

**CITY OF PAMPA, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2012**

Prepared by  
Department of Finance

**CITY OF PAMPA, TEXAS  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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## **INTRODUCTORY SECTION**

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March 26, 2013

*City of Pampa*  
P. O. Box 2499  
Pampa, Texas 79066-2499  
[www.cityofpampa.org](http://www.cityofpampa.org)

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

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, Texas (the "City of Pampa") for the fiscal year ended September 30, 2012.

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, 2012, 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, 2012, 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 18,100. 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 111.

## **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 11,684. The unemployment rate has decreased from 5.2% in February 2012 to 4.1% as of January 2013.

**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. The City is still in the process of drilling wells and expanding our landfill. Local voters approved the issuance of long term general obligation debt to finance a new animal control facility in May 2012. Debt was issued in 2012, groundbreaking took place in January 2013 and completion is expected in October 2013.

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, 2011. This was the 24<sup>th</sup> 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, 2011

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.



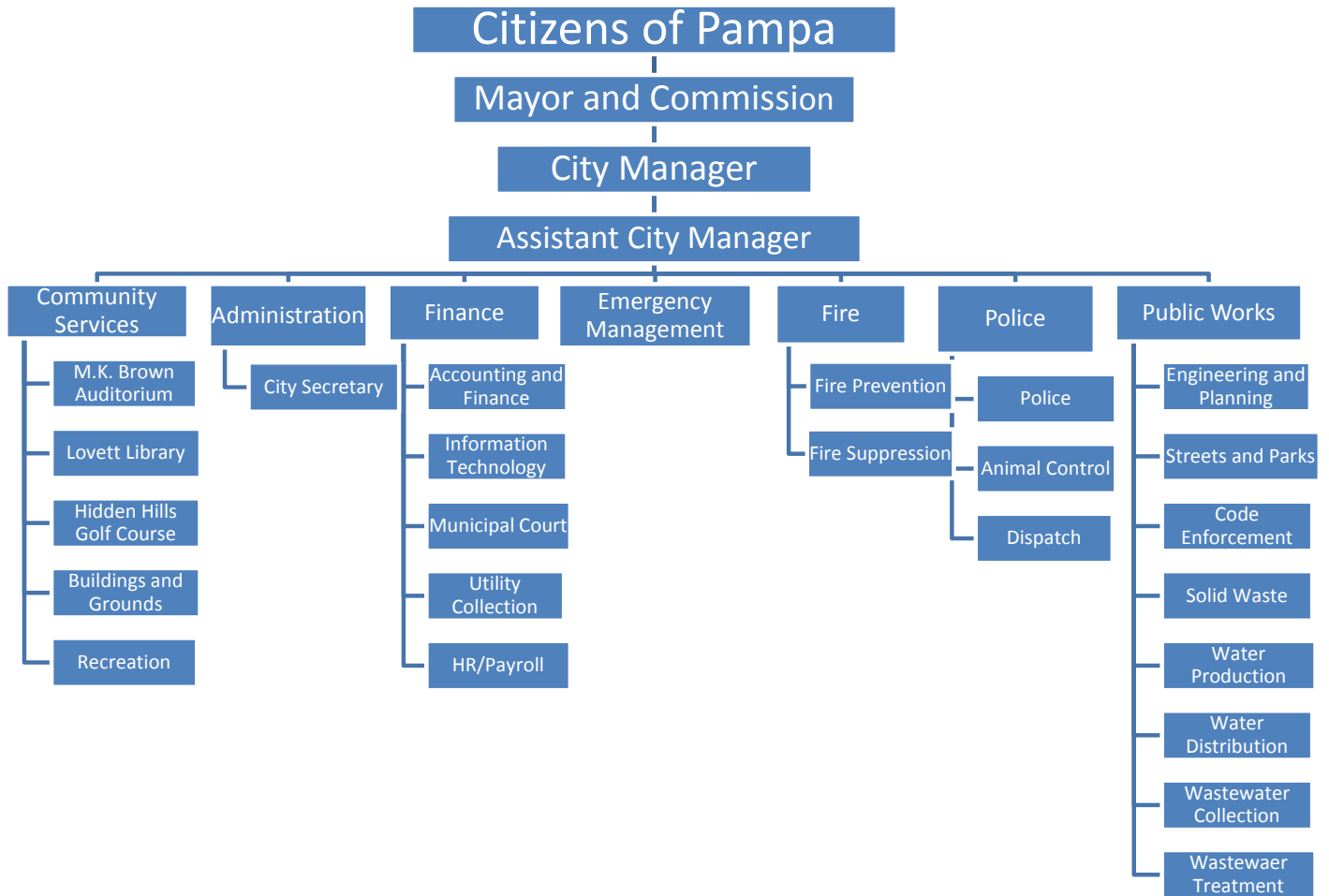
*Christopher P. Moynell*

President

*Jeffrey R. Emer*

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
Chris Porter	Commissioner, Ward 2
Robert Dixon	Commissioner, Ward 3
Karen McLain	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 ACCOUNTANTS7431 Continental Parkway • Amarillo, Texas 79119  
P.O. Box 20210 • Amarillo, Texas 79114  
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, 2012. 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, 2012, 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 26, 2013, 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.

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 and statistical sections, which are also the responsibility of the City's management, are presented for the purposes of additional analysis and are not a required part of the financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Brown, Abraham + Company, P.C.*

Amarillo, Texas  
March 26, 2013

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City of Pampa  
P. O. Box 2499  
Pampa, Texas 79066-2499  
[www.cityofpampa.org](http://www.cityofpampa.org)

## Management's Discussion and Analysis

As management of the City of Pampa, Texas (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, 2012. 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, 2011, as well.

### Financial Highlights

- The assets of the City of Pampa exceeded its liabilities at the close of the most recent fiscal year by \$26,421,541 (*net assets*). Of this amount, \$6,010,859 (*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 \$8,782,176. Approximately 48% of this total amount, \$4,231,962 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 \$4,231,962 or 37% 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 and the capital projects fund, which are the City's two major governmental funds.

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, aquatics center, 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 118 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 53-97 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 101 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 104-117 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 \$26,421,541 at the close of the most recent fiscal year.

By far the largest portion of the City of Pampa's net assets (65%) 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.

Fiscal year 2012 resulted in an increase in net assets in the governmental activities and an increase in net assets in the business-type activities. Governmental activities increased the City of Pampa's net assets by \$398,585, or 3.6% from the prior year. There was an increase of \$1,156,237 or 8.3% in net assets in the business-type activities as compared to the prior fiscal year, with the largest amount, \$1,719,419, 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 (12.6%) represents resources subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$6,010,859 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 \$4,231,962, while total fund balance reached \$4,814,755. 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. Unassigned fund balance represents 37.35% of total general fund expenditures, while total fund balance represents 42.5% of that same amount.

***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.

Unrestricted net assets in the Water and Sewer System Fund at the end of the year amounted to \$3,508,187; those for the Solid Waste Management Fund amounted to (\$1,192,228); those for the Aquatics Center amounted to (\$447,776); those for the Municipal Golf Course amounted to (\$340,962); and those for the Lease Properties Fund amounted to (\$67,613).

In an effort to increase fund balance, rates were increased in Water and Sewer, and Solid Waste. The Aquatics Center experienced increased expenses during the second year of operations resulting in a decrease in net assets. Hidden Hills Golf Course had another slow year with a decrease in net assets.

## **General Fund Budgetary Highlights**

During the year, there was a \$285,140 increase in appropriations between the original budget and the final amended budget. Actual appropriations exceeded the final budget by \$364,647. Sales tax revenue exceeded the budget by \$465,086, while property and other taxes were less than the budgeted amounts by \$47,067 and \$125,185, respectively. Charges for services had a positive budgetary variance of \$96,004 due to increased fees. In addition to these, other variances combined for a shortage of appropriations under budget of \$24,191. As in 2011, 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, 2012 amounted to \$39,134,068, net of accumulated depreciation. This excludes the unamortized landfill permit costs of \$596,148. 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 \$28,481,260. Of this amount, \$5,933,979 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 issued long term general obligation debt to fund an animal control facility and took part in CRMWA's purchase of water rights, which were funded through a debt issuance by CRMWA.

The City of Pampa's overall bonded debt increased by \$5,140,686 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 4.6% as of January 2013, continues to be lower than the State (6.2) and National (7.7) unemployment rates. This rate, along with the other items discussed above, was considered in preparing the City of Pampa's budget for the 2012-13 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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	<b>2012</b>	<b>2012</b>	<b>2012</b>
Current and other assets	\$ 9,424,436	\$ 10,122,623	\$ 19,547,059
Capital assets	8,715,786	30,418,282	39,134,068
Total assets	18,140,222	40,540,905	58,681,127
Long-term liabilities outstanding	6,217,631	24,611,273	30,828,904
Other liabilities	518,690	911,992	1,430,682
Total liabilities	6,736,321	25,523,265	32,259,586
Net assets:			
Invested in capital assets, net of related debt	5,912,680	11,166,056	17,078,736
Restricted	939,970	2,391,976	3,331,946
Unrestricted	4,551,251	1,459,608	6,010,859
Total net assets	\$ 11,403,901	\$ 15,017,640	\$ 26,421,541

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	<b>2011</b>	<b>2011</b>	<b>2011</b>
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

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	<b>2012</b>	<b>2012</b>	<b>2012</b>
Land	\$ 210,849	\$ 788,941	\$ 999,790
Collection	203,500	-	203,500
Water rights	-	6,913,172	6,913,172
Buildings and improvements	3,928,499	17,159,300	21,087,799
Vehicles and equipment	3,303,016	2,365,247	5,668,263
Surface water supply contracts	-	2,614,009	2,614,009
Roads	886,890	20,598	907,488
Construction in progress	183,032	557,015	740,047
Total	<u>\$ 8,715,786</u>	<u>\$ 30,418,282</u>	<u>\$ 39,134,068</u>
	<b>2011</b>	<b>2011</b>	<b>2011</b>
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>

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	<b>2012</b>	<b>2012</b>	<b>2012</b>
General obligation bonds	\$ 5,933,979	\$ -	\$ 5,933,979
Revenue bonds	-	13,696,021	13,696,021
Total	<u>\$ 5,933,979</u>	<u>\$ 13,696,021</u>	<u>\$ 19,630,000</u>
	<b>2011</b>	<b>2011</b>	<b>2011</b>
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>

# CITY OF PAMPA CHANGES IN NET ASSETS

	Governmental Activities <u>2012</u>	Business-type Activities <u>2012</u>	Total <u>2012</u>
Revenues:			
Program revenues:			
Charges for services	\$ 3,877,884	\$ 10,601,124	\$ 14,479,008
Operating grants	123,918	-	123,918
Capital grants and contributions	-	19,975	19,975
General revenues:			
Property taxes	3,635,602	-	3,635,602
Sales taxes	4,175,086	-	4,175,086
Other taxes	1,501,817	-	1,501,817
Miscellaneous	78,275	202,764	281,039
Total revenues	<u>13,392,582</u>	<u>10,823,863</u>	<u>24,216,445</u>
Expenses:			
General government	1,948,434	-	1,948,434
Public safety	5,703,096	-	5,703,096
Streets and traffic	2,340,941	-	2,340,941
Solid waste management	1,281,762	-	1,281,762
Culture and recreation	1,474,283	-	1,474,283
Interest on long-term debt	176,259	-	176,259
Water and sewer system	-	6,417,808	6,417,808
Solid waste management	-	1,917,856	1,917,856
Aquatics center	-	658,523	658,523
Golf course	-	572,049	572,049
Leased properties	-	170,612	170,612
Total expenses	<u>12,924,775</u>	<u>9,736,848</u>	<u>22,661,623</u>
Change in net assets before transfers	467,807	1,087,015	1,554,822
Transfers	<u>(69,222)</u>	<u>69,222</u>	<u>-</u>
Change in net assets after transfers	398,585	1,156,237	1,554,822
Net assets - beginning of year	11,005,316	13,861,403	24,866,719
Net assets - end of year	<u>\$ 11,403,901</u>	<u>\$ 15,017,640</u>	<u>\$ 26,421,541</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	12,873,527	10,518,026	23,391,553
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	12,744,155	9,207,811	21,951,966
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	(349,744)	1,789,331	1,439,587
Net assets - beginning of year	11,355,060	12,072,072	23,427,132
Net assets - end of year	\$ 11,005,316	\$ 13,861,403	\$ 24,866,719



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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, 2012**

	<b>Primary Government</b>			<b>Component Unit: Pampa Economic Development Corporation</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 6,620,102	\$ 3,459,760	\$ 10,079,862	\$ 2,271,974
Investments	-	-	-	844,814
Receivables, net of allowance for uncollectibles	1,502,378	1,194,453	2,696,831	764,409
Internal balances	767,340	(767,340)	-	-
Inventories	34,733	422,761	457,494	-
Prepaid items	51,258	4,461	55,719	52,212
Note receivable	-	-	-	241,862
<b>Restricted assets:</b>				
Temporarily Restricted:				
Cash and cash equivalents	97,198	4,600,527	4,697,725	-
Accrued interest	1,427	-	1,427	-
Receivable - CRMWA	-	346,259	346,259	-
Other asset	-	265,594	265,594	-
Permanently Restricted:				
Investments	350,000	-	350,000	-
<b>Capital assets, net of accumulated depreciation and amortization:</b>				
Land	210,849	788,941	999,790	500,000
Collection	203,500	-	203,500	-
Water rights	-	6,913,172	6,913,172	600,000
Buildings and improvements	3,928,499	17,159,300	21,087,799	4,757,404
Vehicles and equipment	3,303,016	2,365,247	5,668,263	117,233
Surface water supply contracts	-	2,614,009	2,614,009	-
Roads	886,890	20,598	907,488	-
Construction in progress	183,032	557,015	740,047	-
Unamortized landfill permit costs	-	596,148	596,148	-
<b>Total assets</b>	<b>18,140,222</b>	<b>40,540,905</b>	<b>58,681,127</b>	<b>10,149,908</b>
<b>Liabilities:</b>				
Accounts payable	333,407	186,443	519,850	401,837
Accrued expenses	184,492	725,549	910,041	89,403
Deferred revenue	791	-	791	1,274,270
<b>Non-current liabilities:</b>				
Due within one year	389,913	1,548,497	1,938,410	1,079,967
Due in more than one year	5,827,718	23,062,776	28,890,494	705,779
<b>Total liabilities</b>	<b>6,736,321</b>	<b>25,523,265</b>	<b>32,259,586</b>	<b>3,551,256</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	5,912,680	11,166,056	17,078,736	4,192,414
Restricted for animal shelter construction	5,306	-	5,306	-
Restricted for municipal court	66,577	-	66,577	-
Restricted for park maintenance	11,210	-	11,210	-
Restricted for debt service	26,848	2,391,976	2,418,824	-
Restricted for fire department	9,106	-	9,106	-
Restricted for Lovett library	131,342	-	131,342	-
Restricted for law enforcement	10,519	-	10,519	-
Restricted for M.K. Brown Auditorium:				
Expendable	329,062	-	329,062	-
Nonexpendable	350,000	-	350,000	-
Unrestricted net assets	4,551,251	1,459,608	6,010,859	2,406,238
<b>Total net assets</b>	<b>\$ 11,403,901</b>	<b>\$ 15,017,640</b>	<b>\$ 26,421,541</b>	<b>\$ 6,598,652</b>

