

**CITY OF PAMPA, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2009**

Prepared by  
Department of Finance

**CITY OF PAMPA, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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**INTRODUCTORY SECTION**

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

March 23, 2010

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Pampa for the fiscal year ended September 30, 2009.

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

The City of Pampa's financial statements have been audited by Brown, Graham and Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Pampa for the fiscal year ended September 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Pampa's financial statements for the fiscal year ended September 30, 2009, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.



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

## **Profile of the Government**

The City of Pampa's charter was approved by the voters in 1927. Located in the Panhandle of Texas in Gray County, the City of Pampa currently occupies a land area of 9 square miles and serves a population of approximately 18,064. The City of Pampa is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

The annual budget serves as the foundation for the City of Pampa's financial planning and control. All departments of the City of Pampa are required to submit requests for appropriation to the government's manager. The government's manager uses these requests as the starting point for developing a proposed budget. The government's manager then presents this proposed budget to the council for review. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City of Pampa's fiscal year. The appropriated budget is prepared by fund and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require the special approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 47 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 111.

## **Factors Affecting Financial Condition**

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

**Local economy.** The City of Pampa has a diverse industrial base. The industries in the area include oil and gas production, various petroleum-based industries, cattle, and grain production. There are specialized chemical and carbon black plants as well as a carbon black research and development facility. There is also a state prison located one and one-half miles east of the City. The total labor force in Gray County is 11,452. The unemployment rate has increased from 5.6% in March, 2009 to 7.7% as of March, 2010.

**Long-term financial planning.** With the economic downturn experienced by the nation, the City has seen a decrease in the growth it had been experiencing over the past three years. Budgeting has been adjusted to accommodate a decrease in population and sales tax revenue. Certificates of obligation were issued in the past two fiscal years to provide for infrastructure, expansion of the landfill facility, and for the construction of a family aquatics center. The aquatics center has been planned for about three years and will begin operation in the summer of 2011. Current plans include closing the existing pool and transferring that staff and budget to the new center.

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

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

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

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

## **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pampa for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2008. This was the 22<sup>nd</sup> consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,

ss:/ Richard Morris  
Richard Morris  
City Manager

ss:/ Robin Bailey  
Robin Bailey  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pampa  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2008

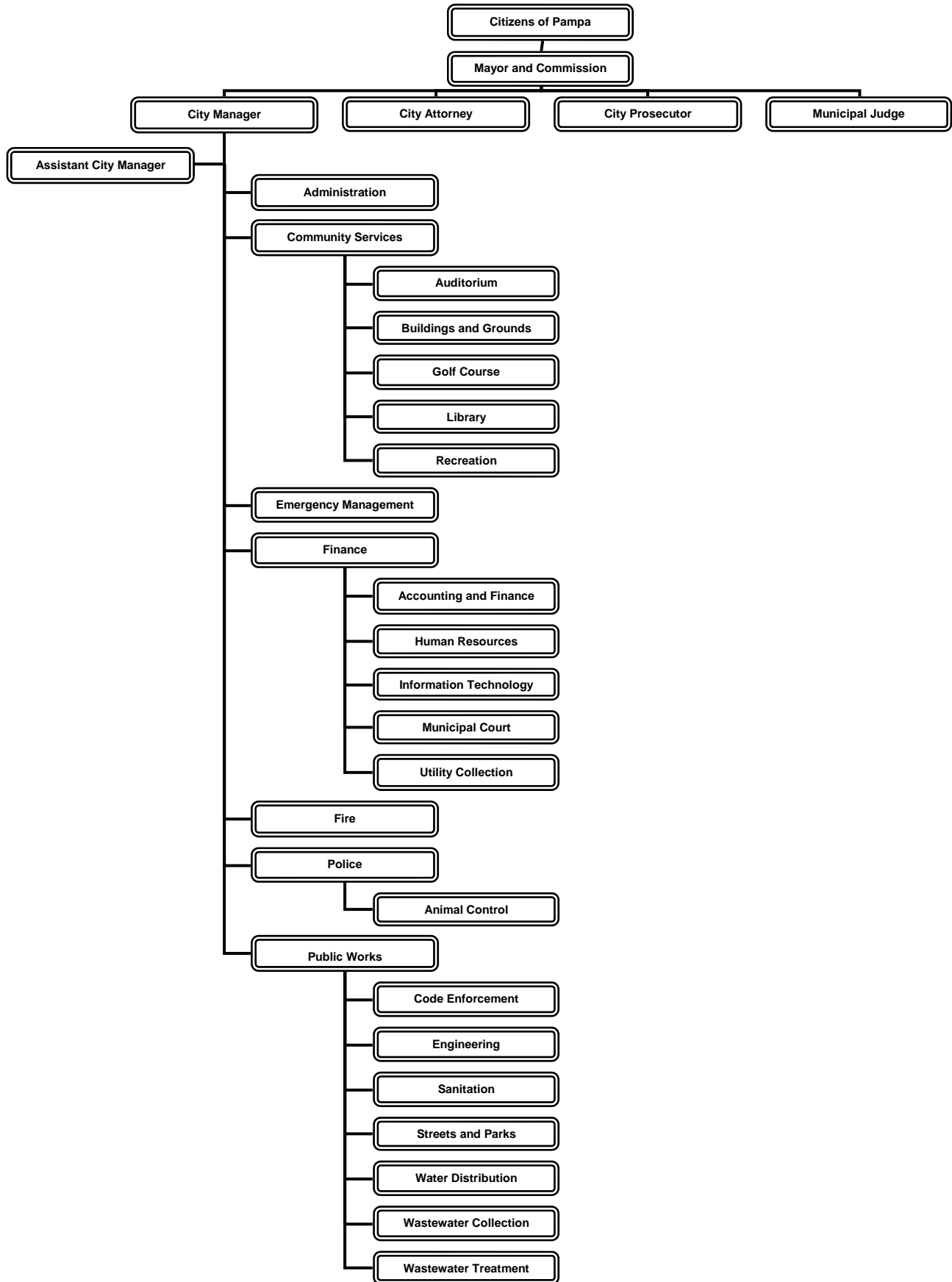
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

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**CITY OF PAMPA, TEXAS**

**LIST OF ELECTED AND APPOINTED OFFICIALS**

**GOVERNING BODY:**

Lonny Robbins	Mayor
Brad Pingel	Commissioner, Ward 1
Bill Allison	Commissioner, Ward 2
Robert Dixon	Commissioner, Ward 3
Neil Fulton	Commissioner, Ward 4

**OTHER PRINCIPAL OFFICIALS:**

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



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**FINANCIAL SECTION**

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## **BROWN, GRAHAM & COMPANY**

PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

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

### **Independent Auditor's Report**

**Honorable Mayor Lonny Robbins and  
City Commission  
Pampa, Texas**

We have audited the accompanying financial statements 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 (the "City"), as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pampa, Texas, as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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**Honorable Mayor Lonny Robbins and  
City Commission**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for the Texas Municipal Retirement System on pages 23 through 31 and page 101, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and budgetary comparison schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Brown, Graham & Company, P.C.*

Amarillo, Texas  
March 23, 2010

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

## Management's Discussion and Analysis

As management of the City of Pampa, 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, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 7 of this report. Comparable totals on changes in net assets and other schedules in the Management's Discussion and Analysis have been presented for the fiscal year ended September 30, 2008, as well.

### Financial Highlights

- The assets of the City of Pampa exceeded its liabilities at the close of the most recent fiscal year by \$23,307,411 (*net assets*). Of this amount, \$3,712,177 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Pampa's governmental funds reported combined ending fund balances of \$5,924,746. Approximately 61% of this total amount, \$3,593,264 is *available for spending* at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,776,600 or 25% of total general fund expenditures.

### Overview of the Financial Statements

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

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

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



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

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

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Pampa, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Pampa can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The governmental funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Pampa maintains eight individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, all of which are considered to be major 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, an aquatics center currently under construction, municipal golf course, and leased properties. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Pampa's various functions. The City of Pampa uses an internal service fund to account for its dental benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

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

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Pampa's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 51 and 118 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 53-97 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Pampa's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 101 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds and nonmajor proprietary funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 104-121 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Pampa, assets exceeded liabilities by \$23,307,411 at the close of the most recent fiscal year.

By far the largest portion of the City of Pampa's net assets (71%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Pampa uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City of Pampa's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In comparison with the fiscal year ended September 30, 2008, the current year shows a growth in net assets in the governmental activities and an increase in net assets in the business-type activities. Governmental activities increased the City of Pampa's net assets by \$191,934, or 2% from the prior year. This increase is primarily due to capital outlay and the issuance of certificates of obligation for additional capital spending, some of which is still in progress, and continuing to closely monitor expenditures. There was an increase of \$449,675 or 4% in net assets in the business-type activities as compared to the prior fiscal year, attributable as well to new construction and capital outlay.

An additional portion of the City of Pampa's net assets (13%) represents resources subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$3,712,177 may be used to meet the government's ongoing obligations to citizens and creditors. This represents an 8% increase compared to the prior year which is due to restricted proceeds for capital acquisition.

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

### **Financial Analysis of the Government's Funds**

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

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

The general fund is the chief operating fund of the City of Pampa. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,776,600, while total fund balance reached \$3,550,001.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 25% of total general fund expenditures, while total fund balance represents 32% of that same amount. The City's general fund liquidity ratios increased less than 1% this year. Unreserved fund balance has remained relatively constant, due mainly to ever-increasing property tax revenue offset by the decline in sales tax revenue.

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

In the current year, The City developed plans for a new Family Aquatics Center. Planning for the facility began this year, with construction expected to begin in 2010, and opening scheduled for summer of 2011. The City issued Certificates of Obligation to fund the planning and construction of the aquatics center.

Unrestricted net assets in the Water and Sewer System Fund at the end of the year amounted to \$1,150,366; those for the Solid Waste Management Fund amounted to (\$1,078,329); those for the Aquatics Center amounted to (\$77,909); those for the Municipal Golf Course amounted to (\$105,205); and those for the Lease Properties Fund amounted to \$8,975.

## **General Fund Budgetary Highlights**

During the year, there was a \$177,676 increase in appropriations between the original budget and the final amended budget. Charges for services exceeded budget by \$303,125, fines, contributions, and other revenue all exceeded budget, but property and sales taxes fell short, for a overall net positive variance in revenues of \$55,000. Sales taxes were short of budget locally and statewide due to the economic downturn experienced by the nation.

## **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, 2009 amounted to \$33,132,530, net of accumulated depreciation. This excludes the unamortized landfill permit costs of \$619,546. This investment in capital assets includes land, buildings and improvements, vehicles and equipment, park facilities, roads, bridges, and infrastructure assets.

Additional information on the City of Pampa's capital assets may be found on pages 70-72 of the CAFR under Note 6 to the Notes to the Financial Statements.

*Long-term Debt.* At the end of the current fiscal year, the City of Pampa had total bonded debt outstanding of \$25,310,269. Of this amount, \$4,216,046 comprises debt backed by the full faith and credit of the government. The remainder of the City of Pampa's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City of Pampa's overall long-term debt increased by \$7,812,012 as compared to the prior year due to the issuance of \$9,100,000 certificates of obligation. Additional information concerning long-term debt is located in Note 8 to the Notes to the Financial Statements, on pages 75-83.

## **Economic Factors and Next Year's Budgets and Rates**

The City of Pampa's unemployment rate, currently 7.7% as of March, 2010, continues to be comparable with the State (8.3) and National (7.6) unemployment rates. This rate, along with the other items discussed above, was considered in preparing the City of Pampa's budget for the 2009-10 fiscal year.

## **Requests for Information**

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

**CITY OF PAMPA'S NET ASSETS**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	<b>2009</b>	<b>2009</b>	<b>2009</b>
Current and other assets	\$ 6,655,680	\$ 12,421,239	\$ 19,076,919
Capital assets	10,341,006	22,791,524	33,132,530
Total assets	<u>16,996,686</u>	<u>35,212,763</u>	<u>52,209,449</u>
Long-term liabilities outstanding	4,190,362	22,673,294	26,863,656
Other liabilities	630,533	1,407,849	2,038,382
Total liabilities	<u>4,820,895</u>	<u>24,081,143</u>	<u>28,902,038</u>
Net assets:			
Invested in capital assets, net of related debt	6,537,106	10,086,334	16,623,440
Restricted	1,824,406	1,147,388	2,971,794
Unrestricted	3,814,279	(102,102)	3,712,177
Total net assets	<u>\$ 12,175,791</u>	<u>\$ 11,131,620</u>	<u>\$ 23,307,411</u>

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	<b>2008</b>	<b>2008</b>	<b>2008</b>
Current and other assets	\$ 5,988,067	\$ 5,856,818	\$ 11,844,885
Capital assets	10,614,889	21,422,333	32,037,222
Total assets	<u>16,602,956</u>	<u>27,279,151</u>	<u>43,882,107</u>
Long-term liabilities outstanding	4,486,082	15,474,778	19,960,860
Other liabilities	580,057	1,122,428	1,702,485
Total liabilities	<u>5,066,139</u>	<u>16,597,206</u>	<u>21,663,345</u>
Net assets:			
Invested in capital assets, net of related debt	6,474,128	7,687,577	14,161,705
Restricted	1,388,162	3,218,900	4,607,062
Unrestricted	3,674,527	(224,532)	3,449,995
Total net assets	<u>\$ 11,536,817</u>	<u>\$ 10,681,945</u>	<u>\$ 22,218,762</u>

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	<b>2009</b>	<b>2009</b>	<b>2009</b>
Land	\$ 210,849	\$ 698,373	\$ 909,222
Collection	203,500	-	203,500
Water rights	-	4,002,292	4,002,292
Buildings and improvements	4,577,748	11,615,246	16,192,994
Vehicles and equipment	3,448,161	2,025,365	5,473,526
Surface water supply contracts	-	2,805,278	2,805,278
Roads	1,676,715	47,519	1,724,234
Construction in progress	224,033	1,597,451	1,821,484
Total	<u>\$ 10,341,006</u>	<u>\$ 22,791,524</u>	<u>\$ 33,132,530</u>
	<b>2008</b>	<b>2008</b>	<b>2008</b>
Land	\$ 210,849	\$ 698,373	\$ 909,222
Collection	203,500	-	203,500
Water rights	-	4,091,706	4,091,706
Buildings and improvements	4,596,305	11,581,982	16,178,287
Vehicles and equipment	3,560,683	1,696,112	5,256,795
Surface water supply contracts	-	2,869,034	2,869,034
Roads	1,890,272	56,493	1,946,765
Construction in progress	153,280	428,633	581,913
Total	<u>\$ 10,614,889</u>	<u>\$ 21,422,333</u>	<u>\$ 32,037,222</u>

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	<b>2009</b>	<b>2009</b>	<b>2009</b>
General obligation bonds	\$ 4,216,046	\$ -	\$ 4,216,046
Revenue bonds	-	15,122,885	15,122,885
Total	<u>\$ 4,216,046</u>	<u>\$ 15,122,885</u>	<u>\$ 19,338,931</u>
	<b>2008</b>	<b>2008</b>	<b>2008</b>
General obligation bonds	\$ 4,509,512	\$ -	\$ 4,509,512
Revenue bonds	-	6,714,419	6,714,419
Total	<u>\$ 4,509,512</u>	<u>\$ 6,714,419</u>	<u>\$ 11,223,931</u>

**CITY OF PAMPA CHANGES IN NET ASSETS**

	<u>Governmental</u> <u>Activities</u> <u>2009</u>	<u>Business-type</u> <u>Activities</u> <u>2009</u>	<u>Total</u> <u>2009</u>
Revenues:			
Program revenues:			
Charges for services	\$ 3,633,697	\$ 8,187,252	\$ 11,820,949
Operating grants	195,221	-	195,221
Capital grants and contributions	-	622,136	622,136
General revenues:			
Property taxes	3,568,870	-	3,568,870
Sales taxes	3,459,719	-	3,459,719
Other taxes	1,317,121	-	1,317,121
Miscellaneous	336,972	175,085	512,057
Total revenues	<u>12,511,600</u>	<u>8,984,473</u>	<u>21,496,073</u>
Expenses:			
General government	1,729,688	-	1,729,688
Public safety	5,284,691	-	5,284,691
Streets and traffic	2,528,096	-	2,528,096
Solid waste management	1,138,792	-	1,138,792
Culture and recreation	1,413,423	-	1,413,423
Interest on long-term debt	107,960	-	107,960
Water and sewer	-	6,179,224	6,179,224
Solid waste management	-	1,801,196	1,801,196
Aquatics center	-	78,259	78,259
Golf course	-	534,736	534,736
Leased properties	-	58,399	58,399
Total expenses	<u>12,202,650</u>	<u>8,651,814</u>	<u>20,854,464</u>
Change in net assets before transfers	308,950	332,659	641,609
Transfers	<u>(117,016)</u>	<u>117,016</u>	<u>-</u>
Change in net assets after transfers	191,934	449,675	641,609
Net assets - beginning of year	11,536,817	10,681,945	22,218,762
Prior period adjustment	447,040	-	447,040
Net assets - end of year	<u>\$ 12,175,791</u>	<u>\$ 11,131,620</u>	<u>\$ 23,307,411</u>

**CITY OF PAMPA CHANGES IN NET ASSETS**

	<u>Governmental</u> <u>Activities</u> <u>2008</u>	<u>Business-type</u> <u>Activities</u> <u>2008</u>	<u>Total</u> <u>2008</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 3,407,127	\$ 7,114,616	\$ 10,521,743
Operating grants	223,617	-	223,617
Capital grants and contributions	19,900	-	19,900
General revenues:			
Property taxes	3,357,458	-	3,357,458
Sales taxes	3,928,810	-	3,928,810
Other taxes	1,579,574	-	1,579,574
Miscellaneous	218,846	172,609	391,455
Total revenues	<u>12,735,332</u>	<u>7,287,225</u>	<u>20,022,557</u>
<b>Expenses:</b>			
General government	1,696,033	-	1,696,033
Public safety	4,873,940	-	4,873,940
Streets and traffic	2,037,076	-	2,037,076
Solid waste management	1,021,191	-	1,021,191
Culture and recreation	1,344,516	-	1,344,516
Interest on long-term debt	109,164	-	109,164
Water and sewer	-	6,015,574	6,015,574
Solid waste management	-	1,551,281	1,551,281
Golf course	-	458,651	458,651
Leased properties	-	99,641	99,641
Total expenses	<u>11,081,920</u>	<u>8,125,147</u>	<u>19,207,067</u>
Change in net assets before transfers	1,653,412	(837,922)	815,490
Transfers	<u>(45,817)</u>	<u>45,817</u>	<u>-</u>
Change in net assets after transfers	1,607,595	(792,105)	815,490
Net assets - beginning of year	9,929,222	11,474,050	21,403,272
Net assets - end of year	<u>\$ 11,536,817</u>	<u>\$ 10,681,945</u>	<u>\$ 22,218,762</u>



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**BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**CITY OF PAMPA, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2009**

	Primary Government			Component Unit: Pampa Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
<b>Assets:</b>				
Cash and cash equivalents	\$ 4,043,202	\$ 898,334	\$ 4,941,536	\$ 51,066
Investments	-	-	-	2,235,483
Receivables, net of allowance for uncollectibles	1,244,843	871,396	2,116,239	174,898
Internal balances	238,265	(238,265)	-	-
Inventories	28,842	477,667	506,509	-
Prepaid items	47,002	1,776	48,778	-
Note receivable	-	-	-	62,111
<b>Restricted assets:</b>				
<b>Temporarily Restricted:</b>				
Cash and cash equivalents	700,573	9,372,536	10,073,109	-
Investments	-	230,000	230,000	-
Accrued interest	2,953	-	2,953	3,550
Receivable - CRMWA	-	188,249	188,249	-
<b>Permanently Restricted:</b>				
Investments	350,000	-	350,000	-
<b>Capital assets, net of accumulated depreciation and amortization:</b>				
Land	210,849	698,373	909,222	-
Collection	203,500	-	203,500	-
Water rights	-	4,002,292	4,002,292	-
Buildings and improvements	4,577,748	11,615,246	16,192,994	-
Vehicles and equipment	3,448,161	2,025,365	5,473,526	38,718
Surface water supply contracts	-	2,805,278	2,805,278	-
Roads	1,676,715	47,519	1,724,234	-
Construction in progress	224,033	1,597,451	1,821,484	-
Unamortized landfill permit costs	-	619,546	619,546	-
<b>Total assets</b>	<b>16,996,686</b>	<b>35,212,763</b>	<b>52,209,449</b>	<b>2,565,826</b>
<b>Liabilities:</b>				
Accounts payable	268,354	145,215	413,569	2,308
Accrued expenses	360,481	1,262,634	1,623,115	247,682
Deferred revenue	1,698	-	1,698	-
<b>Non-current liabilities:</b>				
Due within one year	469,426	1,226,700	1,696,126	-
Due in more than one year	3,720,936	21,446,594	25,167,530	-
<b>Total liabilities</b>	<b>4,820,895</b>	<b>24,081,143</b>	<b>28,902,038</b>	<b>249,990</b>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	6,537,106	10,086,334	16,623,440	-
Restricted for debt service	1,206,210	524,811	1,731,021	-
Restricted for capital projects	266,324	622,577	888,901	-
Restricted for M.K. Brown Auditorium:				
Expendable	1,872	-	1,872	-
Nonexpendable	350,000	-	350,000	-
Unrestricted net assets	3,814,279	(102,102)	3,712,177	2,315,836
<b>Total net assets</b>	<b>\$ 12,175,791</b>	<b>\$ 11,131,620</b>	<b>\$ 23,307,411</b>	<b>\$ 2,315,836</b>

