

CITY OF PAMPA, TEXAS
COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

Prepared by
Department of Finance

**CITY OF PAMPA, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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INTRODUCTORY SECTION

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

March 23, 2015

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, 2014.

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, 2014, 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 unmodified opinion that the City of Pampa's financial statements for the fiscal year ended September 30, 2014, 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 18,275. 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 four-year staggered terms, with two commissioners elected every four years. The mayor is also elected to serve a four-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 commission for review. The commission 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 109.

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. The Pampa EDC owns and operates an industrial facility outside the city limits providing plant operation facilities, rail services, and warehousing space. There is also a state prison located one and one-half miles east of the City. The total labor force in Gray County is 11,974. The unemployment rate was 4.1% in January 2014 and was 2.8% in January of 2015.

Long-term financial planning. With the economic downturn experienced by the nation, the City has seen a decrease in the growth experienced 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. With the recent decrease in oil prices, the City anticipates the local economy will experience some downturn.

Many years ago, the City instituted a five-year capital improvement plan to provide for current needs as well as future needs. This has proven instrumental as a budget planning tool. 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.

Relevant financial policies. The goal of the City is to sustain budgetary control and maintain a healthy fund balance. The fund balance provides for a minimum unassigned fund balance in the general fund to ensure adequate liquid resources in the event of unanticipated circumstances. This is set at a minimum of 20% of budgeted revenues for the fiscal year, providing roughly 75 days of estimated expenditures. The policy also defines when the minimum fund balance may be spent and provides for replenishment.

Major initiatives. For budget year 2014-15, the City approved a surcharge on all water accounts designated to build up funds for future wastewater plant renovations.

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, 2013. This was the 26th 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 commission members for their unflinching support for maintaining the highest standards of professionalism in the management of the City of Pampa's finances.

Respectfully submitted,



Shane Stokes
City Manager



Robin Bailey
Director of Finance



Gayla Pickens
Assistant Finance Director



Government Finance Officers Association

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

Presented to

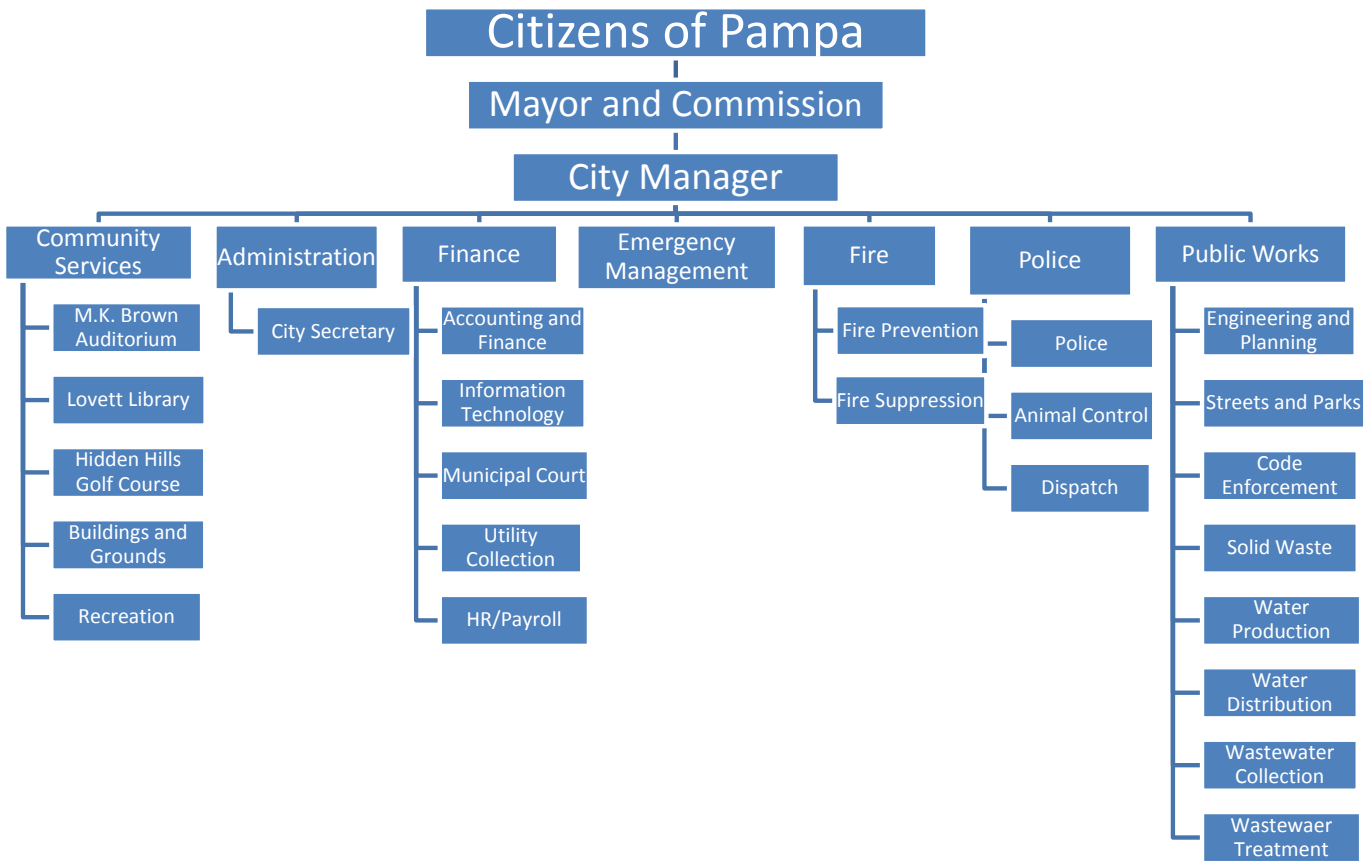
**City of Pampa
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

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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:

Shane Stokes	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
Donny Hooper	Director of Public Works
Dustin Miller	Director of Community Services
Lee Waters	City Attorney
Kurt Curfman	Municipal Court Judge

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FINANCIAL SECTION

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BROWN, GRAHAM & COMPANY
PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

7431 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**

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pampa Economic Development Corporation (the "PEDC"), which represent 100 percent 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 relates to the amounts included for the PEDC, is based solely 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 from material misstatement.

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

**Honorable Mayor Brad Pingel and
City Commission**

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

Opinions

In our opinion, 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, as of September 30, 2014, 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 accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for the Texas Municipal Retirement System on pages 23-31 and page 99, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, governmental capital asset 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, budgetary comparison schedules, and governmental capital asset 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and governmental capital asset schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Honorable Mayor Brad Pingel and
City Commission**

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brown, Graham & Company, P.C.

Amarillo, Texas
March 23, 2015

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City of Pampa
P. O. Box 2499
Pampa, Texas 79066-2499
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, 2014. 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 position and other schedules in the Management's Discussion and Analysis have been presented for the fiscal year ended September 30, 2013, as well.

Financial Highlights

- The assets of the City of Pampa exceeded its liabilities at the close of the most recent fiscal year by \$29,593,282 (*net position*). Of this amount, \$8,666,588 (*unrestricted net position*) 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 \$6,215,538. Approximately 60% of this total amount, \$3,707,019 is unassigned and *available for spending* at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,707,019 or 32% of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Pampa's basic financial statements. The City of Pampa's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Pampa's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of the City of Pampa's assets and deferred outflows, and liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Pampa is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash 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 seven individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the general fund, which is the City's only major governmental fund.

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

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

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

Proprietary funds. The City of Pampa maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Pampa uses enterprise funds to account for its water and sewer system, solid waste management, 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 115 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 53-95 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 99 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 102-118 of this report.

Government-wide Financial Analysis

As noted earlier, net position 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 \$29,593,282 at the close of the most recent fiscal year.

By far the largest portion of the City of Pampa's net position (56%) 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 2014 resulted in a decrease in net position in the governmental activities and an increase in net position in the business-type activities. Governmental activities decreased the City of Pampa's net position by \$430,646, or 3.79% from the prior year. The major contributing factor to this loss in net position was a transfer being made to the aquatics and golf course funds to clear the amounts in the due to general fund account as it became probable the funds to cover the liability would not be available. There was an overall increase of \$2,586,641 or 16.08% in net position in the business-type activities as compared to the prior fiscal year, with the largest amount, \$1,429,475, 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 position of the Water and Sewer system. Water rates were increased slightly and expenditures were contained in anticipation of future plant renovations.

Approximately 14.9%, \$4,403,604, of the City of Pampa's net position is subject to external restrictions on how it may be used. The remaining balance of *unrestricted net position* \$8,666,588 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 position 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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Pampa. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,707,019, while total fund balance reached \$4,888,720. The net effect of increased revenues, decreased expenditures and the transfer to other funds caused the fund balance and liquidity ratios to remain fairly constant to the beginning of the year. 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 31.8% of total general fund expenditures, while total fund balance represents 41.9% 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 position in the Water and Sewer System Fund at the end of the year amounted to \$4,647,463; the Solid Waste Management Fund amounted to (\$432,256); the Aquatics Center amounted to (\$30,324); the Municipal Golf Course amounted to (\$12,057); and those for the Lease Properties Fund amounted to \$82,768.

In an effort to increase net position, rates were increased in Water and Sewer, and Solid Waste. The water system increased net position as the budget was designed to provide funds to be set aside for capital improvements in the near future. Solid Waste net position increased by approximately \$400,000. In 2011, the City had an engineering firm do a study on our fee structure at our landfill. Rates were adjusted to the study findings and expenditures have been monitored in an effort to improve net position and plan for future cell expansion. The Aquatics and Golf Course funds received transfers from the General Fund to eliminate the accumulated liability to the General Fund.

General Fund Budgetary Highlights

During the year, there was a \$208,462 increase in projected revenues between the original budget and the final amended budget. Actual revenue recognized exceeded the final budget by \$610,333. Sales tax revenue exceeded the budget by \$393,481, while property taxes were less than the budgeted amounts by \$41,585 and other taxes exceeded budgeted by \$283,844. Charges for services had a negative budgetary variance of \$5,724, licenses and permits were over by \$57,659 and fines were under by \$64,384. In addition to these, other variances combined for a deficit in budgeted appropriations of \$12,958. For 2014, 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. An ordinance was enacted to monitor gaming establishments with the city limits which created a new revenue source under licenses and permits.

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, 2014 amounted to \$39,998,457, net of accumulated depreciation. This excludes the unamortized landfill permit costs of \$585,787. This investment in capital assets includes land, buildings and improvements, vehicles and equipment, park facilities, roads, bridges, and infrastructure assets.

Significant additions of capital assets for the governmental activities included construction costs of approximately \$585,900 on the City's animal shelter and armory building, and the purchase of various vehicles and equipment with a total cost of approximately \$387,600. Significant capital asset additions in the City's business type activities included approximately \$894,800 in construction costs on water wells, \$718,100 on water meter replacements, and the purchase of various equipment for \$213,200. Additional information on the City of Pampa's capital assets and construction projects may be found on pages 69-71, and page 83 of the CAFR under Note 6 and Note 10 in 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 \$24,814,420. Of this amount, \$5,225,379 comprises debt backed by the full faith and credit of the government. The remainder of the City of Pampa's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City of Pampa's overall bonded debt decreased by \$1,749,645 as compared to the prior year. Additional information concerning long-term debt is located in Note 8 in the Notes to the Financial Statements, on pages 73-82.

Economic Factors and Next Year's Budgets and Rates

The City of Pampa's unemployment rate, currently 2.8% as of January 2015, continues to be lower than the State (4.1) and National (5.4) unemployment rates. This rate, along with the other items discussed above, was considered in preparing the City of Pampa's budget for the 2014-15 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 POSITION

	Governmental Activities	Business-type Activities	Total
	2014	2014	2014
Current and other assets	\$ 6,937,156	\$ 12,800,234	\$ 19,737,390
Capital assets	10,328,100	29,670,357	39,998,457
Total assets	<u>17,265,256</u>	<u>42,470,591</u>	<u>59,735,847</u>
Deferred charge on refunding	208,921	145,429	354,350
Total deferred outflows of resources	<u>208,921</u>	<u>145,429</u>	<u>354,350</u>
Long-term liabilities outstanding	5,976,952	22,270,803	28,247,755
Other liabilities	577,283	1,641,630	2,218,913
Total liabilities	<u>6,554,235</u>	<u>23,912,433</u>	<u>30,466,668</u>
Deferred credit on refunding	-	30,247	30,247
Total deferred inflows of resources	<u>-</u>	<u>30,247</u>	<u>30,247</u>
Net position:			
Net investment in capital assets	5,202,726	11,320,364	16,523,090
Restricted	1,306,222	3,097,382	4,403,604
Unrestricted	4,410,994	4,255,594	8,666,588
Total net position	<u>\$ 10,919,942</u>	<u>\$ 18,673,340</u>	<u>\$ 29,593,282</u>

	Governmental Activities	Business-type Activities	Total
	2013	2013	2013
Current and other assets	\$ 7,334,305	\$ 10,959,969	\$ 18,294,274
Capital assets	10,702,992	29,869,897	40,572,889
Total assets	<u>18,037,297</u>	<u>40,829,866</u>	<u>58,867,163</u>
Deferred charge on refunding	261,624	184,214	445,838
Total deferred outflows of resources	<u>261,624</u>	<u>184,214</u>	<u>445,838</u>
Long-term liabilities outstanding	6,336,053	23,851,555	30,187,608
Other liabilities	612,280	1,031,472	1,643,752
Total liabilities	<u>6,948,333</u>	<u>24,883,027</u>	<u>31,831,360</u>
Deferred credit on refunding	-	44,354	44,354
Total deferred inflows of resources	<u>-</u>	<u>44,354</u>	<u>44,354</u>
Net position:			
Net investment in capital assets	5,827,112	10,801,091	16,628,203
Restricted	1,236,187	2,322,758	3,558,945
Unrestricted	4,287,289	2,962,850	7,250,139
Total net position	<u>\$ 11,350,588</u>	<u>\$ 16,086,699</u>	<u>\$ 27,437,287</u>

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

	Governmental Activities	Business-type Activities	Total
	2014	2014	2014
Land	\$ 210,849	\$ 788,941	\$ 999,790
Collection	203,500	-	203,500
Water rights	-	6,640,476	6,640,476
Buildings and improvements	6,507,552	17,080,898	23,588,450
Vehicles and equipment	2,906,792	1,949,246	4,856,038
Surface water supply contracts	-	2,486,496	2,486,496
Roads	497,126	6,163	503,289
Construction in progress	2,281	718,137	720,418
Total	<u>\$ 10,328,100</u>	<u>\$ 29,670,357</u>	<u>\$ 39,998,457</u>
	2013	2013	2013
Land	\$ 210,849	\$ 788,941	\$ 999,790
Collection	203,500	-	203,500
Water rights	-	6,785,388	6,785,388
Buildings and improvements	3,764,774	15,841,038	19,605,812
Vehicles and equipment	3,336,614	2,336,326	5,672,940
Surface water supply contracts	-	2,550,252	2,550,252
Roads	679,987	12,327	692,314
Construction in progress	2,507,268	1,555,625	4,062,893
Total	<u>\$ 10,702,992</u>	<u>\$ 29,869,897</u>	<u>\$ 40,572,889</u>

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

	Governmental Activities	Business-type Activities	Total
	2014	2014	2014
General obligation bonds	\$ 5,225,379	\$ -	\$ 5,225,379
Revenue bonds	-	11,784,624	11,784,624
Total	<u>\$ 5,225,379</u>	<u>\$ 11,784,624</u>	<u>\$ 17,010,003</u>
	2013	2013	2013
General obligation bonds	\$ 5,573,122	\$ -	\$ 5,573,122
Revenue bonds	-	12,751,880	12,751,880
Total	<u>\$ 5,573,122</u>	<u>\$ 12,751,880</u>	<u>\$ 18,325,002</u>

CITY OF PAMPA CHANGES IN NET POSITION

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
	<u>2014</u>	<u>2014</u>	<u>2014</u>
Revenues:			
Program revenues:			
Charges for services	\$ 4,007,054	\$ 10,656,895	\$ 14,663,949
Operating grants	114,551	84,588	199,139
Capital grants and contributions	-	30,000	30,000
General revenues:			
Property taxes	3,902,718	-	3,902,718
Sales taxes	4,570,962	-	4,570,962
Other taxes	1,778,247	-	1,778,247
Miscellaneous	105,158	190,913	296,071
Total revenues	<u>14,478,690</u>	<u>10,962,396</u>	<u>25,441,086</u>
Expenses:			
General government	2,109,398	-	2,109,398
Public safety	6,137,330	-	6,137,330
Streets and traffic	2,349,728	-	2,349,728
Solid waste management	1,366,173	-	1,366,173
Culture and recreation	1,633,041	-	1,633,041
Interest on long-term debt	210,265	-	210,265
Water and sewer system	-	6,614,032	6,614,032
Solid waste management	-	1,714,224	1,714,224
Aquatics center	-	585,061	585,061
Golf course	-	529,837	529,837
Leased properties	-	36,002	36,002
Total expenses	<u>13,805,935</u>	<u>9,479,156</u>	<u>23,285,091</u>
Change in net position before transfers	672,755	1,483,240	2,155,995
Transfers	<u>(1,103,401)</u>	<u>1,103,401</u>	<u>-</u>
Change in net position after transfers	(430,646)	2,586,641	2,155,995
Net position - beginning of year	<u>11,350,588</u>	<u>16,086,699</u>	<u>27,437,287</u>
Net position - end of year	<u>\$ 10,919,942</u>	<u>\$ 18,673,340</u>	<u>\$ 29,593,282</u>