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, 2012**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 1,948,434	\$ 874,379	\$ -	\$ -
Public safety	5,703,096	625,510	104,748	-
Streets and traffic	2,340,941	-	-	-
Solid waste management	1,281,762	2,272,971	-	-
Culture and recreation	1,474,283	105,024	19,170	-
Interest on long-term debt	176,259	-	-	-
Total governmental activities	12,924,775	3,877,884	123,918	-
Business activities:				
Water and sewer system	6,417,808	8,011,562	-	-
Solid waste management	1,917,856	1,866,920	-	-
Aquatics center	658,523	350,368	-	-
Golf course	572,049	316,517	-	19,975
Leased properties	170,612	55,757	-	-
Total business activities	9,736,848	10,601,124	-	19,975
Total primary government	22,661,623	14,479,008	123,918	19,975
Component Unit:				
PEDC	\$ 2,513,106	\$ 249,055	\$ -	\$ -

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  
Gain/ (loss) on sale of capital assets  
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	
\$ (1,074,055)	\$ -	\$ (1,074,055)	\$ -
(4,972,838)	-	(4,972,838)	-
(2,340,941)	-	(2,340,941)	-
991,209	-	991,209	-
(1,350,089)	-	(1,350,089)	-
(176,259)	-	(176,259)	-
(8,922,973)	-	(8,922,973)	-
-	1,593,754	1,593,754	-
-	(50,936)	(50,936)	-
-	(308,155)	(308,155)	-
-	(235,557)	(235,557)	-
-	(114,855)	(114,855)	-
-	884,251	884,251	-
(8,922,973)	884,251	(8,038,722)	-
-	-	-	(2,264,051)
3,114,790	-	3,114,790	-
520,812	-	520,812	-
4,175,086	-	4,175,086	1,391,695
1,022,850	-	1,022,850	-
478,502	-	478,502	-
465	-	465	-
22,632	5,330	27,962	15,484
4,625	874	5,499	4,586,186
51,018	196,560	247,578	123,990
(69,222)	69,222	-	-
9,321,558	271,986	9,593,544	6,117,355
398,585	1,156,237	1,554,822	3,853,304
11,005,316	13,861,403	24,866,719	2,745,348
\$ 11,403,901	\$ 15,017,640	\$ 26,421,541	\$ 6,598,652



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## **FUND FINANCIAL STATEMENTS**

**CITY OF PAMPA, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2012**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 3,018,531	\$ 3,018,864	\$ 557,430	\$ 6,594,825
Receivables (net of allowance for uncollectibles)	1,357,882	-	144,496	1,502,378
Due from other funds	767,340	-	-	767,340
Inventories	34,734	-	-	34,734
Prepaid items	46,469	-	4,789	51,258
Restricted assets:				
Restricted cash	93,872	-	3,326	97,198
Restricted accrued interest	-	-	1,427	1,427
Restricted investments	-	-	350,000	350,000
Total assets	<u>\$ 5,318,828</u>	<u>\$ 3,018,864</u>	<u>\$ 1,061,468</u>	<u>\$ 9,399,160</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 263,197	\$ 57,552	\$ 9,629	\$ 330,378
Accrued expenditures	141,491	-	7,150	148,641
Deferred revenue	99,385	-	38,580	137,965
Total liabilities	<u>504,073</u>	<u>57,552</u>	<u>55,359</u>	<u>616,984</u>
Fund balances:				
Nonspendable fund balance:				
Prepaid items	46,469	-	4,789	51,258
Inventories	34,734	-	-	34,734
Permanent fund principal	-	-	350,000	350,000
Restricted fund balance:				
Animal shelter construction	5,306	-	-	5,306
Municipal court security and technology	66,577	-	-	66,577
Park maintenance	11,210	-	-	11,210
Fire department	9,106	-	-	9,106
Debt service	-	-	26,848	26,848
Capital acquisition	-	2,961,312	-	2,961,312
MK Brown auditorium	-	-	329,062	329,062
Lovett library	-	-	131,342	131,342
Law enforcement	1,673	-	8,846	10,519
Committed fund balance				
Building Renovation	-	-	155,222	155,222
Assigned fund balance:				
Vehicle replacement	257,785	-	-	257,785
Dumpster & sanitation equipment	149,933	-	-	149,933
Unassigned fund balance	<u>4,231,962</u>	<u>-</u>	<u>-</u>	<u>4,231,962</u>
Total fund balances	<u>4,814,755</u>	<u>2,961,312</u>	<u>1,006,109</u>	<u>8,782,176</u>
Total liabilities and fund balances	<u>\$ 5,318,828</u>	<u>\$ 3,018,864</u>	<u>\$ 1,061,468</u>	<u>\$ 9,399,160</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, 2012**

<b>Total fund balances - Governmental Funds</b>	\$ 8,782,176
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.	22,247
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 \$39,474,986 and the accumulated depreciation was \$30,283,775. 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 \$3,553,157. 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.	5,638,054
During 2012, the City issued the Series 2012 Certificates of Obligation, for construction of an animal shelter, and the Series 2011 Refunding Bonds for refunding of previously issued bond obligations. The proceeds were reported as other financing resources on the fund financial statements but should be reported as long term debt on the government-wide financial statements. The effect of this is to decrease net assets.	(3,300,000)
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, 2012, the amount of capital outlays and debt principal payments, including debt refundings, were \$823,592 and \$765,862 respectively. The net effect of including the 2012 capital outlays and debt principal payments is to increase net assets.	1,589,454
The 2012 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(1,325,930)
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.	(2,100)
<b>Net assets of Governmental Activities</b>	<b>\$ 11,403,901</b>

**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, 2012**

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes:				
Property taxes	\$ 2,890,933	\$ -	\$ 680,871	\$ 3,571,804
Sales taxes	4,175,086	-	-	4,175,086
Other taxes	1,023,315	-	478,502	1,501,817
Penalties and interest on taxes	73,113	-	4,874	77,987
Licenses and permits	65,094	-	-	65,094
Intergovernmental	87,542	-	5,000	92,542
Charges for services	3,424,476	-	24,210	3,448,686
Fines	400,018	-	9,942	409,960
Investment earnings	3,868	13,513	5,242	22,623
Contributions and donations	24,811	-	6,565	31,376
Other revenue	32,913	-	26,445	59,358
	<u>12,201,169</u>	<u>13,513</u>	<u>1,241,651</u>	<u>13,456,333</u>
Total revenues				
Expenditures:				
Current:				
General government	1,548,041	-	-	1,548,041
Public safety	5,567,587	-	6,662	5,574,249
Streets and traffic	1,981,536	-	-	1,981,536
Solid waste management	1,173,103	-	-	1,173,103
Culture and recreation	386,961	-	783,771	1,170,732
Capital outlay	638,328	161,591	23,673	823,592
Debt service:				
Principal retirement	27,329	-	408,533	435,862
Interest and fiscal charges	6,032	-	111,695	117,727
Bond issuance costs	-	93,973	-	93,973
	<u>11,328,917</u>	<u>255,564</u>	<u>1,334,334</u>	<u>12,918,815</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>872,252</u>	<u>(242,051)</u>	<u>(92,683)</u>	<u>537,518</u>
Other financing sources (uses):				
Issuance of bonds	-	2,970,000	330,000	3,300,000
Premium on issuance of bonds	-	123,973	-	123,973
Payment to refunded bond escrow agent	-	-	(330,000)	(330,000)
Transfers in	35,150	52,805	288,512	376,467
Transfers out	(457,805)	(13,512)	(5,000)	(476,317)
Capital leases	3,000	-	-	3,000
	<u>(419,655)</u>	<u>3,133,266</u>	<u>283,512</u>	<u>2,997,123</u>
Total other financing sources (uses)				
Net change in fund balances	452,597	2,891,215	190,829	3,534,641
Fund balances at beginning of year	<u>4,362,158</u>	<u>70,097</u>	<u>815,280</u>	<u>5,247,535</u>
Fund balances at end of year	<u>\$ 4,814,755</u>	<u>\$ 2,961,312</u>	<u>\$ 1,006,109</u>	<u>\$ 8,782,176</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, 2012**

<b>Total net changes in fund balances - Governmental Funds</b>	\$ 3,534,641
<p>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.</p>	14,153
<p>During 2012, the City issued the Series 2012 Certificates of Obligation, for construction of an animal shelter, and the Series 2011 Refunding Bonds for refunding of previously issued bond obligations. The proceeds were reported as other financing resources on the fund financial statements but should be reported as long term debt on the government-wide financial statements. The effect of this is to decrease net assets.</p>	(3,300,000)
<p>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, 2012, the amount of capital outlays and debt principal payments, including debt refundings, were \$823,592 and \$765,862 respectively. The net effect of including the 2012 capital outlays and debt principal payments is to increase net assets.</p>	1,589,454
<p>The 2012 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.</p>	(1,325,930)
<p>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.</p>	<u>(113,733)</u>
<b>Change in net assets of Governmental Activities</b>	<b>\$ <u><u>398,585</u></u></b>

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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, 2012**

	<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	\$ 2,938,000	\$ 2,938,000	\$ 2,890,933	\$ (47,067)
Sales taxes	3,450,000	3,710,000	4,175,086	465,086
Other taxes	1,148,500	1,148,500	1,023,315	(125,185)
Penalties and interest on taxes	80,000	80,000	73,113	(6,887)
Licenses and permits	57,500	65,500	65,094	(406)
Intergovernmental	102,000	102,000	87,542	(14,458)
Charges for services	3,304,382	3,328,472	3,424,476	96,004
Fines	390,000	397,000	400,018	3,018
Investment earnings	4,000	3,700	3,868	168
Contributions and donations	15,000	14,850	24,811	9,961
Other revenue	62,000	48,500	32,913	(15,587)
Total revenues	<u>11,551,382</u>	<u>11,836,522</u>	<u>12,201,169</u>	<u>364,647</u>
Expenditures:				
Current:				
General government	1,610,547	1,614,869	1,548,041	66,828
Public safety	5,724,086	5,800,418	5,567,587	232,831
Streets and traffic	1,981,323	2,099,841	1,981,536	118,305
Solid waste management	1,124,139	1,171,596	1,173,103	(1,507)
Culture and recreation	476,192	470,918	386,961	83,957
Capital outlay	556,000	659,864	638,328	21,536
Debt service:				
Principal retirement	27,329	27,329	27,329	-
Interest and fiscal charges	5,454	6,099	6,032	67
Total expenditures	<u>11,505,070</u>	<u>11,850,934</u>	<u>11,328,917</u>	<u>522,017</u>
Excess (deficiency) of revenues over (under) expenditures	<u>46,312</u>	<u>(14,412)</u>	<u>872,252</u>	<u>886,664</u>
Other financing sources (uses):				
Transfers in	53,150	35,150	35,150	-
Transfers out	(405,000)	(457,805)	(457,805)	-
Capital leases	-	-	3,000	3,000
Total other financing sources (uses)	<u>(351,850)</u>	<u>(422,655)</u>	<u>(419,655)</u>	<u>-</u>
Net change in fund balances	<u>(305,538)</u>	<u>(437,067)</u>	<u>452,597</u>	<u>886,664</u>
Fund balances at beginning of year	<u>4,362,158</u>	<u>4,362,158</u>	<u>4,362,158</u>	<u>-</u>
Fund balances at end of year	<u>\$ 4,056,620</u>	<u>\$ 3,925,091</u>	<u>\$ 4,814,755</u>	<u>\$ 886,664</u>

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



**CITY OF PAMPA, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2012**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities</b>
	<b>Water and Sewer System</b>	<b>Solid Waste Management</b>	<b>Aquatics Center</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 2,405,490	\$ 1,054,258	\$ -	\$ 12	\$ 3,459,760	\$ 25,276
<b>Restricted assets - current:</b>						
Cash and cash equivalents	3,429,115	1,146,870	3,327	21,215	4,600,527	-
Receivables	346,259	-	-	-	346,259	-
Other asset	265,594	-	-	-	265,594	-
Receivables - net of uncollectible allowance	1,084,942	106,373	-	3,138	1,194,453	-
Prepaid expense	4,377	84	-	-	4,461	-
Inventories	422,761	-	-	-	422,761	-
<b>Total current assets</b>	<b>7,958,538</b>	<b>2,307,585</b>	<b>3,327</b>	<b>24,365</b>	<b>10,293,815</b>	<b>25,276</b>
<b>Non-current assets:</b>						
<b>Capital assets:</b>						
Land	99,734	53,125	90,568	545,514	788,941	-
Water rights	7,558,662	-	-	-	7,558,662	-
Buildings and improvements	26,434,209	5,993,019	4,616,490	2,087,590	39,131,308	-
Vehicles and equipment	3,706,410	2,838,341	8,072	362,738	6,915,561	-
Surface water supply contracts	5,419,278	-	-	-	5,419,278	-
Roads	-	215,295	-	-	215,295	-
Construction in progress	557,015	-	-	-	557,015	-
Less: accumulated depreciation and amortization	(22,054,424)	(6,649,193)	(194,372)	(1,269,789)	(30,167,778)	-
Unamortized landfill permit costs	-	596,148	-	-	596,148	-
<b>Total non-current assets</b>	<b>21,720,884</b>	<b>3,046,735</b>	<b>4,520,758</b>	<b>1,726,053</b>	<b>31,014,430</b>	<b>-</b>
<b>Total assets</b>	<b>29,679,422</b>	<b>5,354,320</b>	<b>4,524,085</b>	<b>1,750,418</b>	<b>41,308,245</b>	<b>25,276</b>
<b>Liabilities:</b>						
<b>Current liabilities:</b>						
Accounts payable	123,230	48,018	2,612	12,583	186,443	-
Accrued expenses	21,026	8,156	-	-	29,182	-
Claims and judgments payable	-	-	-	-	-	3,029
Due to other funds	-	-	370,703	396,637	767,340	-
Accrued interest payable	158,077	98,107	74,850	3,252	334,286	-
Consumer deposits	362,081	-	-	-	362,081	-
<b>Bonds payable - current:</b>						
Revenue bonds and certifications of obligation	739,375	173,064	30,560	1,144	944,143	-
CRMWA obligations	444,920	-	-	-	444,920	-
Capital leases payable - current	-	83,606	-	29,523	113,129	-
Compensated absences	31,033	15,272	-	-	46,305	-
<b>Total current liabilities</b>	<b>1,879,742</b>	<b>426,223</b>	<b>478,725</b>	<b>443,139</b>	<b>3,227,829</b>	<b>3,029</b>
<b>Non-current liabilities:</b>						
Revenue bonds and certificates of obligation (net)	5,893,651	3,839,221	2,982,438	54,357	12,769,667	-
CRMWA obligations (net)	8,687,922	-	-	-	8,687,922	-
Capital leases payable	-	175,582	-	84,187	259,769	-
Compensated absences	10,344	5,091	-	-	15,435	-
Landfill closure liability	-	1,329,983	-	-	1,329,983	-
<b>Total non-current liabilities</b>	<b>14,591,917</b>	<b>5,349,877</b>	<b>2,982,438</b>	<b>138,544</b>	<b>23,062,776</b>	<b>-</b>
<b>Total liabilities</b>	<b>16,471,659</b>	<b>5,776,100</b>	<b>3,461,163</b>	<b>581,683</b>	<b>26,290,605</b>	<b>3,029</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	8,057,064	41,452	1,510,698	1,556,842	11,166,056	-
Restricted for debt service	1,642,512	728,996	-	20,468	2,391,976	-
Unrestricted	3,508,187	(1,192,228)	(447,776)	(408,575)	1,459,608	22,247
<b>Total net assets</b>	<b>\$ 13,207,763</b>	<b>\$ (421,780)</b>	<b>\$ 1,062,922</b>	<b>\$ 1,168,735</b>	<b>\$ 15,017,640</b>	<b>\$ 22,247</b>

