

City of Pampa, Texas

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



CITY OF PAMPA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

Prepared by
Department of Finance

**CITY OF PAMPA, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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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, 2009

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 principals (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, 2008.

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, 2008, 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, 2008, 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 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 21,000. 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 104.

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 11,279. The unemployment rate has increased from 3.5% in March, 2008 to 5.6% as of March, 2009.

Long-term financial planning. 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.

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

Other risk management activities are administered in the general fund. These activities include administering employee life, health, property and liability insurance, worker's compensation and unemployment and disability insurance programs. The City periodically performs safety inspections and when necessary implements procedural changes to insure a high degree of safety in the workplace. The City is developing new safety training programs in conjunction with the Texas Municipal League and is supporting its employees in employee implemented wellness programs.

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, 2007. This was the 21st consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

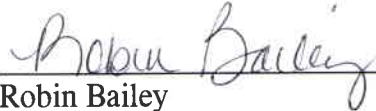
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Richard Morris
City Manager



Robin Bailey
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pampa
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

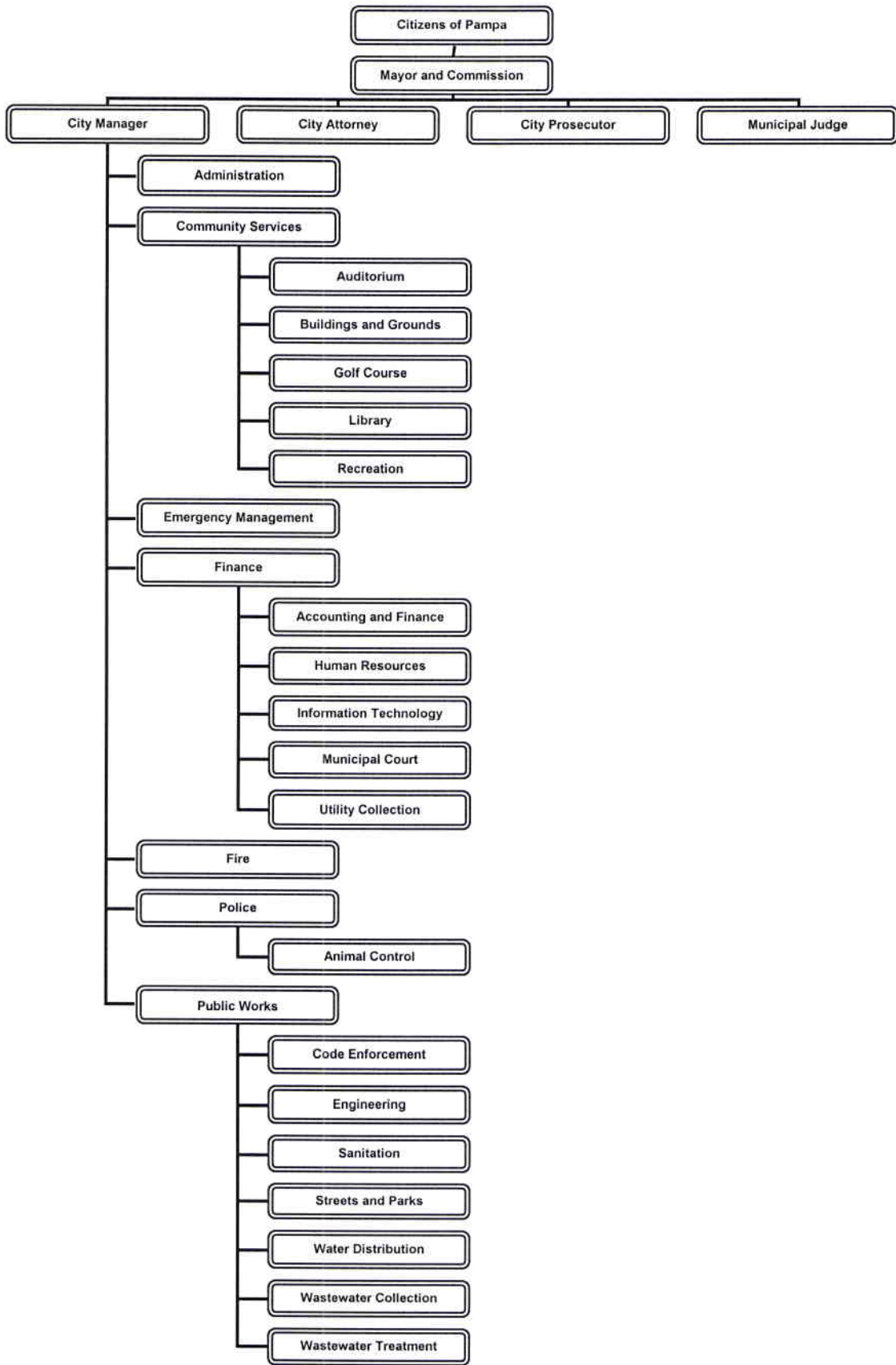
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards 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
Donny Brown	Interim 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 Kurfman	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, 2008, 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, 2008, 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, 2009, 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

The management's discussion and analysis and schedule of funding progress for the Texas Municipal Retirement System on pages 23 through 31 and page 97 respectively are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken 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 express no opinion on them.

Brown, Graham + Company, P.C.

Amarillo, Texas
March 23, 2009

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

As management of the City of Pampa, we offer readers of the City of Pampa's financial statements this narrative overview and analysis of the financial activities of the City of Pampa for the fiscal year ended September 30, 2008. 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, 2007, as well.

Financial Highlights

- The assets of the City of Pampa exceeded its liabilities at the close of the most recent fiscal year by \$22,218,762 (*net assets*). Of this amount, \$3,449,995 (*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 \$5,260,744. Approximately 64% of this total amount, \$3,344,595 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 \$2,766,388 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, 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 non-major 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, 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, the municipal golf course, and leased properties, 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 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 111 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 53-93 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 97 of this report.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 100-114 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 \$22,218,762 at the close of the most recent fiscal year.

By far the largest portion of the City of Pampa's net assets (64%) 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, 2007, the current year shows a growth in net assets in the governmental activities and a decrease in net assets in the business-type activities. Governmental activities increased the City of Pampa's net assets by \$1,607,595, or 16% from the prior year. This increase is primarily due to increases in the amount of sales and property taxes in the amounts of \$203,152 and \$227,686 respectively related to new business and population growth and closely controlling expenditures. There was a decrease of \$792,105 or 6.9% in net assets in the business-type activities as compared to the prior fiscal year, with most of the decrease being attributable to new debt for capital acquisitions being issued.

An additional portion of the City of Pampa's net assets (21%) represents resources subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$3,449,995 may be used to meet the government's ongoing obligations to citizens and creditors. This represents a 25% decrease compared to the prior year which is attributable primarily to 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 \$2,766,388, while total fund balance reached \$3,311,370. 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 30% of that same amount. The 5% increase in the general fund's liquidity ratios, particularly unreserved fund balance, is attributable to several factors. A major factor is an increase of \$721,151 in the City's revenues over the prior year, mostly coming from an increase in tax revenues which resulted from the new business and increased population.

The debt service fund has a total fund balance of \$1,015,687, all of which is reserved for the payment of debt service. It increased by \$430,532 from the prior year due to the proceeds from the issuance of the 2008 bonds.

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

Unrestricted net assets in the Water and Sewer System Fund at the end of the year amounted to \$200,047 those for the Solid Waste Management Fund amounted to (\$406,500), those for the Municipal Golf Course amounted to (\$51,612), and those for the Lease Properties Fund amounted to \$33,533.

General Fund Budgetary Highlights

During the year, there was a \$400,737 increase in appropriations between the original budget and the final amended budget. Budget amendments included a \$375,750 increase in sales tax, \$21,500 additional in charges for services, and \$3487 in other revenue. The increase in sales tax and charges for services are attributed to population growth. With the amendment to sales tax revenue, appropriations were increased to provide \$75,750 for a booster truck for the fire department and \$300,000 in street improvements.

Even with the budget amendments made, sales tax still exceeded the final budget by \$223,060. Of the revenues \$1,097,997 variance with final budget, besides the increase in sales tax, property taxes exceeded budget by \$112,211, franchise taxes were over budget by \$146,113, charges for services exceeded budget by \$159,762, and fines exceeded budget by \$181,106. Actual expenditures were \$556,378 lower than the final amended budget, of which \$218,553 comes from the public safety sector and \$117,254 from the culture and recreation segments. These variances are attributed both to unexpended budgeted capital, which will be completed in another fiscal year, and to closely controlling expenses, including overtime.

In addition, there were transfers into the general fund from the capital assets fund to provide funding for some capital acquisition.

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, 2008 amounted to \$32,037,222, net of accumulated depreciation. This excludes the unamortized landfill permit costs of \$626,262. This investment in capital assets includes land, buildings and improvements, vehicles and equipment, park facilities, roads, bridges, and infrastructure assets.

Additional information on the City of Pampa's capital assets may be found on pages 69-71 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 \$17,492,257. Of this amount, \$4,509,512 comprises debt backed by the full faith and credit of the government. The remainder of the City of Pampa's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City of Pampa's overall long-term debt increased by \$856,393, as compared to the prior year caused mostly because of the issuance of the 2008 bonds. Additional information concerning long-term debt is located in Note 8 to the Notes to the Financial Statements, on pages 73-81.

Economic Factors and Next Year's Budgets and Rates

The City of Pampa's unemployment rate, currently 5.6% as of March, 2009, continues to be below both the State (6.4) 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 2008-09 fiscal year.

Requests for Information

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

CITY OF PAMPA'S NET ASSETS

	Governmental Activities	Business-type Activities	Total
	2008	2008	2008
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>

	Governmental Activities	Business-type Activities	Total
	2007	2007	2007
Current and other assets	\$ 5,443,570	\$ 5,087,390	\$ 10,530,960
Capital assets	9,763,196	22,040,462	31,803,658
Total assets	<u>15,206,766</u>	<u>27,127,852</u>	<u>42,334,618</u>
Long-term liabilities outstanding	4,677,013	14,618,385	19,295,398
Other liabilities	600,531	1,035,417	1,635,948
Total liabilities	<u>5,277,544</u>	<u>15,653,802</u>	<u>20,931,346</u>
Net assets:			
Invested in capital assets, net of related debt	5,481,656	9,105,903	14,587,559
Restricted	960,218	1,263,650	2,223,868
Unrestricted	3,487,348	1,104,497	4,591,845
Total net assets	<u>\$ 9,929,222</u>	<u>\$ 11,474,050</u>	<u>\$ 21,403,272</u>

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

	Governmental Activities	Business-type Activities	Total
	2008	2008	2008
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>
	2007	2007	2007
Land	\$ 210,849	\$ 698,373	\$ 909,222
Water rights	-	4,181,120	4,181,120
Buildings and improvements	4,769,340	11,753,543	16,522,883
Vehicles and equipment	3,128,189	1,710,195	4,838,384
Surface water supply contracts	-	2,932,790	2,932,790
Roads	1,653,403	65,467	1,718,870
Construction in progress	1,415	698,974	700,389
Total	<u>\$ 9,763,196</u>	<u>\$ 22,040,462</u>	<u>\$ 31,803,658</u>

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

	Governmental Activities	Business-type Activities	Total
	2008	2008	2008
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>
	2007	2007	2007
General obligation bonds	\$ 4,624,510	\$ -	\$ 4,624,510
Revenue bonds	-	5,409,421	5,409,421
Total	<u>\$ 4,624,510</u>	<u>\$ 5,409,421</u>	<u>\$ 10,033,931</u>

CITY OF PAMPA CHANGES IN NET ASSETS

	Governmental Activities	Business-type Activities	Total
	2008	2008	2008
Revenues:			
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>
Expenses:			
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	(45,817)	45,817	-
Change in net assets after transfers	<u>1,607,595</u>	<u>(792,105)</u>	<u>815,490</u>
Net assets - 10/1/2007	9,929,222	11,474,050	21,403,272
Net assets - 9/30/08	<u>\$ 11,536,817</u>	<u>\$ 10,681,945</u>	<u>\$ 22,218,762</u>

CITY OF PAMPA CHANGES IN NET ASSETS

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u>2007</u>
	<u>2007</u>	<u>2007</u>	<u>2007</u>
Revenues:			
Program revenues:			
Charges for services	\$ 3,170,894	\$ 6,922,769	\$ 10,093,663
Operating grants	148,947	-	148,947
Capital grants and contributions	81,195	-	81,195
General revenues:			
Property taxes	3,162,567	-	3,162,567
Sales taxes	3,725,658	-	3,725,658
Other taxes	1,448,350	-	1,448,350
Miscellaneous	198,205	350,990	549,195
Total revenues	<u>11,935,816</u>	<u>7,273,759</u>	<u>19,209,575</u>
Expenses:			
General government	1,625,296	-	1,625,296
Public safety	4,613,920	-	4,613,920
Streets and traffic	1,859,807	-	1,859,807
Solid waste management	1,091,092	-	1,091,092
Culture and recreation	1,329,075	-	1,329,075
Interest on long-term debt	156,840	-	156,840
Water and sewer	-	5,341,194	5,341,194
Solid waste management	-	1,364,944	1,364,944
Golf course	-	431,835	431,835
Leased properties	-	86,753	86,753
Total expenses	<u>10,676,030</u>	<u>7,224,726</u>	<u>17,900,756</u>
Change in net assets before transfers	1,259,786	49,033	1,308,819
Transfers	<u>(169,346)</u>	<u>169,346</u>	<u>-</u>
Change in net assets after transfers	1,090,440	218,379	1,308,819
Net assets - 10/1/2006	8,838,782	11,255,671	20,094,453
Net assets - 9/30/07	<u>\$ 9,929,222</u>	<u>\$ 11,474,050</u>	<u>\$ 21,403,272</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, 2008