CITY OF PAMPA CHANGES IN NET POSITION

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
	<u>2013</u>	<u>2013</u>	<u>2013</u>
Revenues:			
Program revenues:			
Charges for services	\$ 3,957,464	\$ 10,404,391	\$ 14,361,855
Operating grants	200,975	162,830	363,805
Capital grants and contributions	-	50,000	50,000
General revenues:			
Property taxes	3,653,330	-	3,653,330
Sales taxes	4,191,828	-	4,191,828
Other taxes	1,531,842	-	1,531,842
Miscellaneous	79,794	270,467	350,261
Total revenues	<u>13,615,233</u>	<u>10,887,688</u>	<u>24,502,921</u>
Expenses:			
General government	2,057,208	-	2,057,208
Public safety	5,991,983	-	5,991,983
Streets and traffic	2,378,698	-	2,378,698
Solid waste management	1,282,125	-	1,282,125
Culture and recreation	1,488,900	-	1,488,900
Interest on long-term debt	229,502	-	229,502
Water and sewer system	-	6,533,386	6,533,386
Solid waste management	-	1,874,287	1,874,287
Aquatics center	-	602,512	602,512
Golf course	-	520,294	520,294
Leased properties	-	36,519	36,519
Total expenses	<u>13,428,416</u>	<u>9,566,998</u>	<u>22,995,414</u>
Change in net position before transfers	186,817	1,320,690	1,507,507
Transfers	<u>(85,551)</u>	<u>85,551</u>	<u>-</u>
Change in net position after transfers	101,266	1,406,241	1,507,507
Net position - beginning of year	11,403,901	15,017,640	26,421,541
Prior period adjustment			
GASB 65 Implementation	<u>(154,579)</u>	<u>(337,182)</u>	<u>(491,761)</u>
Net position - end of year	<u>\$ 11,350,588</u>	<u>\$ 16,086,699</u>	<u>\$ 27,437,287</u>

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF PAMPA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	<u>Primary Government</u>			Component Unit: Pampa Economic Development Corporation
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Assets:				
Cash and cash equivalents	\$ 4,626,749	\$ 6,465,684	\$ 11,092,433	\$ 1,905,640
Investments	-	-	-	852,527
Receivables, net of allowance for uncollectibles	1,735,960	1,086,808	2,822,768	448,052
Internal balances	2,023	(2,023)	-	-
Inventories	33,956	554,470	588,426	-
Prepaid items	62,101	12,401	74,502	106,095
Note receivable	-	-	-	756,196
Restricted assets:				
Temporarily Restricted:				
Cash and cash equivalents	125,144	3,497,704	3,622,848	-
Accrued interest	1,223	-	1,223	-
Receivable - CRMWA	-	363,927	363,927	-
Other assets	-	235,476	235,476	-
Permanently Restricted:				
Investments	350,000	-	350,000	-
Escrow receivable	-	-	-	200,000
Capital assets, net of accumulated depreciation and amortization:				
Land	210,849	788,941	999,790	549,888
Collection	203,500	-	203,500	-
Water rights	-	6,640,476	6,640,476	600,000
Buildings and improvements	6,507,552	17,080,898	23,588,450	6,722,464
Vehicles and equipment	2,906,792	1,949,246	4,856,038	88,958
Surface water supply contracts	-	2,486,496	2,486,496	-
Roads	497,126	6,163	503,289	-
Construction in progress	2,281	718,137	720,418	420,080
Unamortized landfill permit costs	-	585,787	585,787	-
Total assets	17,265,256	42,470,591	59,735,847	12,649,900
Deferred outflows of resources				
Deferred charge on refunding	208,921	145,429	354,350	-
Total deferred outflows of resources	208,921	145,429	354,350	-
Liabilities:				
Accounts payable	326,191	997,575	1,323,766	200,452
Accrued expenses	249,757	620,173	869,930	85,977
Unearned revenue	1,335	23,882	25,217	1,216,353
Non-current liabilities:				
Due within one year	446,670	1,669,279	2,115,949	135,013
Due in more than one year	5,530,282	20,601,524	26,131,806	3,866,712
Total liabilities	6,554,235	23,912,433	30,466,668	5,504,507
Deferred inflows of resources				
Deferred credit on refunding	-	30,247	30,247	-
Total deferred inflows of resources	-	30,247	30,247	-
Net position:				
Net investment in capital assets	5,202,726	11,320,364	16,523,090	4,391,183
Restricted for municipal court	84,059	-	84,059	-
Restricted for park maintenance	28,650	-	28,650	-
Restricted for debt service	149,430	2,990,212	3,139,642	-
Restricted for fire department	9,106	-	9,106	-
Restricted for Lovett library	176,196	-	176,196	-
Restricted for law enforcement	25,144	-	25,144	-
Restricted for M.K. Brown Auditorium:				
Expendable	483,637	-	483,637	-
Nonexpendable	350,000	-	350,000	-
Restricted for building demolition & cleanup	-	107,170	107,170	-
Unrestricted net position	4,410,994	4,255,594	8,666,588	2,754,210
Total net position	\$ 10,919,942	\$ 18,673,340	\$ 29,593,282	\$ 7,145,393

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, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 2,109,398	\$ 921,776	\$ -	\$ -
Public safety	6,137,330	584,846	98,358	-
Streets and traffic	2,349,728	-	-	-
Solid waste management	1,366,173	2,400,135	-	-
Culture and recreation	1,633,041	100,297	16,193	-
Interest on long-term debt	210,265	-	-	-
Total governmental activities	<u>13,805,935</u>	<u>4,007,054</u>	<u>114,551</u>	<u>-</u>
Business activities:				
Water and sewer system	6,614,032	7,936,781	-	-
Solid waste management	1,714,224	2,024,031	83,288	-
Aquatics center	585,061	298,372	1,300	-
Golf course	529,837	308,207	-	30,000
Leased properties	36,002	89,504	-	-
Total business activities	<u>9,479,156</u>	<u>10,656,895</u>	<u>84,588</u>	<u>30,000</u>
Total primary government	<u>23,285,091</u>	<u>14,663,949</u>	<u>199,139</u>	<u>30,000</u>
Component Unit:				
PEDC	\$ <u>2,539,753</u>	\$ <u>1,301,436</u>	\$ <u>-</u>	\$ <u>-</u>

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 on sale of capital assets
Miscellaneous revenues
Transfers in (out)

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

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

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

Primary Government			Component Unit: Pampa Economic Development Corporation
Governmental Activities	Business-Type Activities	Total	
\$ (1,187,622)	\$ -	\$ (1,187,622)	\$ -
(5,454,126)	-	(5,454,126)	-
(2,349,728)	-	(2,349,728)	-
1,033,962	-	1,033,962	-
(1,516,551)	-	(1,516,551)	-
(210,265)	-	(210,265)	-
<u>(9,684,330)</u>	<u>-</u>	<u>(9,684,330)</u>	<u>-</u>
-	1,322,749	1,322,749	-
-	393,095	393,095	-
-	(285,389)	(285,389)	-
-	(191,630)	(191,630)	-
-	53,502	53,502	-
<u>-</u>	<u>1,292,327</u>	<u>1,292,327</u>	<u>-</u>
<u>(9,684,330)</u>	<u>1,292,327</u>	<u>(8,392,003)</u>	<u>-</u>
-	-	-	(1,238,317)
3,355,200	-	3,355,200	-
547,518	-	547,518	-
4,570,962	-	4,570,962	1,523,654
1,260,911	-	1,260,911	-
510,403	-	510,403	-
6,933	-	6,933	-
7,774	4,416	12,190	36,077
1,500	30,301	31,801	1,388
95,884	156,196	252,080	50,082
(1,103,401)	1,103,401	-	-
<u>9,253,684</u>	<u>1,294,314</u>	<u>10,547,998</u>	<u>1,611,201</u>
(430,646)	2,586,641	2,155,995	372,884
<u>11,350,588</u>	<u>16,086,699</u>	<u>27,437,287</u>	<u>6,772,509</u>
<u>\$ 10,919,942</u>	<u>\$ 18,673,340</u>	<u>\$ 29,593,282</u>	<u>\$ 7,145,393</u>

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FUND FINANCIAL STATEMENTS

CITY OF PAMPA, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Cash and cash equivalents	\$ 3,636,810	\$ 942,938	\$ 4,579,748
Receivables (net of allowance for uncollectibles)	1,656,504	79,456	1,735,960
Due from other funds	2,023	42,022	44,045
Inventories	33,956	-	33,956
Prepaid items	57,716	4,385	62,101
Restricted assets:			
Restricted cash	121,815	3,329	125,144
Restricted accrued interest	-	1,223	1,223
Restricted investments	-	350,000	350,000
Total assets	\$ 5,508,824	\$ 1,423,353	\$ 6,932,177
Liabilities, Deferred Inflows and Fund Balances:			
Liabilities:			
Accounts payable	\$ 261,211	\$ 61,720	\$ 322,931
Accrued expenditures	243,264	12,993	256,257
Due to other funds	42,022	-	42,022
Unearned revenue	1,337	-	1,337
Total liabilities	547,834	74,713	622,547
Deferred inflows of resources:			
Unavailable revenue - property taxes	72,270	21,822	94,092
Total deferred inflows of resources	72,270	21,822	94,092
Fund balances:			
Nonspendable fund balance:			
Prepaid items	57,716	4,385	62,101
Inventories	33,956	-	33,956
Permanent fund principal	-	350,000	350,000
Restricted fund balance:			
Municipal court security and technology	84,059	-	84,059
Park maintenance	28,650	-	28,650
Fire department	9,106	-	9,106
Debt service	-	149,430	149,430
Capital acquisition	-	138,026	138,026
MK Brown auditorium	-	483,637	483,637
Lovett library	-	176,196	176,196
Law enforcement	-	25,144	25,144
Assigned fund balance:			
Vehicle replacement	754,651	-	754,651
Dumpster & sanitation equipment	211,890	-	211,890
Law enforcement	1,673	-	1,673
Unassigned fund balance	3,707,019	-	3,707,019
Total fund balances	4,888,720	1,326,818	6,215,538
Total liabilities, deferred inflows and fund balances	\$ 5,508,824	\$ 1,423,353	\$ 6,932,177

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

**CITY OF PAMPA, TEXAS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2014**

Total fund balances - Governmental Funds	\$	6,215,538
<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 assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position, but not in the Governmental Funds Balance Sheet. The net effect of this consolidation is to increase net position.</p>		
		43,741
<p>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 \$43,303,847 and the accumulated depreciation was \$32,600,855. 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 \$6,074,429. 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 position.</p>		
		4,628,563
<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, 2014, the amount of capital outlays and debt principal payments were \$982,521 and \$377,361 respectively. The net effect of including the 2014 capital outlays and debt principal payments is to increase net position.</p>		
		1,359,882
<p>The 2014 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(1,357,413)
<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 unearned revenue as revenue, eliminating inter-fund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications, eliminations, and recognitions is to increase net position.</p>		
		29,631
Net position of Governmental Activities	\$	10,919,942

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, 2014

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes:			
Property taxes	\$ 3,100,415	\$ 717,577	\$ 3,817,992
Sales taxes	4,570,962	-	4,570,962
Other taxes	1,267,844	510,403	1,778,247
Penalties and interest on taxes	86,811	17,978	104,789
Licenses and permits	141,459	-	141,459
Intergovernmental	91,884	5,000	96,884
Charges for services	3,547,807	33,689	3,581,496
Fines	331,616	9,958	341,574
Investment earnings	3,278	4,477	7,755
Contributions and donations	12,648	5,019	17,667
Other revenue	51,317	46,067	97,384
	<u>13,206,041</u>	<u>1,350,168</u>	<u>14,556,209</u>
Total revenues			
	13,206,041	1,350,168	14,556,209
Expenditures:			
Current:			
General government	1,808,722	-	1,808,722
Public safety	5,908,604	-	5,908,604
Streets and traffic	1,998,146	-	1,998,146
Solid waste management	1,234,783	-	1,234,783
Culture and recreation	361,850	973,948	1,335,798
Capital outlay	316,613	665,908	982,521
Debt service:			
Principal retirement	29,617	347,744	377,361
Interest and fiscal charges	4,598	177,313	181,911
	<u>11,662,933</u>	<u>2,164,913</u>	<u>13,827,846</u>
Total expenditures			
	11,662,933	2,164,913	13,827,846
Excess (deficiency) of revenues over (under) expenditures	<u>1,543,108</u>	<u>(814,745)</u>	<u>728,363</u>
Other financing sources (uses):			
Transfers in	39,323	422,292	461,615
Transfers out	(1,533,344)	(31,672)	(1,565,016)
	<u>(1,494,021)</u>	<u>390,620</u>	<u>(1,103,401)</u>
Total other financing sources (uses)			
	(1,494,021)	390,620	(1,103,401)
Net change in fund balances	49,087	(424,125)	(375,038)
Fund balances at beginning of year	<u>4,839,633</u>	<u>1,750,943</u>	<u>6,590,576</u>
Fund balances at end of year	<u>\$ 4,888,720</u>	<u>\$ 1,326,818</u>	<u>\$ 6,215,538</u>

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

**CITY OF PAMPA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Total net changes in fund balances - Governmental Funds	\$	(375,038)
<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 position.</p>		
		12,714
<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, 2014, the amount of capital outlays and debt principal payments were \$982,521 and \$377,361 respectively. The net effect of including the 2014 capital outlays and debt principal payments is to increase net position.</p>		
		1,359,882
<p>The 2014 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(1,357,413)
<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 unearned 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 position.</p>		
		<u>(70,791)</u>
Change in net position of Governmental Activities	\$	<u><u>(430,646)</u></u>

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

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CITY OF PAMPA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 3,142,000	\$ 3,142,000	\$ 3,100,415	\$ (41,585)
Sales taxes	4,000,000	4,177,481	4,570,962	393,481
Other taxes	984,000	984,000	1,267,844	283,844
Penalties and interest on taxes	70,000	70,000	86,811	16,811
Licenses and permits	83,800	83,800	141,459	57,659
Intergovernmental	108,400	108,400	91,884	(16,516)
Charges for services	3,547,546	3,553,531	3,547,807	(5,724)
Fines	396,000	396,000	331,616	(64,384)
Investment earnings	3,000	3,006	3,278	272
Contributions and donations	12,500	13,005	12,648	(357)
Other revenue	40,000	64,485	51,317	(13,168)
Total revenues	<u>12,387,246</u>	<u>12,595,708</u>	<u>13,206,041</u>	<u>610,333</u>
Expenditures:				
Current:				
General government	1,856,732	1,879,832	1,808,722	71,110
Public safety	6,309,572	6,325,927	5,908,604	417,323
Streets and traffic	1,906,844	2,285,826	1,998,146	287,680
Solid waste management	1,319,826	1,326,989	1,234,783	92,206
Culture and recreation	486,564	438,802	361,850	76,952
Capital outlay	511,000	423,252	316,613	106,639
Debt service:				
Principal retirement	29,617	29,618	29,617	1
Interest and fiscal charges	3,815	4,636	4,598	38
Total expenditures	<u>12,423,970</u>	<u>12,714,882</u>	<u>11,662,933</u>	<u>1,051,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,724)</u>	<u>(119,174)</u>	<u>1,543,108</u>	<u>1,662,282</u>
Other financing sources (uses):				
Transfers in	35,150	64,322	39,323	(24,999)
Transfers out	(430,000)	(1,533,344)	(1,533,344)	-
Total other financing sources (uses)	<u>(394,850)</u>	<u>(1,469,022)</u>	<u>(1,494,021)</u>	<u>(24,999)</u>
Net change in fund balances	(431,574)	(1,588,196)	49,087	1,637,283
Fund balances at beginning of year	4,839,633	4,839,633	4,839,633	-
Fund balances at end of year	<u>\$ 4,408,059</u>	<u>\$ 3,251,437</u>	<u>\$ 4,888,720</u>	<u>\$ 1,637,283</u>

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

CITY OF PAMPA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer System	Solid Waste Management	Aquatics Center	Other Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Assets:						
Current assets:						
Cash and cash equivalents	\$ 4,417,038	\$ 1,952,550	\$ 17,157	\$ 78,939	\$ 6,465,684	\$ 47,001
Restricted assets - current:						
Cash and cash equivalents	2,197,667	1,248,134	-	51,903	3,497,704	-
Receivables	363,927	-	-	-	363,927	-
Other assets	235,476	-	-	-	235,476	-
Receivables - net of uncollectible allowance	947,536	134,990	-	4,282	1,086,808	-
Due from other funds	-	54,032	-	-	54,032	-
Prepaid expense	12,401	-	-	-	12,401	-
Inventories	550,859	-	3,611	-	554,470	-
Total current assets	8,724,904	3,389,706	20,768	135,124	12,270,502	47,001
Non-current assets:						
Capital assets:						
Land	99,734	53,125	90,568	545,514	788,941	-
Water rights	7,588,780	-	-	-	7,588,780	-
Buildings and improvements	28,953,628	5,996,336	4,616,490	2,077,508	41,643,962	-
Vehicles and equipment	4,191,077	2,914,970	13,828	519,161	7,639,036	-
Surface water supply contracts	5,419,278	-	-	-	5,419,278	-
Roads	-	215,295	-	-	215,295	-
Construction in progress	718,137	-	-	-	718,137	-
Less: accumulated depreciation and amortization	(24,584,868)	(7,707,998)	(506,806)	(1,543,400)	(34,343,072)	-
Unamortized landfill permit costs	-	585,787	-	-	585,787	-
Total non-current assets	22,385,766	2,057,515	4,214,080	1,598,783	30,256,144	-
Total assets	31,110,670	5,447,221	4,234,848	1,733,907	42,526,646	47,001
Deferred outflows:						
Deferred charge on refunding	145,429	-	-	-	145,429	-
Total deferred outflows of resources	145,429	-	-	-	145,429	-
Liabilities:						
Current liabilities:						
Accounts payable	952,834	25,183	9,071	10,487	997,575	440
Accrued expenses	23,041	7,284	-	-	30,325	-
Claims and judgments payable	-	-	-	-	-	2,820
Due to other funds	54,032	-	-	2,023	56,055	-
Accrued interest payable	115,437	59,474	42,021	720	217,652	-
Unearned revenue	-	23,882	-	-	23,882	-
Consumer deposits	372,196	-	-	-	372,196	-
Bonds payable - current:						
Revenue bonds and certificates of obligation	733,946	190,726	33,956	1,144	959,772	-
CRMWA obligations	509,639	-	-	-	509,639	-
Capital leases payable - current	-	89,216	-	67,414	156,630	-
Compensated absences	35,382	7,856	-	-	43,238	-
Total current liabilities	2,796,507	403,621	85,048	81,788	3,366,964	3,260
Non-current liabilities:						
Revenue bonds and certificates of obligation (net)	4,593,046	3,531,008	3,035,151	52,642	11,211,847	-
CRMWA obligations (net)	7,827,839	-	-	-	7,827,839	-
Capital leases payable	-	-	-	84,936	84,936	-
Compensated absences	11,794	2,619	-	-	14,413	-
Landfill closure liability	-	1,462,489	-	-	1,462,489	-
Total non-current liabilities	12,432,679	4,996,116	3,035,151	137,578	20,601,524	-
Total liabilities	15,229,186	5,399,737	3,120,199	219,366	23,968,488	3,260
Deferred inflows of resources:						
Deferred credit on refunding	-	30,247	-	-	30,247	-
Total deferred inflows of resources	-	30,247	-	-	30,247	-
Net position:						
Net investment in capital assets	9,342,976	(560,232)	1,144,973	1,392,647	11,320,364	-
Restricted for debt service	2,036,474	902,555	-	51,183	2,990,212	-
Restricted for building demolition and cleanup	-	107,170	-	-	107,170	-
Unrestricted	4,647,463	(432,256)	(30,324)	70,711	4,255,594	43,741
Total net position	\$ 16,026,913	\$ 17,237	\$ 1,114,649	\$ 1,514,541	\$ 18,673,340	\$ 43,741