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

**CITY OF PAMPA, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 1,729,688	\$ 893,195	\$ -	\$ -
Public safety	5,284,691	697,040	156,834	-
Streets and traffic	2,528,096	-	-	-
Solid waste management	1,138,792	1,915,718	-	-
Culture and recreation	1,413,423	127,744	38,387	-
Interest on long-term debt	107,960	-	-	-
Total governmental activities	<u>12,202,650</u>	<u>3,633,697</u>	<u>195,221</u>	<u>-</u>
Business activities:				
Water and sewer system	6,179,224	6,292,352	-	-
Solid waste management	1,801,196	1,602,156	-	-
Aquatics center	78,259	-	-	622,136
Golf course	534,736	289,132	-	-
Leased properties	58,399	3,612	-	-
Total business activities	<u>8,651,814</u>	<u>8,187,252</u>	<u>-</u>	<u>622,136</u>
Total primary government	<u>20,854,464</u>	<u>11,820,949</u>	<u>195,221</u>	<u>622,136</u>
<b>Component Unit:</b>				
PEDC	<u>\$ 1,529,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Property taxes levied for general purposes

Property taxes levied for debt service

Sales taxes

Other taxes

Investment earnings

Miscellaneous revenues

Transfers in (out)

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Prior period adjustment

Net assets - end of year

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

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

<b>Primary Government</b>			<b>Component Unit: Pampa Economic Development Corporation</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
\$ (836,493)	\$ -	\$ (836,493)	\$ -
(4,430,817)	-	(4,430,817)	-
(2,528,096)	-	(2,528,096)	-
776,926	-	776,926	-
(1,247,292)	-	(1,247,292)	-
(107,960)	-	(107,960)	-
<u>(8,373,732)</u>	<u>-</u>	<u>(8,373,732)</u>	<u>-</u>
-	113,128	113,128	-
-	(199,040)	(199,040)	-
-	543,877	543,877	-
-	(245,604)	(245,604)	-
-	(54,787)	(54,787)	-
<u>-</u>	<u>157,574</u>	<u>403,178</u>	<u>-</u>
<u>(8,373,732)</u>	<u>157,574</u>	<u>(7,970,554)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,529,618)</u>
2,605,255	-	2,605,255	-
963,615	-	963,615	-
3,459,719	-	3,459,719	1,153,240
1,317,121	-	1,317,121	-
27,199	54,196	81,395	29,541
309,773	120,889	430,662	614
(117,016)	117,016	-	-
<u>8,565,666</u>	<u>292,101</u>	<u>8,857,767</u>	<u>1,183,395</u>
191,934	449,675	641,609	(346,223)
11,536,817	10,681,945	22,218,762	2,513,045
<u>447,040</u>	<u>-</u>	<u>447,040</u>	<u>149,014</u>
<u>\$ 12,175,791</u>	<u>\$ 11,131,620</u>	<u>\$ 23,307,411</u>	<u>\$ 2,315,836</u>



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**FUND FINANCIAL STATEMENTS**

**CITY OF PAMPA, TEXAS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 2,051,769	\$ 1,189,425	\$ 266,324	\$ 524,543	\$ 4,032,061
Receivables (net of allowance for uncollectibles)	1,135,572	46,368	-	62,904	1,244,844
Due from other funds	242,342	16,785	-	-	259,127
Inventories	28,842	-	-	-	28,842
Prepaid items	47,002	-	-	-	47,002
<b>Restricted assets:</b>					
Restricted cash	697,557	-	-	3,016	700,573
Restricted accrued interest	-	-	-	2,953	2,953
Restricted investments	-	-	-	350,000	350,000
<b>Total assets</b>	<b>\$ 4,203,084</b>	<b>\$ 1,252,578</b>	<b>\$ 266,324</b>	<b>\$ 943,416</b>	<b>\$ 6,665,402</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 251,529	\$ -	\$ -	\$ 13,674	\$ 265,203
Accrued expenditures	292,545	-	-	17,238	309,783
Due to other funds	16,785	-	-	4,078	20,863
Deferred revenue	92,224	46,368	-	6,215	144,807
<b>Total liabilities</b>	<b>653,083</b>	<b>46,368</b>	<b>-</b>	<b>41,205</b>	<b>740,656</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Debt service	-	1,206,210	-	-	1,206,210
M.K. Brown Auditorium	-	-	-	351,871	351,871
Vehicle replacement	389,898	-	-	-	389,898
1997 bond proceeds	18,292	-	-	-	18,292
Inventories	28,842	-	-	-	28,842
Prepaid items	47,002	-	-	-	47,002
Dumpster replacement	228,291	-	-	-	228,291
Other expenditures	61,076	-	-	-	61,076
<b>Unreserved, reported in:</b>					
General fund	2,776,600	-	-	-	2,776,600
Capital projects fund	-	-	266,324	-	266,324
Special revenue funds	-	-	-	550,340	550,340
<b>Total fund balances</b>	<b>3,550,001</b>	<b>1,206,210</b>	<b>266,324</b>	<b>902,211</b>	<b>5,924,746</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,203,084</b>	<b>\$ 1,252,578</b>	<b>\$ 266,324</b>	<b>\$ 943,416</b>	<b>\$ 6,665,402</b>

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

**CITY OF PAMPA, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUND'S BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2009**

<b>Total fund balances - Governmental Funds</b>	\$	5,924,746
<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 Assets, but not in the Governmental Funds Balance Sheet. The net effect of this consolidation is to increase net assets.</p>		
		7,990
<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 \$38,607,146 and the accumulated depreciation was \$27,992,257. 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 \$4,486,082. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.</p>		
		6,128,807
<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, 2009, the amount of capital outlays and debt principal payments were \$942,446 and \$573,036 respectively. The net effect of including the 2009 capital outlays and debt principal payments is to increase net assets.</p>		
		1,515,482
<p>The 2009 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.</p>		
		(1,192,972)
<p>During 2009, the City issued the 2009 Certificates of Obligation, a portion of which was allocated to the governmental activities. The proceeds were reported as other financing resources on the fund financial statements, but should be reported as long term debt on the government-wide financial statements. The effect of this is to decrease net assets.</p>		
		(250,000)
<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 deferred revenue as revenue, eliminating inter-fund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications, eliminations, and recognitions is to increase net assets.</p>		
		41,738
<b>Net assets of Governmental Activities</b>	<b>\$</b>	<b>12,175,791</b>

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

**CITY OF PAMPA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2009**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes:					
Property taxes	\$ 2,402,003	\$ 943,839	\$ -	\$ 153,360	\$ 3,499,202
Sales taxes	3,459,719	-	-	-	3,459,719
Other taxes	1,055,591	-	-	261,530	1,317,121
Penalties and interest on taxes	80,173	891	-	4,454	85,518
Licenses and permits	55,870	-	-	-	55,870
Intergovernmental	110,271	-	-	5,000	115,271
Charges for services	3,086,955	-	-	65,135	3,152,090
Fines	482,807	-	-	12,579	495,386
Investment earnings	12,647	1,859	1,062	11,626	27,194
Contributions and donations	51,679	-	-	28,272	79,951
Other revenue	257,635	-	-	57,890	315,525
<b>Total revenues</b>	<b>11,055,350</b>	<b>946,589</b>	<b>1,062</b>	<b>599,846</b>	<b>12,602,847</b>
Expenditures:					
Current:					
General government	1,366,487	-	-	-	1,366,487
Public safety	5,055,836	-	-	80	5,055,916
Streets and traffic	2,245,070	-	-	-	2,245,070
Solid waste management	1,050,281	-	-	-	1,050,281
Culture and recreation	469,685	-	-	724,108	1,193,793
Capital outlay	741,807	-	-	198,139	939,946
Debt service:					
Principal retirement	29,570	543,466	-	-	573,036
Interest and fiscal charges	1,979	108,970	-	-	110,949
Bond issuance costs	-	-	6,525	-	6,525
<b>Total expenditures</b>	<b>10,960,715</b>	<b>652,436</b>	<b>6,525</b>	<b>922,327</b>	<b>12,542,003</b>
Excess (deficiency) of revenues over (under) expenditures	94,635	294,153	(5,463)	(322,481)	60,844
Other financing sources (uses):					
Transfers in	139,956	1,175	-	323,000	464,131
Transfers out	(443,000)	(104,805)	(1,849)	(15,000)	(564,654)
Issuance of bonds	-	-	250,000	-	250,000
Premium on issuance of bonds	-	-	6,641	-	6,641
<b>Total other financing sources (uses)</b>	<b>(303,044)</b>	<b>(103,630)</b>	<b>254,792</b>	<b>308,000</b>	<b>156,118</b>
Net change in fund balances	(208,409)	190,523	249,329	(14,481)	216,962
Fund balances at beginning of year	3,311,370	1,015,687	16,995	916,692	5,260,744
Prior period adjustment	447,040	-	-	-	447,040
<b>Fund balances at end of year</b>	<b>\$ 3,550,001</b>	<b>\$ 1,206,210</b>	<b>\$ 266,324</b>	<b>\$ 902,211</b>	<b>\$ 5,924,746</b>

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

**CITY OF PAMPA, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUND'S STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

<b>Total net changes in fund balances - Governmental Funds</b>	\$	216,962
<p>The City uses an internal service fund to charge the costs of providing dental benefits to its employees to appropriate functions in other funds. The net income of the internal service fund is reported with governmental activities in the Statement of Activities. The net effect of this consolidation is to increase net assets.</p>		
		525
<p>Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increase in capital assets and reductions in long-term debt in the government-wide financial statements. For the year ended September 30, 2009, the amount of capital outlays and debt principal payments were \$942,446 and \$573,036, respectively. The net effect of including the 2009 capital outlays and debt principal payments is to increase net assets.</p>		
		1,515,482
<p>The 2009 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.</p>		
		(1,192,972)
<p>During 2009, the City issued the 2009 Certificates of Obligation, a portion of which was allocated to the governmental activities. The proceeds were reported as other financing resources on the fund financial statements, but should be reported as long term debt on the government-wide financial statements. The effect of this is to decrease net assets.</p>		
		(250,000)
<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 deferred revenue as revenue, eliminating inter-fund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications, eliminations, and recognitions is to decrease net assets.</p>		
		<u>(98,063)</u>
<b>Change in net assets of Governmental Activities</b>	<b>\$</b>	<b><u><u>191,934</u></u></b>

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, 2009**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 2,463,652	\$ 2,463,652	\$ 2,402,003	\$ (61,649)
Sales taxes	3,700,000	3,700,000	3,459,719	(240,281)
Other taxes	1,133,600	1,133,600	1,055,591	(78,009)
Penalties and interest on taxes	50,000	50,000	80,173	30,173
Licenses and permits	70,100	70,100	55,870	(14,230)
Intergovernmental	87,300	87,300	110,271	22,971
Charges for services	2,782,237	2,783,830	3,086,955	303,125
Fines	429,000	429,000	482,807	53,807
Investment earnings	37,000	37,000	12,647	(24,353)
Contributions and donations	19,400	20,150	51,679	31,529
Other revenue	50,000	225,333	257,635	32,302
Total revenues	<u>10,822,289</u>	<u>10,999,965</u>	<u>11,055,350</u>	<u>55,385</u>
Expenditures:				
Current:				
General government	1,494,438	1,499,683	1,366,487	133,196
Public safety	5,350,922	5,448,161	5,055,836	392,325
Streets and traffic	2,095,285	2,507,175	2,245,070	262,105
Solid waste management	963,568	1,082,818	1,050,281	32,537
Culture and recreation	527,574	544,680	469,685	74,995
Capital outlay	1,335,750	933,591	741,807	191,784
Debt service:				
Principal retirement	29,571	29,570	29,570	-
Interest and fiscal charges	2,011	2,020	1,979	41
Total expenditures	<u>11,799,119</u>	<u>12,047,698</u>	<u>10,960,715</u>	<u>1,086,983</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(976,830)</u>	<u>(1,047,733)</u>	<u>94,635</u>	<u>1,142,368</u>
Other financing sources (uses):				
Transfers in	35,150	5,150	139,956	134,806
Transfers out	(425,000)	(425,000)	(443,000)	(18,000)
Total other financing sources (uses)	<u>(389,850)</u>	<u>(419,850)</u>	<u>(303,044)</u>	<u>116,806</u>
Net change in fund balances	<u>(1,366,680)</u>	<u>(1,467,583)</u>	<u>(208,409)</u>	<u>1,259,174</u>
Fund balances at beginning of year	3,311,370	3,311,370	3,311,370	-
Prior period adjustment	447,040	447,040	447,040	-
Fund balances at end of year	<u>\$ 2,391,730</u>	<u>\$ 2,290,827</u>	<u>\$ 3,550,001</u>	<u>\$ 1,259,174</u>

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



**CITY OF PAMPA, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2009**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities</b>
	<b>Water and Sewer System</b>	<b>Solid Waste Management</b>	<b>Aquatics Center</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 414,776	\$ 381,573	\$ -	\$ 101,985	\$ 898,334	\$ 11,141
<b>Restricted assets - current:</b>						
Cash and cash equivalents	4,498,483	1,202,395	3,670,485	1,173	9,372,536	-
Investments	230,000	-	-	-	230,000	-
Receivables	153,269	-	34,980	-	188,249	-
Interest receivable - investments	69	-	-	-	69	-
Receivables - net of uncollectible allowance	754,913	104,672	-	11,742	871,327	-
Prepaid expense	-	1,776	-	-	1,776	-
Inventories	477,667	-	-	-	477,667	-
<b>Total current assets</b>	<b>6,529,177</b>	<b>1,690,416</b>	<b>3,705,465</b>	<b>114,900</b>	<b>12,039,958</b>	<b>11,141</b>
<b>Non-current assets:</b>						
<b>Capital assets:</b>						
Land	99,734	53,125	-	545,514	698,373	-
Water rights	4,384,700	-	-	-	4,384,700	-
Buildings and improvements	23,624,374	4,204,565	-	1,947,168	29,776,107	-
Vehicles and equipment	3,056,776	2,357,870	-	264,710	5,679,356	-
Surface water supply contracts	5,419,278	-	-	-	5,419,278	-
Roads	-	215,295	-	-	215,295	-
Construction in progress	115,460	1,422,741	59,250	-	1,597,451	-
Less: accumulated depreciation and amortization	(18,828,082)	(5,187,665)	-	(963,289)	(24,979,036)	-
Unamortized landfill permit costs	-	619,546	-	-	619,546	-
<b>Total non-current assets</b>	<b>17,872,240</b>	<b>3,685,477</b>	<b>59,250</b>	<b>1,794,103</b>	<b>23,411,070</b>	<b>-</b>
<b>Total assets</b>	<b>24,401,417</b>	<b>5,375,893</b>	<b>3,764,715</b>	<b>1,909,003</b>	<b>35,451,028</b>	<b>11,141</b>
<b>Liabilities:</b>						
<b>Current liabilities:</b>						
Accounts payable	126,823	12,440	-	5,952	145,215	-
Accrued expenses	48,815	20,379	-	-	69,194	-
Claims and judgments payable	-	-	-	-	-	3,151
Due to other funds	-	-	36,625	201,640	238,265	-
Accrued interest payable	646,876	126,235	78,259	2,759	854,129	-
Consumer deposits	339,311	-	-	-	339,311	-
<b>Bonds payable - current:</b>						
Revenue bonds and certifications of obligation	590,747	19,595	18,676	1,144	630,162	-
CRMWA obligations	310,669	-	-	-	310,669	-
Notes payable - current	10,240	-	-	-	10,240	-
Capital leases payable - current	16,494	176,262	-	39,333	232,089	-
Compensated absences	31,810	11,730	-	-	43,540	-
<b>Total current liabilities</b>	<b>2,121,785</b>	<b>366,641</b>	<b>133,560</b>	<b>250,828</b>	<b>2,872,814</b>	<b>3,151</b>
<b>Non-current liabilities:</b>						
Revenue bonds and certificates of obligation (net)	7,288,893	4,240,963	3,072,712	57,822	14,660,390	-
CRMWA obligations (net)	5,737,947	-	-	-	5,737,947	-
Notes payable	92,159	-	-	-	92,159	-
Capital leases payable	-	-	-	37,161	37,161	-
Compensated absences	10,603	3,910	-	-	14,513	-
Landfill closure liability	-	904,424	-	-	904,424	-
<b>Total non-current liabilities</b>	<b>13,129,602</b>	<b>5,149,297</b>	<b>3,072,712</b>	<b>94,983</b>	<b>21,446,594</b>	<b>-</b>
<b>Total liabilities</b>	<b>15,251,387</b>	<b>5,515,938</b>	<b>3,206,272</b>	<b>345,811</b>	<b>24,319,408</b>	<b>3,151</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	7,968,665	938,284	13,775	1,165,610	10,086,334	-
Restricted for debt service	30,999	-	-	493,812	524,811	-
Restricted for capital acquisition	-	-	622,577	-	622,577	-
Unrestricted	1,150,366	(1,078,329)	(77,909)	(96,230)	(102,102)	7,990
<b>Total net assets</b>	<b>\$ 9,150,030</b>	<b>\$ (140,045)</b>	<b>\$ 558,443</b>	<b>\$ 1,563,192</b>	<b>\$ 11,131,620</b>	<b>\$ 7,990</b>

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

**CITY OF PAMPA, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2009**

	<b>Business-type activities - Enterprise Funds</b>				<b>Total Enterprise Funds</b>	<b>Governmental Activities Internal Service Fund</b>
	<b>Water and Sewer System</b>	<b>Solid Waste Management</b>	<b>Aquatics Center</b>	<b>Other Enterprise Funds</b>		
Operating revenues:						
Charges for services	\$ 6,292,352	\$ 1,602,156	\$ -	\$ 289,132	\$ 8,183,640	\$ 62,852
Rent	-	-	-	3,612	3,612	-
Other revenues	94,891	9,548	622,136	29,108	755,683	-
<b>Total operating revenues</b>	<b>6,387,243</b>	<b>1,611,704</b>	<b>622,136</b>	<b>321,852</b>	<b>8,942,935</b>	<b>62,852</b>
Operating expenses:						
Personnel services	1,048,435	416,097	-	-	1,464,532	-
Contractual services	2,076,233	448,911	-	347,847	2,872,991	5,505
Supplies and materials	594,161	281,436	-	84,003	959,600	-
Depreciation and amortization	933,068	395,746	-	86,513	1,415,327	-
Intercity charges	876,426	68,000	-	29,300	973,726	-
Insurance and claims	29,079	12,250	-	34,919	76,248	56,827
<b>Total operating expenses</b>	<b>5,557,402</b>	<b>1,622,440</b>	<b>-</b>	<b>582,582</b>	<b>7,762,424</b>	<b>62,332</b>
<b>Operating income (loss)</b>	<b>829,841</b>	<b>(10,736)</b>	<b>622,136</b>	<b>(260,730)</b>	<b>1,180,511</b>	<b>520</b>
Non-operating revenues (expenses):						
Investment earnings	24,404	14,709	14,566	517	54,196	5
Sale of materials and equipment	-	-	-	(12,658)	(12,658)	-
Interest and fiscal charges	(621,822)	(178,756)	(78,259)	(10,553)	(889,390)	-
<b>Total non-operating revenues (expenses)</b>	<b>(597,418)</b>	<b>(164,047)</b>	<b>(63,693)</b>	<b>(22,694)</b>	<b>(847,852)</b>	<b>5</b>
<b>Income (loss) before transfers</b>	<b>232,423</b>	<b>(174,783)</b>	<b>558,443</b>	<b>(283,424)</b>	<b>332,659</b>	<b>525</b>
Transfers in	673	22,567	-	135,000	158,240	-
Transfers out	(41,224)	-	-	-	(41,224)	-
<b>Change in net assets</b>	<b>191,872</b>	<b>(152,216)</b>	<b>558,443</b>	<b>(148,424)</b>	<b>449,675</b>	<b>525</b>
<b>Total net assets - beginning of year</b>	<b>8,958,158</b>	<b>12,171</b>	<b>-</b>	<b>1,711,616</b>	<b>10,681,945</b>	<b>7,465</b>
<b>Total net assets - end of year</b>	<b>\$ 9,150,030</b>	<b>\$ (140,045)</b>	<b>\$ 558,443</b>	<b>\$ 1,563,192</b>	<b>\$ 11,131,620</b>	<b>\$ 7,990</b>