	Primary Government			Component Unit: Pampa Economic Development Corporation
	Governmental Activities	Business-Type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 2,921,341	\$ 784,552	\$ 3,705,893	\$ 149,676
Investments	300,000	-	300,000	2,223,219
Receivables, net of allowance for uncollectibles	1,125,158	778,133	1,903,291	100,372
Internal balances	641,418	(641,418)	-	-
Inventories	30,288	300,493	330,781	-
Prepaid items	35,804	7,866	43,670	200
Note receivable	34,522	-	34,522	34,120
Restricted assets:				
Temporarily Restricted:				
Cash and cash equivalents	547,196	3,495,161	4,042,357	-
Investments	-	352,500	352,500	-
Accrued interest	2,340	-	2,340	10,884
Receivable - CRMWA	-	153,269	153,269	-
Permanently Restricted:				
Investments	350,000	-	350,000	-
Capital assets, net of accumulated depreciation and amortization:				
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	-
Unamortized landfill permit costs	-	626,262	626,262	-
Total assets	16,602,956	27,279,151	43,882,107	2,518,471
Liabilities:				
Accounts payable	265,803	146,188	411,991	-
Accrued expenses	305,058	976,240	1,281,298	5,426
Deferred revenue	9,196	-	9,196	-
Non-current liabilities:				
Due within one year	610,117	1,017,039	1,627,156	-
Due in more than one year	3,875,965	14,457,739	18,333,704	-
Total liabilities	5,066,139	16,597,206	21,663,345	5,426
Net assets:				
Invested in capital assets, net of related debt	6,474,128	7,687,577	14,161,705	-
Restricted for debt service	1,015,687	415,479	1,431,166	-
Restricted for capital projects	16,995	2,803,421	2,820,416	-
Restricted for M.K. Brown Auditorium:				
Expendable	5,480	-	5,480	-
Nonexpendable	350,000	-	350,000	-
Unrestricted net assets	3,674,527	(224,532)	3,449,995	2,513,045
Total net assets	\$ 11,536,817	\$ 10,681,945	\$ 22,218,762	\$ 2,513,045

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, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 1,696,033	\$ 888,903	\$ -	\$ -
Public safety	4,873,940	733,560	180,572	-
Streets and traffic	2,037,076	-	-	-
Solid waste management	1,021,191	1,663,875	-	-
Culture and recreation	1,344,516	120,789	43,045	19,900
Interest on long-term debt	109,164	-	-	-
Total governmental activities	<u>11,081,920</u>	<u>3,407,127</u>	<u>223,617</u>	<u>19,900</u>
Business activities:				
Water and sewer system	6,015,574	5,418,964	-	-
Solid waste management	1,551,281	1,372,124	-	-
Golf course	458,651	323,528	-	-
Leased properties	99,641	-	-	-
Total business activities	<u>8,125,147</u>	<u>7,114,616</u>	<u>-</u>	<u>-</u>
Total primary government	<u>19,207,067</u>	<u>10,521,743</u>	<u>223,617</u>	<u>19,900</u>
Component Unit:				
PEDC	\$ <u>209,135</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

Net assets - end of year

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

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

Primary Government			Component Unit: Pampa Economic Development Corporation
Governmental Activities	Business-Type Activities	Total	
\$ (807,130)	\$ -	\$ (807,130)	\$ -
(3,959,808)	-	(3,959,808)	-
(2,037,076)	-	(2,037,076)	-
642,684	-	642,684	-
(1,160,782)	-	(1,160,782)	-
(109,164)	-	(109,164)	-
<u>(7,431,276)</u>	<u>-</u>	<u>(7,431,276)</u>	<u>-</u>
-	(596,610)	(596,610)	-
-	(179,157)	(179,157)	-
-	(135,123)	(135,123)	-
<u>-</u>	<u>(99,641)</u>	<u>(99,641)</u>	<u>-</u>
-	(1,010,531)	(1,010,531)	-
<u>(7,431,276)</u>	<u>(1,010,531)</u>	<u>(8,441,807)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(209,135)</u>
2,445,548	-	2,445,548	-
911,910	-	911,910	-
3,928,810	-	3,928,810	1,309,603
1,579,574	-	1,579,574	-
91,410	80,322	171,732	57,695
127,436	92,287	219,723	80
(45,817)	45,817	-	-
<u>9,038,871</u>	<u>218,426</u>	<u>9,257,297</u>	<u>1,367,378</u>
1,607,595	(792,105)	815,490	1,158,243
<u>9,929,222</u>	<u>11,474,050</u>	<u>21,403,272</u>	<u>1,354,802</u>
<u>\$ 11,536,817</u>	<u>\$ 10,681,945</u>	<u>\$ 22,218,762</u>	<u>\$ 2,513,045</u>

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FUND FINANCIAL STATEMENTS

CITY OF PAMPA, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and cash equivalents	\$ 1,717,360	\$ 710,030	\$ 16,995	\$ 467,272	\$ 2,911,657
Investments	-	300,000	-	-	300,000
Interest receivable	1,182	2,638	-	-	3,820
Receivables (net of allowance for uncollectibles)	963,384	46,463	-	111,491	1,121,338
Due from other funds	641,418	3,019	-	-	644,437
Inventories	30,288	-	-	-	30,288
Prepaid items	35,804	-	-	-	35,804
Note receivable	-	-	-	34,522	34,522
Restricted assets:					
Restricted cash	544,056	-	-	3,140	547,196
Restricted accrued interest	-	-	-	2,340	2,340
Restricted investments	-	-	-	350,000	350,000
Total assets	\$ 3,933,492	\$ 1,062,150	\$ 16,995	\$ 968,765	\$ 5,981,402
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable	\$ 242,014	\$ -	\$ -	\$ 21,570	\$ 263,584
Accrued expenditures	270,933	-	-	14,967	285,900
Due to other funds	3,019	-	-	-	3,019
Deferred revenue	106,156	46,463	-	15,536	168,155
Total liabilities	622,122	46,463	-	52,073	720,658
Fund balances:					
Reserved for:					
Debt service	-	1,015,687	-	-	1,015,687
M.K. Brown Auditorium	-	-	-	355,480	355,480
Vehicle replacement	244,724	-	-	-	244,724
1997 bond proceeds	39,120	-	-	-	39,120
Inventories	30,288	-	-	-	30,288
Prepaid items	35,804	-	-	-	35,804
Dumpster replacement	149,796	-	-	-	149,796
Demolition	45,250	-	-	-	45,250
Unreserved, reported in:					
General fund	2,766,388	-	-	-	2,766,388
Capital projects fund	-	-	16,995	-	16,995
Special revenue funds	-	-	-	561,212	561,212
Total fund balances	3,311,370	1,015,687	16,995	916,692	5,260,744
Total liabilities and fund balances	\$ 3,933,492	\$ 1,062,150	\$ 16,995	\$ 968,765	\$ 5,981,402

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, 2008**

Total fund balances - Governmental Funds	\$	5,260,744
<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>		
		7,465
<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 \$36,700,343 and the accumulated depreciation was \$26,937,147. 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 \$4,573,692. 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>		
		5,189,504
<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, 2008, the amount of capital outlays and debt principal payments were \$1,990,161 and \$555,231 respectively. The net effect of including the 2008 capital outlays and debt principal payments is to increase net assets.</p>		
		2,545,392
<p>The 2008 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.</p>		
		(1,137,052)
<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>(329,236)</u>
Net assets of Governmental Activities	\$	<u><u>11,536,817</u></u>

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

CITY OF PAMPA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2008

	<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	\$ 2,338,035	\$ 892,955	\$ -	\$ 149,094	\$ 3,380,084
Sales taxes	3,928,810	-	-	-	3,928,810
Other taxes	1,219,713	-	-	359,861	1,579,574
Penalties and interest on taxes	107,902	1,199	-	5,995	115,096
Licenses and permits	87,919	-	-	-	87,919
Intergovernmental	113,200	-	-	5,000	118,200
Charges for services	2,812,220	-	-	60,922	2,873,142
Fines	503,606	-	-	12,630	516,236
Investment earnings	49,691	21,418	225	20,062	91,396
Contributions and donations	50,246	-	-	75,071	125,317
Other revenue	127,424	-	-	12	127,436
Total revenues	11,338,766	915,572	225	688,647	12,943,210
Expenditures:					
Current:					
General government	1,326,259	-	-	-	1,326,259
Public safety	4,702,536	-	-	370	4,702,906
Streets and traffic	1,729,595	-	-	-	1,729,595
Solid waste management	959,851	-	-	-	959,851
Culture and recreation	458,994	-	-	709,582	1,168,576
Capital outlay	1,839,325	-	-	150,836	1,990,161
Debt service:					
Principal retirement	28,233	526,998	-	-	555,231
Interest and fiscal charges	3,450	108,761	-	-	112,211
Bond issuance costs	-	9,174	-	-	9,174
Total expenditures	11,048,243	644,933	-	860,788	12,553,964
Excess (deficiency) of revenues over (under) expenditures	290,523	270,639	225	(172,141)	389,246
Other financing sources (uses):					
Transfers in	448,879	2,560	-	307,500	758,939
Transfers out	(370,000)	(264,696)	-	(170,060)	(804,756)
Issuance of bonds	-	412,000	-	-	412,000
Premium on issuance of bonds	-	10,029	-	-	10,029
Total other financing sources (uses)	78,879	159,893	-	137,440	376,212
Net change in fund balances	369,402	430,532	225	(34,701)	765,458
Fund balances at beginning of year	2,941,968	585,155	16,770	951,393	4,495,286
Fund balances at end of year	<u>\$ 3,311,370</u>	<u>\$ 1,015,687</u>	<u>\$ 16,995</u>	<u>\$ 916,692</u>	<u>\$ 5,260,744</u>

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

**CITY OF PAMPA, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUND'S STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

Total net changes in fund balances - Governmental Funds	\$	765,458
<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 loss of the internal service fund is reported with governmental activities in the Statement of Activities. The net effect of this consolidation is to decrease net assets.</p>		
		(1,169)
<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, 2008, the amount of capital outlays and debt principal payments were \$1,990,161 and \$555,231 respectively. The net effect of including the 2007 capital outlays and debt principal payments is to increase net assets.</p>		
		2,545,392
<p>The 2008 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.</p>		
		(1,137,052)
<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>(565,034)</u>
Change in net assets of Governmental Activities	\$	<u><u>1,607,595</u></u>

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

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CITY OF PAMPA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 2,225,824	\$ 2,225,824	\$ 2,338,035	\$ 112,211
Sales taxes	3,330,000	3,705,750	3,928,810	223,060
Other taxes	1,073,600	1,073,600	1,219,713	146,113
Penalties and interest on taxes	46,350	46,350	107,902	61,552
Licenses and permits	40,800	40,800	87,919	47,119
Intergovernmental	88,000	88,000	113,200	25,200
Charges for services	2,630,958	2,652,458	2,812,220	159,762
Fines	322,500	322,500	503,606	181,106
Investment earnings	52,000	52,000	49,691	(2,309)
Contributions and donations	13,000	13,000	50,246	37,246
Other revenue	17,000	20,487	127,424	106,937
Total revenues	<u>9,840,032</u>	<u>10,240,769</u>	<u>11,338,766</u>	<u>1,097,997</u>
Expenditures:				
Current:				
General government	1,406,346	1,395,235	1,326,259	68,976
Public safety	4,966,293	4,921,089	4,702,536	218,553
Streets and traffic	1,941,075	1,815,059	1,729,595	85,464
Solid waste management	809,647	973,681	959,851	13,830
Culture and recreation	502,564	576,248	458,994	117,254
Capital outlay	1,565,095	1,891,620	1,839,325	52,295
Debt service:				
Principal retirement	25,242	28,233	28,233	-
Interest and fiscal charges	2,855	3,456	3,450	6
Total expenditures	<u>11,219,117</u>	<u>11,604,621</u>	<u>11,048,243</u>	<u>556,378</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,379,085)</u>	<u>(1,363,852)</u>	<u>290,523</u>	<u>1,654,375</u>
Other financing sources (uses):				
Transfers in	35,150	35,150	448,879	413,729
Transfers out	(370,000)	(370,000)	(370,000)	-
Total other financing sources (uses)	<u>(334,850)</u>	<u>(334,850)</u>	<u>78,879</u>	<u>413,729</u>
Net change in fund balances	(1,713,935)	(1,698,702)	369,402	2,068,104
Fund balances at beginning of year	<u>2,941,968</u>	<u>2,941,968</u>	<u>2,941,968</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,228,033</u>	<u>\$ 1,243,266</u>	<u>\$ 3,311,370</u>	<u>\$ 2,068,104</u>

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

**CITY OF PAMPA, TEXAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2008**

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer System	Solid Waste Management	Municipal Golf Course	Leased Properties	Total Enterprise Funds	Internal Service Fund
Assets:						
Current assets:						
Cash and cash equivalents	\$ 24,549	\$ 658,534	\$ -	\$ 101,468	\$ 784,551	\$ 9,684
Investments	-	-	-	-	-	-
Restricted assets - current:						
Cash and cash equivalents	3,370,648	123,375	1,138	-	3,495,161	-
Investments	352,500	-	-	-	352,500	-
Receivable - CRMWA	153,269	-	-	-	153,269	-
Interest receivable - investments	2,707	244	-	-	2,951	-
Receivables - net of uncollectible allowance	684,318	88,189	2,675	-	775,182	-
Prepaid expense	-	7,866	-	-	7,866	-
Inventories	300,493	-	-	-	300,493	-
Total current assets	4,888,484	878,208	3,813	101,468	5,871,973	9,684
Non-current assets:						
Note receivable	-	-	-	-	-	-
Capital assets:						
Land	99,734	53,125	545,514	-	698,373	-
Water rights	4,384,700	-	-	-	4,384,700	-
Buildings and improvements	23,022,200	3,843,486	1,243,131	738,592	28,847,409	-
Vehicles and equipment	2,649,437	2,180,158	222,148	-	5,051,743	-
Surface water supply contracts	5,419,278	-	-	-	5,419,278	-
Roads	-	215,295	-	-	215,295	-
Construction in progress	61,295	367,338	-	-	428,633	-
Less: accumulated depreciation and amortization	(17,967,546)	(4,761,993)	(677,711)	(215,847)	(23,623,097)	-
Unamortized landfill permit costs	-	626,262	-	-	626,262	-
Total non-current assets	17,669,098	2,523,671	1,333,082	522,745	22,048,596	-
Total assets	22,557,582	3,401,879	1,336,895	624,213	27,920,569	9,684
Liabilities:						
Current liabilities:						
Accounts payable	97,932	29,010	16,217	3,029	146,188	-
Accrued expenses	33,510	12,852	-	-	46,362	-
Claims and judgments payable	-	-	-	-	-	2,219
Due to other funds	541,066	-	35,446	64,906	641,418	-
Accrued interest payable	537,194	50,961	3,762	-	591,917	-
Consumer deposits	337,961	-	-	-	337,961	-
Bonds payable - current:						
Revenue bonds and certifications of obligation	255,590	184,800	1,144	-	441,534	-
CRMWA obligations	296,988	-	-	-	296,988	-
Capital leases payable - current	15,825	187,337	36,270	-	239,432	-
Compensated absences	32,248	6,837	-	-	39,085	-
Total current liabilities	2,148,314	471,797	92,839	67,935	2,780,885	2,219
Non-current liabilities:						
Revenue bonds and certificates of obligation (net)	5,371,686	1,051,462	58,981	-	6,482,129	-
CRMWA obligations (net)	6,052,181	-	-	-	6,052,181	-
Capital leases payable	16,494	176,262	29,737	-	222,493	-
Compensated absences	10,749	2,279	-	-	13,028	-
Landfill closure liability	-	1,687,908	-	-	1,687,908	-
Total non-current liabilities	11,451,110	2,917,911	88,718	-	14,457,739	-
Total liabilities	13,599,424	3,389,708	181,557	67,935	17,238,624	2,219
Net assets:						
Invested in capital assets, net of related debt	5,660,334	297,548	1,206,950	522,745	7,687,577	-
Restricted for debt service	415,479	-	-	-	415,479	-
Restricted for capital acquisition	2,682,298	121,123	-	-	2,803,421	-
Unrestricted	200,047	(406,500)	(51,612)	33,533	(224,532)	7,465
Total net assets	\$ 8,958,158	\$ 12,171	\$ 1,155,338	\$ 556,278	\$ 10,681,945	\$ 7,465