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, 2012**

	<b>Business-type activities - Enterprise Funds</b>					<b>Governmental Activities Internal Service Fund</b>
	<b>Water and Sewer System</b>	<b>Solid Waste Management</b>	<b>Aquatics Center</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	
Operating revenues:						
Charges for services	\$ 8,011,562	\$ 1,866,920	\$ 328,052	\$ 316,517	\$ 10,523,051	\$ 79,253
Rent	-	-	22,316	55,757	78,073	-
Other revenues	157,884	20,513	7,264	30,874	216,535	-
Total operating revenues	8,169,446	1,887,433	357,632	403,148	10,817,659	79,253
Operating expenses:						
Personnel services	1,148,647	460,972	199,413	-	1,809,032	-
Contractual services	1,906,161	276,333	42,716	359,187	2,584,397	5,660
Supplies and materials	624,074	291,759	114,680	114,371	1,144,884	-
Depreciation and amortization	1,141,001	605,954	155,497	118,493	2,020,945	-
Intercity charges	876,426	68,000	-	26,300	970,726	-
Insurance and claims	38,537	12,806	4,028	7,958	63,329	59,449
Other miscellaneous expenses	-	-	-	102,641	102,641	-
Total operating expenses	5,734,846	1,715,824	516,334	728,950	8,695,954	65,109
Operating income (loss)	2,434,600	171,609	(158,702)	(325,802)	2,121,705	14,144
Non-operating revenues (expenses):						
Investment earnings	2,729	938	1,449	214	5,330	9
Sale of materials and equipment	202	672	-	-	874	-
Interest and fiscal charges	(682,962)	(202,032)	(142,189)	(13,711)	(1,040,894)	-
Total non-operating revenues (expenses)	(680,031)	(200,422)	(140,740)	(13,497)	(1,034,690)	9
Income (loss) before transfers	1,754,569	(28,813)	(299,442)	(339,299)	1,087,015	14,153
Transfers in	-	-	-	135,000	135,000	-
Transfers out	(35,150)	-	-	(30,628)	(65,778)	-
Change in net assets	1,719,419	(28,813)	(299,442)	(234,927)	1,156,237	14,153
Total net assets - beginning of year	11,488,344	(392,967)	1,362,364	1,403,662	13,861,403	8,094
Total net assets - end of year	\$ 13,207,763	\$ (421,780)	\$ 1,062,922	\$ 1,168,735	\$ 15,017,640	\$ 22,247

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, 2012**

	Business-type Activities - Enterprise Funds					Governmental
	Water and Sewer System	Solid Waste Management	Aquatics Center	Other Enterprise Funds	Total Enterprise Total	Activities Internal Service Fund
Cash flows from operating activities:						
Receipts from customers and users	\$ 8,097,009	\$ 1,910,268	\$ 357,632	\$ 403,112	\$ 10,768,021	\$ -
Receipts from inter-fund services provided	-	-	-	73,997	73,997	79,253
Payments to employees	(1,150,703)	(453,621)	(199,413)	-	(1,803,737)	-
Payments to insurance claims	-	-	-	-	-	(58,992)
Payments to suppliers	(3,037,983)	(488,691)	(404,994)	(581,622)	(4,513,290)	(5,660)
Payments for inter-fund services used	(876,426)	(68,000)	370,703	(59,482)	(633,205)	-
Net cash flows from operating activities	<u>3,031,897</u>	<u>899,956</u>	<u>123,928</u>	<u>(163,995)</u>	<u>3,891,786</u>	<u>14,601</u>
Cash flows from non-capital financing activities:						
Transfers from other funds	-	-	-	135,000	135,000	-
Transfers to other funds	(35,150)	-	-	-	(35,150)	-
Net cash flows from non-capital financing activities	<u>(35,150)</u>	<u>-</u>	<u>-</u>	<u>135,000</u>	<u>99,850</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(4,335,252)	(155,966)	-	(139,005)	(4,630,223)	-
Proceeds from sale of materials and equipment	202	9,412	-	-	9,614	-
Issuance of 2011 Series refunding obligations	1,696,329	-	-	-	1,696,329	-
Issuance of 2011 CRMWA burec refunding obligations	3,204,120	-	-	-	3,204,120	-
Proceeds from capital lease	-	-	-	111,900	111,900	-
Transfer to fiscal agent for 2011 CRMWA burec refunding	(1,697,707)	-	-	-	(1,697,707)	-
Principal paid on capital debt	(1,065,450)	(164,699)	(30,560)	(25,632)	(1,286,341)	-
Interest paid on capital debt	(652,600)	(207,391)	(130,564)	(11,230)	(1,001,785)	-
Net cash flows from capital and related financing activities	<u>(2,850,358)</u>	<u>(518,644)</u>	<u>(161,124)</u>	<u>(63,967)</u>	<u>(3,594,093)</u>	<u>-</u>
Cash flows from investing activities:						
Interest and dividends received	2,729	938	1,449	209	5,325	9
Net cash flows from investing activities	<u>2,729</u>	<u>938</u>	<u>1,449</u>	<u>209</u>	<u>5,325</u>	<u>9</u>
Net increase (decrease) in cash and cash equivalents	149,118	382,250	(35,747)	(92,753)	402,868	14,610
Cash and cash equivalents at beginning of year	<u>5,685,487</u>	<u>1,818,878</u>	<u>39,074</u>	<u>113,980</u>	<u>7,657,419</u>	<u>10,666</u>
Cash and cash equivalents at end of year	<u>\$ 5,834,605</u>	<u>\$ 2,201,128</u>	<u>\$ 3,327</u>	<u>\$ 21,227</u>	<u>\$ 8,060,287</u>	<u>\$ 25,276</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$ 2,434,600	\$ 171,609	\$ (158,702)	\$ (325,802)	\$ 2,121,705	\$ 14,144
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	1,141,001	605,954	155,497	118,493	2,020,945	-
Changes in assets & liabilities:						
(Increase) decrease in:						
Receivables	(148,651)	22,835	-	(36)	(125,852)	-
Other assets	(265,594)	-	-	-	(265,594)	-
Prepaid expense	(252)	(84)	-	-	(336)	-
Inventories	23,415	-	-	-	23,415	-
Increase (decrease) in:						
Accounts payable	(155,203)	19,774	(243,570)	2,535	(376,464)	457
Accrued expenses	2,227	601	-	-	2,828	-
Due to other funds	-	-	370,703	40,815	411,518	-
Deferred revenue	(1,043)	-	-	-	(1,043)	-
Consumer deposits	5,680	-	-	-	5,680	-
Compensated absences	(4,283)	6,750	-	-	2,467	-
Landfill closure liability	-	72,517	-	-	72,517	-
Total adjustments	<u>597,297</u>	<u>728,347</u>	<u>282,630</u>	<u>161,807</u>	<u>1,770,081</u>	<u>457</u>
Net cash provided (used) by operating activities	<u>\$ 3,031,897</u>	<u>\$ 899,956</u>	<u>\$ 123,928</u>	<u>\$ (163,995)</u>	<u>\$ 3,891,786</u>	<u>\$ 14,601</u>
Reconciliation of total cash and cash equivalents:						
Cash and cash equivalents on statement of net assets	\$ 2,405,490	\$ 1,054,258	\$ -	\$ 12	\$ 3,459,760	\$ 25,276
Restricted cash and cash equivalents on statement of net assets	<u>3,429,115</u>	<u>1,146,870</u>	<u>3,327</u>	<u>21,215</u>	<u>4,600,527</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 5,834,605</u>	<u>\$ 2,201,128</u>	<u>\$ 3,327</u>	<u>\$ 21,227</u>	<u>\$ 8,060,287</u>	<u>\$ 25,276</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, 2012**

	<u>Agency</u> <u>Fund</u> <u>Municipal</u> <u>Court</u> <u>Bail Bond</u>
Assets:	
Cash and cash equivalents	\$ 2,041
	<hr/>
Total assets	\$ <u>2,041</u>
Liabilities:	
Deposits	\$ <u>2,041</u>
Total liabilities	\$ <u>2,041</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, 2012**

**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 all of which are also accounted for in enterprise funds.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable 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 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 (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, 2012**

**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 is being used to fund 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, 2012, 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. 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, 2012**

**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, 2012**

**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.

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 or trust funds).

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.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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

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

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.

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 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.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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

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

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.

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, 2012**

**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, 2012**

**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, 2012**

**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.

**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. Additionally the City's policy is to expense the cost of maintaining and modifying the landfill permits, as incurred. The original cost of the permits are amortized over the life of the landfill sites.

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, 2012**

**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, 2012**

**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, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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 City'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. Fund balance is assigned through the majority vote of the members of the City's finance committee.
- 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, 2012**

**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, 2012. The Dental Benefits Fund had higher than anticipated claims incurred during the year, causing expenditures to exceed budget appropriations by a trivial amount.

Additionally, management is aware of the increasing deficit of the 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 National Mortgage Association Bond. At September 30, 2012 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, 2012**

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.
- 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.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 3. DEPOSITS AND INVESTMENTS (continued):**

**Policies Governing Deposits and Investments (continued)**

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.

**Investments Held**

At September 30, 2012, the carrying amounts of the City's investments are shown below. The City did not invest in any other types of investments other than certificates of deposit or those shown below for the year ended September 30, 2012.

<b>Primary Government</b>	<b>Credit Rating</b>	<b>Carrying Amount</b>	<b>Fair Value</b>
Federal National Mortgage Association Bond	Moody's		
Matures May 30, 2017	AA+	\$ 350,000	\$ 351,572

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**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:

<b>Governmental activities:</b>	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Enterprise Funds</b>	<b>M.K. Brown Permanent Fund</b>	<b>Total</b>
Receivables:						
Property taxes	\$ 220,561	\$ 13,445	\$ 54,524	\$ -	\$ -	\$ 288,530
Other taxes	892,741	104,531	1,385	-	-	998,657
Accounts	305,087	-	-	1,203,928	-	1,509,015
Grants from federal, state, and local sources	64,713	-	-	-	-	64,713
Interest	-	-	-	-	1,427	1,427
CRMWA	-	-	-	346,259	-	346,259
Total receivables	1,483,102	117,976	55,909	1,550,187	1,427	3,208,601
Less allowance for uncollectibles	125,220	7,243	22,146	9,475	-	164,084
Total net receivables	<u>\$ 1,357,882</u>	<u>\$ 110,733</u>	<u>\$ 33,763</u>	<u>\$ 1,540,712</u>	<u>\$ 1,427</u>	<u>\$ 3,044,517</u>

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 52.46% of the total delinquent taxes receivable at September 30, 2012. 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 2011 tax roll for the 2011-2012 fiscal year was \$.621027 per \$100 of assessed valuation, of which \$.498381 was designated to finance general governmental services, \$.092646 was designated for debt service and \$.03 was for the maintenance and support of the Lovett Memorial Library. The resulting tax levy was \$3,579,636 on an assessed value of \$576,405,910 (after exemptions).

Notes receivable at September 30, 2012, 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.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 5. RESTRICTED ASSETS:**

The City had the following restricted assets as of September 30, 2012:

	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Water and Sewer System</u>	<u>Solid Waste Management</u>	<u>Aquatics Center</u>	<u>Non-major Enterprise Funds</u>	<u>Total</u>
Restricted cash:							
Construction and capital acquisition	\$ -	\$ -	\$ 1,743,258	\$ 319,767	\$ 2,937	\$ -	\$ 2,065,962
Animal shelter construction	5,306	-	-	-	-	-	5,306
Municipal court security & technology	66,577	-	-	-	-	-	66,577
Park maintenance	11,210	-	-	-	-	-	11,210
Fire department	9,106	-	-	-	-	-	9,106
Law enforcement	1,673	-	-	-	-	-	1,673
M.K. Brown Auditorium	-	3,326	-	-	-	-	3,326
Revenue bond debt service	-	-	1,454,329	827,103	390	21,215	2,303,037
Water and sewer utility deposits	-	-	231,528	-	-	-	231,528
Total restricted cash	<u>\$ 93,872</u>	<u>\$ 3,326</u>	<u>\$ 3,429,115</u>	<u>\$ 1,146,870</u>	<u>\$ 3,327</u>	<u>\$ 21,215</u>	<u>\$ 4,697,725</u>
Restricted accrued interest receivable:							
M.K. Brown Auditorium	<u>\$ -</u>	<u>\$ 1,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,427</u>
Restricted investments:							
M.K. Brown Auditorium	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,000</u>
Restricted receivable:							
CRMWA debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 346,259</u>
Restricted other assets:							
CRMWA other asset	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,594</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 6. CAPITAL ASSETS:**

Capital asset activity for the year ended September 30, 2012 was as follows:

**Primary Government:**

	<b>Balance</b>		<b>Sales, Retirements, and</b>	<b>Balance</b>
<b>Governmental activities:</b>	<b>Oct. 1, 2011</b>	<b>Additions</b>	<b>Transfers</b>	<b>Sept. 30, 2012</b>
Capital assets, not being depreciated				
Land	\$ 210,849	\$ -	\$ -	\$ 210,849
Collection	203,500	-	-	203,500
Construction in progress	5,841	177,191	-	183,032
Total capital assets, not being depreciated	<u>420,190</u>	<u>177,191</u>	<u>-</u>	<u>597,381</u>
Capital assets being depreciated:				
Roads	18,809,864	-	-	18,809,864
Buildings and improvements	9,648,352	37,173	-	9,685,525
Vehicles and equipment	10,596,580	609,228	(172,127)	11,033,681
Total capital assets, being depreciated	<u>39,054,796</u>	<u>646,401</u>	<u>(172,127)</u>	<u>39,529,070</u>
Less accumulated depreciation for:				
Roads	17,560,152	362,822	-	17,922,974
Buildings and improvements	5,465,193	291,833	-	5,757,026
Vehicles and equipment	7,258,430	671,275	(199,040)	7,730,665
Total accumulated depreciation	<u>30,283,775</u>	<u>1,325,930</u>	<u>(199,040)</u>	<u>31,410,665</u>
Total capital assets, being depreciated, net	<u>8,771,021</u>	<u>(679,529)</u>	<u>26,913</u>	<u>8,118,405</u>
Total Governmental Activities capital assets, net	<u>\$ 9,191,211</u>	<u>\$ (502,338)</u>	<u>\$ 26,913</u>	<u>\$ 8,715,786</u>

Construction in progress in the governmental activities consists of costs incurred related to the construction of the City's animal shelter, remodel of the armory building and other various projects in the General Fund that were not complete as of September 30, 2012.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 6. CAPITAL ASSETS (continued):**