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, 2009**

	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	\$ 6,317,998	\$ 1,595,221	\$ 587,156	\$ 312,785	\$ 8,813,160	\$ -
Receipts from inter-fund services provided	(541,066)	-	36,625	101,288	(403,153)	62,852
Payments to employees	(1,033,714)	(402,046)	-	-	(1,435,760)	-
Payments to insurance claims	-	-	-	-	-	(55,895)
Payments to suppliers	(2,847,756)	(1,536,561)	-	(480,062)	(4,864,379)	(5,505)
Payments for inter-fund services used	(876,426)	(68,000)	-	(29,300)	(973,726)	-
Net cash flows from operating activities	<u>1,019,036</u>	<u>(411,386)</u>	<u>623,781</u>	<u>(95,289)</u>	<u>1,136,142</u>	<u>1,452</u>
Cash flows from non-capital financing activities:						
Transfers from other funds	673	22,567	-	135,000	158,240	-
Transfers to other funds	(41,224)	-	-	-	(41,224)	-
Net cash flows from non-capital financing activities	<u>(40,551)</u>	<u>22,567</u>	<u>-</u>	<u>135,000</u>	<u>117,016</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Proceeds from note payable to CRMWA	102,399	-	-	-	102,399	-
Acquisition and construction of capital assets	(1,136,210)	(1,557,552)	(59,250)	(43,450)	(2,796,462)	-
Issuance of 2009 certificates of obligation	2,519,165	3,243,501	3,091,388	-	8,854,054	-
Proceeds from sale of capital assets	-	-	-	6,000	6,000	-
Proceeds from capital lease	-	-	-	43,450	43,450	-
Principal paid on capital debt	(568,403)	(372,137)	-	(34,107)	(974,647)	-
Interest paid on capital debt	(526,916)	(137,887)	-	(11,569)	(676,372)	-
Net cash flows from capital and related financing activities	<u>390,035</u>	<u>1,175,925</u>	<u>3,032,138</u>	<u>(39,676)</u>	<u>4,558,422</u>	<u>-</u>
Cash flows from investing activities:						
Purchase of investments (net of redemptions of investments)	122,500	-	-	-	122,500	-
Interest and dividends received	27,042	14,953	14,566	517	57,078	5
Net cash flows from investing activities	<u>149,542</u>	<u>14,953</u>	<u>14,566</u>	<u>517</u>	<u>179,578</u>	<u>5</u>
Net increase (decrease) in cash and cash equivalents	1,518,062	802,059	3,670,485	552	5,991,158	1,457
Cash and cash equivalents at beginning of year	<u>3,395,197</u>	<u>781,909</u>	<u>-</u>	<u>102,606</u>	<u>4,279,712</u>	<u>9,684</u>
Cash and cash equivalents at end of year	<u>\$ 4,913,259</u>	<u>\$ 1,583,968</u>	<u>\$ 3,670,485</u>	<u>\$ 103,158</u>	<u>\$ 10,270,870</u>	<u>\$ 11,141</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	<u>\$ 829,841</u>	<u>\$ (10,736)</u>	<u>\$ 622,136</u>	<u>\$ (260,730)</u>	<u>\$ 1,180,511</u>	<u>\$ 520</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	933,068	395,746	-	86,513	1,415,327	-
Changes in assets & liabilities:						
(Increase) decrease in:						
Receivables	(70,595)	(16,483)	(34,980)	(9,067)	(131,125)	-
Prepaid expense	-	6,090	-	-	6,090	-
Inventories	(177,174)	-	-	-	(177,174)	-
Increase (decrease) in:						
Accounts payable	28,891	(16,570)	-	(13,293)	(972)	932
Accrued expenses	15,305	7,527	-	-	22,832	-
Due to other funds	(541,066)	-	36,625	101,288	(403,153)	-
Consumer deposits	1,350	-	-	-	1,350	-
Compensated absences	(584)	6,524	-	-	5,940	-
Landfill closure liability	-	(783,484)	-	-	(783,484)	-
Total adjustments	<u>189,195</u>	<u>(400,650)</u>	<u>1,645</u>	<u>165,441</u>	<u>(44,369)</u>	<u>932</u>
Net cash provided (used) by operating activities	<u>\$ 1,019,036</u>	<u>\$ (411,386)</u>	<u>\$ 623,781</u>	<u>\$ (95,289)</u>	<u>\$ 1,136,142</u>	<u>\$ 1,452</u>
Reconciliation of total cash and cash equivalents:						
Cash and cash equivalents on balance sheet	414,776	381,573	-	101,985	898,334	11,141
Restricted cash and cash equivalents on balance sheet	<u>4,498,483</u>	<u>1,202,395</u>	<u>3,670,485</u>	<u>1,173</u>	<u>9,372,536</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 4,913,259</u>	<u>\$ 1,583,968</u>	<u>\$ 3,670,485</u>	<u>\$ 103,158</u>	<u>\$ 10,270,870</u>	<u>\$ 11,141</u>

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

**CITY OF PAMPA, TEXAS  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2009**

	<u>Agency Fund</u> <u>Municipal Court</u> <u>Bail Bond</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 1,866
	<hr style="width: 100%;"/>
Total assets	\$ <u>1,866</u>
<b>Liabilities:</b>	
Deposits	\$ <u>1,866</u>
	<hr style="width: 100%;"/>
Total liabilities	\$ <u>1,866</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, 2009**

**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 and code enforcement and general administrative services. In addition, the City maintains the water and sewer system and a solid waste management operation, the operations of which are accounted for as enterprise funds. The City also operates a municipal golf course which was opened on May 15, 1990 and is accounted for as an enterprise fund, and leases various properties which are also accounted for in an enterprise fund.

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

**A. Reporting Entity**

**The Financial Reporting Entity**

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

**Individual Component Unit Disclosures**

Blended component units:

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

**A.Reporting Entity (continued)**

**Individual Component Unit Disclosures (continued)**

Discretely presented component units:

The component unit column in the government-wide financial statements includes the financial data of a new 4B Economic Development Corporation (the "4BEDC") which was established by voters in the City in November, 2005. This new 4BEDC 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 4BEDC. The board of directors adopted a resolution approving the articles of incorporation, and adopted and approved the corporate bylaws of the 4BEDC in February, 2006.

The 4BEDC also began its operations during the year ended September 30, 2006, and began receiving the ½ cent sales tax which will be used to fund future operations of the 4BEDC. The City is responsible for approving the operating budget of the 4BEDC as adopted by the seven member board of directors. The 4BEDC has elected to not prepare separate financial statements for the year ended September 30, 2009.

**Related Organizations**

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

**Jointly Governed Organizations**

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component unit. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the legally separate *component unit* for which the *primary government* is financially accountable.

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.



**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**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.

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

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

The City reports the following major proprietary funds:

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

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

The Aquatics Center Fund - The Aquatics Center Fund is used to account for the construction of a new water park that is currently in the design phase and the eventual operation of the water park.

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**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:

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

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

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

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

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

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

Nonmajor Proprietary Funds:

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected to not follow subsequent private-sector guidance.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

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

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.

**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, 2009**

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

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

**F. Cash and Investments (continued)**

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

Investments are stated at cost which approximates fair value.

**G. Receivables**

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

**H. Short-Term Inter-fund Receivables/Payables**

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

**I. Inventories and Prepaid Items**

Inventories of materials and supplies are maintained in the General Fund and are managed by the central stores department of the General Fund. The Water and Sewer System maintains an inventory of pipeline and related stores. 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 enterprise fund revenue bonds, as well as certain resources set aside for their repayment are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Deposits from consumers which are to be applied to customer accounts that become uncollectible or otherwise refunded upon termination of utility service are also classified as restricted assets. Other cash funds which have been designated for a particular use are also classified as restricted assets.

**CITY OF PAMPA, TEXAS  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

**K. Capital Assets**

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

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

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. Previously, these items had been included in either the buildings and improvements category or the equipment category on the financial statements.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

**L. Compensated Absences**

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

**M. Long-Term Obligations**

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

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

**N. Net Assets and Fund Balance**

When the City incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets will have to be returned because they were not used. Net assets on the Statement of Net Assets include the following:

- Invested in capital assets, net of related debt – The component of net assets that reports the difference between capital assets less both accumulated depreciation and the outstanding balances of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction, or improvement of these capital assets.
- Restricted for debt service – The component of net assets that reports the differences between assets and liabilities with constraints placed upon their use by bond covenants for the retirement of long term debt.
- Restricted for capital acquisition – The component of net assets that reports the differences between assets and liabilities with constraints placed upon by their use by bond covenants, grantors, contributors, laws, or regulations for the acquisition and construction of capital assets.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

**N. Net Assets and Fund Balance (continued)**

- Restricted for M.K. Brown Auditorium – Expendable – The component of net assets that reports the differences between assets and liabilities that are available to support the operations of the M.K. Brown auditorium
- Restricted for M.K. Brown Auditorium – Nonexpendable – The component of net assets that reports the differences between assets and liabilities that are to be held in perpetuity, the earnings from which may be used to support the operations of the M.K. Brown auditorium.
- Unrestricted – The difference between the assets and liabilities that is not reported in net assets invested in capital, net of related debt; net assets restricted for debt service; net assets restricted for capital acquisition; net assets restricted for M.K. Brown Auditorium – Expendable; and net assets restricted for M.K. Brown Auditorium – Nonexpendable.

In the fund financial statements, governmental funds report fund balances as either a reserved fund balance or an unreserved fund balance.

Reserved fund balance is that portion of fund balance which is not available for appropriation of which has been legally segregated for specific purposes. Reserved fund balance on the balance sheet for the governmental funds includes:

- Reserved for expenditures – the component of fund balance reserved for future expenditures, including capital acquisition, vehicle replacement, dumpster replacement, and other miscellaneous purposes.
- Reserved for inventories – the component of fund balance that represents the materials and supplies purchased as an asset that do not constitute an expenditure until the period in which the inventories are actually consumed.
- Reserved for prepaid items – the component of fund balance that represents payments made in the current year for goods or services to be provided to the City in a future period.

Unreserved fund balance represents that portion of fund balance that is available for budgeting in future periods.

**O. Grants to Businesses**

Grants to businesses are recognized as an expense when the Prior EDC or the 4BEDC makes a grant to a business that is, in substance, unconditional. Additionally, grants are considered unconditional if the chances of not meeting the specified conditions are remote.

Grants that are for reimbursement of expenses are not recorded by the Prior EDC or the 4BEDC as an expense until the recipient actually incurs a reimbursable expense.



**CITY OF PAMPA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 2. STEWARDSHIP, COMPLIANCE AND RESPONSIBILITY:**

**Other Individual Fund Disclosures**

The following funds had an excess of expenses/expenditures over appropriations (exclusive of depreciation) for the year ended September 30, 2009:

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures Excluding Depreciation</u>	<u>Excess of Actual Expenditures Over Budgeted Expenditures</u>
Governmental Funds:			
Capital Projects	\$ -	\$ 6,525	\$ 6,525
Enterprise Funds:			
Solid Waste Management	1,083,176	1,405,450	322,274
Aquatics Center	-	78,259	78,259
Internal Service Funds:			
Dental Benefits	55,516	62,322	6,806
Component Units:			
Pampa Economic Development Corporation	1,407,255	1,529,618	122,363

The Capital Projects Fund was not budgeted because expenditures were not anticipated for the year.

The Solid Waste Management Fund had higher than anticipated permit fees expense and no amount had been budgeted for landfill closure costs.

The Aquatics Center Fund was not budgeted because expenditures were not anticipated for the year.

The Dental Benefits Fund had higher than anticipated claims incurred during the year.

The Pampa Economic Development Corporation awarded more grants than what had been budgeted for the year.

As of September 30, 2009, the City's Solid Waste Management Fund had an overall deficit of \$140,045 in total net assets, resulting primarily from additional closure costs incurred on a portion of the City's landfill cells as further discussed in Note 18 below.

Management is aware of the budget variances shown above as well as the deficit net assets balance, and will attempt to more closely monitor these budgets in the future. In addition, management is assessing the operations of the City's landfill and will continue to do so in the future.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 3. DEPOSITS AND INVESTMENTS:**

Legal and Contractual Provisions Governing Deposits and Investments

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

Throughout the year, as permitted by State statute and the City Charter, required reserves and funds held pending expenditures were invested in either certificates of deposit or a Federal Home Loan Bank bond. At September 30, 2009 all of the City's investments, as shown below, are reflected at cost, which approximates fair value.

Policies Governing Deposits and Investments

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

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

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

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

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.

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:

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

Policies Governing Deposits and Investments (continued)

- 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, 2009, the carrying amounts of the City's investments are shown below. The City did not invest in any other types of investments other than those shown below for the year ended September 30, 2009.

<u>Primary Government</u>	<u>Credit Rating</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Certificates of Deposit	N/A	\$ <u>230,000</u>	\$ <u>230,000</u>
Federal Home Loan Bank bond Matures January, 2014	Moody's Aaa	\$ <u>350,000</u>	\$ <u>350,329</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 4. RECEIVABLES:**

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

<b>Governmental activities:</b>	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Enterprise Funds</b>	<b>M.K. Brown Permanent Fund</b>	<b>Total</b>
Receivables:						
Property taxes	\$ 236,672	\$ 15,680	\$ 100,557	\$ -	\$ -	\$ 352,909
Other taxes	728,353	53,236	-	-	-	781,589
Accounts	239,400	500	-	873,635	-	1,113,535
Grants from federal, state, and local sources	77,994	-	-	34,980	-	112,974
Interest	-	-	-	69	2,953	3,022
CRMWA	-	-	-	153,269	-	153,269
Total receivables	1,282,419	69,416	100,557	1,061,953	2,953	2,517,298
Less allowance for uncollectibles	146,847	9,465	54,189	2,308	-	212,809
Total net receivables	<u>\$ 1,135,572</u>	<u>\$ 59,951</u>	<u>\$ 46,368</u>	<u>\$ 1,059,645</u>	<u>\$ 2,953</u>	<u>\$ 2,304,489</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 59.45% of the total delinquent taxes receivable at September 30, 2009. 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 2008 tax roll for the 2008-2009 fiscal year was \$.6649 per \$100 of assessed valuation, of which \$.463237 was designated to finance general governmental services, \$.171763 was designated for debt service and \$.03 was for the maintenance and support of the Lovett Memorial Library. The resulting tax levy was \$3,504,650 on an assessed value of \$527,014,532 (after exemptions).

Notes receivable at September 30, 2009, consisted of loans made by the Prior EDC and the 4BEDC to various enterprises to enhance economic development for Pampa, Texas. The loans are further discussed in Note 19.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 5. RESTRICTED ASSETS:**

The City had the following restricted assets as of September 30, 2009:

	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Water and Sewer System</u>	<u>Solid Waste Management</u>	<u>Aquatics Center</u>	<u>Non-major Enterprise Funds</u>	<u>Total</u>
Restricted cash:							
Construction and capital acquisition	\$ 18,292	\$ -	\$ 3,961,254	\$ 1,158,523	\$ 3,633,508	\$ -	\$ 8,771,577
Vehicle replacement	389,898	-	-	-	-	-	389,898
Dumpster replacement	228,291	-	-	-	-	-	228,291
Other expenditures	61,076	-	-	-	-	-	61,076
M.K. Brown Auditorium	-	3,016	-	-	-	-	3,016
Revenue bond debt service	-	-	524,606	43,872	36,977	1,173	606,628
Water and sewer utility deposits	-	-	12,623	-	-	-	12,623
Total restricted cash	<u>\$ 697,557</u>	<u>\$ 3,016</u>	<u>\$ 4,498,483</u>	<u>\$ 1,202,395</u>	<u>\$ 3,670,485</u>	<u>\$ 1,173</u>	<u>\$ 10,073,109</u>
Restricted accrued interest receivable:							
M.K. Brown Auditorium	<u>\$ -</u>	<u>\$ 2,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,953</u>
Restricted investments:							
M.K. Brown Auditorium	\$ -	\$ 350,000	\$ -	\$ -	\$ -	\$ -	\$ 350,000
Water and sewer utility deposits	-	-	230,000	-	-	-	230,000
Total restricted investments	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 230,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 580,000</u>
Restricted receivable:							
Construction and capital acquisition	\$ -	\$ -	\$ -	\$ -	\$ 34,980	\$ -	\$ 34,980
CRMWA debt service	-	-	153,269	-	-	-	153,269
Total restricted receivables	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,269</u>	<u>\$ -</u>	<u>\$ 34,980</u>	<u>\$ -</u>	<u>\$ 188,249</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 6. CAPITAL ASSETS:**

Capital asset activity for the year ended September 30, 2009 was as follows:

**Primary Government:**

<b>Governmental activities:</b>	<b>Balance Oct. 1, 2008</b>	<b>Additions</b>	<b>Sales, Retirements, and Transfers</b>	<b>Balance Sept. 30, 2009</b>
Capital assets, not being depreciated				
Land	\$ 210,849	\$ -	\$ -	\$ 210,849
Collection	203,500	-	-	203,500
Construction in progress	153,280	70,753	-	224,033
Total capital assets, not being depreciated	<u>567,629</u>	<u>70,753</u>	<u>-</u>	<u>638,382</u>
Capital assets being depreciated:				
Roads	18,809,864	-	-	18,809,864
Buildings and improvements	9,141,433	277,007	-	9,418,440
Vehicles and equipment	10,088,220	594,686	(666,180)	10,016,726
Total capital assets, being depreciated	<u>38,039,517</u>	<u>871,693</u>	<u>(666,180)</u>	<u>38,245,030</u>
Less accumulated depreciation for:				
Roads	16,919,592	213,557	-	17,133,149
Buildings and improvements	4,545,128	295,564	-	4,840,692
Vehicles and equipment	6,527,537	683,851	(642,823)	6,568,565
Total accumulated depreciation	<u>27,992,257</u>	<u>1,192,972</u>	<u>(642,823)</u>	<u>28,542,406</u>
Total capital assets, being depreciated, net	<u>10,047,260</u>	<u>(321,279)</u>	<u>(23,357)</u>	<u>9,702,624</u>
Total Governmental Activities capital assets, net	<u>\$ 10,614,889</u>	<u>\$ (250,526)</u>	<u>\$ (23,357)</u>	<u>\$ 10,341,006</u>

Construction in progress in the governmental activities consists of costs incurred related to various projects including renovations at the M.K. Brown Auditorium that were not complete as of September 30, 2009.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

<b>Business-type activities:</b>	<b>Balance</b>		<b>Sales,</b>		<b>Balance</b>
	<b>Oct. 1, 2008</b>	<b>Additions</b>	<b>Retirements,</b>	<b>Adjustments</b>	<b>Sept. 30, 2009</b>
			<b>&amp; Transfers</b>		
Capital assets, not being depreciated					
Land	\$ 698,373	\$ -	\$ -	\$ -	\$ 698,373
Construction in progress	428,633	1,324,900	(156,082)	-	1,597,451
Total capital assets, not being depreciated	<u>1,127,006</u>	<u>1,324,900</u>	<u>(156,082)</u>	<u>-</u>	<u>2,295,824</u>
Capital assets being depreciated:					
Roads	215,295	-	-	-	215,295
Buildings and improvements	28,847,409	963,253	(34,555)	-	29,776,107
Vehicles and equipment	5,051,742	647,898	(20,284)	-	5,679,356
Water rights	4,384,700	-	-	-	4,384,700
Surface water supply contracts	5,419,278	-	-	-	5,419,278
Total capital assets, being depreciated	<u>43,918,424</u>	<u>1,611,151</u>	<u>(54,839)</u>	<u>-</u>	<u>45,474,736</u>
Less accumulated depreciation for:					
Roads	158,802	8,974	-	-	167,776
Buildings and improvements	17,265,427	911,329	(15,895)	-	18,160,861
Vehicles and equipment	3,355,630	335,139	(36,778)	-	3,653,991
Water rights	292,994	89,414	-	-	382,408
Surface water supply contracts	2,550,244	63,756	-	-	2,614,000
Total accumulated depreciation	<u>23,623,097</u>	<u>1,408,612</u>	<u>(52,673)</u>	<u>-</u>	<u>24,979,036</u>
Total capital assets, being depreciated, net	<u>20,295,327</u>	<u>202,539</u>	<u>(2,166)</u>	<u>-</u>	<u>20,495,700</u>
Total Business-type Activities capital assets, net	<u>\$ 21,422,333</u>	<u>\$ 1,527,439</u>	<u>\$ (158,248)</u>	<u>\$ -</u>	<u>\$ 22,791,524</u>

Construction in progress in the business-type activities consists of costs incurred related to improvements of the City's water and sewer system, landfill, and construction of the Aquatics Center in the amounts of \$115,460, \$1,422,741, and \$59,250, respectively, that were not complete as of September 30, 2009.