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, 2008

	Business-type activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities Internal Service Fund
	Water and Sewer System	Solid Waste Management	Municipal Golf Course	Leased Properties		
Operating revenues:						
Charges for services	\$ 5,418,964	\$ 1,372,124	\$ 323,528	\$ -	\$ 7,114,616	\$ 60,198
Other revenues	66,825	50,782	806	-	118,413	-
Total operating revenues	<u>5,485,789</u>	<u>1,422,906</u>	<u>324,334</u>	<u>-</u>	<u>7,233,029</u>	<u>60,198</u>
Operating expenses:						
Personnel services	976,071	342,793	-	-	1,318,864	-
Contractual services	2,018,794	153,855	256,925	47,962	2,477,536	5,316
Supplies and materials	655,097	342,365	83,592	8,771	1,089,825	-
Depreciation and amortization	906,592	515,242	75,089	29,490	1,526,413	-
Bad debts	11,449	41	119	-	11,609	-
Intercity charges	876,426	68,000	29,300	-	973,726	-
Insurance and claims	10,735	21,785	2,394	2,446	37,360	56,065
Total operating expenses	<u>5,455,164</u>	<u>1,444,081</u>	<u>447,419</u>	<u>88,669</u>	<u>7,435,333</u>	<u>61,381</u>
Operating income (loss)	<u>30,625</u>	<u>(21,175)</u>	<u>(123,085)</u>	<u>(88,669)</u>	<u>(202,304)</u>	<u>(1,183)</u>
Non-operating revenues (expenses):						
Investment earnings	63,992	14,153	113	2,064	80,322	14
Sale of materials and equipment	-	-	(26,126)	-	(26,126)	-
Return of loan funds	-	-	-	(10,972)	(10,972)	-
Interest and fiscal charges	(560,410)	(107,200)	(11,232)	-	(678,842)	-
Total non-operating revenues (expenses)	<u>(496,418)</u>	<u>(93,047)</u>	<u>(37,245)</u>	<u>(8,908)</u>	<u>(635,618)</u>	<u>14</u>
Income (loss) before transfers	(465,793)	(114,222)	(160,330)	(97,577)	(837,922)	(1,169)
Transfers in	967	-	80,000	-	80,967	-
Transfers out	(35,150)	-	-	-	(35,150)	-
Change in net assets	(499,976)	(114,222)	(80,330)	(97,577)	(792,105)	(1,169)
Total net assets - beginning of year	<u>9,458,134</u>	<u>126,393</u>	<u>1,235,668</u>	<u>653,855</u>	<u>11,474,050</u>	<u>8,634</u>
Total net assets - end of year	<u>\$ 8,958,158</u>	<u>\$ 12,171</u>	<u>\$ 1,155,338</u>	<u>\$ 556,278</u>	<u>\$ 10,681,945</u>	<u>\$ 7,465</u>

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

CITY OF PAMPA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>				<u>Total Enterprise Total</u>	<u>Governmental Activities Internal Service Fund</u>
	<u>Water and Sewer System</u>	<u>Solid Waste Management</u>	<u>Municipal Golf Course</u>	<u>Leased Properties</u>		
Cash flows from operating activities:						
Receipts from customers and users	\$ 5,448,138	\$ 1,401,822	\$ 326,294	\$ -	\$ 7,176,254	\$ -
Receipts from inter-fund services provided	502,643	(5,490)	35,446	64,906	597,505	60,198
Payments to employees	(980,953)	(337,868)	-	-	(1,318,821)	-
Payments to insurance claims	-	-	-	-	-	(57,686)
Payments to suppliers	(2,688,592)	(452,946)	(339,487)	(58,278)	(3,539,303)	(5,316)
Payments for inter-fund services used	(876,426)	(68,000)	(29,300)	-	(973,726)	-
Net cash flows from operating activities	<u>1,404,810</u>	<u>537,518</u>	<u>(7,047)</u>	<u>6,628</u>	<u>1,941,909</u>	<u>(2,804)</u>
Cash flows from non-capital financing activities:						
Transfers from other funds	967	-	80,000	-	80,967	-
Transfers to other funds	(35,150)	-	-	-	(35,150)	-
Net cash flows from non-capital financing activities	<u>(34,183)</u>	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>45,817</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Return of loan funds to the State of Texas	-	-	-	(10,972)	(10,972)	-
Acquisition and construction of capital assets	(517,929)	(258,616)	(144,512)	(6,627)	(927,684)	-
Issuance of 2008 certificates of obligation	1,631,380	-	60,125	-	1,691,505	-
Proceeds from capital lease	-	-	65,040	-	65,040	-
Principal paid on capital debt	(682,384)	(183,101)	(45,111)	-	(910,596)	-
Interest paid on capital debt	(478,970)	(145,842)	(7,470)	-	(632,282)	-
Net cash flows from capital and related financing activities	<u>(47,903)</u>	<u>(587,559)</u>	<u>(71,928)</u>	<u>(17,599)</u>	<u>(724,989)</u>	<u>-</u>
Cash flows from investing activities:						
Purchase of investments (net of redemptions of investments)	225,500	432,000	-	-	657,500	-
Interest and dividends received	66,067	17,315	113	2,064	85,559	14
Net cash flows from investing activities	<u>291,567</u>	<u>449,315</u>	<u>113</u>	<u>2,064</u>	<u>743,059</u>	<u>14</u>
Net increase (decrease) in cash and cash equivalents	1,614,291	399,274	1,138	(8,907)	2,005,796	(2,790)
Cash and cash equivalents at beginning of year	<u>1,780,906</u>	<u>382,635</u>	<u>-</u>	<u>110,375</u>	<u>2,273,916</u>	<u>12,474</u>
Cash and cash equivalents at end of year	<u>\$ 3,395,197</u>	<u>\$ 781,909</u>	<u>\$ 1,138</u>	<u>\$ 101,468</u>	<u>\$ 4,279,712</u>	<u>\$ 9,684</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	<u>\$ 30,625</u>	<u>\$ (21,175)</u>	<u>\$ (123,085)</u>	<u>\$ (88,669)</u>	<u>\$ (202,304)</u>	<u>\$ (1,183)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	906,592	515,242	75,089	29,490	1,526,413	-
Changes in assets & liabilities:						
(Increase) decrease in:						
Receivables	(35,310)	(21,043)	2,079	-	(54,274)	-
Prepaid expense	-	(7,866)	-	-	(7,866)	-
Inventories	31,540	-	-	-	31,540	-
Increase (decrease) in:						
Accounts payable	(35,506)	4,984	3,424	901	(26,197)	(1,621)
Accrued expenses	7,425	4,364	-	-	11,789	-
Due to other funds	502,643	(5,490)	35,446	64,906	597,505	-
Consumer deposits	9,108	-	-	-	9,108	-
Compensated absences	(12,307)	561	-	-	(11,746)	-
Landfill closure liability	-	67,941	-	-	67,941	-
Total adjustments	<u>1,374,185</u>	<u>558,693</u>	<u>116,038</u>	<u>95,297</u>	<u>2,144,213</u>	<u>(1,621)</u>
Net cash provided (used) by operating activities	<u>\$ 1,404,810</u>	<u>\$ 537,518</u>	<u>\$ (7,047)</u>	<u>\$ 6,628</u>	<u>\$ 1,941,909</u>	<u>\$ (2,804)</u>
Reconciliation of total cash and cash equivalents:						
Cash and cash equivalents on balance sheet	24,549	658,534	-	101,468	784,551	9,684
Restricted cash and cash equivalents on balance sheet	<u>3,370,648</u>	<u>123,375</u>	<u>1,138</u>	<u>-</u>	<u>3,495,161</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 3,395,197</u>	<u>\$ 781,909</u>	<u>\$ 1,138</u>	<u>\$ 101,468</u>	<u>\$ 4,279,712</u>	<u>\$ 9,684</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, 2008**

	<u>Agency Fund</u> <u>Municipal Court</u> <u>Bail Bond</u>
Assets:	
Cash and cash equivalents	\$ 907
Total assets	\$ <u>907</u>
Liabilities:	
Deposits	\$ <u>907</u>
Total liabilities	\$ <u>907</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, 2008

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, care and upkeep of capital assets previously owned by the Prior EDC, which were transferred to the City in a prior year, and the servicing of a grant payable to a local business as further discussed in Note 10. Once the remaining grant commitment to the local business has been satisfied, all remaining funds will be transferred to other funds within the City. 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, 2008**

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, 2008.

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, 2008

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, 2008

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 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.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

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

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

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.

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

Additionally, the City reports the following fund types:

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.

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 Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected to follow subsequent private-sector guidance.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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, 2008

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, 2008

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

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).

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, 2008**

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, 2008

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. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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, 2008**

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, 2008:

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures Excluding Depreciation</u>	<u>Excess of Actual Expenditures Over Budgeted Expenditures</u>
Special Revenue:			
Controlled Substances	-	370	370

The Controlled Substances Special Revenue Fund was not budgeted because expenditures were not anticipated for the year.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

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, 2008 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, 2008**

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, 2008**

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, 2008 , 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, 2008.

<u>Primary Government</u>	<u>Credit Rating</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Certificates of Deposit	N/A	\$ <u>6,921,500</u>	\$ <u>6,921,500</u>
Federal Home Loan Bank bond Matures May, 2009	Moody's Aaa	\$ <u>350,000</u>	\$ <u>343,221</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

NOTE 4. RECEIVABLES:

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

Governmental activities:	General	Special Revenue	Debt Service	Enterprise Funds	M.K. Brown Permanent Fund	Total
Receivables:						
Property taxes	\$ 244,832	\$ 16,255	\$ 107,834	\$ -	\$ -	\$ 368,921
Other taxes	547,230	102,487	-	-	-	649,717
Accounts	236,138	2,000	-	785,901	-	1,024,039
Grants from federal, state, and local sources	78,173	-	-	-	-	78,173
Interest	1,182	-	2,638	2,951	2,340	9,111
CRMWA	-	-	-	153,269	-	153,269
Note receivable	-	34,522	-	-	-	34,522
Total Receivables	1,107,555	155,264	110,472	942,121	2,340	2,317,752
Less Allowance for uncollectibles	142,989	9,251	61,371	10,719	-	224,330
Total Net Receivables	\$ 964,566	\$ 146,013	\$ 49,101	\$ 931,402	\$ 2,340	\$ 2,093,422

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 56.91% of the total delinquent taxes receivable at September 30, 2008. 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 2007 tax roll for the 2007-2008 fiscal year was \$.69 per \$100 of assessed valuation, of which \$.4687 was designated to finance general governmental services, \$.1913 was designated for debt service and \$.03 was for the maintenance and support of the Lovett Memorial Library. The resulting tax levy was \$3,339,992 on an assessed value of \$484,055,970 (after exemptions).

Notes receivable at September 30, 2008 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, 2008

NOTE 5. RESTRICTED ASSETS, LIABILITIES AND RESERVES:

The Water and Sewer System Fund maintains the following separate accounts including accrued interest payable for revenue bond debt service and CRMWA debt service, unused revenue bond proceeds and consumer utility deposits:

	Assets	Liabilities	Balances
Revenue bond debt service	\$ 798,493	\$ 475,871	\$ 322,622
CRMWA debt service	153,269	60,412	92,857
Construction and capital acquisition	2,682,298	-	2,682,298
Water and sewer utility deposits	242,357	337,961	(95,604)
	\$ 3,876,417	\$ 874,244	\$ 3,002,173

The Water and Sewer System Fund construction and capital acquisition account relates to unexpended funds from four separate debt issues. \$26,123 relates to the 1999 Certificates of Obligation, \$173,943 relates to the 2001 Certificates of Obligation, \$975,874 relates to the 2005 Certificates of Obligation, and the remaining \$1,506,358 in the construction and capital acquisition account relates to the 2008 Certificates of Obligation. The 1999 issue is for the renovation of the waste water treatment plant and the painting of the elevated water storage tanks; the 2001 issue is for the renovation of the water treatment plant, the 2005 issue is for improvements to the water and sewer system and for the purchase of machinery and equipment, and the 2008 issue is for improvements to the water and sewer system. The CRMWA debt service account relates to cash transferred to CRMWA on a monthly basis and held by CRMWA until payment is due on the City's portion of the CRMWA debt. The water consumer utility deposits from customers are applied to customer accounts that become uncollectible or are refunded upon termination of utility services.

The net balances for the revenue bond debt service and the CRMWA debt service in the amounts of \$322,622 and \$92,857 have been reported as net assets restricted for debt service for the Water and Sewer Fund. The \$2,682,298 for construction and capital acquisition has been reported as net assets restricted for capital acquisition for the Water and Sewer Fund.

The Solid Waste Management Fund maintains the following separate accounts including accrued interest payable for Certificates of Obligation debt service and unused certificate proceeds:

	Assets	Liabilities	Balances
Certificates of obligation			
debt service	\$ 2,252	\$ 40,964	\$ (38,712)
Construction and capital acquisition	121,123	-	121,123
	\$ 123,375	\$ 40,964	\$ 82,411

The construction and capital acquisition amount relates to unexpended funds from the 1997 Certificates of Obligation issue. The net balance of \$121,123 for construction and capital acquisition is reported as restricted fund balance for the Solid Waste Management Fund.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

NOTE 5. RESTRICTED ASSETS, LIABILITIES AND RESERVES (continued):

The City has a reserved fund balance in the general fund of \$544,982 relating to prepaid costs of \$35,804, inventory of \$30,288, and cash set aside by the City for specific projects of \$478,890. The City has a reserved fund balance of \$355,480 in the M. K. Brown Permanent Trust Fund because its use is restricted to providing future maintenance for the auditorium.

