

CITY OF PAMPA, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020**

Prepared by
Department of Finance

**CITY OF PAMPA, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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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 8, 2021

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, 2020.

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 & 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, 2020, 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, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Pampa's charter was approved by the voters in 1927. Located in the Panhandle of Texas in Gray County, the City of Pampa currently occupies a land area of 9 square miles and serves a population of approximately 17,200. 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 two 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, these comparisons are presented in the governmental fund subsection of this report, which starts on page 121.

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. The EDC recently negotiated an agreement with a wind turbine tower manufacturing facility west of town, which will create up to 300 new jobs. There is also a state prison located one and one-half miles east of the City and a new Cotton Gin south of Pampa. Over the past few years, one of the local shopping centers has upgraded the retail space and has placed tenants who provide retail sales and food service to our community, with additional retailers being added this year. Another shopping area has a newly completed drive-thru restaurant, is under new ownership and has new retailers coming in. New builds include a completed tire store, a completed medical office, and construction underway for a new coffee shop. The downtown area is experiencing some revitalization with new stores opening and events planned. The total labor force in Gray County is 8,142. The unemployment rate was 3.7% in December 2019 and 8.9% in December 2020.

Long-term financial planning. With the recent increase in oil prices, the city anticipates the local economy will experience upturn, albeit at a slower pace than the nation and state. 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. Legislation regarding sales tax on internet sales should increase the amount of sales tax revenue coming to our City.

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. In an effort to reduce the pension liability, the City has opted to contribute at the full rate determined by the actuaries rather than the mandatory phase-in rate offered.

Relevant financial policies. The goal of the City is to sustain budgetary control and maintain a healthy fund balance in the general fund. The City's fund balance policy 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. Beginning in 2016-17, the City instituted a surcharge on all water accounts designated to provide partial funding for future wastewater plant renovations. Some phases of the plant renovation project have completed or are in the process, while other phases will be put out for bid in 2020-21 and subsequent years according to the project timeline.

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, 2019. This was the 32nd consecutive year that the City of Pampa 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 unfailing 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 & HR


Theresa Daniels
Assistant Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Pampa
Texas**

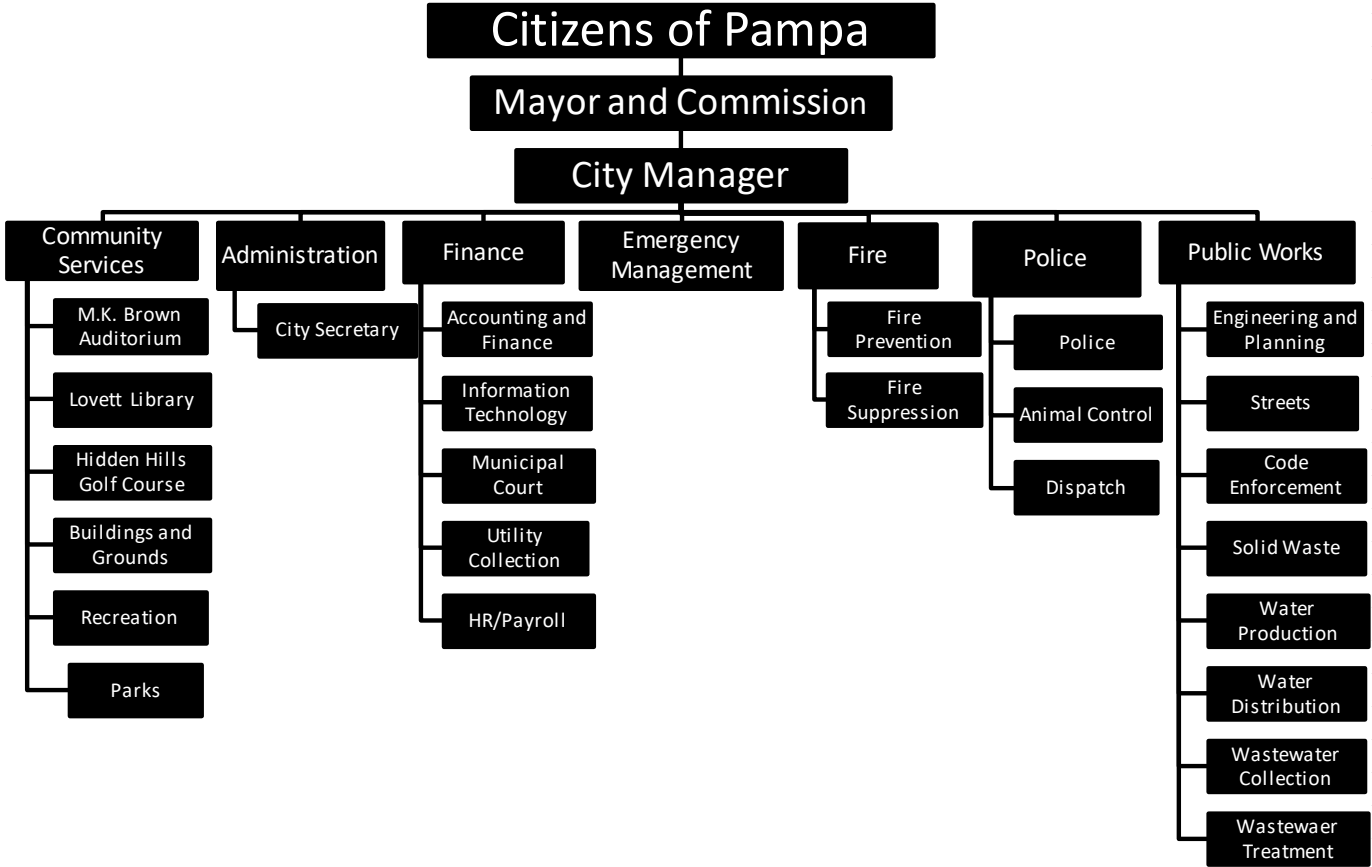
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

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CITY OF PAMPA, TEXAS

LIST OF ELECTED AND APPOINTED OFFICIALS

AS OF SEPTEMBER 30, 2020

GOVERNING BODY:

Brad Pingel	Mayor
Gary Winton	Commissioner, Ward 1
Matt Rains	Commissioner, Ward 2
Jimmy Keough	Commissioner, Ward 3
Karen McLain	Commissioner, Ward 4

OTHER PRINCIPAL OFFICIALS:

Shane Stokes	City Manager
Karen Price	City Secretary
Robin Bailey	Director of Finance & HR
Theresa Daniels	Assistant Director of Finance
Lance Richburg	Police Chief
Greg Lee	Fire Chief
Gary Turley	Director of Public Works
Dustin Miller	Director of Community Services
Bryan Guymon	City Attorney
Elaine Johnson	Municipal Court Judge

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FINANCIAL SECTION

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BROWN, GRAHAM & COMPANY, P.C.

Certified Public Accountants

PO Box 20210 · Amarillo, Texas 79114

7431 Continental Pkwy · Amarillo, Texas 79119

(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, 2020, 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 of Pampa, Texas, as of September 30, 2020, 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 on pages 23-32, and the Texas Municipal Retirement System schedule of changes in net pension liability and related ratios, schedule of pension contributions, notes to schedule of pension contributions, schedule of changes in total OPEB liability, and notes to schedule of OPEB contributions on pages 106-112, 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, statistical section and the Schedule of Expenditures of Federal Awards, as required by the audit requirement of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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, governmental capital asset schedules, and the Schedule of Expenditures of Federal Awards 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.

**Honorable Mayor Brad Pingel and
City Commission**

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, governmental capital asset schedules, and Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 8, 2021 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.

Emphasis of Matter

As discussed in Note 25 to the financial statements and in the management's discussion and analysis, the City was negatively impacted by the effects of the worldwide COVID-19 pandemic. The City's management and City Commission continue to monitor its operations in response to the uncertainty of this situation. The full extent of the impact of this event on the City's financial position is not known as of the date of this report. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Brown, Graham & Company, P.C.

Amarillo, Texas
March 8, 2021

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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, 2020. 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, 2019, as well.

Financial Highlights

- The assets and deferred outflows of the City of Pampa exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$27,358,858 (*net position*).
- As of the close of the current fiscal year, the City of Pampa's governmental funds reported combined ending fund balances of \$9,516,924. Approximately 38% of this total amount, \$3,574,749 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 \$3,574,749 or 26% 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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains 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 leased properties.

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 nine 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, capital projects fund, and Coronavirus Relief Fund, which are the City's major governmental funds.

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

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

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

Proprietary funds. The City of Pampa maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Pampa uses enterprise funds to account for its water and sewer system, solid waste management, aquatics center, municipal golf course, and leased properties. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Pampa's various functions. The City of Pampa uses an internal service fund to account for its dental insurance benefits provided to employees. 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 127 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 53-103 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 changes in net pension liability, changes in total other post-employment benefit (OPEB) liability, and contributions to the Texas Municipal Retirement System. This required supplementary information can be found on pages 106-112 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 and OPEB. Combining and individual fund statements and schedules can be found on pages 114-120 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 and deferred outflows exceeded liabilities and deferred inflows by \$27,358,858 at the close of the most recent fiscal year.

By far the largest portion of the City of Pampa's net position (78%) 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 2020 resulted in an increase in net position in the governmental activities and in the business-type activities. Governmental activities increased the City of Pampa's net position by \$1,298,205, or 33% from the prior year. A contributing factor to this increase in net position was an increase in revenues of the governmental activities in the amount of \$1,638,861. The net increase in revenues comprised of increases in charges for services of \$20,022, sales tax of \$233,973, property taxes of \$378,528, grants of \$1,081,506 and miscellaneous revenues of \$43,407, offset by a decrease in other tax revenue of \$73,575. The increase in grants was due to a grant in 2020 of \$939,070 from the Texas Department of Emergency Management for the Coronavirus Relief Fund. Expenditures decreased \$18,653. There was an increase of \$1,278,146, or 4% in net position in the business-type activities as compared to the prior fiscal year, with the largest amount, \$1,420,400, coming from the water and sewer system fund, which was primarily a result of increases in water and sewer rates and continued cost containment.

Approximately 20%, \$8,157,460, of the City of Pampa's net position is subject to external restrictions on how it may be used. The remaining deficit in unrestricted net position is \$2,320,345.

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 business-type activities but reported a deficit in unrestricted net position in the governmental activities of \$11,282,553. There were three principal factors which contributed to the deficit in unrestricted net position of the governmental activities that initially occurred in fiscal year 2015, the transfer of the outstanding debt of the aquatics center fund to the governmental activities and the recognition of the City's net pension liability in accordance with Governmental Accounting Standards Board (GASB) Statement 68. The transfer of the debt and recognition of the City's net pension liability resulted in liabilities for the governmental activities for which there are no associated assets. The other factor occurred during fiscal year 2018, GASB Statement 75 was issued resulting in recognition of the City's total OPEB liability which created an additional liability for the governmental activities for which there is no associated asset. In response to these factors, the City will continue to make required contributions to TMRS at the actuarially determined full rate, as provided to the City by TMRS and not the allowed phase-in rate in an effort to address the unfunded liability. For the current year, the net position from governmental activities was decreased by \$1,298,205 as described above. The City will continue to provide the current services provided to the citizens, while maintaining focus on the revenues available and costs of providing the services, and their impact on the net position of the City's governmental activities.

CITY OF PAMPA'S NET POSITION

	Governmental Activities 2020	Business-type Activities 2020	Total 2020
Current and other assets	\$ 10,661,397	\$ 18,276,478	\$ 28,937,875
Capital assets	8,920,655	28,352,830	37,273,485
Total assets	<u>19,582,052</u>	<u>46,629,308</u>	<u>66,211,360</u>
Deferred charge on refunding	83,583	167,582	251,165
Deferred outflow related to TMRS	1,213,307	240,098	1,453,405
Total deferred outflows of resources	<u>1,296,890</u>	<u>407,680</u>	<u>1,704,570</u>
Long-term liabilities outstanding	21,103,481	15,722,081	36,825,562
Other liabilities	948,988	1,030,649	1,979,637
Total liabilities	<u>22,052,469</u>	<u>16,752,730</u>	<u>38,805,199</u>
Deferred inflow related to TMRS	1,464,414	287,459	1,751,873
Total deferred inflows of resources	<u>1,464,414</u>	<u>287,459</u>	<u>1,751,873</u>
Net position:			
Net investment in capital assets	4,078,796	20,351,764	21,521,743
Restricted	4,681,458	3,476,002	8,157,460
Unrestricted	(11,398,195)	6,169,033	(2,320,345)
Total net position	<u>\$ (2,637,941)</u>	<u>\$ 29,996,799</u>	<u>\$ 27,358,858</u>

	Governmental Activities 2019	Business-type Activities 2019	Total 2019
Current and other assets	\$ 8,143,442	\$ 16,196,135	\$ 24,339,577
Capital assets	8,038,604	28,455,777	36,494,381
Total assets	<u>16,182,046</u>	<u>44,651,912</u>	<u>60,833,958</u>
Deferred charge on refunding	115,529	214,418	329,947
Deferred outflow related to TMRS	2,483,772	489,282	2,973,054
Total deferred outflows of resources	<u>2,599,301</u>	<u>703,700</u>	<u>3,303,001</u>
Long-term liabilities outstanding	21,563,948	15,810,159	37,374,107
Other liabilities	602,610	718,507	1,321,117
Total liabilities	<u>22,166,558</u>	<u>16,528,666</u>	<u>38,695,224</u>
Deferred inflow related to TMRS	550,935	108,293	659,228
Total deferred inflows of resources	<u>550,935</u>	<u>108,293</u>	<u>659,228</u>
Net position:			
Net investment in capital assets	2,426,395	19,222,934	18,586,395
Restricted	3,513,602	2,093,918	5,607,520
Unrestricted	(9,876,143)	7,401,801	588,592
Total net position	<u>\$ (3,936,146)</u>	<u>\$ 28,718,653</u>	<u>\$ 24,782,507</u>

CITY OF PAMPA CHANGES IN NET POSITION

	Governmental Activities	Business-type Activities	Total
	2020	2020	2020
Revenues:			
Program revenues:			
Charges for services	\$ 4,533,720	\$ 10,697,765	\$ 15,231,485
Operating grants	1,220,447	-	1,220,447
Capital grants and contributions	72,000	326,574	398,574
General revenues:			
Property taxes	4,642,197	-	4,642,197
Sales taxes	3,479,137	-	3,479,137
Other taxes	1,364,083	-	1,364,083
Gain on sale of capital assets	-	900	900
Miscellaneous	241,122	240,964	482,086
Total revenues	<u>15,552,706</u>	<u>11,266,203</u>	<u>26,818,909</u>
Expenses:			
General government	2,094,287	-	2,094,287
Public safety	7,603,206	-	7,603,206
Streets and traffic	1,580,709	-	1,580,709
Solid waste management	1,440,689	-	1,440,689
Culture and recreation	1,485,651	-	1,485,651
Interest on long-term debt	252,669	-	252,669
Water and sewer system	-	6,716,224	6,716,224
Solid waste management	-	1,987,317	1,987,317
Aquatics center	-	357,938	357,938
Golf course	-	696,937	696,937
Leased properties	-	26,931	26,931
Total expenses	<u>14,457,211</u>	<u>9,785,347</u>	<u>24,242,558</u>
Change in net position before transfers	1,095,495	1,480,856	2,576,351
Transfers in (out)	<u>202,710</u>	<u>(202,710)</u>	<u>-</u>
Change in net position after transfers	<u>1,298,205</u>	<u>1,278,146</u>	<u>2,576,351</u>
Net position - beginning of year	<u>(3,936,146)</u>	<u>28,718,653</u>	<u>24,782,507</u>
Net position - end of year	<u>\$ (2,637,941)</u>	<u>\$ 29,996,799</u>	<u>\$ 27,358,858</u>

CITY OF PAMPA CHANGES IN NET POSITION

	Governmental Activities	Business-type Activities	Total
	2019	2019	2019
Revenues:			
Program revenues:			
Charges for services	\$ 4,513,698	\$ 10,329,511	\$ 14,843,209
Operating grants	196,330	-	196,330
Capital grants and contributions	14,611	48,180	62,791
General revenues:			
Property taxes	4,263,669	-	4,263,669
Sales taxes	3,245,164	-	3,245,164
Other taxes	1,437,658	-	1,437,658
Gain on sale of capital assets	-	983,885	983,885
Miscellaneous	197,715	414,414	612,129
Total revenues	<u>13,868,845</u>	<u>11,775,990</u>	<u>25,644,835</u>
Expenses:			
General government	2,062,349	-	2,062,349
Public safety	7,698,846	-	7,698,846
Streets and traffic	1,455,598	-	1,455,598
Solid waste management	1,408,053	-	1,408,053
Culture and recreation	1,621,738	-	1,621,738
Interest on long-term debt	229,280	-	229,280
Water and sewer system	-	6,514,468	6,514,468
Solid waste management	-	1,739,408	1,739,408
Aquatics center	-	508,471	508,471
Golf course	-	620,224	620,224
Leased properties	-	22,798	22,798
Total expenses	<u>14,475,864</u>	<u>9,405,369</u>	<u>23,881,233</u>
Change in net position before transfers	(607,019)	2,370,621	1,763,602
Transfers in (out)	<u>(38,290)</u>	<u>38,290</u>	<u>-</u>
Change in net position after transfers	(645,309)	2,408,911	1,763,602
Net position - beginning of year,	(3,290,837)	26,309,742	23,018,905
Net position - end of year	<u>\$ (3,936,146)</u>	<u>\$ 28,718,653</u>	<u>\$ 24,782,507</u>

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 \$3,574,749, while total fund balance was \$5,726,183. 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 26% of total general fund expenditures, while total fund balance represents 42% of that same amount. The general fund decreased fund balance by \$632,717. The primary reason for the decrease in fund balance is increases in capital outlay as discussed below offset by a decrease in public safety expenditures that were charged to the Coronavirus Relief Fund in the current year and were charged to the general fund in the prior year.

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 \$7,705,485; the Solid Waste Management Fund amounted to a deficit of \$1,720,601; the Aquatics Center amounted to a deficit of \$77,239; the Lease Properties Fund amounted to \$783,959; and the Municipal Golf Course resulted in a deficit of \$522,571.

In an effort to increase net position, rates were increased and the surcharge for capital improvements was continued in the Water and Sewer fund and rates were increased in the Solid Waste fund. The water and sewer system fund increased net position by \$1,420,400 as the budget was designed to build reserves for capital improvements in the near future. Net position in the Solid Waste Management fund increased by \$24,784. During a prior year, the City had an engineering firm do a study on the fee structure at the landfill. Rates were adjusted based on the study findings and expenditures have been monitored in an effort to improve net position and fund construction of cells 5A and 6A. The new cell construction was completed in early 2018 without the issuance of new debt. The Aquatics Center and Municipal Golf Course funds received operating transfers to supplement operations. The Leased Properties fund increased net position by \$146,232.

General Fund Budgetary Highlights

During the year, there was a \$418,497 increase in projected revenues between the original budget and the final amended budget. The final budgeted revenues exceeded the actual revenues by \$817,198. Total tax revenues were less than the budgeted amounts by \$194,458. Intergovernmental revenues had a negative budgetary variance of \$361,801, licenses and permits were less than the budgeted amount by \$110,816, and fines were under by \$131,703. In addition to these, other variances combined for a negative variance in budgeted appropriations of \$18,420. Revenue is expected to steadily increase, primarily due to recent sales tax legislation on internet sales.

During the year, there was also a \$801,881 increase in projected expenditures between the original budget and the final amended budget. The final budget exceeded actual expenditures by \$2,986,774. General government, public safety, streets and traffic, solid waste management and culture and recreation expenditures were less than budgeted expenditures by \$77,589, \$1,383,723, \$83,184, \$18,631, and \$138,103, respectively. In addition to these, capital outlay reflected an excess in budgeted expenditures over actual of \$1,285,134, and total debt service budgeted expenditures exceed the actual by \$410. For 2020, the overall excess in budgeted expenditures to actual expenditures can be attributed to cost containment measures in response to the decline and slow recovery of the economy and delaying or changing projects, and public safety expenditures that were recognized in special revenue funds and were budgeted in the general fund related to federal grants received.

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, 2020 amounted to \$37,273,485 net of accumulated depreciation. This excludes the unamortized landfill permit costs of \$543,649. 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 \$65,269 for a building at the rifle range, \$139,180 for sirens, \$200,500 for an asphalt recycler, \$159,942 for an Isuzu sweeper, \$152,479 for mobile data terminals, \$52,434 for exhaust system improvement, \$124,279 for a sealcoat project, \$627,378 for a Spartan pumper, \$135,537 for construction in progress on windows for City hall and server upgrades, various building and improvements with a total cost of \$109,693, and various vehicles and equipment with a total cost of \$98,292. Significant capital asset additions in the City's business-type activities included \$437,616 in construction costs on the waste water treatment plant and \$10,060 for golf course improvements, \$314,370 for the donated Chamber of Commerce land and building, \$124,750 for a backhoe, \$873,668 for a Caterpillar scraper, \$353,146 for a Caterpillar dozer, and \$134,793 for the purchase of various equipment and improvements. Additional information on the City of Pampa's capital assets and construction projects may be found on pages 70-72, and page 83 of the CAFR under Note 6 and Note 11 in the Notes to the Financial Statements.

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

	Governmental Activities	Business-type Activities	Total
	2020	2020	2020
Land	\$ 48,829	\$ 791,891	\$ 840,720
Collection	203,500	-	203,500
Water rights	-	5,729,822	5,729,822
Buildings and improvements	4,959,015	16,388,764	21,347,779
Vehicles and equipment	3,573,774	2,783,217	6,356,991
Surface water supply contracts	-	2,103,960	2,103,960
Construction in progress	135,537	555,176	690,713
Total	<u>\$ 8,920,655</u>	<u>\$ 28,352,830</u>	<u>\$ 37,273,485</u>
	2019	2019	2019
Land	\$ 48,829	\$ 776,141	\$ 824,970
Collection	203,500	-	203,500
Water rights	-	5,881,598	5,881,598
Buildings and improvements	4,941,260	17,361,433	22,302,693
Vehicles and equipment	2,845,015	2,084,231	4,929,246
Surface water supply contracts	-	2,167,716	2,167,716
Construction in progress	-	184,658	184,658
Total	<u>\$ 8,038,604</u>	<u>\$ 28,455,777</u>	<u>\$ 36,494,381</u>

Long-term Debt. During fiscal year 2020, the City issued the Series 2020, Certificates of Obligation in the amount of \$4,600,000. No principal or interest was paid on the Note as of the current fiscal year end. The proceeds from the Note will be used to fund various general fund, water and sewer fund, and golf course fund capital purchases.