	Balance Oct. 1, 2011	Additions	Sales, Retirements, Adjustments & Transfers	Balance Sept. 30, 2012
<b>Business-type activities:</b>				
Capital assets, not being depreciated				
Land	\$ 788,941	\$ -	\$ -	\$ 788,941
Construction in progress	39,096	517,919	-	557,015
Total capital assets, not being depreciated	<u>828,037</u>	<u>517,919</u>	<u>-</u>	<u>1,345,956</u>
Capital assets being depreciated:				
Roads	215,295	-	-	215,295
Buildings and improvements	38,979,511	151,797	-	39,131,308
Vehicles and equipment	6,282,598	786,545	(153,582)	6,915,561
Water rights	4,384,700	3,173,962	-	7,558,662
Surface water supply contracts	5,419,278	-	-	5,419,278
Total capital assets, being depreciated	<u>55,281,382</u>	<u>4,112,304</u>	<u>(153,582)</u>	<u>59,240,104</u>
Less accumulated depreciation for:				
Roads	185,723	8,974	-	194,697
Buildings and improvements	20,614,891	1,357,117	-	21,972,008
Vehicles and equipment	4,163,212	501,317	(114,215)	4,550,314
Water rights	561,236	84,254	-	645,490
Surface water supply contracts	2,741,512	63,757	-	2,805,269
Total accumulated depreciation	<u>28,266,574</u>	<u>2,015,419</u>	<u>(114,215)</u>	<u>30,167,778</u>
Total capital assets, being depreciated, net	<u>27,014,808</u>	<u>2,096,885</u>	<u>(39,367)</u>	<u>29,072,326</u>
Total Business-type Activities capital assets, net	<u>\$ 27,842,845</u>	<u>\$ 2,614,804</u>	<u>\$ (39,367)</u>	<u>\$ 30,418,282</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, 2012.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 6. CAPITAL ASSETS (continued):**

<b>Component Units:</b>	<b>Balance Oct. 1, 2011</b>	<b>Additions</b>	<b>Sales, Retirements, and Transfers</b>	<b>Balance Sept. 30, 2012</b>
Capital assets, not being depreciated				
Land and improvements	\$ 400,000	\$ 100,000	\$ -	\$ 500,000
Pipeline and water rights	1,100,000	-	(500,000)	600,000
Total capital assets, not being depreciated	<u>1,500,000</u>	<u>100,000</u>	<u>(500,000)</u>	<u>1,100,000</u>
Capital assets being depreciated:				
Buildings and improvements	1,525,961	3,498,987	(125,000)	4,899,948
Vehicles and equipment	75,661	61,124	-	136,785
Total capital assets, being depreciated	<u>1,601,622</u>	<u>3,560,111</u>	<u>(125,000)</u>	<u>5,036,733</u>
Less accumulated depreciation for:				
Buildings and improvements	6,923	137,224	(1,603)	142,544
Vehicles and equipment	5,650	13,902	-	19,552
Total accumulated depreciation	<u>12,573</u>	<u>151,126</u>	<u>(1,603)</u>	<u>162,096</u>
Total capital assets, being depreciated, net	<u>1,589,049</u>	<u>3,408,985</u>	<u>(123,397)</u>	<u>4,874,637</u>
Total Governmental Activities capital assets, net	<u>\$ 3,089,049</u>	<u>\$ 3,508,985</u>	<u>\$ (623,397)</u>	<u>\$ 5,974,637</u>

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

Governmental activities:	
General government	\$ 446,093
Public safety	121,024
Streets and traffic	352,012
Solid waste management	108,997
Culture and recreation	<u>297,804</u>
Total depreciation expense - Governmental Activities	<u>\$ 1,325,930</u>



**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 6. CAPITAL ASSETS (continued):**

Business-type activities:	
Water and sewer	\$ 1,142,210
Solid waste management	599,978
Aquatics center	155,497
Municipal golf course	85,189
Lease properties	<u>32,545</u>
 Total depreciation expense - Business-type Activities	 \$ <u>2,015,419</u>
 Pampa Economic Development Corporation	 \$ <u>151,126</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>
2013	\$ 32,683	\$ 32,665	\$ 92,160
2014	32,683	30,640	92,160
2015	32,683	30,640	92,160
2016	600	30,640	1
2017	<u>600</u>	<u>-</u>	<u>-</u>
Total	99,249	124,585	276,481
 Less: Amount representing interest at 3.30% to 5.60%	 <u>7,350</u>	 <u>10,876</u>	 <u>17,292</u>
 Present Value of Lease Payments	 <u>\$ 91,899</u>	 <u>\$ 113,709</u>	 <u>\$ 259,189</u>

The following summarizes the assets acquired under capital leases:

Cost of equipment	\$ 190,584	\$ 155,350	\$ 633,377
Accumulated depreciation	<u>93,378</u>	<u>57,958</u>	<u>242,795</u>
 Net leased equipment	 <u>\$ 97,206</u>	 <u>\$ 97,392</u>	 <u>\$ 390,582</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**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 future minimum lease payments under non-cancelable operating leases for the General Fund are:

<b><u>Year Ending September 30,</u></b>	<b><u>General Fund</u></b>
2013	\$ 13,804
2014	1,150
	<b>\$ 14,954</b>

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 \$77,643 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 future minimum lease payments under non-cancelable operating leases for the Municipal Golf Course are:

<b><u>Year Ending September 30,</u></b>	<b><u>Municipal Golf Course</u></b>
2013	\$ 10,968

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 \$7,200. The future minimum lease payments are:

<b><u>Year Ending September 30,</u></b>	<b><u>Component Unit</u></b>
2013	\$ 7,200
2014	1,200
	<b>\$ 8,400</b>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**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. During the year ended September 30, 2012 the remaining outstanding balance of the 2001 Obligations was refunded by the Series 2011 Refunding Bonds discussed below.

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 were subsequently paid by the fiscal agent and no longer remain outstanding. During the year ended September 30, 2012 the remaining outstanding balance of the 2001 Refunding Bonds was refunded by the Series 2011 Refunding Bonds discussed below.

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, 2012 was \$1,780,000.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**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 were subsequently paid by the fiscal agent and no longer remain outstanding. The outstanding balance of the 2005 Refunding Bonds as of September 30, 2012 was \$2,860,000.

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 refunded were the 2008 through the 2017 maturities, with interest rates ranging from 5.0% to 5.5%. The 1999 Obligations 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, 2012 was \$1,940,000.

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, 2012 was \$8,870,000.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 8. LONG-TERM DEBT (continued):**

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

In 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 were 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 ranges from 0.80% to 1.56%, and the bonds mature in 2015. The outstanding balance of the 2011 Refunding Bonds as of September 30, 2012 was \$1,210,000.

In August 2012, the City issued \$2,970,000 in General Obligation Refunding Bonds, Series 2012 (the "2012 Obligations") that are to be used for the construction of an animal shelter. Interest on the bonds ranges from 2.00% to 3.50% and the bonds have maturities through 2032. All of the proceeds from the 2012 obligations were allocated to the City's General Fund. The outstanding balance of the 2012 Obligations as of September 30, 2012 was \$2,970,000.

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

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
2005 certificates of obligation, not subject to redemption prior to maturity	3.50% - 4.00%	2016	\$ 367,440
2005 revenue refunding bonds, callable at par beginning June 1, 2016	3.50% - 4.00%	2020	1,972,250
2008 certificates of obligation, callable at par beginning June 1, 2018	3.50% - 4.50%	2021	380,608
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	243,681
2012 certificates of obligation, callable at par beginning June 1, 2023	2.00% - 3.50%	2032	2,970,000
			\$ <u>5,933,979</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**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:

<b>Fiscal year ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 360,857	\$ 173,383	\$ 534,240
2014	347,744	177,141	524,885
2015	359,927	164,214	524,141
2016	369,069	149,605	518,674
2017	384,212	140,744	524,956
2018-2022	1,831,402	562,478	2,393,880
2023-2027	1,112,253	301,869	1,414,122
2028-2032	1,168,515	104,495	1,273,010
	<u>\$ 5,933,979</u>	<u>\$ 1,773,929</u>	<u>\$ 7,707,908</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:

	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount Outstanding</b>
2005 certificates of obligation, not subject to redemption prior to maturity	3.50% - 4.00%	2016	\$ 1,412,560
2005 revenue refunding bonds, callable at par beginning June 1, 2016	3.50% - 4.00%	2017	887,750
2008 certificates of obligation, callable at par beginning June 1, 2018	3.50% - 4.50%	2021	1,559,392
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	8,626,319
2011 revenue refunding bonds, not subject to redemption prior to maturity	0.80% - 1.56%	2015	1,210,000
			<u>\$ 13,696,021</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**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:

<b>Fiscal year ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	425,788	695,781	1,121,569
2018-2022	3,043,598	2,098,722	5,142,320
2023-2027	5,212,747	990,975	6,203,722
2028-2032	1,186,485	54,875	1,241,360
	<u>\$ 13,696,021</u>	<u>\$ 5,980,129</u>	<u>\$ 19,676,150</u>

**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**  
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**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, 2012 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, 2012 was \$929,981.

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, 2012 was \$1,500,951.



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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**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, 2012 was \$706,500.

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, 2012 was \$189,115.

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, 2012 was \$827,127.

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. During the year ended September 30, 2012, the City paid the remaining note balance of \$81,919 in full.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 8. LONG-TERM DEBT (continued):**

**Canadian River Municipal Water Authority Obligations (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. The balance of the 2011 Conjunctive Use Ground Water Supply Project Bonds as of September 30, 2012 was \$2,972,148.

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

Fiscal year ending September 30,	Principal	Interest	Total
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	538,127	319,409	857,536
2018-2022	2,751,227	1,216,369	3,967,596
2023-2027	2,641,305	517,012	3,158,317
2028-2032	1,009,250	87,505	1,096,755
	<u>\$ 8,851,260</u>	<u>\$ 3,638,707</u>	<u>\$ 12,489,967</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, 2012.

**Accreted Interest on Capital Appreciation Certificates:**

The City's 2009 Obligations 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, 2012 the accumulated accreted interest included in accrued expenses for the City's governmental and business-type activities was \$2,601 and \$92,073 respectively.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 8. LONG-TERM DEBT (continued):**

Long-term liability activity for the year ended September 30, 2012 was as follows:

	Balance October 1, 2011	Additions	Reductions	Balance September 30, 2012	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 3,372,512	\$ 3,300,000	\$ 738,533	\$ 5,933,979	\$ 360,857
Add: Unamortized bond premiums	102,819	123,973	13,998	212,794	-
Less: Deferred gain (loss) on refunding	(378,472)	-	(59,311)	(319,161)	-
Less: Unamortized bond issuance costs	(77,704)	(93,973)	(17,098)	(154,579)	-
Capital leases	116,228	3,000	27,329	91,899	29,056
Compensated absences	444,213	452,699	444,213	452,699	-
Total Governmental Activities long-term liabilities	<u>\$ 3,579,596</u>	<u>\$ 3,785,699</u>	<u>\$ 1,147,664</u>	<u>\$ 6,217,631</u>	<u>\$ 389,913</u>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds and Certificates of obligation	\$ 13,756,419	\$ 1,735,000	\$ 1,795,398	\$ 13,696,021	\$ 944,143
CRMWA obligations	6,211,643	2,972,149	332,532	8,851,260	444,920
Add: Unamortized bond premiums	451,115	273,960	70,225	654,850	-
Less: Deferred gain (loss) on refunding	41,805	(69,595)	(9,492)	(18,298)	-
Less: Unamortized bond issuance costs	(327,992)	(80,657)	(71,468)	(337,181)	-
Total bonds payable	20,132,990	4,830,857	2,117,195	22,846,652	1,389,063
Landfill closure liability	1,257,466	72,517	-	1,329,983	-
Capital leases	366,422	111,900	105,424	372,898	113,129
Compensated absences	59,273	61,740	59,273	61,740	46,305
CRMWA note	81,919	-	81,919	-	-
Total Business-type Activities long-term liabilities	<u>\$ 21,898,070</u>	<u>\$ 5,077,014</u>	<u>\$ 2,363,811</u>	<u>\$ 24,611,273</u>	<u>\$ 1,548,497</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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.

During May 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 was due on May 11, 2013, and was collateralized by the assets of the entity. The note was paid off early on April 17, 2012. For the year ended September 30, 2012, interest expense related to this note was \$56,024.

During June 2012, the PEDC entered into a note agreement in the amount of \$670,000 for a portion of the cost to purchase Las Pampas Square, 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 June 13, 2013, and is collateralized by the assets of the entity. For the year ended September 30, 2012, interest expense related to this note was \$8,114.

During June 2012, the PEDC entered into a note agreement in the amount of \$1,112,223 for a portion of the cost to purchase Las Pampas Square, 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 June 13, 2017, and is collateralized by the assets of the entity. For the year ended September 30, 2012, interest expense related to this note was \$10,997.

Long term liability activity for the PEDC for the year ended September 30, 2012 was as follows:

Component Unit:	Balance October 1, 2011	Additions	Reductions	Balance September 30, 2012	Due Within One Year
Notes payable	\$ 2,500,000	\$ 1,782,223	\$ 2,500,000	\$ 1,782,223	\$ 1,079,967
Compensated absences	1,308	5,411	3,196	3,523	-
	<u>\$ 2,501,308</u>	<u>\$ 1,787,634</u>	<u>\$ 2,503,196</u>	<u>\$ 1,785,746</u>	<u>\$ 1,079,967</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

The composition of interfund balances as of September 30, 2012, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>				<u>Total</u>
	<u>Aquatics Center</u>	<u>Municipal Golf Course</u>	<u>Leased Properties</u>		
General Fund	\$ 370,703	\$ 328,584	\$ 68,053	\$	767,340

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.

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

<u>Transfers out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>	
General fund	\$ -	\$ 52,805	\$ 270,000	\$ 135,000	\$ 457,805
Capital Projects	-	-	13,512	-	13,512
Nonmajor governmental funds	-	-	5,000	-	5,000
Water and Sewer Fund	35,150	-	-	-	35,150
Total	\$ 35,150	\$ 52,805	\$ 288,512	\$ 135,000	\$ 511,467

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 \$30,628 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.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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

At September 30, 2012, the PEDC had the following commitments and contingencies:

During the year ended September 30, 2011, the PEDC board approved a grant for \$9,975 to the Hidden Hills Golf Course for the construction of 1000 feet of golf cart path. The PEDC funded the grant in January 2012 and there are no further obligations under the grant by the PEDC.

In October 2011 the PEDC board approved a \$300,000 grant to Gray County for the construction of the Pampa Area Airport Aviation Administration Building. The PEDC funded the grant in April 2012 and there are no further obligations under the grant by the PEDC.

In April 2012 the PEDC board approved a \$25,000 grant to Gray 4-H for the purpose of construction a livestock barn at the City of Pampa Recreation Park. The PEDC funded the project in July 2012 and there are not further obligations under the grant by the PEDC.

On May 13, 2011 and August 21, 2012 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 and Las Pampas Square, LLC. For the year ended September 30, 2012 the total expense related to these contracts totaled \$1,230,237.

