	1,028,215
2006	5,228,435	104,347	6,060,496	6,770,570	859,829
2007	4,624,510	77,390	5,409,421	6,552,525	640,278
2008	4,509,512	49,157	6,714,419	6,268,326	461,924
2009	4,216,046	19,587	15,122,885	5,971,339	269,250
2010	3,766,207	142,498	14,492,724	6,532,462	50,138
2011	3,372,512	116,228	13,756,419	6,211,644	366,422

(1) Source: United States Census
2000 Census Population: 17,787
2010 Census Population: 17,994

Exhibit D-1

<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita (1)</u>
\$ 18,618,941	3.36%	\$ 1,041
16,758,631	2.95%	937
15,381,143	2.56%	860
16,652,887	2.77%	931
19,023,677	3.16%	1,064
17,304,124	3.93%	967
18,003,338	4.09%	1,007
25,599,107	5.17%	1,431
24,984,029	4.46%	1,388
23,823,225	4.60%	1,324

City of Pampa, Texas

Exhibit D-2

Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Resources Restricted for paying Debt Service	Net General Obligation Bonds Outstanding	Assessed Taxable Value	Ratio of Net General Obligation Bonds Outstanding to Assessed Taxable Value	Net General Obligation Bonds Outstanding Per Capita
2002	\$ 3,880,000	37,728	3,842,272	416,536,649	0.92%	215
2003	5,830,000	95,184	5,734,816	438,447,688	1.31%	321
2004	5,355,000	136,518	5,218,482	478,081,955	1.09%	292
2005	4,850,000	171,695	4,678,305	425,143,532	1.10%	262
2006	5,228,435	390,547	4,837,888	444,547,610	1.09%	270
2007	4,624,510	585,156	4,039,354	473,576,162	0.85%	226
2008	4,509,512	1,015,687	3,493,825	509,732,658	0.69%	195
2009	4,216,046	1,206,210	3,009,836	527,264,564	0.57%	168
2010	3,766,207	49,392	3,716,815	599,863,322	0.62%	207
2011	3,372,512	23,615	3,348,897	603,166,194	0.56%	186

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

See Exhibit C-1 for property value data.

City of Pampa, Texas**Exhibit D-3****Direct and Overlapping Governmental Activities Debt
September 30, 2011**

	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable*</u>	<u>Applicable Debt Outstanding</u>
Pampa Independent School District	\$ 50,520,000	49%	\$ 24,754,800
Gray County	960,000	33%	<u>316,800</u>
Total overlapping debt			25,071,600
City of Pampa			<u>3,372,512</u>
Total direct and overlapping debt			\$ <u><u>28,444,112</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Gray County Appraisal District. Debt outstanding was provided by each government.

Note: 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 born by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden born 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.

* For debt repair with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value

City of Pampa, Texas
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Assessed value, before exemptions	\$ <u>416,536,649</u>	\$ <u>438,447,688</u>	\$ <u>478,081,955</u>	\$ <u>425,143,532</u>
Legal debt limit (10% of assessed value, before exemptions)	\$ <u>41,653,665</u>	\$ <u>43,844,769</u>	\$ <u>47,808,196</u>	\$ <u>42,514,353</u>
General obligation bonds	\$ 3,880,000	\$ 5,830,000	\$ 5,355,000	\$ 4,850,000
Less: Resources restricted for paying debt service	<u>37,728</u>	<u>95,184</u>	<u>136,518</u>	<u>171,695</u>
Total net general obligation bonds outstanding applicable to the limit	\$ <u>3,842,272</u>	\$ <u>5,734,816</u>	\$ <u>5,218,482</u>	\$ <u>4,678,305</u>
Computation of legal debt margin:				
Legal debt limit	\$ 41,653,665	\$ 43,844,769	\$ 47,808,196	\$ 42,514,353
Less: Net general obligation bonds outstanding	<u>3,842,272</u>	<u>5,734,816</u>	<u>5,218,482</u>	<u>4,678,305</u>
Legal debt margin	\$ <u>37,811,393</u>	\$ <u>38,109,953</u>	\$ <u>42,589,714</u>	\$ <u>37,836,048</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>9.22%</u>	<u>13.08%</u>	<u>10.92%</u>	<u>11.00%</u>