At the end of the current fiscal year, the City of Pampa had total bonded and tax note debt outstanding including that incurred as part of participating in the Canadian River Municipal Water Authority (CRMWA), of \$21,668,296.

Of this amount, \$10,456,966 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 and tax note debt increased by \$3,025,000 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 74-81. The following schedule summarizes the City of Pampa's outstanding tax note and bonded debt, excluding amounts attributable to its participation in CRMWA.

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
	<u>2020</u>	<u>2020</u>	<u>2020</u>
General obligation bonds	\$ 8,576,966	\$ -	\$ 8,576,966
Tax notes	1,880,000	-	1,880,000
Revenue bonds	-	6,693,036	6,693,036
Total	<u>\$ 10,456,966</u>	<u>\$ 6,693,036</u>	<u>\$ 17,150,002</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>
General obligation bonds	\$ 6,190,231	\$ -	\$ 6,190,231
Tax notes	2,185,000	-	2,185,000
Revenue bonds	-	5,749,771	5,749,771
Total	<u>\$ 8,375,231</u>	<u>\$ 5,749,771</u>	<u>\$ 14,125,002</u>

Economic Factors and Next Year's Budgets and Rates

The City of Pampa's unemployment rate, currently 8.9% as of December 2020, is higher than the State adjusted rate (7.2) and National adjusted (6.7) unemployment rates. This rate, along with the other items discussed above, was considered in preparing the City of Pampa's budget for the 2020-21 fiscal year.

Effects of the COVID-19 Pandemic

On March 13, 2020, the President of the United States declared a national emergency and the Governor of Texas declared COVID-19 as a statewide public health disaster. Subsequent actions by the Governor imposed temporary restrictions on certain businesses and ordered all schools in the State to temporarily close. Upon closing, the City was forced to modify its operations to complete the 2019-2020 fiscal year. Although the operations of various departments of the City were affected, the City was not forced to reduce its workforce through furloughs or lay-offs. Looking ahead to fiscal year 2021 and the future, the City's administration realizes the negative impact of the pandemic may extend to affect the City's revenues both through collection of local property taxes as well as through various grant availability. These factors were considered when approving the budget for the 2020-21 fiscal year. Additional discussion about the City's assessment of the impact that COVID-19 has had on the City's operations can be found in Note 25 to the financial statements.

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.

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, 2020

	Primary Government			Component Unit: Pampa Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 3,186,713	\$ 11,304,563	\$ 14,491,276	\$ 5,546,433
Investments	720,500	1,000,000	1,720,500	-
Receivables, net of allowance for uncollectibles	2,128,219	1,090,988	3,219,207	205,015
Internal balances	297,808	(297,808)	-	-
Inventories	32,510	472,592	505,102	-
Prepaid items	89,454	4,395	93,849	79,369
Restricted assets:				
Cash and cash equivalents	3,855,650	1,864,277	5,719,927	-
Investments	350,000	1,449,300	1,799,300	-
Accrued interest	543	-	543	-
Receivable - CRMWA	-	274,964	274,964	-
Note receivable	-	569,558	569,558	1,723,626
Capital assets, net of accumulated depreciation and amortization:				
Land	48,829	791,891	840,720	543,926
Collection	203,500	-	203,500	-
Water rights	-	5,729,822	5,729,822	600,000
Buildings and improvements	4,959,015	16,388,764	21,347,779	7,056,989
Vehicles and equipment	3,573,774	2,783,217	6,356,991	202,592
Surface water supply contracts	-	2,103,960	2,103,960	-
Construction in progress	135,537	555,176	690,713	-
Unamortized landfill permit costs	-	543,649	543,649	-
Total assets	19,582,052	46,629,308	66,211,360	15,957,950
Deferred outflows of resources:				
Deferred charge on refunding	83,583	167,582	251,165	-
Deferred outflow related to TMRS	1,213,307	240,098	1,453,405	-
Total deferred outflows of resources	1,296,890	407,680	1,704,570	-
Liabilities:				
Accounts payable	418,893	420,817	839,710	264
Accrued expenses	497,883	576,016	1,073,899	60,939
Unearned revenue	32,212	33,816	66,028	16,980
Non-current liabilities:				
Due within one year	1,123,325	1,410,417	2,533,742	220,462
Due in more than one year	10,317,187	12,416,345	22,733,532	4,096,202
Net pension liability	9,104,761	1,785,835	10,890,596	-
Total OPEB liability	558,208	109,484	667,692	-
Unearned revenue	-	-	-	9,410
Total liabilities	22,052,469	16,752,730	38,805,199	4,404,257
Deferred inflows of resources:				
Deferred inflow related to TMRS	1,464,414	287,459	1,751,873	-
Total deferred inflows of resources	1,464,414	287,459	1,751,873	-
Net position:				
Net investment in capital assets	4,078,796	20,351,764	21,521,743	4,116,952
Restricted for municipal court	147,953	-	147,953	-
Restricted for public programming facilities	132,544	-	132,544	-
Restricted for park maintenance	55,980	-	55,980	-
Restricted for debt service	130,122	1,845,316	1,975,438	-
Restricted for capital projects	3,472,923	1,630,686	5,103,609	-
Restricted for fire department	4,107	-	4,107	-
Restricted for Lovett library	281,582	-	281,582	-
Restricted for law enforcement	8,451	-	8,451	-
Restricted for equipment purchase	23,028	-	23,028	-
Restricted for M.K. Brown Auditorium:				
Expendable	74,768	-	74,768	-
Nonexpendable	350,000	-	350,000	-
Unrestricted net position (deficit)	(11,398,195)	6,169,033	(2,320,345)	7,436,741
Total net position (deficit)	\$ (2,637,941)	\$ 29,996,799	\$ 27,358,858	\$ 11,553,693

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, 2020**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,094,287	\$ 1,285,161	\$ 19,998	\$ -
Public safety	7,603,206	489,001	1,165,030	72,000
Streets and traffic	1,580,709	-	-	-
Solid waste management	1,440,689	2,483,821	-	-
Culture and recreation	1,485,651	275,737	35,419	-
Interest on long-term debt	252,669	-	-	-
Total governmental activities	14,457,211	4,533,720	1,220,447	72,000
Business-type activities:				
Water and sewer system	6,716,224	8,284,680	-	-
Solid waste management	1,987,317	1,982,982	-	-
Aquatics center	357,938	94,514	-	-
Golf course	696,937	300,170	-	12,204
Leased properties	26,931	35,419	-	314,370
Total business-type activities	9,785,347	10,697,765	-	326,574
Total primary government	\$ 24,242,558	\$ 15,231,485	\$ 1,220,447	\$ 398,574
Component Unit:				
PEDC	\$ 2,882,632	\$ 2,649,698	\$ -	\$ -

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	
\$ (789,128)	\$ -	\$ (789,128)	\$ -
(5,877,175)	-	(5,877,175)	-
(1,580,709)	-	(1,580,709)	-
1,043,132	-	1,043,132	-
(1,174,495)	-	(1,174,495)	-
(252,669)	-	(252,669)	-
<u>(8,631,044)</u>	<u>-</u>	<u>(8,631,044)</u>	<u>-</u>
-	1,568,456	1,568,456	-
-	(4,335)	(4,335)	-
-	(263,424)	(263,424)	-
-	(384,563)	(384,563)	-
-	322,858	322,858	-
<u>-</u>	<u>1,238,992</u>	<u>1,238,992</u>	<u>-</u>
<u>(8,631,044)</u>	<u>1,238,992</u>	<u>(7,392,052)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(232,934)</u>
3,589,326	-	3,589,326	-
1,052,871	-	1,052,871	-
3,479,137	-	3,479,137	1,161,252
1,153,338	-	1,153,338	-
198,855	-	198,855	-
11,890	-	11,890	-
56,567	185,584	242,151	48,608
-	900	900	-
184,555	55,380	239,935	31,499
202,710	(202,710)	-	-
<u>9,929,249</u>	<u>39,154</u>	<u>9,968,403</u>	<u>1,241,359</u>
<u>1,298,205</u>	<u>1,278,146</u>	<u>2,576,351</u>	<u>1,008,425</u>
<u>(3,936,146)</u>	<u>28,718,653</u>	<u>24,782,507</u>	<u>10,545,268</u>
<u>\$ (2,637,941)</u>	<u>\$ 29,996,799</u>	<u>\$ 27,358,858</u>	<u>\$ 11,553,693</u>

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FUND FINANCIAL STATEMENTS

CITY OF PAMPA, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	<u>General</u>	<u>Capital Projects</u>	<u>Coronavirus Relief Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 2,649,718	\$ -	\$ -	\$ 451,332	\$ 3,101,050
Investments	650,000	-	-	70,500	720,500
Accrued interest receivable	1,317	-	-	129	1,446
Receivables (net of allowance for uncollectibles)	1,281,358	-	751,256	94,159	2,126,773
Due from other funds	1,081,564	-	-	-	1,081,564
Inventories	32,510	-	-	-	32,510
Prepaid items	84,147	-	-	5,307	89,454
Restricted assets:					
Restricted cash	925,862	2,916,036	-	10,903	3,852,801
Restricted accrued interest	-	-	-	543	543
Restricted investments	-	-	-	350,000	350,000
Total assets	<u>\$ 6,706,476</u>	<u>\$ 2,916,036</u>	<u>\$ 751,256</u>	<u>\$ 982,873</u>	<u>\$ 11,356,641</u>
Liabilities, Deferred Inflows and Fund Balances:					
Liabilities:					
Accounts payable	\$ 400,197	\$ -	\$ -	\$ 15,568	\$ 415,765
Accrued expenditures	413,541	-	-	14,557	428,098
Due to other funds	-	5,363	751,256	27,137	783,756
Unearned revenue	21,310	-	-	10,903	32,213
Total liabilities	<u>835,048</u>	<u>5,363</u>	<u>751,256</u>	<u>68,165</u>	<u>1,659,832</u>
Deferred inflows of resources:					
Unavailable revenue - property taxes	145,245	-	-	34,640	179,885
Total deferred inflows of resources	<u>145,245</u>	<u>-</u>	<u>-</u>	<u>34,640</u>	<u>179,885</u>
Fund balances:					
Nonspendable fund balance:					
Prepaid items	84,147	-	-	5,307	89,454
Inventories	32,510	-	-	-	32,510
Permanent fund principal	-	-	-	350,000	350,000
Restricted fund balance:					
Municipal court security and technology	147,953	-	-	-	147,953
Public programming facilities	132,544	-	-	-	132,544
Park maintenance	55,980	-	-	-	55,980
Fire department	4,107	-	-	-	4,107
Equipment purchase	23,028	-	-	-	23,028
Debt service	-	-	-	173,719	173,719
Capital acquisition	562,250	2,910,673	-	-	3,472,923
MK Brown Auditorium	-	-	-	69,461	69,461
Lovett Library	-	-	-	273,130	273,130
Law enforcement	-	-	-	8,451	8,451
Assigned fund balance:					
Vehicle replacement	622,114	-	-	-	622,114
Dumpster & sanitation equipment	485,128	-	-	-	485,128
Law enforcement	1,673	-	-	-	1,673
Unassigned fund balance	<u>3,574,749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,574,749</u>
Total fund balances	<u>5,726,183</u>	<u>2,910,673</u>	<u>-</u>	<u>880,068</u>	<u>9,516,924</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,706,476</u>	<u>\$ 2,916,036</u>	<u>\$ 751,256</u>	<u>\$ 982,873</u>	<u>\$ 11,356,641</u>

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, 2020

Total fund balances - Governmental Funds	\$	9,516,924
<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>		
		85,384
<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 \$46,286,145 and the accumulated depreciation was \$38,247,541. 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 \$9,257,494. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to decrease net position.</p>		
		(1,218,890)
<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, 2020, the amount of capital outlays and debt principal payments were \$1,864,983 and \$982,215 respectively. The net effect of including the 2020 capital outlays and debt principal payments is to increase net position.</p>		
		2,847,198
<p>Included in the items related to debt is the recognition of the City's net pension liability as required by GASB 68, as amended. For the year ended September 30, 2020 the net pension liability was \$9,104,761, the deferred inflow related to pensions was \$1,422,560 and the deferred outflow related to pensions was \$1,124,792. The net effect of recognition of the net pension liability is to decrease net position.</p>		
		(9,402,529)
<p>Included in the items related to debt is the recognition of the City's total OPEB liability as required by GASB 75. For the year ended September 30, 2020 the total OPEB liability was \$558,208, the deferred inflow related to OPEB was \$41,854 and the deferred outflow related to OPEB was \$88,515. The net effect of recognition of the net OPEB liability is to decrease net position.</p>		
		(511,547)
<p>The 2020 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(1,004,669)
<p>During 2020, the City issued the Series 2020 Certificates of Obligation for the purchase of various general fund equipment and improvements. The proceeds of the bonds were reported as other financing resources on the fund financial statements but should be reported as long term debt on the government-wide financial statements. The effect of the bond issuance is to decrease net position.</p>		
		(2,950,000)
<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 unavailable and 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>		
		<u>188</u>
Net position of Governmental Activities	\$	<u><u>(2,637,941)</u></u>

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, 2020

	<u>General</u>	<u>Capital Projects</u>	<u>Coronavirus Relief Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes:					
Property taxes	\$ 3,305,889	\$ -	\$ -	\$ 1,210,782	\$ 4,516,671
Sales taxes	3,479,137	-	-	-	3,479,137
Other taxes	1,165,228	-	-	198,855	1,364,083
Penalties and interest on taxes	79,868	-	-	7,471	87,339
Licenses and permits	169,384	-	-	-	169,384
Intergovernmental	43,347	-	939,070	177,471	1,159,888
Charges for services	4,160,056	-	-	20,252	4,180,308
Fines	257,948	-	-	2,911	260,859
Investment earnings	47,897	1	-	8,501	56,399
Contributions and donations	59,008	-	-	53,552	112,560
Other revenue	212,157	-	-	1,101	213,258
Total revenues	<u>12,979,919</u>	<u>1</u>	<u>939,070</u>	<u>1,680,896</u>	<u>15,599,886</u>
Expenditures:					
Current:					
General government	2,074,294	-	-	-	2,074,294
Public safety	6,346,372	-	939,070	103,295	7,388,737
Streets and traffic	1,439,662	-	-	-	1,439,662
Solid waste management	1,317,827	-	-	-	1,317,827
Culture and recreation	647,689	-	-	668,583	1,316,272
Capital outlay	1,739,957	-	-	125,026	1,864,983
Debt service:					
Principal retirement	113,950	-	-	868,265	982,215
Interest and fiscal charges	14,595	-	-	190,604	205,199
Bond issuance costs	-	39,328	-	-	39,328
Total expenditures	<u>13,694,346</u>	<u>39,328</u>	<u>939,070</u>	<u>1,955,773</u>	<u>16,628,517</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(714,427)</u>	<u>(39,327)</u>	<u>-</u>	<u>(274,877)</u>	<u>(1,028,631)</u>
Other financing sources (uses):					
Issuance of bonds	-	2,950,000	-	-	2,950,000
Transfers in	252,710	-	-	182,500	435,210
Transfers out	(171,000)	-	-	(61,500)	(232,500)
Total other financing sources (uses)	<u>81,710</u>	<u>2,950,000</u>	<u>-</u>	<u>121,000</u>	<u>3,152,710</u>
Net change in fund balances	(632,717)	2,910,673	-	(153,877)	2,124,079
Fund balances at beginning of year	<u>6,358,900</u>	<u>-</u>	<u>-</u>	<u>1,033,945</u>	<u>7,392,845</u>
Fund balances at end of year	<u>\$ 5,726,183</u>	<u>\$ 2,910,673</u>	<u>\$ -</u>	<u>\$ 880,068</u>	<u>\$ 9,516,924</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, 2020

Total net changes in fund balances - Governmental Funds	\$ 2,124,079
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.	32,992
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, 2020, the amount of capital outlays and debt principal payments were \$1,864,983 and \$982,215, respectively. The net effect of including the 2020 capital outlays and debt principal payments is to increase net position.	2,847,198
The 2020 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,004,669)
GASB 68, as amended, requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/2019 caused the change in the ending net position to increase in the amount of \$1,066,230. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$988,130. The net pension expense increased the change in net position by \$298,389. The cumulative result of these changes is to increase the change in net position by \$376,489.	376,489
GASB 75 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/2019 caused the change in the ending net position to increase in the amount of \$12,410. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$11,527. Recognition of the City's TMRS OPEB expense decreased the change in net position by \$33,360. The result of these change is to decrease the change in net position by \$32,477.	(32,477)
During 2020, the City issued the Series 2020 Certificates of Obligation for the purchase of various general fund equipment and improvements. The proceeds of the bonds were reported as other financing resources on the fund financial statements but should be reported as long term debt on the government-wide financial statements. The effect of the bond issuance is to decrease net position.	(2,950,000)
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 unavailable 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.	(95,407)
Change in net position of Governmental Activities	<u><u>\$ 1,298,205</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, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 3,474,485	\$ 3,474,985	\$ 3,305,889	\$ (169,096)
Sales taxes	3,400,000	3,400,000	3,479,137	79,137
Other taxes	1,266,395	1,270,595	1,165,228	(105,367)
Penalties and interest on taxes	70,000	79,000	79,868	868
Licenses and permits	270,000	280,200	169,384	(110,816)
Intergovernmental	132,000	405,148	43,347	(361,801)
Charges for services	4,155,740	4,170,140	4,160,056	(10,084)
Fines	454,000	389,651	257,948	(131,703)
Investment earnings	53,000	47,600	47,897	297
Contributions and donations	43,000	69,439	59,008	(10,431)
Other revenue	60,000	210,359	212,157	1,798
Total revenues	<u>13,378,620</u>	<u>13,797,117</u>	<u>12,979,919</u>	<u>(817,198)</u>
Expenditures:				
Current:				
General government	2,063,494	2,151,883	2,074,294	77,589
Public safety	7,491,857	7,730,095	6,346,372	1,383,723
Streets and traffic	1,467,246	1,522,846	1,439,662	83,184
Solid waste management	1,335,491	1,336,458	1,317,827	18,631
Culture and recreation	751,886	785,792	647,689	138,103
Capital outlay	2,641,000	3,025,091	1,739,957	1,285,134
Debt service:				
Principal retirement	113,851	113,719	113,950	(231)
Interest and fiscal charges	14,414	15,236	14,595	641
Total expenditures	<u>15,879,239</u>	<u>16,681,120</u>	<u>13,694,346</u>	<u>2,986,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,500,619)</u>	<u>(2,884,003)</u>	<u>(714,427)</u>	<u>2,169,576</u>
Other financing sources (uses):				
Transfers in	252,710	252,710	252,710	-
Transfers out	<u>(312,000)</u>	<u>(171,000)</u>	<u>(171,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(59,290)</u>	<u>81,710</u>	<u>81,710</u>	<u>-</u>
Net change in fund balances	(2,559,909)	(2,802,293)	(632,717)	2,169,576
Fund balances at beginning of year	<u>6,358,900</u>	<u>6,358,900</u>	<u>6,358,900</u>	<u>-</u>
Fund balances at end of year	<u>\$ 3,798,991</u>	<u>\$ 3,556,607</u>	<u>\$ 5,726,183</u>	<u>\$ 2,169,576</u>

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

CITY OF PAMPA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	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	\$ 9,046,977	\$ 2,001,686	\$ -	\$ 255,900	\$ 11,304,563	\$ 88,512
Investments	1,000,000	-	-	-	1,000,000	-
Restricted assets - current:						
Cash and cash equivalents	1,614,903	99,143	-	150,231	1,864,277	-
Investments	800,500	643,000	-	5,800	1,449,300	-
Receivables	274,964	-	-	-	274,964	-
Accrued interest receivable	3,752	1,183	-	11	4,946	-
Receivables - net of uncollectible allowance	984,961	99,978	-	1,103	1,086,042	-
Note receivable	-	-	-	184,911	184,911	-
Prepaid expense	4,125	-	-	270	4,395	-
Inventories	430,243	-	1,892	40,457	472,592	-
Total current assets	<u>14,160,425</u>	<u>2,844,990</u>	<u>1,892</u>	<u>638,683</u>	<u>17,645,990</u>	<u>88,512</u>
Non-current assets:						
Note receivable	-	-	-	384,647	384,647	-
Capital assets:						
Land	86,934	53,125	90,568	561,264	791,891	-
Water rights	7,588,780	-	-	-	7,588,780	-
Buildings and improvements	33,775,050	7,617,773	4,616,490	2,578,290	48,587,603	-
Vehicles and equipment	4,439,918	5,442,861	25,801	828,687	10,737,267	-
Surface water supply contracts	5,419,278	-	-	-	5,419,278	-
Roads	-	215,295	-	-	215,295	-
Construction in progress	545,116	-	-	10,060	555,176	-
Less: accumulated depreciation and amortization	(31,896,937)	(10,024,764)	(1,442,900)	(2,177,859)	(45,542,460)	-
Unamortized landfill permit costs	-	543,649	-	-	543,649	-
Total non-current assets	<u>19,958,139</u>	<u>3,847,939</u>	<u>3,289,959</u>	<u>2,185,089</u>	<u>29,281,126</u>	<u>-</u>
Total assets	<u>34,118,564</u>	<u>6,692,929</u>	<u>3,291,851</u>	<u>2,823,772</u>	<u>46,927,116</u>	<u>88,512</u>
Deferred outflows:						
Deferred charge on refunding	91,178	76,035	-	369	167,582	-
Deferred outflow related to TMRS	162,178	56,324	-	21,596	240,098	-
Total deferred outflows of resources	<u>253,356</u>	<u>132,359</u>	<u>-</u>	<u>21,965</u>	<u>407,680</u>	<u>-</u>
Liabilities:						
Current liabilities:						
Accounts payable	403,471	9,432	-	7,914	420,817	-
Accrued expenses	50,692	19,804	-	12,865	83,361	-
Claims and judgments payable	-	-	-	-	-	3,128
Due to other funds	-	-	79,131	218,677	297,808	-
Accrued interest payable	52,598	17,606	-	11,920	82,124	-
Unearned revenue	-	-	-	33,816	33,816	-
Customer deposits	410,531	-	-	-	410,531	-
Bonds payable - current:						
Revenue bonds and certificates of obligation	406,353	318,639	-	16,196	741,188	-
CRM WA obligations	519,242	-	-	-	519,242	-
Capital leases payable - current	-	-	-	91,116	91,116	-
Compensated absences	35,189	22,386	-	1,296	58,871	-
Total current liabilities	<u>1,878,076</u>	<u>387,867</u>	<u>79,131</u>	<u>393,800</u>	<u>2,738,874</u>	<u>3,128</u>
Non-current liabilities:						
Revenue bonds and certificates of obligation (net)	4,161,596	2,055,000	-	153,989	6,370,585	-
CRM WA obligations (net)	3,842,882	-	-	-	3,842,882	-
Net pension liability	1,206,262	418,939	-	160,634	1,785,835	-
Total OPEB liability	73,952	25,684	-	9,848	109,484	-
Capital leases payable	-	-	-	190,862	190,862	-
Compensated absences	11,730	7,462	-	3,887	23,079	-
Landfill closure liability	-	1,988,937	-	-	1,988,937	-
Total non-current liabilities	<u>9,296,422</u>	<u>4,496,022</u>	<u>-</u>	<u>519,220</u>	<u>14,311,664</u>	<u>-</u>
Total liabilities	<u>11,174,498</u>	<u>4,883,889</u>	<u>79,131</u>	<u>913,020</u>	<u>17,050,538</u>	<u>3,128</u>
Deferred inflows of resources:						
Deferred inflow related to TMRS	194,168	67,434	-	25,857	287,459	-
Total deferred inflows of resources	<u>194,168</u>	<u>67,434</u>	<u>-</u>	<u>25,857</u>	<u>287,459</u>	<u>-</u>
Net position:						
Net investment in capital assets	12,694,716	2,870,029	3,289,959	1,497,060	20,351,764	-
Restricted for debt service	1,120,779	724,537	-	-	1,845,316	-
Restricted for capital acquisition	1,482,274	-	-	148,412	1,630,686	-
Unrestricted	7,705,485	(1,720,601)	(77,239)	261,388	6,169,033	85,384
Total net position	<u>\$ 23,003,254</u>	<u>\$ 1,873,965</u>	<u>\$ 3,212,720</u>	<u>\$ 1,906,860</u>	<u>\$ 29,996,799</u>	<u>\$ 85,384</u>