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, 2012**

**NOTE 12. EMPLOYEE RETIREMENT SYSTEM:**

**Plan Description**

The City provides pension benefits for all of its eligible 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](http://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 2012</u>	<u>Plan Year 2011</u>	<u>Plan Year 2010</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, 2012**

**NOTE 12. EMPLOYEE RETIREMENT SYSTEM (continued):**

	Fiscal Year Ending 2012	Fiscal Year Ending 2011	Fiscal Year Ending 2010
Annual pension cost (APC)	\$ 1,290,472	\$ 1,128,171	\$ 1,044,313
Actual contributions made	\$ 1,290,472	\$ 1,128,171	\$ 1,044,313
Percentage of APC contributed	100%	100%	100%
Net pension obligation/(asset)	\$ -	\$ -	\$ -
Annual required contribution rate	21.45%	18.00%	18.04%

The required contribution rates for fiscal year 2012 were determined as part of the December 31, 2009 and 2010 actuarial valuation. Additional information as of the latest actuarial valuation, December 31, 2011, also follows:

Valuation Date	12/31/2011	12/31/2010	12/31/2009
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	27.1 years- closed period	27.7 years- closed period	28 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	10-year Smoothed Market
Assumptions:			
Investment rate of return	7.0%	7.0%	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, 2012**

**NOTE 12. EMPLOYEE RETIREMENT SYSTEM (continued):**

**Funded Status and Funding Progress**

The funded status as of December 31, 2011, the most recent actuarial valuation date, is as follows:

Actuarial valuation date	12/31/2011	12/31/2010	12/31/2009
Actuarial value of assets	\$ 22,172,736	\$ 21,018,413	\$ 7,619,527
Actuarial accrued liability (AAL)	\$ 34,167,216	\$ 32,507,577	\$ 17,859,548
Funded ratio	64.9%	64.7%	42.7%
Unfunded AAL (UAAL)	\$ 11,994,480	\$ 11,489,164	\$ 10,240,021
Covered payroll	\$ 6,139,162	\$ 5,828,360	\$ 5,718,132
UAAL as % of covered payroll	195.4%	197.1%	179.1%

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.

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.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 12. EMPLOYEE RETIREMENT SYSTEM (continued):**

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	2011	2010	2009
Annual required contribution rate (ARC)	0.11%	0.12%	0.13%
Actual contribution rate made	0.11%	0.12%	0.13%
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, 2012, 16 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, 2012, no former employees were covered under the COBRA provisions.

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	\$ <u>67,307</u>	\$ <u>43,341</u>	\$ <u>23,966</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**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.

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, 2010 to September 30, 2012:

	<b>Dental Benefits</b>
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	2,572
Claims and changes in estimates	59,448
Claims payments	<u>(58,991)</u>
Liability balance, September 30, 2012	\$ <u><u>3,029</u></u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**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.

**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 \$94,638 of permit costs being amortized through September 30, 2012.

**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 2012.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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

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.

As of the September 30, 2012 the inflation adjusted estimated closure and post-closure costs for permit 589A were \$196,453 and \$416,905 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, 2012, the capacity used to date for permit 589A was estimated to be 81.4%, resulting in estimated liabilities for closure and post-closure costs of \$159,913 and \$339,360 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, 2012, 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, 2012 the inflation adjusted estimated closure and post-closure costs for permit 2238 were \$3,532,768 and \$2,530,809 respectively. The capacity used to date for permit 2238 was estimated to be 13.7%, resulting in estimated liabilities for closure and post-closure costs of \$483,989 and 346,721 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 \$72,518 being recorded as landfill closure cost expense on the City's financial statements.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

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

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:

<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	\$ 196,453	\$ 3,532,768	\$ 3,729,221
Post-closure care costs	416,905	2,530,809	2,947,714
	<u>\$ 613,358</u>	<u>\$ 6,063,577</u>	<u>\$ 6,676,935</u>

The City's financial ratio is as follows:

$$\frac{\text{Total closure and post-closure costs}}{\text{Total City revenue}} = \frac{6,676,935}{24,280,195} = 27.50\%$$

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.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 18. NOTES RECEIVABLE:**

The following notes receivable apply to the PEDC, whose financial statements were audited by another auditor. The information was reported in the annual financial report of the Pampa Economic Development Corporation for the year ended September 30, 2012:

On August 3, 2009, the PEDC entered into a loan agreement with an individual. Under the terms of the note agreement, the PEDC loaned the individual \$60,000 at an interest rate of 5%. Monthly collections of \$500 began on September 3, 2009, and are to be collected until all principal and accrued, unpaid interest is exhausted. The note is secured by a security agreement and a lien restriction on various equipment. As of September 30, 2012, the outstanding balance of the loan was \$42,935.

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 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 provide 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 employees, or payment in full on the loan, there will be no further obligations by the PEDC under the agreement. In June 2012, \$20,000 was forgiven due to the company adding 4 employees in the first year. As of September 30, 2012, the outstanding balance of the loan was \$10,000.

On November 30, 2011, the PEDC entered into a forgivable loan agreement with a company. Under the terms of the agreement, the PEDC has loaned the company \$100,000 at an interest rate of 5.25% beginning January 30, 2015. 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 on the first year, \$5,000 of the loan will be forgiven. Additional loan forgiveness is as follows: \$3,000 per employee in the second year, and \$2,000 per employee in the third year. Forgiveness shall not exceed \$100,000. 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 January 30, 2019. Upon the hiring of the additional employees, or payment in full on the loan, there will be no further obligations to the PEDC under the agreement. As of September 30, 2012, the outstanding balance of the forgivable loan was \$100,000.

On November 30, 2011, the PEDC entered into a loan agreement with a company. Under the terms of the agreement, the PEDC has loaned the company \$89,896 at an interest rate of 5.25% beginning July 30, 2012. Monthly collections of \$1,363 began on July 30, 2012, and are to be collected until all principal and accrued, unpaid interest is exhausted. The note is secured by a security agreement. As of September 30, 2012, the outstanding balance of the loan was \$88,927.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 18. NOTES RECEIVABLE(continued):**

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

<b>Fiscal year ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 15,913	\$ 6,441	\$ 22,354
2014	16,759	5,595	22,354
2015	34,812	7,899	42,711
2016	43,825	7,672	51,497
2017	49,906	5,591	55,497
2018-2022	80,647	4,382	85,029
	<u>\$ 241,862</u>	<u>\$ 37,580</u>	<u>\$ 279,442</u>

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Notes receivable	\$ <u>601,895</u>	\$ <u>189,896</u>	\$ <u>(549,929)</u>	\$ <u>241,862</u>	\$ <u>15,913</u>

**NOTE 19. PEDC INVESTMENTS:**

The investments in the Pampa Energy Center, LLC and Las Pampas Square are 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. The board authorized the PEDC to enter into a membership interest purchase agreement to acquire 100% of the membership interest in Pampa Energy Center, LLC (PEC LLC).

The activities for the year ended September 30, 2012 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.

On April 27, 2012, the PEDC board of directors approved a project to purchase the existing mall (Red Deer Creek Crossing) in the City of Pampa, Texas. Including in this project the board authorized the PEDC to enter into a membership interest purchase agreement to acquire 100% of the membership interest in Las Pampas Square, LLC (LPS LLC). The board authorized the borrowing of \$1,700,000 from local lending institutions to complete this purchase transaction as well as additional borrowing up to \$4,300,000 to finish out the remodeling.



**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 19. PEDC INVESTMENTS (continued):**

The activities for the year ended September 30, 2012 for Las Pampas Square, 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 26, 2013, which is the date the financial statements were available to be issued. The following were the items noted by the City's management:

In January 2013, the City entered into a contract for the construction of an animal shelter. The construction phase of this project began in January 2013, and the project has an estimated construction cost of \$2,658,706, plus architect's fees of approximately \$191,800. The anticipated completion date for this project is October 2013. As of September 30, 2012, there was \$161,591 recorded as construction in progress related to this project.

In December 2012, CRMWA issued \$39,505,000 in Canadian River Municipal Water Authority Subordinate Lien Contract Revenue Refunding Bonds, Series 2012, (the "2012 CRMWA Refunding Bonds"). Proceeds from the sale of the 2012 CRMWA Refunding Bonds will be used to 1) refund a portion of the CRMWA Series 2005 Revenue Bonds, and 2) pay costs of issuance of the bonds. Interest on the 2012 CRMWA Refunding Bonds will be from 2.0% to 5.0%, with maturities ranging from 2013 to 2025. The City's share of the 2012 CRMWA Refunding Bonds is 5.72%, or approximately \$1,632,074.

Based on these facts the City estimates the following debt service requirements after the 2012 CRMWA Refunding Bonds have been issued:

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

<b>Fiscal year ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ 488,961	\$ 360,360	\$ 849,321
2014	464,648	374,867	839,515
2015	486,116	353,750	839,866
2016	506,797	332,089	838,886
2017	528,400	309,803	838,203
2018-2022	2,686,254	1,184,421	3,870,675
2023-2027	2,587,469	512,512	3,099,981
2028-2032	1,009,251	87,505	1,096,756
	<u>\$ 8,757,896</u>	<u>\$ 3,515,307</u>	<u>\$ 12,273,203</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**NOTE 20. SUBSEQUENT EVENTS (continued):**

In January 2013, the City Commission approved the purchase of two sanitation trucks with service bodies with a total cost of \$286,830 and the lease purchase of mowing equipment for use at Hidden Hills Golf Course with a total cost of \$156,423.

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, 2012:

On April 27, 2012, the PEDC's board of directors approved purchase of Las Pampas Square, LLC and the related debt financing of up to \$4,300,000. As of September 30, 2012, the PEDC has borrowed \$1,782,223 of the \$3,670,000 approved from local financial institutions. The PEDC anticipates drawing the additional \$1,887,777 in financing to complete the remodeling of Las Pampas Square, LLC in the year ended September 30, 2013.

On September 20, 2012, the PEDC board of directors approved a grant to Hidden Hills Golf Course in the amount of \$50,000 to construct additional concrete paths on the golf course. Due to the PEDC'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, 2013. Construction on the paths was completed by the City during November 2012.

On September 20, 2012, the PEDC board of directors approved a loan to The Theater Group LLC in the amount of \$282,000 for the purchase of digital equipment. The term of the loan is 10 years with an interest rate of 4% and the first payment due February 1, 2013. As of September 30, 2012, the loan was not paid out. The entire activity will be recognized in the year ended September 30, 2013.

On November 15, 2012, the PEDC board of directors approved a grant to the City of Pampa, Texas in the amount of \$250,000 for the City Demolition project which included the removal of 64 houses. Due to the PEDC'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, 2013. As of March 2013, the City has expended approximately \$72,000 of the grant funds on demolition equipment and \$11,700 on demolition expenses. The City's management believes the demolition project will be completed and the remaining grant funds will be expended during the fiscal year ended September 30, 2013.

In March 2013, the PEDC board tentatively approved a forgivable loan of \$350,000, to a private company, for renovations at the Pampa Mall. Additionally a \$20,000 grant to the City was tentatively approved by the PEDC board for a demolition project on a commercial structure. These transactions are still subject to approval by the Pampa City Commission.

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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**

<b>Fiscal Year</b>							(6) <b>Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll (4)/(5)</b>
	(1) <b>Actuarial Value of Assets</b>	(2) <b>Actuarial Accrued Liability</b>	(3) <b>Percentage Funded (1)/(2)</b>	(4) <b>Unfunded Actuarial Liability (2) - (1)</b>	(5) <b>Annual Covered Payroll</b>		
2012	\$ 22,176,736	\$ 34,167,216	64.9%	\$ 11,990,480	\$ 6,139,162		195.4%
2011	21,018,413	32,507,577	64.7%	11,489,164	5,828,360		197.1%
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%

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

**NOTE A – FUNDED STATUS AND FUNDING PROGRESS:**

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 actuarial value of assets. The schedule of funding progress, presented in the above table, presents multi-year trending information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

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**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND  
SCHEDULE**



**CITY OF PAMPA, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2012**

		<b>Special Revenue</b>		
	<b>Debt Service</b>	<b>Controlled Substances</b>	<b>M.K. Brown Auditorium</b>	<b>Lovett Memorial Library</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 25,463	\$ 8,846	\$ 227,657	\$ 138,241
Receivables, net of allowance for uncollectibles	33,763	-	104,531	6,202
Prepaid items	-	-	4,717	72
Restricted cash	-	-	-	-
Restricted accrued interest	-	-	-	-
Restricted investments	-	-	-	-
<b>Total assets</b>	<b>\$ 59,226</b>	<b>\$ 8,846</b>	<b>\$ 336,905</b>	<b>\$ 144,515</b>
<b>Liabilities and Fund balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ -	\$ 8,128	\$ 1,501
Accrued expenditures	-	-	1,752	5,398
Deferred revenue	32,378	-	-	6,202
<b>Total liabilities</b>	<b>32,378</b>	<b>-</b>	<b>9,880</b>	<b>13,101</b>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Prepaid items	-	-	4,717	72
Permanent fund principal	-	-	-	-
<b>Restricted fund balance:</b>				
Debt service	26,848	-	-	-
MK Brown Auditorium	-	-	322,308	-
Lovett Library	-	-	-	131,342
Law enforcement	-	8,846	-	-
<b>Committed fund balance:</b>				
Building renovation	-	-	-	-
<b>Total fund balances</b>	<b>26,848</b>	<b>8,846</b>	<b>327,025</b>	<b>131,414</b>
<b>Total liabilities and fund balances</b>	<b>\$ 59,226</b>	<b>\$ 8,846</b>	<b>\$ 336,905</b>	<b>\$ 144,515</b>

<u>Funds</u>	<u>Total</u>	<u>M.K.</u>	<u>Total</u>
<u>Economic</u>	<u>Nonmajor</u>	<u>Brown</u>	<u>Nonmajor</u>
<u>Development</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Governmental</u>
<u>Funds</u>	<u>Funds</u>	<u>Fund</u>	<u>Funds</u>
\$ 155,222	\$ 529,966	\$ 2,001	\$ 557,430
-	110,733	-	144,496
-	4,789	-	4,789
-	-	3,326	3,326
-	-	1,427	1,427
-	-	350,000	350,000
<u>\$ 155,222</u>	<u>\$ 645,488</u>	<u>\$ 356,754</u>	<u>\$ 1,061,468</u>
\$ -	\$ 9,629	\$ -	\$ 9,629
-	7,150	-	7,150
-	6,202	-	38,580
-	22,981	-	55,359
-	4,789	-	4,789
-	-	350,000	350,000
-	-	-	26,848
-	322,308	6,754	329,062
-	131,342	-	131,342
-	8,846	-	8,846
<u>155,222</u>	<u>155,222</u>	<u>-</u>	<u>155,222</u>
<u>155,222</u>	<u>622,507</u>	<u>356,754</u>	<u>1,006,109</u>
<u>\$ 155,222</u>	<u>\$ 645,488</u>	<u>\$ 356,754</u>	<u>\$ 1,061,468</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, 2012**