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

CITY OF PAMPA, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

	Business-type activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities Internal Service Fund
	Water and Sewer System	Solid Waste Management	Aquatics Center	Other Enterprise Funds		
Operating revenues:						
Charges for services	\$ 7,936,781	\$ 2,024,031	\$ 277,216	\$ 308,207	\$ 10,546,235	\$ 76,195
Rent	-	-	21,156	89,504	110,660	-
Other revenues	<u>127,948</u>	<u>101,118</u>	<u>11,638</u>	<u>30,080</u>	<u>270,784</u>	<u>-</u>
Total operating revenues	<u>8,064,729</u>	<u>2,125,149</u>	<u>310,010</u>	<u>427,791</u>	<u>10,927,679</u>	<u>76,195</u>
Operating expenses:						
Personnel services	1,162,372	376,472	146,199	-	1,685,043	-
Contractual services	2,076,486	251,899	44,992	265,850	2,639,227	5,276
Supplies and materials	604,796	281,178	86,596	107,225	1,079,795	-
Depreciation and amortization	1,276,624	535,116	156,649	142,341	2,110,730	-
Intercity charges	876,426	68,000	-	26,300	970,726	-
Insurance and claims	<u>40,824</u>	<u>12,426</u>	<u>6,571</u>	<u>6,956</u>	<u>66,777</u>	<u>58,224</u>
Total operating expenses	<u>6,037,528</u>	<u>1,525,091</u>	<u>441,007</u>	<u>548,672</u>	<u>8,552,298</u>	<u>63,500</u>
Operating income (loss)	<u>2,027,201</u>	<u>600,058</u>	<u>(130,997)</u>	<u>(120,881)</u>	<u>2,375,381</u>	<u>12,695</u>
Non-operating revenues (expenses):						
Investment earnings	2,753	1,648	-	15	4,416	19
Sale of materials and equipment	11,175	19,126	-	-	30,301	-
Interest and fiscal charges	<u>(576,504)</u>	<u>(189,133)</u>	<u>(144,054)</u>	<u>(17,167)</u>	<u>(926,858)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>(562,576)</u>	<u>(168,359)</u>	<u>(144,054)</u>	<u>(17,152)</u>	<u>(892,141)</u>	<u>19</u>
Income (loss) before transfers	1,464,625	431,699	(275,051)	(138,033)	1,483,240	12,714
Transfers in	-	-	599,999	540,000	1,139,999	-
Transfers out	<u>(35,150)</u>	<u>-</u>	<u>(1,448)</u>	<u>-</u>	<u>(36,598)</u>	<u>-</u>
Change in net position	1,429,475	431,699	323,500	401,967	2,586,641	12,714
Total net position - beginning of year	<u>14,597,438</u>	<u>(414,462)</u>	<u>791,149</u>	<u>1,112,574</u>	<u>16,086,699</u>	<u>31,027</u>
Total net position - end of year	<u>\$ 16,026,913</u>	<u>\$ 17,237</u>	<u>\$ 1,114,649</u>	<u>\$ 1,514,541</u>	<u>\$ 18,673,340</u>	<u>\$ 43,741</u>

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, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water and Sewer System	Solid Waste Management	Aquatics Center	Other Enterprise Funds	Total Enterprise Total	
Cash flows from operating activities:						
Receipts from customers and users	\$ 8,146,463	\$ 2,009,259	\$ 310,010	\$ 435,145	\$ 10,900,877	\$ -
Receipts from inter-fund services provided	-	-	4,725	-	4,725	76,195
Payments to employees	(1,156,140)	(404,443)	(146,199)	-	(1,706,782)	-
Payments to insurance claims	-	-	-	-	-	(56,575)
Payments to suppliers	(2,098,131)	(475,929)	(151,482)	(385,730)	(3,111,272)	(5,829)
Payments for inter-fund services used	(827,119)	(122,032)	(437,217)	(384,430)	(1,770,798)	-
Net cash flows from operating activities	<u>4,065,073</u>	<u>1,006,855</u>	<u>(420,163)</u>	<u>(335,015)</u>	<u>4,316,750</u>	<u>13,791</u>
Cash flows from non-capital financing activities:						
Transfers from other funds	-	-	599,999	540,000	1,139,999	-
Transfers to other funds	(35,150)	-	(1,448)	-	(36,598)	-
Net cash flows from non-capital financing activities	<u>(35,150)</u>	<u>-</u>	<u>598,551</u>	<u>540,000</u>	<u>1,103,401</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(1,857,165)	(33,376)	-	(23,746)	(1,914,287)	-
Proceeds from sale of materials and equipment	11,174	27,748	-	-	38,922	-
Principal paid on capital debt	(1,211,905)	(272,960)	(32,258)	(65,439)	(1,582,562)	-
Interest paid on capital debt	(616,307)	(194,451)	(129,792)	(17,305)	(957,855)	-
Net cash flows from capital and related financing activities	<u>(3,674,203)</u>	<u>(473,039)</u>	<u>(162,050)</u>	<u>(106,490)</u>	<u>(4,415,782)</u>	<u>-</u>
Cash flows from investing activities:						
Interest and dividends received	2,753	1,648	-	15	4,416	19
Net cash flows from investing activities	<u>2,753</u>	<u>1,648</u>	<u>-</u>	<u>15</u>	<u>4,416</u>	<u>19</u>
Net increase (decrease) in cash and cash equivalents	358,473	535,464	16,338	98,510	1,008,785	13,810
Cash and cash equivalents at beginning of year	<u>6,256,232</u>	<u>2,665,220</u>	<u>819</u>	<u>32,332</u>	<u>8,954,603</u>	<u>33,191</u>
Cash and cash equivalents at end of year	<u>\$ 6,614,705</u>	<u>\$ 3,200,684</u>	<u>\$ 17,157</u>	<u>\$ 130,842</u>	<u>\$ 9,963,388</u>	<u>\$ 47,001</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$ 2,027,201	\$ 600,058	\$ (130,997)	\$ (120,881)	\$ 2,375,381	\$ 12,695
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	1,276,624	535,116	156,649	142,341	2,110,730	-
Changes in assets & liabilities:						
(Increase) decrease in:						
Receivables	67,003	(32,602)	-	7,354	41,755	-
Other assets	6,729	-	-	-	6,729	-
Prepaid expense	(1,481)	4,206	-	-	2,725	-
Due from other funds	-	(54,032)	4,725	-	(49,307)	-
Inventories	(92,664)	-	(204)	-	(92,868)	-
Increase (decrease) in:						
Accounts payable	720,697	(4,256)	(13,119)	(5,699)	697,623	1,096
Accrued expenses	2,961	(869)	-	-	2,092	-
Due to other funds	49,307	-	(437,217)	(358,130)	(746,040)	-
Unearned revenue	-	(83,288)	-	-	(83,288)	-
Consumer deposits	5,425	-	-	-	5,425	-
Compensated absences	3,271	(27,102)	-	-	(23,831)	-
Landfill closure liability	-	69,624	-	-	69,624	-
Total adjustments	<u>2,037,872</u>	<u>406,797</u>	<u>(289,166)</u>	<u>(214,134)</u>	<u>1,941,369</u>	<u>1,096</u>
Net cash provided (used) by operating activities	<u>\$ 4,065,073</u>	<u>\$ 1,006,855</u>	<u>\$ (420,163)</u>	<u>\$ (335,015)</u>	<u>\$ 4,316,750</u>	<u>\$ 13,791</u>
Reconciliation of total cash and cash equivalents:						
Cash and cash equivalents on statement of net position	\$ 4,417,038	\$ 1,952,550	\$ 17,157	\$ 78,939	\$ 6,465,684	\$ 47,001
Restricted cash and cash equivalents on statement of net position	<u>2,197,667</u>	<u>1,248,134</u>	<u>-</u>	<u>51,903</u>	<u>3,497,704</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 6,614,705</u>	<u>\$ 3,200,684</u>	<u>\$ 17,157</u>	<u>\$ 130,842</u>	<u>\$ 9,963,388</u>	<u>\$ 47,001</u>

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

CITY OF PAMPA, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2014

	<u>Agency Fund Municipal Court Bail Bond</u>
Assets:	
Cash and cash equivalents	\$ 1,323
Total assets	\$ <u>1,323</u>
Liabilities:	
Deposits	\$ <u>1,323</u>
Total liabilities	\$ <u>1,323</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, 2014

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. In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB 61 – *The Financial Reporting Entity: Omnibus* (GASB 61). Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relations, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the City has one component unit, the Pampa Economic Development Corporation.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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

A. Reporting Entity (continued)

Individual Component Unit Disclosures

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 of 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, 2014, 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. During the year ended September 30, 2014, the City remitted \$1,426,014 to the PEDC for its portion of the sales taxes received from the State Comptroller.

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, 2014

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 position and the statement of activities) 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, 2014

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 fund:

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

The City reports the following major proprietary funds:

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

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

The Aquatics Center Fund - The Aquatics Center Fund is used to account for the operation of the City's aquatics park.

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, 2014

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.

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).

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.

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.

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, 2014

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.

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:

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.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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

D. Budgets (continued)

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 savings accounts, insured money market accounts and/or NOW Accounts in the official City depository.

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.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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

F. Cash and Investments (continued)

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 and the Aquatics Center maintains an inventory of materials and supplies. 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).

J. Restricted Assets

Certain proceeds of the City's 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. The City may also receive grants or other donations that are subject to restrictions by outside parties, which are also classified as restricted assets.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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

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

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.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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

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 and proprietary 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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable unamortized bond premium or discount.

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.

N. Net Position 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.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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

N. Net Position and Fund Balance (continued)

- 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 and the City’s Finance Director. Fund balance is assigned through the unanimous 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.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in that category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the life of the debt.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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

O. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item reported on the government-wide statement of net position. A deferred credit on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is amortized over the life of the debt. Additionally the City has one type of this item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported on in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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, 2014.

Management is also aware of the deficit of the unrestricted net position of the Solid Waste Management Fund, the Aquatics Center Fund, and the Golf Course Fund, and will continue to assess the operations of the City's landfill, Aquatics Center, and Golf Course in the future. The results of the current year's operations in the Solid Waste Management Fund was operating income of \$600,058, for the Aquatics Center Fund, the results of current year operations was an operating loss of \$130,977, and for the Golf Course Fund, the results of current year operations was an operating loss of \$174,383.

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.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 3. DEPOSITS AND INVESTMENTS (continued):

Legal and Contractual Provisions Governing Deposits and Investments (continued)

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, 2014 all of the City's investments, as shown below, are reflected at cost, which approximates fair value.

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.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 3. DEPOSITS AND INVESTMENTS (continued):

Policies Governing Deposits and Investments (continued)

- 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.

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

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

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

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 3. DEPOSITS AND INVESTMENTS (continued):

Investments Held

At September 30, 2014, the carrying amounts of the City's investments are shown below. The City did not invest in any other types of investments other than those shown below for the year ended September 30, 2014. The City's policy is to hold bonds to maturity or until called, and bond is not held for sale.

<u>Primary Government</u>	<u>Credit Rating</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Federal Home Loan Bank Bond Matures June 20, 2018	Moody's: Aaa S&P: AA+	\$ <u>350,000</u>	\$ <u>345,720</u>

NOTE 4. RECEIVABLES:

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

Governmental activities:	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Enterprise Funds</u>	<u>M.K. Brown Permanent Fund</u>	<u>Total</u>
Receivables:						
Property taxes	\$ 191,932	\$ 11,853	\$ 45,991	\$ -	\$ -	\$ 249,776
Other taxes	1,210,203	56,574	1,060	-	-	1,267,837
Accounts	338,851	-	-	1,103,348	-	1,442,199
Grants from federal, state, and local sources	41,679	-	-	-	-	41,679
Interest	-	-	-	-	1,223	1,223
CRMWA	-	-	-	363,927	-	363,927
Total receivables	<u>1,782,665</u>	<u>68,427</u>	<u>47,051</u>	<u>1,467,275</u>	<u>1,223</u>	<u>3,366,641</u>
Less allowance for uncollectibles	<u>126,161</u>	<u>7,521</u>	<u>28,501</u>	<u>16,540</u>	<u>-</u>	<u>178,723</u>
Total net receivables	<u>\$ 1,656,504</u>	<u>\$ 60,906</u>	<u>\$ 18,550</u>	<u>\$ 1,450,735</u>	<u>\$ 1,223</u>	<u>\$ 3,187,918</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 4. RECEIVABLES (continued):

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on October 1 and become delinquent after January 31. The taxes accrue interest beginning February 1. Current year property taxes are collected from the levy date October 1 through June 30, at which time the taxes are classified as delinquent and assessed penalties beginning July 1. The delinquent taxes receivable account represents past years uncollected tax levies. The allowance for estimated uncollectible amounts is 62.33% of the total delinquent taxes receivable at September 30, 2014. 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 2013 tax roll for the 2013-2014 fiscal year was \$.621027 per \$100 of assessed valuation, of which \$.504186 was designated to finance general governmental services, \$.086841 was designated for debt service and \$.03 was for the maintenance and support of the Lovett Memorial Library. The resulting tax levy was \$3,911,367 on an assessed value of \$629,822,098 (after exemptions and adjustments).

NOTE 5. RESTRICTED ASSETS:

The City had the following restricted assets as of September 30, 2014:

	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Water and Sewer System</u>	<u>Solid Waste Management</u>	<u>Non-major Enterprise Funds</u>	<u>Total</u>
Restricted cash:						
Construction and capital acquisition	\$ -	\$ -	\$ 147,578	\$ 108,520	\$ -	\$ 256,098
Municipal court security & technology	84,059	-	-	-	-	84,059
Park maintenance	28,650	-	-	-	-	28,650
Fire department	9,106	-	-	-	-	9,106
M.K. Brown Auditorium	-	3,329	-	-	-	3,329
Revenue bond debt service	-	-	1,842,674	1,032,444	51,903	2,927,021
Water and sewer utility deposits	-	-	207,415	-	-	207,415
Demolition and cleanup	-	-	-	107,170	-	107,170
Total restricted cash	<u>\$ 121,815</u>	<u>\$ 3,329</u>	<u>\$ 2,197,667</u>	<u>\$ 1,248,134</u>	<u>\$ 51,903</u>	<u>\$ 3,622,848</u>
Restricted accrued interest receivable:						
M.K. Brown Auditorium	<u>\$ -</u>	<u>\$ 1,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,223</u>
Restricted investments:						
M.K. Brown Auditorium	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,000</u>
Restricted receivable:						
CRMWA debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363,927</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 363,927</u>
Restricted other assets:						
CRMWA other asset	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 235,476</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 6. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2014 was as follows:

Primary Government:				
	Balance		Sales, Retirements, and Transfers	Balance
Governmental activities:	Oct. 1, 2013	Additions	and	Sept. 30, 2014
Capital assets, not being depreciated				
Land	\$ 210,849	\$ -	\$ -	\$ 210,849
Collection	203,500	-	-	203,500
Construction in progress	2,507,268	2,281	(2,507,268)	2,281
Total capital assets, not being depreciated	<u>2,921,617</u>	<u>2,281</u>	<u>(2,507,268)</u>	<u>416,630</u>
Capital assets being depreciated:				
Roads	18,809,864	-	-	18,809,864
Buildings and improvements	9,806,377	3,099,903	-	12,906,280
Vehicles and equipment	11,765,989	461,529	(227,423)	12,000,095
Total capital assets, being depreciated	<u>40,382,230</u>	<u>3,561,432</u>	<u>(227,423)</u>	<u>43,716,239</u>
Less accumulated depreciation for:				
Roads	18,129,877	182,861	-	18,312,738
Buildings and improvements	6,041,603	357,125	-	6,398,728
Vehicles and equipment	8,429,375	817,427	(153,499)	9,093,303
Total accumulated depreciation	<u>32,600,855</u>	<u>1,357,413</u>	<u>(153,499)</u>	<u>33,804,769</u>
Total capital assets, being depreciated, net	<u>7,781,375</u>	<u>2,204,019</u>	<u>(73,924)</u>	<u>9,911,470</u>
Total Governmental Activities capital assets, net	<u>\$ 10,702,992</u>	<u>\$ 2,206,300</u>	<u>\$ (2,581,192)</u>	<u>\$ 10,328,100</u>

Construction in progress in the governmental activities consists of survey costs incurred related to the construction of a parking lot at the armory building, which was not complete as of September 30, 2014. The City has not entered into any contracts related to the construction of the parking lot and has not incurred any additional costs related to this project subsequent to September 30, 2014.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 6. CAPITAL ASSETS (continued):