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, 2020

	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	\$ 8,284,480	\$ 1,982,982	\$ 87,973	\$ 300,170	\$ 10,655,605	\$ 106,121
Rent	200	-	6,541	35,419	42,160	-
Other revenues	11,330	4,975	1,658	363,991	381,954	-
Total operating revenues	8,296,010	1,987,957	96,172	699,580	11,079,719	106,121
Operating expenses:						
Personnel services	1,353,673	507,243	80,508	230,857	2,172,281	-
Contractual services	2,191,284	224,095	15,990	113,184	2,544,553	7,420
Supplies and materials	566,419	254,299	50,701	93,095	964,514	-
Depreciation and amortization	1,240,139	638,516	157,874	217,179	2,253,708	-
Intercity administrative charges	1,006,938	246,246	24,314	35,661	1,313,159	-
Insurance and claims	50,938	37,660	27,829	11,627	128,054	65,877
Total operating expenses	6,409,391	1,908,059	357,216	701,603	9,376,269	73,297
Operating income (loss)	1,886,619	79,898	(261,044)	(2,023)	1,703,450	32,824
Non-operating revenues (expenses):						
Investment earnings	137,646	24,144	-	23,794	185,584	168
Gain on sale of materials and equipment	900	-	-	-	900	-
Interest and fiscal charges	(306,833)	(79,258)	(722)	(22,265)	(409,078)	-
Total non-operating revenues (expenses)	(168,287)	(55,114)	(722)	1,529	(222,594)	168
Income (loss) before transfers	1,718,332	24,784	(261,766)	(494)	1,480,856	32,992
Transfers in	-	-	60,000	235,222	295,222	-
Transfers out	(297,932)	-	-	(200,000)	(497,932)	-
Change in net position	1,420,400	24,784	(201,766)	34,728	1,278,146	32,992
Total net position - beginning of year	21,353,618	1,897,605	3,414,486	2,052,944	28,718,653	52,392
Prior period adjustment - GASB 75	229,236	(48,424)	-	(180,812)	-	-
Total net position - beginning of year, as restated	21,582,854	1,849,181	3,414,486	1,872,132	28,718,653	52,392
Total net position - end of year	\$ 23,003,254	\$ 1,873,965	\$ 3,212,720	\$ 1,906,860	\$ 29,996,799	\$ 85,384

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, 2020

	Business-type Activities - Enterprise Funds				Total Enterprise Total	Governmental Activities Internal Service Fund
	Water and Sewer System	Solid Waste Management	Aquatics Center	Other Enterprise Funds		
Cash flows from operating activities:						
Receipts from customers and users	\$ 8,331,917	\$ 1,996,999	\$ 96,172	\$ 697,953	\$ 11,123,041	\$ -
Receipts from inter-fund services provided	-	-	-	-	-	106,121
Payments to employees	(1,399,728)	(512,977)	(80,508)	(218,878)	(2,212,091)	-
Payments to insurance claims	-	-	-	-	-	(65,007)
Payments to suppliers	(2,557,595)	(435,975)	(95,927)	(259,162)	(3,348,659)	(7,420)
Payments for inter-fund services used	(1,006,938)	(246,246)	20,985	30,209	(1,201,990)	-
Net cash flows from operating activities	<u>3,367,656</u>	<u>801,801</u>	<u>(59,278)</u>	<u>250,122</u>	<u>4,360,301</u>	<u>33,694</u>
Cash flows from non-capital financing activities:						
Transfers from other funds	-	-	60,000	235,222	295,222	-
Transfers to other funds	(297,932)	-	-	(200,000)	(497,932)	-
Net cash flows from non-capital financing activities	<u>(297,932)</u>	<u>-</u>	<u>60,000</u>	<u>35,222</u>	<u>(202,710)</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(574,362)	(1,226,814)	-	(343,401)	(2,144,577)	-
Proceeds from sale of materials and equipment	900	-	-	-	900	-
Issuance of 2020 certificates of obligations	1,500,000	-	-	150,000	1,650,000	-
Principal received on notes receivable	-	-	-	177,157	177,157	-
Principal paid on capital debt	(846,647)	(315,109)	-	(101,059)	(1,262,815)	-
Interest paid on capital debt	(347,649)	(64,352)	(722)	(17,797)	(430,520)	-
Net cash flows from capital and related financing activities	<u>(267,758)</u>	<u>(1,606,275)</u>	<u>(722)</u>	<u>(135,100)</u>	<u>(2,009,855)</u>	<u>-</u>
Cash flows from investing activities:						
Purchase of investments (net of redemptions of investments)	2,949,200	805,000	-	3,900	3,758,100	-
Interest and dividends received	185,942	50,692	-	23,974	260,608	168
Net cash flows from investing activities	<u>3,135,142</u>	<u>855,692</u>	<u>-</u>	<u>27,874</u>	<u>4,018,708</u>	<u>168</u>
Net increase (decrease) in cash and cash equivalents	5,937,108	51,218	-	178,118	6,166,444	33,862
Cash and cash equivalents at beginning of year	<u>4,724,772</u>	<u>2,049,611</u>	<u>-</u>	<u>228,013</u>	<u>7,002,396</u>	<u>54,650</u>
Cash and cash equivalents at end of year	<u>\$ 10,661,880</u>	<u>\$ 2,100,829</u>	<u>\$ -</u>	<u>\$ 406,131</u>	<u>\$ 13,168,840</u>	<u>\$ 88,512</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	<u>\$ 1,886,619</u>	<u>\$ 79,898</u>	<u>\$ (261,044)</u>	<u>\$ (2,023)</u>	<u>\$ 1,703,450</u>	<u>\$ 32,824</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	1,240,139	638,516	157,874	217,179	2,253,708	-
Changes in assets & liabilities:						
(Increase) decrease in:						
Receivables	(2,784)	9,042	-	202	6,460	-
Other assets	38,664	-	-	-	38,664	-
Prepaid expense	9,080	240	-	240	9,560	-
Inventories	(56,484)	-	-	(40,457)	(96,941)	-
Deferred outflows related to TMRS	168,314	58,456	-	22,414	249,184	-
Increase (decrease) in:						
Accounts payable	262,662	(21,002)	(1,407)	(1,039)	239,214	870
Accrued expenses	14,422	6,882	-	12,865	34,169	-
Due to other funds	-	-	45,299	65,870	111,169	-
Unearned revenue	-	-	-	(1,829)	(1,829)	-
Net pension liability	(346,575)	(120,366)	-	(46,152)	(513,093)	-
Total OPEB liability	11,664	4,051	-	1,553	17,268	-
Deferred inflows related to TMRS	121,020	42,030	-	16,116	179,166	-
Customer deposits	35,815	-	-	-	35,815	-
Compensated absences	(14,900)	3,213	-	5,183	(6,504)	-
Landfill closure liability	-	100,841	-	-	100,841	-
Total adjustments	<u>1,481,037</u>	<u>721,903</u>	<u>201,766</u>	<u>252,145</u>	<u>2,656,851</u>	<u>870</u>
Net cash provided by operating activities	<u>\$ 3,367,656</u>	<u>\$ 801,801</u>	<u>\$ (59,278)</u>	<u>\$ 250,122</u>	<u>\$ 4,360,301</u>	<u>\$ 33,694</u>
Reconciliation of total cash and cash equivalents:						
Cash and cash equivalents on statement of net position	\$ 9,046,977	\$ 2,001,686	\$ -	\$ 255,900	\$ 11,304,563	\$ 88,512
Restricted cash and cash equivalents on statement of net position	<u>1,614,903</u>	<u>99,143</u>	<u>-</u>	<u>150,231</u>	<u>1,864,277</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 10,661,880</u>	<u>\$ 2,100,829</u>	<u>\$ -</u>	<u>\$ 406,131</u>	<u>\$ 13,168,840</u>	<u>\$ 88,512</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, 2020

	<u>Agency Fund</u> <u>Municipal Court</u> <u>Bail Bond</u>
Assets:	
Cash and cash equivalents	\$ <u>948</u>
Total assets	\$ <u><u>948</u></u>
Liabilities:	
Deposits	\$ <u>948</u>
Total liabilities	\$ <u><u>948</u></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, 2020

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 control. The most significant manifestation of this ability is financial interdependency. Other manifestations of this ability 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 control.

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, 2020**

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, 2020, 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, 2020, the City remitted \$1,161,252 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 ("GCAD") 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 GCAD for its services. The City has no authority over the District or accountability beyond that mentioned above. During the year ended September 30, 2020, the City remitted \$101,565 to the GCAD for their contributions toward the GCAD annual expenses.

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 12. 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. During the year ended September 30, 2020, the City remitted \$1,305,138 to CRMWA for their portion of the CRMWA outstanding debt, and for operational and pumping costs.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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 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. The fiduciary fund financial statements are also prepared using the *accrual basis of accounting*, but have no measurement focus.

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, 2020

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

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

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

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

The City reports the following major governmental funds:

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

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

Coronavirus Relief Fund – The Coronavirus Relief Fund is used to account for federal grant funds received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted in law in April, 2020, in response to the worldwide Coronavirus pandemic. The funds are required to be used on expenditures related to the recovery from the pandemic.

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 customer 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 City reports the following internal service fund:

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, 2020

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

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

Additionally, the City reports the following fund types:

Non-major governmental funds:

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

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

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

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.

Public Safety Grants – To account for revenues derived from federal grant awards which may be spent on public safety expenditures.

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.

Non-major 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 are being leased.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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, 2020

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, certificates of deposit 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.

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.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

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, the Aquatics Center maintains an inventory of materials and supplies, and the Golf Course maintains an inventory of merchandise and equipment. 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.

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 acquisition value at the date of donation.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

K. Capital Assets (continued)

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.

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, and proprietary funds only when a liability is matured, i.e. for those employees who are expected to retire within the following year.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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

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 and note 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. Rounding

The amounts on the statements have been rounded individually; consequently, some columns may not total and some schedules may not agree because of this rounding.

O. 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.
- 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.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

O. Net Position and Fund Balance (continued)

- 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. The general fund is the only fund that reports an unassigned fund balance amount.

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 event 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.

P. 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 that time. The City has the following items that qualify for reporting in that category:

- Deferred charges on refunding, which 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.
- Deferred outflow related to pensions, which result from pension contributions after the measurement date (deferred and recognized in the following fiscal year) and changes in actuarial assumptions. This amount, excluding contributions made after the measurement date, is amortized over a five year period.
- Deferred outflow related to OPEB plans, which result from OPEB contributions after the measurement date (deferred and recognized in the following fiscal year) and changes in actuarial assumptions. This amount, excluding contributions made after the measurement date, is amortized over a five year period.

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 the following items that qualify for reporting on the government-wide statement of net position.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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

P. Deferred Outflows/Inflows of Resources (continued)

- Deferred inflow related to pensions, which result from differences in projected and actual investment earnings in the pension plan, and differences between expected and actual economic experience in the pension plan. This amount is amortized over a five year period.
- Deferred inflow related to OPEB plans, which result from differences in projected and actual investment earnings in the pension plan, and differences between expected and actual economic experience in the pension plan. This amount is amortized over a five year period

Amounts reported as deferred outflows/inflows on the City’s financial statements as of September 30, 2020 are as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>
Deferred outflows of resources:			
Deferred charge on refunding	\$ 83,583	\$ 167,582	\$ 251,165
Deferred outflow related to TMRS - pensions	1,124,792	222,737	1,347,529
Deferred outflow related to TMRS - OPEB	88,515	17,361	105,876
Total deferred outflows of resources	<u>\$ 1,296,890</u>	<u>\$ 407,680</u>	<u>\$ 1,704,570</u>
Deferred inflows of resources:			
Deferred inflow related to TMRS - pensions	\$ 1,422,560	\$ 279,250	\$ 1,701,810
Deferred inflow related to TMRS - OPEB	41,854	8,209	50,063
Total deferred inflows of resources	<u>\$ 1,464,414</u>	<u>\$ 287,459</u>	<u>\$ 1,751,873</u>

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 – property taxes, is reported on in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Q. Pensions

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

R. Other Post-Employment Benefits

The total OPEB liability of the Texas Municipal Retirement System (TMRS) has been determined using the flow of economic resources measurement and focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources related to other post-employment benefits and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 2. STEWARDSHIP, COMPLIANCE AND RESPONSIBILITY:

Other Individual Fund Disclosures

None of the City's funds had material amounts of excess of expenditures over appropriations (exclusive of depreciation) for the year ended September 30, 2020. There was an immaterial budget deficit in the principal retirement category for the general fund of \$231. The City budgeted for the Coronavirus Relief Fund and the public safety grants special revenue funds in the general fund. These funds do not have a legally adopted budget, and therefore, are intentionally excluded from the budget schedules. Also, the City did not budget for the controlled substances special revenue fund, therefore a negative variance exists in total expenditures. The variance in expenditures for the fund is immaterial.

Management of the City is aware of the deficit in unrestricted and total net position of the Governmental Activities. The deficit is primarily a result of recognition of the City's net pension and total OPEB liabilities related to its participation in the Texas Municipal Retirement System and the issuance of the Series 2020 Certificates of Obligation. Management will continue to assess the deficit net position in the governmental activities in the future.

Management of the City is also aware of the deficit in unrestricted net position in 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 result of the current year's operations was an increase in net position of \$24,784 in the solid waste management fund and a decrease of \$201,766 and \$111,504 in the aquatics center fund and golf course fund, respectively.

NOTE 3. DEPOSITS AND INVESTMENTS:

Legal and Contractual Provisions Governing Deposits and Investments

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

Throughout the year, as permitted by State statute and the City Charter, required reserves and funds held pending expenditures were invested in either certificates of deposit or Federal Home Loan Bank Bonds. At September 30, 2020 all of the City's investments, as shown below, are reflected at cost, which approximates fair value.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 3. DEPOSITS AND INVESTMENTS (continued):

Policies Governing Deposits and Investments

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

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

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

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

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

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

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

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 3. DEPOSITS AND INVESTMENTS (continued):

Policies Governing Deposits and Investments (continued)

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

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

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

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

Investments Held

At September 30, 2020 , the carrying amounts of the City’s investments are shown below. The City did not invest in any other types of investments other than certificates of deposit during the year ended September 30, 2020.

	<u>Credit Rating</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Certificates of Deposit:			
General fund	N/A	\$ 650,000	\$ 650,000
Other governmental funds	N/A	420,500	420,500
Water and sewer system	N/A	1,800,500	1,800,500
Solid waste management	N/A	643,000	643,000
Other enterprise funds	N/A	5,800	5,800
Total primary government		<u>\$ 3,519,800</u>	<u>\$ 3,519,800</u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 4. RECEIVABLES:

Receivables as of year end for the City’s general, non-major governmental, and enterprise funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Coronavirus Relief Fund	Nonmajor Governmental Funds	Enterprise Funds	Total
Receivables:					
Property taxes	\$ 327,450	\$ -	\$ 101,840	\$ -	\$ 429,290
Other taxes	704,794	-	32,382	-	737,176
Accounts	450,611	-	-	1,133,993	1,584,604
Grants from federal, state, and local sources	-	751,256	27,137	-	778,393
CRMWA	-	-	-	274,964	274,964
Total receivables	1,482,855	751,256	161,359	1,408,957	3,804,427
Less allowance for uncollectibles:					
Property taxes	182,205	-	67,200	-	249,405
Accounts	19,292	-	-	47,951	67,243
Total allowance for uncollectibles	201,497	-	67,200	47,951	316,648
Total net receivables	\$ <u>1,281,358</u>	\$ <u>751,256</u>	\$ <u>94,159</u>	\$ <u>1,361,006</u>	\$ <u>3,487,779</u>

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on October 1 and become delinquent after January 31. The taxes accrue interest beginning February 1. Current year property taxes are collected from the levy date October 1 through June 30, at which time the taxes are classified as delinquent and assessed penalties beginning July 1. The delinquent taxes receivable account represents past years uncollected tax levies. The allowance for estimated uncollectible amounts is 52.34% of the total delinquent taxes receivable at September 30, 2020. 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 2019 tax roll for the 2019-2020 fiscal year was \$.730000 per \$100 of assessed valuation, of which \$.533308 was designated to finance general governmental services, \$.166692 was designated for debt service and \$.03 was for the maintenance and support of the Lovett Memorial Library. The resulting tax levy was \$4,623,552 on an assessed value of \$633,363,281 (after exemptions and adjustments).

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 5. RESTRICTED ASSETS:

The City had the following restricted assets as of September 30, 2020:

	<u>General Fund</u>	<u>Capital Projects</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	\$ 562,250	\$ 2,916,036	\$ -	\$ 1,482,274	\$ -	\$ 148,412	\$ 5,108,972
Municipal court security & technology	147,953	-	-	-	-	-	147,953
Public programming facilities	132,544	-	-	-	-	-	132,544
Park maintenance	55,980	-	-	-	-	-	55,980
Fire department	4,107	-	-	-	-	-	4,107
Equipment purchase	23,028	-	-	-	-	-	23,028
M.K. Brown Auditorium	-	-	10,903	-	-	-	10,903
Revenue bond debt service	-	-	-	97,910	99,143	1,819	198,872
Water and sewer utility deposits	-	-	-	34,719	-	-	34,719
	<u>\$ 925,862</u>	<u>\$ 2,916,036</u>	<u>\$ 10,903</u>	<u>\$ 1,614,903</u>	<u>\$ 99,143</u>	<u>\$ 150,231</u>	<u>\$ 5,717,078</u>
Restricted accrued interest receivable:							
M.K. Brown Auditorium	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 543</u>
Restricted investments:							
M.K. Brown Auditorium	\$ -	\$ -	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
Revenue bond debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>800,500</u>	<u>643,000</u>	<u>5,800</u>	<u>1,449,300</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 800,500</u>	<u>\$ 643,000</u>	<u>\$ 5,800</u>	<u>\$ 1,799,300</u>
Restricted receivable:							
CRMWA debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 274,964</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 6. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2020 was as follows:

Primary Government:

Governmental activities:	Balance Oct. 1, 2019	Additions	Sales, Retirements, and Transfers	Balance Sept. 30, 2020
Capital assets, not being depreciated				
Land	\$ 48,829	\$ -	\$ -	\$ 48,829
Collection	203,500	-	-	203,500
Construction in progress	-	135,537	-	135,537
Total capital assets, not being depreciated	<u>252,329</u>	<u>135,537</u>	<u>-</u>	<u>387,866</u>
Capital assets being depreciated:				
Roads	18,809,864	-	-	18,809,864
Buildings and improvements	12,851,185	351,675	-	13,202,860
Vehicles and equipment	14,372,767	1,377,771	(106,247)	15,644,291
Total capital assets, being depreciated	<u>46,033,816</u>	<u>1,729,446</u>	<u>(106,247)</u>	<u>47,657,015</u>
Less accumulated depreciation for:				
Roads	18,809,864	-	-	18,809,864
Buildings and improvements	7,909,925	333,920	-	8,243,845
Vehicles and equipment	11,527,752	670,749	(127,984)	12,070,517
Total accumulated depreciation	<u>38,247,541</u>	<u>1,004,669</u>	<u>(127,984)</u>	<u>39,124,226</u>
Total capital assets, being depreciated, net	<u>7,786,275</u>	<u>724,777</u>	<u>21,737</u>	<u>8,532,789</u>
Total Governmental Activities capital assets, net	<u>\$ 8,038,604</u>	<u>\$ 860,314</u>	<u>\$ 21,737</u>	<u>\$ 8,920,655</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 6. CAPITAL ASSETS (continued):