NOTE 6. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2008 was as follows:

Primary Government:

Governmental activities:	Balance Oct 1, 2007	Additions	Sales, Retirements, and Transfers	Balance Sept. 30, 2008
Capital assets, not being depreciated				
Land	\$ 210,849	\$ -	\$ -	\$ 210,849
Collection	-	203,500	-	203,500
Construction in progress	1,415	153,280	1,415	153,280
Total capital assets, not being depreciated	<u>212,264</u>	<u>356,780</u>	<u>1,415</u>	<u>567,629</u>
Capital assets being depreciated:				
Roads	18,310,757	499,107	-	18,809,864
Buildings and improvements	9,031,217	205,216	95,000	9,141,433
Vehicles and equipment	9,146,105	1,154,467	212,352	10,088,220
Total capital assets, being depreciated	<u>36,488,079</u>	<u>1,858,790</u>	<u>307,352</u>	<u>38,039,517</u>
Less accumulated depreciation for:				
Roads	16,657,354	262,238	-	16,919,592
Buildings and improvements	4,261,877	283,251	-	4,545,128
Vehicles and equipment	6,017,916	591,563	81,942	6,527,537
Total accumulated depreciation	<u>26,937,147</u>	<u>1,137,052</u>	<u>81,942</u>	<u>27,992,257</u>
Total capital assets, being depreciated, net	<u>9,550,932</u>	<u>721,738</u>	<u>225,410</u>	<u>10,047,260</u>
Total Governmental Activities capital assets, net	<u>\$ 9,763,196</u>	<u>\$ 1,078,518</u>	<u>\$ 226,825</u>	<u>\$ 10,614,889</u>

Construction in progress in the governmental activities consists of costs incurred related to a GPS mapping project and a street rehabilitation project that were not complete as of September 30, 2008.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

NOTE 6. CAPITAL ASSETS (continued):

Business-type activities:	Balance Oct 1, 2007	Additions	Sales, Retirements, Adjustments & Transfers	Balance Sept. 30, 2008
Capital assets, not being depreciated				
Land	\$ 698,373	\$ -	\$ -	\$ 698,373
Construction in progress	698,974	266,468	536,809	428,633
Total capital assets, not being depreciated	<u>1,397,347</u>	<u>266,468</u>	<u>536,809</u>	<u>1,127,006</u>
Capital assets being depreciated:				
Roads	215,295	-	-	215,295
Buildings and improvements	27,972,350	875,059	-	28,847,409
Vehicles and equipment	4,827,110	322,965	98,333	5,051,742
Water rights	4,384,700	-	-	4,384,700
Surface water supply contracts	5,419,278	-	-	5,419,278
Total capital assets, being depreciated	<u>42,818,733</u>	<u>1,198,024</u>	<u>98,333</u>	<u>43,918,424</u>
Less accumulated depreciation for:				
Roads	149,828	8,974	-	158,802
Buildings and improvements	16,218,807	1,046,620	-	17,265,427
Vehicles and equipment	3,116,915	310,922	72,207	3,355,630
Water rights	203,580	89,414	-	292,994
Surface water supply contracts	2,486,488	63,756	-	2,550,244
Total accumulated depreciation	<u>22,175,618</u>	<u>1,519,686</u>	<u>72,207</u>	<u>23,623,097</u>
Total capital assets, being depreciated, net	<u>20,643,115</u>	<u>(321,662)</u>	<u>26,126</u>	<u>20,295,327</u>
Total Business-type Activities capital assets, net	<u>\$ 22,040,462</u>	<u>\$ (55,194)</u>	<u>\$ 562,935</u>	<u>\$ 21,422,333</u>

Construction in progress in the business-type activities consists of costs incurred related to improvements of the City's water and sewer system and landfill that were not complete as of September 30, 2008.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

NOTE 6. CAPITAL ASSETS (continued):

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

Governmental activities:

General government	\$ 344,464
Public safety	163,115
Streets and traffic	314,898
Solid waste management	59,605
Culture and recreation	<u>254,970</u>

Total depreciation expense - governmental activities \$ 1,137,052

Business-type activities:

Water and sewer	\$ 906,592
Solid waste management	508,515
Municipal golf course	75,089
Lease properties	<u>29,490</u>

Total depreciation expense - business-type activities \$ 1,519,686

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

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 & Sewer System</u>	<u>Solid Waste Management</u>	<u>Municipal Golf Course</u>
2009	\$ 31,480	\$ 17,192	\$ 202,332	\$ 41,259
2010	20,293	17,192	183,718	17,468
2011	-	-	-	14,307
Total	51,773	34,384	386,050	73,034
Less: Amount representing interest at 3.72% to 5.20%	<u>2,616</u>	<u>2,065</u>	<u>22,451</u>	<u>7,027</u>
Present Value of Lease Payments	<u>\$ 49,157</u>	<u>\$ 32,319</u>	<u>\$ 363,599</u>	<u>\$ 66,007</u>
The following summarizes the assets acquired under capital leases:				
Cost of equipment	\$ 125,246	\$ 76,682	\$ 913,443	\$ 121,387
Accumulated depreciation	<u>50,450</u>	<u>38,341</u>	<u>373,690</u>	<u>23,072</u>
Net leased equipment	<u>\$ 74,796</u>	<u>\$ 38,341</u>	<u>\$ 539,753</u>	<u>\$ 98,315</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 are:

<u>Year Ending September 30,</u>	<u>General Fund</u>
2009	\$ 39,947
2010	40,047
2011	40,047
2012	40,047
2013	13,804
2014	1,150
	<u>\$ 175,042</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 \$12,600.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

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, 2008 was \$235,000.

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, 2008 was \$2,253,931.

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, 2008 was \$1,245,000.

In October, 2002, the City issued \$1,955,000 of Tax and Waterworks and Sewer System Surplus Revenue Refunding Bonds, Series 2002, (the "2002 Refunding Bonds") that were used by the City to provide funds for the payment of \$2,335,000 of the City's Waterworks and Sewer System Revenue Refunding Bonds, Series 1992, (the "1992 Refunding Bonds"). Cash and securities sufficient to fund the 2003 through 2010 maturities of the 1992 Refunding Bonds were transferred into an irrevocable trust, and therefore, an in-substance defeasance of these bonds occurred. Accordingly, the 1992 Refunding 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 2002 Refunding Bonds were paid off during the year.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

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, 2008 was \$2,110,000.

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, 2008 was \$3,280,000. 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, 2008 was \$2,100,000.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

NOTE 8. LONG-TERM DEBT (continued):

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

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

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
1999 certificates of obligation, callable at par beginning June 1, 2010	5.50% - 7.00%	2010	\$ 235,000
2001 general obligation refunding, callable at par beginning June 1, 2011	3.50% - 4.00%	2012	1,245,000
2001 certificates of obligation, callable at par beginning June 1, 2011	3.50% - 4.00%	2011	111,010
2005 certificates of obligation, not subject to redemption prior to maturity	3.50% - 4.00%	2016	435,552
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	412,000
			<u>\$ 4,509,512</u>

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:

<u>Fiscal year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 543,466	\$ 107,897	\$ 651,363
2010	448,328	78,750	527,078
2011	391,360	121,795	513,155
2012	406,060	106,497	512,557
2013	198,384	90,635	289,019
2014 - 2018	1,466,779	323,018	1,789,797
2019 - 2023	1,055,135	72,144	1,127,279
	<u>\$ 4,509,512</u>	<u>\$ 900,736</u>	<u>\$ 5,410,248</u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

NOTE 8. LONG-TERM DEBT (continued):

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

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

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
2001 certificates of obligation, callable at par beginning June 1, 2011	3.50% - 4.00%	2015	\$ 2,142,921
2005 certificates of obligation, not subject to redemption prior to maturity	3.50% - 4.00%	2016	1,674,448
2005 revenue refunding bonds, callable at par beginning June 1, 2016	3.50% - 4.00%	2016	1,209,050
2008 certificates of obligation, callable at par beginning June 1, 2018	3.50% - 4.50%	2021	1,688,000
			<u>\$ 6,714,419</u>

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:

<u>Fiscal year ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 441,534	\$ 339,091	\$ 780,625
2010	576,672	308,363	885,035
2011	653,640	223,574	877,214
2012	468,762	408,350	877,112
2013	678,194	421,206	1,099,400
2014 - 2018	2,870,753	996,003	3,866,756
2019 - 2023	<u>1,024,864</u>	<u>96,456</u>	<u>1,121,320</u>
	<u>\$ 6,714,419</u>	<u>\$ 2,793,043</u>	<u>\$ 9,507,462</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations:

Dam and Aqueduct System Obligation. The City entered into a contract with CRMWA to reimburse it for a portion of the cost of the Canadian River Dam and Aqueduct System, completed in 1968, in exchange for surface water rights. The City's allocation of the project cost was \$5,419,278 plus interest at 2.632% per annum, which was being paid over a period of 50 years that began in 1969. On October 29, 1999, CRMWA was allowed to prepay its debt to the United States Bureau of Reclamation at a reduced amount by an act of Congress. This resulted in a reduction of the City's debt to CRMWA of \$1,461,084 which was recorded as contributed capital in previous years in the water and sewer fund. The balance owed to CRMWA on the new contract at September 30, 2008, excluding interest, was \$1,134,612. 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.

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, 2008 is \$341,253. 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, 2008 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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations (continued):

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, 2008 was \$1,253,637.

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, 2008 was \$1,748,780.

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, 2008 is \$64,606. 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.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations (continued):

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

Fiscal year ending September 30	Principal	Interest	Total
2009	\$ 296,988	\$ 305,628	\$ 602,616
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 - 2018	1,868,253	1,001,804	2,870,057
2019 - 2023	1,742,993	528,472	2,271,465
2024 - 2028	1,138,422	84,524	1,222,946
	<u>\$ 6,268,326</u>	<u>\$ 3,007,629</u>	<u>\$ 9,275,955</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, 2008.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

NOTE 8. LONG-TERM DEBT (continued):

Long-term liability activity for the year ended September 30, 2008 was as follows:

Governmental activities:	Balance October 1, 2007	Additions	Reductions	Balance September 30, 2008	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 4,624,510	\$ 412,000	\$ 526,998	\$ 4,509,512	\$ 543,466
Add: Unamortized bond premiums	100,016	10,029	-	110,045	-
Less: Deferred gain (loss) on refunding	(439,394)	-	-	(439,394)	-
Less: Unamortized bond issuance costs	(80,982)	(9,174)	(1,597)	(88,559)	-
Capital leases	77,390	-	28,233	49,157	29,570
Compensated absences	<u>395,473</u>	<u>345,321</u>	<u>395,473</u>	<u>345,321</u>	<u>37,081</u>
Total governmental activities long-term liabilities	<u>\$ 4,677,013</u>	<u>\$ 758,176</u>	<u>\$ 949,107</u>	<u>\$ 4,486,082</u>	<u>\$ 610,117</u>
Business-type activities:					
Bonds payable:					
Revenue bonds and Certificates of obligation	\$ 5,409,421	\$ 1,688,000	\$ 383,002	\$ 6,714,419	\$ 441,534
CRMWA obligations	6,552,525	-	284,199	6,268,326	296,988
Add: Unamortized bond premiums	392,282	41,091	44,629	388,744	-
Less: Deferred gain (loss) on refunding	124,650	-	25,080	99,570	-
Less: Unamortized bond issuance costs	<u>(184,597)</u>	<u>(37,586)</u>	<u>(23,956)</u>	<u>(198,227)</u>	<u>-</u>
Total bonds payable	12,294,281	1,691,505	712,954	13,272,832	738,522
Landfill closure liability	1,619,967	67,941	-	1,687,908	-
Capital leases	640,278	65,040	243,394	461,924	239,431
Compensated absences	<u>63,859</u>	<u>52,114</u>	<u>63,859</u>	<u>52,114</u>	<u>39,086</u>
Total business-type activities long-term liabilities	<u>\$ 14,618,385</u>	<u>\$ 1,876,600</u>	<u>\$ 1,020,207</u>	<u>\$ 15,474,778</u>	<u>\$ 1,017,039</u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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, 2008, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>				<u>Total</u>
	<u>General Fund</u>	<u>Water and Sewer</u>	<u>Golf Course</u>	<u>Leased Properties</u>	
General Fund	\$ -	\$ 541,066	\$ 35,446	\$ 64,906	\$ 641,418
Debt Service	3,019	-	-	-	3,019
	<u>\$ 3,019</u>	<u>\$ 541,066</u>	<u>\$ 35,446</u>	<u>\$ 64,906</u>	<u>644,437</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:

<u>Transfers out</u>	<u>Transfers In</u>						<u>Total</u>
	<u>General</u>	<u>Debt Service</u>	<u>M.K. Brown Auditorium</u>	<u>Lovett Library</u>	<u>Municipal Golf Course</u>	<u>Water and Sewer Fund</u>	
General fund	\$ -	\$ -	\$ -	\$ 290,000	\$ 80,000	\$ -	\$ 370,000
Debt service fund	263,729	-	-	-	-	967	264,696
M.K Brown Auditorium	-	2,560	-	-	-	-	2,560
Economic development fund	150,000	-	-	-	-	-	150,000
M.K Brown Auditorium Permanent fund	-	-	17,500	-	-	-	17,500
Water and Sewer fund	35,150	-	-	-	-	-	35,150
Total	<u>\$ 448,879</u>	<u>\$ 2,560</u>	<u>\$ 17,500</u>	<u>\$ 290,000</u>	<u>\$ 80,000</u>	<u>\$ 967</u>	<u>\$ 839,906</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.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

NOTE 10. COMMITMENTS AND CONTINGENCIES:

At September 30, 2008, the Prior PEDC had the following commitments and contingencies:

On July 6, 2000 the Prior EDC approved a grant based on employment for a business that relocated to Pampa, Texas. The grant is for an eight year period beginning January 1, 2001. Prior EDC is to make quarterly payments to the business of \$10,000 per quarter for the first forty employees and an additional \$250 per quarter per employee for the next ten employees and an additional \$125 per quarter per employee for employees over the first fifty. During the year ended September 30, 2008, the business receiving the grant did not meet the minimum employment requirements of the grant; consequently, no grant payments were made to the business during the year. Subsequent to September 30, 2008, the business ceased conducting operations. As a result, the grant was terminated, and the City believes there is no remaining liability under the terms of the grant.

At September 30, 2008, the 4BEDC had the following commitments and contingencies:

On March 5, 2007, the 4BEDC approved a grant based on employment for a business that relocated to Pampa, Texas. The grant is for a three year period beginning October 1, 2006 through September 30, 2009. The maximum amount of the grant has been set at \$141,000. For the initial six month period of the grant, the 4BEDC is to make a grant payment based upon eligible hours worked by the business's employees. The formula used is total eligible employee hours divided by a factor of 1,040 hours multiplied by \$3,000. For each subsequent six month period, the 4BEDC is to make a grant payment to the business using a formula of total eligible employee hours for the six month period ended in excess of the highest number of eligible employee hours during any prior reporting period divided by 1,040 hours multiplied by \$3,000. For any subsequent six month period after the initial six month period, if the number of eligible employee hours does not exceed the highest number of eligible hours for any previous reporting period, no grant payment is due. To date, the business has only employed contract employees, which are not allowable under the grant agreement. Management of the 4BEDC believes the likelihood of the business using the grant is remote unless the business hires employees that are eligible under the terms of the grant.