Exhibit D-4

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ <u>444,547,610</u>	\$ <u>473,576,162</u>	\$ <u>509,732,658</u>	\$ <u>527,264,564</u>	\$ <u>599,863,322</u>	\$ <u>603,436,194</u>
\$ <u>44,454,761</u>	\$ <u>47,357,616</u>	\$ <u>50,973,266</u>	\$ <u>52,726,456</u>	\$ <u>59,986,332</u>	\$ <u>60,343,619</u>
\$ 5,228,435	\$ 4,624,510	\$ 4,509,512	\$ 4,216,046	\$ 3,766,207	\$ 3,372,512
<u>390,547</u>	<u>585,156</u>	<u>1,015,687</u>	<u>1,206,210</u>	<u>49,392</u>	<u>23,615</u>
\$ <u>4,837,888</u>	\$ <u>4,039,354</u>	\$ <u>3,493,825</u>	\$ <u>3,009,836</u>	\$ <u>3,716,815</u>	\$ <u>3,348,897</u>
\$ 44,454,761	\$ 47,357,616	\$ 50,973,266	\$ 52,726,456	\$ 59,986,332	\$ 60,343,619
<u>4,837,888</u>	<u>4,039,354</u>	<u>3,493,825</u>	<u>3,009,836</u>	<u>3,716,815</u>	<u>3,348,897</u>
\$ <u>39,616,873</u>	\$ <u>43,318,262</u>	\$ <u>47,479,441</u>	\$ <u>49,716,620</u>	\$ <u>56,269,517</u>	\$ <u>56,994,722</u>
<u>10.88%</u>	<u>8.53%</u>	<u>6.85%</u>	<u>5.71%</u>	<u>6.20%</u>	<u>5.55%</u>

City of Pampa, Texas
Pledged Revenue Bond Coverage
Last Ten Fiscal Years

<u>Fiscal Year</u>		<u>Gross Revenues (1)</u>		<u>Operating Expenses Before Debt Service (2)</u>		<u>Net Revenues Available for Debt Service</u>
<u>Water & Sewer Fund</u>						
2002	\$	4,370,855	\$	3,206,040	\$	1,164,815
2003		4,284,074		3,562,637		721,437
2004		4,589,754		3,492,506		1,097,248
2005		4,682,357		3,742,448		939,909
2006		5,517,515		4,018,369		1,499,146
2007		5,479,658		3,938,478		1,541,180
2008		5,549,781		4,548,572		1,001,209
2009		6,411,647		4,624,334		1,787,313
2010		6,680,173		4,635,027		2,045,146
2011		7,833,264		4,560,758		3,272,506
<u>Solid Waste Fund</u>						
2002	\$	1,154,108	\$	569,151	\$	584,957
2003		1,181,315		575,111		606,204
2004		1,182,799		529,876		652,923
2005		1,195,582		606,206		589,376
2006		1,301,233		641,924		659,309
2007		1,480,040		748,715		731,325
2008		1,437,059		928,839		508,220
2009		1,626,413		1,226,694		399,719
2010		1,637,664		1,310,778		326,886
2011		1,943,435		1,049,993		893,442

Note: (1) Total revenue including interest, miscellaneous, and sales of materials and equipment.
(2) Expenses before debt service include total operating expenses exclusive of depreciation, amortization, interest, and fiscal charges.

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

Exhibit D-5

		Debt Service		Times Coverage		
Principal		Interest		Total		
\$	390,000	\$	367,095	\$	757,095	1.5
	365,000		137,635		502,635	1.4
	370,000		121,251		491,251	2.2
	380,000		111,199		491,199	1.9
	437,485		182,914		620,399	2.4
	431,075		165,956		597,031	2.6
	383,002		148,666		531,668	1.9
	255,590		213,197		468,787	3.8
	590,747		320,535		911,282	2.2
	629,016		264,553		893,569	3.7
\$	165,000	\$	132,393	\$	297,393	2.0
	175,000		122,060		297,060	2.0
	185,000		111,386		296,386	2.2
	200,000		118,726		318,726	1.8
	210,000		144,607		354,607	1.9
	220,000		133,872		353,872	2.1
	-		122,892		122,892	4.1
	184,800		122,892		307,692	1.3
	19,595		288,062		307,657	1.1
	77,282		197,992		275,274	3.2