Business-type activities:	Balance		Sales,		Balance
	Oct. 1, 2013	Additions	Retirements,	Adjustments	Sept. 30, 2014
			& Transfers		
Capital assets, not being depreciated					
Land	\$ 788,941	\$ -	\$ -	\$ -	\$ 788,941
Construction in progress	<u>1,555,625</u>	<u>718,137</u>	<u>(1,555,625)</u>	<u>(1,555,625)</u>	<u>718,137</u>
Total capital assets, not being depreciated	<u>2,344,566</u>	<u>718,137</u>	<u>(1,555,625)</u>	<u>(1,555,625)</u>	<u>1,507,078</u>
Capital assets being depreciated:					
Roads	215,295	-	-	-	215,295
Buildings and improvements	39,112,182	2,531,780	-	-	41,643,962
Vehicles and equipment	7,454,517	213,267	(28,748)	(28,748)	7,639,036
Water rights	7,582,051	6,729	-	-	7,588,780
Surface water supply contracts	<u>5,419,278</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,419,278</u>
Total capital assets, being depreciated	<u>59,783,323</u>	<u>2,751,776</u>	<u>(28,748)</u>	<u>(28,748)</u>	<u>62,506,351</u>
Less accumulated depreciation for:					
Roads	202,968	6,164	-	-	209,132
Buildings and improvements	23,271,144	1,291,921	-	-	24,563,065
Vehicles and equipment	5,118,191	591,722	(20,124)	(20,124)	5,689,789
Water rights	796,663	151,641	-	-	948,304
Surface water supply contracts	<u>2,869,026</u>	<u>63,756</u>	<u>-</u>	<u>-</u>	<u>2,932,782</u>
Total accumulated depreciation	<u>32,257,992</u>	<u>2,105,204</u>	<u>(20,124)</u>	<u>(20,124)</u>	<u>34,343,072</u>
Total capital assets, being depreciated, net	<u>27,525,331</u>	<u>646,572</u>	<u>(8,624)</u>	<u>(8,624)</u>	<u>28,163,279</u>
Total Business-type Activities capital assets, net	<u>\$ 29,869,897</u>	<u>\$ 1,364,709</u>	<u>\$ (1,564,249)</u>	<u>\$ (1,564,249)</u>	<u>\$ 29,670,357</u>

Construction in progress in the business-type activities consists of costs incurred related to replacement of water meters to support the City's water and sewer system, that was not complete as of September 30, 2014.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 6. CAPITAL ASSETS (continued):

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

Governmental activities:	
General government	\$ 359,738
Public safety	215,865
Streets and traffic	359,287
Solid waste management	127,828
Culture and recreation	<u>294,695</u>
 Total depreciation expense - Governmental Activities	 \$ <u><u>1,357,413</u></u>
 Business-type activities:	
Water and sewer	\$ 1,276,624
Solid waste management	529,590
Aquatics center	156,649
Municipal golf course	112,630
Lease properties	<u>29,711</u>
 Total depreciation expense - Business-type Activities	 \$ <u><u>2,105,204</u></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>
2015	\$ 33,884	\$ 73,840	\$ 92,160
2016	600	73,840	1
2017	<u>599</u>	<u>14,400</u>	<u>-</u>
Total	35,083	162,080	92,161
Less: Amount representing interest at 3.30% to 5.07%	<u>1,259</u>	<u>9,730</u>	<u>2,945</u>
Present Value of Lease Payments	<u>\$ 33,824</u>	<u>\$ 152,350</u>	<u>\$ 89,216</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 7. LEASE OBLIGATIONS (continued):

Capital Leases (continued)

The following summarizes the assets acquired under capital leases:

	Governmental Activities	Municipal Golf Course	Solid Waste Management
Cost of equipment	\$ 190,584	\$ 268,323	\$ 633,377
Accumulated depreciation	<u>169,612</u>	<u>137,445</u>	<u>496,146</u>
Net leased equipment	<u>\$ 20,972</u>	<u>\$ 130,878</u>	<u>\$ 137,231</u>

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:

Year Ending September 30,	General Fund	Other Governmental Funds	Water and Sewer System
2015	\$ 20,266	\$ 1,099	\$ 865
2016	20,266	1,099	865
2017	20,266	1,099	865
2018	5,067	275	216
	<u>\$ 65,865</u>	<u>\$ 3,572</u>	<u>\$ 2,811</u>

For the year ended September 30, 2014, rental expenditures under all operating leases for the General Fund and Other Governmental Funds have been recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances in the amount of \$21,592 and \$1,191, respectively. Rental expenses under all operating leases for the Water and Sewer System Fund have been recorded in the Statement of Revenues, Expenses and Changes in Net Position in the amount of \$777.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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 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, 2014 was \$1,300,000.

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, 2014 was \$2,235,000.

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%. The reacquisition price exceeded the carrying value of the bonds refunded resulting in a net deferred loss on refunding of \$166,262, which was allocated between the General Fund, Water and Sewer System Fund, and Solid Waste Management Fund.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 8. LONG-TERM DEBT (continued):

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

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, 2014 was \$1,860,000.

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, 2014 was \$8,685,000.

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 reacquisition price exceeded the carrying value of the bonds refunded resulting in a net deferred loss on refunding of \$69,595. The outstanding balance of the 2011 Refunding Bonds as of September 30, 2014 was \$255,000.

In August 2012, the City issued \$2,970,000 in General Obligation 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, 2014 was \$2,675,000.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 8. LONG-TERM DEBT (continued):

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

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

	<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	\$ 268,368
2005 revenue refunding bonds, callable at par beginning June 1, 2016	3.50% - 4.00%	2020	1,678,500
2008 certificates of obligation, callable at par beginning June 1, 2018	3.50% - 4.50%	2021	364,912
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	238,599
2012 certificates of obligation, callable at par beginning June 1, 2023	2.00% - 3.50%	2032	2,675,000
			<u>\$ 5,225,379</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 8. LONG-TERM DEBT (continued):

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

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

Fiscal year ending September 30,	Principal	Interest	Total
2015	\$ 359,927	\$ 164,214	\$ 524,141
2016	369,069	149,605	518,674
2017	384,212	140,744	524,956
2018	430,855	153,752	584,607
2019	455,804	127,583	583,387
2020-2024	1,364,963	424,847	1,789,810
2025-2029	1,160,549	220,660	1,381,209
2030-2032	700,000	42,000	742,000
	<u>\$ 5,225,379</u>	<u>\$ 1,423,405</u>	<u>\$ 6,648,784</u>

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

	Interest Rates	Maturity Date	Amount Outstanding
2005 certificates of obligation, not subject to redemption prior to maturity	3.50% - 4.00%	2016	\$ 1,031,632
2005 revenue refunding bonds, callable at par beginning June 1, 2016	3.50% - 4.00%	2017	556,500
2008 certificates of obligation, callable at par beginning June 1, 2018	3.50% - 4.50%	2021	1,495,088
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	8,446,401
2011 revenue refunding bonds, not subject to redemption prior to maturity	0.80% - 1.56%	2015	255,003
			<u>\$ 11,784,624</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 8. LONG-TERM DEBT (continued):

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

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

Fiscal year ending September 30,	Principal	Interest	Total
2015	\$ 959,774	\$ 524,251	\$ 1,484,025
2016	955,931	489,208	1,445,139
2017	425,788	695,781	1,121,569
2018	234,145	652,023	886,168
2019	494,196	395,574	889,770
2020-2024	4,270,037	1,578,003	5,848,040
2025-2028	4,444,753	519,972	4,964,725
	<u>\$ 11,784,624</u>	<u>\$ 4,854,812</u>	<u>\$ 16,639,436</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
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations (continued):

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, is 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. The balance of the 2005 refunding bonds as of September 30, 2014 was \$690,527.

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 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, 2014 was \$1,358,468.

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, 2014 was \$649,980.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations (continued):

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, 2014 was \$142,337.

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, 2014 was \$605,053.

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, 2014 was \$2,769,891.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations (continued):

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 were used to 1) advance refund \$41,575,000 of the CRMWA Series 2005 Revenue Bonds, and 2) pay costs of issuance of the bonds. The net proceeds of the bonds issued were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the CRMWA Series 2005 Revenue Bonds are considered defeased. 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 \$1,632,202, and the refunding will result in a reduction of the total debt service requirements of the City by approximately \$184,178. The reacquisition price of the City’s portion of the CRMWA Series 2005 Revenue Bonds was \$1,939,571, and the net carrying value was \$1,792,195, resulting in a deferred loss on refunding of \$147,376. The balance of the 2012 CRMWA Refunding Bonds as of September 30, 2014 was \$1,588,161.

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

Fiscal year ending September 30,	Principal	Interest	Total
2015	\$ 509,639	\$ 353,756	\$ 863,395
2016	507,968	331,927	839,895
2017	529,237	309,703	838,940
2018	668,089	287,172	955,261
2019	443,491	259,027	702,518
2020-2024	2,926,120	920,548	3,846,668
2025-2029	1,770,207	290,909	2,061,116
2030-2031	449,666	20,577	470,243
	<u>\$ 7,804,417</u>	<u>\$ 2,773,619</u>	<u>\$ 10,578,036</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, 2014.

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, 2014 the accumulated accreted interest included in non-current liabilities on the City’s governmental and business-type activities was \$5,430 and \$192,216 respectively.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 8. LONG-TERM DEBT (continued):

Long-term liability activity for the year ended September 30, 2014 was as follows:

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2014</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 5,573,122	\$ -	\$ 347,743	\$ 5,225,379	\$ 359,927
Capital appreciation certificates	3,840	1,590	-	5,430	-
Add: Unamortized bond premiums	186,653	-	22,392	164,261	-
Capital leases	63,443	-	29,619	33,824	32,625
Compensated absences	<u>508,995</u>	<u>548,058</u>	<u>508,995</u>	<u>548,058</u>	<u>54,118</u>
Total Governmental Activities long-term liabilities	<u>\$ 6,336,053</u>	<u>\$ 549,648</u>	<u>\$ 908,749</u>	<u>\$ 5,976,952</u>	<u>\$ 446,670</u>
Deferred credit (charge) on refunding	<u>\$ (261,624)</u>	<u>\$ -</u>	<u>\$ (52,703)</u>	<u>\$ (208,921)</u>	<u>\$ -</u>
	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance September 30, 2014</u>	<u>Due Within One Year</u>
Business-type activities:					
Bonds payable:					
Revenue bonds and Certificates of obligation	\$ 12,751,880	\$ -	\$ 967,256	\$ 11,784,624	\$ 959,774
Capital appreciation certificates	135,944	56,272	-	192,216	-
CRMWA obligations	8,269,063	-	464,646	7,804,417	509,637
Add: Unamortized bond premiums	<u>828,097</u>	<u>-</u>	<u>100,257</u>	<u>727,840</u>	<u>-</u>
Total bonds payable	21,984,984	56,272	1,532,159	20,509,097	1,469,411
Landfill closure liability	1,392,863	69,626	-	1,462,489	-
Capital leases	392,226	-	150,660	241,566	156,630
Compensated absences	<u>81,482</u>	<u>57,651</u>	<u>81,482</u>	<u>57,651</u>	<u>43,238</u>
Total Business-type Activities long-term liabilities	<u>\$ 23,851,555</u>	<u>\$ 183,549</u>	<u>\$ 1,764,301</u>	<u>\$ 22,270,803</u>	<u>\$ 1,669,279</u>
Deferred credit (charge) on refunding	<u>\$ (139,860)</u>	<u>\$ -</u>	<u>\$ (24,678)</u>	<u>\$ (115,182)</u>	<u>\$ -</u>

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.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

NOTE 8. LONG-TERM DEBT (continued):

Current year interest expense and capitalized bond interest was recorded as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Accrued interest payable at October 1, 2013	\$ (51,164)	(229,346)
Interest and fees paid during the year	181,911	975,686
Amortization of bond premium and deferred loss on refunding	30,311	(75,578)
Accretion of interest on capital appreciation certificates	1,590	56,275
Accrued interest payable at September 30, 2014	47,617	217,652
Capitlization of interest	-	(17,831)
Interest expense	<u>\$ 210,265</u>	<u>\$ 926,858</u>

NOTE 9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

The composition of interfund balances as of September 30, 2014, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>			<u>Total</u>
	<u>General Fund</u>	<u>Water & Sewer</u>	<u>Nonmajor Enterprise Funds</u>	
General Fund	\$ -	\$ -	\$ 2,023	\$ 2,023
Nonmajor Governmental Funds	42,022	-	-	42,022
Solid Waste Management	-	54,032	-	54,032
	<u>\$ 42,022</u>	<u>\$ 54,032</u>	<u>\$ 2,023</u>	<u>\$ 98,077</u>

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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

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

	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Aquatics Center</u>	<u>Nonmajor Enterprise Funds</u>	
<u>Transfers out</u>					
General fund	\$ -	\$ 393,345	\$ 599,999	\$ 540,000	\$ 1,533,344
Nonmajor governmental funds	4,173	27,499	-	-	31,672
Water and Sewer Fund	35,150	-	-	-	35,150
Aquatics Center	-	1,448	-	-	1,448
Total	<u>\$ 39,323</u>	<u>\$ 422,292</u>	<u>\$ 599,999</u>	<u>\$ 540,000</u>	<u>\$ 1,601,614</u>

Inter-fund transfers were done in order to supplement the operations of the General Fund, M.K. Brown Auditorium, the Lovett Memorial Library, the Aquatics Center, Leased Properties, the Municipal Golf Course; transfer of funds were made in order to fund debt service payments and to transfer funds to clear out inter-fund receivables and payables between various funds.

NOTE 10. COMMITMENTS:

In January 2013, the City entered into a contract for the construction of an animal shelter. In November 2013, the project was completed and placed in service at a total cost of \$2,948,629. An additional \$8,000 remains unpaid and in retainage related to repairs to be completed at the animal shelter. This amount will be recorded on the City's financial statements if and when the repairs are completed and the amount is paid.

In July 2014, the City awarded a bid to Western Industrial Supply in the amount of \$1,804,370 for an Advanced Metering Infrastructure (AMI) System for the City's residential water and sewer system. As of September 30, 2014, costs of \$718,137 were incurred, and were paid subsequent to year end. Subsequent to September 30, 2014, additional costs of \$750,741 have been paid, and \$335,492 of the bid total remains unpaid. The City's management expects the residential phase of this project to be completed by June 30, 2015.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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.

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 from TMRS' website at www.TMRS.com.

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

	<u>Plan Year 2014</u>	<u>Plan Year 2013</u>	<u>Plan Year 2012</u>
Employee deposit rate	7.0%	7.0%	7.0%
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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 12. EMPLOYEE RETIREMENT SYSTEM (continued):

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). 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 for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all the benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. 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 (i.e., the December 31, 2013 valuation will determine the contribution rate beginning January 1, 2015).

The annual pension cost and net pension obligations/(asset) are as follows:

	Fiscal Year Ending 2014	Fiscal Year Ending 2013	Fiscal Year Ending 2012
Annual pension cost (APC)	\$ 1,440,623	\$ 1,421,564	\$ 1,290,472
Actual contributions made	\$ 1,440,623	\$ 1,421,564	\$ 1,290,472
Percentage of APC contributed	100%	100%	100%
Net pension obligation/(asset)	\$ -	\$ -	\$ -
Annual required contribution rate	21.80%	22.14%	21.45%

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 12. EMPLOYEE RETIREMENT SYSTEM (continued):

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuation. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>
Actuarial cost method	Entry Age Normal	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	23.0 years- closed period	25.9 years- closed period	27.1 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%	7.0%
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%

Funded Status and Funding Progress

The funded status as of December 31, 2013, the most recent actuarial valuation date, is as follows:

Actuarial valuation date	<u>12/31/2013</u>	<u>12/31/2012</u>	<u>12/31/2011</u>
Actuarial value of assets	\$ 25,702,852	\$ 23,758,399	\$ 22,172,736
Actuarial accrued liability (AAL)	\$ 39,241,503	\$ 35,118,669	\$ 34,167,216
Funded ratio	65.5%	67.7%	64.9%
Unfunded AAL (UAAL)	\$ 13,538,651	\$ 11,360,270	\$ 11,994,480
Covered payroll	\$ 6,502,228	\$ 6,268,939	\$ 6,139,162
UAAL as % of covered payroll	208.2%	181.2%	195.4%

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.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

NOTE 12. EMPLOYEE RETIREMENT SYSTEM (continued):

Funded Status and Funding Progress (continued)

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 accrued liabilities and 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 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.

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 pre-fund retiree term life insurance during employees’ entire careers.

The City’s contributions to the TMRS SDBF for the years ended 2014, 2013, and 2012 were \$16,309, \$15,521, \$15,745, respectively, which equaled the required contributions each year.

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

Calendar year	2013	2012	2011
Annual required contribution rate (ARC)	0.10%	0.11%	0.11%
Actual contribution rate made	0.10%	0.11%	0.11%
Percentage of ARC contributed	100%	100%	100%

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 13. OTHER POSTEMPLOYMENT BENEFIT DISCLOSURES:

In addition to the pension benefits described in Note 12, during prior years the City provided post-employment health care benefits, in accordance with the City's Health Benefits Plan, to all employees who retired at age 55 or older with a minimum 15 years of service or to an employee who retired at any age and had a minimum of 25 years of service. As of September 30, 2014, the City had 13 retirees who previously met the eligibility requirements. The City discontinued the provision of this benefit in fiscal year 2000, and current employees of the City are not eligible to participate. 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, 2014, 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>55,130</u>	\$ <u>38,991</u>	\$ <u>16,139</u>

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.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 14. RISK MANAGEMENT (continued):

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 benefit claims. 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, 2012 to September 30, 2014:

	Dental Benefits
Liability balance, September 30, 2012	\$ 3,029
Claims and changes in estimates	61,738
Claims payments	(63,596)
Liability balance, September 30, 2013	1,171
Claims and changes in estimates	58,224
Claims payments	(56,575)
Liability balance, September 30, 2014	\$ 2,820

NOTE 15. DEFERRED COMPENSATION PLAN:

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

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

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

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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 15.2%, resulting in \$104,999 of permit costs being amortized through September 30, 2014.