**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

<b>Component Units:</b>	<b>Balance Oct. 1, 2008</b>	<b>Additions</b>	<b>Sales, Retirements, and Transfers</b>	<b>Balance Sept. 30, 2009</b>
Capital assets being depreciated:				
Buildings and improvements	\$ -	\$ 27,851	\$ -	\$ 27,851
Vehicles and equipment	-	13,981	-	13,981
Total capital assets, being depreciated	<u>-</u>	<u>41,832</u>	<u>-</u>	<u>41,832</u>
Less accumulated depreciation for:				
Buildings and improvements	-	1,983	-	1,983
Vehicles and equipment	-	1,131	-	1,131
Total accumulated depreciation	<u>-</u>	<u>3,114</u>	<u>-</u>	<u>3,114</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>38,718</u>	<u>-</u>	<u>38,718</u>
Total Governmental Activities capital assets, net	<u>\$ -</u>	<u>\$ 38,718</u>	<u>\$ -</u>	<u>\$ 38,718</u>

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

Governmental activities:	
General government	\$ 352,868
Public safety	174,407
Streets and traffic	289,876
Solid waste management	89,853
Culture and recreation	<u>285,968</u>
Total depreciation expense - Governmental Activities	<u>\$ 1,192,972</u>
Business-type activities:	
Water and sewer	\$ 933,068
Solid waste management	389,030
Aquatics center	-
Municipal golf course	56,802
Lease properties	<u>29,712</u>
Total depreciation expense - Business-type Activities	<u>\$ 1,408,612</u>
Pampa Economic Development Corporation	<u>\$ 3,114</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 7. LEASE OBLIGATIONS:**

**Capital Leases**

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Water &amp; Sewer System</u>	<u>Solid Waste Management</u>	<u>Municipal Golf Course</u>
2010	\$ 20,291	\$ 17,192	\$ 183,718	\$ 44,024
2011	-	-	-	26,506
2012	-	-	-	12,149
2013	-	-	-	2,024
Total	20,291	17,192	183,718	84,703
Less: Amount representing interest at 4.23% to 5.60%	<u>704</u>	<u>698</u>	<u>7,456</u>	<u>8,209</u>
Present Value of Lease Payments	<u>\$ 19,587</u>	<u>\$ 16,494</u>	<u>\$ 176,262</u>	<u>\$ 76,494</u>

The following summarizes the assets acquired under capital leases:

Cost of equipment	\$ 125,246	\$ 76,682	\$ 913,443	\$ 164,837
Accumulated depreciation	<u>64,675</u>	<u>51,121</u>	<u>504,182</u>	<u>48,888</u>
Net leased equipment	<u>\$ 60,571</u>	<u>\$ 25,561</u>	<u>\$ 409,261</u>	<u>\$ 115,949</u>

**Operating Leases**

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

<u>Year Ending September 30,</u>	<u>General Fund</u>
2010	\$ 40,047
2011	40,047
2012	40,047
2013	13,804
2014	1,150
	<u>\$ 135,095</u>

Rental expenditures under all operating leases for the City have been recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance in the amount of \$40,047.

**CITY OF PAMPA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 7. LEASE OBLIGATIONS (continued):**

**Operating Leases (continued)**

The City is also obligated under certain leases for equipment being rented for the Municipal Golf Course which are accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the assets being leased under the lease agreements are not reflected in the City's capital assets. The City paid \$65,675 in lease payments during the year which was reported on the Statement of Revenues, Expenses, and Changes in Net Assets in the contractual services category. The minimum lease payments under non-cancelable operating leases for the Municipal Golf Course are:

<u>Year Ending September 30,</u>	<u>Municipal Golf Course</u>
2010	\$ 70,117
2011	70,117
2012	70,117
2013	10,968
	<u>\$ 221,319</u>

The Pampa Economic Development Corporation is obligated under a lease with an individual for office space. Under the terms of the lease, the Pampa Economic Development Corporation has agreed to pay a monthly rate of \$600 for a period of 60 months. Rental expense is reported on the Statement of Activities for the year in the amount of \$6,000. The minimum future lease payments are:

<u>Year Ending September 30,</u>	<u>Component Unit</u>
2010	7,200
2011	7,200
2012	7,200
2013	7,200
2014	1,200
	<u>\$ 30,000</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 8. LONG-TERM DEBT:**

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

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

In December, 1999, the City issued \$2,470,000 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 1999, (the "1999 Obligations"), that were used for improvements to the City's Waterworks and Sewer System. Up until the year ended September, 2004, the City serviced these 1999 Obligations from the surplus revenues of the Waterworks and Sewer System. During the year ended September 30, 2004, the City began servicing these 1999 Obligations from annual ad valorem taxes assessed on all of the taxable property within the City. To more properly account for the retirement of the remaining balance of these 1999 Obligations, the City transferred the outstanding balance of the 1999 Obligations out of the Water and Sewer Fund. The outstanding balance of the 1999 Obligations as of September 30, 2009 was \$120,000.

In October, 2001, the City issued \$2,848,931 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2001, (the "2001 Obligations"), that were used for improvements and renovations to the City's Waterworks and Sewer System and to improve and renovate portions of the City's streets. Proceeds from the 2001 Obligations were allocated between the General Fund and the Water and Sewer Fund in the amounts of \$400,000 and \$2,448,931 respectively. The outstanding balance of the 2001 Obligations as of September 30, 2009 was \$2,018,931.

In October 2001, the City also issued \$2,775,000 of General Obligation Refunding Bond Series 2001, (the "2001 Refunding Bonds") that were used by the City to provide funds for the discharge and final payment of \$2,640,000 of the City's General Obligation Bonds, Series 1992, (the "1992 Bonds"). Cash and securities sufficient to fund the 1992 Bonds were transferred into an irrevocable trust, and therefore, an in-substance defeasance of these obligations occurred. Accordingly, the 1992 Bonds are no longer reflected in the City's financial statements. The 1992 Bonds have subsequently been paid by the fiscal agent and no longer remain outstanding. The outstanding balance of the 2001 Refunding Bonds as of September 30, 2009 was \$955,000.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

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

In October, 2005, the City issued \$2,180,000 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2005, (the "2005 Obligations"), that were used for improvements and renovations to the City's Waterworks and Sewer System, to purchase machinery and equipment for the water and sewer, street and public safety departments, and to add improvements to the M.K. Brown auditorium. Proceeds from the 2005 Obligations were allocated between the General Fund, the M.K. Brown Special Revenue Fund and the Water and Sewer Fund in the amounts of \$150,000, \$300,000 and \$1,730,000 respectively. The outstanding balance of the 2005 Obligations as of September 30, 2009 was \$2,015,000.

In October 2005, the City also issued \$3,280,000 of Tax and Waterworks and Sewer System Surplus Revenue Refunding Bonds, (the "2005 Refunding Bonds") that were used by the City to provide funds for the discharge and final payment of \$1,560,000 of the City's Tax and Solid Waste Revenue Certificates of Obligation, Series 1997, and \$1,625,000 of the City's Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 1999. Cash and securities sufficient to fund the 1997 Obligations and the 1999 Obligations were transferred into an irrevocable trust, and therefore, an in-substance defeasance of these obligations occurred. Accordingly, the portion of the 1997 Obligations and the 1999 Obligations refunded are no longer reflected in the City's financial statements. The 1997 Obligations have subsequently been paid by the fiscal agent and no longer remain outstanding. The outstanding balance of the 2005 Refunding Bonds as of September 30, 2009 was \$3,070,000. The 1999 Obligations are further discussed in Note 13.

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

In March, 2008, the City issued \$2,100,000 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2008, (the "2008 Obligations"), that were used for the construction of public works, improvements and renovations to the City's waterworks and sewer system, street improvements, park improvements, golf course improvements, and constructing and equipping police facilities, including a crime scene building. Proceeds from the 2008 Obligations were allocated between the General Fund, the Water and Sewer Fund, and the Golf Course Fund in the amounts of \$412,000, \$1,628,000 and \$60,000 respectively. The outstanding balance of the 2008 Obligations as of September 30, 2009 was \$2,060,000.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

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

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

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

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
1999 certificates of obligation, callable at par beginning June 1, 2010	5.50% - 7.00%	2010	\$ 120,000
2001 general obligation refunding, callable at par beginning June 1, 2011	3.50% - 4.00%	2012	955,000
2005 certificates of obligation, not subject to redemption prior to maturity	3.50% - 4.00%	2016	415,944
2005 revenue refunding bonds, callable at par beginning June 1, 2016	3.50% - 4.00%	2016	2,070,950
2008 certificates of obligation, callable at par beginning June 1, 2018	3.50% - 4.50%	2021	404,152
2009 certificates of obligation, callable at par beginning June 1, 2019, capital appreciation certificates are not subject to redemption prior to maturity	2.25% - 4.625%	2028	250,000
			<u>\$ 4,216,046</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

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

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

<b>Fiscal year ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 449,839	\$ 91,884	\$ 541,723
2011	393,695	132,268	525,963
2012	408,533	116,917	525,450
2013	200,857	101,000	301,857
2014	212,744	93,481	306,225
2015 - 2019	1,719,866	346,398	2,066,264
2020 - 2024	704,963	72,947	777,910
2025 - 2029	125,549	14,660	140,209
	<u>\$ 4,216,046</u>	<u>\$ 969,555</u>	<u>\$ 5,185,601</u>

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

	<b>Interest Rates</b>	<b>Maturity Date</b>	<b>Amount Outstanding</b>
2001 certificates of obligation, callable at par beginning June 1, 2011	3.50% - 4.00%	2015	\$ 2,018,931
2005 certificates of obligation, not subject to redemption prior to maturity	3.50% - 4.00%	2016	1,599,056
2005 revenue refunding bonds, callable at par beginning June 1, 2016	3.50% - 4.00%	2016	999,050
2008 certificates of obligation, callable at par beginning June 1, 2018	3.50% - 4.50%	2021	1,655,848
2009 certificates of obligation, callable at par beginning June 1, 2019, capital appreciation certificates are not subject to redemption prior to maturity	2.25% - 4.625%	2028	8,850,000
			<u>\$ 15,122,885</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

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

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

<b>Fiscal year ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 630,162	\$ 773,288	\$ 1,403,450
2011	736,305	594,310	1,330,615
2012	556,289	777,226	1,333,515
2013	765,721	788,113	1,553,834
2014	763,934	787,741	1,551,675
2015 - 2019	2,955,988	2,892,004	5,847,992
2020 - 2024	4,270,037	1,578,003	5,848,040
2025 - 2029	4,444,449	518,972	4,963,421
	<u>\$ 15,122,885</u>	<u>\$ 8,709,657</u>	<u>\$ 23,832,542</u>

**Canadian River Municipal Water Authority Obligations:**

**Dam and Aqueduct System Obligation.** The City entered into a contract with CRMWA to reimburse it for a portion of the cost of the Canadian River Dam and Aqueduct System, completed in 1968, in exchange for surface water rights. The City's allocation of the project cost was \$5,419,278 plus interest at 2.632% per annum, which was being paid over a period of 50 years that began in 1969. On October 29, 1999, CRMWA was allowed to prepay its debt to the United States Bureau of Reclamation at a reduced amount by an act of Congress. This resulted in a reduction of the City's debt to CRMWA of \$1,461,084 which was recorded as contributed capital in previous years in the water and sewer fund. The balance owed to CRMWA on the new contract at September 30, 2009, excluding interest, was \$1,042,587. The terms of the contract specify that these payments are to be made solely out of the water system revenues and are not a general obligation of the City. For further explanation of this relationship, see Note 11.

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



**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

**Canadian River Municipal Water Authority Obligations (continued):**

In 1999 CRMWA issued debt to refund the 1996 debt that was used to purchase water rights and to provide funding for the completions of the conjunctive use groundwater project. The City is obligated to CRMWA for their portion of the project. The original portion of the 1999 debt that the City is obligated for was \$2,353,354. During the year ended September 30, 2005, a portion of this debt was refunded by the issuance of new debt, as described below. The balance of this obligation at September 30, 2009 was \$227,873. This is a twenty-year debt with interest at 3.8% to 5.75%. 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.

During the year ended September 30, 2005, CRMWA issued new debt, the Canadian River Municipal Water Authority Contract Revenue Bonds, Series 2005 for the purpose of acquiring additional water rights for its member cities. Each of the member cities has a proportional interest in the debt, with the City's portion of the debt issuance being \$1,725,438, which is 5.720% of the total. The bonds were issued at a premium, with the City's portion being \$116,869, which along with issuance costs of \$22,136, are being amortized by the City over the life of the bonds using the effective interest method. The balance of the bonds as of September 30, 2009 was \$1,725,438.

Also during the year ended September 30, 2005, CRMWA issued the Canadian River Municipal Water Authority Contract Revenue Refunding Bonds, Series 2005, (the "2005 Refunding Bonds") to refund a portion of the 2010 through 2020 maturities of the Canadian River Municipal Water Authority Contract Revenue and Refunding Bonds, Series 1999, (the "1999 Refunding Bonds"), in order to achieve debt service savings and to pay costs related to the issuance of the bonds. The 2005 Refunding Bonds bear interest at a rate of 3% to 5%, payable beginning in 2006 through 2020. The City's portion of the 2005 Refunding Bonds was 4.455%, which amounted to \$1,258,983. The bonds were issued at a premium of \$99,701 to the City, which along with issuance costs of \$17,121 are being amortized over the life of the bonds using the effective interest method. The City's portion of the amount contributed by CRMWA to advance refund the debt was \$24,503. The net difference in the carrying amount of the refunded debt and the newly issued debt was a loss of \$115,594, which is also being amortized over the life of the bonds using the effective interest method. Cash and securities sufficient to fund the 1999 Refunding Bonds have been transferred into an irrevocable trust, and therefore, an in-substance defeasance of these obligations has occurred. Accordingly, the 1999 Refunding Bonds that were advance refunded are no longer reflected on the City's financial statements. This advance refunding resulted in a reduction of future debt service payments to the City of \$84,305, and resulted in an economic gain of \$67,083. The balance of the 2005 refunding bonds as of September 30, 2009 was \$1,251,855.

During the year ended September 30, 2006, CRMWA issued new debt, the Canadian River Municipal Water Authority Contract Revenue Bonds, Series 2006 (the "2006 Revenue Bonds") for the purpose of acquiring additional water rights for its member cities. Each of the member cities has a proportional interest in the debt, with the City's portion of the debt issuance being \$1,804,488, which is 3.677% of the total. The bonds were issued at a premium, with the City's portion being \$68,316, which along with issuance costs of \$34,303, are being amortized by the City over the life of the bonds using the effective interest method. The balance of the 2006 Revenue Bonds as of September 30, 2009 was \$1,690,685.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

**Canadian River Municipal Water Authority Obligations (continued):**

**Lake Meredith Salinity Control Project.** The City entered into a contract with CRMWA to reimburse it for a portion of the cost of a salinity control project for Lake Meredith water. The City's original portion of this project is \$275,758 plus interest at 3.20% to 4.40% per annum. This debt is payable over a 10 year period. The balance of this obligation at September 30, 2009 was \$32,901. The terms of the contract specify that these payments are to be made solely out of the water system revenues and are not a general obligation of the City. For further explanation of this relationship, see Note 11.

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

<b>Fiscal year ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 310,669	\$ 291,931	\$ 602,600
2011	289,874	278,792	568,666
2012	303,199	265,429	568,628
2013	317,928	251,049	568,977
2014	333,391	235,848	569,239
2015 - 2019	1,824,619	908,134	2,732,753
2020 - 2024	1,877,063	432,620	2,309,683
2025 - 2029	714,595	38,199	752,794
	<u>\$ 5,971,338</u>	<u>\$ 2,702,002</u>	<u>\$ 8,673,340</u>

As discussed above, as CRMWA issues Revenue Bonds in its name for the various stages of the project each member city will be obligated to CRMWA for their portion of the bond. This obligation will be payable over a 20 year life plus interest. It is estimated that no additional costs are due from the City as of September 30, 2009.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

Long-term liability activity for the year ended September 30, 2009 was as follows:

<b>Governmental activities:</b>	<b>Balance October 1, 2008</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance September 30, 2009</b>	<b>Due Within One Year</b>
Bonds payable:					
General obligation bonds	\$ 4,509,512	\$ 250,000	\$ 543,466	\$ 4,216,046	\$ 449,839
Add: Unamortized bond premiums	110,045	6,641	-	116,686	-
Less: Deferred gain (loss) on refunding	(439,394)	-	-	(439,394)	-
Less: Unamortized bond issuance costs	(88,559)	(6,525)	(2,552)	(92,532)	-
Capital leases	49,157	-	29,570	19,587	19,587
Compensated absences	345,321	369,969	345,321	369,969	-
<b>Total Governmental Activities long-term liabilities</b>	<b>\$ 4,486,082</b>	<b>\$ 620,085</b>	<b>\$ 915,805</b>	<b>\$ 4,190,362</b>	<b>\$ 469,426</b>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds and Certificates of obligation	\$ 6,714,419	\$ 8,850,000	\$ 441,534	\$ 15,122,885	\$ 630,162
CRMWA obligations	6,268,326	-	296,988	5,971,338	310,669
Add: Unamortized bond premiums	388,744	232,692	48,845	572,591	-
Less: Deferred gain (loss) on refunding	99,570	-	25,442	74,128	-
Less: Unamortized bond issuance costs	(198,227)	(228,641)	(25,094)	(401,774)	-
Total bonds payable	13,272,832	8,854,051	787,715	21,339,168	940,831
Landfill closure liability	1,687,908	60,115	843,599	904,424	-
Capital leases	461,924	43,450	236,124	269,250	232,089
Compensated absences	52,114	58,053	52,114	58,053	43,540
CRMWA note	-	102,399	-	102,399	10,240
<b>Total Business-type Activities long-term liabilities</b>	<b>\$ 15,474,778</b>	<b>\$ 9,118,068</b>	<b>\$ 1,919,552</b>	<b>\$ 22,673,294</b>	<b>\$ 1,226,700</b>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

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

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

The composition of interfund balances as of September 30, 2009, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>				<u>Total</u>
	<u>General Fund</u>	<u>M.K. Brown Permanent Fund</u>	<u>Aquatics Center</u>	<u>Nonmajor Enterprise Funds</u>	
General Fund	\$ -	\$ 4078	\$ 36,625	\$ 201,639	\$ 242,342
Debt Service	16,785		-	-	16,785
	<u>\$ 16,785</u>	<u>\$ 4078</u>	<u>\$ 36,625</u>	<u>\$ 201,639</u>	<u>\$ 259,127</u>

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

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>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Municipal Water and Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>	
General fund	\$ -	\$ -	\$ 308,000	\$ -	\$ 135,000	\$ 443,000
Debt service fund	104,805	-	-	-	-	104,805
Capital Projects	-	1,175	-	673	-	1,848
Nonmajor governmental funds	-	-	15,000	-	-	15,000
Water and Sewer Fund	<u>35,151</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,151</u>
Total	<u>\$ 139,956</u>	<u>\$ 1,175</u>	<u>\$ 323,000</u>	<u>\$ 673</u>	<u>\$ 135,000</u>	<u>\$ 599,804</u>

Inter-fund transfers were done in order to supplement the operations of the M.K. Brown Auditorium, the Lovett Memorial Library, the Municipal Golf Course; to transfer funds in order to fund debt service payments; and to transfer funds to clear out inter-fund receivables and payables between various funds. In addition to the above cash transfers, capital assets with a net book value of \$16,493 were transferred between the Water and Sewer Fund, the Solid Waste Management Fund, and the Governmental Activities. The capital asset transfers are reported on the fund financial statements for the enterprise funds, but are excluded from the governmental activities' fund financial statements under GAAP.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 10. GRANTS, COMMITMENTS, AND CONTINGENCIES:**

At September 30, 2009, the 4BEDC had the following commitments and contingencies:

On August 10, 2007, the 4BEDC entered into a loan agreement with a limited partnership whereby the 4BEDC will loan the limited partnership funds to be used to help finance the construction of 76 single-family rental units in the City. Under the terms of the agreement, the 4BEDC has agreed to loan up to \$525,000 for a term of two years at an interest rate of 4.5%. The loan proceeds will be advanced to the limited partnership upon certification by the Gray County Appraisal District that at least 80% of the proposed improvements upon the property have been completed. The limited partnership has an option to extend the term of the loan agreement for an additional six month period upon notice to the 4BEDC. The loan agreement will be secured by a Deed of Trust on the property to be constructed. As of September 30, 2009, no funds had been advanced to the limited partnership, as construction on the facilities was still pending. Management of the 4BEDC has been notified by the management of the limited partnership that they still intend to begin the project, although the exact time frame is currently unknown.

During the year ended September 30, 2008, the 4BEDC approved an \$8,400 grant to Clarendon College Pampa Center (the "College") to be used for scholarships for the Texas Department of Criminal Justice Correctional Officer Academy offered by the College. As of September 30, 2009, \$4,800 had been paid to the College. Further payments under the grant are contingent upon individuals graduating from the academy.

During the year ended September 30, 2008, the 4BEDC approved a \$50,000 grant to the Gray Pampa Community Fund (the "Fund"). The grant stipulates that the income and principal from the grant funds shall be distributed for purposes within the meaning of Section 501 (c)(3) of the Internal Revenue Code. Such distributions by the Fund are to be limited to use for purposes consistent with the charter and the by-laws of the Fund specifically governed by the Texas Development Corporation Act of 1979, Article 5190.6 4b. The grant was paid to the Fund during the year, and there is no further obligation under the grant by the 4BEDC.

During the year ended September 30, 2009, the 4BEDC approved a \$350,000 grant to Pampa Independent School District (the "District") to assist in replacing the turf at the District's high school football stadium. These funds were distributed to the District during the year. There is no further obligation under this grant by the 4BEDC.

During the year ended September 30, 2009, the 4BEDC approved an \$18,630 grant to an individual for the purpose of installing a 6 inch water line and fire hydrant at the Hidden Acres R.V. Park, which was contingent upon the individual obtaining financing and starting construction at the facilities. This grant was funded during the year, and there is no further obligation under the grant by the 4BEDC.

During the year ended September 30, 2009, the 4BEDC approved a \$202,000 grant to the Clarendon College Pampa Center (the "College") to purchase equipment for a wind energy program to allow the College to begin training students in wind energy. This grant was paid by the 4BEDC in October, 2009. After this payment, there is no further obligation on the part of the 4EDC.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

During the year the 4BEDC entered into a cooperative agreement with The Entrepreneur Alliance, Inc. to help existing and new businesses succeed in retail. Under the cooperative agreement, the 4BEDC agreed to pay one-third of the total cost of \$105,000 of the program. The 4BEDC's share is \$35,000. The remaining two-thirds of the project will be paid \$35,000 by the Borger Economic Development Corporation and \$35,000 by either The Entrepreneur Alliance, Inc. or another community. The contract will come up for renewal annually. During the year ended September 30, 2009, the 4BEDC paid \$35,000 under the cooperative agreement.