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, 2008, no funds had been advanced to the limited partnership, as construction on the facilities was still in process. Management of the 4BEDC has been notified by the management of the limited partnership that the loan funds will probably not be utilized.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

NOTE 10. COMMITMENTS AND CONTINGENCIES (continued):

During the year ended September 30, 2007, the 4BEDC approved a \$9,000 grant to be paid to the City for 5 entrance signs to be placed at various locations in the City. As of September 30, 2008, the City had completed the project, and the \$9,000 had been paid by the 4BEDC to the City. No further obligation under this grant exists.

During the year ended September 30, 2008, the 4BEDC approved a \$50,000 grant to the City of Pampa to purchase and install an electronic marquee sign. This project was completed during the year by the City, and the funds were disbursed by the 4BEDC. There is no further obligation under this grant for the 4BEDC.

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, 2008, this money had yet to be disbursed to the College.

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. As of September 30, 2008, no monies had been distributed to the Fund by the 4BEDC.

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

NOTE 11. SURFACE WATER SUPPLY CONTRACT:

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

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), one of 827 municipalities currently administered by TMRS, an agent multiple-employer public employee retirement system. Each of the 827 municipalities has an annual, individual actuarial valuation performed.

All assumptions for the December 31, 2007 valuations are contained in the 2007 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by contacting TMRS at Post Office Box 149153, Austin, Texas 78714-9153.

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes. Members can retire at ages 60 and above with 5 or more years of service or with 20 or more years of service regardless of age. A member is vested after 5 years. The contribution rate for the employees is 5%, and the City matching ratio is currently 2 to 1, both as adopted by the governing body of the City.

Contributions

Under the State law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over-funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. Both the employees and the City make contributions monthly.

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report ("CAFR").

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

NOTE 12. EMPLOYEE RETIREMENT SYSTEM (continued):

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liabilities accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (“PUC”) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year “open” to a 25-year “closed” period. The TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.6%, the amortization period will be increasing to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contribution rates gradually (approximately 12.5% each year) to their full rate (or their required contribution rate). If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the City’s unfunded actuarial accrued liability would have been \$7,215,468 and the funded ratio would have been 51.9%.

In addition, the TMRS is currently working on its legislative package for 2009. There is a possibility that the investment rate of return (“IRR”) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that included equities as well. If State legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in the city contribution rates, following the December 31, 2007 valuation.

	2007	2006	2005
<u>A. Plan Provisions:</u>			
1. Total # of participating entities	827	821	811
<u>City Specific Data</u>			
2. Employee deposit rate	5.0%	5.0%	5.0%
3. Matching ratio (city to employee)	2 to 1	2 to 1	2 to 1
4. Years required for vesting	5	5	5
5. Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
6. Updated service credit	100%	100%	100%
annually repeating (Y/N)	Y	Y	Y
7. Annuity increase to retirees	70%	70%	70%
annually repeating (Y/N)	Y	Y	Y
8. Supplemental death benefit			
for active employees (Y/N)	Y	Y	Y
for retirees (Y/N)	Y	Y	Y

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

NOTE 12. EMPLOYEE RETIREMENT SYSTEM (continued):

B. Funding policy:

Cities are required to contribute at an actuarially determined rate; these rates are provided to the city on an annual basis, following the completion of the actuarial valuation. Note that there is a time delay in the valuation and when the rate becomes effective - for example, the January 1, 2007 contribution rate is based on the 12/31/2005 valuation results; if a change in plan provisions is elected by the city, this rate can change. The actuary determines the contribution rates on a calendar-year basis; the city discloses the annual pension cost (which equal the required contributions) based on the calculated rate(s) for the city's fiscal year.

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>C. Actuarial Information:</u>			
1. Actuarial cost method	Projected Unit Credit	Unit Credit	Unit Credit
2. Amortization method	Level Percent	Level Percent	Level Percent
	of Payroll	of Payroll	of Payroll
3. Amortization period	30 years -	25 years -	25 years -
	closed period	open period	open period
4. Asset valuation method	Amortized cost	Amortized cost	Amortized cost
5. Assumptions:			
Investment return	7.0%	7.0%	7.0%
Projected salary increases	Varies by age	None	None
	and service		
Inflation	3.0%	4.0%	4.0%
Cost-of-living adjustments	2.1% (3.0% CPI)	None	None
6. City specific assumptions:			
Payroll growth assumption	3.0%	4.0%	4.0%
Withdrawal rates for Male/Female	High/High	High/High	High/High
(low, mid/low, mid, mid/high, or high)			

D. Schedule of Funding Information:

1. Actuarial valuation date	12/31/2007	12/31/2006	12/31/2005
2. Actuarial value of assets	\$ 7,798,790	\$ 8,572,667	\$ 8,850,675
3. Actuarial accrued liability (AAL)	17,620,563	15,389,182	15,222,288
4. Unfunded/(Overfunded) actuarial accrued liability (UAAL or OAAL)	9,821,773	6,816,515	6,371,613
5. Funded ratio	44.3%	55.7%	58.1%
6. Annual covered payroll (actuarial)	4,923,175	4,756,521	4,450,556
7. UAAL or OAAL as % of covered payroll	199.5%	143.3%	143.2%

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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, 2008, 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, 2008, 27 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, 2008, 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	\$ 77,863	\$ 48,818	\$ 29,045

NOTE 15. RISK MANAGEMENT:

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

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

NOTE 15. RISK MANAGEMENT (continued):

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.

Prior to August 1, 1996, the City self-insured its employees, and their covered dependents for health benefits.

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 workers' 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, 2006 to September 30, 2008:

	Dental Benefits
Liability balance, October 1, 2006	\$ 5,491
Claims and changes in estimates	45,517
Claims payments	(47,168)
Liability balance, September 30, 2007	3,840
Claims and changes in estimates	56,065
Claims payments	(57,686)
Liability balance, September 30, 2008	\$ 2,219

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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 well into the 21st century. 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 9.3407%, resulting in \$64,524 of permit costs being amortized through September 30, 2008.

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 has issued Statement No. 18 "Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs." New 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, the new 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.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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

The City has estimated the total current closure and post-closure care costs of the old landfill to be \$1,455,766 and has accrued this amount of closure and post-closure care costs as of September 30, 2008 based on an estimated 100 percent cumulative use of the landfill. These amounts are based on what it would cost to perform all closure and post-closure care in 2008. The City expects to close the landfill in the near future. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City has estimated the total closure and post-closure care costs of the new landfill to be \$2,485,269. As of September 30, 2008, the City has estimated that 9.3407% of the landfill capacity has been used. Accordingly, a landfill closure liability in the amount of \$232,142 has been recorded.

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:

Type of Expenditure	Cost Estimate		
	Old Landfill	New Landfill	Total
Closure costs	\$ 826,248	\$ 401,184	\$ 1,227,432
Post-closure care costs	629,518	2,084,085	2,713,603
	\$ 1,455,766	\$ 2,485,269	\$ 3,941,035

The City's financial ratio is as follows:

Total closure and post-closure costs	3,941,035	=	19.46%
Total City revenue	20,256,561		

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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

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

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

NOTE 19. 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, 2008, the outstanding balance of the loan was \$34,522. Based upon the terms of the note, the loan is expected to be repaid to the Prior EDC as follows:

Fiscal year ending September 30	Principal	Interest	Total
2009	\$ 7,508	\$ 1,555	\$ 9,063
2010	7,892	1,171	9,063
2011	8,296	767	9,063
2012	8,720	343	9,063
2013	2,106	14	2,120
	<u>\$ 34,522</u>	<u>\$ 3,850</u>	<u>\$ 38,372</u>

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, 2008, the unpaid principal portion of the note was \$34,120. Based upon the terms of the note, the loan is expected to be repaid to the 4BEDC as follows:

Fiscal year ending September 30	Principal	Interest	Total
2009	\$ 34,120	\$ 1,740	\$ 35,860

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

NOTE 20. SUBSEQUENT EVENTS:

Bond Issuance:

During March 2009, the City issued Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2009, (the "2009 Obligations"). Proceeds from the sale of the 2009 Obligations will be used for the purpose of paying contractual obligations to be incurred for (a) the construction of public works, which includes: (1) water and sewer system improvements and extensions, (2) park and recreation improvements, (3) excavation and lining of a cell for the landfill, and (b) costs of issuance and professional services rendered in relation to such projects. Interest on the 2009 Obligations will be from 2.25% to 4.625%, with maturities ranging from 2010 to 2028. The City expects to finance the debt service requirements of the 2009 Obligations from an annual ad valorem tax levied against all taxable property in the City, and is further secured by a pledge of the net revenues derived from the operation of the City's Waterworks and Sewer System. After paying closing costs, issuance fees, etc. the City has estimated the net proceeds available to be approximately \$9,100,000. Of the net proceeds, the City anticipates using approximately \$273,000 for governmental activities, and the remaining \$8,827,000 for business-type activities. Based upon these facts, the City anticipates the following total debt service requirements after the 2009 Obligations have been issued:

Governmental Activities:

Fiscal year ending September 30	Principal	Interest	Total
2009	\$ 543,466	\$ 107,897	\$ 651,363
2010	449,978	93,092	543,070
2011	393,910	133,231	527,141
2012	408,760	117,876	526,636
2013	201,084	101,953	303,037
2014 - 2018	1,477,729	393,603	1,871,332
2019 - 2023	1,139,735	122,531	1,262,266
2024 - 2028	167,850	23,526	191,376
	<u>\$ 4,782,512</u>	<u>\$ 1,093,709</u>	<u>\$ 5,876,221</u>

Business-Type Activities (Excludes the CRMWA obligations):

Fiscal year ending September 30	Principal	Interest	Total
2009	\$ 441,534	\$ 339,091	\$ 780,625
2010	630,022	772,080	1,402,102
2011	736,090	593,346	1,329,436
2012	556,062	776,267	1,332,329
2013	765,494	787,159	1,552,653
2014 - 2018	3,224,803	3,278,225	6,503,028
2019 - 2023	3,760,265	1,725,650	5,485,915
2024 - 2028	5,427,150	760,672	6,187,822
	<u>\$ 15,541,420</u>	<u>\$ 9,032,490</u>	<u>\$ 24,573,910</u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

NOTE 20. SUBSEQUENT EVENTS (continued):

Lease Agreement – 4BEDC:

In November 2009, the Board of Directors of the 4BEDC approved a lease for the rental of office space from an individual. Under the terms of the lease, the 4BEDC has agreed to pay a monthly rate of \$600 for a period of 60 months. The following is a summary of the future lease payments under the lease:

<u>Year Ending September 30,</u>	<u>Component Unit</u>
2009	\$ 6,000
2010	7,200
2011	7,200
2012	7,200
2013	7,200
2014	1,200
	\$ 36,000

Grants:

In November, 2008, the 4BEDC approved a grant to the Pampa Independent School District (“PISD”) in the amount of \$350,000 to the Athletic Department at Pampa High School. The grant funds are to be used to install turf on the football field located at the High School. The grant is contingent upon matching funds raised by PISD by December 31, 2009. Subsequent to year end, PISD was able to raise the required amount of matching funds. The 4BEDC distributed the \$350,000 of grant funds to PISD in January, 2009.

In February 2009, the 4BEDC approved a grant in the amount of \$18,630 to an individual for the purpose of installing 20 new hookups at an RV Park. The grant is contingent upon the individual obtaining financing for the 20 hookups and starting construction on the addition to the RV Park. As of March 2009, the individual was still in the process of obtaining the required funding; thus no funds have been distributed by the 4BEDC as of March, 2009.

In March 2009, the Board of Directors of the 4BEDC has tentatively approved a grant to the City of Pampa to be used for the construction of an aquatic park within the City. The grant is in the amount of \$500,000 plus 20% of the gross sales tax revenues of the 4BEDC for a 12 month period beginning 60 days from the public hearing on the grant. The public hearing on the grant is scheduled for March 27, 2009.

Aquatic Park Project:

The City Commission is in the planning stages of a project to construct an aquatic park within the City. Although subject to change, the City has estimated the initial cost of construction of the project to be approximately \$3 to \$4 million. The City intends to finance approximately \$3,003,000 of the project through the issuance of the 2009 obligations mentioned above. The remainder of the financing for the project will come from the \$500,000 grant from the 4BEDC as well as the 20% of sales tax revenues for a 12 month period from the 4BEDC. In addition, the City is considering applying for a \$500,000 State grant. The anticipated completion date is expected to be either the summer of 2010 or 2011, depending upon when construction begins.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

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

Fiscal Year	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability	(3) Percentage Funded (1)/(2)	(4) Unfunded Actuarial Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll (4)/(5)
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%
1999	7,876,111	12,971,380	60.7%	5,095,269	4,322,110	117.9%

As of December 31, of the preceding year, the date of the actuarial valuation.

Actuarial value of net assets on December 31, of the preceding year.