NOTE 17. LANDFILL CLOSURE AND POST-CLOSURE 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 for inflation based upon what it would cost to perform all closure and post-closure care.

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

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

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

As of the September 30, 2014 the inflation adjusted estimated closure and post-closure costs for permit 589A were \$201,936, and \$428,541 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, 2014, the capacity used to date for permit 589A was estimated to be 81.7%, resulting in estimated liabilities for closure and post-closure costs of \$164,982 and \$350,118 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, 2014, 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, 2014 the inflation adjusted estimated closure and post-closure costs for permit 2238 were \$3,631,373 and \$2,601,447 respectively. The capacity used to date for permit 2238 was estimated to be 15.2%, resulting in estimated liabilities for closure and post-closure costs of \$551,969 and \$395,420 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 \$69,624 being recorded as landfill closure cost expense on the City's financial statements.

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

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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

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 Landfill</u>	<u>New Landfill</u>	<u>Total</u>
Closure costs	\$ 201,936	\$ 3,631,373	\$ 3,833,309
Post-closure care costs	428,541	2,601,447	3,029,988
	\$ 630,477	\$ 6,232,820	\$ 6,863,297

The City's financial ratio is as follows:

Total closure and post-closure costs	6,863,297	= 26.90%
Total City revenue	25,518,605	

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

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

NOTE 18. COMPONENT UNIT TRANSACTIONS:

The following were significant transactions between the City and the PEDC for the year ended September 30, 2014:

On November 15, 2012, the PEDC board of directors approved a grant to the City of Pampa, Texas in the amount of \$270,000 for the City Demolition project which included the removal of 64 houses. During the year ended September 30, 2014, the City recognized \$83,288 in grant revenue as a result of demolition activities completed. As of September 30, 2014, the City has expended approximately \$80,995 of the grant funds on demolition equipment and \$165,123 on demolition expenses, with the remaining \$23,882 recorded as unearned revenue. The City's management intends to continue the demolition project during fiscal year 2015.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 19. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

In June 2012, the GASB issued Statement 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27 (“GASB 68”). GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the City’s financial statements.

In November 2013, the GASB issued Statement 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68 (“GASB 71”). The objective of GASB 71 is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. GASB 71 will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB 68 in the accrual basis financial statement of employers and non-employer contributing entities. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the City’s financial statements.

NOTE 20. SUBSEQUENT EVENTS:

The City’s management has evaluated subsequent events through March 23, 2015, which is the date the financial statements were available to be issued. The following were the items noted by the City’s management:

The City of Pampa is currently in the planning process of a substantial improvement project at the water and waste water treatment plants. The project will address several needs including compliance concerns, overall efficiency of operations and updating aged equipment. Related to the project, the City entered in to a contract with CH2M HILL Engineering in February, 2015, and the design phase is underway and expected to be complete in November, 2015. Upon completion of the design phase, the City expects to conduct the bid process from November, 2015 through January, 2016, and begin construction in early 2016, with anticipated completion of the project by December, 2016. The City has estimated a budget of approximately \$4 million to complete this improvement project.

In October 2014, the remaining unpaid balance of the Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2009 (the “2009 Obligations”) currently reported in the business-type activities and carried in the Aquatics Center Fund was transferred to the governmental activities of the City and will be repaid through debt service taxes beginning in fiscal year 2015. The outstanding balance of the 2009 Obligations in the Aquatics Center Fund at the time of transfer was \$3,069,107. Included in the outstanding balance is \$2,949,083 in bonds payable, \$52,910 in unamortized bond premiums and \$67,114 in accrued interest on the Series 2009 capital appreciation certificates.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 20. SUBSEQUENT EVENTS (continued):

In March 2015, the City approved the issuance of \$1,960,000 in General Obligation Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds"). Proceeds from the sale of the Series 2015 Refunding Bonds will be used to 1) redeem a portion of the City's remaining outstanding Tax and Waterworks and Sewer System Surplus Revenue Refunding Bonds, Series 2005, and 2) pay costs of issuance of the bonds. Interest on the Series 2015 Refunding Bonds will be 1.18%, with maturities ranging from 2015 to 2020. The Series 2015 Refunding Bonds are expected to be funded in April, 2015.

Based upon these facts, the City estimates the following debt service requirements after the transfer of the Aquatics Center 2009 Obligations and issuance of the Series 2015 Refunding Bonds:

Debt service requirements for Governmental Activities:

Fiscal year ending September 30,	Principal	Interest	Total
2015	\$ 393,883	\$ 291,940	\$ 685,823
2016	421,172	247,037	668,209
2017	407,846	329,029	736,875
2018	451,042	328,766	779,808
2109	552,578	228,507	781,085
2020-2024	2,558,799	944,709	3,503,508
2025-2029	2,712,341	401,861	3,114,202
2030-2032	700,000	42,000	742,000
	<u>\$ 8,197,661</u>	<u>\$ 2,813,849</u>	<u>\$ 11,011,510</u>

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

Fiscal year ending September 30,	Principal	Interest	Total
2015	\$ 926,117	\$ 400,059	\$ 1,326,176
2016	938,828	333,203	1,272,031
2017	427,154	460,464	887,618
2018	223,958	441,633	665,591
2019	397,422	271,771	669,193
2020-2024	3,061,202	1,046,404	4,107,606
2025-2028	2,892,658	337,772	3,230,430
	<u>\$ 8,867,339</u>	<u>\$ 3,291,306</u>	<u>\$ 12,158,645</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 20. SUBSEQUENT EVENTS (continued):

In December 2014, CRMWA issued \$42,165,000 in Canadian River Municipal Water Authority Subordinate Lien Contract Revenue Refunding Bonds, Series 2014 (the “2014 CRMWA Refunding Bonds”). Proceeds from the sale of the 2014 CRMWA Refunding Bonds will be used to 1) refund a portion of the CRMWA Series 2006 Bonds and a portion of the CRMWA Series 2005 Refunding Bonds, and 2) pay costs of the issuance of the bonds. Interest on the 2014 CRMWA Refunding Bonds will be from 2.0% to 5.0%, with maturities ranging from 2015 to 2027. The City’s share of the 2014 CRMWA Refunding Bonds of \$1,618,403 is approximately 3.838%.

Based on these facts the City estimates the following debt service requirements after the 2014 CRMWA Refunding Bonds have been issued:

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

Fiscal year ending September 30,	Principal	Interest	Total
2015	\$ 537,269	\$ 405,976	\$ 943,245
2016	501,286	380,290	881,575
2017	512,256	301,290	813,546
2018	648,380	281,421	929,802
2019	423,330	253,685	677,015
2020-2024	2,858,967	902,560	3,761,527
2025-2029	1,728,837	287,730	2,016,567
2030-2031	449,664	20,577	470,241
	<u>\$ 7,659,989</u>	<u>\$ 2,833,528</u>	<u>\$ 10,493,517</u>

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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

Fiscal Year	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll (4)/(5)
2014	\$ 25,702,852	\$ 39,241,503	65.5%	\$ 13,538,651	\$ 6,502,228	208.2%
2013	23,758,399	35,118,669	67.7%	11,360,270	6,268,939	181.2%
2012	22,172,736	34,167,216	64.9%	11,994,480	6,139,162	195.5%
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%

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, 2014**

	Special Revenue			
	Debt Service	Capital Projects	Controlled Substances	M.K. Brown Auditorium
Assets:				
Cash and cash equivalents	\$ 106,348	\$ 138,076	\$ 25,144	\$ 481,374
Receivables, net of allowance for uncollectibles	18,550	-	-	56,574
Due from other funds	42,022	-	-	-
Prepaid items	-	-	-	4,040
Restricted cash	-	-	-	-
Restricted accrued interest	-	-	-	-
Restricted investments	-	-	-	-
	<u>166,920</u>	<u>138,076</u>	<u>25,144</u>	<u>541,988</u>
Total assets	\$ <u>166,920</u>	\$ <u>138,076</u>	\$ <u>25,144</u>	\$ <u>541,988</u>
 Liabilities, Deferred Inflows and Fund balances:				
Liabilities:				
Accounts payable	\$ -	\$ 50	\$ -	\$ 56,740
Accrued expenditures	-	-	-	5,270
	<u>-</u>	<u>50</u>	<u>-</u>	<u>62,010</u>
Total liabilities	<u>-</u>	<u>50</u>	<u>-</u>	<u>62,010</u>
 Deferred inflows of resources:				
Unavailable revenue - property taxes	17,490	-	-	-
Total deferred inflows of resources	<u>17,490</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances:				
Nonspendable:				
Prepaid items	-	-	-	4,040
Permanent fund principal	-	-	-	-
Restricted fund balance:				
Debt service	149,430	-	-	-
Capital acquisition	-	138,026	-	-
MK Brown Auditorium	-	-	-	475,938
Lovett Library	-	-	-	-
Law enforcement	-	-	25,144	-
	<u>149,430</u>	<u>138,026</u>	<u>25,144</u>	<u>479,978</u>
Total fund balances	<u>149,430</u>	<u>138,026</u>	<u>25,144</u>	<u>479,978</u>
 Total liabilities, deferred inflows, and fund balances	\$ <u>166,920</u>	\$ <u>138,076</u>	\$ <u>25,144</u>	\$ <u>541,988</u>

<u>Funds</u>	<u>Total</u>	<u>M.K.</u>	<u>Total</u>
<u>Lovett</u>	<u>Nonmajor</u>	<u>Brown</u>	<u>Nonmajor</u>
<u>Memorial</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Governmental</u>
<u>Library</u>	<u>Funds</u>	<u>Fund</u>	<u>Funds</u>
\$ 188,849	\$ 695,367	\$ 3,147	\$ 942,938
4,332	60,906	-	79,456
-	-	-	42,022
345	4,385	-	4,385
-	-	3,329	3,329
-	-	1,223	1,223
-	-	350,000	350,000
<u>\$ 193,526</u>	<u>\$ 760,658</u>	<u>\$ 357,699</u>	<u>\$ 1,423,353</u>
\$ 4,930	\$ 61,670	\$ -	\$ 61,720
7,723	12,993	-	12,993
<u>12,653</u>	<u>74,663</u>	<u>-</u>	<u>74,713</u>
4,332	4,332	-	21,822
<u>4,332</u>	<u>4,332</u>	<u>-</u>	<u>21,822</u>
345	4,385	-	4,385
-	-	350,000	350,000
-	-	-	149,430
-	-	-	138,026
-	475,938	7,699	483,637
176,196	176,196	-	176,196
-	25,144	-	25,144
<u>176,541</u>	<u>681,663</u>	<u>357,699</u>	<u>1,326,818</u>
<u>\$ 193,526</u>	<u>\$ 760,658</u>	<u>\$ 357,699</u>	<u>\$ 1,423,353</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, 2014

	<u>Special Revenue</u>			
	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Controlled Substances</u>	<u>M.K. Brown Auditorium</u>
Revenues:				
Taxes:				
Property taxes	\$ 533,887	\$ -	\$ -	\$ -
Other taxes	-	-	-	510,403
Penalties and interest on taxes	13,677	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	33,669
Fines	-	-	-	-
Investment earnings	-	17	11	260
Contributions and donations	-	-	2,994	-
Other revenue	-	-	-	916
Total revenues	<u>547,564</u>	<u>17</u>	<u>3,005</u>	<u>545,248</u>
Expenditures:				
Current:				
Culture and recreation	-	-	-	439,285
Capital outlay	-	536,214	-	129,694
Debt service:				
Principal retirement	347,744	-	-	-
Interest and fiscal charges	177,142	-	-	171
Total expenditures	<u>524,886</u>	<u>536,214</u>	<u>-</u>	<u>569,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>22,678</u>	<u>(536,197)</u>	<u>3,005</u>	<u>(23,902)</u>
Other financing sources (uses):				
Transfers in	99,792	25,000	-	2,500
Transfers out	-	(4,172)	-	(25,000)
Total other financing sources (uses)	<u>99,792</u>	<u>20,828</u>	<u>-</u>	<u>(22,500)</u>
Net change in fund balances	122,470	(515,369)	3,005	(46,402)
Fund balances at beginning of year	<u>26,960</u>	<u>653,395</u>	<u>22,139</u>	<u>526,380</u>
Fund balances at end of year	<u>\$ 149,430</u>	<u>\$ 138,026</u>	<u>\$ 25,144</u>	<u>\$ 479,978</u>

<u>Funds</u>	<u>Total</u>	<u>M.K.</u>	<u>Total</u>
<u>Lovett</u>	<u>Nonmajor</u>	<u>Brown</u>	<u>Nonmajor</u>
<u>Memorial</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Governmental</u>
<u>Library</u>	<u>Funds</u>	<u>Fund</u>	<u>Funds</u>
\$ 183,690	\$ 183,690	\$ -	\$ 717,577
-	510,403	-	510,403
4,301	4,301	-	17,978
5,000	5,000	-	5,000
20	33,689	-	33,689
9,958	9,958	-	9,958
119	390	4,070	4,477
2,025	5,019	-	5,019
45,151	46,067	-	46,067
<u>250,264</u>	<u>798,517</u>	<u>4,070</u>	<u>1,350,168</u>
534,663	973,948	-	973,948
-	129,694	-	665,908
-	-	-	347,744
-	171	-	177,313
<u>534,663</u>	<u>1,103,813</u>	<u>-</u>	<u>2,164,913</u>
<u>(284,399)</u>	<u>(305,296)</u>	<u>4,070</u>	<u>(814,745)</u>
295,000	297,500	-	422,292
-	(25,000)	(2,500)	(31,672)
<u>295,000</u>	<u>272,500</u>	<u>(2,500)</u>	<u>390,620</u>
10,601	(32,796)	1,570	(424,125)
165,940	714,459	356,129	1,750,943
<u>\$ 176,541</u>	<u>\$ 681,663</u>	<u>\$ 357,699</u>	<u>\$ 1,326,818</u>

**CITY OF PAMPA, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2014**

	Business-type Activities - Enterprise Funds		Total Nonmajor Enterprise Funds
	Municipal Golf Course	Leased Properties	
Assets:			
Current assets:			
Cash and cash equivalents	\$ -	\$ 78,939	\$ 78,939
Restricted assets - current:			
Cash and cash equivalents	51,903	-	51,903
Receivables - net of uncollectible allowance	425	3,857	4,282
Total current assets	<u>52,328</u>	<u>82,796</u>	<u>135,124</u>
Non-current assets:			
Capital assets:			
Land	545,514	-	545,514
Buildings and improvements	1,338,916	738,592	2,077,508
Vehicles and equipment	519,161	-	519,161
Less: accumulated depreciation and amortization	<u>(1,149,283)</u>	<u>(394,117)</u>	<u>(1,543,400)</u>
Total non-current assets	<u>1,254,308</u>	<u>344,475</u>	<u>1,598,783</u>
Total assets	<u>1,306,636</u>	<u>427,271</u>	<u>1,733,907</u>
Liabilities:			
Current liabilities:			
Accounts payable	10,459	28	10,487
Due to other funds	2,023	-	2,023
Accrued interest payable	720	-	720
Bonds payable - current:			
Revenue bonds and certificates of obligation	1,144	-	1,144
Capital leases payable - current	<u>67,414</u>	<u>-</u>	<u>67,414</u>
Total current liabilities	<u>81,760</u>	<u>28</u>	<u>81,788</u>
Non-current liabilities:			
Revenue bonds and certificates of obligation (net)	52,642	-	52,642
Capital leases payable	<u>84,936</u>	<u>-</u>	<u>84,936</u>
Total non-current liabilities	<u>137,578</u>	<u>-</u>	<u>137,578</u>
Total liabilities	<u>219,338</u>	<u>28</u>	<u>219,366</u>
Net position:			
Net investment in capital assets	1,048,172	344,475	1,392,647
Restricted for debt service	51,183	-	51,183
Unrestricted	<u>(12,057)</u>	<u>82,768</u>	<u>70,711</u>
Total net position	<u>\$ 1,087,298</u>	<u>\$ 427,243</u>	<u>\$ 1,514,541</u>

CITY OF PAMPA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

	Business-type Activities - Enterprise Funds		Total Nonmajor Enterprise Funds
	Municipal Golf Course	Leased Properties	
Operating revenues:			
Charges for services	\$ 308,207	\$ -	\$ 308,207
Rent	-	89,504	89,504
Other revenues	30,080	-	30,080
	<u>338,287</u>	<u>89,504</u>	<u>427,791</u>
Total operating revenues			
Operating expenses:			
Contractual services	263,416	2,434	265,850
Supplies and materials	107,225	-	107,225
Depreciation and amortization	112,630	29,711	142,341
Intercity charges	26,300	-	26,300
Insurance and claims	3,099	3,857	6,956
	<u>512,670</u>	<u>36,002</u>	<u>548,672</u>
Total operating expenses			
Operating income (loss)	<u>(174,383)</u>	<u>53,502</u>	<u>(120,881)</u>
Non-operating revenues (expenses):			
Investment earnings	-	15	15
Interest and fiscal charges	(17,167)	-	(17,167)
	<u>(17,167)</u>	<u>15</u>	<u>(17,152)</u>
Total non-operating revenues (expenses)			
Income (loss) before transfers	(191,550)	53,517	(138,033)
Transfers in	540,000	-	540,000
Change in net position	348,450	53,517	401,967
Total net position - beginning of year	<u>738,848</u>	<u>373,726</u>	<u>1,112,574</u>
Total net position - end of year	<u>\$ 1,087,298</u>	<u>\$ 427,243</u>	<u>\$ 1,514,541</u>