City of Pampa, Texas
Pledged Revenue Bond Coverage
Last Ten Fiscal Years

Exhibit D-5 (continued)

<u>Fiscal Year</u>		<u>Gross Revenues (1)</u>		<u>Operating Expenses Before Debt Service (2)</u>		<u>Net Revenues Available for Debt Service</u>
<u>Municipal Golf Course (3)</u>						
2009	\$	305,582	\$	467,381	\$	(161,799)
2010		282,806		450,458		(167,652)
2011		304,345		461,847		(157,502)
<u>Aquatics Center (4)</u>						
2010	\$	418,204	\$	-	\$	418,204
2011		386,970		266,160		120,810

- Note: (1) Total revenue including interest, miscellaneous, and sales of materials and equipment.
(2) Expenses before debt service include total operating expenses exclusive of depreciation, amortization, interest, and fiscal charges.
(3) The golf course did not have debt service requirements prior to FY2009, therefore only years with applicable debt service requirements are included.
(4) The aquatics center did not have debt service requirements prior to FY2010, therefore only years with applicable debt service requirements are included.

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

Exhibit D-5 (continued)

<u>Principal</u>		<u>Debt Service</u>		<u>Total</u>		<u>Times Coverage</u>
		<u>Interest</u>				
\$	1,144	\$	3,002	\$	4,146	\$ -39.0
	1,144		2,361		3,505	-47.8
	1,144		2,321		3,465	-45.5
\$	18,676	\$	162,330	\$	181,006	\$ 2.3
	28,863		129,443		158,306	0.8

City of Pampa, Texas
Demographic and Economic Statistics
Last Ten Calendar Years

Exhibit E-1

<u>Year</u>	<u>* Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2011	22,535	\$ 517,606	\$ 22,969	39.1	3,593	5.2%
2010	22,744	\$ 560,700	\$ 24,653	37.0	3,446	7.5%
2009	22,248	\$ 495,151	\$ 22,256	39.3	3,397	7.7%
2008	21,000	\$ 440,550	\$ 20,099	39.3	3,397	3.7%
2007	21,919	\$ 440,550	\$ 20,099	39.0	3,400	3.5%
2006	21,393	\$ 601,549	\$ 28,119	38.9	3,368	3.2%
2005	21,393	\$ 601,549	\$ 28,119	38.9	3,340	3.7%
2004	21,393	\$ 601,549	\$ 28,119	38.9	3,269	4.6%
2003	21,641	\$ 567,540	\$ 26,225	38.9	3,257	5.3%
2002	21,892	\$ 554,305	\$ 25,320	38.9	3,325	5.6%

* Population includes the City of Pampa and the surrounding area in Gray County

Sources: Pampa Chamber of Commerce, the Pampa Independent School District, and the Texas Workforce Commission.

City of Pampa, Texas
Principal Employers
Current year and nine years ago

Exhibit E-2

Employer	2002			2011		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Pampa Independent School District	506	1	4.96%	510	1	4.49%
Texas Department of Criminal Justice	350	3	3.43%	280	2	2.46%
Wal-mart	378	2	3.71%	273	3	2.40%
National Oilwell Varco	125	10	1.23%	262	4	2.30%
Halliburton	130	8	1.27%	255	5	2.24%
City of Pampa	150	5	1.47%	210	6	1.85%
Pampa Regional Medical Center	141	7	1.38%	152	7	1.34%
Titan Specialities	156	4	1.53%	150	8	1.32%
Gray County	150	6	1.47%	124	9	1.09%
Cabot	130	9	1.27%	105	10	0.92%
	<u>2216</u>		<u>21.73%</u>	<u>2,321</u>		<u>20.42%</u>