Business-type activities:	Balance		Sales, Retirements, Adjustments	Balance
	Oct. 1, 2019	Additions	& Transfers	Sept. 30, 2020
Capital assets, not being depreciated				
Land	\$ 776,141	\$ 15,750	\$ -	\$ 791,891
Construction in progress	<u>184,658</u>	<u>447,676</u>	<u>(77,158)</u>	<u>555,176</u>
Total capital assets, not being depreciated	<u>960,799</u>	<u>463,426</u>	<u>(77,158)</u>	<u>1,347,067</u>
Capital assets being depreciated:				
Roads	215,295	-	-	215,295
Buildings and improvements	48,183,543	404,060	-	48,587,603
Vehicles and equipment	9,372,159	1,380,918	(15,811)	10,737,266
Water rights	7,588,780	-	-	7,588,780
Surface water supply contracts	<u>5,419,278</u>	<u>-</u>	<u>-</u>	<u>5,419,278</u>
Total capital assets, being depreciated	<u>70,779,055</u>	<u>1,784,978</u>	<u>(15,811)</u>	<u>72,548,222</u>
Less accumulated depreciation for:				
Roads	215,295	-	-	215,295
Buildings and improvements	30,822,110	1,376,729	-	32,198,839
Vehicles and equipment	7,287,929	660,194	5,926	7,954,049
Water rights	1,707,182	151,776	-	1,858,958
Surface water supply contracts	<u>3,251,562</u>	<u>63,756</u>	<u>-</u>	<u>3,315,318</u>
Total accumulated depreciation	<u>43,284,078</u>	<u>2,252,455</u>	<u>5,926</u>	<u>45,542,459</u>
Total capital assets, being depreciated, net	<u>27,494,977</u>	<u>(467,477)</u>	<u>(21,737)</u>	<u>27,005,763</u>
Total Business-type Activities capital assets, net	<u>\$ 28,455,776</u>	<u>\$ (4,051)</u>	<u>\$ (98,895)</u>	<u>\$ 28,352,830</u>

Construction in progress in the governmental activities consists of costs incurred related to the replacement of windows at City Hall and servers for the IT department that were not complete as of September 30, 2020. Construction in progress in the business-type activities consists of costs incurred related to improvements at the water and waste water treatment plants and renovation of a tee box at the golf course that were not complete as of September 30, 2020. See further discussion related to the projects at Note 11.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 6. CAPITAL ASSETS (continued):

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

Governmental activities:

General government	\$	123,005
Public safety		372,254
Streets and traffic		173,490
Solid waste management		131,497
Culture and recreation		<u>204,423</u>

Total depreciation expense - Governmental Activities	\$	<u><u>1,004,669</u></u>
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Business-type activities:

Water and sewer	\$	1,240,139
Solid waste management		637,263
Aquatics center		157,874
Municipal golf course		202,942
Leased properties		<u>14,237</u>

Total depreciation expense - Business-type Activities	\$	<u><u>2,252,455</u></u>
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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:

Year Ending September 30,	Governmental Activities	Municipal Golf Course
2021	\$ 122,964	\$ 102,421
2022	122,964	88,634
2023	-	61,058
2024	<u>-</u>	<u>61,058</u>
Total	245,928	313,171
Less: Amount representing interest at 2.6% to 6.43%	<u>9,371</u>	<u>31,193</u>
Present Value of Lease Payments	<u><u>\$ 236,557</u></u>	<u><u>\$ 281,978</u></u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 7. LEASE OBLIGATIONS (continued):

Capital Leases (continued)

The following summarizes the assets acquired under capital leases:

	Governmental Activities	Municipal Golf Course
Cost of equipment	\$ 1,379,975	\$ 670,582
Accumulated depreciation	<u>448,523</u>	<u>416,737</u>
Net leased equipment	<u>\$ 931,452</u>	<u>\$ 253,845</u>

Operating Leases

The City is obligated under certain leases for vehicles and 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 City are:

Year Ending September 30,	General Fund	Other Governmental Funds	Water and Sewer System	Solid Waste Management
2021	\$ 123,345	\$ 3,533	\$ 16,717	\$ 5,537
2022	90,509	3,533	8,544	2,461
2023	71,132	883	7,929	615
2024	47,568	-	7,724	-
2025	18,007	-	3,862	-
	<u>\$ 350,561</u>	<u>\$ 7,949</u>	<u>\$ 44,776</u>	<u>\$ 8,613</u>

For the year ended September 30, 2020, 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 \$125,311 and \$3,917, respectively. Rental expenses under all operating leases for the Water and Sewer System Fund and the Solid Waste Management Fund have been recorded in the Statement of Revenues, Expenses and Changes in Net Position in the amount of \$20,273 and \$6,151, respectively.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8. LONG-TERM DEBT:

General Obligation Bonds, Certificates of Obligation, General Obligation Tax Notes, 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 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 remaining unpaid balance of 2009 Obligations allocated to the Aquatics Center Fund was transferred to the General Fund as of September 30, 2015. A portion of the 2009 Obligations were refunded by the issuance of the 2017 Refunding Bonds. The remaining outstanding balance of the 2009 Obligations as of September 30, 2020 was \$305,002.

In August 2012, the City issued \$2,970,000 in General Obligation Bonds, Series 2012 (the "2012 Obligations") that were 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, 2020 was \$2,395,000.

In April 2015, the City issued \$1,960,000 of General Obligation Refunding Bonds, Series 2015 (the "2015 Refunding Bonds"). Proceeds from the sale of the 2015 Refunding Bonds were used to redeem a portion of the City's remaining outstanding Tax and Waterworks and Sewer System Surplus Revenue Refunding Bonds, Series 2005, and pay costs of issuance of the bonds. Interest on the 2015 Refunding Bonds is 1.18% and the bonds have maturities through 2020. The refunding resulted in a reduction of the total debt service requirements of the City by approximately \$117,065. The reacquisition price on the bonds refunded was \$1,946,350, and the net carrying value was \$1,785,472, resulting in a net deferred charge on refunding of \$160,878, which is being amortized by the City using the effective interest method. Current year amortization of the deferred charge was \$13,647. The 2015 Refunding Bonds were paid off during the year ended September 30, 2020.

The old net cash flow requirements of the City for bonds affected by the issuance of the 2015 Refunding Bonds were \$2,153,633 and the net new cash flow requirements are \$2,033,035 after issuance of the 2015 Refunding Bonds. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$120,598.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8. LONG-TERM DEBT (continued):

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

In August 2017, the City issued \$9,140,000 of General Obligation Refunding Bonds, Series 2017 (the "2017 Refunding Bonds"). Proceeds from the sale of the 2017 Refunding Bonds were used to redeem a portion of the City's remaining outstanding Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2008 and Series 2009, and pay costs of issuance of the bonds. Interest on the 2017 Refunding Bonds is 2.14% and the bonds have maturities through 2028. The refunding resulted in a reduction of the total debt service requirements of the City by approximately \$954,325. The reacquisition price on the bonds refunded was \$9,038,493, and the net carrying value was \$8,666,246, resulting in a net deferred charge on refunding of \$372,247, which is being amortized by the City using the effective interest method. Current year amortization of the deferred charge was \$51,893. The outstanding balance of the 2017 Refunding Bonds as of September 30, 2020 was \$7,970,000.

The old net cash flow requirements of the City for bonds affected by the issuance of the 2017 Refunding Bonds were \$12,089,975 and the net new cash flow requirements are \$11,135,650 after issuance of the 2017 Refunding Bonds. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$771,568.

In September 2019, the City issued a \$2,185,000 General Obligation Tax Note, Series 2019 (the "2019 Tax Note") that will be used for the purchase of various equipment and for improvements at various City buildings. Interest on the 2019 Tax Note is 1.76% and the note has maturities through 2026. All of the proceeds from the 2019 Tax Note were allocated to the City's General Fund. The outstanding balance of the 2019 Tax Note as of September 30, 2020 was \$1,880,000.

The 2019 Tax Note is considered a direct borrowing. The total direct borrowings related to the Governmental Activities was \$1,880,000 as of September 30, 2020. The 2019 Tax Note is not subject to prepayment at the option of the City prior to maturity, and is payable to the Registered Owner, First National Bank Texas; Killeen, Texas.

The 2019 Tax Note is secured by ad valorem taxes levied by the City, within the limitations prescribed by law, upon all taxable property in the City. The note agreement has no stipulations related to default and timing of repayment of outstanding amounts in the event of default.

There are no unused lines of credit associated with the 2019 Tax Note.

In May 2020, the City issued \$4,600,000 in Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 (the "2020 Obligations") that will be used for the purchase of a fire truck, water meter replacements, street repairs, and golf course improvements.. Interest on the bonds is 2.29% and the bonds have maturities through 2035. Proceeds from the 2020 Obligations were allocated between the General Fund, the Water and Sewer Fund, and the Golf Course Fund in the amounts of \$2,950,000, \$1,500,000 and \$150,000 respectively. The outstanding balance of the 2020 Obligations as of September 30, 2020 was \$4,600,000.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8. LONG-TERM DEBT (continued):

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

Governmental Activities general obligation bonds, certificates of obligation, and tax note 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>
2009 certificates of obligation, callable at par beginning June 1, 2019	4.00%	2021	\$ 111,966
2012 certificates of obligation, callable at par beginning June 1, 2023	2.50% - 3.50%	2032	2,395,000
2017 general obligation refunding bonds, callable at par beginning June 1, 2027	2.14%	2028	3,120,000
2019 general obligation tax note from direct borrowing, not subject to redemption prior to maturity	1.76%	2026	1,880,000
2020 certificates of obligation, callable at par beginning June 1, 2029	2.29%	2035	2,950,000
			<u>\$ 10,456,966</u>

Interest is payable semi-annually at various dates for the respective bond issuances. 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:

<u>Fiscal year ending September 30,</u>	<u>General Obligation Bonds and Certificates of Obligation</u>		<u>General Obligation Tax Note from Direct Borrowing</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2021	\$ 663,813	\$ 225,901	\$ 300,000	\$ 30,448	\$ 1,220,162
2022	708,913	195,496	305,000	25,124	1,234,533
2023	723,913	178,590	310,000	19,712	1,232,215
2024	748,533	161,209	315,000	14,212	1,238,954
2025	764,946	142,356	320,000	8,624	1,235,926
2026-2030	3,481,793	411,849	330,000	2,904	4,226,546
2031-2035	1,485,055	75,898	-	-	1,560,953
	<u>\$ 8,576,966</u>	<u>\$ 1,391,299</u>	<u>\$ 1,880,000</u>	<u>\$ 101,024</u>	<u>\$ 11,949,289</u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 8. LONG-TERM DEBT (continued):

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

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, the City's Solid Waste Collection and Disposition System, or the City's Municipal Golf Course are as follows:

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
2009 certificates of obligation, callable at par beginning June 1, 2019	4.00%	2021	\$ 193,036
2017 general obligation refunding bonds, callable at par beginning June 1, 2027	2.14%	2028	4,850,000
2020 certificates of obligation, callable at par beginning June 1, 2029	2.29%	2035	<u>1,650,000</u>
			<u>\$ 6,693,036</u>

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

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 741,188	\$ 155,864	\$ 897,052
2022	711,087	128,757	839,844
2023	706,087	113,410	819,497
2024	711,467	98,109	809,576
2025	720,054	82,706	802,760
2026-2030	2,538,207	185,042	2,723,249
2031-2035	<u>564,946</u>	<u>30,454</u>	<u>595,400</u>
	<u>\$ 6,693,036</u>	<u>\$ 794,342</u>	<u>\$ 7,487,378</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8. LONG-TERM DEBT (continued):

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 12. 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.

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 2010 Refunding Conjunctive Use Obligations Refunding Bonds were paid off during the year ended September 30, 2020.

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, 2020 was \$2,029,857.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

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, which is being amortized by the City using the effective interest method. Current year amortization of the deferred charge was \$13,826. The balance of the 2012 CRMWA Refunding Bonds as of September 30, 2020 was \$1,368,117.

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) advance refund \$32,670,000 of the CRMWA Series 2006 Bonds and current refund \$12,605,000 of the CRMWA Series 2005 Refunding Bonds, and 2) pay costs of the 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 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%, and will result in a reduction of the total debt service requirements of the City by approximately \$84,516. The reacquisition price on the City’s portion of the bonds refunded was \$1,836,988, and the net carrying value was \$1,782,347, resulting in a deferred charge on refunding of \$54,641, which is being amortized by the City using the effective interest method. Current year amortization of the deferred charge was \$4,752. The balance of the 2014 CRMWA Refunding Bonds as of September 30, 2020 was \$748,980.

In November 2017, CRMWA issued \$11,465,000 in Canadian River Municipal Water Authority Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 (the “2017 CRMWA Refunding Bonds”). Proceeds from the sale of the 2017 CRMWA Refunding Bonds were used to 1) advance refund a portion of the CRMWA Series 2009 Conjunctive Use Obligations and 2) pay the costs of the 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 portion of the CRMWA Series 2009 Conjunctive Use Obligations are considered defeased. Interest on the 2017 CRMWA Refunding Bonds will be from 3.0% to 5.0%, with maturities ranging from 2018 to 2029. The City’s share of the 2017 CRMWA Refunding Bonds is 3.6% or approximately \$412,740. The reacquisition price on the City’s portion of the bonds refunded was \$451,599, and the net carrying value was \$488,700, resulting in a deferred credit on refunding of \$37,101, which is being amortized by the City using the effective interest method. The current year amortization of the deferred credit was \$5,155. The balance on the 2017 CRMWA Refunding Bonds as of September 30, 2020 was \$371,340.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations (continued):

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

Fiscal year ending September 30,	Principal	Interest	Total
2021	\$ 519,242	\$ 205,113	\$ 724,355
2022	545,045	179,174	724,219
2023	571,602	151,758	723,360
2024	600,283	122,658	722,941
2025	631,092	91,873	722,965
2026-2030	1,420,741	194,408	1,615,149
2031	230,289	5,031	235,320
	<u>\$ 4,518,294</u>	<u>\$ 950,015</u>	<u>\$ 5,468,309</u>

Long-term liability activity for the year ended September 30, 2020 was as follows:

Governmental activities:	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 6,190,231	\$ 2,950,000	\$ 563,265	\$ 8,576,966	\$ 663,813
Add: Unamortized bond premiums	64,929	-	8,157	56,772	-
Notes payable:					
General obligation tax note from direct borrowing	2,185,000	-	305,000	1,880,000	300,000
Capital leases	350,507	-	113,950	236,557	116,810
Compensated absences	582,356	690,217	582,356	690,217	42,702
Total Governmental Activities long-term liabilities	<u>\$ 9,373,023</u>	<u>\$ 3,640,217</u>	<u>\$ 1,572,728</u>	<u>\$ 11,440,512</u>	<u>\$ 1,123,325</u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 8. LONG-TERM DEBT (continued):

Business-type activities:	Balance October 1, 2019	Additions	Reductions	Balance September 30, 2020	Due Within One Year
Bonds payable:					
Revenue bonds and Certificates of obligation	\$ 5,749,771	\$ 1,650,000	\$ 706,735	\$ 6,693,036	\$ 741,188
CRMWA obligations	4,983,314	-	465,020	4,518,294	519,242
Add: Unamortized bond premiums	<u>336,344</u>	<u>-</u>	<u>73,777</u>	<u>262,567</u>	<u>-</u>
Total bonds payable	11,069,429	1,650,000	1,245,532	11,473,897	1,260,430
Landfill closure liability	1,888,096	100,841	-	1,988,937	-
Capital leases	373,037	-	91,059	281,978	91,116
Compensated absences	<u>88,454</u>	<u>81,950</u>	<u>88,454</u>	<u>81,950</u>	<u>58,871</u>
Total Business-type Activities long-term liabilities	<u>\$ 13,419,016</u>	<u>\$ 1,832,791</u>	<u>\$ 1,425,045</u>	<u>\$ 13,826,762</u>	<u>\$ 1,410,417</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-type 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.

Current year interest expense and was recorded as follows:

	Governmental Activities	Business-type Activities
Accrued interest payable at October 1, 2019	\$ (46,104)	(77,351)
Interest and fees paid during the year	205,199	431,248
Amortization of bond premium and deferred charge on refunding	23,790	(26,943)
Accrued interest payable at September 30, 2020	<u>69,784</u>	<u>82,124</u>
Interest expense	<u>\$ 252,669</u>	<u>\$ 409,078</u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 9. NET INVESTMENT IN CAPITAL ASSETS:

In a previous year, the remaining unpaid balance of the Tax and Waterworks and Sewer System Surplus Certificates of Obligation, Series 2009 (the “2009 Obligations”) previously reported in the business-type activities and carried in the Aquatics Center Fund was transferred to the governmental activities of the City and is being repaid through debt service taxes. Subsequent to the transfer of the debt, the capital asset constructed using the debt proceeds is reported in the business-type activities column, while the borrowing is now reflected in the governmental activities column on the Statement of Net Position. Therefore, the remaining outstanding debt balance of the 2009 Obligations, and the related 2017 Refunding Bonds, as of September 30, 2020 of \$2,908,817 is excluded when calculating the net investment in capital assets for the governmental activities, but is included in this calculation for the total primary government. The effect of this reporting is that the net investment in capital assets and unrestricted net position (deficit) totals reported in the primary government do not agree to the sum of these categories reported in the governmental activities and business-type activities columns.

NOTE 10. INTER-FUND TRANSFERS:

The composition of interfund balances as of September 30, 2020, is as follows:

<u>Receivable Fund</u>	<u>Capital Projects</u>	<u>Payable Fund</u>			<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
		<u>Coronavirus Relief Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Aquatics Center</u>		
General Fund	\$ 5,363	\$ 751,256	\$ 27,137	\$ 79,131	\$ 218,677	\$ 1,081,564

Outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

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

<u>Transfers out</u>	<u>Transfers In</u>				<u>Total</u>
	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Aquatics Center</u>	<u>Nonmajor Enterprise Funds</u>	
General fund	\$ -	\$ 171,000	\$ -	\$ -	\$ 171,000
Nonmajor governmental funds	-	11,500	-	50,000	61,500
Water and sewer fund	52,710	-	60,000	185,222	297,932
Nonmajor enterprise funds	200,000	-	-	-	200,000
Total	\$ 252,710	\$ 182,500	\$ 60,000	\$ 235,222	\$ 730,432

Inter-fund transfers were done in order to supplement the operations of the General Fund, the M.K. Brown Auditorium, the Lovett Memorial Library, the Aquatics Center, and the Municipal Golf Course.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 11. COMMITMENTS:

In a previous year, the City entered into contracts for equipment use and engineering services related to improvements to the water treatment and wastewater treatment plant. The project began in July 2015 and has an estimated engineering cost of \$488,171, estimated equipment costs of \$1,068,419, and total estimated project costs of \$4,050,000. As of September 30, 2020, \$397,507 in engineering costs, \$1,068,419 in equipment costs, \$79,463 in electrical costs, \$597,522 in construction costs and \$59,554 in capitalized interest costs have been incurred. Of these amounts, \$545,116 were recorded as construction in progress related to the project and \$1,764,849 of the costs were capitalized and placed in service as of September 30, 2020. Subsequent to September 30, 2020, \$1,682 in project costs have been paid. The project is expected to be completed in December 2021.

During the current year, the City began incurring costs to install windows at City Hall. The total estimated project cost is \$470,418 as of the date of this report. As of September 30, 2020, \$109,733 in costs have been incurred, and are recorded as construction in progress. Subsequent to September 30, 2020, \$252,760 in project costs have been paid. The project is expected to be completed in March 2021.

During the current year, the City began incurring costs to install new servers in the information technology department. The total estimated project cost is \$50,790 as of the date of this report. As of September 30, 2020, \$25,804 in costs have been incurred, and are recorded as construction in progress. Subsequent to September 30, 2020, no additional project costs have been incurred. The project is expected to be completed in June 2021.

During the current year, the City began incurring costs to renovate tee boxes at the golf course. The total estimated project cost is \$147,996 as of the date of this report. As of September 30, 2020, \$10,060 in costs have been incurred, and are recorded as construction in progress. Subsequent to September 30, 2020, no additional costs have been incurred. The project is expected to be completed in August 2021.

NOTE 12. 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 can sell part of its rights under the contract to other member cities, as allowed under the contract, and if sold, records the revenue in the water and sewer system fund.

NOTE 13. EMPLOYEE RETIREMENT SYSTEM:

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member’s deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee’s accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee’s accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and the City matching percent had always been in existence and if the employee’s salary had always been the average of his/her salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee’s accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with five or more years of service or with twenty years of service. A member is vested after five years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	152
Inactive employees entitled to but not yet receiving benefits	102
Active employees	<u>152</u>
	<u><u>406</u></u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 21.68% and 21.73% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020, were \$1,731,303, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
Total	<u>100.00%</u>	

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

Discount Rate

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

Allocations

The City's net pension liability, pension expense, and deferred outflows of resources related to TMRS have been allocated between governmental activities and business-type activities using a contribution-based method.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/18	\$ 46,504,826	\$ 32,485,186	\$ 14,019,640
Changes for the year:			
Service cost	1,232,807	-	1,232,807
Interest	3,092,291	-	3,092,291
Change in benefit terms	-	-	-
Diff between expected/actual experience	(393,323)	-	(393,323)
Changes of assumptions	100,113	-	100,113
Contributions - employer	-	1,637,885	(1,637,885)
Contributions - employee	-	535,006	(535,006)
Net investment income	-	5,017,329	(5,017,329)
Benefit payments, including refunds of employee contributions	(2,619,031)	(2,619,031)	-
Administrative expenses	-	(28,377)	28,377
Other charges	-	(911)	911
Net changes	<u>1,412,857</u>	<u>4,541,901</u>	<u>(3,129,044)</u>
Balance at 12/31/19	<u>\$ 47,917,683</u>	<u>\$ 37,027,087</u>	<u>\$ 10,890,596</u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

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

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 17,155,272	\$ 10,890,596	\$ 5,735,302

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized pension expense of \$1,280,970. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ -	\$ 565,639
Changes in actuarial assumptions	72,172	-
Differences between projected and actual investment earnings (net of current year amortization)	-	1,136,171
Contributions subsequent to the measurement date	1,275,357	-
Total	\$ 1,347,529	\$ 1,701,810

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

\$1,275,357 is included in deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>		
2021	\$	(642,837)
2022		(490,422)
2023		66,648
2024		(563,027)
2025		-
Thereafter		-
	\$	<u><u>(1,629,638)</u></u>

NOTE 14. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

Supplemental Death Benefits Plan

The total OPEB liability of the Texas Municipal Retirement System (“TMRS”) has been determined using the flow of economic resources measurement and focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred outflows of resources related to other post-employment benefits and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

Plan Description

The City participates in the TRMS administered single-employer defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (“SDBF”). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SBDF by adopting an ordinance before November 1 of any year to be effective the following January 1.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 14. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued):

Benefits Provided

The death benefit 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). The death benefit for retirees is considered an other Post Employment benefit (“OPEB”) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75).