		<b>Special Revenue</b>		
	<b>Debt Service</b>	<b>Controlled Substances</b>	<b>M.K. Brown Auditorium</b>	<b>Lovett Memorial Library</b>
Revenues:				
Taxes:				
Property taxes	\$ 509,137	\$ -	\$ -	\$ 171,734
Other taxes	-	-	478,502	-
Penalties and interest on taxes	812	-	-	4,062
Intergovernmental	-	-	-	5,000
Charges for services	-	-	24,200	10
Fines	-	-	-	9,942
Investment earnings	-	6	76	112
Contributions and donations	-	4,241	500	1,824
Other revenue	-	-	3,072	23,373
Total revenues	<u>509,949</u>	<u>4,247</u>	<u>506,350</u>	<u>216,057</u>
Expenditures:				
Current:				
Public safety	-	6,662	-	-
Culture and recreation	-	-	285,363	498,408
Capital outlay	-	-	23,673	-
Debt service:				
Principal retirement	408,533	-	-	-
Interest and fiscal charges	<u>111,695</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>520,228</u>	<u>6,662</u>	<u>309,036</u>	<u>498,408</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,279)</u>	<u>(2,415)</u>	<u>197,314</u>	<u>(282,351)</u>
Other financing sources (uses):				
Issuance of bonds	330,000	-	-	-
Payments to refunded bond escrow agent	(330,000)	-	-	-
Transfers in	13,512	-	5,000	270,000
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>13,512</u>	<u>-</u>	<u>5,000</u>	<u>270,000</u>
Net change in fund balances	3,233	(2,415)	202,314	(12,351)
Fund balances at beginning of year	<u>23,615</u>	<u>11,261</u>	<u>124,711</u>	<u>143,765</u>
Fund balances at end of year	<u>\$ 26,848</u>	<u>\$ 8,846</u>	<u>\$ 327,025</u>	<u>\$ 131,414</u>

<u>Funds</u>	<u>Total</u>	<u>M.K.</u>	<u>Total</u>
<u>Economic</u>	<u>Nonmajor</u>	<u>Brown</u>	<u>Nonmajor</u>
<u>Development</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Governmental</u>
<u>Funds</u>	<u>Funds</u>	<u>Fund</u>	<u>Funds</u>
\$ -	\$ 171,734	\$ -	\$ 680,871
-	478,502	-	478,502
-	4,062	-	4,874
-	5,000	-	5,000
-	24,210	-	24,210
-	9,942	-	9,942
-	194	5,048	5,242
-	6,565	-	6,565
-	26,445	-	26,445
-	726,654	5,048	1,241,651
-	6,662	-	6,662
-	783,771	-	783,771
-	23,673	-	23,673
-	-	-	408,533
-	-	-	111,695
-	814,106	-	1,334,334
-	(87,452)	5,048	(92,683)
-	-	-	330,000
-	-	-	(330,000)
-	275,000	-	288,512
-	-	(5,000)	(5,000)
-	275,000	(5,000)	283,512
-	187,548	48	190,829
155,222	434,959	356,706	815,280
\$ 155,222	\$ 622,507	\$ 356,754	\$ 1,006,109

**CITY OF PAMPA, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2012**

	<b>Business-type Activities - Enterprise Funds</b>		<b>Total Nonmajor Enterprise Funds</b>
	<b>Municipal Golf Course</b>	<b>Leased Properties</b>	
Assets:			
Current assets:			
Cash and cash equivalents	\$ -	\$ 12	\$ 12
Restricted assets - current:			
Cash and cash equivalents	21,215	-	21,215
Receivables - net of uncollectible allowance	2,183	955	3,138
Total current assets	23,398	967	24,365
Non-current assets:			
Capital assets:			
Land	545,514	-	545,514
Buildings and improvements	1,263,998	823,592	2,087,590
Vehicles and equipment	362,738	-	362,738
Less: accumulated depreciation and amortization	(930,138)	(339,651)	(1,269,789)
Total non-current assets	1,242,112	483,941	1,726,053
Total assets	1,265,510	484,908	1,750,418
Liabilities:			
Current liabilities:			
Accounts payable	12,056	527	12,583
Due to other funds	328,584	68,053	396,637
Accrued interest payable	3,252	-	3,252
Bonds payable - current:			
Revenue bonds and certifications of obligation	1,144	-	1,144
Capital leases payable - current	29,523	-	29,523
Total current liabilities	374,559	68,580	443,139
Non-current liabilities:			
Revenue bonds and certificates of obligation (net)	54,357	-	54,357
Capital leases payable	84,187	-	84,187
Total non-current liabilities	138,544	-	138,544
Total liabilities	513,103	68,580	581,683
Net assets:			
Invested in capital assets, net of related debt	1,072,901	483,941	1,556,842
Restricted for debt service	20,468	-	20,468
Unrestricted	(340,962)	(67,613)	(408,575)
Total net assets	\$ 752,407	\$ 416,328	\$ 1,168,735

**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, 2012**

	<b>Business-type Activities - Enterprise Funds</b>		<b>Total Nonmajor Enterprise Funds</b>
	<b>Municipal Golf Course</b>	<b>Leased Properties</b>	
Operating revenues:			
Charges for services	\$ 316,517	\$ -	\$ 316,517
Rent	-	55,757	55,757
Other revenues	19,539	11,335	30,874
Total operating revenues	336,056	67,092	403,148
Operating expenses:			
Contractual services	341,662	17,525	359,187
Supplies and materials	101,518	12,853	114,371
Depreciation and amortization	85,948	32,545	118,493
Intercity charges	26,300	-	26,300
Insurance and claims	2,910	5,048	7,958
Other miscellaneous expenses	-	102,641	102,641
Total operating expenses	558,338	170,612	728,950
Operating income (loss)	(222,282)	(103,520)	(325,802)
Non-operating revenues (expenses):			
Investment earnings	7	207	214
Interest and fiscal charges	(13,711)	-	(13,711)
Total non-operating revenues (expenses)	(13,704)	207	(13,497)
Income (loss) before transfers	(235,986)	(103,313)	(339,299)
Transfers in	135,000	-	135,000
Transfers out	(30,628)	-	(30,628)
Change in net assets	(131,614)	(103,313)	(234,927)
Total net assets - beginning of year	884,021	519,641	1,403,662
Total net assets - end of year	\$ 752,407	\$ 416,328	\$ 1,168,735

**CITY OF PAMPA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

	<b>Business-type Activities</b>		
	<b>Enterprise Funds</b>		
	<b>Municipal</b>	<b>Leased</b>	<b>Total</b>
	<b>Golf Course</b>	<b>Properties</b>	<b>Nonmajor</b>
			<b>Enterprise</b>
			<b>Funds</b>
Cash flows from operating activities:			
Receipts from customers and users	\$ 334,762	\$ 68,350	\$ 403,112
Receipts from inter-fund services provided	73,997	-	73,997
Payments to suppliers	(443,813)	(137,809)	(581,622)
Payments for inter-fund services used	(26,300)	(33,182)	(59,482)
Net cash flows from operating activities	<u>(61,354)</u>	<u>(102,641)</u>	<u>(163,995)</u>
Cash flows from non-capital financing activities:			
Transfers from other funds	135,000	-	135,000
Net cash flows from non-capital financing activities	<u>135,000</u>	<u>-</u>	<u>135,000</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(139,005)	-	(139,005)
Proceeds from capital lease	111,900	-	111,900
Principal paid on capital debt	(25,632)	-	(25,632)
Interest paid on capital debt	(11,230)	-	(11,230)
Net cash flows from capital and related financing activities	<u>(63,967)</u>	<u>-</u>	<u>(63,967)</u>
Cash flows from investing activities:			
Interest and dividends received	3	206	209
Purchases of investments(net of redemptions of investments)	-	-	-
Net cash flows from investing activities	<u>3</u>	<u>206</u>	<u>209</u>
Net increase (decrease) in cash and cash equivalents	9,682	(102,435)	(92,753)
Cash and cash equivalents at beginning of year	<u>11,533</u>	<u>102,447</u>	<u>113,980</u>
Cash and cash equivalents at end of year	<u>\$ 21,215</u>	<u>\$ 12</u>	<u>\$ 21,227</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	<u>\$ (222,282)</u>	<u>\$ (103,520)</u>	<u>\$ (325,802)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	85,948	32,545	118,493
Changes in assets & liabilities:			
(Increase) decrease in:			
Receivables	(1,294)	1,258	(36)
Increase (decrease) in:			
Accounts payable	2,277	258	2,535
Due to other funds	73,997	(33,182)	40,815
Total adjustments	<u>160,928</u>	<u>879</u>	<u>161,807</u>
Net cash provided (used) by operating activities	<u>\$ (61,354)</u>	<u>\$ (102,641)</u>	<u>\$ (163,995)</u>
Reconciliation of total cash and cash equivalents:			
Cash and cash equivalents on balance sheet	\$ -	\$ 12	\$ 12
Restricted cash and cash equivalents on balance sheet	<u>21,215</u>	<u>-</u>	<u>21,215</u>
Total cash and cash equivalents	<u>\$ 21,215</u>	<u>\$ 12</u>	<u>\$ 21,227</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**

	<b>Budget Amounts</b>			<b>Variance</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
Revenues:				
Property taxes	\$ 525,450	\$ 525,450	\$ 509,137	\$ (16,313)
Penalties and interest on taxes	-	-	812	812
Interest	-	-	-	-
Total revenues	525,450	525,450	509,949	(15,501)
Expenditures:				
Debt service:				
Principal retirement	408,533	408,532	408,533	(1)
Interest and fiscal charges	-	116,918	111,695	5,223
Total expenditures	408,533	525,450	520,228	5,222
Excess (deficiency) of revenues over (under) expenditures	116,917	-	(10,279)	(10,279)
Other financing sources (uses):				
Issuance of bonds	-	-	(330,000)	330,000
Payment of refunded bonds	116,918	-	330,000	(330,000)
Transfers in	-	13,512	13,512	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	13,512	13,512	-
Net change in fund balances	116,917	13,512	3,233	(10,279)
Fund balance at beginning of year	23,615	23,615	23,615	-
Fund balance at end of year	\$ 140,532	\$ 37,127	\$ 26,848	\$ (10,279)



**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, 2012**

	<u>Budget Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 13,513	\$ 13,513
Total revenues	-	-	13,513	13,513
Expenditures:				
Capital outlay:	-	161,591	161,591	-
Bond issuance costs	-	-	93,973	(93,973)
Total expenditures	-	161,591	255,564	(93,973)
Excess (deficiency) of revenues over (under) expenditures	-	(161,591)	(242,051)	(80,460)
Other financing sources (uses):				
Issuance of bonds	-	-	2,970,000	(2,970,000)
Premium on issuance of bonds	-	-	123,973	(123,973)
Transfers in	-	52,805	52,805	-
Transfers out	(13,512)	(13,512)	(13,512)	-
Total other financing sources (uses)	(13,512)	(13,512)	3,133,266	(3,093,973)
Net change in fund balances	(13,512)	(175,103)	2,891,215	(3,174,433)
Fund balances at beginning of year	70,097	70,097	70,097	-
Fund balances at end of year	\$ 56,585	\$ (105,006)	\$ 2,961,312	\$ (3,174,433)

**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, 2012**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Contributions and donations	\$ -	\$ -	\$ 4,241	\$ 4,241
Investment earnings	-	-	6	6
	<u>-</u>	<u>-</u>	<u>4,247</u>	<u>4,247</u>
Total revenues	-	-	4,247	4,247
Expenditures:				
Current:				
Public safety	4,800	6,665	6,662	3
Capital outlay	-	-	-	-
	<u>4,800</u>	<u>6,665</u>	<u>6,662</u>	<u>3</u>
Total expenditures	4,800	6,665	6,662	3
Net change in fund balances	(4,800)	(6,665)	(2,415)	4,250
Fund balances at beginning of year	<u>11,261</u>	<u>11,261</u>	<u>11,261</u>	<u>-</u>
Fund balances at end of year	<u>\$ 6,461</u>	<u>\$ 4,596</u>	<u>\$ 8,846</u>	<u>\$ 4,250</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, 2012**

	<b>Budget Amounts</b>			<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
Revenues:				
Other taxes	\$ 295,000	\$ 295,000	\$ 478,502	\$ 183,502
Charges for services	30,500	30,500	24,200	(6,300)
Investment earnings	-	-	76	76
Contributions and donations	-	-	500	500
Other revenue	-	3,072	3,072	-
Total revenues	325,500	328,572	506,350	177,778
Expenditures:				
Current:				
Culture and recreation	304,788	309,187	285,363	23,824
Capital outlay	25,000	23,673	23,673	-
Total expenditures	329,788	332,860	309,036	23,824
Excess (deficiency) of revenues over (under) expenditures	(4,288)	(4,288)	197,314	201,602
Other financing sources (uses):				
Transfers in	5,000	5,000	5,000	-
Total other financing sources (uses)	5,000	5,000	5,000	-
Net change in fund balances	712	712	202,314	201,602
Fund balances at beginning of year	124,711	124,711	124,711	-
Fund balances at end of year	\$ 125,423	\$ 125,423	\$ 327,025	\$ 201,602

**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, 2012**

	<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	\$ 175,783	\$ 175,783	\$ 171,734	\$ (4,049)
Penalties and interest on taxes	4,200	4,200	4,062	(138)
Intergovernmental	5,000	5,000	5,000	-
Charges for services	-	-	10	10
Fines	9,500	9,500	9,942	442
Investment earnings	-	-	112	112
Contributions and donations	20,000	20,640	1,824	(18,816)
Other revenue	500	23,640	23,373	(267)
Total revenues	<u>214,983</u>	<u>238,763</u>	<u>216,057</u>	<u>(22,706)</u>
Expenditures:				
Current:				
Culture and recreation	473,310	499,425	498,408	1,017
Capital outlay	<u>10,495</u>	<u>8,160</u>	<u>-</u>	<u>8,160</u>
Total expenditures	<u>483,805</u>	<u>507,585</u>	<u>498,408</u>	<u>9,177</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(268,822)</u>	<u>(268,822)</u>	<u>(282,351)</u>	<u>(13,529)</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	1,178	1,178	(12,351)	(13,529)
Fund balances at beginning of year	<u>143,765</u>	<u>143,765</u>	<u>143,765</u>	<u>-</u>
Fund balances at end of year	<u>\$ 144,943</u>	<u>\$ 144,943</u>	<u>\$ 131,414</u>	<u>\$ (13,529)</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, 2012**

	<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>-</u>	<u>(200)</u>
Total revenues	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	200	200	-	(200)
Fund balances at beginning of year	<u>155,222</u>	<u>155,222</u>	<u>155,222</u>	<u>-</u>
Fund balances at end of year	<u>\$ 155,422</u>	<u>\$ 155,422</u>	<u>\$ 155,222</u>	<u>\$ (200)</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, 2012**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ <u>5,000</u>	\$ <u>5,000</u>	\$ <u>5,048</u>	\$ <u>48</u>
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>5,048</u>	<u>48</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,000</u>	<u>5,000</u>	<u>5,048</u>	<u>48</u>
Other financing sources (uses):				
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
Net change in fund balances	-	-	48	48
Fund balances at beginning of year	<u>356,706</u>	<u>356,706</u>	<u>356,706</u>	<u>-</u>
Fund balances at end of year	\$ <u><u>356,706</u></u>	\$ <u><u>356,706</u></u>	\$ <u><u>356,754</u></u>	\$ <u><u>48</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, 2012**

	<u>Balance October 1, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2012</u>
Municipal Court Bail Bond Fund:				
Assets:				
Cash and cash equivalents	\$ <u>1,332</u>	\$ <u>4,229</u>	\$ <u>3,520</u>	\$ <u>2,041</u>
Total assets	\$ <u><u>1,332</u></u>	\$ <u><u>4,229</u></u>	\$ <u><u>3,520</u></u>	\$ <u><u>2,041</u></u>
Liabilities:				
Deposits	\$ <u>1,332</u>	\$ <u>4,229</u>	\$ <u>3,520</u>	\$ <u>2,041</u>
Total liabilities	\$ <u><u>1,332</u></u>	\$ <u><u>4,229</u></u>	\$ <u><u>3,520</u></u>	\$ <u><u>2,041</u></u>