Source: Pampa Chamber of Commerce

City of Pampa, Texas
Employees by Function/Program
Last Ten Fiscal Years

Exhibit F-1

FUNCTION/PROGRAM	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
GENERAL FUND										
Administrative Services	3	3	4	4	4	3	3	3	3	3
Financial Services	5	5	5	5	5	5	4	4	4	4
Municipal Court	2	2	2	2	1	1	1	1	1	1
Police Services										
Officers	25	25	25	25	25	25	24	24	25	25
Civilians	3	3	4	4	4	4	4	4	2	2
Fire										
Firefighters and officers	28	28	28	28	28	28	28	28	28	28
Civilians	0	0	0	0	0	0	0	0	0	0
Planning & Engineering	2	2	2	2	2	2	2	2	2	2
Parks Department	17	17	17	17	17	16	16	16	16	16
Recreation Department	2	2	3	4	3	2	2	2	2	2
Buildings & Grounds	1	1	0	1	1	0	0	0	0	0
Community Services	1	1	0	0	0	0	0	1	1	1
Code Enforcement	5	5	2	2	2	1	1	1	1	1
Animal Control	3	3	3	3	3	3	2	2	2	2
Dispatching Services	8	8	8	8	8	8	8	8	8	8
Emergency Management	1	1	1	1	1	1	1	1	1	1
Data Processing	1	1	1	1	1	1	1	1	1	1
Purchasing	0	0	0	0	0	0	0	1	1	1
Central Stores	0	0	0	0	0	0	0	0	0	0
Central Garage	0	0	0	0	0	0	0	0	0	0
Solid Waste Collection	6	6	6	6	6	5	6	6	6	6
Risk Management	0	0	0	0	0	0	0	0	0	0
SPECIAL REVENUE FUNDS										
M.K. Brown Auditorium	1	1	1	0	1	1	1	1	1	1
Lovett Memorial Library	7	7	7	7	7	6	8	8	8	8
ENTERPRISE FUNDS										
Municipal Utilities	10	10	10	10	10	9	9	9	9	9
Water Distribution	9	9	9	9	9	9	9	9	9	9
Wastewater Collection	5	5	5	5	5	5	5	5	5	5
Landfill Composting	0	0	0	0	0	0	0	0	0	0
Solid Waste Landfill	7	7	7	6	6	5	5	5	5	5
Golf Course	0	0	0	0	0	0	0	0	0	0
TOTAL	152	152	150	150	149	140	140	142	141	141

City of Pampa, Texas
Operating Indicators by Function/Program
Last Ten Fiscal Years

Exhibit F-2

Function/Program	Fiscal Year									
	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Police										
Physical arrests	918	917	1,391	1,581	1,183	1,353	1,043	1,272	1,430	991
Parking violations	65	-	35	13	-	-	-	-	-	-
Traffic violations	6,462	4,219	5,529	6,486	4,214	5,785	3363	3252	1229	2574
Fire										
Emergency responses	1,264	1,023	1,013	1,093	914	898	824	846	817	951
Fires extinguished	160	96	141	167	136	203	118	154	137	191
Inspections	55	31	17	24	20	20	20	20	20	20
Refuse Collection										
Refuse collected (tons per day)	61	62	74	79	79	62	62	62	62	62
Number of Customers	7,463	7,427	7,504	7,548	7,513	7,486	7,459	7,400	7,486	7,515
Other Public Works										
Street resurfacing (sq. yards)	207,142	186,223	214,024	356,529	241,784	219,646	417,944	310,273	291,214	200,000
Potholes repaired	1,512	773	1,143	1,243	855	582	715	302	481	500
Parks and Recreation										
Number of City Parks	41	41	41	41	41	41	41	41	41	41
Acres Maintained	332	332	332	332	332	332	332	332	332	332
Number of Softball Leagues	4	3	7	7	8	6	6	6	6	6
Number of Volleyball Leagues	4	4	4	4	4	4	4	4	4	2
Number of Kickball Leagues	2	3	-	-	-	-	-	-	-	-
Library										
Volumes in collection	47,307	48,139	55,207	65,125	69,072	70,401	72,320	77,421	83,631	82,189
Total volumes borrowed	156	967	613	238	238	272	273	322	321	510
Water										
Number of customers	8,193	8,104	8,211	8,271	8,199	8,170	8,112	8,050	8,147	8,173
Average daily consumption (thousands of gallons)	2,723	2,303	2,381	2,509	2,414	2,765	2,411	2,411	2,649	2,417
Wastewater										
Number of customers	7,535	7,449	7,548	7,586	7,533	7,510	7,459	7,480	7,524	7,541
City Landfill										
Solid Wasted Collected (tons/day)	171	185	195	208	192	242	242	231	231	155
Memorial Civic Center										
Auditorium Rentals	88	87	102	110	77	45	30	45	62	59

Source: Various City Departments

City of Pampa, Texas
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Exhibit F-3