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULE**

**CITY OF PAMPA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2008**

	Special Revenue Funds			
	Controlled Substances	M.K. Brown Auditorium	Lovett Memorial Library	Economic Development
Assets:				
Cash and cash equivalents	\$ 9,020	\$ 53,536	\$ 144,863	\$ 259,853
Receivables, net of allowance for uncollectibles	-	102,487	7,004	2,000
Restricted cash	-	-	-	-
Restricted accrued interest	-	-	-	-
Restricted investments	-	-	-	-
Note receivable	-	-	-	34,522
	<u>9,020</u>	<u>156,023</u>	<u>151,867</u>	<u>296,375</u>
Total assets	\$ <u>9,020</u>	\$ <u>156,023</u>	\$ <u>151,867</u>	\$ <u>296,375</u>
Liabilities and Fund balances:				
Liabilities:				
Accounts payable	\$ -	\$ 16,916	\$ 4,654	\$ -
Accrued expenditures	-	3,138	11,829	-
Deferred revenue	-	-	15,536	-
	<u>-</u>	<u>20,054</u>	<u>32,019</u>	<u>-</u>
Total liabilities	\$ <u>-</u>	\$ <u>20,054</u>	\$ <u>32,019</u>	\$ <u>-</u>
Fund balances:				
Reserved:				
M.K. Brown Auditorium	-	-	-	-
Fund balances - unreserved and undesignated:				
Reported in special revenue funds	<u>9,020</u>	<u>135,969</u>	<u>119,848</u>	<u>296,375</u>
Total fund balances	\$ <u>9,020</u>	\$ <u>135,969</u>	\$ <u>119,848</u>	\$ <u>296,375</u>
Total liabilities and fund balances	\$ <u>9,020</u>	\$ <u>156,023</u>	\$ <u>151,867</u>	\$ <u>296,375</u>

Total Nonmajor Special Revenue Funds	M.K. Brown Permanent Fund	Total Nonmajor Governmental Funds
\$ 467,272	\$ -	\$ 467,272
111,491	-	111,491
-	3,140	3,140
-	2,340	2,340
-	350,000	350,000
34,522	-	34,522
<u>613,285</u>	<u>355,480</u>	<u>968,765</u>
\$ 21,570	\$ -	\$ 21,570
14,967	-	14,967
15,536	-	15,536
<u>52,073</u>	<u>-</u>	<u>52,073</u>
-	355,480	355,480
<u>561,212</u>	<u>-</u>	<u>561,212</u>
<u>561,212</u>	<u>355,480</u>	<u>916,692</u>
<u>\$ 613,285</u>	<u>\$ 355,480</u>	<u>\$ 968,765</u>

CITY OF PAMPA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2008

	Special Revenue Funds			
	Controlled Substances	M.K. Brown Auditorium	Lovett Memorial Library	Economic Development
Revenues:				
Taxes:				
Property taxes	\$ -	\$ -	\$ 149,094	\$ -
Other taxes	-	359,861	-	-
Penalties and interest on taxes	-	-	5,995	-
Intergovernmental	-	-	5,000	-
Charges for services	-	26,905	17	34,000
Fines	-	-	12,630	-
Investment earnings	7	13	120	5,235
Contributions and donations	61	55,000	20,010	-
Other revenue	-	-	12	-
Total revenues	<u>68</u>	<u>441,779</u>	<u>192,878</u>	<u>39,235</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	370	-	-	-
Culture and recreation	-	275,369	434,213	-
Capital outlay	-	117,302	33,534	-
Total expenditures	<u>370</u>	<u>392,671</u>	<u>467,747</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(302)</u>	<u>49,108</u>	<u>(274,869)</u>	<u>39,235</u>
Other financing sources (uses):				
Transfers in	-	17,500	290,000	-
Transfers out	-	(2,560)	-	(150,000)
Total other financing sources (uses)	<u>-</u>	<u>14,940</u>	<u>290,000</u>	<u>(150,000)</u>
Net change in fund balances	(302)	64,048	15,131	(110,765)
Fund balances at beginning of year	<u>9,322</u>	<u>71,921</u>	<u>104,717</u>	<u>407,140</u>
Fund balances at end of year	<u>\$ 9,020</u>	<u>\$ 135,969</u>	<u>\$ 119,848</u>	<u>\$ 296,375</u>

Total Nonmajor Special Revenue Funds	M.K. Brown Permanent Fund	Total Nonmajor Governmental Funds
\$ 149,094	\$ -	\$ 149,094
359,861	-	359,861
5,995	-	5,995
5,000	-	5,000
60,922	-	60,922
12,630	-	12,630
5,375	14,687	20,062
75,071	-	75,071
12	-	12
<u>673,960</u>	<u>14,687</u>	<u>688,647</u>
-	-	-
370	-	370
709,582	-	709,582
150,836	-	150,836
<u>860,788</u>	<u>-</u>	<u>860,788</u>
<u>(186,828)</u>	<u>14,687</u>	<u>(172,141)</u>
307,500	-	307,500
<u>(152,560)</u>	<u>(17,500)</u>	<u>(170,060)</u>
<u>154,940</u>	<u>(17,500)</u>	<u>137,440</u>
(31,888)	(2,813)	(34,701)
<u>593,100</u>	<u>358,293</u>	<u>951,393</u>
<u>\$ 561,212</u>	<u>\$ 355,480</u>	<u>\$ 916,692</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, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Property taxes	\$ 875,400	\$ 875,400	\$ 892,955	\$ 17,555
Penalties and interest on taxes	500	500	1,199	699
Interest	15,100	15,100	21,418	6,318
	<u>891,000</u>	<u>891,000</u>	<u>915,572</u>	<u>24,572</u>
Total revenues				
Expenditures:				
Debt service:				
Principal retirement	733,998	733,998	526,998	207,000
Interest and fiscal charges	155,438	155,438	117,935	37,503
	<u>889,436</u>	<u>889,436</u>	<u>644,933</u>	<u>244,503</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>1,564</u>	<u>1,564</u>	<u>270,639</u>	<u>269,075</u>
Other financing sources (uses):				
Transfers in	-	-	2,560	2,560
Transfers out	-	-	(264,696)	(264,696)
Issuance of bonds	-	-	412,000	412,000
Premium on issuance of bonds	-	-	10,029	10,029
	<u>-</u>	<u>-</u>	<u>159,893</u>	<u>159,893</u>
Total other financing sources (uses)				
Net change in fund balances	1,564	1,564	430,532	428,968
Fund balance at beginning of year	<u>585,155</u>	<u>585,155</u>	<u>585,155</u>	<u>-</u>
Fund balance at end of year	<u>\$ 586,719</u>	<u>\$ 586,719</u>	<u>\$ 1,015,687</u>	<u>\$ 428,968</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, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Investment earnings	\$ -	\$ -	\$ 225	\$ 225
Total revenues	<u>-</u>	<u>-</u>	<u>225</u>	<u>225</u>
Expenditures:				
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	225	225
Fund balances at beginning of year	<u>16,770</u>	<u>16,770</u>	<u>16,770</u>	<u>-</u>
Fund balances at end of year	<u>\$ 16,770</u>	<u>\$ 16,770</u>	<u>\$ 16,995</u>	<u>\$ 225</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, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Contributions and donations	\$ -	\$ -	\$ 61	\$ 61
Investment earnings	-	-	7	7
	<u>-</u>	<u>-</u>	<u>68</u>	<u>68</u>
Total revenues	<u>-</u>	<u>-</u>	<u>68</u>	<u>68</u>
Expenditures:				
Current:				
Public safety	-	-	370	(370)
	<u>-</u>	<u>-</u>	<u>370</u>	<u>(370)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>370</u>	<u>(370)</u>
Net change in fund balances	-	-	(302)	(302)
Fund balances at beginning of year	<u>9,322</u>	<u>9,322</u>	<u>9,322</u>	<u>-</u>
Fund balances at end of year	<u>\$ 9,322</u>	<u>\$ 9,322</u>	<u>\$ 9,020</u>	<u>\$ (302)</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, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other taxes	\$ 195,000	\$ 257,502	\$ 359,861	\$ 102,359
Charges for services	30,000	30,000	26,905	(3,095)
Contributions and donations	-	55,000	55,000	-
Investment earnings	-	-	13	13
	<u>225,000</u>	<u>342,502</u>	<u>441,779</u>	<u>99,277</u>
Total revenues				
Expenditures:				
Current:				
Culture and recreation	248,740	286,939	275,369	11,570
Capital outlay	20,000	110,313	117,302	(6,989)
Debt service				
Principle retirement	-	9,632	-	9,632
Interest and fiscal charges	22,580	12,948	-	12,948
	<u>291,320</u>	<u>419,832</u>	<u>392,671</u>	<u>27,161</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(66,320)</u>	<u>(77,330)</u>	<u>49,108</u>	<u>126,438</u>
Other financing sources (uses):				
Transfers in	17,500	17,500	17,500	-
Transfers out	-	(2,560)	(2,560)	-
	<u>17,500</u>	<u>14,940</u>	<u>14,940</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	(48,820)	(62,390)	64,048	126,438
Fund balances at beginning of year	<u>71,921</u>	<u>71,921</u>	<u>71,921</u>	<u>-</u>
Fund balances at end of year	<u>\$ 23,101</u>	<u>\$ 9,531</u>	<u>\$ 135,969</u>	<u>\$ 126,438</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, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 142,121	\$ 142,121	\$ 149,094	\$ 6,973
Penalties and interest on taxes	2,575	2,575	5,995	3,420
Intergovernmental	5,000	5,000	5,000	-
Charges for services	200	200	17	(183)
Fines	10,000	10,000	12,630	2,630
Investment earnings	600	600	120	(480)
Contributions and donations	42,000	28,542	20,010	(8,532)
Other revenue	-	-	12	12
Total revenues	<u>202,496</u>	<u>189,038</u>	<u>192,878</u>	<u>3,840</u>
Expenditures:				
Current:				
Culture and recreation	441,167	464,659	434,213	30,446
Capital outlay	<u>32,500</u>	<u>33,550</u>	<u>33,534</u>	<u>16</u>
Total expenditures	<u>473,667</u>	<u>498,209</u>	<u>467,747</u>	<u>30,462</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(271,171)</u>	<u>(309,171)</u>	<u>(274,869)</u>	<u>34,302</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	18,829	(19,171)	15,131	34,302
Fund balances at beginning of year	<u>104,717</u>	<u>104,717</u>	<u>104,717</u>	<u>-</u>
Fund balances at end of year	<u>\$ 123,546</u>	<u>\$ 85,546</u>	<u>\$ 119,848</u>	<u>\$ 34,302</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, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ -	\$ -	\$ 34,000	\$ 34,000
Investment earnings	-	-	5,235	5,235
Total revenues	<u>-</u>	<u>-</u>	<u>39,235</u>	<u>39,235</u>
Expenditures:				
Current:				
General government	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,000)</u>	<u>(50,000)</u>	<u>39,235</u>	<u>89,235</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(150,000)</u>	<u>(150,000)</u>
Net change in fund balances	(50,000)	(50,000)	(110,765)	(60,765)
Fund balances at beginning of year	<u>407,140</u>	<u>407,140</u>	<u>407,140</u>	<u>-</u>
Fund balances at end of year	<u>\$ 357,140</u>	<u>\$ 357,140</u>	<u>\$ 296,375</u>	<u>\$ (60,765)</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, 2008

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 17,500	\$ 17,500	\$ 14,687	\$ (2,813)
Total revenues	<u>17,500</u>	<u>17,500</u>	<u>14,687</u>	<u>(2,813)</u>
Expenditures:				
Current:				
Culture and recreation	<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>17,500</u>	<u>17,500</u>	<u>14,687</u>	<u>(2,813)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(17,500)</u>	<u>(17,500)</u>	<u>(17,500)</u>	<u>-</u>
Total other financing sources (uses)	<u>(17,500)</u>	<u>(17,500)</u>	<u>(17,500)</u>	<u>-</u>
Net change in fund balances	-	-	(2,813)	(2,813)
Fund balances at beginning of year	<u>358,293</u>	<u>358,293</u>	<u>358,293</u>	<u>-</u>
Fund balances at end of year	<u>\$ 358,293</u>	<u>\$ 358,293</u>	<u>\$ 355,480</u>	<u>\$ (2,813)</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, 2008

	<u>Balance October 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2008</u>
Municipal Court Bail Bond Fund:				
Assets:				
Cash and cash equivalents	\$ <u>710</u>	\$ <u>3,514</u>	\$ <u>3,317</u>	\$ <u>907</u>
Total assets	\$ <u><u>710</u></u>	\$ <u><u>3,514</u></u>	\$ <u><u>3,317</u></u>	\$ <u><u>907</u></u>
Liabilities:				
Deposits	\$ <u>710</u>	\$ <u>3,617</u>	\$ <u>3,420</u>	\$ <u>907</u>
Total liabilities	\$ <u><u>710</u></u>	\$ <u><u>3,617</u></u>	\$ <u><u>3,420</u></u>	\$ <u><u>907</u></u>

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY SOURCE
SEPTEMBER 30, 2008

Governmental funds capital assets (net of accumulated depreciation):	
Land	\$ 210,849
Collection	203,500
Roads	1,890,272
Buildings & improvements	4,596,305
Equipment	3,560,683
Construction in progress	<u>153,280</u>
 Total governmental activities capital assets, net	 \$ <u><u>10,614,889</u></u>
 Investment in governmental activities capital assets by source (net of accumulated depreciation):	
General fund	\$ 7,824,377
M.K. Brown Auditorium special revenue fund	1,676,242
Lovett Memorial Library special revenue fund	634,307
Economic Development special revenue fund	<u>479,963</u>
 Total investment in governmental activities capital assets by source (net of accumulated depreciation)	 \$ <u><u>10,614,889</u></u>

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2008

	<u>Land</u>	<u>Collection</u>	<u>Roads</u>	<u>Buildings & Improvements</u>	<u>Construction in Progress</u>	<u>Equipment</u>	<u>Total</u>
General government:							
Mayor and commission	\$ 3,306	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,306
Administrative services	-	-	-	-	-	35,515	35,515
Building & grounds	2,163	-	-	2,733,350	-	310,409	3,045,922
Data processing	-	-	-	-	-	183,084	183,084
Purchasing & central stores	-	-	-	4,632	-	19,047	23,679
Central garage	-	-	-	150,198	-	2,912,285	3,062,483
Subtotal	<u>5,469</u>	<u>-</u>	<u>-</u>	<u>2,888,180</u>	<u>-</u>	<u>3,460,340</u>	<u>6,353,989</u>
Culture and recreation:							
Parks	43,360	95,000	-	320,963	-	486,208	945,531
Recreation	-	-	151,789	1,598,635	-	349,435	2,099,859
M.K. Brown Auditorium	-	108,500	-	2,844,177	-	238,525	3,191,202
Lovett Memorial Library	-	-	-	891,115	-	111,574	1,002,689
Subtotal	<u>43,360</u>	<u>203,500</u>	<u>151,789</u>	<u>5,654,890</u>	<u>-</u>	<u>1,185,742</u>	<u>7,239,281</u>
Solid waste collection	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,800</u>	<u>500,800</u>
Streets and traffic:							
Planning and engineering	-	-	-	-	149,500	70,844	220,344
Streets & traffic control	-	-	18,658,076	-	3,780	2,241,987	20,903,843
Subtotal	<u>-</u>	<u>-</u>	<u>18,658,076</u>	<u>-</u>	<u>153,280</u>	<u>2,312,831</u>	<u>21,124,187</u>
Public safety:							
Animal control	-	-	-	18,019	-	37,844	55,863
Police	-	-	-	14,926	-	713,814	728,740
Fire suppression	-	-	-	140,268	-	1,389,537	1,529,805
Fire prevention	-	-	-	-	-	21,602	21,602
Dispatch	-	-	-	-	-	74,069	74,069
Emergency management & civil defense	-	-	-	-	-	391,641	391,641
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,213</u>	<u>-</u>	<u>2,628,507</u>	<u>2,801,720</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	18,809,865	9,141,432	153,280	10,088,220	38,607,146
Less: accumulated depreciation	<u>-</u>	<u>-</u>	<u>16,919,593</u>	<u>4,545,127</u>	<u>-</u>	<u>6,527,537</u>	<u>27,992,257</u>
Total governmental activities capital assets net of accumulated depreciation	<u>\$ 210,849</u>	<u>\$ 203,500</u>	<u>\$ 1,890,272</u>	<u>\$ 4,596,305</u>	<u>\$ 153,280</u>	<u>\$ 3,560,683</u>	<u>\$ 10,614,889</u>