CITY OF PAMPA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Business-type Activities		Total Nonmajor Enterprise Funds
	Enterprise Funds		
	Municipal Golf Course	Leased Properties	
Cash flows from operating activities:			
Receipts from customers and users	\$ 339,298	\$ 95,847	\$ 435,145
Receipts from inter-fund services provided	-	-	-
Payments to suppliers	(379,449)	(6,281)	(385,730)
Payments for inter-fund services used	(373,788)	(10,642)	(384,430)
Net cash flows from operating activities	<u>(413,939)</u>	<u>78,924</u>	<u>(335,015)</u>
Cash flows from non-capital financing activities:			
Transfers from other funds	540,000	-	540,000
Net cash flows from non-capital financing activities	<u>540,000</u>	<u>-</u>	<u>540,000</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(23,746)	-	(23,746)
Principal paid on capital debt	(65,439)	-	(65,439)
Interest paid on capital debt	(17,305)	-	(17,305)
Net cash flows from capital and related financing activities	<u>(106,490)</u>	<u>-</u>	<u>(106,490)</u>
Cash flows from investing activities:			
Interest and dividends received	-	15	15
Net cash flows from investing activities	<u>-</u>	<u>15</u>	<u>15</u>
Net increase (decrease) in cash and cash equivalents	19,571	78,939	98,510
Cash and cash equivalents at beginning of year	<u>32,332</u>	<u>-</u>	<u>32,332</u>
Cash and cash equivalents at end of year	<u>\$ 51,903</u>	<u>\$ 78,939</u>	<u>\$ 130,842</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$ (174,383)	\$ 53,502	\$ (120,881)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	112,630	29,711	142,341
Changes in assets & liabilities:			
(Increase) decrease in:			
Receivables	1,011	6,343	7,354
Increase (decrease) in:			
Accounts payable	(5,709)	10	(5,699)
Due to other funds	(347,488)	(10,642)	(358,130)
Total adjustments	<u>(239,556)</u>	<u>25,422</u>	<u>(214,134)</u>
Net cash provided (used) by operating activities	<u>\$ (413,939)</u>	<u>\$ 78,924</u>	<u>\$ (335,015)</u>
Reconciliation of total cash and cash equivalents:			
Cash and cash equivalents on balance sheet	\$ -	\$ 78,939	\$ 78,939
Restricted cash and cash equivalents on balance sheet	<u>51,903</u>	<u>-</u>	<u>51,903</u>
Total cash and cash equivalents	<u>\$ 51,903</u>	<u>\$ 78,939</u>	<u>\$ 130,842</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, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Property taxes	\$ 526,885	\$ 526,885	\$ 533,887	\$ 7,002
Penalties and interest on taxes	-	-	13,677	13,677
Interest	500	500	-	(500)
	<u>527,385</u>	<u>527,385</u>	<u>547,564</u>	<u>20,179</u>
Total revenues				
Expenditures:				
Debt service:				
Principal retirement	347,745	347,744	347,744	-
Interest and fiscal charges	177,141	177,141	177,142	(1)
	<u>524,886</u>	<u>524,885</u>	<u>524,886</u>	<u>(1)</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>2,499</u>	<u>2,500</u>	<u>22,678</u>	<u>20,178</u>
Other financing sources (uses):				
Transfers in	-	99,792	99,792	-
	<u>-</u>	<u>99,792</u>	<u>99,792</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	2,499	102,292	122,470	20,178
Fund balance at beginning of year	<u>26,960</u>	<u>26,960</u>	<u>26,960</u>	<u>-</u>
Fund balance at end of year	<u>\$ 29,459</u>	<u>\$ 129,252</u>	<u>\$ 149,430</u>	<u>\$ 20,178</u>

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, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 17	\$ 17
Total revenues	<u>-</u>	<u>-</u>	<u>17</u>	<u>17</u>
Expenditures:				
Capital outlay:	<u>25,000</u>	<u>536,216</u>	<u>536,214</u>	<u>2</u>
Total expenditures	<u>25,000</u>	<u>536,216</u>	<u>536,214</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,000)</u>	<u>(536,216)</u>	<u>(536,197)</u>	<u>19</u>
Other financing sources (uses):				
Transfers in	25,000	25,000	25,000	-
Transfers out	<u>(4,172)</u>	<u>(4,172)</u>	<u>(4,172)</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,172)</u>	<u>(4,172)</u>	<u>20,828</u>	<u>-</u>
Net change in fund balances	(29,172)	(540,388)	(515,369)	19
Fund balances at beginning of year	<u>653,395</u>	<u>653,395</u>	<u>653,395</u>	<u>-</u>
Fund balances at end of year	<u>\$ 624,223</u>	<u>\$ 113,007</u>	<u>\$ 138,026</u>	<u>\$ 19</u>

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, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Contributions and donations	\$ 3,600	\$ 3,600	\$ 2,994	\$ (606)
Investment earnings	-	-	11	11
Total revenues	<u>3,600</u>	<u>3,600</u>	<u>3,005</u>	<u>(595)</u>
Expenditures:				
Current:				
Public safety	<u>3,600</u>	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Total expenditures	<u>3,600</u>	<u>3,600</u>	<u>-</u>	<u>3,600</u>
Net change in fund balances	-	-	3,005	3,005
Fund balances at beginning of year	<u>22,139</u>	<u>22,139</u>	<u>22,139</u>	<u>-</u>
Fund balances at end of year	<u>\$ 22,139</u>	<u>\$ 22,139</u>	<u>\$ 25,144</u>	<u>\$ 3,005</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, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other taxes	\$ 420,000	\$ 420,000	\$ 510,403	\$ 90,403
Charges for services	29,500	32,000	33,669	1,669
Investment earnings	-	-	260	260
Contributions and donations	-	-	-	-
Other revenue	1,500	1,500	916	(584)
	<u>451,000</u>	<u>453,500</u>	<u>545,248</u>	<u>91,748</u>
Total revenues				
Expenditures:				
Current:				
Culture and recreation	373,368	449,353	439,285	10,068
Capital outlay	332,000	255,840	129,694	126,146
Interest and fiscal charges	-	175	171	4
	<u>705,368</u>	<u>705,368</u>	<u>569,150</u>	<u>136,218</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(254,368)</u>	<u>(251,868)</u>	<u>(23,902)</u>	<u>227,966</u>
Other financing sources (uses):				
Transfers in	5,000	2,500	2,500	-
Transfers out	(25,000)	(25,000)	(25,000)	-
	<u>(20,000)</u>	<u>(22,500)</u>	<u>(22,500)</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	(274,368)	(274,368)	(46,402)	227,966
Fund balances at beginning of year	<u>526,380</u>	<u>526,380</u>	<u>526,380</u>	<u>-</u>
Fund balances at end of year	<u>\$ 252,012</u>	<u>\$ 252,012</u>	<u>\$ 479,978</u>	<u>\$ 227,966</u>

CITY OF PAMPA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - LOVETT MEMORIAL LIBRARY
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 187,327	\$ 187,327	\$ 183,690	\$ (3,637)
Penalties and interest on taxes	3,000	3,000	4,301	1,301
Intergovernmental	5,000	5,000	5,000	-
Charges for services	-	-	20	20
Fines	9,500	9,500	9,958	458
Investment earnings	100	100	119	19
Contributions and donations	1,500	3,000	2,025	(975)
Other revenue	21,200	51,200	45,151	(6,049)
	<u>227,627</u>	<u>259,127</u>	<u>250,264</u>	<u>(8,863)</u>
Total revenues				
Expenditures:				
Current:				
Culture and recreation	<u>522,613</u>	<u>554,113</u>	<u>534,663</u>	<u>19,450</u>
Total expenditures	<u>522,613</u>	<u>554,113</u>	<u>534,663</u>	<u>19,450</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(294,986)</u>	<u>(294,986)</u>	<u>(284,399)</u>	<u>10,587</u>
Other financing sources (uses):				
Transfers in	<u>295,000</u>	<u>295,000</u>	<u>295,000</u>	<u>-</u>
Total other financing sources (uses)	<u>295,000</u>	<u>295,000</u>	<u>295,000</u>	<u>-</u>
Net change in fund balances	14	14	10,601	10,587
Fund balances at beginning of year	<u>165,940</u>	<u>165,940</u>	<u>165,940</u>	<u>-</u>
Fund balances at end of year	<u>\$ 165,954</u>	<u>\$ 165,954</u>	<u>\$ 176,541</u>	<u>\$ 10,587</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, 2014

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 5,000	\$ 5,000	\$ 4,070	\$ (930)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>4,070</u>	<u>(930)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,000</u>	<u>5,000</u>	<u>4,070</u>	<u>(930)</u>
Other financing sources (uses):				
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(2,500)</u>	<u>2,500</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>(2,500)</u>	<u>2,500</u>
Net change in fund balances	-	-	1,570	1,570
Fund balances at beginning of year	<u>356,129</u>	<u>356,129</u>	<u>356,129</u>	<u>-</u>
Fund balances at end of year	<u>\$ 356,129</u>	<u>\$ 356,129</u>	<u>\$ 357,699</u>	<u>\$ 1,570</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, 2014**

	<u>Balance October 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2014</u>
Municipal Court Bail Bond Fund:				
Assets:				
Cash and cash equivalents	\$ <u>1,648</u>	\$ <u>2,807</u>	\$ <u>3,132</u>	\$ <u>1,323</u>
Total assets	\$ <u><u>1,648</u></u>	\$ <u><u>2,807</u></u>	\$ <u><u>3,132</u></u>	\$ <u><u>1,323</u></u>
Liabilities:				
Deposits	\$ <u>1,648</u>	\$ <u>5,496</u>	\$ <u>5,821</u>	\$ <u>1,323</u>
Total liabilities	\$ <u><u>1,648</u></u>	\$ <u><u>5,496</u></u>	\$ <u><u>5,821</u></u>	\$ <u><u>1,323</u></u>

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY SOURCE
SEPTEMBER 30, 2014

Governmental funds capital assets (net of accumulated depreciation):

Land	\$	210,849
Collection		203,500
Roads		497,126
Buildings & improvements		6,507,552
Equipment		2,906,792
Construction in progress		2,281
		<u>2,281</u>

Total governmental activities capital assets, net	\$	<u><u>10,328,100</u></u>
---	----	--------------------------

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

General fund	\$	8,208,359
M.K. Brown Auditorium special revenue fund		1,137,490
Lovett Memorial Library special revenue fund		566,252
Economic Development special revenue fund		415,999
		<u>415,999</u>

Total investment in governmental activities capital assets by source (net of accumulated depreciation)	\$	<u><u>10,328,100</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, 2014

	<u>Land</u>	<u>Collection</u>	<u>Roads</u>	<u>Buildings & Improvements</u>	<u>Construction in Progress</u>	<u>Equipment</u>	<u>Total</u>
General government:							
Mayor and commission	\$ 3,306	\$ -	\$ -	\$ -	\$ -	\$ 14,790	\$ 18,096
Administrative services	-	-	-	-	-	57,365	57,365
Building & grounds	2,163	-	-	3,010,782	2,281	387,228	3,402,454
Data processing	-	-	-	-	-	225,875	225,875
Purchasing & central stores	-	-	-	4,632	-	19,047	23,679
Central garage	-	-	-	150,198	-	2,562,245	2,712,443
Subtotal	<u>5,469</u>	<u>-</u>	<u>-</u>	<u>3,165,612</u>	<u>2,281</u>	<u>3,266,550</u>	<u>6,439,912</u>
Culture and recreation:							
Parks	43,360	95,000	-	371,777	-	711,376	1,221,513
Recreation	-	-	151,789	1,627,480	-	523,591	2,302,860
M.K. Brown Auditorium	-	108,500	-	3,048,450	-	322,016	3,478,966
Lovett Memorial Library	-	-	-	970,470	-	106,165	1,076,635
Subtotal	<u>43,360</u>	<u>203,500</u>	<u>151,789</u>	<u>6,018,177</u>	<u>-</u>	<u>1,663,148</u>	<u>8,079,974</u>
Solid waste collection	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,047,485</u>	<u>1,047,485</u>
Streets and traffic:							
Planning and engineering	-	-	-	-	-	406,822	406,822
Streets & traffic control	-	-	18,658,075	145,986	-	2,655,414	21,459,475
Subtotal	<u>-</u>	<u>-</u>	<u>18,658,075</u>	<u>145,986</u>	<u>-</u>	<u>3,062,236</u>	<u>21,866,297</u>
Public safety:							
Animal control	-	-	-	2,966,649	-	39,122	3,005,771
Police	-	-	-	35,768	-	931,964	967,732
Fire suppression	-	-	-	148,938	-	1,462,904	1,611,842
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>3,151,355</u>	<u>-</u>	<u>2,960,676</u>	<u>6,112,031</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	12,906,279	2,281	12,000,095	44,132,868
Less: accumulated depreciation	<u>-</u>	<u>-</u>	<u>18,312,738</u>	<u>6,398,727</u>	<u>-</u>	<u>9,093,303</u>	<u>33,804,768</u>
Total governmental activities capital assets net of accumulated depreciation	<u>\$ 210,849</u>	<u>\$ 203,500</u>	<u>\$ 497,126</u>	<u>\$ 6,507,552</u>	<u>\$ 2,281</u>	<u>\$ 2,906,792</u>	<u>\$ 10,328,100</u>

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2014

	Governmental Fund Capital Assets Oct. 1, 2013	Additions and Transfers In	Deletions and Transfers Out	Governmental Fund Capital Assets Sept. 30, 2014
General government:				
Mayor and commission	\$ 18,096	\$ -	\$ -	\$ 18,096
Administrative services	57,365	-	-	57,365
Building & grounds	3,343,753	146,877	(88,176)	3,402,454
Data processing	225,875	-	-	225,875
Purchasing & central stores	23,679	-	-	23,679
Central garage	2,779,108	56,936	(123,601)	2,712,443
Subtotal	<u>6,447,876</u>	<u>203,813</u>	<u>(211,777)</u>	<u>6,439,912</u>
Culture and recreation:				
Parks	1,212,263	9,250	-	1,221,513
Recreation	2,296,181	6,679	-	2,302,860
M.K. Brown Auditorium	3,380,851	201,935	(103,820)	3,478,966
Lovett Memorial Library	1,076,635	-	-	1,076,635
Subtotal	<u>7,965,930</u>	<u>217,864</u>	<u>(103,820)</u>	<u>8,079,974</u>
Solid waste collection	<u>1,024,710</u>	<u>22,775</u>	<u>-</u>	<u>1,047,485</u>
Streets and traffic:				
Planning and engineering	406,822	-	-	406,822
Streets & traffic control	21,405,305	54,170	-	21,459,475
Subtotal	<u>21,812,127</u>	<u>54,170</u>	<u>-</u>	<u>21,866,297</u>
Public safety:				
Animal control	2,450,986	2,973,879	(2,419,094)	3,005,771
Police	890,523	77,209	-	967,732
Fire suppression	1,597,840	14,002	-	1,611,842
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>5,466,035</u>	<u>3,065,090</u>	<u>(2,419,094)</u>	<u>6,112,031</u>
Economic development	<u>587,169</u>	<u>-</u>	<u>-</u>	<u>587,169</u>
Total governmental activities capital assets	<u>\$ 43,303,847</u>	<u>\$ 3,563,712</u>	<u>\$ (2,734,691)</u>	<u>\$ 44,132,868</u>

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.

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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.

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Revenue Capacity

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

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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.

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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.

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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.

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Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant years.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities:				
Net investment in capital assets	\$ 3,327,459	\$ 4,290,099	\$ 5,481,656	\$ 6,474,128
Restricted	545,083	761,909	960,218	1,388,162
Unrestricted	<u>3,472,065</u>	<u>3,786,774</u>	<u>3,487,348</u>	<u>3,674,527</u>
Total governmental activities net assets	<u>7,344,607</u>	<u>8,838,782</u>	<u>9,929,222</u>	<u>11,536,817</u>
Business-type activities				
Net investment in capital assets	11,137,640	8,279,157	9,105,903	7,687,577
Restricted	1,046,052	2,300,172	1,263,650	3,218,900
Unrestricted	<u>1,156,647</u>	<u>676,342</u>	<u>1,104,497</u>	<u>(224,532)</u>
Total business-type activities net assets	<u>13,340,339</u>	<u>11,255,671</u>	<u>11,474,050</u>	<u>10,681,945</u>
Primary government:				
Net investment in capital assets	14,465,099	12,569,256	14,587,559	14,161,705
Restricted	1,591,135	3,062,081	2,223,868	4,607,062
Unrestricted	<u>4,628,712</u>	<u>4,463,116</u>	<u>4,591,845</u>	<u>3,449,995</u>
Total primary government net assets	<u>\$ 20,684,946</u>	<u>\$ 20,094,453</u>	<u>\$ 21,403,272</u>	<u>\$ 22,218,762</u>

Exhibit B-1

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	6,537,106	\$ 6,501,325	\$ 6,055,828	\$ 5,912,680	\$ 5,827,112	\$ 5,202,726
	1,824,406	671,607	558,133	939,970	1,236,187	1,306,222
	<u>3,814,279</u>	<u>4,182,128</u>	<u>4,391,355</u>	<u>4,551,251</u>	<u>4,287,289</u>	<u>4,410,994</u>
	<u>12,175,791</u>	<u>11,355,060</u>	<u>11,005,316</u>	<u>11,403,901</u>	<u>11,350,588</u>	<u>10,919,942</u>
	10,086,334	9,896,072	11,851,317	11,166,056	10,801,091	11,320,364
	1,147,388	2,511,098	1,441,519	2,391,976	2,322,758	3,097,382
	<u>(102,102)</u>	<u>(335,098)</u>	<u>568,567</u>	<u>1,459,609</u>	<u>2,962,850</u>	<u>4,255,594</u>
	<u>11,131,620</u>	<u>12,072,072</u>	<u>13,861,403</u>	<u>15,017,641</u>	<u>16,086,699</u>	<u>18,673,340</u>
	16,623,440	16,397,397	17,907,145	17,078,736	16,628,203	16,523,090
	2,971,794	3,182,705	1,999,652	3,331,946	3,558,945	4,403,604
	<u>3,712,177</u>	<u>3,847,030</u>	<u>4,959,922</u>	<u>6,010,860</u>	<u>7,250,139</u>	<u>8,666,588</u>
\$	<u><u>23,307,411</u></u>	<u><u>23,427,132</u></u>	<u><u>24,866,719</u></u>	<u><u>26,421,542</u></u>	<u><u>27,437,287</u></u>	<u><u>29,593,282</u></u>