FUNCTION/PROGRAM	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Refuse Collections										
Collection Trucks	3	3	3	3	3	3	3	3	3	3
Other Public Works										
Streets	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9
Street Lights	1460	1460	1460	1460	1460	1460	1460	1460	1460	1460
Traffic Signals	12	12	12	12	12	12	12	12	12	12
Parks and Recreation										
Acreage	332	332	332	332	332	332	332	332	332	332
Playgrounds	39	39	39	39	39	39	39	39	39	39
Baseball/softball diamonds	13	13	13	13	13	13	13	13	13	13
Community Center	1	1	1	1	1	1	1	1	1	1
Jogging Trails (miles)	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Water										
Water mains (miles)	160.5	160.5	160.5	160.5	160.5	160.5	160.5	160.5	160.5	160.5
Fire Hydrants	600	600	600	600	600	600	600	600	600	600
Storage capacity (million gallons)	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
Wastewater										
Sanitary Sewers	115	115	115	115	115	115	115	115	115	115
Treatment capacity (mil. gallons)	3	3	3	3	3	3	3	3	3	3
Golf Courses	2	3	3	3	3	3	3	3	3	3

Source: Various City Departments

**INTERNAL CONTROL
AND
COMPLIANCE REQUIREMENTS**

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**BROWN, GRAHAM & COMPANY**

PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

**Honorable Mayor Brad Pingel and City Commission
Pampa, Texas**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pampa, Texas (the "City"), as of and for the year ended September 30, 2011, and have issued our report thereon dated March 27, 2012. 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. We did not audit the financial statements of the Pampa Economic Development Corporation, a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it related to the amounts included for the Pampa Economic Development Corporation, is based on the report of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness as defined above.

**Honorable Mayor Brad Pingel and City Commission
Pampa, Texas**

Compliance and Other Matters

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

We noted certain matters that we have reported to management of the City in a separate letter dated March 27, 2012.

This report is intended for the information and use of the Mayor and City Commission, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Brown, Graham + Company, P.C.

Amarillo, Texas
March 27, 2012

**CITY OF PAMPA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the City of Pampa, Texas is an unqualified opinion.
- b. No control deficiencies, significant deficiencies, or material weaknesses in internal control were disclosed by the audit of the basic financial statements.
- c. Noncompliance which is material to the financial statements: None.

II. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with *Government Auditing Standards*:

The audit disclosed no findings required to be report.

**CITY OF PAMPA
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

Item One – Accounting Procedures and Controls:

Condition: During the prior year audit, it was noted that various accounts on the general ledger needed to be adjusted in order for the financial statements to be materially correct. The adjusting entries proposed during the prior year audit, not all of which were material to the City's financial statements, included but were not limited to the following: recording the proceeds and related capital asset on a capital lease; adjusting grants payable for the Pampa Economic Development Corporation; adjusting fixed asset activity for the year; various entries pertaining to landfill permit fees and closure and post-closure cost; and the various entries needed to convert the fund financial statements to the government-wide financial statements in accordance with Governmental Accounting Standards Board Statements Number 34 and 37.

Current Status: During the audit of the City of Pampa's financial statements for the fiscal year ended September 30, 2011, no items that were identified as significant deficiencies or material weaknesses. During the current year audit we noted that the City's management prepared a listing of entries to record on the City's books and presented them for posting during the audit. Additionally several conversations were held throughout the audit process to discuss the accounting treatment for specific transactions, and the City's management provided the necessary adjustments rather than having the independent auditor prepare them for review and approval by the City's finance department.

Item Two – Budget Variances:

Condition: We noted that for the year ended September 30, 2010, the overall expenditures excluding depreciation expense and capital outlays exceeded the final amended budget for the Capital Projects Fund, the Solid Waste Management Fund, the Aquatics Center Fund, the Dental Benefits Fund, and the Pampa Economic Development Corporation. There were various causes for these variances, including some funds not having any budgeted expenditures (the Capital Projects Fund and the Aquatics Center Fund) while some funds had more expenditures than were anticipated (the Solid Waste Management Fund and the Pampa Economic Development Corporation).

Current Status: For the fiscal year ended September 30, 2011 we noted that none of the City's funds had any excess expenditures which exceed the budgeted appropriations.