Contributions

The City contributes 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.

Employees of the City were required to contribute 0.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 0.25% and 0.25% in calendar years 2019 and 2020, respectively. The City’s contributions to TMRS for the year ended September 30, 2020 were \$20,163, and were equal to the required contributions.

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	101
Inactive employees entitled to but not yet receiving benefits	16
Active employees	152
	269

Total OPEB Liability

The City’s total OPEB liability was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 14. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued):

Actuarial Assumptions

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Discount rate	2.75%
Retirees' share of benefit-related costs	\$ -
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generation basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019. The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 14. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued):

Changes in the Total OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balance at 12/31/18	\$ 562,371
Changes for the year:	
Service cost	16,813
Interest	21,006
Change in benefit terms	-
Diff between expected/actual experience	(17,497)
Changes of assumptions	94,171
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(9,172)
Administrative expenses	-
Other charges	-
Net changes	105,321
Balance at 12/31/19	\$ 667,692

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following shows the total OPEB liability calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.75%) or 1 percentage point higher (3.75%) than the current rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's total OPEB liability	\$ 792,129	\$ 667,692	\$ 570,597

OPEB Plan Total Liability

Detailed information about the OPEB plan's total OPEB liability is available in a separately issued TRMS financial report. That report may be obtained at www.tmr.com.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 14. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued):

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense of \$49,074.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ -	\$ 29,119
Changes in actuarial assumptions	91,032	20,944
Differences between projected and actual investment earnings (net of current year amortization)	-	-
Contributions subsequent to the measurement date	14,844	-
Total	\$ 105,876	\$ 50,063

\$14,844 is included in deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending September 30,</u>		
2021	\$	11,254
2022		10,849
2023		3,780
2024		15,086
2025		-
Thereafter		-
	\$	40,969

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 14. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued):

Retiree Health Benefit Plan

In addition to the supplemental death benefit plan described above, prior to fiscal year 2000 the City offered 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. The City discontinued the provision of this benefit in fiscal year 2000, and current employees of the City are not eligible to participate. As of September 30, 2020, the City had 8 retirees who previously met the eligibility requirements. The City is also required to provide health insurance coverage to employees who are separated from service (other than retirement) under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA). Under COBRA an employee has coverage on himself and dependents for up to eighteen months and dependents only that lose coverage due to separation of employee from service up to thirty-six months. Those employees who separate from the City while disabled, are covered for up to twenty-nine months under the COBRA provisions. As of September 30, 2020, 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 reimburse the City for a portion of the premiums for themselves and all premiums for any 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>74,409</u>	\$ <u>64,898</u>	\$ <u>9,511</u>

The City had an actuarial study performed on the retiree health benefit plan as of the measurement date of December 31, 2017. Based on the actuarial study performed on the plan, the City's management determined that any total OPEB liability, deferred outflows or inflows of resources, and resulting OPEB expense would not have a material effect on the City's financial statements. As a result no liability, deferred outflow or inflow of resources are included in the City's financial statements related to the retiree health benefit plan.

NOTE 15. 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.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 15. RISK MANAGEMENT (continued):

Beginning October 1, 2015, the City began contracting with FirstCare to provide health insurance benefits for its employees. Under the terms of the contract, the City's liability is limited to the monthly premiums for its employees. For employees electing the standard plan option, the City pays 100% of the employee's premium. For employees choosing the health insurance plan with increased benefits, the employee is liable for the difference between the higher plan and the standard plan. Employees must also pay 100% of the premiums for dependent coverage.

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

Premiums paid by employees and the City for dental coverage are recorded as revenues (charges for services) in the internal service fund. Benefit disbursements and claims are recorded as expenses. The City records an estimated claims liability for dental 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 claim 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, 2018 to September 30, 2020:

	Dental Benefits
Liability balance, September 30, 2018	\$ 4,923
Claims and changes in estimates	89,078
Claims payments	(91,743)
Liability balance, September 30, 2019	2,258
Claims and changes in estimates	65,877
Claims payments	(65,007)
 Liability balance, September 30, 2020	 \$ 3,128

NOTE 16. 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 who meet minimum eligibility requirements, 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.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 16. DEFERRED COMPENSATION PLAN (continued):

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, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

NOTE 17. 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 21.3%, resulting in \$147,137 of permit costs being amortized through September 30, 2020.

NOTE 18. 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. The current closure and post-closure cost estimates are updated annually for inflation, deflation, technology, or changes in applicable laws or regulations 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.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 18. LANDFILL CLOSURE AND POST-CLOSURE CARE COST AND RELATED FINANCIAL ASSURANCE (continued):

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

As of the September 30, 2020 the inflation adjusted estimated closure and post-closure costs for permit 589A were \$220,844 and \$468,667, 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, 2020, the capacity used to date for permit 589A was estimated to be 82.60%, resulting in estimated liabilities for closure and post-closure costs of \$182,417 and \$387,119, 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, 2020, 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 \$3,789,176 and \$2,612,221, 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, 2020 the inflation adjusted estimated closure and post-closure costs for permit 2238 were \$3,944,532 and \$2,719,322, respectively. The capacity used to date for permit 2238 was estimated to be 21.3%, resulting in estimated liabilities for closure and post-closure costs of \$840,185 and \$579,216, 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 \$100,841 being recorded as landfill closure cost expense in the Solid Waste Management Fund 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, 2020**

NOTE 18. 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 & Mathews, Mansfield, Texas (environmental engineers) and can be summarized as follows:

Type of Expenditure	Cost Estimate		
	Old Landfill	New Landfill	Total
Closure costs	\$ 220,844	\$ 3,944,532	\$ 4,165,376
Post-closure care costs	468,667	2,719,322	3,187,989
	\$ 689,511	\$ 6,663,854	\$ 7,353,365

The City's financial ratio is as follows:

Total closure and post-closure costs	7,353,365	=	27.37%
Total City revenue	26,866,089		

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 19. COMPONENT UNIT TRANSACTIONS:

The following were significant transactions between the City and the PEDC for the year ended September 30, 2020:

In November 2015, the PEDC board of directors approved a grant to the City in the amount of \$100,000 for street repairs in downtown Pampa. As of September 30, 2020, the City had expended \$78,049 of the grant funds, with the remaining \$21,951 recorded as unearned revenue.

In March 2019, the PEDC board of directors approved a grant to the City in the amount of \$40,000 for improvement to the City's golf course. As of September 30, 2020, the City had expended the remaining \$12,204 of grant funds.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 20. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS:

In May 2020, the GASB issued Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* (GASB 95). The objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 2018 and later. Providing governments with sufficient time to apply the authoritative guidance addressed in this statement will help safeguard the reliability of their financial statements, which will in turn benefit the users of those financial statements. The requirements of this Statement are effective immediately. The adoption of this Statement will delay the implementation of other Statements as noted in Note 21 below.

NOTE 21. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

In January 2017, the GASB issued Statement 84, *Fiduciary Activities* (GASB 84). The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The requirements of this Statement were effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. However, in accordance with GASB 95, the effective date of this Statement is postponed for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

In June 2017, the GASB issued Statement 87, *Leases* (GASB 87). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. However, in accordance with GASB 95, the effective date of this Statement is postponed for reporting periods beginning after June 15, 2021.

According to the requirements of this statement, leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 21. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (continued):

In August 2018, the GASB issued Statement 90, *Minority Equity Interests* (GASB 90). The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement were effective for reporting periods beginning after December 15, 2018. However, in accordance with GASB 95, the effective date of this Statement is postponed for reporting periods beginning after December 15, 2019. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations* (GASB 91). The primary objective of this Statement are to provide a single method of reporting conduit debt obligations by debt issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. It clarifies the existing definition of conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving note disclosures. The requirements for this Statement were effective for reporting periods beginning after December 15, 2020. Early application is encouraged. However, in accordance with GASB 95, the effective date of this Statement is postponed for periods beginning after December 15, 2021. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 21. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (continued):

In March 2020, the GASB issued Statement 93, *Replacement of Interbank Offered Rates* (GASB 93). Some governments have entered into agreements in which the variable payments made or received depend on an interbank offered rate (IBOR), most notably the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions relating to reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases*, as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The requirements for this Statement were effective for reporting periods beginning after June 15, 2020. Early application is encouraged. However, in accordance with GASB 95, the effective date of the parts of this Statement regarding leases is postponed for periods beginning after June 15, 2021 and in the case of using the London Interbank Offered Rate for derivative instrument, after December 15, 2021. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

In March 2020, the GASB issued Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94). The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

NOTE 22. NOTES RECEIVABLE:

In October 2018, the City entered into an installment lease contract with a local cotton gin on the sale of land in the leased properties fund. As part of the agreement the gin will make five installment payments of \$200,000 annually and includes a purchase option of \$1,000,000 that is forgivable. The purchase option at the conclusion of the agreement is forgivable if the gin constructs \$10 million in improvements to the land and maintains an average of 10 full time equivalents employed throughout the agreement. As of September 30, 2019, the gin had exceeded the requirements of the \$10 million in improvements, and employees more than 10 employees. As a result, the City’s management expects the gin to meet the stated requirements and does not expect to receive any proceeds on the final purchase option on the agreement. As a result, the purchase option has not been recorded on the City’s books as receivable. The present value of the future lease payments at the beginning of the lease was \$945,617, and the discount on the lease of \$54,383 will be amortized and recorded as interest income over the term of the agreement at the imputed interest rate of 2.649%, which is based on the average borrowing rate on the other City’s outstanding debt. The outstanding note receivable balance at September 30, 2020 was \$569,558. The future note payments to be received are as follows:

Fiscal year ending				
September 30,	Principal		Interest	Total
2021	\$ 184,911	\$	15,089	\$ 200,000
2022	189,809		10,191	200,000
2023	194,838		5,162	200,000
	<u>\$ 569,558</u>	<u>\$</u>	<u>30,442</u>	<u>\$ 600,000</u>

NOTE 23. PRIOR PERIOD ADJUSTMENT:

During a prior year, the City adopted GASB statement No 68, Accounting for Financial Reporting for Pensions (“GASB 68”) and GASB statement No. 75, Accounting for Financial Reporting for Postemployment Benefits other than Pensions (“GASB 75”). GASB’s 68 and 75 required the City to record its net pension and total OPEB liabilities and the related deferred outflows and inflows of resources on the financial statements. Beginning in fiscal year 2020, the City took over the operations of the City golf course which had previously been contracted out. As a result, the City hired staff to operate the golf course and began making pension and OPEB contributions, requiring a prior period adjustment to reallocate the beginning of year liabilities and deferred outflows and inflows of resources between the Water and Sewer Fund, Solid Waste Fund, and the Golf Course fund. The prior period adjustment resulted in an increase in beginning net position in the Water and Sewer Fund of \$229,236 and decreases in the beginning net position in the Solid Waste Fund and Golf Course Fund of \$48,424 and \$180,812, respectively. The prior period adjustment between the funds on the fund financial statements resulted in no change in the total beginning net position of the primary government.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

NOTE 24. SUBSEQUENT EVENTS:

The City’s management has evaluated subsequent events through March 8, 2021, which is the date the financial statements were available to be issued. The following were noted by the City’s management:

In November 2020, CRMWA issued \$44,095,000 in Canadian River Municipal Water Authority Subordinate Lien Contract Revenue Refunding Bonds, Series 2020 (the “2020 CRMWA Refunding Bonds”). Proceeds from the sale of the 2020 CRMWA Refunding Bonds will be used to refund the CRMWA Series 2011 Bonds and pay the costs of the issuance of the bonds. Interest on the 2020 CRMWA Refunding Bonds will range from 4.0% to 5.0%, with maturities ranging from 2021 to 2031. The City’s share of the 2020 CRMWA Refunding Bonds of \$1,605,499 is 3.641%.

Based on these facts the City estimates the following debt service requirements from CRMWA debt after the 2020 CRMWA Refunding Bonds have been issued:

Fiscal year ending				
September 30,	Principal	Interest	Total	
2021	\$ 604,806	\$ 256,458	\$ 861,264	
2022	677,153	252,770	929,923	
2023	709,960	219,176	929,136	
2024	745,559	183,158	928,717	
2025	783,589	145,109	928,698	
2026-2030	2,306,657	338,176	2,644,833	
2031	296,069	7,662	303,731	
	<u>\$ 6,123,793</u>	<u>\$ 1,402,509</u>	<u>\$ 7,526,302</u>	

NOTE 25. EFFECT OF COVID-19 PANDEMIC:

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets, impacting essentially all entities including Texas municipalities. In line with recommendations by public health officials and in accordance with governmental authority orders, the City took actions to adjust operations of the City to respond to the pandemic as well as accepting a Coronavirus Relief Fund grant of \$939,070 from the Texas Department of Emergency Management to assist with recovery efforts related to the pandemic and public safety. While the ultimate health and economic impact of the COVID-19 pandemic is highly uncertain, the City’s administration continues to monitor the spread of COVID-19 and following guidance from local, state, and national agencies continues to assess the potential impact of the pandemic on the City. While the potential impact of the Pandemic on the City cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the City’s operations and financial condition. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF PAMPA, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Total Pension Liability			
Service cost	\$ 1,232,807	\$ 1,171,864	\$ 1,144,994
Interest (on the total pension liability)	3,092,291	3,016,652	2,942,062
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(393,323)	(552,033)	(523,997)
Change of assumptions	100,113	-	-
Benefit payments, including refunds of employee contributions	<u>(2,619,031)</u>	<u>(2,473,739)</u>	<u>(2,469,175)</u>
Net Change in Total Pension Liability	1,412,857	1,162,744	1,093,884
Total Pension Liability - Beginning	<u>46,504,826</u>	<u>45,342,082</u>	<u>44,248,198</u>
Total Pension Liability - Ending (a)	<u>\$ 47,917,683</u>	<u>\$ 46,504,826</u>	<u>\$ 45,342,082</u>
 Plan Fiduciary Net Position			
Contributions - employer	\$ 1,637,885	\$ 1,584,130	\$ 1,537,357
Contributions - employee	535,006	510,775	499,374
Net investment income	5,017,329	(1,014,889)	4,181,085
Benefit payments, including refunds of employee contributions	(2,619,031)	(2,473,739)	(2,469,175)
Administrative expense	(28,377)	(19,625)	(21,673)
Other	<u>(854)</u>	<u>(1,025)</u>	<u>(1,155)</u>
Net Change in Plan Fiduciary Net Position	4,541,958	(1,414,373)	3,725,813
Plan Fiduciary Net Position - Beginning	<u>32,485,129</u>	<u>33,899,502</u>	<u>30,173,689</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 37,027,087</u>	<u>\$ 32,485,129</u>	<u>\$ 33,899,502</u>
 Net Pension Liability - Ending (a) - (b)	<u>\$ 10,890,596</u>	<u>\$ 14,019,697</u>	<u>\$ 11,442,580</u>
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.27%	69.85%	74.76%
 Covered Payroll	\$ 7,642,944	\$ 7,296,784	\$ 7,133,921
 Net Pension Liability as a Percentage of Covered Payroll	142.49%	192.14%	160.40%

Note: This schedule of changes in the City's net pension liability with related ratios, shows the changes in total pension liability less the changes in fiduciary net position, resulting in the net pension liability for the City. Only six years of data are presented in accordance with GASB 68, paragraph 138, which states in part, "The information may not be available initially. In the cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirement of this Statement."

The information above corresponds to the Plan measurement date of December 31, 2019 as opposed to the City's fiscal year end of September 30, 2020.

<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>
\$ 1,134,951	\$ 1,097,354	\$ 916,826
2,840,837	2,828,538	2,714,438
-	-	-
(49,169)	(91,604)	2,040
-	194,442	-
<u>(2,394,841)</u>	<u>(2,342,645)</u>	<u>(1,844,472)</u>
1,531,778	1,686,085	1,788,832
<u>42,716,420</u>	<u>41,030,335</u>	<u>39,241,503</u>
\$ <u>44,248,198</u>	\$ <u>42,716,420</u>	\$ <u>41,030,335</u>

\$ 1,508,773	\$ 1,557,370	\$ 1,457,928
496,541	506,360	468,146
1,935,870	42,664	1,561,122
(2,394,841)	(2,342,645)	(1,844,472)
(21,867)	(25,987)	(16,298)
<u>(1,178)</u>	<u>(1,284)</u>	<u>(1,340)</u>
1,523,298	(263,522)	1,625,086
<u>28,650,391</u>	<u>28,913,913</u>	<u>27,288,827</u>
\$ <u>30,173,689</u>	\$ <u>28,650,391</u>	\$ <u>28,913,913</u>

\$ <u>14,074,509</u>	\$ <u>14,066,029</u>	\$ <u>12,116,422</u>
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68.19%	67.07%	70.47%
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\$ 7,093,443	\$ 7,233,711	\$ 6,687,798
198.42%	194.45%	181.17%

**CITY OF PAMPA, TEXAS
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,731,303	\$ 1,614,962	\$ 1,567,463
Contributions in relation to actuarially determined contribution	<u>(1,731,303)</u>	<u>(1,614,962)</u>	<u>(1,567,463)</u>
Contribution deficiency (excess)	\$ <u> -</u>	\$ <u> -</u>	\$ <u> -</u>
Covered payroll	\$ 8,065,023	\$ 7,509,928	\$ 7,234,240
Contributions as a percentage of covered payroll	21.47%	21.50%	21.91%

Note: This Schedule of Employer Contributions shows the City's required annual contributions from the actuarial valuation, compared with the actual contributions remitted. The data in the schedule above corresponds to the City's fiscal year as opposed to the time period covered by the plan measurement date of December 31, 2019.

See the accompanying independent auditor's report

<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 1,555,313	\$ 1,530,013	\$ 1,509,437
<u>(1,555,313)</u>	<u>(1,530,013)</u>	<u>(1,509,437)</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 7,165,948	\$ 7,082,584	\$ 6,930,381
21.70%	21.60%	21.78%

CITY OF PAMPA, TEXAS
NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post Retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. the rates are projected on a fully generational basis with scale UMP.
Other Information:	There were no benefit changes during the year.

CITY OF PAMPA, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>
Total OPEB Liability			
Service cost	\$ 16,813	\$ 18,242	\$ 14,981
Interest (on the total OPEB liability)	21,006	19,806	20,020
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(17,497)	(25,397)	-
Change of assumptions	94,171	(35,144)	40,035
Benefit payments, including refunds of employee contributions	<u>(9,172)</u>	<u>(8,756)</u>	<u>(7,134)</u>
Net Change in Total OPEB Liability	105,321	(31,249)	67,902
Total OPEB Liability - Beginning	<u>562,371</u>	<u>593,620</u>	<u>525,718</u>
Total OPEB Liability - Ending (a)	<u>\$ 667,692</u>	<u>\$ 562,371</u>	<u>\$ 593,620</u>
Covered Payroll	\$ 7,642,944	\$ 7,296,784	\$ 7,133,921
Total OPEB Liability as a Percentage of Covered Payroll	8.74%	7.71%	8.32%

Note: Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contribution for retirees.

The information above corresponds to the Plan measurement date of December 31, 2019 as opposed to the City's fiscal year end of September 30, 2020.