City of Pampa, Texas

Changes in Net Position - Last Ten Fiscal Years (accrual basis of accounting)

Expenses:	2005	2006	2007	2008
Governmental activities:				
General government	\$ 1,422,179	\$ 1,613,280	\$ 1,625,296	\$ 1,696,033
Public safety	3,947,074	4,246,117	4,613,920	4,873,940
Streets and traffic	2,703,528	2,511,235	1,859,807	2,037,076
Solid waste	790,163	909,961	1,091,092	1,021,191
Culture and recreation	1,135,171	1,221,086	1,329,075	1,344,516
Interest on long-term debt and bond costs	256,866	181,109	156,840	109,164
Total governmental activities expenses	<u>10,254,981</u>	<u>10,682,788</u>	<u>10,676,030</u>	<u>11,081,920</u>
Business-type activities:				
Water and sewer system	4,788,747	5,355,617	5,341,194	6,015,574
Solid waste management	774,484	1,256,059	1,364,944	1,551,281
Aquatics center	-	-	-	-
Golf course	445,262	437,110	431,835	458,651
Leased properties	32,683	71,753	86,753	99,641
Total business-type activities expenses	<u>6,041,176</u>	<u>7,120,539</u>	<u>7,224,726</u>	<u>8,125,147</u>
Total primary government expenses	<u>\$ 16,296,157</u>	<u>\$ 17,803,327</u>	<u>\$ 17,900,756</u>	<u>\$ 19,207,067</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 840,715	\$ 840,787	\$ 868,156	\$ 888,903
Public safety	540,642	556,804	563,027	733,560
Streets and traffic	-	-	-	-
Solid waste	1,516,195	1,559,405	1,626,841	1,663,875
Culture and recreation	97,498	90,831	112,870	120,789
Operating grants and contributions	360,395	180,228	148,947	223,617
Capital grants and contributions	201,162	193,500	81,195	19,900
Total governmental activities program revenues	<u>3,556,607</u>	<u>3,421,555</u>	<u>3,401,036</u>	<u>3,650,644</u>
Business-type activities:				
Charges for services:				
Water and sewer system	4,643,795	5,334,033	5,198,529	5,418,964
Solid waste management	1,160,473	1,239,269	1,406,146	1,372,124
Aquatics center	-	-	-	-
Golf course	283,943	326,739	318,094	323,528
Leased properties	-	3,612	-	-
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	622,136	-	-
Total business-type activities program revenues	<u>6,088,211</u>	<u>7,525,789</u>	<u>6,922,769</u>	<u>7,114,616</u>
Total primary government program revenues	<u>\$ 9,644,818</u>	<u>\$ 10,947,344</u>	<u>\$ 10,323,805</u>	<u>\$ 10,765,260</u>
Net (Expense) Revenue				
Governmental activities	\$ (6,698,374)	\$ (7,261,233)	\$ (7,274,994)	\$ (7,431,276)
Business-type activities	47,035	405,250	(301,957)	(1,010,531)
Total primary government net (expense) revenue	<u>\$ (6,651,339)</u>	<u>\$ (6,855,983)</u>	<u>\$ (7,576,951)</u>	<u>\$ (8,441,807)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 2,881,006	\$ 2,882,932	\$ 3,162,567	\$ 3,357,458
Sales taxes	2,764,192	3,307,308	3,725,658	3,928,810
Other taxes	1,186,675	1,335,485	1,448,350	1,579,574
Investment earnings	76,227	115,536	141,486	91,410
Miscellaneous revenues	(45)	46,761	56,719	127,436
Transfers in (out)	(126,066)	(32,797)	(169,346)	(45,817)
Special items - transfers of assets	-	1,100,183	-	-
Total governmental activities	<u>6,781,989</u>	<u>8,755,408</u>	<u>8,365,434</u>	<u>9,038,871</u>
Business-type activities:				
Investment earnings	27,644	73,862	152,911	80,322
Miscellaneous revenues	63,286	200,316	198,079	92,287
Transfers in (out)	126,066	32,797	169,346	45,817
Total business-type activities	<u>216,996</u>	<u>306,975</u>	<u>520,336</u>	<u>218,426</u>
Total primary government	<u>\$ 6,998,985</u>	<u>\$ 9,062,383</u>	<u>\$ 8,885,770</u>	<u>\$ 9,257,297</u>
Change in Net Position				
Governmental activities	\$ 83,615	\$ 1,494,175	\$ 1,090,440	\$ 1,607,595
Business-type activities	264,031	712,225	218,379	(792,105)
Total primary government	<u>\$ 347,646</u>	<u>\$ 2,206,400</u>	<u>\$ 1,308,819</u>	<u>\$ 815,490</u>

Exhibit B-2

	2009	2010	2011	2012	2013	2014
\$	1,729,688	\$ 1,726,594	\$ 1,915,324	\$ 1,948,434	\$ 2,057,208	\$ 2,109,398
	5,284,691	5,315,710	5,565,027	5,703,096	5,991,983	6,137,330
	2,528,096	2,227,433	2,336,295	2,340,941	2,378,698	2,349,728
	1,138,792	1,095,529	1,238,104	1,281,762	1,282,125	1,366,173
	1,413,423	1,410,324	1,495,278	1,474,283	1,488,900	1,633,041
	107,960	89,587	194,127	176,259	229,502	210,265
	<u>12,202,650</u>	<u>11,865,177</u>	<u>12,744,155</u>	<u>12,924,775</u>	<u>13,428,416</u>	<u>13,805,935</u>
	6,179,224	6,278,673	6,231,284	6,417,808	6,533,386	6,614,032
	1,801,196	2,216,417	1,927,157	1,917,856	1,874,287	1,714,224
	78,259	138,002	444,769	658,523	602,512	585,061
	534,736	531,643	544,819	572,049	520,294	529,837
	58,399	65,239	59,782	170,612	36,519	36,002
	<u>8,651,814</u>	<u>9,229,974</u>	<u>9,207,811</u>	<u>9,736,848</u>	<u>9,566,998</u>	<u>9,479,156</u>
\$	<u>20,854,464</u>	<u>21,095,151</u>	<u>21,951,966</u>	<u>22,661,623</u>	<u>22,995,414</u>	<u>23,285,091</u>
\$	893,195	\$ 877,752	\$ 878,110	\$ 874,379	\$ 870,251	\$ 921,776
	697,040	562,400	643,129	625,510	659,926	584,846
	-	-	-	-	-	-
	1,915,718	2,043,726	2,160,335	2,272,971	2,317,559	2,400,135
	127,744	110,461	98,736	105,024	109,728	100,297
	195,221	259,101	197,328	123,918	200,975	114,551
	-	-	-	-	-	-
	<u>3,828,918</u>	<u>3,853,440</u>	<u>3,977,638</u>	<u>4,001,802</u>	<u>4,158,439</u>	<u>4,121,605</u>
	6,292,352	6,523,001	7,435,813	8,011,562	7,910,442	7,936,781
	1,602,156	1,625,931	1,760,343	1,866,920	1,781,560	2,024,031
	-	-	336,941	350,368	317,239	298,372
	289,132	282,796	301,363	316,517	321,192	308,207
	3,612	7,393	49,795	55,757	73,958	89,504
	-	-	75,000	-	162,830	84,588
	622,136	418,204	314,590	19,975	50,000	30,000
	<u>8,809,388</u>	<u>8,857,325</u>	<u>10,273,845</u>	<u>10,621,099</u>	<u>10,617,221</u>	<u>10,771,483</u>
\$	<u>12,638,306</u>	<u>12,710,765</u>	<u>14,251,483</u>	<u>14,622,901</u>	<u>14,775,660</u>	<u>14,893,088</u>
\$	(8,373,732)	\$ (8,011,737)	\$ (8,766,517)	\$ (8,922,973)	\$ (9,269,977)	\$ (9,684,330)
	157,574	(372,649)	1,066,034	884,251	1,050,223	1,292,327
\$	<u>(8,216,158)</u>	<u>(8,384,386)</u>	<u>(7,700,483)</u>	<u>(8,038,722)</u>	<u>(8,219,754)</u>	<u>(8,392,003)</u>
\$	3,568,870	\$ 3,491,082	\$ 3,639,707	\$ 3,635,602	\$ 3,653,330	\$ 3,902,718
	3,459,719	3,303,194	3,685,594	4,175,086	4,191,828	4,570,962
	1,317,121	1,371,252	1,400,968	1,501,817	1,531,842	1,778,247
	27,199	15,051	12,449	22,632	14,795	7,774
	309,773	144,601	157,171	55,643	64,999	97,384
	(117,016)	(1,134,174)	(479,116)	(69,222)	(85,551)	(1,103,401)
	-	-	-	-	-	-
	<u>8,565,666</u>	<u>7,191,006</u>	<u>8,416,773</u>	<u>9,321,558</u>	<u>9,371,243</u>	<u>9,253,684</u>
	54,196	17,681	17,680	5,330	9,002	4,416
	120,889	161,246	226,505	197,434	261,465	186,497
	117,016	1,134,174	479,116	69,222	85,551	1,103,401
	292,101	1,313,101	723,301	271,986	356,018	1,294,314
\$	<u>8,857,767</u>	<u>8,504,107</u>	<u>9,140,074</u>	<u>9,593,544</u>	<u>9,727,261</u>	<u>10,547,998</u>
\$	191,934	\$ (820,731)	\$ (349,744)	\$ 398,585	\$ 101,266	\$ (430,646)
	449,675	940,452	1,789,335	1,156,237	1,406,241	2,586,641
\$	<u>641,609</u>	<u>119,721</u>	<u>1,439,591</u>	<u>1,554,822</u>	<u>1,507,507</u>	<u>2,155,995</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General fund:				
Non-spendable	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved	1,075,448	943,694	856,583	544,982
Unreserved	<u>2,335,395</u>	<u>2,326,241</u>	<u>2,085,383</u>	<u>2,766,388</u>
Total general fund	<u>3,410,843</u>	<u>3,269,935</u>	<u>2,941,966</u>	<u>3,311,370</u>
All other governmental funds:				
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Reserved for:				
Debt service	171,695	390,547	585,156	1,015,687
M.K. Brown Auditorium	357,114	355,011	358,292	355,480
Unreserved, reported in :				
Capital projects fund	137,146	16,351	16,770	16,995
Special revenue funds	<u>16,274</u>	<u>535,985</u>	<u>593,099</u>	<u>561,212</u>
Total all other governmental funds	<u>682,229</u>	<u>1,297,894</u>	<u>1,553,317</u>	<u>1,949,374</u>
Total all governmental funds	<u>\$ 4,093,072</u>	<u>\$ 4,567,829</u>	<u>\$ 4,495,283</u>	<u>\$ 5,260,744</u>

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

Exhibit B-3

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	-	\$ -	\$ 96,116	\$ 81,203	\$ 83,787	\$ 91,672
	-	-	107,715	93,872	109,048	121,815
	-	-	665,559	407,718	625,965	968,214
	-	-	3,492,768	4,231,962	4,020,833	3,707,019
	773,401	322,697	-	-	-	-
	2,776,600	3,622,291	-	-	-	-
	<u>3,550,001</u>	<u>3,944,988</u>	<u>4,362,158</u>	<u>4,814,755</u>	<u>4,839,633</u>	<u>4,888,720</u>
	-	-	350,000	354,789	355,057	354,385
	-	-	100,418	3,457,410	1,395,886	972,433
	-	-	-	155,222	-	-
	-	-	434,959	-	-	-
	-	-	-	-	-	-
	1,206,210	49,392	-	-	-	-
	351,871	357,904	-	-	-	-
	266,324	264,311	-	-	-	-
	550,340	545,832	-	-	-	-
	<u>2,374,745</u>	<u>1,217,439</u>	<u>885,377</u>	<u>3,967,421</u>	<u>1,750,943</u>	<u>1,326,818</u>
\$	<u>5,924,746</u>	<u>5,162,427</u>	<u>5,247,535</u>	<u>8,782,176</u>	<u>6,590,576</u>	<u>6,215,538</u>

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues				
Taxes	\$ 6,760,822	\$ 7,542,429	\$ 8,357,972	\$ 9,003,564
Charges for services	2,585,039	2,683,810	2,772,483	2,873,142
Fines & forfeitures	344,555	390,166	380,748	516,236
Interest	76,227	115,536	141,486	91,396
Intergovernmental	327,518	283,696	191,245	118,200
Licenses & permits	46,982	40,261	59,120	87,919
Miscellaneous	293,878	125,718	136,721	252,753
Total revenues	<u>10,435,021</u>	<u>11,181,616</u>	<u>12,039,775</u>	<u>12,943,210</u>
Expenditures				
General government	1,142,833	1,330,461	1,340,681	1,326,259
Public safety	3,829,780	4,123,268	4,464,962	4,702,906
Streets & traffic	1,655,490	1,532,716	1,503,454	1,729,595
Solid waste management	768,086	895,823	1,036,806	959,851
Culture & recreation	996,433	1,087,183	1,154,552	1,168,576
Capital outlay	1,455,714	1,900,327	1,674,685	1,990,161
Debt service:				
Interest and fiscal charges	262,095	210,925	136,953	121,385
Principal	649,696	683,364	630,882	555,231
Total expenditures	<u>10,760,127</u>	<u>11,764,067</u>	<u>11,942,975</u>	<u>12,553,964</u>
Excess of revenues over (under) expenditures	<u>(325,106)</u>	<u>(582,451)</u>	<u>96,800</u>	<u>389,246</u>
Other Financing Sources (Uses)				
Proceeds from borrowing	139,113	2,604,237	-	422,029
Payments to escrow agent	-	(2,102,414)	-	-
Transfers in	352,085	674,900	529,907	758,939
Transfers out	(478,151)	(707,788)	(699,253)	(804,756)
Total other financing sources (uses)	<u>13,047</u>	<u>468,935</u>	<u>(169,346)</u>	<u>376,212</u>
Special item - Transfer of assets	<u>-</u>	<u>-</u>	<u>(511,911)</u>	<u>-</u>
Net change in fund balances	<u>\$ (312,059)</u>	<u>\$ (113,516)</u>	<u>\$ (584,457)</u>	<u>\$ 765,458</u>
Debt service as a percentage of non-capital expenditures	<u>9.80%</u>	<u>9.07%</u>	<u>7.48%</u>	<u>6.41%</u>

Exhibit B-4

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$	8,361,560	\$ 8,162,945	\$ 8,719,982	\$ 9,326,694	\$ 9,400,017	\$ 10,271,990
	3,152,090	3,269,010	3,360,112	3,448,686	3,512,341	3,581,496
	495,386	342,124	417,281	409,960	433,321	341,574
	27,194	15,048	12,447	22,623	14,780	7,755
	115,271	167,866	149,192	92,542	106,449	96,884
	55,870	69,035	57,328	65,094	73,208	141,459
	395,476	290,063	205,307	90,734	190,793	115,051
	<u>12,602,847</u>	<u>12,316,091</u>	<u>12,921,649</u>	<u>13,456,333</u>	<u>13,730,909</u>	<u>14,556,209</u>
	1,366,487	1,421,703	1,544,600	1,548,041	1,688,987	1,808,722
	5,055,916	5,128,780	5,411,834	5,574,249	5,877,698	5,908,604
	2,245,070	1,903,806	1,995,004	1,981,536	1,993,924	1,998,146
	1,050,281	997,336	1,114,330	1,173,103	1,170,849	1,234,783
	1,193,793	1,117,380	1,189,399	1,170,732	1,189,456	1,335,798
	939,946	994,215	542,837	823,592	3,267,736	982,521
	117,474	93,970	139,456	211,700	178,953	181,911
	573,036	468,187	419,965	435,862	389,313	377,361
	<u>12,542,003</u>	<u>12,125,377</u>	<u>12,357,425</u>	<u>12,918,815</u>	<u>15,756,916</u>	<u>13,827,846</u>
	<u>60,844</u>	<u>190,714</u>	<u>564,224</u>	<u>537,518</u>	<u>(2,026,007)</u>	<u>728,363</u>
	256,641	142,498	-	3,426,973	-	-
	-	-	-	(330,000)	-	-
	464,131	475,183	335,618	376,467	521,907	461,615
	<u>(564,654)</u>	<u>(1,570,714)</u>	<u>(814,734)</u>	<u>(476,317)</u>	<u>(687,500)</u>	<u>(1,565,016)</u>
	<u>156,118</u>	<u>(953,033)</u>	<u>(479,116)</u>	<u>2,997,123</u>	<u>(165,593)</u>	<u>(1,103,401)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>216,962</u>	<u>(762,319)</u>	<u>85,108</u>	<u>3,534,641</u>	<u>(2,191,600)</u>	<u>(375,038)</u>
	<u>5.95%</u>	<u>5.05%</u>	<u>4.74%</u>	<u>5.35%</u>	<u>4.55%</u>	<u>4.35%</u>

City of Pampa, Texas
Taxable Sales by Category
Calendar Years 2004 - 2013

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Agriculture/Forestry/Fishing/Hunting	\$ Not reported	\$ Not reported	\$ Not reported	\$ Not reported
Mining/Quarrying/Oil and Gas	1,423,128	2,296,567	18,535,906	20,725,873
Utilities	Not reported	Not reported	Not reported	Not reported
Construction	2,576,416	2,795,583	2,537,992	2,294,428
Manufacturing	11,288,880	11,622,804	18,931,406	23,247,426
Wholesale Trade	20,675,812	28,802,277	16,718,280	16,704,603
Retail Trade	68,409,608	52,838,379	96,057,325	100,331,144
Transportation/Warehousing	Not reported	Not reported	Not reported	12,572
Information	45,780,407	66,124,196	58,583,519	61,535,329
Finance/Insurance	469,663	681,599	703,904	812,967
Real Estate/Rental Leasing	1,449,746	1,383,173	2,136,078	3,441,246
Professional/Scientific/Technical Services	677,254	625,730	923,664	595,225
Management of Companies/Enterprises	Not reported	Not reported	Not reported	Not reported
Admin/Support/Waste Mgmt/Remediation	4,426,706	7,334,802	11,704,450	17,592,600
Educational Services	6,432	25,279	17,550	Not reported
Health Care/Social Assistance	449,448	376,463	271,883	365,052
Arts/Entertainment/Recreation	26,992	3,630	279,102	352,230
Accommodation/Food Services	14,917,845	16,128,392	18,300,495	18,905,189
Other Services	2,075,423	3,249,074	4,413,946	5,073,070
Public Administration	Not reported	Not reported	Not reported	Not reported
Other	448,394	9,996	Not reported	Not reported
All Industries **	<u>\$ 176,061,755</u>	<u>\$ 194,340,683</u>	<u>\$ 250,127,296</u>	<u>\$ 272,015,277</u>
City direct sales tax rate	2.0%	1.5% - 2.0%	1.5% - 2.0%	2.0%

* Taxable Sales by Category is reported for 2013 and the previous nine years as the 2014 sales tax data is not available for the entire year.