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2008

	Governmental Fund Capital Assets Oct. 1, 2007	Additions	Deletions and Transfers	Governmental Fund Capital Assets Sept. 30, 2008
General government:				
Mayor and commission	\$ 3,306	\$ -	\$ -	\$ 3,306
Administrative services	35,515	-	-	35,515
Building & grounds	3,007,503	38,419	-	3,045,922
Data processing	183,084	-	-	183,084
Purchasing & central stores	23,679	-	-	23,679
Central garage	2,722,107	365,376	(25,000)	3,062,483
Subtotal	<u>5,975,194</u>	<u>403,795</u>	<u>(25,000)</u>	<u>6,353,989</u>
Culture and recreation:				
Parks	736,855	210,091	(1,415)	945,531
Recreation	2,039,917	59,942	-	2,099,859
M.K. Brown Auditorium	3,073,900	117,302	-	3,191,202
Lovett Memorial Library	969,155	33,534	-	1,002,689
Subtotal	<u>6,819,827</u>	<u>420,869</u>	<u>(1,415)</u>	<u>7,239,281</u>
Solid waste collection	<u>378,744</u>	<u>122,056</u>	<u>-</u>	<u>500,800</u>
Streets and traffic:				
Planning and engineering	70,844	149,500	-	220,344
Streets & traffic control	20,150,627	765,014	(11,798)	20,903,843
Subtotal	<u>20,221,471</u>	<u>914,514</u>	<u>(11,798)</u>	<u>21,124,187</u>
Public safety:				
Animal control	55,863	-	-	55,863
Police	795,794	-	(67,054)	728,740
Fire suppression	1,378,969	150,836	-	1,529,805
Fire prevention	21,602	-	-	21,602
Dispatch	74,069	-	-	74,069
Emergency management & civil defense	391,641	-	-	391,641
Subtotal	<u>2,717,938</u>	<u>150,836</u>	<u>(67,054)</u>	<u>2,801,720</u>
Blended component unit	<u>587,169</u>	<u>-</u>	<u>-</u>	<u>587,169</u>
 Total governmental activities capital assets	 <u>\$ 36,700,343</u>	 <u>\$ 2,012,070</u>	 <u>\$ (105,267)</u>	 <u>\$ 38,607,146</u>

STATISTICAL DATA

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Statistical Section Summary:

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

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.

118 - 125

Revenue Capacity

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

127 - 131

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.

132 - 139

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.

140 - 141

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.

142 - 144

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 Six 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>
\$ 5,481,656	\$ 6,474,128
960,218	1,388,162
<u>3,487,348</u>	<u>3,674,527</u>
<u>9,929,222</u>	<u>11,536,817</u>
9,105,903	7,687,577
1,263,650	3,218,900
<u>1,104,497</u>	<u>(224,532)</u>
<u>11,474,050</u>	<u>10,681,945</u>
14,587,559	14,161,705
2,223,868	4,607,062
<u>4,591,845</u>	<u>3,449,995</u>
<u>\$ 21,403,272</u>	<u>\$ 22,218,762</u>

City of Pampa, Texas

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

Expenses:	2003	2004	2005	2006
Governmental activities:				
General government	\$ 1,339,565	\$ 1,363,422	\$ 1,422,179	\$ 1,613,280
Public safety	3,516,613	3,616,906	3,947,074	4,246,117
Streets and traffic	2,357,384	2,490,111	2,703,528	2,511,235
Solid waste	653,535	688,313	790,163	909,961
Culture and recreation	1,039,549	1,078,459	1,135,171	1,221,086
Interest on long-term debt and bond costs	375,404	235,964	256,866	181,109
Total governmental activities expenses	<u>9,282,050</u>	<u>9,473,175</u>	<u>10,254,981</u>	<u>10,682,788</u>
Business-type activities:				
Water and sewer system	4,618,236	4,550,176	4,788,747	5,355,617
Solid waste management	858,489	755,331	774,484	1,256,059
Golf course	396,431	391,951	445,262	437,110
Leased properties	6,139	32,086	32,683	71,753
Total business-type activities expenses	<u>5,879,295</u>	<u>5,729,544</u>	<u>6,041,176</u>	<u>7,120,539</u>
Total primary government expenses	<u>\$ 15,161,345</u>	<u>\$ 15,202,719</u>	<u>\$ 16,296,157</u>	<u>\$ 17,803,327</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 846,967	\$ 825,094	\$ 840,715	\$ 840,787
Public safety	442,400	600,624	540,642	556,804
Streets and traffic	-	-	-	-
Solid waste	1,419,246	1,446,030	1,516,195	1,559,405
Culture and recreation	111,373	118,795	97,498	90,831
Operating grants and contributions	235,753	267,486	360,395	180,228
Capital grants and contributions	-	-	201,162	193,500
Total governmental activities program revenues	<u>3,055,739</u>	<u>3,258,029</u>	<u>3,556,607</u>	<u>3,421,555</u>
Business-type activities:				
Charges for services:				
Water and sewer system	4,235,610	4,471,049	4,643,795	5,334,033
Solid waste management	1,170,788	1,141,091	1,160,473	1,239,269
Golf course	280,053	296,505	283,943	326,739
Leased properties	3,150	33,270	-	-
Operating grants and contributions	-	131,368	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	<u>5,689,601</u>	<u>6,073,283</u>	<u>6,088,211</u>	<u>6,900,041</u>
Total primary government program revenues	<u>\$ 8,745,340</u>	<u>\$ 9,331,312</u>	<u>\$ 9,644,818</u>	<u>\$ 10,321,596</u>
Net (Expense) Revenue				
Governmental activities	\$ (6,226,311)	\$ (6,215,146)	\$ (6,698,374)	\$ (7,261,233)
Business-type activities	(189,694)	343,739	47,035	(220,498)
Total primary government net (expense) revenue	<u>\$ (6,416,005)</u>	<u>\$ (5,871,407)</u>	<u>\$ (6,651,339)</u>	<u>\$ (7,481,731)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Property taxes	\$ 2,768,969	\$ 2,848,745	\$ 2,881,006	\$ 2,882,932
Sales taxes	2,091,778	2,401,756	2,764,192	3,307,308
Other taxes	1,083,456	1,102,590	1,186,675	1,335,485
Investment earnings	37,401	42,115	76,227	115,536
Miscellaneous revenues	(23,349)	25,919	(45)	46,761
Transfers in (out)	(2,460,229)	(35,736)	(126,066)	(32,797)
Special items - transfers of assets	-	-	-	1,100,183
Total governmental activities	<u>3,498,026</u>	<u>6,385,389</u>	<u>6,781,989</u>	<u>8,755,408</u>
Business-type activities:				
Investment earnings	23,932	18,564	27,644	73,862
Miscellaneous revenues	-	142,225	63,286	200,316
Transfers in (out)	2,945,869	35,736	126,066	32,797
Total business-type activities	<u>2,969,801</u>	<u>196,525</u>	<u>216,996</u>	<u>306,975</u>
Total primary government	<u>\$ 6,467,827</u>	<u>\$ 6,581,914</u>	<u>\$ 6,998,985</u>	<u>\$ 9,062,383</u>
Change in Net Assets				
Governmental activities	\$ (2,728,285)	\$ 170,243	\$ 83,615	\$ 1,494,175
Business-type activities	2,780,107	540,264	264,031	86,477
Total primary government	<u>\$ 51,822</u>	<u>\$ 710,507</u>	<u>\$ 347,646</u>	<u>\$ 1,580,652</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

	<u>2007</u>		<u>2008</u>
\$	1,625,296	\$	1,696,033
	4,613,920		4,873,940
	1,859,807		2,037,076
	1,091,092		1,021,191
	1,329,075		1,344,516
	156,840		109,164
	<u>10,676,030</u>		<u>11,081,920</u>
	5,341,194		6,015,574
	1,364,944		1,551,281
	431,835		458,651
	86,753		99,641
	<u>7,224,726</u>		<u>8,125,147</u>
\$	<u>17,900,756</u>	\$	<u>19,207,067</u>
\$	868,156	\$	888,903
	563,027		733,560
	-		-
	1,626,841		1,663,875
	112,870		120,789
	148,947		223,617
	81,195		19,900
	<u>3,401,036</u>		<u>3,650,644</u>
	5,198,529		5,418,964
	1,406,146		1,372,124
	318,094		323,528
	-		-
	-		-
	-		-
	<u>6,922,769</u>		<u>7,114,616</u>
\$	<u>10,323,805</u>	\$	<u>10,765,260</u>
\$	(7,274,994)	\$	(7,431,276)
	(301,957)		(1,010,531)
\$	<u>(7,576,951)</u>	\$	<u>(8,441,807)</u>
\$	3,162,567	\$	3,357,458
	3,725,658		3,928,810
	1,448,350		1,579,574
	141,486		91,410
	56,719		127,436
	(169,346)		(45,817)
	-		-
	<u>8,365,434</u>		<u>9,038,871</u>
	152,911		80,322
	198,079		92,287
	169,346		45,817
	<u>520,336</u>		<u>218,426</u>
\$	<u>8,885,770</u>	\$	<u>9,257,297</u>
\$	1,090,440	\$	1,607,595
	218,379		(792,105)
\$	<u>1,308,819</u>	\$	<u>815,490</u>

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
General fund:				
Reserved	\$ 255,179	\$ 503,405	\$ 534,385	\$ 558,604
Unreserved	<u>1,858,246</u>	<u>1,516,095</u>	<u>1,556,036</u>	<u>1,915,721</u>
Total general fund	<u>2,113,425</u>	<u>2,019,500</u>	<u>2,090,421</u>	<u>2,474,325</u>
All other governmental funds:				
Reserved for:				
Debt service	118,677	55,990	47,201	37,728
M.K. Brown Auditorium	368,318	379,837	368,589	357,816
Unreserved, reported in :				
Capital projects fund	125,345	22,846	23,089	217,479
Special revenue funds	<u>93,753</u>	<u>98,990</u>	<u>169,029</u>	<u>109,265</u>
Total all other governmental funds	<u>706,093</u>	<u>557,663</u>	<u>607,908</u>	<u>722,288</u>
Total all governmental funds	<u>\$ 2,819,518</u>	<u>\$ 2,577,163</u>	<u>\$ 2,698,329</u>	<u>\$ 3,196,613</u>

Exhibit B-3

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ 719,768	\$ 972,075	\$ 1,075,448	\$ 943,694	\$ 856,583	\$ 544,982
<u>2,274,400</u>	<u>2,556,061</u>	<u>2,335,395</u>	<u>2,326,241</u>	<u>2,085,383</u>	<u>2,766,388</u>
<u>2,994,168</u>	<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>
95,184	136,518	171,695	390,547	585,156	1,015,687
357,998	360,070	357,114	355,011	358,292	355,480
16,231	16,244	137,146	16,351	16,770	16,995
<u>118,130</u>	<u>364,164</u>	<u>16,274</u>	<u>535,985</u>	<u>593,099</u>	<u>561,212</u>
<u>587,543</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>\$ 3,581,711</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>

City of Pampa, Texas

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Revenues				
Taxes	\$ 5,183,181	\$ 5,258,575	\$ 5,848,549	\$ 5,836,287
Charges for services	2,662,263	2,592,570	2,291,163	2,376,750
Fines & forfeitures	210,202	182,536	204,021	219,465
Interest	106,146	103,378	91,071	48,360
Intergovernmental	168,775	119,226	246,216	228,055
Licenses & permits	23,987	23,447	33,360	24,895
Miscellaneous	794,812	122,305	131,050	57,474
Total revenues	<u>9,149,366</u>	<u>8,402,037</u>	<u>8,845,430</u>	<u>8,791,286</u>
Expenditures				
General government	1,830,273	1,618,891	1,552,110	1,539,367
Public safety	3,296,490	3,056,216	3,230,111	3,087,272
Streets & traffic	846,180	865,040	1,166,801	1,367,860
Solid waste management	729,762	645,185	701,653	652,149
Culture & recreation	869,422	963,472	665,732	665,332
Capital outlay	1,554,790	532,021	336,998	687,658
Debt service:				
Interest and fiscal charges	360,133	588,495	303,474	265,432
Principal	788,691	623,040	801,437	1,005,686
Total expenditures	<u>10,275,741</u>	<u>8,892,360</u>	<u>8,758,316</u>	<u>9,270,756</u>
Excess of revenues over (under) expenditures	<u>(1,126,375)</u>	<u>(490,323)</u>	<u>87,114</u>	<u>(479,470)</u>
Other Financing Sources (Uses)				
Proceeds from borrowing	388,623	250,000	114,531	3,731,920
Payments to escrow agent	-	-	-	(2,768,935)
Sale of assets	16,947	39,652	1,107	76,505
Transfers in	490,000	335,619	343,272	299,150
Transfers out	(460,736)	(377,303)	(424,858)	(360,886)
Total other financing sources (uses)	<u>434,834</u>	<u>247,968</u>	<u>34,052</u>	<u>977,754</u>
Special item - Transfer of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ (691,541)</u>	<u>\$ (242,355)</u>	<u>\$ 121,166</u>	<u>\$ 498,284</u>
Debt service as a percentage of non-capital expenditures	<u>13.17%</u>	<u>14.49%</u>	<u>13.12%</u>	<u>14.81%</u>