See the accompanying independent auditor's report

CITY OF PAMPA, TEXAS
NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	17 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table based on rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information: There were no benefit changes during the year.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULE**

**CITY OF PAMPA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020**

	Special Revenue			
	Debt Service	Controlled Substances	M.K. Brown Auditorium	Lovett Memorial Library
Assets:				
Cash and cash equivalents	\$ 103,090	\$ 8,540	\$ 44,312	\$ 288,200
Investments	70,500	-	-	-
Accrued interest receivable	129	-	-	-
Receivables, net of allowance for uncollectibles	26,188	-	32,382	8,452
Prepaid items	-	-	5,307	-
Restricted cash	-	-	10,903	-
Restricted accrued interest	-	-	-	-
Restricted investments	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ <u>199,907</u>	\$ <u>8,540</u>	\$ <u>92,904</u>	\$ <u>296,652</u>
Liabilities, Deferred Inflows and Fund balances:				
Liabilities:				
Accounts payable	\$ -	\$ 89	\$ 11,695	\$ 3,784
Accrued expenditures	-	-	3,271	11,286
Due to other funds	-	-	-	-
Unearned revenue	-	-	10,903	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	-	89	25,869	15,070
Deferred inflows of resources:				
Unavailable revenue - property taxes	<u>26,188</u>	<u>-</u>	<u>-</u>	<u>8,452</u>
Total deferred inflows of resources	<u>26,188</u>	<u>-</u>	<u>-</u>	<u>8,452</u>
Fund balances:				
Nonspendable:				
Prepaid items	-	-	5,307	-
Permanent fund principal	-	-	-	-
Restricted fund balance:				
Debt service	173,719	-	-	-
MK Brown Auditorium	-	-	61,728	-
Lovett Library	-	-	-	273,130
Law enforcement	-	8,451	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>173,719</u>	<u>8,451</u>	<u>67,035</u>	<u>273,130</u>
Total liabilities, deferred inflows, and fund balances	\$ <u>199,907</u>	\$ <u>8,540</u>	\$ <u>92,904</u>	\$ <u>296,652</u>

<u>Funds</u>		<u>M.K.</u>	<u>Total</u>
<u>Public</u>	<u>Nonmajor</u>	<u>Brown</u>	<u>Nonmajor</u>
<u>Safety</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Governmental</u>
<u>Grants</u>	<u>Funds</u>	<u>Fund</u>	<u>Funds</u>
\$ -	\$ 341,052	\$ 7,190	\$ 451,332
-	-	-	70,500
-	-	-	129
27,137	67,971	-	94,159
-	5,307	-	5,307
-	10,903	-	10,903
-	-	543	543
-	-	350,000	350,000
<u>\$ 27,137</u>	<u>\$ 425,233</u>	<u>\$ 357,733</u>	<u>\$ 982,873</u>
\$ -	\$ 15,568	\$ -	\$ 15,568
-	14,557	-	14,557
27,137	27,137	-	27,137
-	10,903	-	10,903
<u>27,137</u>	<u>68,165</u>	<u>-</u>	<u>68,165</u>
<u>-</u>	<u>8,452</u>	<u>-</u>	<u>34,640</u>
<u>-</u>	<u>8,452</u>	<u>-</u>	<u>34,640</u>
-	5,307	-	5,307
-	-	350,000	350,000
-	-	-	173,719
-	61,728	7,733	69,461
-	273,130	-	273,130
-	8,451	-	8,451
<u>-</u>	<u>348,616</u>	<u>357,733</u>	<u>880,068</u>
<u>\$ 27,137</u>	<u>\$ 425,233</u>	<u>\$ 357,733</u>	<u>\$ 982,873</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, 2020

	<u>Special Revenue</u>			
	<u>Debt Service</u>	<u>Controlled Substances</u>	<u>M.K. Brown Auditorium</u>	<u>Lovett Memorial Library</u>
Revenues:				
Taxes:				
Property taxes	\$ 1,024,816	\$ -	\$ -	\$ 185,966
Other taxes	-	-	198,855	-
Penalties and interest on taxes	5,988	-	-	1,483
Intergovernmental	-	-	-	3,000
Charges for services	-	-	16,372	3,880
Fines	-	-	-	2,911
Investment earnings	1,993	18	388	674
Contributions and donations	-	-	39,097	14,455
Other revenue	-	-	1,023	78
Total revenues	<u>1,032,797</u>	<u>18</u>	<u>255,735</u>	<u>212,447</u>
Expenditures:				
Current:				
Public safety	-	824	-	-
Culture and recreation	-	-	285,437	383,146
Capital outlay	-	-	53,026	-
Debt service:				
Principal retirement	868,265	-	-	-
Interest and fiscal charges	189,735	-	869	-
Total expenditures	<u>1,058,000</u>	<u>824</u>	<u>339,332</u>	<u>383,146</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,203)</u>	<u>(806)</u>	<u>(83,597)</u>	<u>(170,699)</u>
Other financing sources (uses):				
Transfers in	-	-	11,500	171,000
Transfers out	-	-	(50,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(38,500)</u>	<u>171,000</u>
Net change in fund balances	(25,203)	(806)	(122,097)	301
Fund balances at beginning of year	<u>198,922</u>	<u>9,257</u>	<u>189,132</u>	<u>272,829</u>
Fund balances at end of year	<u>\$ 173,719</u>	<u>\$ 8,451</u>	<u>\$ 67,035</u>	<u>\$ 273,130</u>

<u>Funds</u>			
<u>Public Safety Grants</u>	<u>Nonmajor Special Revenue Funds</u>	<u>M.K. Brown Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 185,966	\$ -	\$ 1,210,782
-	198,855	-	198,855
-	1,483	-	7,471
174,471	177,471	-	177,471
-	20,252	-	20,252
-	2,911	-	2,911
-	1,080	5,428	8,501
-	53,552	-	53,552
-	1,101	-	1,101
<u>174,471</u>	<u>642,671</u>	<u>5,428</u>	<u>1,680,896</u>
102,471	103,295	-	103,295
-	668,583	-	668,583
72,000	125,026	-	125,026
-	-	-	868,265
-	869	-	190,604
<u>174,471</u>	<u>897,773</u>	<u>-</u>	<u>1,955,773</u>
<u>-</u>	<u>(255,102)</u>	<u>5,428</u>	<u>(274,877)</u>
-	182,500	-	182,500
-	(50,000)	(11,500)	(61,500)
-	132,500	(11,500)	121,000
-	(122,602)	(6,072)	(153,877)
-	471,218	363,805	1,033,945
<u>\$ -</u>	<u>\$ 348,616</u>	<u>\$ 357,733</u>	<u>\$ 880,068</u>

CITY OF PAMPA, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds		Total Nonmajor Enterprise Funds
	Municipal Golf Course	Leased Properties	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 16,908	\$ 238,992	\$ 255,900
Restricted assets - current:			
Cash and cash equivalents	150,231	-	150,231
Investments	5,800	-	5,800
Accrued interest receivable	11	-	11
Receivables - net of uncollectible allowance	1,103	-	1,103
Note receivable - installment sale	-	184,911	184,911
Prepaid expense	270	-	270
Inventories	40,457	-	40,457
Total current assets	214,780	423,903	638,683
Non-current assets:			
Note receivable - installment sale	-	384,647	384,647
Capital assets:			
Land	545,514	15,750	561,264
Buildings and improvements	1,541,078	1,037,212	2,578,290
Vehicles and equipment	828,687	-	828,687
Construction in progress	10,060	-	10,060
Less: accumulated depreciation and amortization	(1,681,298)	(496,561)	(2,177,859)
Total non-current assets	1,244,041	941,048	2,185,089
Total assets	1,458,821	1,364,951	2,823,772
Deferred outflows:			
Deferred charge on refunding	369	-	369
Deferred outflow related to TMRS	21,596	-	21,596
Total deferred outflows of resources	21,965	-	21,965
Liabilities:			
Current liabilities:			
Accounts payable	7,914	-	7,914
Accrued expenses	12,865	-	12,865
Due to other funds	218,677	-	218,677
Accrued interest payable	11,920	-	11,920
Unearned revenue	9,225	24,591	33,816
Bonds payable - current:			
Revenue bonds and certificates of obligation	16,196	-	16,196
Capital leases payable - current	91,116	-	91,116
Compensated absences	1,296	-	1,296
Total current liabilities	369,209	24,591	393,800
Non-current liabilities:			
Revenue bonds and certificates of obligation	153,989	-	153,989
Net pension liability	160,634	-	160,634
Total OPEB liability	9,848	-	9,848
Capital leases payable	190,862	-	190,862
Compensated absences	3,887	-	3,887
Total non-current liabilities	519,220	-	519,220
Total liabilities	888,429	24,591	913,020
Deferred inflows:			
Deferred inflow related to TMRS	25,857	-	25,857
Total deferred inflows of resources	25,857	-	25,857
Net position:			
Net investment in capital assets	940,659	556,401	1,497,060
Restricted for capital acquisition	148,412	-	148,412
Unrestricted	(522,571)	783,959	261,388
Total net position	\$ 566,500	\$ 1,340,360	\$ 1,906,860

CITY OF PAMPA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2020

	<u>Business-type Activities - Enterprise Funds</u>		Total Nonmajor Enterprise Funds
	<u>Municipal Golf Course</u>	<u>Leased Properties</u>	
Operating revenues:			
Charges for services	\$ 300,170	\$ -	\$ 300,170
Rent	-	35,419	35,419
Other revenues	49,621	314,370	363,991
Total operating revenues	<u>349,791</u>	<u>349,789</u>	<u>699,580</u>
Operating expenses:			
Personnel services	230,857	-	230,857
Contractual services	106,776	6,408	113,184
Supplies and materials	93,095	-	93,095
Depreciation and amortization	202,942	14,237	217,179
Intercity administrative charges	33,830	1,831	35,661
Insurance and claims	7,172	4,455	11,627
Total operating expenses	<u>674,672</u>	<u>26,931</u>	<u>701,603</u>
Operating income (loss)	<u>(324,881)</u>	<u>322,858</u>	<u>(2,023)</u>
Non-operating revenues (expenses):			
Investment earnings	420	23,374	23,794
Interest and fiscal charges	(22,265)	-	(22,265)
Total non-operating revenues (expenses)	<u>(21,845)</u>	<u>23,374</u>	<u>1,529</u>
Income (loss) before transfers	<u>(346,726)</u>	<u>346,232</u>	<u>(494)</u>
Transfers in	235,222	-	235,222
Transfers out	-	(200,000)	(200,000)
Change in net position	<u>(111,504)</u>	<u>146,232</u>	<u>34,728</u>
Total net position - beginning of year, as previously stated	858,816	1,194,128	2,052,944
Prior period adjustment - GASB 75	(180,812)	-	(180,812)
Total net position - beginning of year, as restated	<u>678,004</u>	<u>1,194,128</u>	<u>1,872,132</u>
Total net position - end of year	<u>\$ 566,500</u>	<u>\$ 1,340,360</u>	<u>\$ 1,906,860</u>

CITY OF PAMPA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities Enterprise Funds		Total Nonmajor Enterprise Funds
	Municipal Golf Course	Leased Properties	
Cash flows from operating activities:			
Receipts from customers and users	\$ 346,118	\$ 351,835	\$ 697,953
Payments to employees	(218,878)	-	(218,878)
Payments to suppliers	(248,299)	(10,863)	(259,162)
Payments for inter-fund services used	32,040	(1,831)	30,209
Net cash flows from operating activities	(89,019)	339,141	250,122
Cash flows from non-capital financing activities:			
Transfers from other funds	235,222	-	235,222
Transfers to other funds	-	(200,000)	(200,000)
Net cash flows from non-capital financing activities	235,222	(200,000)	35,222
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(29,031)	(314,370)	(343,401)
Issuance of 2020 certificates of obligation	150,000	-	150,000
Principal received on note receivable	-	177,157	177,157
Principal paid on capital debt	(101,059)	-	(101,059)
Interest paid on capital debt	(17,797)	-	(17,797)
Net cash flows from capital and related financing activities	2,113	(137,213)	(135,100)
Cash flows from investing activities:			
Interest and dividends received	600	23,374	23,974
Purchases of investments (net of redemptions of investments)	3,900	-	3,900
Net cash flows from investing activities	4,500	23,374	27,874
Net increase (decrease) in cash and cash equivalents	152,816	25,302	178,118
Cash and cash equivalents at beginning of year	14,323	213,690	228,013
Cash and cash equivalents at end of year	\$ 167,139	\$ 238,992	\$ 406,131
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$ (324,881)	\$ 322,858	\$ (2,023)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	202,942	14,237	217,179
Changes in assets & liabilities:			
(Increase) decrease in:			
Receivables	(694)	896	202
Prepaid expenses	240	-	240
Inventories	(40,457)	-	(40,457)
Deferred outflows related to TMRS	22,414	-	22,414
Increase (decrease) in:			
Accounts payable	(1,039)	-	(1,039)
Accrued expenses	12,865	-	12,865
Due to other funds	65,870	-	65,870
Unearned revenue	(2,979)	1,150	(1,829)
Net pension liability	(46,152)	-	(46,152)
Total OPEB liability	1,553	-	1,553
Deferred inflows related to TMRS	16,116	-	16,116
Compensated absences	5,183	-	5,183
Total adjustments	235,862	16,283	252,145
Net cash provided (used) by operating activities	\$ (89,019)	\$ 339,141	\$ 250,122
Reconciliation of total cash and cash equivalents:			
Cash and cash equivalents on balance sheet	\$ 16,908	\$ 238,992	\$ 255,900
Restricted cash and cash equivalents on balance sheet	150,231	-	150,231
Total cash and cash equivalents	\$ 167,139	\$ 238,992	\$ 406,131

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, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Property taxes	\$ 1,074,424	\$ 1,074,424	\$ 1,024,816	\$ (49,608)
Penalties and interest on taxes	-	-	5,988	5,988
Interest	4,200	4,200	1,993	(2,207)
	<u>1,078,624</u>	<u>1,078,624</u>	<u>1,032,797</u>	<u>(45,827)</u>
Total revenues				
Expenditures:				
Debt service:				
Principal retirement	858,265	868,265	868,265	-
Interest and fiscal charges	201,159	211,159	189,735	21,424
	<u>1,059,424</u>	<u>1,079,424</u>	<u>1,058,000</u>	<u>21,424</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	19,200	(800)	(25,203)	(24,403)
Net change in fund balances	19,200	(800)	(25,203)	(24,403)
Fund balance at beginning of year	198,922	198,922	198,922	-
Fund balance at end of year	<u>\$ 218,122</u>	<u>\$ 198,122</u>	<u>\$ 173,719</u>	<u>\$ (24,403)</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, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 1	\$ 1
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Expenditures:				
Capital outlay:	<u>-</u>	<u>649,641</u>	<u>-</u>	<u>649,641</u>
Debt service:				
Bond issuance costs	<u>-</u>	<u>39,408</u>	<u>39,328</u>	<u>80</u>
Total expenditures	<u>-</u>	<u>689,049</u>	<u>39,328</u>	<u>649,721</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(689,049)</u>	<u>(39,327)</u>	<u>649,722</u>
Other financing sources (uses):				
Issuance of bonds	<u>-</u>	<u>2,950,000</u>	<u>2,950,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>2,950,000</u>	<u>2,950,000</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>2,260,951</u>	<u>2,910,673</u>	<u>649,722</u>
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 2,260,951</u>	<u>\$ 2,910,673</u>	<u>\$ 649,722</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, 2020

	<u>Budget Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 18	\$ 18
Total revenues	<u>-</u>	<u>-</u>	<u>18</u>	<u>18</u>
Expenditures:				
Current:				
Public safety	<u>-</u>	<u>-</u>	<u>824</u>	<u>(824)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>824</u>	<u>(824)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(806)</u>	<u>(806)</u>
Net change in fund balances	-	-	(806)	(806)
Fund balances at beginning of year	<u>9,257</u>	<u>9,257</u>	<u>9,257</u>	<u>-</u>
Fund balances at end of year	<u>\$ 9,257</u>	<u>\$ 9,257</u>	<u>\$ 8,451</u>	<u>\$ (806)</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, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other taxes	\$ 300,000	\$ 300,000	\$ 198,855	\$ (101,145)
Charges for services	31,000	31,000	16,372	(14,628)
Investment earnings	3,250	3,700	388	(3,312)
Contributions and donations	-	50,000	39,097	(10,903)
Other revenue	1,200	1,200	1,023	(177)
	<u>335,450</u>	<u>385,900</u>	<u>255,735</u>	<u>(130,165)</u>
Total revenues				
Expenditures:				
Current:				
Culture and recreation	338,967	338,797	285,437	53,360
Capital outlay	15,000	65,000	53,026	11,974
Interest and fiscal charges	700	870	869	1
	<u>354,667</u>	<u>404,667</u>	<u>339,332</u>	<u>65,335</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(19,217)</u>	<u>(18,767)</u>	<u>(83,597)</u>	<u>(64,830)</u>
Other financing sources (uses):				
Transfers in	11,500	11,500	11,500	-
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(38,500)</u>	<u>(38,500)</u>	<u>(38,500)</u>	<u>-</u>
Net change in fund balances	(57,717)	(57,267)	(122,097)	(64,830)
Fund balances at beginning of year	<u>189,132</u>	<u>189,132</u>	<u>189,132</u>	<u>-</u>
Fund balances at end of year	<u>\$ 131,415</u>	<u>\$ 131,865</u>	<u>\$ 67,035</u>	<u>\$ (64,830)</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, 2020

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 194,668	\$ 194,668	\$ 185,966	\$ (8,702)
Penalties and interest on taxes	1,500	1,500	1,483	(17)
Intergovernmental	3,000	3,000	3,000	-
Charges for services	7,300	7,300	3,880	(3,420)
Fines	5,000	5,000	2,911	(2,089)
Investment earnings	2,200	1,750	674	(1,076)
Contributions and donations	850	14,555	14,455	(100)
Other revenue	100	100	78	(22)
Total revenues	<u>214,618</u>	<u>227,873</u>	<u>212,447</u>	<u>(15,426)</u>
Expenditures:				
Current:				
Culture and recreation	<u>384,272</u>	<u>397,977</u>	<u>383,146</u>	<u>14,831</u>
Total expenditures	<u>384,272</u>	<u>397,977</u>	<u>383,146</u>	<u>14,831</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(169,654)</u>	<u>(170,104)</u>	<u>(170,699)</u>	<u>(595)</u>
Other financing sources (uses):				
Transfers in	<u>171,000</u>	<u>171,000</u>	<u>171,000</u>	<u>-</u>
Total other financing sources (uses)	<u>171,000</u>	<u>171,000</u>	<u>171,000</u>	<u>-</u>
Net change in fund balances	1,346	896	301	(595)
Fund balances at beginning of year	<u>272,829</u>	<u>272,829</u>	<u>272,829</u>	<u>-</u>
Fund balances at end of year	<u>\$ 274,175</u>	<u>\$ 273,725</u>	<u>\$ 273,130</u>	<u>\$ (595)</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, 2020

	<u>Budget Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Investment earnings	\$ 11,500	\$ 11,500	\$ 5,428	\$ (6,072)
Total revenues	<u>11,500</u>	<u>11,500</u>	<u>5,428</u>	<u>(6,072)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,500</u>	<u>11,500</u>	<u>5,428</u>	<u>(6,072)</u>
Other financing sources (uses):				
Transfers out	<u>(11,500)</u>	<u>(11,500)</u>	<u>(11,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(11,500)</u>	<u>(11,500)</u>	<u>(11,500)</u>	<u>-</u>
Net change in fund balances	-	-	(6,072)	(6,072)
Fund balances at beginning of year	<u>363,805</u>	<u>363,805</u>	<u>363,805</u>	<u>-</u>
Fund balances at end of year	<u>\$ 363,805</u>	<u>\$ 363,805</u>	<u>\$ 357,733</u>	<u>\$ (6,072)</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, 2020

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Municipal Court Bail Bond Fund:				
Assets:				
Cash and cash equivalents	\$ 1,180	\$ 729	\$ 961	\$ 948
Total assets	<u>\$ 1,180</u>	<u>\$ 729</u>	<u>\$ 961</u>	<u>\$ 948</u>
Liabilities:				
Accounts payable	\$ -	\$ 213	\$ 213	\$ -
Deposits	<u>1,180</u>	<u>516</u>	<u>748</u>	<u>948</u>
Total liabilities	<u>\$ 1,180</u>	<u>\$ 729</u>	<u>\$ 961</u>	<u>\$ 948</u>

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY SOURCE
SEPTEMBER 30, 2020

Governmental funds capital assets (net of accumulated depreciation):

Land	\$ 48,829
Collection	203,500
Buildings & improvements	4,959,015
Equipment	3,573,774
Construction in progress	<u>135,537</u>

Total governmental activities capital assets, net	\$ <u><u>8,920,655</u></u>
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Investment in governmental activities capital assets by source (net of accumulated depreciation):

General fund	\$ 7,860,210
M.K. Brown Auditorium special revenue fund	544,220
Lovett Memorial Library special revenue fund	444,225
Public safety grants special revenue fund	<u>72,000</u>

Total investment in governmental activities capital assets by source (net of accumulated depreciation)	\$ <u><u>8,920,655</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, 2020

	<u>Land</u>	<u>Collection</u>	<u>Construction in Progress</u>	<u>Roads</u>	<u>Buildings & Improvements</u>	<u>Vehicles & Equipment</u>	<u>Total</u>
General government:							
Mayor and commission	\$ 3,306	\$ -	\$ -	\$ -	\$ -	\$ 14,790	\$ 18,096
Administrative services	-	-	-	-	-	21,850	21,850
Building & grounds	2,163	-	109,733	-	3,070,311	415,077	3,597,284
Information technology	-	-	25,804	-	11,045	343,075	379,924
Central stores	-	-	-	-	4,632	19,047	23,679
Central garage	-	-	-	-	150,198	1,021,117	1,171,315
Subtotal	<u>5,469</u>	<u>-</u>	<u>135,537</u>	<u>-</u>	<u>3,236,186</u>	<u>1,834,956</u>	<u>5,212,148</u>
Culture and recreation:							
Parks	43,360	95,000	-	-	379,715	1,057,357	1,575,432
Recreation	-	-	-	151,789	1,689,141	453,149	2,294,079
M.K. Brown Auditorium	-	108,500	-	-	3,204,007	279,377	3,591,884
Lovett Memorial Library	-	-	-	-	1,003,259	89,995	1,093,254
Subtotal	<u>43,360</u>	<u>203,500</u>	<u>-</u>	<u>151,789</u>	<u>6,276,122</u>	<u>1,879,878</u>	<u>8,554,649</u>
Solid waste collection	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,335,906</u>	<u>1,335,906</u>
Streets and traffic:							
Planning and engineering	-	-	-	-	-	361,945	361,945
Streets & traffic control	-	-	-	18,658,075	311,270	3,759,367	22,728,712
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,658,075</u>	<u>311,270</u>	<u>4,121,312</u>	<u>23,090,657</u>
Public safety:							
Animal control	-	-	-	-	3,032,448	154,370	3,186,818
Police	-	-	-	-	101,038	1,733,836	1,834,874
Fire suppression	-	-	-	-	227,553	3,975,376	4,202,929
Fire prevention	-	-	-	-	12,664	6,690	19,354
Dispatch	-	-	-	-	5,579	74,418	79,997
Emergency management & civil defense	-	-	-	-	-	480,978	480,978
Code enforcement	-	-	-	-	-	46,571	46,571
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,379,282</u>	<u>6,472,239</u>	<u>9,851,521</u>
Total governmental activities capital assets	48,829	203,500	135,537	18,809,864	13,202,860	15,644,291	48,044,881
Less: accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,809,864</u>	<u>8,243,845</u>	<u>12,070,517</u>	<u>39,124,226</u>
Total governmental activities capital assets net of accumulated depreciation	<u>\$ 48,829</u>	<u>\$ 203,500</u>	<u>\$ 135,537</u>	<u>\$ -</u>	<u>\$ 4,959,015</u>	<u>\$ 3,573,774</u>	<u>\$ 8,920,655</u>

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Governmental Fund Capital Assets Oct. 1, 2019	Additions and Transfers In	Deletions and Transfers Out	Governmental Fund Capital Assets Sept. 30, 2020
General government:				
Mayor and commission	\$ 18,096	\$ -	\$ -	\$ 18,096
Administrative services	21,850	-	-	21,850
Building & grounds	3,454,558	142,726	-	3,597,284
Information technology	338,904	41,020	-	379,924
Central stores	23,679	-	-	23,679
Central garage	1,117,390	53,925	-	1,171,315
Subtotal	<u>4,974,477</u>	<u>237,671</u>	<u>-</u>	<u>5,212,148</u>
Culture and recreation:				
Parks	1,564,735	10,697	-	1,575,432
Recreation	2,262,270	31,809	-	2,294,079
M.K. Brown Auditorium	3,538,859	53,025	-	3,591,884
Lovett Memorial Library	1,093,254	-	-	1,093,254
Subtotal	<u>8,459,118</u>	<u>95,531</u>	<u>-</u>	<u>8,554,649</u>
Solid waste collection	<u>1,457,962</u>	<u>-</u>	<u>(122,056)</u>	<u>1,335,906</u>
Streets and traffic:				
Planning and engineering	332,743	29,202	-	361,945
Streets & traffic control	22,248,514	496,198	(16,000)	22,728,712
Subtotal	<u>22,581,257</u>	<u>525,400</u>	<u>(16,000)</u>	<u>23,090,657</u>
Public safety:				
Animal control	3,181,387	5,431	-	3,186,818
Police	1,617,125	217,749	-	1,834,874
Fire suppression	3,516,139	686,790	-	4,202,929
Fire prevention	6,690	12,664	-	19,354
Dispatch	74,418	5,579	-	79,997
Emergency management & civil defense	341,799	139,179	-	480,978
Code enforcement	75,773	-	(29,202)	46,571
Subtotal	<u>8,813,331</u>	<u>1,067,392</u>	<u>(29,202)</u>	<u>9,851,521</u>
Total governmental activities capital assets	<u>\$ 46,286,145</u>	<u>\$ 1,925,994</u>	<u>\$ (167,258)</u>	<u>\$ 48,044,881</u>

STATISTICAL SECTION

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Statistical Section Summary:

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	134 - 141
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources, the sales and property tax.	142 - 149
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.	150 - 159
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.	160 - 161
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.	162 - 164

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities:				
Net investment in capital assets	\$ 6,055,828	\$ 5,912,680	\$ 5,827,112	\$ 5,202,726
Restricted	558,133	939,970	1,236,187	1,306,222
Unrestricted	<u>4,391,355</u>	<u>4,551,251</u>	<u>4,287,289</u>	<u>4,410,994</u>
Total governmental activities net assets	<u>11,005,316</u>	<u>11,403,901</u>	<u>11,350,588</u>	<u>10,919,942</u>
Business-type activities				
Net investment in capital assets	11,851,317	11,166,056	10,801,091	11,320,364
Restricted	1,441,519	2,391,976	2,322,758	3,097,382
Unrestricted	<u>568,567</u>	<u>1,459,609</u>	<u>2,962,850</u>	<u>4,255,594</u>
Total business-type activities net assets	<u>13,861,403</u>	<u>15,017,641</u>	<u>16,086,699</u>	<u>18,673,340</u>
Primary government:				
Net investment in capital assets	17,907,145	17,078,736	16,628,203	16,523,090
Restricted	1,999,652	3,331,946	3,558,945	4,403,604
Unrestricted	<u>4,959,922</u>	<u>6,010,860</u>	<u>7,250,139</u>	<u>8,666,588</u>
Total primary government net assets	<u>\$ 24,866,719</u>	<u>\$ 26,421,542</u>	<u>\$ 27,437,287</u>	<u>\$ 29,593,282</u>

Note: The City of Pampa implemented GASB 68 in fiscal year 2015 and GASB 75 in fiscal year 2018, which both resulted in significant decreases in unrestricted net position.