During the year ended September 30, 2009, the 4BEDC entered into a note agreement with an individual whereby the 4BEDC loaned \$60,000 for their business. The terms of the loan agreement are further discussed in Note 19. Under the agreement, up to 50% of the loan proceeds, \$30,000, may be converted to a grant to the individual upon the individual meeting certain conditions for hiring full-time employees. As of September 30, 2009, the 4BEDC had funded the loan to the individual; however, the amount of the loan that may be converted to a grant is unknown at this time.

During the year ended September 30, 2009, the 4BEDC awarded a \$500,000 grant to the City for the purpose of funding a portion of the construction costs for the new Aquatics Center to be built and operated by the City. In addition, the 4BEDC awarded 20% of the 4BEDC's gross sales tax revenues for a period of 12 months beginning June, 2009 through May, 2010 also to help fund construction of the Aquatics Center. As of September 30, 2009, the 4BEDC had paid the initial \$500,000 grant, along with the sales tax revenues for the months of June and July, 2009 in the amounts of \$20,769 and \$16,387, respectively. The 4BEDC owed the City \$15,900 and \$19,080 for sales tax revenues for the months of August and September, 2009, respectively, which was paid subsequent to year end. The 4BEDC is liable to the City for sales tax revenues collected from October, 2009 to May, 2010. The exact amount owed will not be known until the sales tax revenues have been received from the Comptroller's Office of the State of Texas.

In September, 2009 the 4BEDC's board of directors approved an additional \$250,000 grant to the City for additional funding of the Aquatics Center construction. Under the grant, the 4BEDC is to pay the City the \$250,000, and if the City is successful in obtaining a \$500,000 grant from the Texas Parks and Wildlife Department, the City will return the \$250,000 to the 4BEDC. The final approval of the grant was not made by the City until November, 2009. The \$250,000 grant was paid to the City in December, 2009. The City will not know whether they have received the Texas Parks and Wildlife grant until sometime in mid 2010.

Additional commitments and contingencies were approved by the 4BEDC subsequent to year end, and are discussed under Note 20 – Subsequent Events.

**CITY OF PAMPA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 11. SURFACE WATER SUPPLY CONTRACT:**

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

**NOTE 12. EMPLOYEE RETIREMENT SYSTEM:**

**Plan Description**

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

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

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

	<u>Plan Year 2009</u>	<u>Plan Year 2008</u>	<u>Plan Year 2007</u>
Employee deposit rate	5.0%	5.0%	5.0%
Matching ratio (City to employee)	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI, Repeating	70% of CPI, Repeating	70% of CPI, Repeating

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

**Contributions**

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

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

	Fiscal Year Ending 2009	Fiscal Year Ending 2008	Fiscal Year Ending 2007
Annual pension cost (APC)	\$ 951,738	\$ 722,532	\$ 693,017
Actual contributions made	\$ 951,738	\$ 722,532	\$ 693,017
Percentage of APC contributed	100%	100%	100%
Net pension obligation/(asset)	\$ -	\$ -	\$ -
Annual required contribution rate	13.45%	13.51%	14.23%

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuation. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

Valuation Date	12/31/2008	12/31/2007	12/31/2006
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Unit Credit
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Amortization period	29 years - closed period	30 years - closed period	25 years - open period
Asset valuation method	Amortized cost	Amortized cost	Amortized cost
Assumptions:			
Investment rate of return	7.5%	7.0%	7.0%
Projected salary increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes inflation at	3.0%	3.0%	4.0%
Cost-of-living adjustments	2.1%	2.1%	n/a



**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

The funded status as of December 31, 2008, the most recent actuarial valuation date, is as follows:

Actuarial valuation date	<u>12/31/2008</u>	<u>12/31/2007</u>	<u>12/31/2006</u>
Actuarial value of assets	\$ 7,285,575	\$ 7,798,790	\$ 8,572,667
Actuarial accrued liability (AAL)	\$ 17,345,276	\$ 17,620,563	\$ 15,389,182
Funded ratio	42.0%	44.3%	55.7%
Unfunded AAL (UAAL)	\$ 10,059,701	\$ 9,821,773	\$ 6,816,515
Covered payroll	\$ 5,554,397	\$ 4,923,175	\$ 4,756,521
UAAL as % of covered payroll	181.1%	199.5%	143.3%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

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

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

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

The City's contributions to the TMRS SDBF for the years ended 2009, 2008, and 2007 were \$19,175, \$20,531, and \$19,721, respectively, which equaled the required contributions each year.

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

Calendar year	<u>2008</u>	<u>2007</u>	<u>2006</u>
Annual required contribution rate (ARC)	0.16%	0.17%	0.17%
Actual contribution rate made	0.16%	0.17%	0.17%
Percentage of ARC contributed	100%	100%	100%

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 13. PRIOR YEAR DEFEASANCE OF DEBT:**

In prior years, the City defeased certain general obligation bonds by purchasing government securities with proceeds from the new bonds and placing them in an irrevocable trust to provide all future debt service payments on the old bond issue together with legal, escrow and paying agent fees. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

As of September 30, 2009, the amount of general obligation defeased debt outstanding, but removed from the City's financial statements amounted to \$1,625,000, which was the 1999 Obligations. It is anticipated that the 1999 Obligations will be redeemed on June 1, 2010.

**NOTE 14. OTHER POSTEMPLOYMENT BENEFIT DISCLOSURES:**

In addition to the pension benefits described in Note 12, the City provides post-employment health care benefits, in accordance with the City's Health Benefits Plan, to all employees who retire at age 55 or older with a minimum 15 years of service or to an employee who retires at any age and has had a minimum of 25 years of service. As of September 30, 2009, 22 retirees meet those eligibility requirements. The City is also required to provide health insurance coverage to employees who are separated from service (other than retirement) under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA). Under COBRA an employee has coverage on himself and dependents for up to eighteen months and dependents only that lose coverage due to separation of employee from service up to thirty-six months. Those employees who separate from the City while disabled are covered for up to twenty-nine months under the COBRA provisions. As of September 30, 2009, no former employee were covered under the COBRA provisions.

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

	<u>Expenditures</u>	<u>Retiree Reimbursements</u>	<u>Net Cost to City</u>
Retirees	\$ <u>75,568</u>	\$ <u>46,768</u>	\$ <u>28,800</u>

**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.

**CITY OF PAMPA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 15. RISK MANAGEMENT (continued):**

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

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

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

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

Unpaid claims liabilities are recorded in the dental benefit internal service fund for dental care claims. The following represents the changes in estimated aggregate liabilities for the City from October 1, 2007 to September 30, 2009:

	<b>Dental Benefits</b>
Liability balance, October 1, 2007	\$ 3,840
Claims and changes in estimates	56,065
Claims payments	(57,686)
Liability balance, September 30, 2008	2,219
Claims and changes in estimates	56,827
Claims payments	(55,895)
Liability balance, September 30, 2009	\$ <u>3,151</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**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, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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

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

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

**NOTE 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 10.3129%, resulting in \$71,240 of permit costs being amortized through September 30, 2009.

**NOTE 18. LANDFILL CLOSURE AND POSTCLOSURE CARE COST AND RELATED FINANCIAL ASSURANCE:**

In response to criteria adopted by the U.S. Environmental Protection Agency which established closure requirements for all municipal solid waste landfills that receive solid waste after October 9, 1993, the Governmental Accounting Standards Board issued Statement No. 18 "Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs." State and federal laws and regulations require the City to place a final cover on its existing landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, GASB Statement 18 requires the City to report a portion of these closure and post-closure care costs as an operating expense in each period the landfill is open based on landfill capacity used as of each balance sheet date. These closure and post-closure costs are updated annually based upon what it would cost to perform all closure and post-closure care in 2009.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 18. LANDFILL CLOSURE AND POSTCLOSURE CARE COST AND RELATED FINANCIAL ASSURANCE (continued):**

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

Landfill permit 589A had originally been estimated to have a total of eight cells, but in recent years has been able to be expanded to include a total of ten cells. Cells one through four had been filled in previous years and covered in accordance with both State and Federal regulations. During the year ended September 30, 2009, the City completed usage of cells five through eight and covered these cells also in accordance with State and Federal regulations. The amount of closure costs incurred during the year to cover cells five through eight amounted to \$894,896. The City had previously estimated total closure costs on cells five through eight of permit 589A to be \$826,248; consequently, the additional \$68,648 in closure costs incurred above and beyond what had previously be estimated were recognized in expense in the current year. In November, 2009, the City was notified by the TCEQ that they had approved the closure activities of cells five through eight. Post-closure costs on permit 589A through September 30, 2009 is estimated to be \$642,738, which is reported in liabilities on the Solid Waste Management Fund.

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. During the year ended September 30, 2009, the City incurred \$159,914 in costs to construct these two cells. These costs are included in construction in process at year end, along with the costs pertaining to permit 2238 discussed below. Due to the changes in the scope of usage for permit 589A, the City is currently working with both its outside engineers as well as the City's management to come up with revised closure and post-closure costs for permit 589A. As of the date the financial statements are being issued, the amount of these costs were unknown, as well as the remaining estimated life of cells nine and ten. This information will be disclosed in subsequent year's financial statements when the information becomes available.

Landfill permit 2238 has been estimated to have a total of sixteen cells, with an estimated life of approximately 64 years. Through September 30, 2009, the City had constructed and were using cells one through three of permit 2238. During the year, the City also incurred \$2,317,637 in costs to construct cell number four of permit 2238. At year end, these costs were included in construction in progress. Remaining total construction costs are estimated to be less than \$100,000, and management believes cell four will be completed and ready for use during fiscal year ending September 30, 2010. The City is in the process of working with its outside engineers along with the City's management to come up with revised closure and post-closure costs pertaining to permit 2238, which should be completed in fiscal year 2010. Initial estimates of closure and post-closure costs on permit 2238 are \$409,609 and \$2,127,851, respectively. As of September 30, 2009, the City had estimated that 10.3129% of the landfill permit 2238 capacity has been used; accordingly, a landfill closure liability in the amount of \$261,686 has been recorded in liabilities on the Solid Waste Management Fund. The City's management anticipates that during fiscal year ending September 30, 2010, the revised closure and post-closure costs of landfill permit 2238 due to changes in inflation, technology, and regulations will be known, and subsequent year's financial statements will be adjusted accordingly.

**CITY OF PAMPA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 18. LANDFILL CLOSURE AND POSTCLOSURE CARE COST AND RELATED FINANCIAL ASSURANCE (continued):**

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

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

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

<b>Type of Expenditure</b>	<b>Cost Estimate</b>		
	<b>Old Landfill</b>	<b>New Landfill</b>	<b>Total</b>
Closure costs	\$ -	\$ 409,609	\$ 409,609
Post-closure care costs	642,738	2,127,851	2,770,589
	\$ 642,738	\$ 2,537,460	\$ 3,180,198

The City's financial ratio is as follows:

Total closure and post-closure costs	3,180,198		= 14.72%
Total City revenue	21,599,978		

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

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 19. NOTES RECEIVABLE:**

In November, 1997, the Prior EDC had entered into a loan agreement with an individual to loan the individual a sum of \$100,000, payable in monthly installments of principal with interest at 5%. In August, 1998, the loan was extended, with principal and interest at 5% being payable in monthly installments of \$755. As of September 30, 2009, the outstanding balance of the loan was \$-0-, as the note was paid in full in December, 2008.

On May 1, 2007, the 4BEDC entered into a loan agreement with a limited liability company (the "LLC"). Under the terms of the note agreement, the 4BEDC has loaned the LLC \$75,000 at an interest rate of 9.25%. Payments on the note began on June 1, 2007, and are to be paid monthly in the amount of \$2,988 until September 30, 2009 at which time the entire amount of principal and accrued, unpaid interest are due. As of September 30, 2009, there was still one payment remaining on the note, leaving a balance of \$2,993. Based upon the terms of the note, the loan is expected to be repaid to the 4BEDC as follows:

<b>Fiscal year ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>September 30,</b>			
2010	\$ 2,993	\$ 28	\$ 3,021

On August 3, 2009, the 4BEDC entered into a loan agreement with an individual. Under the terms of the note agreement, the 4BEDC has loaned the individual \$60,000 at an interest rate of 5%. Payments on the note began on September 3, 2009, and are to be paid monthly in the amount of \$1,132 until August 3, 2014, at which time the entire amount of principal and accrued, unpaid interest are due. The note is secured by security agreement and a lien reservation on various equipment. As of September 30, 2009, the outstanding balance of the loan was \$59,118. Based upon the terms of the note, the loan is expected to be repaid to the 4BEDC as follows:

<b>Fiscal year ending</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>September 30,</b>			
2010	\$ 10,878	\$ 2,709	\$ 13,587
2011	11,435	2,152	13,587
2012	12,020	1,567	13,587
2013	12,635	952	13,587
2014	12,150	306	12,456
	<u>\$ 59,118</u>	<u>\$ 7,686</u>	<u>\$ 66,804</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**NOTE 20. SUBSEQUENT EVENTS:**

The City's management has evaluated subsequent events through March 23, 2010, the date on which the financial statements were issued. The following were the items noted by management:

**4BEDC Grants:**

In September, 2009 the 4BEDC's board of directors approved an additional \$250,000 grant to the City for additional funding of the Aquatics Center construction. Under the grant, the 4BEDC is to pay the City the \$250,000, and if the City is successful in obtaining a \$500,000 grant from the Texas Parks and Wildlife Department, the City will return the \$250,000 to the 4BEDC. The final approval of the grant was not made by the City until November, 2009. The \$250,000 grant was paid to the City in December, 2009. The City will not know whether they have received the Texas Parks and Wildlife grant until sometime in mid 2010.

In December, 2009, the 4BEDC's board of directors approved a \$9,000 grant to the City to fund the purchase of a marquee sign at Recreation Park. The \$9,000 grant will be contingent upon the City raising \$25,000 from other sources. After the \$9,000 grant is paid, the 4BEDC has no further obligations under the grant.

In December, 2009, the 4BEDC's board of directors approved a \$9,999 grant to the Top O' Texas Rodeo Association to purchase supplies for the construction of 60 horse stalls at the Rodeo Arena. After the \$9,999 grant is paid, the 4BEDC has no further obligations under the grant.

**Bond Issuances:**

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

During February, 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.



**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

**Bond Issuances (continued):**

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

Based upon these facts, the City anticipates the following debt service requirements after the 2010 Conjunctive Use Obligations and the 2010 Reclamation Obligation have been issued:

<b>Fiscal year ending</b>			
<b>September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 320,835	\$ 297,132	\$ 617,967
2011	320,808	298,604	619,412
2012	332,532	285,921	618,453
2013	346,613	272,094	618,707
2014	360,698	257,317	618,015
2015 - 2019	2,070,280	1,022,937	3,093,217
2020 - 2024	2,098,384	702,571	2,800,955
2025 - 2029	1,003,137	74,996	1,078,133
	<u>\$ 6,853,287</u>	<u>\$ 3,211,572</u>	<u>\$ 10,064,859</u>

**Construction commitments:**

During October, 2009, the City awarded a \$497,776 bid to Hydro Resources Texas, Inc. d/b/a LT Drilling Company, for the purposes of construction of a municipal water well. In December, 2009, the Commissioners also approved a bid from LT Drilling Company in the amount of \$158,811 pertaining to pipeline construction for the municipal water well.

During February, 2010, the City awarded a bid in the amount of \$70,755 to Parsley’s Sheet Metal and Roofing Company for the purposes of replacing the roof at the Lovett Memorial Library.

**Equipment Purchases:**

During October, 2009, the City Commissioners approved a \$174,384 capital lease to purchase a Caterpillar 930 Wheel Loader to be financed over a 5 year period from Warren CAT.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

**Equipment Purchases (continued):**

During November, 2009, the City Commissioners approved \$75,624 for the purchase of vehicles for the police department.

**Aquatic Center Project:**

The City Commission made the final approval of the \$250,000 grant from the 4BEDC to help finance the construction of the Aquatics Center. This is in addition to the \$500,000 grant and sales tax grants also awarded by the 4BEDC as discussed above. The City is still in the designing stages of the project to construct an Aquatic Center within the City. Although subject to change, the City continues to estimate the initial cost of construction of the project to be approximately \$3 to \$4 million. The City is financing approximately \$3,090,000 of the project through the issuance of the 2009 obligations mentioned above. The remainder of the financing for the project will come from the 4EDC grants discussed above. In addition, the City has applied for a \$500,000 State grant from the Texas Parks and Wildlife Department. The anticipated completion date is expected to be the summer of 2011.

In March, 2010, the City purchased \$90,000 in additional land adjacent to the land already owned by the City where the Aquatics Center will be constructed.

**NOTE 21. PRIOR PERIOD ADJUSTMENT:**

In the State of Texas, sales taxes are remitted to the State Comptroller's office, which in turn remits them to the various governmental entities for which they were collected, including the City and the 4BEDC. There is a two month turnaround time between the period for which sales taxes are collected and when they are remitted (i.e. sales tax revenues collected by the State Comptroller's office for the month of September are remitted to the governmental entities the following November). Historically, the City and the 4BEDC have only recorded a receivable at year end for sales tax revenues paid by the State in October, which is the actual sales tax collections for the month of August; thus, revenues recognized on the City's and the 4BEDC's financial statements were always one month behind from what was earned. Management has decided that it is more appropriate to reflect the actual sales tax revenues earned during their fiscal years ending September 30th as sales tax revenue rather than when received. Consequently, the City and the 4BEDC recorded a prior period adjustment to move sales tax revenues received from the State Comptroller's office in November, 2009 out of the fiscal 2009 year's revenue and into the previous year, as it was actually sales tax revenues earned in September, 2008. As a result, the beginning of the year's fund balance on the fund financial statements and beginning of year net assets on the government-wide financial statements was increased by the September, 2008, sales tax revenues received in November, 2009, in the amount of \$447,040 for the City. In addition, the 4BEDC's beginning of the year net assets on the government-wide financial statements was increased by their share of the September, 2008 sales tax revenues received in November, 2009, in the amount of \$149,014.