Exhibit B-4

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$	5,990,229	\$ 6,338,042	\$ 6,760,822	\$ 7,542,429	\$ 8,357,972	\$ 9,003,564
	2,443,732	2,468,371	2,585,039	2,683,810	2,772,483	2,873,142
	300,203	355,330	344,555	390,166	380,748	516,236
	37,401	42,115	76,227	115,536	141,486	91,396
	213,434	353,293	327,518	283,696	191,245	118,200
	19,555	43,494	46,982	40,261	59,120	87,919
	117,352	94,881	293,878	125,718	136,721	252,753
	<u>9,121,906</u>	<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>
	1,085,722	1,149,982	1,142,833	1,330,461	1,340,681	1,326,259
	3,393,357	3,489,623	3,829,780	4,123,268	4,464,962	4,702,906
	1,248,727	1,418,593	1,655,490	1,532,716	1,503,454	1,729,595
	651,578	688,353	768,086	895,823	1,036,806	959,851
	905,365	951,259	996,433	1,087,183	1,154,552	1,168,576
	384,365	196,499	1,455,714	1,900,327	1,674,685	1,990,161
	323,359	289,548	262,095	210,925	136,953	121,385
	710,672	662,502	649,696	683,364	630,882	555,231
	<u>8,703,145</u>	<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>418,761</u>	<u>849,167</u>	<u>(325,106)</u>	<u>(582,451)</u>	<u>96,800</u>	<u>389,246</u>
	-	-	139,113	2,604,237	-	422,029
	-	-	-	(2,102,414)	-	-
	2,073	9,989	-	-	-	-
	292,736	424,736	352,085	674,900	529,907	758,939
	<u>(328,472)</u>	<u>(460,472)</u>	<u>(478,151)</u>	<u>(707,788)</u>	<u>(699,253)</u>	<u>(804,756)</u>
	<u>(33,663)</u>	<u>(25,747)</u>	<u>13,047</u>	<u>468,935</u>	<u>(169,346)</u>	<u>376,212</u>
	-	-	-	(511,911)	-	-
\$	<u>385,098</u>	<u>\$ 823,420</u>	<u>\$ (312,059)</u>	<u>\$ (625,427)</u>	<u>\$ (72,546)</u>	<u>\$ 765,458</u>
	<u>12.43%</u>	<u>11.01%</u>	<u>9.80%</u>	<u>9.07%</u>	<u>7.48%</u>	<u>6.41%</u>

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

Tax Roll For Year Jan. 1	Fiscal Year	Assessed Value			Total Direct Tax Rate
		Real Property Value	Personal Property Value	Total Value*	
1998	1999	\$ 324,944,008	\$ 70,466,985	\$ 395,410,993	0.6367
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

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

Fiscal Year	City of Pampa Direct Rates				Overlapping Rates*	
	General Maintenance	Debt Service	Library Maintenance	Total Direct	Pampa Independent School District	Gray County
1999	0.401300	0.205400	0.030000	0.636700	1.475	0.439940
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

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	2008			1999		
	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	10,566,318	1	2.07%	\$ 8,555,410	1	2.16%
Signature Pampa Hospital	9,546,300	2	1.87%			
Wal-Mart Real Estate	6,999,960	3	1.37%	3,350,900	5	0.85%
Wal-Mart Stores East	6,575,420	4	1.29%			
Xcel Energy (Formerly Southwestern Public Service)	6,461,068	5	1.27%	8,225,490	2	2.08%
SBC Texas	4,698,005	6	0.92%	7,129,008	3	1.80%
Fluid Compressor	3,254,314	7	0.64%			
Daniel Weingarten	3,009,550	8	0.59%	3,095,030	6	0.78%
West Texas Landscaping	2,936,901	9	0.58%			
Terry Blumenfeld	2,807,330	10	0.55%			
Nickle's Industrial				3,916,189	4	0.99%
Albertson's				2,593,368	7	0.66%
Atmos Energy Corporation (Formerly Energas)				2,079,720	8	0.53%
Pampa Supermarket, LP				2,075,290	9	0.52%
Meditrust of Texas				1,511,170	10	0.38%
Total	\$ 56,855,166		11.15%	\$ 42,531,575		10.76%

Source: Gray County Appraisal District

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

<u>Roll Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>
1999	\$ 2,323,089	\$ 2,204,059	94.9%	\$ 79,880
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

Exhibit C-4

	Total Tax Collections	Total Collections as a Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
\$	2,283,939	98.3%	\$ 471,276	20.3%
	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%

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

Fiscal Year	Governmental Activities		Business-type Activities		
	General Obligation Bonds	Capital Leases	Revenue Bonds & Certificates of Obligation	CRMWA Obligations	Capital Leases
1999	\$ 5,235,000	\$ 571,600	\$ 6,310,000	\$ 2,900,313	\$ 199,731
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

(1) Source: United States Census

Exhibit D-1

	Total Primary Government	Percentage of Personal Income	Per Capita (1)
\$	15,216,644	n/a	\$ 762
	18,155,383	n/a	910
	16,774,582	n/a	938
	18,618,941	n/a	1,041
	16,758,631	n/a	937
	15,381,143	n/a	860
	16,652,887	n/a	931
	19,023,677	n/a	1,064
	17,304,124	n/a	967
	18,003,338	n/a	1,007

City of Pampa, Texas

Exhibit D-2

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

Fiscal Year	General Obligation Bonds	Resources Restricted for paying Debt Service	Net General Obligation Bonds Outstanding	Assessed Taxable Value	Ratio of Net General Obligation Bonds Outstanding to Assessed Taxable Value	Net General Obligation Bonds Outstanding Per Capita
1999	\$ 5,235,000	\$ 118,675	\$ 5,116,325	\$ 395,410,993	1.29%	\$ 256
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

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, 2008

Exhibit D-3

	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable*</u>	<u>Applicable Debt Outstanding</u>
Pampa Independent School District	\$ 52,301,292	49%	\$ 25,627,633
Gray County	1,165,000	33%	<u>384,450</u>
Total overlapping debt			26,012,083
City of Pampa			<u>4,509,512</u>
Total direct and overlapping debt			<u>\$ 30,521,595</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 borne 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 borne 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>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Assessed value, before exemptions	\$ <u>395,410,993</u>	\$ <u>392,841,160</u>	\$ <u>406,661,638</u>	\$ <u>416,536,649</u>
Legal debt limit (10% of assessed value, before exemptions)	\$ <u>39,541,099</u>	\$ <u>39,284,116</u>	\$ <u>40,666,164</u>	\$ <u>41,653,665</u>
General obligation bonds	\$ 5,235,000	\$ 4,640,000	\$ 4,020,000	\$ 3,880,000
Less: Resources restricted for paying debt service	<u>118,675</u>	<u>55,990</u>	<u>47,201</u>	<u>37,728</u>
Total net general obligation bonds outstanding applicable to the limit	\$ <u>5,116,325</u>	\$ <u>4,584,010</u>	\$ <u>3,972,799</u>	\$ <u>3,842,272</u>
Computation of legal debt margin:				
Legal debt limit	\$ 39,541,099	\$ 39,284,116	\$ 40,666,164	\$ 41,653,665
Less: Net general obligation bonds outstanding	<u>5,116,325</u>	<u>4,584,010</u>	<u>3,972,799</u>	<u>3,842,272</u>
Legal debt margin	\$ <u>34,424,774</u>	\$ <u>34,700,106</u>	\$ <u>36,693,365</u>	\$ <u>37,811,393</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>12.94%</u>	<u>11.67%</u>	<u>9.77%</u>	<u>9.22%</u>

Exhibit D-4

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$ <u>438,447,688</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>43,844,769</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>
\$ 5,830,000	\$ 5,355,000	\$ 4,850,000	\$ 5,228,435	\$ 4,624,510	\$ 4,509,512
<u>95,184</u>	<u>136,518</u>	<u>171,695</u>	<u>390,547</u>	<u>585,156</u>	<u>1,015,687</u>
\$ <u>5,734,816</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>
\$ 43,844,769	\$ 47,808,196	\$ 42,514,353	\$ 44,454,761	\$ 47,357,616	\$ 50,973,266
<u>5,734,816</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>38,109,953</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>13.08%</u>	<u>10.92%</u>	<u>11.00%</u>	<u>10.88%</u>	<u>8.53%</u>	<u>6.85%</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>
Water & Sewer Fund			
1999	\$ 3,764,613	\$ 2,959,753	\$ 804,860
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
Solid Waste Fund			
1999	\$ 1,120,396	\$ 593,689	\$ 526,707
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

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	
\$	265,000	\$ 222,256	\$ 487,256	1.7
	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
\$	140,000	\$ 161,534	\$ 301,534	1.7
	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

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>
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%
1999	23,213	\$ 537,398	\$ 23,157	39.9	3,583	N/A
1998	23,527	\$ 555,010	\$ 23,590	39.9	3,623	N/A

* 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

2008			
Employer	Number of Employees	Rank	Percentage of Total City Employment
Pampa Independent School District	515	1	4.61%
National Oil Well	387	2	3.46%
Halliburton	300	3	2.69%
Wal-mart	297	4	2.66%
Pampa Regional Medical Center	289	5	2.59%
Titan Specialties	197	6	1.76%
Texas Department of Criminal Justice	185	7	1.66%
City of Pampa	151	8	1.35%
United Supermarket	150	9	1.34%
Gray County	140	10	1.25%
	<u>2611</u>		<u>23.15%</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

FUNCTION/PROGRAM	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
GENERAL FUND										
Administrative Services	4	4	3	3	3	3	3	4	4	5
Financial Services	5	5	5	4	4	4	4	4	5	5
Municipal Court	2	1	1	1	1	1	1	3	2	2
Police Services										
Officers	25	25	25	24	24	25	25	24	27	32
Civilians	4	4	4	4	4	2	2	2	3	4
Fire										
Firefighters and officers	28	28	28	28	28	28	28	28	28	30
Civilians	0	0	0	0	0	0	0	1	1	1
Planning & Engineering	2	2	2	2	2	2	2	2	2	2
Street & Traffic Control **	17	17	16	16	16	16	16	17	9	10
Parks Department **	0	0	0	0	0	0	0	0	9	9
Recreation Department	4	3	2	2	2	2	2	2	2	2
Buildings & Grounds	1	1	0	0	0	0	0	2	2	2
Community Services	0	0	0	0	1	1	1	1	1	1
Code Enforcement	2	2	1	1	1	1	1	1	2	2
Animal Control	3	3	3	2	2	2	2	3	3	3
Dispatching Services	8	8	8	8	8	8	8	7	8	8
Emergency Management	1	1	1	1	1	1	1	1	1	1
Data Processing	1	1	1	1	1	1	1	1	1	1
Purchasing	0	0	0	0	1	1	1	1	2	2
Central Stores	0	0	0	0	0	0	0	0	0	1
Central Garage	0	0	0	0	0	0	0	1	4	4
Solid Waste Collection	6	6	5	6	6	6	6	6	7	7
Risk Management	0	0	0	0	0	0	0	0	0	0
SPECIAL REVENUE FUNDS										
M.K. Brown Auditorium	0	1	1	1	1	1	1	1	1	1
Lovett Memorial Library	7	7	6	8	8	8	8	8	8	8
ENTERPRISE FUNDS										
Municipal Utilities	10	10	9	9	9	9	9	12	10	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	1	1	1
Solid Waste Landfill	6	6	5	5	5	5	5	6	6	6
Golf Course	0	0	0	0	0	0	0	0	0	3
TOTAL	150	149	140	140	142	141	141	153	163	177

** 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

Function/Program	Fiscal Year									
	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99
Police										
Physical arrests	1,581	1,183	1,353	1,043	1,272	1,430	991	905	990	816
Parking violations	13	-	-	-	-	-	-	1	-	-
Traffic violations	6,486	4,214	5,785	3363	3252	1229	2574	3361	3240	3160
Fire										
Emergency responses	1,093	914	898	824	846	817	951	962	844	876
Fires extinguished	167	136	203	118	154	137	191	199	182	173
Inspections	24	20	20	20	20	20	20	20	20	20
Refuse Collection										
Refuse collected (tons per day)	79	79	62	62	62	62	62	62	62	62
Number of Customers	7,548	7,513	7,486	7,459	7,400	7,486	7,515	7,594	7,845	8,080
Other Public Works										
Street resurfacing (sq. yards)	356,529	241,784	219,646	417,944	310,273	291,214	200,000	138,527	202,798	168,000
Potholes repaired	1,243	855	582	715	302	481	500	510	640	600
Parks and Recreation										
Number of City Parks	41	41	41	41	41	41	41	41	41	39
Acres Maintained	332	332	332	332	332	332	332	332	332	325
Number of Softball Leagues	7	8	6	6	6	6	6	7	7	7
Number of Volleyball Leagues	4	4	4	4	4	4	2	2	2	2
Library										
Volumes in collection	65,125	69,072	70,401	72,320	77,421	83,631	82,189	86,642	86,642	86,024
Total volumes borrowed	238	238	272	273	322	321	510	539	539	328
Water										
Number of customers	8,271	8,199	8,170	8,112	8,050	8,147	8,173	8,247	8,328	8,319
Average daily consumption (thousands of gallons)	2,509	2,414	2,765	2,411	2,411	2,649	2,417	2,838	3,266	3,148
Wastewater										
Number of customers	7,586	7,533	7,510	7,459	7,480	7,524	7,541	7,617	7,692	8,112
City Landfill										
Solid Wasted Collected (tons/day)	208	192	242	242	231	231	155	155	155	155
Memorial Civic Center										
Auditorium Rentals	110	77	45	30	45	62	59	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>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>	<u>1999</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	325
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, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 23, 2009. 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. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item one to be a significant deficiency in internal control over financial reporting.

Honorable Mayor Lonny Robbins and City Commission
Pampa, Texas

Internal Control Over Financial Reporting (continued)

A material weakness is a significant deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item one to be a material weakness.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Bloom, Graham & Company, P.C.

Amarillo, Texas
March 23, 2009

**CITY OF PAMPA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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:

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 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.

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.

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.. We are happy to continue to provide these services to the City in addition to the basic audit of the financial statements.

**CITY OF PAMPA
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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

Item One – Accounting Procedures and Controls (continued):

Management’s Response:

The City has for many years utilized the audit firm’s assistance to make adjusting entries to our financials and preparing our CAFR. As mentioned in the auditor’s report, the City’s management decided to do so after careful consideration of costs, personnel time constraints, and the audit firm’s expertise in financial preparation. Due to changing audit standards, the practice of using the audit firm’s expertise will need to be modified.

While changes in the audit standards dictate changes in our procedures, and since our staff has worked with the audit staff and is knowledgeable of the controls needed and entries required, we will work with the audit firm to determine responsibility. The City’s finance staff has decreased the number of adjusting entries the auditors prepare over the last few years and will continue to implement new schedules and procedures to prepare the year end entries. We will strive to continue absorption of the entries we have relied on the audit firm for, and to prepare our staff for constant changes in audit and financial preparation standards.

As far as the actual CAFR preparation, it is still in the best interest of the City to use the firm to prepare this statement. It is increasingly time consuming and requires ever-changing software technology to compile all the data to present such a report.

We are happy the audit firm will continue to prepare our financial statements.

**CITY OF PAMPA
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008**

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 principals.

Item Two – Excess of Expenditures over Budgeted Amounts:

We noted that at year end, the overall expenditures exceeded the final amended budget for the Leased Properties Fund, the Controlled Substances Fund, and the M.K. Brown Auditorium Fund. The causes of these variances were due in part to higher costs being incurred than what were anticipated during the budget process, and the failure to budget expenditures at all for the Controlled Substances Fund.

Current Status: During the current year, we noted only one immaterial instance whereby the total expenditures exceeded the budget – the Controlled Substances Fund.