Note: See Note 9 for a discussion of the calculation of net investment in capital assets for the governmental and business-type activities.

Exhibit B-1

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	5,148,905	\$ 4,433,162	\$ 4,720,074	\$ 4,552,253	\$ 2,426,395	\$ 4,078,796
	1,698,544	1,495,321	1,491,721	1,451,712	3,513,602	4,681,458
	<u>(8,198,359)</u>	<u>(8,269,716)</u>	<u>(8,851,771)</u>	<u>(9,294,802)</u>	<u>(9,876,143)</u>	<u>(11,398,195)</u>
	<u>(1,350,910)</u>	<u>(2,341,233)</u>	<u>(2,639,976)</u>	<u>(3,290,837)</u>	<u>(3,936,146)</u>	<u>(2,637,941)</u>
	15,614,500	16,018,887	16,322,430	18,197,269	19,222,934	20,351,764
	2,982,699	2,632,379	2,651,667	2,346,576	2,093,918	3,476,002
	<u>2,839,400</u>	<u>4,474,467</u>	<u>5,586,776</u>	<u>5,765,897</u>	<u>7,401,801</u>	<u>6,169,033</u>
	<u>21,436,599</u>	<u>23,125,733</u>	<u>24,560,873</u>	<u>26,309,742</u>	<u>28,718,653</u>	<u>29,996,799</u>
	17,708,045	17,404,961	17,714,398	19,589,813	18,586,395	21,521,743
	4,681,243	4,127,700	4,143,388	3,798,288	5,607,520	8,157,460
	<u>(2,303,599)</u>	<u>(748,161)</u>	<u>63,111</u>	<u>(369,196)</u>	<u>588,592</u>	<u>(2,320,345)</u>
\$	<u>20,085,689</u>	<u>20,784,500</u>	<u>21,920,897</u>	<u>23,018,905</u>	<u>24,782,507</u>	<u>27,358,858</u>

City of Pampa, Texas

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

Expenses:	2011	2012	2013	2014
Governmental activities:				
General government	\$ 1,915,324	\$ 1,948,434	\$ 2,057,208	\$ 2,109,398
Public safety	5,565,027	5,703,096	5,991,983	6,137,330
Streets and traffic	2,336,295	2,340,941	2,378,698	2,349,728
Solid waste	1,238,104	1,281,762	1,282,125	1,366,173
Culture and recreation	1,495,278	1,474,283	1,488,900	1,633,041
Interest on long-term debt and bond costs	194,127	176,259	229,502	210,265
Bond issuance costs	-	-	-	-
Total governmental activities expenses	<u>12,744,155</u>	<u>12,924,775</u>	<u>13,428,416</u>	<u>13,805,935</u>
Business-type activities:				
Water and sewer system	6,231,284	6,417,808	6,533,386	6,614,032
Solid waste management	1,927,157	1,917,856	1,874,287	1,714,224
Aquatics center	444,769	658,523	602,512	585,061
Golf course	544,819	572,049	520,294	529,837
Leased properties	59,782	170,612	36,519	36,002
Total business-type activities expenses	<u>9,207,811</u>	<u>9,736,848</u>	<u>9,566,998</u>	<u>9,479,156</u>
Total primary government expenses	<u>\$ 21,951,966</u>	<u>\$ 22,661,623</u>	<u>\$ 22,995,414</u>	<u>\$ 23,285,091</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 878,110	\$ 874,379	\$ 870,251	\$ 921,776
Public safety	643,129	625,510	659,926	584,846
Solid waste	2,160,335	2,272,971	2,317,559	2,400,135
Culture and recreation	98,736	105,024	109,728	100,297
Operating grants and contributions	197,328	123,918	200,975	114,551
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>3,977,638</u>	<u>4,001,802</u>	<u>4,158,439</u>	<u>4,121,605</u>
Business-type activities:				
Charges for services:				
Water and sewer system	7,435,813	8,011,562	7,910,442	7,936,781
Solid waste management	1,760,343	1,866,920	1,781,560	2,024,031
Aquatics center	336,941	350,368	317,239	298,372
Golf course	301,363	316,517	321,192	308,207
Leased properties	49,795	55,757	73,958	89,504
Operating grants and contributions	75,000	-	162,830	84,588
Capital grants and contributions	314,590	19,975	50,000	30,000
Total business-type activities program revenues	<u>10,273,845</u>	<u>10,621,099</u>	<u>10,617,221</u>	<u>10,771,483</u>
Total primary government program revenues	<u>\$ 14,251,483</u>	<u>\$ 14,622,901</u>	<u>\$ 14,775,660</u>	<u>\$ 14,893,088</u>
Net (Expense) Revenue				
Governmental activities	\$ (8,766,517)	\$ (8,922,973)	\$ (9,269,977)	\$ (9,684,330)
Business-type activities	1,066,034	884,251	1,050,223	1,292,327
Total primary government net (expense) revenue	<u>\$ (7,700,483)</u>	<u>\$ (8,038,722)</u>	<u>\$ (8,219,754)</u>	<u>\$ (8,392,003)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 3,639,707	\$ 3,635,602	\$ 3,653,330	\$ 3,902,718
Sales taxes	3,685,594	4,175,086	4,191,828	4,570,962
Other taxes	1,400,968	1,501,817	1,531,842	1,778,247
Investment earnings	12,449	22,632	14,795	7,774
Miscellaneous revenues	157,171	55,643	64,999	97,384
Transfers in (out)	(479,116)	(69,222)	(85,551)	(1,103,401)
Total governmental activities	<u>8,416,773</u>	<u>9,321,558</u>	<u>9,371,243</u>	<u>9,253,684</u>
Business-type activities:				
Investment earnings	17,680	5,330	9,002	4,416
Miscellaneous revenues	226,505	197,434	261,465	186,497
Transfers in (out)	479,116	69,222	85,551	1,103,401
Total business-type activities	<u>723,301</u>	<u>271,986</u>	<u>356,018</u>	<u>1,294,314</u>
Total primary government	<u>\$ 9,140,074</u>	<u>\$ 9,593,544</u>	<u>\$ 9,727,261</u>	<u>\$ 10,547,998</u>
Change in Net Position				
Governmental activities	\$ (349,744)	\$ 398,585	\$ 101,266	\$ (430,646)
Business-type activities	1,789,335	1,156,237	1,406,241	2,586,641
Total primary government	<u>\$ 1,439,591</u>	<u>\$ 1,554,822</u>	<u>\$ 1,507,507</u>	<u>\$ 2,155,995</u>

Exhibit B-2

	2015	2016	2017	2018	2019	2020
\$	2,218,527	\$ 2,245,560	\$ 2,122,176	\$ 2,060,823	\$ 2,062,349	\$ 2,094,287
	6,434,064	6,917,024	7,198,624	7,267,208	7,698,846	7,603,206
	1,798,303	1,683,410	1,600,766	1,563,885	1,455,598	1,580,709
	1,436,844	1,565,106	1,523,816	1,538,354	1,408,053	1,440,689
	1,837,664	1,963,073	1,842,008	1,647,982	1,621,738	1,485,651
	314,523	268,653	278,728	232,337	229,280	252,669
	40,757	-	-	-	-	-
	<u>14,080,682</u>	<u>14,642,826</u>	<u>14,566,118</u>	<u>14,310,589</u>	<u>14,475,864</u>	<u>14,457,211</u>
	6,830,373	6,893,330	6,741,312	6,436,059	6,514,468	6,716,224
	1,604,782	1,624,659	1,576,767	1,527,409	1,739,408	1,987,317
	491,665	501,808	458,729	509,783	508,471	357,938
	515,374	525,914	518,127	551,756	620,224	696,937
	39,151	20,786	18,413	21,114	22,798	26,931
	<u>9,481,345</u>	<u>9,566,497</u>	<u>9,313,348</u>	<u>9,046,121</u>	<u>9,405,369</u>	<u>9,785,347</u>
\$	<u>23,562,027</u>	<u>24,209,323</u>	<u>23,879,466</u>	<u>23,356,710</u>	<u>23,881,233</u>	<u>24,242,558</u>
\$	975,947	\$ 1,023,082	\$ 966,707	\$ 1,084,563	\$ 1,102,392	\$ 1,285,161
	515,719	624,196	717,025	682,122	623,788	489,001
	2,443,191	2,435,430	2,396,383	2,447,986	2,497,239	2,483,821
	91,735	95,841	345,210	306,394	290,279	275,737
	121,534	421,602	233,540	193,967	196,330	1,220,447
	-	-	600,000	177,320	14,611	72,000
	<u>4,148,126</u>	<u>4,600,151</u>	<u>5,258,865</u>	<u>4,892,352</u>	<u>4,724,639</u>	<u>5,826,167</u>
	7,920,229	7,981,648	8,026,752	7,992,046	7,824,385	8,284,680
	2,033,115	2,110,968	2,021,098	1,990,034	1,952,697	1,982,982
	319,331	361,125	287,344	251,028	257,346	94,514
	312,355	287,239	294,022	285,674	261,344	300,170
	71,212	45,251	39,284	37,672	33,739	35,419
	2,923	16,654	-	-	-	-
	66,811	299,720	22,744	5,733	48,180	326,574
	<u>10,725,976</u>	<u>11,102,605</u>	<u>10,691,244</u>	<u>10,562,187</u>	<u>10,377,691</u>	<u>11,024,339</u>
\$	<u>14,874,102</u>	<u>15,702,756</u>	<u>15,950,109</u>	<u>15,454,539</u>	<u>15,102,330</u>	<u>16,850,506</u>
\$	(9,932,556)	\$ (10,042,675)	\$ (9,307,253)	\$ (9,418,237)	\$ (9,751,225)	\$ (8,631,044)
	1,244,631	1,536,108	1,377,896	1,516,066	972,322	1,238,992
\$	<u>(8,687,925)</u>	<u>(8,506,567)</u>	<u>(7,929,357)</u>	<u>(7,902,171)</u>	<u>(8,778,903)</u>	<u>(7,392,052)</u>
\$	3,945,287	\$ 4,174,713	\$ 4,231,691	\$ 4,204,793	\$ 4,263,669	\$ 4,642,197
	4,047,076	3,311,843	3,141,356	3,338,080	3,245,164	3,479,137
	1,783,540	1,569,579	1,510,053	1,582,469	1,437,658	1,364,083
	5,832	3,481	4,589	17,517	87,873	56,567
	141,866	66,026	80,511	224,753	109,842	184,555
	(3,201,978)	(73,290)	40,310	(170,290)	(38,290)	202,710
	<u>6,721,623</u>	<u>9,052,352</u>	<u>9,008,510</u>	<u>9,197,322</u>	<u>9,105,916</u>	<u>9,929,249</u>
	1,917	2,019	3,214	31,168	248,217	185,584
	-	77,717	94,340	115,673	1,150,082	56,280
	3,201,978	73,290	(40,310)	170,290	38,290	(202,710)
	<u>3,203,895</u>	<u>153,026</u>	<u>57,244</u>	<u>317,131</u>	<u>1,436,589</u>	<u>39,154</u>
\$	<u>9,925,518</u>	<u>9,205,378</u>	<u>9,065,754</u>	<u>9,514,453</u>	<u>10,542,505</u>	<u>9,968,403</u>
\$	(3,210,933)	\$ (990,323)	\$ (298,743)	\$ (220,915)	\$ (645,309)	\$ 1,298,205
	4,448,526	1,689,134	1,435,140	1,833,197	2,408,911	1,278,146
\$	<u>1,237,593</u>	<u>698,811</u>	<u>1,136,397</u>	<u>1,612,282</u>	<u>1,763,602</u>	<u>2,576,351</u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General fund:				
Non-spendable	\$ 96,116	\$ 81,203	\$ 83,787	\$ 91,672
Restricted	107,715	93,872	109,048	121,815
Assigned	665,559	407,718	625,965	968,214
Unassigned	<u>3,492,768</u>	<u>4,231,962</u>	<u>4,020,833</u>	<u>3,707,019</u>
Total general fund	<u>4,362,158</u>	<u>4,814,755</u>	<u>4,839,633</u>	<u>4,888,720</u>
All other governmental funds:				
Non-spendable	350,000	354,789	355,057	354,385
Restricted	100,418	3,457,410	1,395,886	972,433
Committed	-	155,222	-	-
Assigned	<u>434,959</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>885,377</u>	<u>3,967,421</u>	<u>1,750,943</u>	<u>1,326,818</u>
Total all governmental funds	<u>\$ 5,247,535</u>	<u>\$ 8,782,176</u>	<u>\$ 6,590,576</u>	<u>\$ 6,215,538</u>

Exhibit B-3

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	145,405	\$ 89,655	\$ 86,507	\$ 86,362	\$ 101,900	\$ 116,657
	403,893	302,309	349,261	325,721	2,502,079	925,862
	394,094	403,712	554,627	581,146	808,640	1,108,915
	<u>3,699,018</u>	<u>3,997,330</u>	<u>3,930,233</u>	<u>3,772,462</u>	<u>2,946,281</u>	<u>3,574,749</u>
	<u>4,642,410</u>	<u>4,793,006</u>	<u>4,920,628</u>	<u>4,765,691</u>	<u>6,358,900</u>	<u>5,726,183</u>
	353,597	135,842	136,747	136,107	355,978	355,307
	1,038,533	1,156,903	1,077,932	995,991	677,967	3,435,434
	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,392,130</u>	<u>1,292,745</u>	<u>1,214,679</u>	<u>1,132,098</u>	<u>1,033,945</u>	<u>3,790,741</u>
\$	<u><u>6,034,540</u></u>	<u><u>6,085,751</u></u>	<u><u>6,135,307</u></u>	<u><u>5,897,789</u></u>	<u><u>7,392,845</u></u>	<u><u>9,516,924</u></u>

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues				
Taxes	\$ 8,719,982	\$ 9,326,694	\$ 9,400,017	\$ 10,271,990
Charges for services	3,360,112	3,448,686	3,512,341	3,581,496
Fines & forfeitures	417,281	409,960	433,321	341,574
Interest	12,447	22,623	14,780	7,755
Intergovernmental	149,192	92,542	106,449	96,884
Licenses & permits	57,328	65,094	73,208	141,459
Miscellaneous	205,307	90,734	190,793	115,051
Total revenues	<u>12,921,649</u>	<u>13,456,333</u>	<u>13,730,909</u>	<u>14,556,209</u>
Expenditures				
General government	1,544,600	1,548,041	1,688,987	1,808,722
Public safety	5,411,834	5,574,249	5,877,698	5,908,604
Streets & traffic	1,995,004	1,981,536	1,993,924	1,998,146
Solid waste management	1,114,330	1,173,103	1,170,849	1,234,783
Culture & recreation	1,189,399	1,170,732	1,189,456	1,335,798
Capital outlay	542,837	823,592	3,267,736	982,521
Debt service:				
Interest and fiscal charges	139,456	211,700	178,953	181,911
Principal	419,965	435,862	389,313	377,361
Bond/Note issuance costs	-	-	-	-
Total expenditures	<u>12,357,425</u>	<u>12,918,815</u>	<u>15,756,916</u>	<u>13,827,846</u>
Excess of revenues over (under) expenditures	<u>564,224</u>	<u>537,518</u>	<u>(2,026,007)</u>	<u>728,363</u>
Other Financing Sources (Uses)				
Proceeds from borrowing	-	3,426,973	-	-
Payments to escrow agent	-	(330,000)	-	-
Transfers in	335,618	376,467	521,907	461,615
Transfers out	<u>(814,734)</u>	<u>(476,317)</u>	<u>(687,500)</u>	<u>(1,565,016)</u>
Total other financing sources (uses)	<u>(479,116)</u>	<u>2,997,123</u>	<u>(165,593)</u>	<u>(1,103,401)</u>
Net change in fund balances	<u>\$ 85,108</u>	<u>\$ 3,534,641</u>	<u>\$ (2,191,600)</u>	<u>\$ (375,038)</u>
Debt service as a percentage of non-capital expenditures	<u>4.74%</u>	<u>5.35%</u>	<u>4.55%</u>	<u>4.35%</u>

Exhibit B-4

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	9,769,064	\$ 9,060,373	\$ 8,857,616	\$ 9,112,120	\$ 8,940,191	\$ 9,447,230
	3,628,290	3,639,478	3,851,691	3,863,464	3,954,113	4,180,308
	282,893	386,083	494,604	448,287	373,858	260,859
	5,824	3,471	4,577	17,459	87,730	56,399
	106,596	409,505	791,770	308,406	73,973	1,159,888
	201,393	220,297	146,848	275,583	260,780	169,384
	171,536	340,185	132,540	303,092	288,224	325,818
	<u>14,165,596</u>	<u>14,059,392</u>	<u>14,279,646</u>	<u>14,328,411</u>	<u>13,978,869</u>	<u>15,599,886</u>
	1,986,896	1,865,479	1,902,106	2,002,678	1,981,660	2,074,294
	6,242,152	6,383,905	6,571,708	6,874,956	7,245,700	7,388,737
	1,483,933	1,327,707	1,312,806	1,379,098	1,351,336	1,439,662
	1,321,390	1,357,357	1,365,267	1,389,411	1,281,381	1,317,827
	1,488,156	1,594,126	1,487,296	1,371,144	1,369,502	1,316,272
	1,159,359	685,942	1,421,878	496,560	504,746	1,864,983
	280,858	255,710	452,734	265,235	192,664	205,199
	470,782	464,665	337,319	616,557	663,534	982,215
	40,757	-	34,859	-	40,000	39,328
	<u>14,474,283</u>	<u>13,934,891</u>	<u>14,885,973</u>	<u>14,395,639</u>	<u>14,630,523</u>	<u>16,628,517</u>
	<u>(308,687)</u>	<u>124,501</u>	<u>(606,327)</u>	<u>(67,228)</u>	<u>(651,654)</u>	<u>(1,028,631)</u>
	1,724,382	-	3,760,714	-	2,185,000	2,950,000
	(1,505,843)	-	(3,145,141)	-	-	-
	397,150	393,558	461,240	473,198	390,710	435,210
	<u>(488,000)</u>	<u>(466,848)</u>	<u>(420,930)</u>	<u>(643,488)</u>	<u>(429,000)</u>	<u>(232,500)</u>
	<u>127,689</u>	<u>(73,290)</u>	<u>655,883</u>	<u>(170,290)</u>	<u>2,146,710</u>	<u>3,152,710</u>
\$	<u>(180,998)</u>	<u>\$ 51,211</u>	<u>\$ 49,556</u>	<u>\$ (237,518)</u>	<u>\$ 1,495,056</u>	<u>\$ 2,124,079</u>
	<u>5.95%</u>	<u>5.44%</u>	<u>6.13%</u>	<u>6.34%</u>	<u>6.34%</u>	<u>8.31%</u>

City of Pampa, Texas
Taxable Sales by Category
Calendar Years 2010 - 2019

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Agriculture/Forestry/Fishing/Hunting	\$ Not reported	\$ Not reported	\$ Not reported	Not reported
Mining/Quarrying/Oil and Gas	2,008,723	1,956,774	4,254,136	7,659,569
Utilities	Not reported	Not reported	Not reported	Not reported
Construction	3,919,083	6,717,183	10,253,984	8,504,872
Manufacturing	33,107,010	35,914,700	37,701,888	44,001,189
Wholesale Trade	29,565,209	40,868,599	39,492,521	23,650,358
Retail Trade	99,019,926	108,641,919	119,659,859	118,152,346
Transportation/Warehousing	Not reported	537	Not reported	Not reported
Information	3,201,041	1,136,529	2,206,215	4,648,068
Finance/Insurance	777,378	800,973	823,252	772,808
Real Estate/Rental Leasing	3,915,356	3,614,963	4,132,571	3,991,091
Professional/Scientific/Technical Services	902,609	1,057,060	1,199,577	1,415,993
Management of Companies/Enterprises	Not reported	Not reported	Not reported	Not reported
Admin/Support/Waste Mgmt/Remediation	4,348,776	5,304,787	5,711,890	5,766,487
Educational Services	Not reported	Not reported	Not reported	Not reported
Health Care/Social Assistance	567,368	787,751	1,528,525	1,019,269
Arts/Entertainment/Recreation	367,767	560,539	615,987	776,009
Accommodation/Food Services	18,760,767	20,435,435	22,161,221	22,718,142
Other Services	3,828,257	4,881,187	5,827,342	6,012,572
Public Administration	Not reported	Not reported	Not reported	Not reported
Other	Not reported	Not reported	Not reported	Not reported
All Industries **	\$ <u>205,401,077</u>	\$ <u>236,177,159</u>	\$ <u>258,069,687</u>	<u>249,411,627</u>
City direct sales tax rate	2.0%	2.0%	2.0%	2.0%