**CITY OF PAMPA, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES**  
**SCHEDULE BY SOURCE**  
**SEPTEMBER 30, 2012**

Governmental funds capital assets (net of  
accumulated depreciation):

Land	\$ 210,849
Collection	203,500
Roads	886,890
Buildings & improvements	3,928,499
Equipment	3,303,016
Construction in progress	<u>183,032</u>

Total governmental activities capital assets, net	<u><u>\$ 8,715,786</u></u>
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Investment in governmental activities capital assets  
by source (net of accumulated depreciation):

General fund	\$ 6,359,367
M.K. Brown Auditorium special revenue fund	1,298,432
Lovett Memorial Library special revenue fund	620,662
Economic Development special revenue fund	<u>437,325</u>

Total investment in governmental activities capital assets by source (net of accumulated depreciation)	<u><u>\$ 8,715,786</u></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, 2012**

	<u>Land</u>	<u>Collection</u>	<u>Roads</u>	<u>Buildings &amp; 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	-	-	-	-	-	57,365	57,365
Building & grounds	2,163	-	-	2,751,254	15,600	387,228	3,156,245
Data processing	-	-	-	-	-	213,965	213,965
Purchasing & central stores	-	-	-	4,632	-	19,047	23,679
Central garage	-	-	-	150,198	-	2,679,459	2,829,657
Subtotal	<u>5,469</u>	<u>-</u>	<u>-</u>	<u>2,906,084</u>	<u>15,600</u>	<u>3,371,854</u>	<u>6,299,007</u>
Culture and recreation:							
Parks	43,360	95,000	-	371,777	2,061	468,593	980,791
Recreation	-	-	151,789	1,620,801	-	523,591	2,296,181
M.K. Brown Auditorium	-	108,500	-	3,048,450	-	223,901	3,380,851
Lovett Memorial Library	-	-	-	970,470	-	106,165	1,076,635
Subtotal	<u>43,360</u>	<u>203,500</u>	<u>151,789</u>	<u>6,011,498</u>	<u>2,061</u>	<u>1,322,250</u>	<u>7,734,458</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	-	-	-	-	-	383,342	383,342
Streets & traffic control	-	-	18,658,075	140,069	3,780	2,433,188	21,235,112
Subtotal	<u>-</u>	<u>-</u>	<u>18,658,075</u>	<u>140,069</u>	<u>3,780</u>	<u>2,816,530</u>	<u>21,618,454</u>
Public safety:							
Animal control	-	-	-	18,019	161,591	13,872	193,482
Police	-	-	-	35,768	-	720,727	756,495
Fire suppression	-	-	-	148,938	-	1,401,826	1,550,764
Fire prevention	-	-	-	-	-	21,602	21,602
Dispatch	-	-	-	-	-	80,538	80,538
Emergency management & civil defense	-	-	-	-	-	385,170	385,170
Code enforcement	-	-	-	-	-	39,376	39,376
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,725</u>	<u>161,591</u>	<u>2,663,111</u>	<u>3,027,427</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	9,685,525	183,032	11,033,681	40,126,451
Less: accumulated depreciation	<u>-</u>	<u>-</u>	<u>17,922,974</u>	<u>5,757,026</u>	<u>-</u>	<u>7,730,665</u>	<u>31,410,665</u>
Total governmental activities capital assets net of accumulated depreciation	<u>\$ 210,849</u>	<u>\$ 203,500</u>	<u>\$ 886,890</u>	<u>\$ 3,928,499</u>	<u>\$ 183,032</u>	<u>\$ 3,303,016</u>	<u>\$ 8,715,786</u>

**CITY OF PAMPA, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**SEPTEMBER 30, 2012**

	<b>Governmental Fund Capital Assets Oct. 1, 2011</b>	<b>Additions and Transfers In</b>	<b>Deletions and Transfers Out</b>	<b>Governmental Fund Capital Assets Sept. 30, 2012</b>
General government:				
Mayor and commission	\$ 18,096	\$ -	\$ -	\$ 18,096
Administrative services	35,515	21,850	-	57,365
Building & grounds	3,126,317	54,806	(24,878)	3,156,245
Data processing	213,965	-	-	213,965
Purchasing & central stores	23,679	-	-	23,679
Central garage	2,746,706	292,944	(209,993)	2,829,657
Subtotal	<u>6,164,278</u>	<u>369,600</u>	<u>(234,871)</u>	<u>6,299,007</u>
Culture and recreation:				
Parks	1,022,288	-	(41,497)	980,791
Recreation	2,146,357	166,056	(16,232)	2,296,181
M.K. Brown Auditorium	3,357,177	23,674	-	3,380,851
Lovett Memorial Library	1,076,635	-	-	1,076,635
Subtotal	<u>7,602,457</u>	<u>189,730</u>	<u>(57,729)</u>	<u>7,734,458</u>
Solid waste collection	<u>859,936</u>	<u>-</u>	<u>-</u>	<u>859,936</u>
Streets and traffic:				
Planning and engineering	340,488	64,317	(21,463)	383,342
Streets & traffic control	21,029,991	216,942	(11,821)	21,235,112
Subtotal	<u>21,370,479</u>	<u>281,259</u>	<u>(33,284)</u>	<u>21,618,454</u>
Public safety:				
Animal control	47,753	161,591	(15,862)	193,482
Police	786,926	21,029	(51,460)	756,495
Fire suppression	1,550,764	-	-	1,550,764
Fire prevention	21,602	-	-	21,602
Dispatch	74,070	6,468	-	80,538
Emergency management & civil defense	391,638	-	(6,468)	385,170
Code enforcement	17,914	21,462	-	39,376
Subtotal	<u>2,890,667</u>	<u>210,550</u>	<u>(73,790)</u>	<u>3,027,427</u>
Economic development	<u>587,169</u>	<u>-</u>	<u>-</u>	<u>587,169</u>
Total governmental activities capital assets	<u>\$ 39,474,986</u>	<u>\$ 1,051,139</u>	<u>\$ (399,674)</u>	<u>\$ 40,126,451</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.

**Contents****Page****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.

126 - 133

**Revenue Capacity**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

135 - 139

**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.

140 - 149

**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.

150 - 151

**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.

152 - 154

**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 Ten 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>

**Exhibit B-1**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 5,481,656	\$ 6,474,128	\$ 6,537,106	\$ 6,501,325	\$ 6,055,828	\$ 5,912,680
960,218	1,388,162	1,824,406	671,607	558,133	939,970
<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>4,551,251</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>	<u>11,403,901</u>
9,105,903	7,687,577	10,086,334	9,896,072	11,851,317	11,166,056
1,263,650	3,218,900	1,147,388	2,511,098	1,441,519	2,391,976
<u>1,104,497</u>	<u>(224,532)</u>	<u>(102,102)</u>	<u>(335,098)</u>	<u>568,567</u>	<u>1,459,609</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>	<u>15,017,641</u>
14,587,559	14,161,705	16,623,440	16,397,397	17,907,145	17,078,736
2,223,868	4,607,062	2,971,794	3,182,705	1,999,652	3,331,946
<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>6,010,860</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>	<u>\$ 26,421,542</u>



# City of Pampa, Texas

## Changes in Net Assets - Last Ten 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>
<b>Program revenues:</b>				
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>
<b>Net (Expense) Revenue</b>				
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>
<b>General Revenues and Other Changes in Net Assets</b>				
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>
<b>Change in Net Assets</b>				
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>

**Exhibit B-2**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 1,625,296	\$ 1,696,033	\$ 1,729,688	\$ 1,726,594	\$ 1,915,324	\$ 1,948,434
4,613,920	4,873,940	5,284,691	5,315,710	5,565,027	5,703,096
1,859,807	2,037,076	2,528,096	2,227,433	2,336,295	2,340,941
1,091,092	1,021,191	1,138,792	1,095,529	1,238,104	1,281,762
1,329,075	1,344,516	1,413,423	1,410,324	1,495,278	1,474,283
156,840	109,164	107,960	89,587	194,127	176,259
<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>	<u>12,924,775</u>
5,341,194	6,015,574	6,179,224	6,278,673	6,231,284	6,417,808
1,364,944	1,551,281	1,801,196	2,216,417	1,927,157	1,917,856
-	-	78,259	138,002	444,769	658,523
431,835	458,651	534,736	531,643	544,819	572,049
86,753	99,641	58,399	65,239	59,782	170,612
<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>9,736,848</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>	<u>\$ 22,661,623</u>
\$ 868,156	\$ 888,903	\$ 893,195	\$ 877,752	\$ 878,110	\$ 874,379
563,027	733,560	697,040	562,400	643,129	625,510
-	-	-	-	-	-
1,626,841	1,663,875	1,915,718	2,043,726	2,160,335	2,272,971
112,870	120,789	127,744	110,461	98,736	105,024
148,947	223,617	195,221	259,101	197,328	123,918
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>	<u>4,001,802</u>
5,198,529	5,418,964	6,292,352	6,523,001	7,435,813	8,011,562
1,406,146	1,372,124	1,602,156	1,625,931	1,760,343	1,866,920
-	-	-	-	336,941	350,368
318,094	323,528	289,132	282,796	301,363	316,517
-	-	3,612	7,393	49,795	55,757
-	-	-	-	75,000	-
-	-	622,136	418,204	314,590	19,975
<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>10,621,099</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>	<u>\$ 14,622,901</u>
\$ (7,274,994)	\$ (7,431,276)	\$ (8,373,732)	\$ (8,011,737)	\$ (8,766,517)	\$ (8,922,973)
(301,957)	(1,010,531)	157,574	(372,649)	1,066,034	884,251
<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>	<u>\$ (8,038,722)</u>
\$ 3,162,567	\$ 3,357,458	\$ 3,568,870	\$ 3,491,082	\$ 3,639,707	\$ 3,635,602
3,725,658	3,928,810	3,459,719	3,303,194	3,685,594	4,175,086
1,448,350	1,579,574	1,317,121	1,371,252	1,400,968	1,501,817
141,486	91,410	27,199	15,051	12,449	22,632
56,719	127,436	309,773	144,601	157,171	55,643
(169,346)	(45,817)	(117,016)	(1,134,174)	(479,116)	(69,222)
-	-	-	-	-	-
<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>	<u>9,321,558</u>
152,911	80,322	54,196	17,681	17,680	5,330
198,079	92,287	120,889	161,246	226,505	197,434
169,346	45,817	117,016	1,134,174	479,116	69,222
<u>520,336</u>	<u>218,426</u>	<u>292,101</u>	<u>1,313,101</u>	<u>723,301</u>	<u>271,986</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>	<u>\$ 9,593,544</u>
\$ 1,090,440	\$ 1,607,595	\$ 191,934	\$ (820,731)	\$ (349,744)	\$ 398,585
218,379	(792,105)	449,675	940,452	1,789,335	1,156,237
<u>\$ 1,308,819</u>	<u>\$ 815,490</u>	<u>\$ 641,609</u>	<u>\$ 119,721</u>	<u>\$ 1,439,591</u>	<u>\$ 1,554,822</u>

# City of Pampa, Texas

## Fund Balances, Governmental Funds

### Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund:				
Non-spendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	719,768	972,075	1,075,448	943,694
Unreserved	<u>2,274,400</u>	<u>2,556,061</u>	<u>2,335,395</u>	<u>2,326,241</u>
Total general fund	<u>2,994,168</u>	<u>3,528,136</u>	<u>3,410,843</u>	<u>3,269,935</u>
All other governmental funds:				
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved for:				
Debt service	95,184	136,518	171,695	390,547
M.K. Brown Auditorium	357,998	360,070	357,114	355,011
Unreserved, reported in :				
Capital projects fund	16,231	16,244	137,146	16,351
Special revenue funds	<u>118,130</u>	<u>364,164</u>	<u>16,274</u>	<u>535,985</u>
Total all other governmental funds	<u>587,543</u>	<u>876,996</u>	<u>682,229</u>	<u>1,297,894</u>
Total all governmental funds	<u>\$ 3,581,711</u>	<u>\$ 4,405,132</u>	<u>\$ 4,093,072</u>	<u>\$ 4,567,829</u>

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

**Exhibit B-3**

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ -	\$ 96,116	\$ 81,203
-	-	-	-	107,715	93,872
-	-	-	-	665,559	407,718
-	-	-	-	3,492,768	4,231,962
856,583	544,982	773,401	322,697		-
2,085,383	2,766,388	2,776,600	3,622,291		-
<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>	<u>4,814,755</u>
-	-	-	-	350,000	354,789
-	-	-	-	100,418	3,457,410
-	-	-	-	-	155,222
-	-	-	-	434,959	-
-	-	-	-	-	-
585,156	1,015,687	1,206,210	49,392		-
358,292	355,480	351,871	357,904		-
16,770	16,995	266,324	264,311		-
<u>593,099</u>	<u>561,212</u>	<u>550,340</u>	<u>545,832</u>		<u>-</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>3,967,421</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>	<u>\$ 8,782,176</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Revenues</b>				
Taxes	\$ 5,990,229	\$ 6,338,042	\$ 6,760,822	\$ 7,542,429
Charges for services	2,443,732	2,468,371	2,585,039	2,683,810
Fines & forfeitures	300,203	355,330	344,555	390,166
Interest	37,401	42,115	76,227	115,536
Intergovernmental	213,434	353,293	327,518	283,696
Licenses & permits	19,555	43,494	46,982	40,261
Miscellaneous	117,352	94,881	293,878	125,718
Total revenues	<u>9,121,906</u>	<u>9,695,526</u>	<u>10,435,021</u>	<u>11,181,616</u>
<b>Expenditures</b>				
General government	1,085,722	1,149,982	1,142,833	1,330,461
Public safety	3,393,357	3,489,623	3,829,780	4,123,268
Streets & traffic	1,248,727	1,418,593	1,655,490	1,532,716
Solid waste management	651,578	688,353	768,086	895,823
Culture & recreation	905,365	951,259	996,433	1,087,183
Capital outlay	384,365	196,499	1,455,714	1,900,327
Debt service:				
Interest and fiscal charges	323,359	289,548	262,095	210,925
Principal	710,672	662,502	649,696	683,364
Total expenditures	<u>8,703,145</u>	<u>8,846,359</u>	<u>10,760,127</u>	<u>11,764,067</u>
Excess of revenues over (under) expenditures	<u>418,761</u>	<u>849,167</u>	<u>(325,106)</u>	<u>(582,451)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from borrowing	-	-	139,113	2,604,237
Payments to escrow agent	-	-	-	(2,102,414)
Sale of assets	2,073	9,989	-	-
Transfers in	292,736	424,736	352,085	674,900
Transfers out	(328,472)	(460,472)	(478,151)	(707,788)
Total other financing sources (uses)	<u>(33,663)</u>	<u>(25,747)</u>	<u>13,047</u>	<u>468,935</u>
Special item - Transfer of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 385,098</u>	<u>\$ 823,420</u>	<u>\$ (312,059)</u>	<u>\$ (113,516)</u>
Debt service as a percentage of non-capital expenditures	<u>12.43%</u>	<u>11.01%</u>	<u>9.80%</u>	<u>9.07%</u>