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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

<b>Fiscal Year</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability</b>	<b>(3) Percentage Funded (1)/(2)</b>	<b>(4) Unfunded Actuarial Liability (2) - (1)</b>	<b>(5) Annual Covered Payroll</b>	<b>(6) Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll (4)/(5)</b>
2009	\$ 7,285,575	\$ 17,345,276	42.0%	\$ 10,059,701	\$ 5,554,397	181.1%
2008	7,798,790	17,620,563	44.3%	9,821,773	4,923,175	199.5%
2007	8,572,667	15,389,182	55.7%	6,816,515	4,756,521	143.3%
2006	8,850,675	15,222,288	58.1%	6,371,613	4,450,556	143.2%
2005	9,521,192	15,618,041	61.0%	6,096,849	4,058,614	150.2%
2004	9,660,372	15,615,024	61.9%	5,954,652	3,972,995	149.9%
2003	9,525,566	14,810,780	64.3%	5,285,214	3,676,983	143.7%
2002	9,602,655	14,564,941	65.9%	4,962,286	3,739,277	132.7%
2001	9,620,592	14,235,199	67.6%	4,614,607	3,924,646	117.6%
2000	9,208,309	13,844,109	66.5%	4,635,800	4,265,335	108.7%

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

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**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND  
SCHEDULE**



**CITY OF PAMPA, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2009**

	<b>Special Revenue Funds</b>			
	<b>Controlled Substances</b>	<b>M.K. Brown Auditorium</b>	<b>Lovett Memorial Library</b>	<b>Economic Development</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 19,682	\$ 12,561	\$ 161,781	\$ 330,519
Receivables, net of allowance for uncollectibles	250	56,189	6,465	-
Restricted cash	20	-	-	-
Restricted accrued interest	-	-	-	-
Restricted investments	-	-	-	-
<b>Total assets</b>	<b>\$ 19,952</b>	<b>\$ 68,750</b>	<b>\$ 168,246</b>	<b>\$ 330,519</b>
<b>Liabilities and Fund balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 12,179	\$ 1,495	\$ -
Accrued expenditures	-	3,622	13,616	-
Due to other funds	-	-	-	-
Deferred revenue	-	-	6,215	-
<b>Total liabilities</b>	<b>-</b>	<b>15,801</b>	<b>21,326</b>	<b>-</b>
<b>Fund balances:</b>				
<b>Reserved:</b>				
M.K. Brown Auditorium	-	-	-	-
<b>Fund balances - unreserved and undesignated:</b>				
Reported in special revenue funds	19,952	52,949	146,920	330,519
<b>Total fund balances</b>	<b>19,952</b>	<b>52,949</b>	<b>146,920</b>	<b>330,519</b>
<b>Total liabilities and fund balances</b>	<b>\$ 19,952</b>	<b>\$ 68,750</b>	<b>\$ 168,246</b>	<b>\$ 330,519</b>

<b>Total Nonmajor Special Revenue Funds</b>	<b>M.K. Brown Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 524,543	\$ -	\$ 524,543
62,904	-	62,904
20	2,996	3,016
-	2,953	2,953
-	350,000	350,000
<b>\$ 587,467</b>	<b>\$ 355,949</b>	<b>\$ 943,416</b>

\$ 13,674	\$ -	\$ 13,674
17,238	-	17,238
-	4,078	4,078
6,215	-	6,215
<b>37,127</b>	<b>4,078</b>	<b>41,205</b>

-	351,871	351,871
550,340	-	550,340
550,340	351,871	902,211
<b>\$ 587,467</b>	<b>\$ 355,949</b>	<b>\$ 943,416</b>

**CITY OF PAMPA, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2009**

	<b>Special Revenue Funds</b>			
	<b>Controlled Substances</b>	<b>M.K. Brown Auditorium</b>	<b>Lovett Memorial Library</b>	<b>Economic Development</b>
Revenues:				
Taxes:				
Property taxes	\$ -	\$ -	\$ 153,360	\$ -
Other taxes	-	261,530	-	-
Penalties and interest on taxes	-	-	4,454	-
Intergovernmental	-	-	5,000	-
Charges for services	-	30,900	235	34,000
Fines	-	-	12,579	-
Investment earnings	6	26	59	144
Contributions and donations	9,958	-	18,314	-
Other revenue	1,048	46,898	9,944	-
Total revenues	<u>11,012</u>	<u>339,354</u>	<u>203,945</u>	<u>34,144</u>
Expenditures:				
Current:				
Public safety	80	-	-	-
Culture and recreation	-	257,235	466,873	-
Capital outlay	-	198,139	-	-
Total expenditures	<u>80</u>	<u>455,374</u>	<u>466,873</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,932</u>	<u>(116,020)</u>	<u>(262,928)</u>	<u>34,144</u>
Other financing sources (uses):				
Transfers in	-	33,000	290,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>33,000</u>	<u>290,000</u>	<u>-</u>
Net change in fund balances	10,932	(83,020)	27,072	34,144
Fund balances at beginning of year	<u>9,020</u>	<u>135,969</u>	<u>119,848</u>	<u>296,375</u>
Fund balances at end of year	<u>\$ 19,952</u>	<u>\$ 52,949</u>	<u>\$ 146,920</u>	<u>\$ 330,519</u>

<b>Total Nonmajor Special Revenue Funds</b>	<b>M.K. Brown Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 153,360	\$ -	\$ 153,360
261,530	-	261,530
4,454	-	4,454
5,000	-	5,000
65,135	-	65,135
12,579	-	12,579
235	11,391	11,626
28,272	-	28,272
57,890	-	57,890
<u>588,455</u>	<u>11,391</u>	<u>599,846</u>
80	-	80
724,108	-	724,108
198,139	-	198,139
<u>922,327</u>	<u>-</u>	<u>922,327</u>
<u>(333,872)</u>	<u>11,391</u>	<u>(322,481)</u>
323,000	-	323,000
-	(15,000)	(15,000)
<u>323,000</u>	<u>(15,000)</u>	<u>308,000</u>
(10,872)	(3,609)	(14,481)
<u>561,212</u>	<u>355,480</u>	<u>916,692</u>
<u>\$ 550,340</u>	<u>\$ 351,871</u>	<u>\$ 902,211</u>

**CITY OF PAMPA, TEXAS  
COMBINING STATEMENT OF NET ASSETS  
NONMAJOR PROPRIETARY FUNDS  
SEPTEMBER 30, 2009**

	<b>Business-type Activities - Enterprise Funds</b>		<b>Total Nonmajor Enterprise Funds</b>
	<b>Municipal Golf Course</b>	<b>Leased Properties</b>	
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ -	\$ 101,985	\$ 101,985
<b>Restricted assets - current:</b>			
Cash and cash equivalents	1,173	-	1,173
Receivables - net of uncollectible allowance	11,742	-	11,742
<b>Total current assets</b>	<b>12,915</b>	<b>101,985</b>	<b>114,900</b>
<b>Non-current assets:</b>			
<b>Capital assets:</b>			
Land	545,514	-	545,514
Buildings and improvements	1,208,576	738,592	1,947,168
Vehicles and equipment	264,710	-	264,710
Less: accumulated depreciation and amortization	(717,730)	(245,559)	(963,289)
<b>Total non-current assets</b>	<b>1,301,070</b>	<b>493,033</b>	<b>1,794,103</b>
<b>Total assets</b>	<b>1,313,985</b>	<b>595,018</b>	<b>1,909,003</b>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	5,502	450	5,952
Due to other funds	109,080	92,560	201,640
Accrued interest payable	2,759	-	2,759
<b>Bonds payable - current:</b>			
Revenue bonds and certifications of obligation	1,144	-	1,144
Capital leases payable - current	39,333	-	39,333
<b>Total current liabilities</b>	<b>157,818</b>	<b>93,010</b>	<b>250,828</b>
<b>Non-current liabilities:</b>			
Revenue bonds and certificates of obligation (net)	57,822	-	57,822
Capital leases payable	37,161	-	37,161
<b>Total non-current liabilities</b>	<b>94,983</b>	<b>-</b>	<b>94,983</b>
<b>Total liabilities</b>	<b>252,801</b>	<b>93,010</b>	<b>345,811</b>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	1,165,610	493,033	1,165,610
Restricted for debt service	779	-	493,812
Unrestricted	(105,205)	8,975	(96,230)
<b>Total net assets</b>	<b>\$ 1,061,184</b>	<b>\$ 502,008</b>	<b>\$ 1,563,192</b>

**CITY OF PAMPA, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET ASSETS**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30,2009**

	<b>Business-type Activities - Enterprise Funds</b>		<b>Total Nonmajor Enterprise Funds</b>
	<b>Municipal Golf Course</b>	<b>Leased Properties</b>	
Operating revenues:			
Charges for services	\$ 289,132	\$ -	\$ 289,132
Rent	-	3,612	3,612
Other revenues	29,108	-	29,108
	<u>318,240</u>	<u>3,612</u>	<u>321,852</u>
Total operating revenues			
Operating expenses:			
Contractual services	321,869	25,978	347,847
Supplies and materials	83,964	39	84,003
Depreciation and amortization	56,802	29,711	86,513
Intercity charges	29,300	-	29,300
Insurance and claims	32,248	2,671	34,919
	<u>524,183</u>	<u>58,399</u>	<u>582,582</u>
Total operating expenses			
Operating income (loss)	<u>(205,943)</u>	<u>(54,787)</u>	<u>(260,730)</u>
Non-operating revenues (expenses):			
Investment earnings	-	517	517
Sale of materials and equipment	(12,658)	-	(12,658)
Interest and fiscal charges	(10,553)	-	(10,553)
	<u>(23,211)</u>	<u>517</u>	<u>(22,694)</u>
Total non-operating revenues (expenses)			
Income (loss) before transfers	(229,154)	(54,270)	(283,424)
Transfers in	<u>135,000</u>	<u>-</u>	<u>135,000</u>
Change in net assets	(94,154)	(54,270)	(148,424)
Total net assets - beginning of year	<u>1,155,338</u>	<u>556,278</u>	<u>1,711,616</u>
Total net assets - end of year	<u>\$ 1,061,184</u>	<u>\$ 502,008</u>	<u>\$ 1,563,192</u>

**CITY OF PAMPA**  
**STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

	<b>Business-type Activities</b>		<b>Total</b>
	<b>Enterprise Funds</b>		
	<b>Municipal</b>	<b>Leased</b>	<b>Nonmajor</b>
	<b>Golf Course</b>	<b>Properties</b>	<b>Enterprise</b>
	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>
Cash flows from operating activities:			
Receipts from customers and users	\$ 309,173	\$ 3,612	\$ 312,785
Receipts from inter-fund services provided	73,634	27,654	101,288
Payments to suppliers	(448,796)	(31,266)	(480,062)
Payments for inter-fund services used	(29,300)		(29,300)
Net cash flows from operating activities	<u>(95,289)</u>	<u>-</u>	<u>(95,289)</u>
Cash flows from non-capital financing activities:			
Transfers from other funds	<u>135,000</u>		<u>135,000</u>
Net cash flows from non-capital financing activities	<u>135,000</u>	<u>-</u>	<u>135,000</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(43,450)		(43,450)
Proceeds from sale of capital assets	6,000		6,000
Proceeds from capital lease	43,450		43,450
Principal paid on capital debt	(34,107)		(34,107)
Interest paid on capital debt	(11,569)		(11,569)
Net cash flows from capital and related financing activities	<u>(39,676)</u>	<u>-</u>	<u>(39,676)</u>
Cash flows from investing activities:			
Interest and dividends received		<u>517</u>	<u>517</u>
Net cash flows from investing activities	<u>-</u>	<u>517</u>	<u>517</u>
Net increase (decrease) in cash and cash equivalents	35	517	552
Cash and cash equivalents at beginning of year	<u>1,138</u>	<u>101,468</u>	<u>102,606</u>
Cash and cash equivalents at end of year	<u>\$ 1,173</u>	<u>\$ 101,985</u>	<u>\$ 103,158</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$ (205,943)	\$ (54,787)	\$ (260,730)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	56,802	29,711	86,513
Changes in assets & liabilities:			
(Increase) decrease in:			
Receivables	(9,067)	-	(9,067)
Increase (decrease) in:			
Accounts payable	(10,715)	(2,578)	(13,293)
Due to other funds	73,634	27,654	101,288
Total adjustments	<u>110,654</u>	<u>54,787</u>	<u>165,441</u>
Net cash provided (used) by operating activities	<u>\$ (95,289)</u>	<u>\$ -</u>	<u>\$ (95,289)</u>
Reconciliation of total cash and cash equivalents:			
Cash and cash equivalents on balance sheet	-	101,985	101,985
Restricted cash and cash equivalents on balance sheet	<u>1,173</u>	<u>-</u>	<u>1,173</u>
Total cash and cash equivalents	<u>\$ 1,173</u>	<u>\$ 101,985</u>	<u>\$ 103,158</u>

**CITY OF PAMPA, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - DEBT SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2009**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>Revenues:</b>				
Property taxes	\$ 880,844	\$ 880,844	\$ 943,839	\$ 62,995
Penalties and interest on taxes	500	500	891	391
Interest	<u>15,600</u>	<u>15,600</u>	<u>1,859</u>	<u>(13,741)</u>
Total revenues	<u>896,944</u>	<u>896,944</u>	<u>946,589</u>	<u>49,645</u>
<b>Expenditures:</b>				
<b>Debt service:</b>				
Principal retirement	739,891	739,891	543,466	196,425
Interest and fiscal charges	<u>138,378</u>	<u>138,378</u>	<u>108,970</u>	<u>29,408</u>
Total expenditures	<u>878,269</u>	<u>878,269</u>	<u>652,436</u>	<u>225,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,675</u>	<u>18,675</u>	<u>294,153</u>	<u>275,478</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	1,175	1,175
Transfers out	<u>-</u>	<u>-</u>	<u>(104,805)</u>	<u>(104,805)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(103,630)</u>	<u>(103,630)</u>
Net change in fund balances	18,675	18,675	190,523	171,848
Fund balance at beginning of year	<u>1,015,687</u>	<u>1,015,687</u>	<u>1,015,687</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,034,362</u>	<u>\$ 1,034,362</u>	<u>\$ 1,206,210</u>	<u>\$ 171,848</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, 2009**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 1,062	\$ 1,062
Total revenues	<u>-</u>	<u>-</u>	<u>1,062</u>	<u>1,062</u>
Expenditures:				
Debt service:				
Bond issuance costs	<u>-</u>	<u>-</u>	<u>6,525</u>	<u>(6,525)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>6,525</u>	<u>(6,525)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(5,463)</u>	<u>(5,463)</u>
Other financing sources (uses):				
Transfers out	-	-	(1,849)	(1,849)
Issuance of bonds	-	-	250,000	250,000
Premium on issuance of bonds	<u>-</u>	<u>-</u>	<u>6,641</u>	<u>6,641</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>254,792</u>	<u>254,792</u>
Net change in fund balances	-	-	249,329	249,329
Fund balances at beginning of year	<u>16,995</u>	<u>16,995</u>	<u>16,995</u>	<u>-</u>
Fund balances at end of year	<u>\$ 16,995</u>	<u>\$ 16,995</u>	<u>\$ 266,324</u>	<u>\$ 249,329</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, 2009**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Contributions and donations	\$ -	\$ 80	\$ 9,958	\$ 9,878
Investment earnings	-	-	6	6
Other revenue	-	-	1,048	
	<u>-</u>	<u>80</u>	<u>11,012</u>	<u>9,884</u>
Total revenues	<u>-</u>	<u>80</u>	<u>11,012</u>	<u>9,884</u>
Expenditures:				
Current:				
Public safety	-	80	80	-
	<u>-</u>	<u>80</u>	<u>80</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>80</u>	<u>80</u>	<u>-</u>
Net change in fund balances	-	-	10,932	10,932
Fund balances at beginning of year	<u>9,020</u>	<u>9,020</u>	<u>9,020</u>	<u>-</u>
Fund balances at end of year	<u>\$ 9,020</u>	<u>\$ 9,020</u>	<u>\$ 19,952</u>	<u>\$ 10,932</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, 2009**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other taxes	\$ 338,000	\$ 338,000	\$ 261,530	\$ (76,470)
Charges for services	25,500	25,500	30,900	5,400
Investment earnings	-	-	26	26
Other revenue	-	46,898	46,898	-
	<u>363,500</u>	<u>410,398</u>	<u>339,354</u>	<u>(71,044)</u>
Total revenues				
Expenditures:				
Current:				
Culture and recreation	277,598	277,598	257,235	20,363
Capital outlay	100,000	200,598	198,139	2,459
	<u>377,598</u>	<u>478,196</u>	<u>455,374</u>	<u>22,822</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(14,098)</u>	<u>(67,798)</u>	<u>(116,020)</u>	<u>(48,222)</u>
Other financing sources (uses):				
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>33,000</u>	<u>18,000</u>
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>33,000</u>	<u>18,000</u>
Net change in fund balances	902	(52,798)	(83,020)	(30,222)
Fund balances at beginning of year	<u>135,969</u>	<u>135,969</u>	<u>135,969</u>	<u>-</u>
Fund balances at end of year	<u>\$ 136,871</u>	<u>\$ 83,171</u>	<u>\$ 52,949</u>	<u>\$ (30,222)</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, 2009**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 159,398	\$ 159,398	\$ 153,360	\$ (6,038)
Penalties and interest on taxes	4,800	4,800	4,454	(346)
Intergovernmental	5,000	5,000	5,000	-
Charges for services	100	100	235	135
Fines	10,200	10,200	12,579	2,379
Investment earnings	180	180	59	(121)
Contributions and donations	8,000	9,640	18,314	8,674
Other revenue	20,000	20,000	9,944	(10,056)
Total revenues	<u>207,678</u>	<u>209,318</u>	<u>203,945</u>	<u>(5,373)</u>
Expenditures:				
Current:				
Culture and recreation	489,659	491,299	466,873	24,426
Capital outlay	44,000	44,000	-	44,000
Total expenditures	<u>533,659</u>	<u>535,299</u>	<u>466,873</u>	<u>68,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(325,981)</u>	<u>(325,981)</u>	<u>(262,928)</u>	<u>63,053</u>
Other financing sources (uses):				
Transfers in	<u>290,000</u>	<u>290,000</u>	<u>290,000</u>	<u>-</u>
Total other financing sources (uses)	<u>290,000</u>	<u>290,000</u>	<u>290,000</u>	<u>-</u>
Net change in fund balances	(35,981)	(35,981)	27,072	63,053
Fund balances at beginning of year	<u>119,848</u>	<u>119,848</u>	<u>119,848</u>	<u>-</u>
Fund balances at end of year	<u>\$ 83,867</u>	<u>\$ 83,867</u>	<u>\$ 146,920</u>	<u>\$ 63,053</u>

**CITY OF PAMPA, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2009**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services	\$ -	\$ -	\$ 34,000	\$ 34,000
Investment earnings	<u>3,000</u>	<u>3,000</u>	<u>144</u>	<u>(2,856)</u>
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>34,144</u>	<u>31,144</u>
<b>Expenditures:</b>				
Current:				
General government	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,000</u>	<u>3,000</u>	<u>34,144</u>	<u>31,144</u>
<b>Other financing sources (uses):</b>				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	3,000	3,000	34,144	31,144
Fund balances at beginning of year	<u>296,375</u>	<u>296,375</u>	<u>296,375</u>	<u>-</u>
Fund balances at end of year	<u>\$ 299,375</u>	<u>\$ 299,375</u>	<u>\$ 330,519</u>	<u>\$ 31,144</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, 2009**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 15,000	\$ 15,000	\$ 11,391	\$ (3,609)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>11,391</u>	<u>(3,609)</u>
Expenditures:				
Current:				
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,000</u>	<u>15,000</u>	<u>11,391</u>	<u>(3,609)</u>
Other financing sources (uses):				
Transfers out	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balances	-	-	(3,609)	(3,609)
Fund balances at beginning of year	<u>355,480</u>	<u>355,480</u>	<u>355,480</u>	<u>-</u>
Fund balances at end of year	<u>\$ 355,480</u>	<u>\$ 355,480</u>	<u>\$ 351,871</u>	<u>\$ (3,609)</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, 2009**

	<u>Balance October 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2009</u>
Municipal Court Bail Bond Fund:				
Assets:				
Cash and cash equivalents	\$ <u>907</u>	\$ <u>5,284</u>	\$ <u>4,325</u>	\$ <u>1,866</u>
Total assets	\$ <u><u>907</u></u>	\$ <u><u>5,284</u></u>	\$ <u><u>4,325</u></u>	\$ <u><u>1,866</u></u>
Liabilities:				
Deposits	\$ <u>907</u>	\$ <u>5,284</u>	\$ <u>4,325</u>	\$ <u>1,866</u>
Total liabilities	\$ <u><u>907</u></u>	\$ <u><u>5,284</u></u>	\$ <u><u>4,325</u></u>	\$ <u><u>1,866</u></u>

**CITY OF PAMPA, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES**  
**SCHEDULE BY SOURCE**  
**SEPTEMBER 30, 2009**

Governmental funds capital assets (net of accumulated depreciation):

Land	\$ 210,849
Collection	203,500
Roads	1,676,715
Buildings & improvements	4,577,748
Equipment	3,448,161
Construction in progress	<u>224,033</u>

Total governmental activities capital assets, net	<u><u>\$ 10,341,006</u></u>
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Investment in governmental activities capital assets by source (net of accumulated depreciation):

General fund	\$ 7,530,228
M.K. Brown Auditorium special revenue fund	1,728,972
Lovett Memorial Library special revenue fund	612,492
Economic Development special revenue fund	<u>469,314</u>

Total investment in governmental activities capital assets by source (net of accumulated depreciation)	<u><u>\$ 10,341,006</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, 2009**

	<u>Land</u>	<u>Collection</u>	<u>Roads</u>	<u>Buildings &amp; Improvements</u>	<u>Construction in Progress</u>	<u>Equipment</u>	<u>Total</u>
General government:							
Mayor and commission	\$ 3,306	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,306
Administrative services	-	-	-	-	-	35,515	35,515
Building & grounds	2,163	-	-	2,742,922	-	326,642	3,071,727
Data processing	-	-	-	-	-	183,084	183,084
Purchasing & central stores	-	-	-	4,632	-	19,047	23,679
Central garage	-	-	-	150,198	-	2,759,882	2,910,080
Subtotal	<u>5,469</u>	<u>-</u>	<u>-</u>	<u>2,897,752</u>	<u>-</u>	<u>3,324,170</u>	<u>6,227,391</u>
Culture and recreation:							
Parks	43,360	95,000	-	343,992	-	468,380	950,732
Recreation	-	-	151,789	1,620,801	-	319,331	2,091,921
M.K. Brown Auditorium	-	108,500	-	3,024,776	6,192	236,532	3,376,000
Lovett Memorial Library	-	-	-	891,115	-	100,810	991,925
Subtotal	<u>43,360</u>	<u>203,500</u>	<u>151,789</u>	<u>5,880,684</u>	<u>6,192</u>	<u>1,125,053</u>	<u>7,410,578</u>
Solid waste collection	-	-	-	-	-	641,605	641,605
Streets and traffic:							
Planning and engineering	-	-	-	-	214,061	104,327	318,388
Streets & traffic control	-	-	18,658,075	20,800	3,780	2,230,598	20,913,253
Subtotal	<u>-</u>	<u>-</u>	<u>18,658,075</u>	<u>20,800</u>	<u>217,841</u>	<u>2,334,925</u>	<u>21,231,641</u>
Public safety:							
Animal control	-	-	-	18,019	-	15,862	33,881
Police	-	-	-	35,768	-	693,688	729,456
Fire suppression	-	-	-	140,268	-	1,376,199	1,516,467
Fire prevention	-	-	-	-	-	21,602	21,602
Dispatch	-	-	-	-	-	74,070	74,070
Emergency management & civil defense	-	-	-	-	-	391,638	391,638
Code enforcement	-	-	-	-	-	17,914	17,914
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,055</u>	<u>-</u>	<u>2,590,973</u>	<u>2,785,028</u>
Blended component unit	<u>162,020</u>	<u>-</u>	<u>-</u>	<u>425,149</u>	<u>-</u>	<u>-</u>	<u>587,169</u>
Total governmental activities capital assets	210,849	203,500	18,809,864	9,418,440	224,033	10,016,726	38,883,412
Less: accumulated depreciation	<u>-</u>	<u>-</u>	<u>17,133,149</u>	<u>4,840,692</u>	<u>-</u>	<u>6,568,565</u>	<u>28,542,406</u>
Total governmental activities capital assets net of accumulated depreciation	<u>\$ 210,849</u>	<u>\$ 203,500</u>	<u>\$ 1,676,715</u>	<u>\$ 4,577,748</u>	<u>\$ 224,033</u>	<u>\$ 3,448,161</u>	<u>\$ 10,341,006</u>