** All Industries is a total of all industries reported and not reported.

Exhibit C-1

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013 *</u>
\$ Not reported	\$ Not reported	\$ Not reported	\$ Not reported	\$ Not reported	\$ Not reported
28,411,495	2,067,498	2,008,723	1,956,774	4,254,136	7,659,569
Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
4,447,205	2,806,660	3,919,083	6,717,183	10,253,984	8,504,872
37,127,659	23,227,322	33,107,010	35,914,700	37,701,888	44,001,189
32,448,793	11,646,858	29,565,209	40,868,599	39,492,521	23,650,358
102,595,824	94,632,162	99,019,926	108,641,919	119,659,859	118,152,346
Not reported	Not reported	Not reported	537	Not reported	Not reported
21,653,784	4,491,761	3,201,041	1,136,529	2,206,215	4,648,068
935,602	878,595	777,378	800,973	823,252	772,808
4,570,303	3,976,402	3,915,356	3,614,963	4,132,571	3,991,091
667,467	798,204	902,609	1,057,060	1,199,577	1,415,993
Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
19,574,125	5,424,978	4,348,776	5,304,787	5,711,890	5,766,487
Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
418,061	560,099	567,368	787,751	1,528,525	1,019,269
397,929	310,199	367,767	560,539	615,987	776,009
20,143,998	19,019,430	18,760,767	20,435,435	22,161,221	22,718,142
5,455,775	4,091,985	3,828,257	4,881,187	5,827,342	6,012,572
Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
<u>\$ 278,982,828</u>	<u>\$ 174,153,105</u>	<u>\$ 205,401,077</u>	<u>\$ 236,177,159</u>	<u>\$ 258,069,687</u>	<u>\$ 249,411,627</u>
2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

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City of Pampa, Texas

Exhibit C-2

**Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Tax Roll For Year Jan. 1	Fiscal Year	Assessed Value		Total Market Value*	Total Direct Tax Rate
		Real Property Value	Personal Property Value		
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
2012	2013	534,026,989	86,970,461	620,997,450	0.6210
2013	2014	560,096,730	108,506,050	668,602,780	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-3

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
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
2013	0.498846	0.092181	0.030000	0.621027	1.309	0.497336
2014	0.504186	0.086841	0.030000	0.621027	1.309	0.497861

* 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-4

Taxpayer	2014			2005		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Prime Healthcare Services	\$ 9,062,150	1	1.36%	\$ -	-	-
Wal-Mart Stores Inc	8,631,360	2	1.29%	8,060,830	2	1.90%
Southwestern Public Service	7,372,860	3	1.10%	7,355,529	3	1.73%
Prime Healthcare Services Pampa LLC	7,000,000	4	1.05%	-	-	-
Wal-Mart Stores/Sam's Club	6,967,810	5	1.04%	15,018,589	1	3.53%
Flogistix LP	5,745,380	6	0.86%	4,615,853	5	1.09%
Protea Hospitality LLC	5,000,000	7	0.75%	-	-	-
Turner Energy Services LLC	4,901,350	8	0.73%	-	-	-
Atmos Energy Corporation	4,444,600	9	0.66%	2,554,443	7	0.60%
BNSF Railway Company	4,323,640	10	0.65%	1,971,100	10	0.46%
Pampa Regional Medical Center	-	-	-	5,653,520	4	1.33%
Terry Blumenfield	-	-	-	2,567,330	6	0.60%
United Corporate Office	-	-	-	2,204,033	8	0.52%
Pampa Supermarket LP	-	-	-	2,075,290	9	0.49%
Total	\$ 63,449,150		9.49%	\$ 52,076,517		12.25%

Source: Gray County Appraisal District

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

Fiscal Year Ended September 30	Total Tax Levy	Collected within the Fiscal Year of the Levy	
		Amount Collected	Percentage of Levy
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%
2013	3,625,725	3,499,843	96.5%
2014	3,911,367	3,707,585	94.8%

Exhibit C-5

Total Collections to Date			
	Collections in	Total	Percentage
	Subsequent Years	Collected	of Levy
\$	123,883	\$ 2,784,874	99.9%
	137,396	2,892,358	99.8%
	132,808	3,096,356	99.9%
	123,277	3,333,907	99.8%
	104,609	3,498,428	99.8%
	138,290	3,442,446	99.7%
	144,628	3,531,966	99.6%
	92,933	3,551,800	99.2%
	71,852	3,571,695	98.5%
	-	3,707,585	94.8%

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
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
2013	5,573,122	63,443	12,751,880	8,269,063	392,226
2014	5,225,379	33,824	11,784,624	7,804,417	241,568

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

Exhibit D-1

<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita (1)</u>
\$ 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
27,049,734	5.61%	1,503
25,089,812	5.01%	1,394

City of Pampa, Texas
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit D-2

Fiscal Year	General Obligation Bonds	Resources Restricted for paying Debt Service	Net General Obligation Bonds Outstanding	Assessed Taxable Value	Ratio of Net General Obligation Bonds Outstanding to Assessed Taxable Value	Net General Obligation Bonds Outstanding Per Capita
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
2013	5,573,122	26,960	5,546,162	620,997,450	0.89%	308
2014	5,225,379	149,430	5,075,949	668,602,780	0.76%	282

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

See Exhibit C-2 for property value data.

City of Pampa, Texas
Direct and Overlapping Governmental Activities Debt
September 30, 2014

Exhibit D-3

	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable*</u>	<u>Applicable Debt Outstanding</u>
Pampa Independent School District	\$ 46,265,000	49%	\$ 22,669,850
Gray County	715,000	33%	<u>235,950</u>
Total overlapping debt			22,905,800
City of Pampa			<u>5,264,633</u>
Total direct and overlapping debt			<u><u>\$ 28,170,433</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Assessed value, before exemptions	\$ <u>425,143,532</u>	\$ <u>444,547,610</u>	\$ <u>473,576,162</u>	\$ <u>509,732,658</u>
Legal debt limit (10% of assessed value, before exemptions)	\$ <u>42,514,353</u>	\$ <u>44,454,761</u>	\$ <u>47,357,616</u>	\$ <u>50,973,266</u>
General obligation bonds	\$ 4,850,000	\$ 5,228,435	\$ 4,624,510	\$ 4,509,512
Less: Resources restricted for paying debt service	<u>171,695</u>	<u>390,547</u>	<u>585,156</u>	<u>1,015,687</u>
Total net general obligation bonds outstanding applicable to the limit	\$ <u>4,678,305</u>	\$ <u>4,837,888</u>	\$ <u>4,039,354</u>	\$ <u>3,493,825</u>
Computation of legal debt margin:				
Legal debt limit	\$ 42,514,353	\$ 44,454,761	\$ 47,357,616	\$ 50,973,266
Less: Net general obligation bonds outstanding	<u>4,678,305</u>	<u>4,837,888</u>	<u>4,039,354</u>	<u>3,493,825</u>
Legal debt margin	\$ <u>37,836,048</u>	\$ <u>39,616,873</u>	\$ <u>43,318,262</u>	\$ <u>47,479,441</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>11.00%</u>	<u>10.88%</u>	<u>8.53%</u>	<u>6.85%</u>

Exhibit D-4

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ <u>527,264,564</u>	\$ <u>599,863,322</u>	\$ <u>603,436,194</u>	\$ <u>612,316,441</u>	\$ <u>620,997,450</u>	\$ <u>668,602,780</u>
\$ <u>52,726,456</u>	\$ <u>59,986,332</u>	\$ <u>60,343,619</u>	\$ <u>61,231,644</u>	\$ <u>62,099,745</u>	\$ <u>66,860,278</u>
\$ 4,216,046	\$ 3,766,207	\$ 3,372,512	\$ 5,933,979	\$ 5,573,122	\$ 5,225,379
<u>1,206,210</u>	<u>49,392</u>	<u>23,615</u>	<u>26,848</u>	<u>26,960</u>	<u>149,430</u>
\$ <u>3,009,836</u>	\$ <u>3,716,815</u>	\$ <u>3,348,897</u>	\$ <u>5,907,131</u>	\$ <u>5,546,162</u>	\$ <u>5,075,949</u>
\$ 52,726,456	\$ 59,986,332	\$ 60,343,619	\$ 61,231,644	\$ 62,099,745	\$ 66,860,278
<u>3,009,836</u>	<u>3,716,815</u>	<u>3,348,897</u>	<u>5,907,131</u>	<u>5,546,162</u>	<u>5,075,949</u>
\$ <u>49,716,620</u>	\$ <u>56,269,517</u>	\$ <u>56,994,722</u>	\$ <u>55,324,513</u>	\$ <u>56,553,583</u>	\$ <u>61,784,329</u>
<u>5.71%</u>	<u>6.20%</u>	<u>5.55%</u>	<u>9.65%</u>	<u>8.93%</u>	<u>7.59%</u>

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

<u>Fiscal Year</u>	<u>Gross Revenues (1)</u>	<u>Operating Expenses Before Debt Service (2)</u>	<u>Net Revenues Available for Debt Service</u>
<u>Water & Sewer Fund</u>			
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
2013	8,156,934	4,760,391	3,396,543
2014	8,078,657	4,760,904	3,317,753
<u>Solid Waste Fund</u>			
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
2013	1,957,315	1,127,579	829,736
2014	2,145,923	989,975	1,155,948

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 (continued)

	Debt Service			Times Coverage
	Principal	Interest	Total	
\$	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
	739,375	251,078	990,453	3.4
	747,259	235,283	982,542	3.4
\$	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
	173,064	193,135	366,199	2.3
	186,595	187,158	373,753	3.1

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

<u>Fiscal Year</u>		<u>Gross Revenues (1)</u>		<u>Operating Expenses Before Debt Service (2)</u>		<u>Net Revenues Available for Debt Service</u>
<u>Municipal Golf Course (3)</u>						
2009	\$	305,582	\$	467,381	\$	(161,799)
2010		282,806		450,458		(167,652)
2011		304,345		461,847		(157,502)
2012		336,063		472,390		(136,327)
2013		372,558		397,869		(25,311)
2014		338,287		400,040		(61,753)
<u>Aquatics Center (4)</u>						
2010	\$	418,204	\$	-	\$	418,204
2011		386,970		266,160		120,810
2012		359,080		360,837		(1,757)
2013		326,922		306,707		20,215
2014		310,010		284,358		25,652

- 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 Coverage
	Principal	Interest	Total	
\$	1,144	\$ 3,002	\$ 4,146	\$ -39.0
	1,144	2,361	3,505	-47.8
	1,144	2,321	3,465	-45.5
	1,144	2,281	3,425	-39.8
	1,144	2,241	3,385	-7.5
	1,144	2,201	3,345	-18.5
\$	18,676	\$ 162,330	\$ 181,006	\$ 2.3
	28,863	129,443	158,306	0.8
	30,560	128,794	159,354	0.0
	30,560	128,106	158,666	0.1
	32,258	127,113	159,371	0.2

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>
2014	23,043	\$ 500,908	\$ 21,738	38.0	3,706	2.8%
2013	22,975	\$ 482,268	\$ 20,991	38.4	3,619	4.1%
2012	22,978	\$ 499,680	\$ 21,746	38.2	3,687	3.7%
2011	22,535	\$ 517,606	\$ 22,969	39.1	3,593	5.2%
2010	22,744	\$ 560,700	\$ 24,653	37.0	3,446	7.5%
2009	22,248	\$ 495,151	\$ 22,256	39.3	3,397	7.7%
2008	21,000	\$ 440,550	\$ 20,979	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%

* 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

Employer	2005		2014		Percentage of Total City Employment
	Number of Employees	Rank	Number of Employees	Rank	
Pampa Independent School District	500	1	525	1	4.45%
Halliburton	200	7	403	2	3.42%
Pampa Regional Medical Center	294	5	300	3	2.54%
Titan Specialties	180	9	274	4	2.32%
Texas Department of Criminal Justice	350	2	260	5	2.21%
National Oilwell Varco	325	4	240	6	2.04%
Wal-Mart	340	3	225	7	1.91%
City of Pampa	140	10	159	8	1.35%
Gray County	-	-	124	9	1.05%
Cabot Corporation	-	-	120	10	1.02%
Celanese	230	6	-	-	-
Hudson Drilling	180	8	-	-	-
	<u>2,739</u>		<u>2,630</u>		<u>22.31%</u>

Source: Pampa Chamber of Commerce

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

Exhibit F-1

FUNCTION/PROGRAM	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
GENERAL FUND										
Administrative Services	3	3	3	3	3	4	4	4	3	3
Financial Services	5	5	5	5	5	5	5	5	5	4
Municipal Court	2	2	2	2	2	2	2	1	1	1
Police Services										
Officers	27	25	25	25	25	25	25	25	25	24
Civilians	2	4	3	3	3	4	4	4	4	4
Fire										
Firefighters and officers	28	28	28	28	28	28	28	28	28	28
Civilians	0	0	0	0	0	0	0	0	0	0
Planning & Engineering	2	2	2	2	2	2	2	2	2	2
Parks Department	17	17	17	17	17	17	17	17	16	16
Recreation Department	2	2	2	2	2	3	4	3	2	2
Buildings & Grounds	2	1	1	1	1	0	1	1	0	0
Community Services	1	1	2	1	1	0	0	0	0	0
Code Enforcement	5	5	5	5	5	2	2	2	1	1
Animal Control	5	4	3	3	3	3	3	3	3	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	0	0
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	7	7	6	6	6	6	6	6	5	6
Risk Management	0	0	0	0	0	0	0	0	0	0
SPECIAL REVENUE FUNDS										
M.K. Brown Auditorium	1	1	1	1	1	1	0	1	1	1
Lovett Memorial Library	7	7	7	7	7	7	7	7	6	8
ENTERPRISE FUNDS										
Municipal Utilities	10	10	10	10	10	10	10	10	9	9
Water Distribution	9	9	9	9	9	9	9	9	9	9
Wastewater Collection	7	5	5	5	5	5	5	5	5	5
Landfill Composting	1	0	0	0	0	0	0	0	0	0
Solid Waste Landfill	6	7	7	7	7	7	6	6	5	5
Golf Course	0	0	0	0	0	0	0	0	0	0
TOTAL	159	155	153	152	152	150	150	149	140	140

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

Exhibit F-2

Function/Program	Fiscal Year									
	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05
Police										
Physical arrests	653	964	885	918	917	1,391	1,581	1,183	1,353	1,043
Parking violations	33	95	7	65	-	35	13	-	-	-
Traffic violations	1,717	6,406	4,693	6,462	4,219	5,529	6,486	4,214	5,785	3,363
Fire										
Emergency responses	1,657	1,326	1,276	1,264	1,023	1,013	1,093	914	898	824
Fires extinguished	105	97	156	160	96	141	167	136	203	118
Inspections	48	62	70	55	31	17	24	20	20	20
Refuse Collection										
Refuse collected (tons per day)	72	55	66	61	62	79	79	79	62	62
Number of Customers	7,538	7,523	7,489	7,463	7,427	7,504	7,548	7,513	7,486	7,459
Other Public Works										
Street resurfacing (sq. yards)	219,813	200,853	182,404	207,142	186,223	214,024	356,529	241,784	219,646	417,944
Potholes repaired	969	1,214	1,360	1,512	773	1,143	1,243	855	582	715
Parks and Recreation										
Number of City Parks	41	41	41	41	41	41	41	41	41	41
Acres Maintained	332	332	332	332	332	332	332	332	332	332
Number of Softball Leagues	4	15	6	4	3	7	7	8	6	6
Number of Volleyball Leagues	6	9	4	4	4	4	4	4	4	4
Number of Kickball Leagues	3	4	3	2	3	-	-	-	-	-
Number of Cornhole Leagues	2	-	-	-	-	-	-	-	-	-
Library										
Volumes in collection	44,626	57,147	47,825	47,307	48,139	55,207	65,125	69,072	70,401	72,320
Total volumes borrowed	426	336	301	156	967	613	238	238	272	273
Water										
Number of customers	8,307	8,312	8,267	8,193	8,104	8,211	8,271	8,199	8,170	8,112
Average daily consumption (thousands of gallons)	2,500	2,556	2,698	2,723	2,303	2,381	2,509	2,414	2,765	2,411
Wastewater										
Number of customers	7,621	7,633	7,605	7,535	7,449	7,548	7,586	7,533	7,510	7,459
City Landfill										
Solid Wasted Collected (tons/day)	193	176	197	171	185	195	208	192	242	242
Memorial Civic Center										
Auditorium Rentals	99	105	108	88	87	102	110	77	45	30
Aquatic Center										
Total Attendance	34,735	36,455	42,020	49,049	-	-	-	-	-	-
Days Open	80	84	89	80	-	-	-	-	-	-

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

Exhibit F-3

<u>FUNCTION/PROGRAM</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
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	2	2	3	3	3	3	3	3	3

Source: Various City Departments

**INTERNAL CONTROL
AND
COMPLIANCE REQUIREMENTS**

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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, 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, the 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 23, 2015. Our report includes a reference to other auditors who audited the financial statements of the Pampa Economic Development Corporation, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor Brad Pingel and the City Commission
City of Pampa, Texas
Page two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown, Graham & Company, P.C.

Amarillo, Texas
March 23, 2015

**CITY OF PAMPA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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 unmodified 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, 2014**

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.