* Taxable Sales by Category is reported for 2019 and the previous ten years as the 2020 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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019 *</u>
\$ Not reported	\$ Not reported	\$ Not reported	\$ Not reported	\$ Not reported	\$ Not reported
8,207,850	3,506,637	2,120,199	2,009,008	2,716,147	2,552,244
Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
8,481,587	7,449,839	7,539,745	7,463,230	5,515,901	6,285,598
55,055,193	34,653,427	12,094,474	13,695,221	17,874,042	13,688,119
31,334,281	15,624,696	12,174,275	15,487,352	14,874,598	6,597,117
119,787,476	110,563,511	104,532,507	99,956,545	104,719,754	108,203,841
Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
6,179,783	6,122,371	6,633,488	6,204,318	6,163,317	5,756,426
728,904	611,732	570,077	560,092	592,183	562,271
4,061,853	3,594,159	2,830,168	2,693,421	2,743,130	3,244,625
1,444,729	817,186	551,841	516,655	475,719	1,490,978
Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
5,352,734	5,019,987	4,434,860	5,100,080	4,983,028	5,067,008
Not reported	Not reported	Not reported	29,588	Not reported	Not reported
343,359	480,269	378,805	303,884	118,759	106,348
832,195	825,873	789,317	627,972	168,200	431,888
24,046,459	23,372,987	20,307,423	18,864,953	19,731,223	20,308,765
6,480,114	6,098,753	4,853,121	4,801,140	5,223,218	5,306,104
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>\$ 272,336,517</u>	<u>\$ 219,066,846</u>	<u>\$ 180,175,412</u>	<u>\$ 178,594,841</u>	<u>\$ 186,354,437</u>	<u>\$ 179,887,224</u>
2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

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		
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
2014	2015	592,120,770	101,843,030	693,963,800	0.6210
2015	2016	603,432,260	92,154,300	695,586,560	0.6572
2016	2017	614,161,660	67,891,660	682,053,320	0.6770
2017	2018	617,369,120	63,200,035	680,569,155	0.6770
2018	2019	644,495,839	63,100,843	707,596,682	0.6770
2019	2020	643,783,365	63,281,858	707,065,223	0.7300

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
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed property)

Exhibit C-3

Fiscal Year	City of Pampa Direct Rates				Overlapping Rates*	
	General Maintenance	Debt Service	Library Maintenance	Total Direct	Pampa Independent School District	Gray County
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
2015	0.477337	0.113690	0.030000	0.621027	1.309	0.487297
2016	0.520833	0.106342	0.030000	0.657175	1.309	0.535768
2017	0.541500	0.105500	0.030000	0.677000	1.309	0.638910
2018	0.532808	0.114192	0.030000	0.677000	1.309	0.649725
2019	0.531211	0.115789	0.030000	0.677000	1.325	0.653705
2020	0.533308	0.166692	0.030000	0.730000	1.255	0.653850

* 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	2020			2011		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Southwestern Public Serv	\$ 11,376,790	1	1.61%	\$ 6,619,643	4	1.10%
Atmos Energy	9,371,590	2	1.33%	-	-	-
Wal-Mart Stores Inc	8,499,590	3	1.20%	6,175,068	5	1.02%
BNSF Railway Co	7,047,810	4	1.00%	-	-	-
Wal-Mart/Sams Club	4,377,280	5	0.62%	8,814,240	2	1.46%
805 Hobart, LLC	4,013,370	6	0.57%	-	-	-
Jamal Enterprises LP	3,130,440	7	0.44%	-	-	-
Blumenfeld Terry	2,892,060	8	0.41%	-	-	-
Southwestern Bell Telephone Co	2,815,000	9	0.40%	3,239,495	9	0.54%
J&M Bagwell Properties LLC	2,524,670	10	0.36%	-	-	-
Signature Pampa Hospital	-	-	-	9,494,210	1	1.57%
Pampa Regional Medical Center	-	-	-	8,090,023	3	1.34%
Daniel Weingarten	-	-	-	5,790,350	6	0.96%
Fluid Compressor Partners	-	-	-	4,403,182	7	0.73%
PMP Duncan	-	-	-	3,266,910	8	0.54%
Shreedi Krupa Hotels	-	-	-	2,954,520	10	0.49%
Total	\$ 56,048,600		7.93%	\$ 58,847,641		9.76%

Source: Gray County Appraisal District

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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
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%
2015	3,878,782	3,751,424	96.7%
2016	4,139,030	4,017,949	97.1%
2017	4,238,318	4,058,862	95.8%
2018	4,169,709	4,010,867	96.2%
2019	4,201,155	4,042,727	96.2%
2020	4,623,552	4,407,721	95.3%

Exhibit C-5

Total Collections to Date				
	Collections in		Total	Percentage
	Subsequent Years		Collected	of Levy
\$	153,343	\$	3,540,681	99.8%
	113,143		3,572,010	99.8%
	113,091		3,612,934	99.6%
	186,013		3,893,598	99.5%
	108,768		3,860,192	99.5%
	105,103		4,123,052	99.6%
	153,340		4,212,202	99.4%
	121,352		4,132,219	99.1%
	87,482		4,130,209	98.3%
	-		4,407,721	95.3%

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

Fiscal Year	Governmental Activities			Business-type	
	General Obligation Bonds (1)	Tax Note	Capital Leases	Revenue Bonds & Certificates of Obligation	CRMWA Obligations (1)
2011	\$ 3,372,512	\$ -	\$ 116,228	\$ 13,756,419	\$ 6,211,644
2012	5,933,979	-	91,899	13,696,021	8,851,260
2013	5,573,122	-	63,443	12,751,880	8,269,063
2014	5,225,379	-	33,824	11,784,624	7,804,417
2015	7,803,788	-	134,707	7,941,226	7,122,720
2016	7,382,606	-	91,214	7,002,394	6,646,000
2017	7,193,841	-	627,040	6,961,159	6,134,581
2018	6,815,885	-	461,472	6,427,202	5,824,384
2019	6,255,160	2,185,000	350,507	5,749,711	5,319,658
2020	8,633,738	1,880,000	236,557	6,693,036	4,780,861

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on page 160

(3) Source: United States Census

2010 Census Population: 17,994

2020 Census Population: 16,776

Exhibit D-1

<u>Activities</u>				
	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (3)</u>
\$	366,422	\$ 23,823,225	4.60%	\$ 1,324
	372,898	28,946,057	5.79%	1,609
	392,226	27,049,734	5.61%	1,503
	241,566	25,089,810	5.01%	1,394
	84,937	23,087,378	4.50%	1,283
	134,392	21,256,606	4.25%	1,181
	267,044	21,183,665	4.16%	1,177
	202,694	19,731,637	4.22%	1,097
	373,037	20,233,073	4.20%	1,124
	281,978	22,506,170	4.66%	1,342

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

Exhibit D-2

Fiscal Year	General Obligation Bonds (1)	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
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
2015	7,803,778	189,637	7,614,141	693,963,800	1.10%	423
2016	7,382,606	191,919	7,190,687	695,586,560	1.03%	400
2017	7,193,841	198,384	6,995,457	682,053,320	1.03%	389
2018	6,815,885	193,882	6,622,003	680,569,155	0.97%	368
2019	6,255,160	176,500	6,078,660	707,596,682	0.86%	338
2020	8,633,738	130,122	8,503,616	707,065,223	1.20%	507

(1) Presented net of original issuance discounts and premiums

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, 2020

Exhibit D-3

	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable*</u>	<u>Applicable Debt Outstanding</u>
Pampa Independent School District	\$ 54,379,368	49%	\$ 26,645,890
Gray County	585,133	33%	<u>193,094</u>
Total overlapping debt			26,838,984
City of Pampa			<u>10,750,295</u>
Total direct and overlapping debt			\$ <u><u>37,589,279</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 repaid 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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Assessed value, before exemptions	\$ <u>603,436,194</u>	\$ <u>612,316,441</u>	\$ <u>620,997,450</u>	\$ <u>668,602,780</u>
Legal debt limit (10% of assessed value, before exemptions)	\$ <u>60,343,619</u>	\$ <u>61,231,644</u>	\$ <u>62,099,745</u>	\$ <u>66,860,278</u>
General obligation bonds	\$ 3,372,512	\$ 5,933,979	\$ 5,573,122	\$ 5,225,379
Tax note	-	-	-	-
Less: Resources restricted for paying debt service	<u>23,615</u>	<u>26,848</u>	<u>26,960</u>	<u>149,430</u>
Total net general obligation debt outstanding applicable to the limit	\$ <u>3,348,897</u>	\$ <u>5,907,131</u>	\$ <u>5,546,162</u>	\$ <u>5,075,949</u>
Computation of legal debt margin:				
Legal debt limit	\$ 60,343,619	\$ 61,231,644	\$ 62,099,745	\$ 66,860,278
Less: Net general obligation debt outstanding	<u>3,348,897</u>	<u>5,907,131</u>	<u>5,546,162</u>	<u>5,075,949</u>
Legal debt margin	\$ <u>56,994,722</u>	\$ <u>55,324,513</u>	\$ <u>56,553,583</u>	\$ <u>61,784,329</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>5.55%</u>	<u>9.65%</u>	<u>8.93%</u>	<u>7.59%</u>

Exhibit D-4

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ <u>693,963,800</u>	\$ <u>695,586,560</u>	\$ <u>682,053,320</u>	\$ <u>680,569,155</u>	\$ <u>707,596,682</u>	\$ <u>707,065,223</u>
\$ <u>69,396,380</u>	\$ <u>69,558,656</u>	\$ <u>68,205,332</u>	\$ <u>68,056,916</u>	\$ <u>70,759,668</u>	\$ <u>70,706,522</u>
\$ 7,803,778	\$ 7,382,606	\$ 7,271,258	\$ 6,742,800	\$ 6,190,231	\$ 8,576,966
-	-	-	-	2,185,000	1,880,000
<u>189,637</u>	<u>191,919</u>	<u>198,384</u>	<u>193,882</u>	<u>176,500</u>	<u>130,122</u>
\$ <u>7,614,141</u>	\$ <u>7,190,687</u>	\$ <u>7,072,874</u>	\$ <u>6,548,918</u>	\$ <u>8,198,731</u>	\$ <u>10,326,844</u>
\$ 69,396,380	\$ 69,558,656	\$ 68,205,332	\$ 68,056,916	\$ 70,759,668	\$ 70,706,522
<u>7,614,141</u>	<u>7,190,687</u>	<u>7,072,874</u>	<u>6,548,918</u>	<u>8,198,731</u>	<u>10,326,844</u>
\$ <u>61,782,239</u>	\$ <u>62,367,969</u>	\$ <u>61,132,458</u>	\$ <u>61,507,998</u>	\$ <u>62,560,937</u>	\$ <u>60,379,678</u>
<u>10.97%</u>	<u>10.34%</u>	<u>10.37%</u>	<u>9.62%</u>	<u>11.59%</u>	<u>14.61%</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>			
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
2015	8,001,551	5,040,710	2,960,841
2016	8,300,829	5,092,949	3,207,880
2017	8,048,243	5,005,295	3,042,948
2018	8,052,150	4,897,918	3,154,232
2019	8,144,867	5,000,170	3,144,697
2020	8,434,556	5,169,252	3,265,304
<u>Solid Waste Fund</u>			
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
2015	2,055,526	903,316	1,152,210
2016	2,144,893	1,003,605	1,141,288
2017	2,091,636	1,188,033	903,603
2018	2,015,951	1,106,464	909,487
2019	2,053,745	1,190,903	862,842
2020	2,012,101	1,269,543	742,558

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 Note 8 to the financial statements.

Exhibit D-5 (continued)

		Debt Service				
Principal		Interest	Total		Times Coverage	
\$	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
	734,246		215,364		949,610	3.1
	714,626		189,102		903,728	3.5
	226,585		228,963		455,548	6.7
	305,975		147,019		452,994	7.0
	368,163		81,190		449,353	7.0
	381,627		67,952		449,579	7.3
\$	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
	190,726		160,881		351,607	3.3
	223,058		141,978		365,036	3.1
	193,419		229,419		422,838	2.1
	220,689		150,974		371,663	2.4
	301,546		69,858		371,404	2.3
	318,639		61,516		380,155	2.0

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</u>			
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)
2015	362,709	384,810	(22,101)
2016	322,265	390,523	(68,258)
2017	317,052	390,514	(73,462)
2018	347,476	402,902	(55,426)
2019	343,411	449,255	(105,844)
2020	350,211	471,730	(121,519)
<u>Aquatics Center (3)</u>			
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) During FY2015, the outstanding debt held in the aquatics center was transferred to the governmental activities, therefore only years with applicable debt service requirements are included.

Details regarding the City's debt can be found in Note 8 to the financial statements.

Exhibit D-5 (continued)

		Debt Service				Times Coverage
Principal		Interest		Total		
\$	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
	1,144		2,161		3,305	-6.7
	1,144		2,121		3,265	-20.9
	7,150		2,081		9,231	-8.0
	7,293		1,104		8,397	-6.6
	7,722		951		8,673	-12.2
	10,000		620		10,620	-11.4
\$	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>
2020	21,886	\$ 482,882	\$ 22,064	37.7	3,558	3.6%
2019	21,895	481,712	22,001	37.4	3,536	3.9%
2018	22,404	468,031	20,891	38.0	3,522	3.5%
2017	22,725	509,245	22,409	37.0	3,645	4.5%
2016	23,210	500,292	21,555	37.0	3,645	6.2%
2015	23,044	513,536	22,285	37.7	3,838	5.9%
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%

* 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	2011		2020		Percentage of Total City Employment
	Number of Employees	Rank	Number of Employees	Rank	
Pampa Independent School District	510	1	511	1	6.87%
Pampa Regional Medical Center	152	7	264	2	3.55%
Wal-Mart	273	3	227	3	3.05%
Texas Department of Criminal Justice	280	2	210	4	2.82%
United	-	-	175	5	2.35%
City of Pampa	210	6	160	6	2.15%
Hunting Titan	150	8	149	7	2.00%
Gray County	124	9	122	8	1.64%
Cabot Corporation	105	10	116	9	1.56%
SWM International	-	-	96	10	1.29%
National Oilwell Varco	262	4	-	-	-
Halliburton	255	5	-	-	-
	<u>2,321</u>		<u>2,030</u>		<u>27.31%</u>

Source: Pampa Chamber of Commerce

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

Exhibit F-1

<u>FUNCTION/PROGRAM</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
GENERAL FUND										
Administrative Services	3	3	3	3	3	3	3	3	3	3
Financial Services	6	6	6	6	6	6	5	5	5	5
Municipal Court	2	2	2	3	3	2	2	2	2	2
Police Services										
Officers	30	30	30	30	28	28	27	25	25	25
Civilians	0	0	0	0	2	2	2	4	3	3
Fire										
Firefighters and officers	28	28	28	28	28	28	28	28	28	28
Planning & Engineering	2	2	2	2	2	2	2	2	2	2
Street & Traffic Control	10	10	10	10	10	9	17	17	17	17
Parks Department	7	7	7	7	8	7	0	0	0	0
Recreation Department	2	2	2	2	2	2	2	2	2	2
Buildings & Grounds	1	1	1	1	1	2	2	1	1	1
Community Services	2	2	2	2	2	2	1	1	2	1
Code Enforcement	4	4	4	4	5	5	5	5	5	5
Animal Control	6	6	6	6	6	7	5	4	3	3
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	2	2	2	2	2	2	1	1	1	1
Solid Waste Collection	8	8	8	8	8	8	7	7	6	6
SPECIAL REVENUE FUNDS										
M.K. Brown Auditorium	1	0	1	0	0	1	1	1	1	1
Lovett Memorial Library	4	4	6	6	6	6	7	7	7	7
ENTERPRISE FUNDS										
Municipal Utilities	9	9	9	10	10	10	10	10	10	10
Water Distribution	9	8	9	9	9	9	9	9	9	9
Wastewater Collection	6	6	6	6	6	7	7	5	5	5
Landfill Composting	2	2	1	1	1	1	1	0	0	0
Solid Waste Landfill	6	6	6	6	6	6	6	7	7	7
Golf Course	3	0	0	0	0	0	0	0	0	0
TOTAL	162	157	160	161	163	164	159	155	153	152

Source: Various City Departments

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

Exhibit F-2

Function/Program	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
Physical arrests	711	1,049	539	1,086	744	687	653	964	885	918
Parking violations	20	34	2	39	18	19	33	95	7	65
Traffic violations	4,973	6,561	9,435	9,343	5,035	4,146	1,717	6,406	4,693	6,462
Fire										
Emergency responses	1,763	1,803	1,676	1,628	1,642	1,615	1,657	1,326	1,276	1,264
Fires extinguished	114	97	115	109	102	75	105	97	156	160
Inspections	39	51	80	59	94	60	48	62	70	55
Refuse Collection										
Refuse collected (tons per day)	70	63	65	70	71	74	72	55	66	61
Number of customers	7,081	7,097	7,148	7,217	7,358	7,474	7,538	7,523	7,489	7,463
Other Public Works										
Street resurfacing (sq. yards)	120,500	2,930	-	-	-	-	219,813	200,853	182,404	207,142
Potholes repaired	415	1,944	1,187	1,139	941	1,161	969	1,214	1,360	1,512
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	2	4	4	3	4	4	4	15	6	4
Number of volleyball leagues	2	4	4	5	6	6	6	9	4	4
Number of kickball leagues	-	-	-	2	3	3	3	4	3	2
Number of cornhole leagues	1	1	2	2	2	2	2	-	-	-
Library										
Volumes in collection	45,006	42,606	40,479	51,528	50,134	48,804	44,626	57,147	47,825	47,307
Total volumes borrowed	453	314	370	436	476	426	426	336	301	156
Water										
Number of customers	7,840	7,848	7,894	7,963	8,119	8,268	8,307	8,312	8,267	8,193
Average daily consumption (thousands of gallons)	2,234	1,956	2,174	2,213	2,219	2,158	2,500	2,556	2,698	2,723
Wastewater										
Number of customers	7,211	7,213	7,252	7,318	7,463	7,590	7,621	7,633	7,605	7,535
City Landfill										
Solid waste collected (tons/day)	163	167	168	173	175	176	193	176	197	171
Memorial Civic Center										
Auditorium rentals	40	100	102	99	102	96	99	105	108	88
Aquatic Center										
Total attendance	12,838	27,643	27,735	35,232	47,567	39,881	34,735	36,455	42,020	49,049
Days open	42	88	88	87	96	92	80	84	89	80

Source: Various City Departments

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

Exhibit F-3

<u>FUNCTION/PROGRAM</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</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	4	4	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	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460
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	2	2	2	2	2	2	2

Source: Various City Departments

**INTERNAL CONTROL
AND
COMPLIANCE REQUIREMENTS**

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BROWN, GRAHAM & COMPANY, P.C.

Certified Public Accountants

PO Box 20210 · Amarillo, Texas 79114

7431 Continental Pkwy · Amarillo, Texas 79119

(806) 355-8241 · Fax (806) 355-6415

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, 2020, 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 8, 2021. 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 8, 2021



BROWN, GRAHAM & COMPANY, P.C.

Certified Public Accountants

PO Box 20210 · Amarillo, Texas 79114

7431 Continental Pkwy · Amarillo, Texas 79119

(806) 355-8241 · Fax (806) 355-6415

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Pampa, Texas (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2, Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the City's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, in a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brown, Graham & Company, P.C.

Amarillo, Texas
March 8, 2021

**CITY OF PAMPA, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Are any significant deficiencies identified?	_____ Yes	_____ <u>X</u> None reported
Is any noncompliance material to the financial statements identified?	_____ Yes	_____ <u>X</u> No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Are any significant deficiencies identified?	_____ Yes	_____ <u>X</u> None reported
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ <u>X</u> No
Identification of major federal programs:		
CFDA Number(s):	Name of federal program or cluster:	
#21.019	Coronavirus Relief Fund	
Dollar threshold used to distinguish between type A and type B programs:	_____ \$750,000 _____	
Auditee qualified as a low-risk auditee?	_____ Yes	_____ <u>X</u> No

Section II: Financial Statement Findings:

There were no financial statement findings for the year ended September 30, 2020.

Section III: Federal Awards Findings:

There were no federal awards findings for the year ended September 30, 2020.

**CITY OF PAMPA, TEXAS
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020**

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.

CITY OF PAMPA, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2020

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant/ Contract Number	Federal Awards Expended	Pass Through Amount to Subrecipients
<u>U.S. Department of Justice</u>				
Passed through Texas Office of Justice Programs:				
Edward Byrne Memorial Justice Assistance Grant	16.738	3767801	\$ 72,000	\$ -
Total U.S. Department of Justice			<u>72,000</u>	<u>-</u>
<u>U.S. Department of the Treasury</u>				
Passed through the Texas Department of Emergency Management:				
Coronavirus Relief Fund	21.019	2020-CF-21019	939,070	-
Total U.S. Department of the Treasury			<u>939,070</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>				
Passed through Governor's Division of Emergency Management:				
Emergency Management Performance Grant	97.042	EMT-2020-EP-00004	27,137	-
Direct award - Federal Emergency Management Agency:				
Assistance to Firefighters Grant Program	97.044	EMW-2018-FO-04209	75,334	-
Total U.S. Department of Homeland Security			<u>102,471</u>	<u>-</u>
Total expenditures of federal awards			<u>\$ 1,113,541</u>	<u>\$ -</u>

CITY OF PAMPA, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2020

1. General

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City under programs of the federal government for the year ended September 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

2. Basis of Accounting

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized, as applicable, under the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.