**CITY OF PAMPA, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**SEPTEMBER 30, 2009**

	<b>Governmental Fund Capital Assets Oct. 1, 2008</b>	<b>Additions</b>	<b>Deletions and Transfers</b>	<b>Governmental Fund Capital Assets Sept. 30, 2009</b>
General government:				
Mayor and commission	\$ 3,306	\$ -	\$ -	\$ 3,306
Administrative services	35,515	-	-	35,515
Building & grounds	3,045,923	9,572	16,232	3,071,727
Data processing	183,084	-	-	183,084
Purchasing & central stores	23,679	-	-	23,679
Central garage	3,062,483	376,229	(528,632)	2,910,080
Subtotal	<u>6,353,990</u>	<u>385,801</u>	<u>(512,400)</u>	<u>6,227,391</u>
Culture and recreation:				
Parks	945,531	36,757	(31,556)	950,732
Recreation	2,099,859	22,167	(30,105)	2,091,921
M.K. Brown Auditorium	3,191,202	198,140	(13,342)	3,376,000
Lovett Memorial Library	1,002,689	-	(10,764)	991,925
Subtotal	<u>7,239,281</u>	<u>257,064</u>	<u>(85,767)</u>	<u>7,410,578</u>
Solid waste collection	<u>500,800</u>	<u>122,056</u>	<u>18,749</u>	<u>641,605</u>
Streets and traffic:				
Planning and engineering	220,344	82,581	15,463	318,388
Streets & traffic control	20,903,843	74,102	(64,692)	20,913,253
Subtotal	<u>21,124,187</u>	<u>156,683</u>	<u>(49,229)</u>	<u>21,231,641</u>
Public safety:				
Animal control	55,863	-	(21,982)	33,881
Police	728,740	20,842	(20,126)	729,456
Fire suppression	1,529,805	-	(13,338)	1,516,467
Fire prevention	21,602	-	-	21,602
Dispatch	74,070	-	-	74,070
Emergency management & civil defense	391,638	-	-	391,638
Code enforcement	-	-	17,914	17,914
Subtotal	<u>2,801,718</u>	<u>20,842</u>	<u>(37,532)</u>	<u>2,785,028</u>
Blended component unit	<u>587,169</u>	<u>-</u>	<u>-</u>	<u>587,169</u>
Total governmental activities capital assets	<u>\$ 38,607,145</u>	<u>\$ 942,446</u>	<u>\$ (666,179)</u>	<u>\$ 38,883,412</u>

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**STATISTICAL DATA**

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**Statistical Section Summary:**

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

**Contents**

**Page**

**Financial Trends**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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**Revenue Capacity**

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

135 - 139

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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**Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

148 - 149

**Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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**Sources:**

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

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

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

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

Exhibit B-1

	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	5,481,656	\$ 6,474,128	\$ 6,537,106
	960,218	1,388,162	1,824,406
	<u>3,487,348</u>	<u>3,674,527</u>	<u>3,814,279</u>
	<u>9,929,222</u>	<u>11,536,817</u>	<u>12,175,791</u>
	9,105,903	7,687,577	10,086,334
	1,263,650	3,218,900	1,147,388
	<u>1,104,497</u>	<u>(224,532)</u>	<u>(102,102)</u>
	<u>11,474,050</u>	<u>10,681,945</u>	<u>11,131,620</u>
	14,587,559	14,161,705	16,623,440
	2,223,868	4,607,062	2,971,794
	<u>4,591,845</u>	<u>3,449,995</u>	<u>3,712,177</u>
\$	<u><u>21,403,272</u></u>	\$ <u><u>22,218,762</u></u>	\$ <u><u>23,307,411</u></u>



**City of Pampa, Texas**

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

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

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

Exhibit B-2

	2007	2008	2009
\$	1,625,296	\$ 1,696,033	\$ 1,729,688
	4,613,920	4,873,940	5,284,691
	1,859,807	2,037,076	2,528,096
	1,091,092	1,021,191	1,138,792
	1,329,075	1,344,516	1,413,423
	156,840	109,164	107,960
	<u>10,676,030</u>	<u>11,081,920</u>	<u>12,202,650</u>
	5,341,194	6,015,574	6,179,224
	1,364,944	1,551,281	1,801,196
	-	-	78,259
	431,835	458,651	534,736
	86,753	99,641	58,399
	<u>7,224,726</u>	<u>8,125,147</u>	<u>8,651,814</u>
\$	<u>17,900,756</u>	<u>19,207,067</u>	<u>20,854,464</u>

\$	868,156	\$ 888,903	\$ 893,195
	563,027	733,560	697,040
	-	-	-
	1,626,841	1,663,875	1,915,718
	112,870	120,789	127,744
	148,947	223,617	195,221
	81,195	19,900	-
	<u>3,401,036</u>	<u>3,650,644</u>	<u>3,828,918</u>

	5,198,529	5,418,964	6,292,352
	1,406,146	1,372,124	1,602,156
	-	-	-
	318,094	323,528	289,132
	-	-	3,612
	-	-	-
	-	-	622,136
	<u>6,922,769</u>	<u>7,114,616</u>	<u>8,809,388</u>
\$	<u>10,323,805</u>	<u>10,765,260</u>	<u>12,638,306</u>

\$	(7,274,994)	\$ (7,431,276)	\$ (8,373,732)
	(301,957)	(1,010,531)	157,574
\$	<u>(7,576,951)</u>	<u>(8,441,807)</u>	<u>(8,216,158)</u>

\$	3,162,567	\$ 3,357,458	\$ 3,568,870
	3,725,658	3,928,810	3,459,719
	1,448,350	1,579,574	1,317,121
	141,486	91,410	27,199
	56,719	127,436	309,773
	(169,346)	(45,817)	(117,016)
	-	-	-
	<u>8,365,434</u>	<u>9,038,871</u>	<u>8,565,666</u>

	152,911	80,322	54,196
	198,079	92,287	120,889
	169,346	45,817	117,016
	<u>520,336</u>	<u>218,426</u>	<u>292,101</u>
\$	<u>8,885,770</u>	<u>9,257,297</u>	<u>8,857,767</u>

\$	1,090,440	\$ 1,607,595	\$ 191,934
	218,379	(792,105)	449,675
\$	<u>1,308,819</u>	<u>815,490</u>	<u>641,609</u>

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
General fund:				
Reserved	\$ 503,405	\$ 534,385	\$ 558,604	\$ 719,768
Unreserved	1,516,095	1,556,036	1,915,721	2,274,400
Total general fund	<u>2,019,500</u>	<u>2,090,421</u>	<u>2,474,325</u>	<u>2,994,168</u>
All other governmental funds:				
Reserved for:				
Debt service	55,990	47,201	37,728	95,184
M.K. Brown Auditorium	379,837	368,589	357,816	357,998
Unreserved, reported in :				
Capital projects fund	22,846	23,089	217,479	16,231
Special revenue funds	98,990	169,029	109,265	118,130
Total all other governmental funds	<u>557,663</u>	<u>607,908</u>	<u>722,288</u>	<u>587,543</u>
Total all governmental funds	<u>\$ 2,577,163</u>	<u>\$ 2,698,329</u>	<u>\$ 3,196,613</u>	<u>\$ 3,581,711</u>

Exhibit B-3

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 972,075	\$ 1,075,448	\$ 943,694	\$ 856,583	\$ 544,982	\$ 773,401
2,556,061	2,335,395	2,326,241	2,085,383	2,766,388	2,776,600
<u>3,528,136</u>	<u>3,410,843</u>	<u>3,269,935</u>	<u>2,941,966</u>	<u>3,311,370</u>	<u>3,550,001</u>
136,518	171,695	390,547	585,156	1,015,687	1,206,210
360,070	357,114	355,011	358,292	355,480	351,871
16,244	137,146	16,351	16,770	16,995	266,324
<u>364,164</u>	<u>16,274</u>	<u>535,985</u>	<u>593,099</u>	<u>561,212</u>	<u>550,340</u>
<u>876,996</u>	<u>682,229</u>	<u>1,297,894</u>	<u>1,553,317</u>	<u>1,949,374</u>	<u>2,374,745</u>
<u>\$ 4,405,132</u>	<u>\$ 4,093,072</u>	<u>\$ 4,567,829</u>	<u>\$ 4,495,283</u>	<u>\$ 5,260,744</u>	<u>\$ 5,924,746</u>

## City of Pampa, Texas

### Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<b>Revenues</b>				
Taxes	\$ 5,258,575	\$ 5,848,549	\$ 5,836,287	\$ 5,990,229
Charges for services	2,592,570	2,291,163	2,376,750	2,443,732
Fines & forfeitures	182,536	204,021	219,465	300,203
Interest	103,378	91,071	48,360	37,401
Intergovernmental	119,226	246,216	228,055	213,434
Licenses & permits	23,447	33,360	24,895	19,555
Miscellaneous	122,305	131,050	57,474	117,352
Total revenues	<u>8,402,037</u>	<u>8,845,430</u>	<u>8,791,286</u>	<u>9,121,906</u>
<b>Expenditures</b>				
General government	1,618,891	1,552,110	1,539,367	1,085,722
Public safety	3,056,216	3,230,111	3,087,272	3,393,357
Streets & traffic	865,040	1,166,801	1,367,860	1,248,727
Solid waste management	645,185	701,653	652,149	651,578
Culture & recreation	963,472	665,732	665,332	905,365
Capital outlay	532,021	336,998	687,658	384,365
Debt service:				
Interest and fiscal charges	588,495	303,474	265,432	323,359
Principal	623,040	801,437	1,005,686	710,672
Total expenditures	<u>8,892,360</u>	<u>8,758,316</u>	<u>9,270,756</u>	<u>8,703,145</u>
Excess of revenues over (under) expenditures	<u>(490,323)</u>	<u>87,114</u>	<u>(479,470)</u>	<u>418,761</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from borrowing	250,000	114,531	3,731,920	-
Payments to escrow agent	-	-	(2,768,935)	-
Sale of assets	39,652	1,107	76,505	2,073
Transfers in	335,619	343,272	299,150	292,736
Transfers out	<u>(377,303)</u>	<u>(424,858)</u>	<u>(360,886)</u>	<u>(328,472)</u>
Total other financing sources (uses)	<u>247,968</u>	<u>34,052</u>	<u>977,754</u>	<u>(33,663)</u>
Special item - Transfer of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (242,355)</u>	<u>\$ 121,166</u>	<u>\$ 498,284</u>	<u>\$ 385,098</u>
Debt service as a percentage of non-capital expenditures	<u>14.49%</u>	<u>13.12%</u>	<u>14.81%</u>	<u>12.43%</u>

Exhibit B-4

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	6,338,042	\$ 6,760,822	\$ 7,542,429	\$ 8,357,972	\$ 9,003,564	\$ 8,361,560
	2,468,371	2,585,039	2,683,810	2,772,483	2,873,142	3,152,090
	355,330	344,555	390,166	380,748	516,236	495,386
	42,115	76,227	115,536	141,486	91,396	27,194
	353,293	327,518	283,696	191,245	118,200	115,271
	43,494	46,982	40,261	59,120	87,919	55,870
	94,881	293,878	125,718	136,721	252,753	395,476
	<u>9,695,526</u>	<u>10,435,021</u>	<u>11,181,616</u>	<u>12,039,775</u>	<u>12,943,210</u>	<u>12,602,847</u>
	1,149,982	1,142,833	1,330,461	1,340,681	1,326,259	1,366,487
	3,489,623	3,829,780	4,123,268	4,464,962	4,702,906	5,055,916
	1,418,593	1,655,490	1,532,716	1,503,454	1,729,595	2,245,070
	688,353	768,086	895,823	1,036,806	959,851	1,050,281
	951,259	996,433	1,087,183	1,154,552	1,168,576	1,193,793
	196,499	1,455,714	1,900,327	1,674,685	1,990,161	939,946
	289,548	262,095	210,925	136,953	121,385	117,474
	662,502	649,696	683,364	630,882	555,231	573,036
	<u>8,846,359</u>	<u>10,760,127</u>	<u>11,764,067</u>	<u>11,942,975</u>	<u>12,553,964</u>	<u>12,542,003</u>
	<u>849,167</u>	<u>(325,106)</u>	<u>(582,451)</u>	<u>96,800</u>	<u>389,246</u>	<u>60,844</u>
	-	139,113	2,604,237	-	422,029	256,641
	-	-	(2,102,414)	-	-	-
	9,989	-	-	-	-	-
	424,736	352,085	674,900	529,907	758,939	464,131
	<u>(460,472)</u>	<u>(478,151)</u>	<u>(707,788)</u>	<u>(699,253)</u>	<u>(804,756)</u>	<u>(564,654)</u>
	<u>(25,747)</u>	<u>13,047</u>	<u>468,935</u>	<u>(169,346)</u>	<u>376,212</u>	<u>156,118</u>
	-	-	-	(511,911)	-	-
\$	<u>823,420</u>	<u>(312,059)</u>	<u>(113,516)</u>	<u>(584,457)</u>	<u>765,458</u>	<u>216,962</u>
	<u>11.01%</u>	<u>9.80%</u>	<u>9.07%</u>	<u>7.48%</u>	<u>6.41%</u>	<u>5.95%</u>

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**City of Pampa, Texas**

Exhibit C-1

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

<b>Tax Roll For Year Jan. 1</b>	<b>Fiscal Year</b>	<b>Assessed Value</b>			<b>Total Direct Tax Rate</b>
		<b>Real Property Value</b>	<b>Personal Property Value</b>	<b>Total Value*</b>	
1999	2000	\$ 366,255,658	\$ 26,585,502	\$ 392,841,160	0.6367
2000	2001	355,545,403	51,116,235	406,661,638	0.6500
2001	2002	362,546,049	53,990,600	416,536,649	0.6950
2002	2003	374,543,737	63,903,951	438,447,688	0.6950
2003	2004	396,255,464	81,826,491	478,081,955	0.6950
2004	2005	371,746,415	53,397,117	425,143,532	0.6950
2005	2006	366,575,796	77,971,814	444,547,610	0.6950
2006	2007	391,654,982	81,921,180	473,576,162	0.6950
2007	2008	421,951,543	87,781,115	509,732,658	0.6900
2008	2009	433,383,804	93,880,760	527,264,564	0.6650

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-2**

<b>Fiscal Year</b>	<b>City of Pampa Direct Rates</b>				<b>Overlapping Rates*</b>	
	<b>General Maintenance</b>	<b>Debt Service</b>	<b>Library Maintenance</b>	<b>Total Direct</b>	<b>Pampa Independent School District</b>	<b>Gray County</b>
2000	0.398700	0.208000	0.030000	0.636700	1.475	0.459918
2001	0.396000	0.224000	0.030000	0.650000	1.525	0.427238
2002	0.443100	0.221900	0.030000	0.695000	1.545	0.475833
2003	0.458300	0.206700	0.030000	0.695000	1.554	0.495631
2004	0.462500	0.202500	0.030000	0.695000	1.561	0.522267
2005	0.459500	0.205500	0.030000	0.695000	1.556	0.488926
2006	0.466700	0.198300	0.030000	0.695000	1.435	0.445623
2007	0.473271	0.191729	0.030000	0.695000	1.325	0.473260
2008	0.468700	0.191300	0.030000	0.690000	1.375	0.446730
2009	0.463237	0.171763	0.030000	0.665000	1.369	0.432740

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

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

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

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

**Exhibit C-3**

Taxpayer	2009			2000		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Pampa Regional Medical Center	11,924,954	1	2.26%	\$ 6,456,410	3	1.64%
Signature Pampa Hospital	9,490,410	2	1.80%			
Wal-Mart Real Estate	6,917,640	3	1.31%			
Wal-Mart Stores East	6,553,244	4	1.24%	3,127,960	4	0.80%
West Texas Landscaping	6,217,088	5	1.18%			
Xcel Energy (Formerly Southwestern Public Service)	6,098,237	6	1.16%	8,451,290	1	2.15%
SBC Texas	4,057,322	7	0.77%	6,909,480	2	1.76%
Shreedi Krupa Hotels	3,529,570	8	0.67%			
Fluid Compressor Partners	3,219,150	9	0.61%			
Daniel Weingarten	3,009,550	10	0.57%	3,095,030	5	0.79%
Coronado Community Hospital				2,794,500	6	0.71%
Nickle's Industrial				2,663,756	7	0.68%
Albertson's				2,595,750	8	0.66%
Atmos Energy Corporation (Formerly Energas)				2,079,720	9	0.53%
Pampa Supermarket LP				2,075,290	10	0.53%
<b>Total</b>	<b>\$ 61,017,165</b>		<b>11.57%</b>	<b>\$ 40,249,186</b>		<b>10.25%</b>

Source: Gray County Appraisal District

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

<b><u>Roll Year</u></b>	<b><u>Total Tax Levy</u></b>	<b><u>Current Tax Collections</u></b>	<b><u>Percent of Levy Collected</u></b>	<b><u>Delinquent Tax Collections</u></b>
2000	\$ 2,339,425	\$ 2,228,233	95.2%	\$ 69,578
2001	2,449,568	2,298,619	93.8%	114,920
2002	2,689,947	2,570,985	95.6%	86,820
2003	2,803,641	2,693,355	96.1%	71,602
2004	2,803,611	2,699,492	96.3%	80,172
2005	2,788,311	2,660,991	95.4%	87,857
2006	2,897,766	2,754,962	95.1%	84,870
2007	3,100,752	2,963,548	95.6%	129,387
2008	3,339,992	3,210,630	96.1%	172,528
2009	3,504,650	3,393,819	96.8%	105,384

Exhibit C-4

	<b>Total Tax Collections</b>	<b>Total Collections as a Percent of Current Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Outstanding Delinquent Taxes as a Percent of Current Levy</b>
\$	2,297,811	98.2%	\$ 493,659	21.1%
	2,413,539	98.5%	454,910	18.6%
	2,657,805	98.8%	430,184	16.0%
	2,764,957	98.6%	463,271	16.5%
	2,779,664	99.1%	487,380	17.4%
	2,748,848	98.6%	499,807	17.9%
	2,839,832	98.0%	539,381	18.6%
	3,092,935	99.7%	498,101	16.1%
	3,383,158	101.3%	368,921	11.0%
	3,499,203	99.8%	352,909	10.1%

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		
	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>Revenue Bonds &amp; Certificates of Obligation</b>	<b>CRMWA Obligations</b>	<b>Capital Leases</b>
2000	\$ 4,640,000	\$ 567,610	\$ 8,350,000	\$ 4,420,507	\$ 177,266
2001	4,020,000	500,704	7,890,000	4,253,570	110,308
2002	3,880,000	723,922	9,783,931	4,079,668	151,420
2003	5,830,000	463,280	6,463,931	3,899,400	102,020
2004	5,355,000	275,779	5,908,931	3,711,393	130,040
2005	4,850,000	270,196	5,328,931	5,175,545	1,028,215
2006	5,228,435	104,347	6,060,496	6,770,570	859,829
2007	4,624,510	77,390	5,409,421	6,552,525	640,278
2008	4,509,512	49,157	6,714,419	6,268,326	461,924
2009	4,216,046	19,587	15,122,885	5,971,339	269,250

(1) Source: United States Census

**Exhibit D-1**

<b><u>Total Primary Government</u></b>	<b><u>Percentage of Personal Income</u></b>	<b><u>Per Capita (1)</u></b>
\$ 18,155,383	3.27%	\$ 910
16,774,582	2.97%	938
18,618,941	3.36%	1,041
16,758,631	2.95%	937
15,381,143	2.56%	860
16,652,887	2.77%	931
19,023,677	3.16%	1,064
17,304,124	3.93%	967
18,003,338	4.09%	1,007
25,599,107	5.17%	1,431

**City of Pampa, Texas**

**Exhibit D-2**

**Ratio of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Resources Restricted for paying Debt Service</u>	<u>Net General Obligation Bonds Outstanding</u>	<u>Assessed Taxable Value</u>	<u>Ratio of Net General Obligation Bonds Outstanding to Assessed Taxable Value</u>	<u>Net General Obligation Bonds Outstanding Per Capita</u>
2000	\$ 4,640,000	\$ 55,990	\$ 4,584,010	\$ 392,841,160	1.17%	\$ 230
2001	4,020,000	47,201	\$ 3,972,799	406,661,638	0.98%	\$ 222
2002	3,880,000	37,728	3,842,272	416,536,649	0.92%	215
2003	5,830,000	95,184	5,734,816	438,447,688	1.31%	321
2004	5,355,000	136,518	5,218,482	478,081,955	1.09%	292
2005	4,850,000	171,695	4,678,305	425,143,532	1.10%	262
2006	5,228,435	390,547	4,837,888	444,547,610	1.09%	270
2007	4,624,510	585,156	4,039,354	473,576,162	0.85%	226
2008	4,509,512	1,015,687	3,493,825	509,732,658	0.69%	195
2009	4,216,046	1,206,210	3,009,836	527,264,564	0.57%	168

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

See Exhibit C-1 for property value data.