**Exhibit B-4**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	8,357,972	\$ 9,003,564	\$ 8,361,560	\$ 8,162,945	\$ 8,719,982	\$ 9,326,694
	2,772,483	2,873,142	3,152,090	3,269,010	3,360,112	3,448,686
	380,748	516,236	495,386	342,124	417,281	409,960
	141,486	91,396	27,194	15,048	12,447	22,623
	191,245	118,200	115,271	167,866	149,192	92,542
	59,120	87,919	55,870	69,035	57,328	65,094
	136,721	252,753	395,476	290,063	205,307	90,734
	<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>	<u>13,456,333</u>
	1,340,681	1,326,259	1,366,487	1,421,703	1,544,600	1,548,041
	4,464,962	4,702,906	5,055,916	5,128,780	5,411,834	5,574,249
	1,503,454	1,729,595	2,245,070	1,903,806	1,995,004	1,981,536
	1,036,806	959,851	1,050,281	997,336	1,114,330	1,173,103
	1,154,552	1,168,576	1,193,793	1,117,380	1,189,399	1,170,732
	1,674,685	1,990,161	939,946	994,215	542,837	823,592
	136,953	121,385	117,474	93,970	139,456	211,700
	630,882	555,231	573,036	468,187	419,965	435,862
	<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>	<u>12,918,815</u>
	<u>96,800</u>	<u>389,246</u>	<u>60,844</u>	<u>190,714</u>	<u>564,224</u>	<u>537,518</u>
	-	422,029	256,641	142,498	-	3,426,973
	-	-	-	-	-	(330,000)
	-	-	-	-	-	-
	529,907	758,939	464,131	475,183	335,618	376,467
	<u>(699,253)</u>	<u>(804,756)</u>	<u>(564,654)</u>	<u>(1,570,714)</u>	<u>(814,734)</u>	<u>(476,317)</u>
	<u>(169,346)</u>	<u>376,212</u>	<u>156,118</u>	<u>(953,033)</u>	<u>(479,116)</u>	<u>2,997,123</u>
	<u>(511,911)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>(584,457)</u>	<u>\$ 765,458</u>	<u>\$ 216,962</u>	<u>\$ (762,319)</u>	<u>\$ 85,108</u>	<u>\$ 3,534,641</u>
	<u>7.48%</u>	<u>6.41%</u>	<u>5.95%</u>	<u>5.05%</u>	<u>4.74%</u>	<u>5.35%</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**

<b>Tax Roll For Year Jan. 1</b>	<b>Fiscal Year</b>	<b>Assessed Value</b>		<b>Total Value*</b>	<b>Total Direct Tax Rate</b>
		<b>Real Property Value</b>	<b>Personal Property Value</b>		
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	0.6950
2008	2009	433,383,804	93,880,760	527,264,564	0.6900
2009	2010	509,262,355	90,600,967	599,863,322	0.6650
2010	2011	511,204,700	92,231,494	603,436,194	0.6269
2011	2012	531,476,356	80,840,085	612,316,441	0.6210

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
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
2012	0.498381	0.092646	0.030000	0.621027	1.309	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	2012			2003		
	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	\$ 16,978,761	1	2.77%	\$		
Wal-Mart Stores East	8,246,950	2	1.35%	3,127,691	6	0.71%
Wal-Mart Real Estate	6,873,852	3	1.12%			
Southwestern Public Service	6,763,210	4	1.10%	9,764,200	1	2.23%
Hughes Christensen	4,509,394	5	0.74%			
Fluid Compressor Partners	4,173,949	6	0.68%			
Daniel Weingarten	3,500,000	7	0.57%			
J&M Bagwell	3,477,735	8	0.57%			
BNSF Railway Co	3,448,091	9	0.56%			
PMP Duncan	3,266,910	10	0.53%			
SBC Texas				6,487,215	3	1.48%
Pampa Hospital LP				8,782,590	2	2.00%
American Energy				5,080,407	4	1.16%
Coronado Community Hospital				4,000,000	5	0.91%
Albertson's				2,600,000	7	0.59%
Pampa Hobart LLC				2,567,330	8	0.59%
Nickels Industrial				2,500,000	9	0.57%
Atmos Energy Corporation				2,500,000	10	0.57%
Total	\$ <u>61,238,852</u>		<u>10.00%</u>	\$ <u>47,409,433</u>		<u>10.81%</u>

Source: Gray County Appraisal District

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

<b>Fiscal Year Ended September 30</b>	<b>Total Tax Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>	
		<b>Amount Collected</b>	<b>Percentage of Levy</b>
2003	\$ 2,803,641	\$ 2,693,355	96.1 %
2004	2,803,611	2,699,492	96.3 %
2005	2,788,311	2,660,991	95.4 %
2006	2,897,766	2,754,962	95.1 %
2007	3,100,752	2,963,548	95.6 %
2008	3,339,992	3,210,630	96.1 %
2009	3,504,650	3,393,819	96.8 %
2010	3,452,386	3,304,156	95.7 %
2011	3,546,898	3,387,338	95.5 %
2012	3,579,636	3,458,867	96.6 %

Exhibit C-4

Total Collections to Date				
	Collections in		Total	Percentage
	Subsequent Years		Collected	of Levy
\$	100,562	\$	2,793,917	99.7%
	93,344		2,792,836	99.6%
	115,953		2,776,944	99.6%
	131,358		2,886,320	99.6%
	125,382		3,088,930	99.6%
	112,003		3,322,633	99.5%
	85,161		3,478,980	99.3%
	97,829		3,401,985	98.5%
	25,064		3,412,402	96.2%
	-		3,458,867	96.6%

**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
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	6,268,362	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
2012	5,933,979	91,899	13,696,021	8,851,260	372,898

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

**Exhibit D-1**

<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita (1)</b>
\$ 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
18,003,374	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
28,946,057	5.79%	1,609

**City of Pampa, Texas****Exhibit D-2****Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years**

<b>Fiscal Year</b>		<b>General Obligation Bonds</b>	<b>Resources Restricted for paying Debt Service</b>	<b>Net General Obligation Bonds Outstanding</b>	<b>Assessed Taxable Value</b>	<b>Ratio of Net General Obligation Bonds Outstanding to Assessed Taxable Value</b>	<b>Net General Obligation Bonds Outstanding Per Capita</b>
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
2012		5,933,979	26,848	5,907,131	612,316,441	0.96%	328

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, 2012**

	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable*</u>	<u>Applicable Debt Outstanding</u>
Pampa Independent School District	\$ 48,720,000	49%	\$ 23,872,800
Gray County	900,000	33%	<u>297,000</u>
Total overlapping debt			24,169,800
City of Pampa			<u>5,933,979</u>
Total direct and overlapping debt			\$ <u><u>30,103,779</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Assessed value, before exemptions	\$ <u>438,447,688</u>	\$ <u>478,081,955</u>	\$ <u>425,143,532</u>	\$ <u>444,547,610</u>
Legal debt limit (10% of assessed value, before exemptions)	\$ <u>43,844,769</u>	\$ <u>47,808,196</u>	\$ <u>42,514,353</u>	\$ <u>44,454,761</u>
General obligation bonds	\$ 5,830,000	\$ 5,355,000	\$ 4,850,000	\$ 5,228,435
Less: Resources restricted for paying debt service	<u>95,184</u>	<u>136,519</u>	<u>171,695</u>	<u>390,547</u>
Total net general obligation bonds outstanding applicable to the limit	\$ <u>5,734,816</u>	\$ <u>5,218,481</u>	\$ <u>4,678,305</u>	\$ <u>4,837,888</u>
Computation of legal debt margin:				
Legal debt limit	\$ 43,844,769	\$ 47,808,196	\$ 42,514,353	\$ 44,454,761
Less: Net general obligation bonds outstanding	<u>5,734,816</u>	<u>5,218,481</u>	<u>4,678,305</u>	<u>4,837,888</u>
Legal debt margin	\$ <u>38,109,953</u>	\$ <u>42,589,715</u>	\$ <u>37,836,048</u>	\$ <u>39,616,873</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>13.08%</u>	<u>10.92%</u>	<u>11.00%</u>	<u>10.88%</u>

Exhibit D-4

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</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>612,316,441</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>	\$ <u>61,231,644</u>
\$ 4,624,510	\$ 4,509,512	\$ 4,216,046	\$ 3,766,207	\$ 3,372,512	\$ 5,933,979
<u>585,156</u>	<u>1,015,687</u>	<u>1,206,210</u>	<u>49,392</u>	<u>23,615</u>	<u>26,848</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>5,907,131</u>
\$ 47,357,616	\$ 50,973,266	\$ 52,726,456	\$ 59,986,332	\$ 60,343,619	\$ 61,231,644
<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>5,907,131</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>55,324,513</u>
<u>8.53%</u>	<u>6.85%</u>	<u>5.71%</u>	<u>6.20%</u>	<u>5.55%</u>	<u>9.65%</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>
<b><u>Water &amp; Sewer Fund</u></b>						
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
2012		8,172,377		4,593,845		3,578,532
<b><u>Solid Waste Fund</u></b>						
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
2012		1,889,043		1,109,870		779,173

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	
\$ 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
650,999	245,528	896,527	4.0
\$ 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
83,764	195,666	279,430	2.8

**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>
<b><u>Municipal Golf Course (3)</u></b>						
2009	\$	305,582	\$	467,381	\$	(161,799)
2010		282,806		450,458		(167,652)
2011		304,345		461,847		(157,502)
2012		336,063		472,390		(136,327)
<b><u>Aquatics Center (4)</u></b>						
2010	\$	418,204	\$	-	\$	418,204
2011		386,970		266,160		120,810
2012		359,080		360,837		(1,757)

- 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)**

Debt Service			Times
Principal	Interest	Total	Coverage
\$	1,144	\$ 3,002	\$ -39.0
	1,144	2,361	-47.8
	1,144	2,321	-45.5
	1,144	2,281	-39.8
\$	18,676	\$ 162,330	\$ 2.3
	28,863	129,443	0.8
	30,560	128,794	0.0

**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>
2012	22,978	\$ 499,680	\$ 21,746	38.2	3,687	3.7%
2011	22,535	\$ 517,606	\$ 22,696	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%

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

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

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

**Exhibit E-2**

	<b>2012</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Pampa Independent School District	520	1	4.47%
Wal-mart	260	2	2.23%
Texas Department of Criminal Justice	255	3	2.19%
National Oilwell Varco	254	4	2.18%
Pampa Regional Medical Center	250	5	2.15%
Titan Specialties	246	6	2.11%
Halliburton	172	7	1.48%
City of Pampa	154	8	1.32%
Gray County	121	9	1.04%
Cabot	120	10	1.03%
	<u>2,352</u>		<u>20.21%</u>

Source: Pampa Chamber of Commerce

Note: GASB 44 Requires that this information be present for both the current year and nine years ago. The City has been unable to come up with this information from nine years ago. The City is still attempting to obtain this data, and when it becomes available, will be added to this Exhibit.



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

**Exhibit F-1**

<b>FUNCTION/PROGRAM</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>GENERAL FUND</b>										
Administrative Services	3	3	3	4	4	4	3	3	3	3
Financial Services	5	5	5	5	5	5	5	4	4	4
Municipal Court	2	2	2	2	2	1	1	1	1	1
<b>Police Services</b>										
Officers	25	25	25	25	25	25	25	24	24	25
Civilians	3	3	3	4	4	4	4	4	4	2
<b>Fire</b>										
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	17	16	16	16	16
Recreation Department	2	2	2	3	4	3	2	2	2	2
Buildings & Grounds	1	1	1	0	1	1	0	0	0	0
Community Services	2	1	1	0	0	0	0	0	1	1
Code Enforcement	5	5	5	2	2	2	1	1	1	1
Animal Control	3	3	3	3	3	3	3	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	0	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	6	5	6	6	6
Risk Management	0	0	0	0	0	0	0	0	0	0
<b>SPECIAL REVENUE FUNDS</b>										
M.K. Brown Auditorium	1	1	1	1	0	1	1	1	1	1
Lovett Memorial Library	7	7	7	7	7	7	6	8	8	8
<b>ENTERPRISE FUNDS</b>										
Municipal Utilities	10	10	10	10	10	10	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	7	6	6	5	5	5	5
Golf Course	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>153</b>	<b>152</b>	<b>152</b>	<b>150</b>	<b>150</b>	<b>149</b>	<b>140</b>	<b>140</b>	<b>142</b>	<b>141</b>

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

**Exhibit F-2**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2011-12</b>	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>	<b>2005-06</b>	<b>2004-05</b>	<b>2003-04</b>	<b>2002-03</b>
<b>Police</b>										
Physical arrests	885	918	917	1,391	1,581	1,183	1,353	1,043	1,272	1,430
Parking violations	7	65	-	35	13	-	-	-	-	-
Traffic violations	4,693	6,462	4,219	5,529	6,486	4,214	5785	3363	3252	1229
<b>Fire</b>										
Emergency responses	1,276	1,264	1,023	1,013	1,093	914	898	824	846	817
Fires extinguished	156	160	96	141	167	136	203	118	154	137
Inspections	70	55	31	17	24	20	20	20	20	20
<b>Refuse Collection</b>										
Refuse collected (tons per day)	66	61	62	79	79	79	62	62	62	62
Number of Customers	7,489	7,463	7,427	7,504	7,548	7,513	7,486	7,459	7,400	7,486
<b>Other Public Works</b>										
Street resurfacing (sq. yards)	182,404	207,142	186,223	214,024	356,529	241,784	219,646	417,944	310,273	291,214
Potholes repaired	1,360	1,512	773	1,143	1,243	855	582	715	302	481
<b>Parks and Recreation</b>										
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	6	4	3	7	7	8	6	6	6	6
Number of Volleyball Leagues	4	4	4	4	4	4	4	4	4	4
Number of Kickball Leagues	3	2	3	-	-	-	-	-	-	-
<b>Library</b>										
Volumes in collection	47,825	47,307	48,139	55,207	65,125	69,072	70,401	72,320	77,421	83,631
Total volumes borrowed	301	156	967	613	238	238	272	273	322	321
<b>Water</b>										
Number of customers	8,267	8,193	8,104	8,211	8,271	8,199	8,170	8,112	8,050	8,147
Average daily consumption (thousands of gallons)	2,698	2,723	2,303	2,381	2,509	2,414	2,765	2,411	2,411	2,649
<b>Wastewater</b>										
Number of customers	7,605	7,535	7,449	7,548	7,586	7,533	7,510	7,459	7,480	7,524
<b>City Landfill</b>										
Solid Wasted Collected (tons/day)	197	171	185	195	208	192	242	242	231	231
<b>Memorial Civic Center</b>										
Auditorium Rentals	108	88	87	102	110	77	45	30	45	62
<b>Aquatic Center</b>										
Total Attendance	42,020	49,049	-	-	-	-	-	-	-	-
Days Open	89	80	-	-	-	-	-	-	-	-

Source: Various City Departments

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

**Exhibit F-3**

<b>FUNCTION/PROGRAM</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
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, 2012, and have issued our report thereon dated March 26, 2013. 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**

Management of the City is responsible for establishing and maintaining effective 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*.

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, Harkam + Company, P.C.*

Amarillo, Texas  
March 26, 2013

**CITY OF PAMPA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

**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 reported.



**CITY OF PAMPA  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012**

There were no significant deficiencies, material weaknesses, findings, questioned costs, or other matters which required reporting in the prior year. Therefore, there is nothing to report on this schedule.