**City of Pampa, Texas**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2009**

**Exhibit D-3**

	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable*</u>	<u>Applicable Debt Outstanding</u>
Pampa Independent School District	\$ 51,884,908	49%	\$ 25,423,605
Gray County	1,100,000	33%	<u>363,000</u>
Total overlapping debt			25,786,605
City of Pampa			<u>4,216,046</u>
Total direct and overlapping debt			<u>\$ 30,002,651</u>

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

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

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



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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Assessed value, before exemptions	\$ <u>392,841,160</u>	\$ <u>406,661,638</u>	\$ <u>416,536,649</u>	\$ <u>438,447,688</u>
Legal debt limit (10% of assessed value, before exemptions)	\$ <u>39,284,116</u>	\$ <u>40,666,164</u>	\$ <u>41,653,665</u>	\$ <u>43,844,769</u>
General obligation bonds	\$ 4,640,000	\$ 4,020,000	\$ 3,880,000	\$ 5,830,000
Less: Resources restricted for paying debt service	<u>55,990</u>	<u>47,201</u>	<u>37,728</u>	<u>95,184</u>
Total net general obligation bonds outstanding applicable to the limit	\$ <u>4,584,010</u>	\$ <u>3,972,799</u>	\$ <u>3,842,272</u>	\$ <u>5,734,816</u>
Computation of legal debt margin:				
Legal debt limit	\$ 39,284,116	\$ 40,666,164	\$ 41,653,665	\$ 43,844,769
Less: Net general obligation bonds outstanding	<u>4,584,010</u>	<u>3,972,799</u>	<u>3,842,272</u>	<u>5,734,816</u>
Legal debt margin	\$ <u>34,700,106</u>	\$ <u>36,693,365</u>	\$ <u>37,811,393</u>	\$ <u>38,109,953</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>11.67%</u>	<u>9.77%</u>	<u>9.22%</u>	<u>13.08%</u>

**Exhibit D-4**

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ <u>478,081,955</u>	\$ <u>425,143,532</u>	\$ <u>444,547,610</u>	\$ <u>473,576,162</u>	\$ <u>509,732,658</u>	\$ <u>527,264,564</u>
\$ <u>47,808,196</u>	\$ <u>42,514,353</u>	\$ <u>44,454,761</u>	\$ <u>47,357,616</u>	\$ <u>50,973,266</u>	\$ <u>52,726,456</u>
\$ 5,355,000	\$ 4,850,000	\$ 5,228,435	\$ 4,624,510	\$ 4,509,512	\$ 4,216,046
<u>136,518</u>	<u>171,695</u>	<u>390,547</u>	<u>585,156</u>	<u>1,015,687</u>	<u>1,206,210</u>
\$ <u>5,218,482</u>	\$ <u>4,678,305</u>	\$ <u>4,837,888</u>	\$ <u>4,039,354</u>	\$ <u>3,493,825</u>	\$ <u>3,009,836</u>
\$ 47,808,196	\$ 42,514,353	\$ 44,454,761	\$ 47,357,616	\$ 50,973,266	\$ 52,726,456
<u>5,218,482</u>	<u>4,678,305</u>	<u>4,837,888</u>	<u>4,039,354</u>	<u>3,493,825</u>	<u>3,009,836</u>
\$ <u>42,589,714</u>	\$ <u>37,836,048</u>	\$ <u>39,616,873</u>	\$ <u>43,318,262</u>	\$ <u>47,479,441</u>	\$ <u>49,716,620</u>
<u>10.92%</u>	<u>11.00%</u>	<u>10.88%</u>	<u>8.53%</u>	<u>6.85%</u>	<u>5.71%</u>

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

<u>Fiscal Year</u>	<u>Gross Revenues (1)</u>	<u>Operating Expenses Before Debt Service (2)</u>	<u>Net Revenues Available for Debt Service</u>
<b>Water &amp; Sewer Fund</b>			
2000	\$ 4,061,333	\$ 3,162,200	\$ 899,133
2001	4,265,185	3,118,628	1,146,557
2002	4,370,855	3,206,040	1,164,815
2003	4,284,074	3,562,637	721,437
2004	4,589,754	3,492,506	1,097,248
2005	4,682,357	3,742,448	939,909
2006	5,517,515	4,018,369	1,499,146
2007	5,479,658	3,938,478	1,541,180
2008	5,549,781	4,548,572	1,001,209
2009	6,411,647	4,624,334	1,787,313
<b>Solid Waste Fund</b>			
2000	\$ 999,516	\$ 573,360	\$ 426,156
2001	1,087,180	613,981	473,199
2002	1,154,108	569,151	584,957
2003	1,181,315	575,111	606,204
2004	1,182,799	529,876	652,923
2005	1,195,582	606,206	589,376
2006	1,301,233	641,924	659,309
2007	1,480,040	748,715	731,325
2008	1,437,059	928,839	508,220
2009	1,626,413	1,226,694	399,719

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

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

Exhibit D-5

	Debt Service			Times Coverage
	Principal	Interest	Total	
\$	285,000	\$ 321,191	\$ 606,191	1.5
	305,000	395,741	700,741	1.6
	390,000	367,095	757,095	1.5
	365,000	137,635	502,635	1.4
	370,000	121,251	491,251	2.2
	380,000	111,199	491,199	1.9
	437,485	182,914	620,399	2.4
	431,075	165,956	597,031	2.6
	383,002	148,666	531,668	1.9
	255,590	213,197	468,787	3.8
\$	145,000	\$ 152,459	\$ 297,459	1.4
	155,000	146,042	301,042	1.6
	165,000	132,393	297,393	2.0
	175,000	122,060	297,060	2.0
	185,000	111,386	296,386	2.2
	200,000	118,726	318,726	1.8
	210,000	144,607	354,607	1.9
	220,000	133,872	353,872	2.1
	-	122,892	122,892	4.1
	184,800	122,892	307,692	1.3

**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>
2009	22,248	\$ 495,151	\$ 22,256	39.3	3,397	7.7%
2008	21,000	\$ 440,550	\$ 20,099	39.3	3,397	3.7%
2007	21,919	\$ 440,550	\$ 20,099	39.0	3,400	3.5%
2006	21,393	\$ 601,549	\$ 28,119	38.9	3,368	3.2%
2005	21,393	\$ 601,549	\$ 28,119	38.9	3,340	3.7%
2004	21,393	\$ 601,549	\$ 28,119	38.9	3,269	4.6%
2003	21,641	\$ 567,540	\$ 26,225	38.9	3,257	5.3%
2002	21,892	\$ 554,305	\$ 25,320	38.9	3,325	5.6%
2001	22,178	\$ 565,130	\$ 25,482	38.9	3,462	4.7%
2000	22,586	\$ 555,395	\$ 24,590	38.9	3,504	4.0%

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

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

**City of Pampa, Texas**  
**Principal Employers**  
**Current year**

**Exhibit E-2**

**2009**

<b>Employer</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Pampa Independent School District	504	1	4.40 %
Texas Department of Criminal Justice	322	2	2.81 %
Pampa Regional Medical Center	235	3	2.05 %
Wal-mart	221	4	1.93 %
National Oilwell Varco	200	5	1.75 %
Halliburton	165	6	1.44 %
City of Pampa	150	7	1.31 %
Gray County	140	8	1.22 %
Titan Specialties	136	9	1.19 %
Cabot	105	10	0.92 %
	<u>2,178</u>		<u>19.02 %</u>

Source: Pampa Chamber of Commerce

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

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

**Exhibit F-1**

<b>FUNCTION/PROGRAM</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>
<b>GENERAL FUND</b>										
Administrative Services	4	4	4	3	3	3	3	3	4	4
Financial Services	5	5	5	5	4	4	4	4	4	5
Municipal Court	2	2	1	1	1	1	1	1	3	2
<b>Police Services</b>										
Officers	25	25	25	25	24	24	25	25	24	27
Civilians	4	4	4	4	4	4	2	2	2	3
<b>Fire</b>										
Firefighters and officers	28	28	28	28	28	28	28	28	28	28
Civilians	0	0	0	0	0	0	0	0	1	1
Planning & Engineering	2	2	2	2	2	2	2	2	2	2
Street & Traffic Control **	17	17	17	16	16	16	16	16	17	9
Parks Department **	0	0	0	0	0	0	0	0	0	9
Recreation Department	3	4	3	2	2	2	2	2	2	2
Buildings & Grounds	0	1	1	0	0	0	0	0	2	2
Community Services	0	0	0	0	0	1	1	1	1	1
Code Enforcement	2	2	2	1	1	1	1	1	1	2
Animal Control	3	3	3	3	2	2	2	2	3	3
Dispatching Services	8	8	8	8	8	8	8	8	7	8
Emergency Management	1	1	1	1	1	1	1	1	1	1
Data Processing	1	1	1	1	1	1	1	1	1	1
Purchasing	0	0	0	0	0	1	1	1	1	2
Central Stores	0	0	0	0	0	0	0	0	0	0
Central Garage	0	0	0	0	0	0	0	0	1	4
Solid Waste Collection	6	6	6	5	6	6	6	6	6	7
Risk Management	0	0	0	0	0	0	0	0	0	0
<b>SPECIAL REVENUE FUNDS</b>										
M.K. Brown Auditorium	1	0	1	1	1	1	1	1	1	1
Lovett Memorial Library	7	7	7	6	8	8	8	8	8	8
<b>ENTERPRISE FUNDS</b>										
Municipal Utilities	10	10	10	9	9	9	9	9	12	10
Water Distribution	9	9	9	9	9	9	9	9	9	9
Wastewater Collection	5	5	5	5	5	5	5	5	5	5
Landfill Composting	0	0	0	0	0	0	0	0	1	1
Solid Waste Landfill	7	6	6	5	5	5	5	5	6	6
Golf Course	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>150</b>	<b>150</b>	<b>149</b>	<b>140</b>	<b>140</b>	<b>142</b>	<b>141</b>	<b>141</b>	<b>153</b>	<b>163</b>

\*\* These two departments merged together in the 2000-2001 budget year

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

**Exhibit F-2**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>	<u>1999-00</u>
Police										
Physical arrests	1,391	1,581	1,183	1,353	1,043	1,272	1,430	991	905	990
Parking violations	35	13	-	-	-	-	-	-	1	-
Traffic violations	5,529	6,486	4,214	5,785	3363	3252	1229	2574	3361	3240
Fire										
Emergency responses	1,013	1,093	914	898	824	846	817	951	962	844
Fires extinguished	141	167	136	203	118	154	137	191	199	182
Inspections	17	24	20	20	20	20	20	20	20	20
Refuse Collection										
Refuse collected (tons per day)	74	79	79	62	62	62	62	62	62	62
Number of Customers	7,504	7,548	7,513	7,486	7,459	7,400	7,486	7,515	7,594	7,845
Other Public Works										
Street resurfacing (sq. yards)	214,024	356,529	241,784	219,646	417,944	310,273	291,214	200,000	138,527	202,798
Potholes repaired	1,143	1,243	855	582	715	302	481	500	510	640
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	7	7	8	6	6	6	6	6	7	7
Number of Volleyball Leagues	4	4	4	4	4	4	4	2	2	2
Library										
Volumes in collection	55,207	65,125	69,072	70,401	72,320	77,421	83,631	82,189	86,642	86,642
Total volumes borrowed	613	238	238	272	273	322	321	510	539	539
Water										
Number of customers	8,211	8,271	8,199	8,170	8,112	8,050	8,147	8,173	8,247	8,328
Average daily consumption (thousands of gallons)	2,381	2,509	2,414	2,765	2,411	2,411	2,649	2,417	2,838	3,266
Wastewater										
Number of customers	7,548	7,586	7,533	7,510	7,459	7,480	7,524	7,541	7,617	7,692
City Landfill										
Solid Wasted Collected (tons/day)	195	208	192	242	242	231	231	155	155	155
Memorial Civic Center										
Auditorium Rentals	102	110	77	45	30	45	62	59	59	59

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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Refuse Collections										
Collection Trucks	3	3	3	3	3	3	3	3	3	3
Other Public Works										
Streets	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9
Street Lights	1460	1460	1460	1460	1460	1460	1460	1460	1460	1460
Traffic Signals	12	12	12	12	12	12	12	12	12	12
Parks and Recreation										
Acreage	332	332	332	332	332	332	332	332	332	332
Playgrounds	39	39	39	39	39	39	39	39	39	39
Baseball/softball diamonds	13	13	13	13	13	13	13	13	13	13
Community Center	1	1	1	1	1	1	1	1	1	1
Jogging Trails (miles)	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Water										
Water mains (miles)	160.5	160.5	160.5	160.5	160.5	160.5	160.5	160.5	160.5	160.5
Fire Hydrants	600	600	600	600	600	600	600	600	600	600
Storage capacity (million gallons)	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
Wastewater										
Sanitary Sewers	115	115	115	115	115	115	115	115	115	115
Treatment capacity (mil. gallons)	3	3	3	3	3	3	3	3	3	3
Golf Courses	3	3	3	3	3	3	3	3	3	3

Source: Various City Departments

**INTERNAL CONTROL  
AND  
COMPLIANCE REQUIREMENTS**

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## **BROWN, GRAHAM & COMPANY**

PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

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

#### **Independent Auditor's Report**

**Honorable Mayor Lonny Robbins and City Commission  
Pampa, Texas**

We have audited the financial statements 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 (the "City"), as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 23, 2010. 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.

#### **Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item one to be a material weakness.

**Honorable Mayor Lonny Robbins and City Commission  
Pampa, Texas**

**Internal Control Over Financial Reporting (continued)**

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. We consider the deficiency described in the accompanying schedule of findings and responses as item two to be a significant deficiency.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item two.

We noted other matters that we reported to management of the City in a separate letter dated March 23, 2010.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the City's responses and, accordingly, we express no opinion on them.

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

*Brown, Graham & Company, P.C.*

Amarillo, Texas  
March 23, 2010

**CITY OF PAMPA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**I. Summary of the Auditor's Results:**

- a. The type of report issued on the financial statements of the City of Pampa, Texas is an unqualified opinion.
- b. Significant deficiencies in internal control were disclosed by the audit of the financial statements, one of which was identified as a material weakness.
- c. Noncompliance which is material to the financial statements: None.

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

**Item One – Accounting Procedures and Controls:**

Criteria – Under current generally accepted auditing standards, the City of Pampa, Texas (the “City”) is required to take the ultimate responsibility for the financial statements to be materially correct. As a part of these requirements and standards, the City is expected to have the controls in place internally as well as the skills and competencies necessary to prevent, detect and correct material misstatements. This process does not stop at the general ledger; rather, it extends to the preparation of the City’s financial statements and related notes. This duty cannot be assigned to the independent auditor.

Condition – During the audit, it was noted that various accounts on the general ledger needed to be adjusted in order for the City’s financial statements to be materially correct. The adjusting entries proposed during the audit, not all of which were material to the City’s financial statements, included but were not limited to: adjusting accrued interest in debt; capitalizing assets purchased under a capital lease; adjusting the landfill closure liability for the current year’s closure costs incurred; recording grants payable for the Pampa Economic Development Corporation; adjusting depreciation expense; recording a note payable to the Canadian River Municipal Water Authority, and the various entries needed to convert the fund financial statements to the government-wide financial statements in accordance with Governmental Accounting Standards Board Statements Number 34 and 37.

Cause – The City did not have the procedures in place to allow the financial statements to be prepared in accordance with generally accepted accounting principles without material adjustments having to be made to the financial statements.

Effect – Since procedures and policies were not in place, adjustments were needed, some of which were material, so that the financial statements were materially correct.

Recommendation – We understand that the City has utilized our firm’s assistance and expertise in recommending various adjusting and reclassifying journal entries that should be posted to the City’s general ledger for the financial statements to be materially correct. However, under current generally accepted auditing standards, the City is still required to take the ultimate responsibility for the financial statements to be materially correct. As a part of that process, the City is expected to have the controls in place internally as well as the skills and competencies necessary to prevent, detect, and correct material misstatements. This process does not stop at the general ledger; rather, it extends on to the preparation of the City’s financial statements and related notes. Unfortunately, the City cannot assign this duty to the independent auditor.

**CITY OF PAMPA**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

**Item One – Accounting Procedures and Controls (continued):**

We recognize that many of the entries discussed above are needed only at year end to prepare the City's annual financial statements in accordance with generally accepted accounting principles as applicable to a governmental entity. We also recognize that due to time constraints on the City's personnel, it has been a matter of convenience that the City utilizes our firm to assist in the preparation of the financial statements and to propose adjusting and reclassifying journal entries. It is basically a decision by the City's management of weighing the costs verses the benefits of using the independent auditor's assistance in preparing the financial statements and proposing the necessary journal entries needed with the appropriate review and approval by the City's management.

**Management's response:**

The City has utilized the audit firm to examine its financial reports to obtain reasonable assurance that the financial statements are fairly presented, free from material misstatement. Traditionally, the City has relied heavily on the audit firm to recommend various adjusting entries to present accurate and materially correct statements. The City recognizes its responsibility to have the procedures, controls and competencies in place to detect and correct material misstatements and has worked diligently to assume more responsibility and to lessen the reliance on the audit firm. In the past few years, the staff has worked diligently and made great strides in this area and continues to do so. The staff has identified and sought assistance from the audit firm on all entries mentioned with the exception of the grants payable for the PEDC. The grants were approved in the last fiscal year but were budgeted for the 2009-10 fiscal year, and were reclassified as a payable for the 2008-09 budget year. In reference to the accrued debt interest, the interest were accrued, but during the audit it was determined that there changes necessary, mainly due to the type of debt instrument and were not material. The adjustment required to the capital leases was a change in a lease from the prior year that was reported consistently, but has now been identified as needing to be changed. City staff asked the audit firm for assistance with the landfill closure liability as it has been treated the same for several years and needed to be lessened as closure costs were being incurred. City staff and audit staff delved into it and determined the adjusting entries that were necessary. A note payable to CRMWA was not booked originally by staff as a payable. We were not billed for this until January of 2010, but we did know we would be billed, and decided to go ahead and book it as a payable in 2008-09.

The City staff has taken ultimate responsibility and has the controls, skills, and competencies to avoid material misstatements and will continue to increase our responsibility. We still wish to utilize the assistance and expertise of an audit firm to recommend any entries needed to further assure correctness as a part of the audit process and expect the auditors will continue to make adjusting entries as part of the scope of the audit. While we strive to be independent in our financial duties, we still prefer to consult with the firm on some issues and to hire the audit firm to make the entries necessary to convert our statements in accordance with GASB Statements No. 34 and 37. Furthermore, we also wish to work with the audit firm to compile our comprehensive annual financial report due to staffing and time restraints, software needs, and the related costs.

**CITY OF PAMPA**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

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

**Item Two – Budget Variances:**

Criteria – Under current State regulations, the City is required to adopt an annual budget for its various funds. In addition, the budget should be monitored throughout the year and amended as needed by the City’s administration.

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

Cause – The City did not have the procedures in place to ensure that the budgets for all funds were properly amended during the year.

Effect – The City has various funds with total expenditures excluding depreciation expense and capital outlays that exceeded the final amended, which is a potential violation of State budgetary laws.

Recommendation – We suggest the City examine its current budget process, and that controls be implemented to ensure that the budget is monitored throughout the year and amended as needed prior to year end.

**Management’s response -**

The City has procedures in place to ensure budgets are properly amended. Most of the budget variances mentioned were due to changes made after the year ended. The new Aquatics Center did not have a budget for interest expense. There were no interest payments made during the year, but an accrual was made as part of the year end process for newly issued debt. The Capital Projects fund was not budgeted, but the transactions were for a transfer of funds to reimburse the general fund for a budgeted purchase and an interest accrual was made. The Solid Waste fund was over budget in permit costs, due to a reclassification of some expenditures in construction in progress for landfill construction at year end. These costs were incurred over more than one year, and the closure was completed during this year. Some of the costs were initially expected to be capital costs, but were determined to be permit expense. The EDC had a budget variance due to the audit adjustment to record a grant payable that was not due until the next year. All of these budgets could not be adjusted in the financial software after year end. It is important to note that these variances were due to accounting changes or accruals , rather than unbudgeted expenditures.



**CITY OF PAMPA  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009**

**Item One – Accounting Procedures and Controls:**

During the audit, it was noted that various accounts on the general ledger needed to be adjusted in order for the financial statements to be materially correct in accordance with generally accepted accounting principles. The adjusting entries proposed during the audit of the City of Pampa, Texas included but were not limited to the following: adjusting negative cash balances in cash pool accounts, adjusting prepaid expenditure accounts, adjusting various receivable and payable accounts, adjusting various capital outlay and capital asset accounts, adjusting various accounts related to long-term debt, reclassifying various revenue and expenditure amounts, recording accrued vacation and sick leave expected to be paid within the next twelve months on the governmental fund financial statements, recording accreted interest on capital appreciation bonds, adjusting various accounts pertaining to the landfill closure liability, and the various entries needed to convert the fund financial statements to the government-wide financial statements in accordance with Governmental Accounting Standards Board Statement Number 34.

Current Status: We again noted that various accounts on the general ledger needed to be adjusted in order for the financial statements to be materially correct in accordance with generally accepted accounting principles.